THE

LEGISLATIVE ASSEMBLY DEBATES

(Official Report)

Volume VI, 1937

(18th September to 29th September, 1937)

SIXTH SESSION

OF THE

FIFTH LEGISLATIVE ASSEMBLY,

1937

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Legislative Assembly.

President :

THE HONOURABLE SIR ABDUR RAHIM, K.C.S.I.

Deputy President :

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

SIR LESLIE HUDSON, M.L.A.

SIR COWASJI JEHANGIR, BART., K.C.I.E., O.B.E., M.L.A.

Secretary :

MIAN MUHAMMAD RAFI, BAR.-AT-LAW.

Assistants of the Secretary :

MR. M. N. KAUL, BAR.-AT-LAW.

RAI BAHADUR D. DUTT.

Marshal :

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

Committee on Petitions :

MR. AKHIL CHANDRA DATTA, M.L.A., *Chairman.*

SIR LESLIE HUDSON, M.L.A.

MR. M. S. ANEY, M.L.A.

MR. M. GHIASUDDIN, M.L.A.

MR. MATHURADAS VISSANJI, M.L.A.

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LEGISLATIVE ASSEMBLY.

Saturday, 18th September, 1937.

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

STATEMENT LAID ON THE TABLE.

CASES IN WHICH THE LOWEST TENDERS HAVE NOT BEEN ACCEPTED BY THE HIGH COMMISSIONER FOR INDIA.

The Honourable Sir Thomas Stewart (Member for Industries and Labour) : Sir, I lay on the table a statement, furnished by the High Commissioner for India, showing all cases in which the lowest tenders have not been accepted by him in purchasing stores for the Government of India during the half year ended the 30th June, 1937.

Stores ordered.	Contract number.	Name of Contractor.	Amount of contract.	Lowest tender not accepted.	Reason for acceptance.
			£ s. d.	£ s. d.	
Thread, machine— No. 17,918 cops .	W. 590/840/3-6-37 .	William Paton, Ltd. .	511 5 8 (British)		The thread was demanded to arrive in India by the 15th July, 1937. If the lowest tender had been accepted the supply would have been about four months late. The order was divided between the second and fourth tenderers for delivery beginning in four and completing in six weeks, thus reaching India about six weeks late.
No. 5,500 cops .	W. 591/840/3-6-37 .	W. & J. Knox, Ltd. .	156 11 11 (British)	656 18 10 (British)	
			667 17 7		
Wire, barbed . . 1,282 cwts.	W. 641/952/10-6-37 .	William Bain & Co., Ltd.	1,698 13 0 (British)	1,690 3 2 (British)	The indent asked for immediate supply. The lowest tenderer required 8/10 weeks for delivery. The order was placed with the next lowest tenderer who undertook to ship an instalment in 9 days and to complete within 4 weeks.
Nuts, mild steel . No. 42,000.	W. 657/500/11-6-37 .	Thomas William Lench, Ltd.	29 3 4 (British)	21 17 6 (British)	The indent requested immediate supply. The lowest tenderer required 18/20 weeks for delivery. The order was therefore placed with the next lowest tenderer who offered delivery in 4 weeks.
Thread, machine . 8,500 reels.	W. 696/1225/16-6-37 .	W. & J. Knox, Ltd. .	250 6 3 (British)	243 16 8 (British)	The thread was very urgently required. The lowest tenderer required 14/16 weeks for delivery. The order was therefore placed with the next lowest tenderer who offered delivery in 4/5 weeks.
Canvas, flax, 2,000 yards. Linen, brown, 4,000 yards.	W. 697/1223/16-6-37 .	Stevenson & Son, Ltd.	228 2 6 (British)	226 0 10 (British)	The indent asked for immediate supply. The lowest tenderer required 12 weeks for delivery. The order was therefore placed with the next lowest tenderer, who offered to supply two-thirds of the quantity required from stock and to complete delivery in 5/6 weeks.
Web, hemp . 5,450 yards.	W. 724/1110/19-6-37 .	Arthur Hart & Son, Ltd.	102 3 9 (British)	94 0 3 (British)	The Indent asked for immediate supply. The lowest tenderer required 12 weeks for delivery. The order was placed with the next lowest tenderer who offered delivery from stock.

PART C.—*Cases in which the discrimination is between foreign firms only.*

Nil.

PART D.—*Cases in which lower British tenders have been set aside in favour of foreign tenders.*

Nil.

ELECTION OF A MEMBER TO THE CENTRAL ADVISORY BOARD OF HEALTH.

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

"That the Members of this Assembly do proceed to elect, in such manner as may be approved by the Honourable the President, one person from among their numbers to be a member of the Central Advisory Board of Health, *vice* Lieut.-Colonel Sir Henry Gidney who has ceased to be a Member of the Assembly."

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

"That the Members of this Assembly do proceed to elect, in such manner as may be approved by the Honourable the President, one person from among their numbers to be a member of the Central Advisory Board of Health, *vice* Lieut.-Colonel Sir Henry Gidney who has ceased to be a Member of the Assembly."

The motion was adopted.

Mr. President (The Honourable Sir Abdur Rahim) : I have to inform Honourable Members that for the purpose of election of a Member to the Central Advisory Board of Health the Notice Office will be open to receive nominations upto 12 NOON on Tuesday, the 21st September, 1937, and that the election, if necessary, will be held on Friday, the 24th September, 1937. The election which will be conducted in accordance with the principle of proportional representation by means of the single transferable vote will, as usual, be held in the Secretary's Room between the hours of 10-30 A.M. and 1 P.M.

THE INDIAN COMPANIES (AMENDMENT) BILL.

The Honourable Sir Nripendra Sircar (Law Member) : I move :

"That Mr. F. E. James be appointed to the Select Committee on the Bill further to amend the Indian Companies Act, 1913, for certain purposes, in place of Mr. A. Aikman."

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

"That Mr. F. E. James be appointed to the Select Committee on the Bill further to amend the Indian Companies Act, 1913, for certain purposes, in place of Mr. A. Aikman."

The motion was adopted.

The Honourable Sir Nripendra Sircar : I move :

"That the time appointed for the presentation of the report of the Select Committee on the Bill further to amend the Indian Companies Act, 1913, for certain purposes, be extended up to the 25th September, 1937."

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

"That the time appointed for the presentation of the report of the Select Committee on the Bill further to amend the Indian Companies Act, 1913, for certain purposes, be extended up to the 25th September, 1937."

The motion was adopted.

THE INSURANCE BILL.

Mr. President (The Honourable Sir Abdur Rahim) : The House will now resume consideration of the Bill to consolidate and amend the law relating to the business of insurance, as reported by the Select Committee. Mr. Lalchand Navalrai.

Mr. Lalchand Navalrai (Sind : Non-Muhammadan Rural) : Sir, the other day, I presented an amendment* to clause 12 (*1*) of the Insurance Bill. My amendment refers to the actuarial investigation for the regulation of insurance companies and it provides for this. My amendment is not with reference to the insurance companies but with regard to the mutual insurance societies, and in their case I want in exception. It wants a concession that these societies, for the reasons contained in my amendment and also for the reasons that I have given the other day during my speech, should be exempt from actuarial investigation every five years. These societies have been in existence for a very long time and they are doing useful work among the poor policy-holders, and it has been represented to me and facts and figures have been placed before me to show that, if you ask for an actuarial investigation of these societies within five years, they will not be able for the reasons given by them to undergo it and they shall have to go into liquidation and it will do a great deal of harm to a number of poor people that have been taking advantage of these societies. Let me explain how these societies differ from the insurance companies.

The insurance companies are registered under the Indian Companies Act, whereas these societies are not. That is one very significant difference. The second is that, during the long period that some of these societies have been in existence, they have never been asked or rather they were exempt from this actuarial investigation under the Act of 1912. For the first time now they are being asked to have an actuarial investigation within five years and they would not be prepared, and it will be no fault of theirs, because they are not prepared for it. By a former practice they did not have to give actuarial investigation. The other thing which also entitled them to this concession is that these societies which are not registered have been doing business in a manner where they distribute all the premiums that they get to the policyholders. Also, these societies have got Directors who are honorary and they have got large establishments, and if they go into liquidation, the result will be unemployment. Unemployment is rampant in these days, and to kill these societies will aggravate the problem. They have got 180 clerks and several peons. If you ask for this actuarial investigation in such a short time, the result will be that they will have to close their doors. One good feature of these societies is that they have no managing agents. They are free from those cursed managing agents of whom we were talking the other day, and I think this ought to induce the Honourable Member to show sympathy to these managing agents. They have got no doubt a large number of agents, but they are not paid too much

*"That to clause 12 of the Bill, the following proviso be added :

'Provided that the investigation by an actuary into the financial condition including liabilities of life assurance business carried on by Insurance Societies, which were not required to undergo actuarial valuation under section 8 of Act VI of 1912 and have good past record shall be made for the first time ten years after this Act comes into force'."

[Mr. Lalchand Navalrai.]

One of these societies has about 300 agents for canvassing and also for collection, and they give only one-twelfth of the yearly premium for canvassing, and for collection they give one pice per rupee. Their working expenses are not more than eight per cent. of the total income. That is also a feature to be considered. On the question of good past record, I was asked by my friend, the Baronet from Bombay, " Who is to decide that ? " Where there is a will, there is a way. When you are appointing a Superintendent of Insurance and he is all in all, he is the proper person to see whether the society has a good record or not.

Then, Sir, these societies have public opinion behind them. I shall quote an extract from the *Tribune* which says :

" If section 55 of the Insurance Bill, which is now changed to another number, were passed as it is, every society operating on the dividing principle will have to close down its shop irrespective of the fact that it might have rendered great service to the people, particularly its clientele. Some of these societies were established 40 years ago..... ".

Mr. President (The Honourable Sir Abdur Rahim) : I do not know if the Honourable Member remembers that this day has been specially allotted for the Insurance Bill so that we may make good progress with it. If every amendment requires the long speech which the Honourable Member is delivering, I am afraid there will be no chance of this Bill being finished this Session. There were four days of general discussion, and the arguments that the Honourable Member is advancing are really arguments which could have been put forward during the general debate.

Mr. Lalchand Navalrai : I will take your advice and the advice of others. I have been told that I am beginning with the wrong end. I have given an amendment to clause 43, and I do realise that this amendment should come after the amendment to clause 43. Therefore, I think I will be well advised to withdraw this amendment, and I, therefore, request the leave of the House to withdraw my amendment.

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

Raizada Hans Raj : (Jullundur Division : Non-Muhammadan) : Sir, I move :

" That in sub-clause (*1*) of clause 12 of the Bill, the words beginning with the words ' in the case of an insurer ' and ending with the words ' any other insurer ' be omitted."

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

" That in sub-clause (*1*) of clause 12 of the Bill, the words beginning with the words ' in the case of an insurer ' and ending with the words ' any other insurer ' be omitted."

Mr. Bhulabhai J. Desai (Bombay Northern Division : Non-Muhammadan Rural) : If amendment No. 2 is also allowed to be moved, then it is easier to proceed with the discussion.

Mr. President (The Honourable Sir Abdur Rahim) : Very well.

Raizada Hans Raj : Sir, I beg to move :

" That in sub-clause (*1*) of clause 12 of the Bill, after the word ' India ', occurring in the sixth line, the following be inserted :

' and also in the case of an insurer specified in sub-clause (*a*) (*ii*) or sub-clause (*b*) of clause (*8*) of section 2 in respect of all life insurance business transacted by him '."

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

" That in sub-clause (*1*) of clause 12 of the Bill, after the word ' India ', occurring in the sixth line, the following be inserted :

' and also in the case of an insurer specified in sub-clause (*a*) (*ii*) or sub-clause (*b*) of clause (*8*) of section 2 in respect of all life insurance business transacted by him '."

Mr. Bhulabhai J. Desai : Mr. President, the effect of the two amendments now before the House will substantially be this, that every insurer, whether he belongs to one or the other of the several clauses mentioned in section 8, would have to have an actuarial valuation made of his business divided into two parts, (1) business in India, and (2) business outside India. It will apply as much to an Indian company operating in Malaya States as to the British company operating in India or a Canadian company operating in India. That is really the substance of the matter. In this connection, I will ask Members to turn their attention to clause 15, sub-clause (*c*), the importance of which will be fully appreciated. I am free to admit that, even if this is resisted, they cannot really escape as long as sub-clause (*c*) stands. The substance of the matter is this.

The reason why it is desirable and necessary to have a separation of the two items of business is to be able to understand how the operations in India are carried on with a view to see their results and their methods. Shortly stated, the point is this. Unless the actuarial value as well as the life fund are known, so far as they appertain to Indian business, it would not be possible to find what may be called the difference between the two, that is to say, the profits. And the importance of knowing the profits is this. Where bonuses are declared by companies, it is an important matter to understand from what source those bonuses are declared. If a bonus is declared from the profit, then, of course, to that extent, there is no objection to it. But if a bonus is declared which the profit does not bear, it clearly shows that the company that carries on a business on that footing is really issuing its policies at what you may call a real discount, that is to say, the real premium that the policyholder pays is the difference between the apparent premium. That is to say, an actuarial premium of, say, Rs. 100 and then a bonus is declared of Rs. 10. The result is that the company is buying its business at Rs. 90, though the nominal value is Rs. 100. That is one method by which the declaration of these bonuses is out of proportion to the profits and in this way they carry on what you may call dumping, that is to say, they carry on an uneconomic competition until you are able to drive your opponent out of the market. Therefore, unless the bonus is such that the profits can bear it, it is not right. In fact, it is the most convenient and most ingenious method of doing business in this country in order to undercut every other company that carries on its business *bonâ fide*. A *bonâ fide* business always looks at this.

[Mr. Bhulabhai J. Desai.]

Firstly, what is the life fund, that is to say, the premia less the expenditure. The next item to be considered is : what is the actuarial liability ? It is the difference between the two which will show what is the extent of the profit, if any ; and to the extent to which there is a profit, bonus is permissible and correct. But if the bonus is excessive in relation to the profits or the bonus is declared where the profits are too small or do not exist at all, then it is obvious that the particular insurer is carrying on its business by declaring bonuses of this kind and is selling policies, though apparently at Rs. 100 really at a discount. This is the way in which a great deal of uneconomic business is being done in this country both by outside companies and may be even by some Indian companies. The distinction, therefore, is not whether merely an outsider is carrying on uneconomic competition, but everybody who is carrying on an uneconomic competition must be checked. It would be impossible to check him unless we get these factors, life funds and the actuarial calculation. The result of deducting the second from the first will give you the first. Having done that, you are, of course, always aware from their annual contributions as to whether any bonus is declared by that company or not. As soon as they declare the bonus and knowing what profit they have got, we can exactly know whether the bonus is a genuine sharing of profits or whether it really results in dumping business at an uneconomic rate, cutting out every *bonâ fide* dealer in this country. It is easy, as is known in other instances to which I will not advert, that you may every time deplete your world fund. Take a company which is doing business throughout the world. Now, this company from its world business can easily find enough money for a few years to declare bonus, which its profit from the Indian business cannot bear. Having done that and having cut out the others, they then slowly put up their rates. In other words, it is a method of cutting out your competitor first even at a loss and afterwards, having got the monopoly in the field, they continue to thrive. I put it to my friends that no amount of jugglery can convince a man who does not fall into the snare thus laid for him. These factors are factors which, I think, must be known before one is able to say whether the competition that is being carried on, in fact, the business which is being carried on is on economic lines or uneconomic lines. We have so much insisted, for instance, on tables. But what is the good of insisting on a table which will give you an actuarial value of a particular type of a policy of, say, Rs. 5,000 with an annual premium of Rs. 100 unless that entry is going to be a genuine one ? It is no use obtaining your business at a low premium by declaring a bonus which your profits do not bear because you are really reducing your Rs. 100 to Rs. 90. They may say : We are charging ordinary actuarial rates, what is wrong with us ? But what is wrong with them is that they are pretending to do effectively what they really do not do. Their specious argument is this : But the policy holder gets it and why do you grudge it ? Even if he gets it from the outside business, the answer to this is this, that though it is a good temptation for the time being to the policy holders, in the end it results in creating a monopoly.

In this connection, I wish to give an illustration of what happened in shipping without offending my friends. You can, for instance, reduce your rates between Bombay and Rangoon from Rs. 15 to Rs. 3 for the time being and you may say : " I am carrying the goods of the shipper at such a cheap rate. What is wrong with me ? The shipper gains." But the result in the end is that as other competitors are not able to reduce their rates to the extent of Rs. 3, they are driven out of the business. Afterwards, the rates go up even to Rs. 20. It is a process which I have seen in many other businesses which are being carried on by our friends abroad. Therefore, I submit this is one of the most important vital principles in the Bill and undoubtedly therefore it would be strenuously opposed on the other side. Before we can test whether they are carrying on business on economic lines, true and genuine economic lines in this country, for the purpose of testing that, all these items which are required in this Bill have to be required. Otherwise this Bill will have to be passed to no purpose. They will carry on competition nominally at these rates and when the Indian companies are no longer able to stand the competition and when all the competitors in the business have vanished, they will raise their rates.

Sir Cowasji Jehangir (Bombay City : Non-Muhammadan Urban) : Will the Honourable Member kindly read the clause as amended so that the House might understand.

Mr. Bhulabhai J. Desai : I will read the clause as amended :

" Every insurer carrying on life insurance business shall,"

then, the following words go :

" in the case of an insurer specified in sub-clause (*a*) (*ii*) or sub-clause (*b*) of clause 8 of section 2 in respect of all life insurance business transacted by him, and in the case of any other insurer,"

then, the amended clause will proceed :

" in respect of the life insurance business transacted by him in India once at least in every five years cause an investigation..... ".

The clause will read as follows with the second amendment :

" .....and also in the case of an insurer specified in sub-clause (*a*) (*ii*) or sub-clause (*b*) of clause (8) of section 2 in respect of all life insurance business transacted by him ",

so that the actual result is as I have submitted. Shortly without going into the technical side of it, every insurer whether it is an Indian company operating now or whether it is a Canadian company operating in India will have to give two things, first the valuation of their business, the general valuation of their business in India.

Sir Cowasji Jehangir : Indian companies also.

Mr. Bhulabhai J. Desai : Yes, Indian companies also. They will have to give their valuation of their general business as well as of their Indian business. In other words, the whole point is this. We wish to know as regards each company whether Indian or non-Indian—I am not using it in any technical sense, so that my Honourable friends will appreciate that I am not re-opening any question which we have argued before—a company whether incorporated in India or in Canada and operating in Canada and India respectively—as regards both these classes—the requirement is that there shall be actuarial valuation both of their Indian business as well as of their general business. The result is when we know the actuarial valuation, we will know how it will compare with life fund, the life fund meaning—as we have defined it in a previous section—the premia taken less expenditure. Knowing that, we know the difference between

[Mr. P. J. Griffiths.]

simple principle that if you have great fluctuations or if you are liable to have great fluctuations because of the smallness of your fund, you have to keep in hand very much larger reserves. If your fund is so large that it goes on steadily, that the outgoings can reasonably be predicted from year to year, you have not got to keep in hand as much reserve as if you have a small fund from which you may be paying out large sums one year and very small sums next year. What is that going to mean ? That instead of paying out to the policy-holders the largest possible bonus, you pay a small bonus and keep the rest against a rainy day. If there is one effect which it is certain this proposal will produce upon the policy-holder, it will be the reduction of his bonus. For all these three main reasons we are strongly opposed to this particular amendment. My Honourable friend, Mr. Desai, as far as I understood him, suggested that there was always a danger of large companies undercutting other new companies and quoting less than the proper actuarial rate. I can only say that his experience has been much more fortunate than mine. I would like to ask Mr. Desai in how many cases he has personally had a chance of being given an insurance policy at less than the proper rate by any large and responsible company. For my own part, if I had seen any such chance I should have been very quick to take it. For all these three reasons, firstly, that splitting up involves fluctuations, secondly, that showing one portion of the life fund only gives the policy-holder or the would-be policy-holder a wrong idea of the position, and thirdly, that fluctuations involve holding more in reserve,—for all these three reasons we in this Group strongly oppose the amendment now before the House.

Mr. S. Satyamurti (Madras City : Non-Muhammadan Urban) : Sir, I am surprised at my Honourable friend, on behalf of the European Group, opposing an amendment which seeks to make no discrimination between Indian and non-Indian companies. It seeks to place all insurers on the same footing. I thought, Sir, that my Honourable friends of the European Group were only out to protect what they consider their vested interests, and in respect of.....

Mr. P. J. Griffiths : Sir, on a point of personal explanation, we object to this principle of splitting up of funds, whether applied to Indian, European, foreign or any other insurance company.

Mr. S. Satyamurti : I will presently answer the argument. There is no splitting of funds at all contemplated in this amendment. I challenge any businessman to get up and say that, because you are asked to keep separate accounts, you must split up the funds. It is only my Honourable friend, Mr. Griffiths, who can get up and say that. The amendment which my Honourable friend, Raizada Hans Raj, has moved simply says this—take these two amendments and read clause 12 as amended, then it will simply mean this : that every insurer carrying on life insurance business shall, in respect of life insurance business transacted by him in India and every other insurer,—that is to say, the Indian insurer and the foreign insurer,—having his place of business or domicile in India will be compelled, once at least in every five years, to have two actuarial valuations, that is to say, in respect of life insurance business transacted by him in India, and in respect of life insurance business transacted by him outside. Where is the splitting up of funds involved in this at all ? There is no splitting

up of funds at all. It is a question merely of splitting up of accounts, and making up two actuarial valuations. Therefore, it seems to me, that this plea of my Honourable friend, Mr. Griffiths, for Indian companies must be looked at by Indians with some distrust. I mean no personal offence, but even if a gift comes from the Greeks, you must look at that gift, with some distrust ; and when my Honourable friends of the European Group offer a gift to Indians, it is up to us to keep our eyes wide open.

Now, Sir, my friend started by saying that this is a fundamentally unsound principle. He gave no argument in favour of that " fundamental unsoundness ", except an alleged splitting of funds which I suggest does not exist. Then, Sir, he invited the attention of the House to page 64 of the Bill, Form I. Honourable Members will see on the left side of the column two items which are, Net liability under business as shown in the Summary and Valuation of Policies, and Surplus, if any. Exactly, but we want to know the surplus of life business carried on in India. You have tried to hoodwink us all these years. Now, for the first time, we are trying to get these forms and accounts, some relevant informing figures about the surplus of your life business in India. May I ask my Honourable friends, who always claim business honesty and claim only a fair field and no favour and to be placed on exactly the same footing, as ourselves, why, in the name of honest business and in the name of fair field and no favour, they object to this amendment which is based on a demand for truth and facts ? What is it that they have got to conceal ? (*Voices from the European Benches* : " Nothing.") Then, why not say it ? My Honourable friend, Mr. Lang, can say it, because he knows more of these things than my Honourable friend, Mr. Griffiths, does. Why do you object to give these figures, if you have nothing to conceal ? My Leader made out this case, and because Mr. Griffiths tried to answer it, I want again to make it. The fear is this—not out of imagination but from what you have done in the past and you will do it in the future again when you get a chance,—that you seek to kill Indian business in every line by unhealthy competition, undercutting, getting money from outside ; and when you have killed me you go back to your unhealthy higher rates. You did it in the case of shipping ; I know it and every Indian knows it ; and we suspect and believe that you are undercutting Indian business, by offering bonuses and offering inducements to the Indian policy-holder, not out of funds or profits made in this country, but out of profits made in other countries.

Dr. G. V. Deshmukh (Bombay City : Non-Muhammadan Urban) : That is their principle of business.

Mr. S. Satyamurti : Luckily they are only a minority in this House, and, if Indian businessmen and Indian patriots are wide-awake, they cannot walk away with it any longer.

Then, Sir, my Honourable friend, Mr. Griffiths, with that universality which they always affect when they want to injure Indian interests,—they love every other country except India, they love England first, and then every other country, except India,—said, what does it matter to you, so long as the company has got enormous funds in other countries, what they do with their business in this country ? And, he said that the Indian policy-holder is only interested in the whole security of the insurer, and

[Mr. S. Satyamurti.]

not in respect of his Indian business. Sir, I am getting accustomed to a series of surprises on this Insurance Bill, and, what the Government attitude will be, when we come to clause 26 I dare not prophesy.

Sir, undoubtedly the feeling in the House today, as far as I can ascertain it, is that we should insist on assets being kept in India, in respect at least of foreign insurers, whatever 113 may or may not mean. The idea behind it is that the Indian policy-holder is not concerned with the funds of foreign insurers in other countries, but with their funds in this country. Any policy-holder who understands insurance will agree with me that the general prosperity of a Canadian company in Canada is not going to help him at the time of a crisis, unless they have enough assets in this country, invested in trust for policy-holders. Whether this House will accept it, I cannot say, but I am merely answering the point of my Honourable friend, Mr. Griffiths. He quoted the great mathematician of the Aligarh University on the law of averages, and said that, so far as the Indian policy-holder is concerned, he does not bother about the business as conducted in India, so much as about the general welfare and security of the insurer, all over the world. I respectfully differ. There, he affected to represent the Indian policy-holder. My Honourable friends on that side have no sense of humility at all : they represent Europeans, they represent foreigners, and, if it comes to that, they will represent Indians also ; and, therefore, Sir, speaking on behalf of the Indian policy-holders, my Honourable friend, Mr. Griffiths, says, that the Indian policy-holder is not concerned with the business which is being carried on in India by these companies, so long as his money is safe. But I claim to speak for him slightly better than Mr. Griffiths can, and I want to say that the Indian policy-holder is not so unpatriotic as he used to be : he wants not only security for his money but he also wants Indian insurance business to grow. I speak for the average Indian policy-holder, when I say I want my money to be safe with an Indian insurer, as against any other insurer. Therefore, Sir, from that point of view, the Indian policy-holder demands that all steps, which can reasonably be taken in the name of law to see that there is no unhealthy competition between foreign and Indian insurers, are taken. Therefore, Sir, we demand that this information as to the profits actually arising from their business in India, should be shown in their accounts. I did not hear Mr. Griffith give any argument on the question of the impossibility of giving such figures. After all, Sir, they are shrewd businessmen, they do not conduct their Indian life assurance business, without any idea of the profits they are making out of their Indian life business. Will any European businessman here get up, and say that any world insurer carries on business in India without having, at least for his own benefit, a clear actual up-to-date statement of how his business is going on in India ? What this amendment seeks is to put the Indian and the non-Indian insurers on the same footing, and require all of them to have their affairs actuarially valued every five years, and to have their accounts in a particular form. It is reasonable, I take it, Sir, that it ought to be done, and it will help the Indian insurers and Indian policy-holders to face unhealthy competition. I do hope, Sir, that this amendment will be accepted by all sections of the House,

including the Government, because it is based on no discrimination. It is intended to help Indian insurers and Indian policy-holders. I want no unhealthy competition in the market by non-Indian insurers as against Indian insurers. I support this amendment.

Mr. T. Chapman-Mortimer (Bengal : European) : Sir, I rise to deal with some of the points raised by my Honourable friend, Mr. Satyamurti, because I feel he is under some misapprehension as to what exactly the position is, what is meant by a fund and so on. Before doing so I should like to make one or two general observations. First, I can assure him I am not going to offer gifts, so that he need not be suspicious ! The second point he made was that we, in this Group, come here only to defend our interests. I suggest that is not a fair observation. We in this Group naturally want to protect our own interests : so do my Honourable friends in all parts of the House. Government want to protect their interests, and my friends opposite are always considering how to further some scheme of the Congress. In the same way we come here to protect our interests, but not, I suggest, *solely* to protect our interests. My friend says " Oh, oh ! " how does he know ? Mr. Satyamurti said, Sir, we are always talking about fair field and no favour, and that in this case we do not seem to like that idea. He further went on to say that we do not want to reveal information, and that the whole of our objection to this amendment is simply that we want to conceal something. My Honourable friend, Mr. Griffiths, has so ably dealt with the objection, on principle, to this amendment, that I do not propose to cover the same ground, but I propose to take up Mr. Satyamurti on his own ground. He talked all the time about the splitting up of *funds*, and he assured Honourable Members that there was no question of splitting up of funds in this amendment. Now, Sir, the mere fact that he talked about the splitting up of *funds* shows that he does not, if I may say so with due respect, understand what the exact object of this amendment is. I should like just to explain that in insurance accounting you are dealing with a much more complicated form of accounting than you have in any other business. You have on the one hand the life assurance fund, then there are assets which are often loosely called funds,—and I think that is really what was in my Honourable friend's mind,—and thirdly, you have the liabilities. This amendment means the splitting up of the life fund, and that is what we object to. My Honourable friend, Mr. Griffiths, explained that point so clearly and so well that I do not propose to go into that again. I merely draw the attention of this House to this fact, that my Honourable friend, Mr. Satyamurti, is quite wrong when he says that no splitting up of the funds is involved. If he means by that the life fund he is wrong : if he means the assets that is a different matter altogether. He tried to suggest that this was merely an accounting item. Well, any one knows it is an accounting item, but that accounting item is not like the separation of certain items in the accounts of an ordinary commercial concern. If my Honourable friend will turn to Fourth Schedule, page 57, he will see there a valuation balance sheet, and then if he turns to the statement to which he himself referred he will see there " balance of life insurance fund ". It is that fund which will be split, and following from that will be the separation of the Indian business

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Mr. T. Chapman-Mortimer (Bengal : European) : Sir, I rise to deal with some of the points raised by my Honourable friend, Mr. Satyamurti, because I feel he is under some misapprehension as to what exactly the position is, what is meant by a fund and so on. Before doing so I should like to make one or two general observations. First, I can assure him I am not going to offer gifts, so that he need not be suspicious ! The second point he made was that we, in this Group, come here only to defend our interests. I suggest that is not a fair observation. We in this Group naturally want to protect our own interests : so do my Honourable friends in all parts of the House. Government want to protect their interests, and my friends opposite are always considering how to further some scheme of the Congress. In the same way we come here to protect our interests, but not, I suggest, *solely* to protect our interests. My friend says " Oh, oh ! " how does he know ? Mr. Satyamurti said, Sir, we are always talking about fair field and no favour, and that in this case we do not seem to like that idea. He further went on to say that we do not want to reveal information, and that the whole of our objection to this amendment is simply that we want to conceal something. My Honourable friend, Mr. Griffiths, has so ably dealt with the objection, on principle, to this amendment, that I do not propose to cover the same ground, but I propose to take up Mr. Satyamurti on his own ground. He talked all the time about the splitting up of *funds*, and he assured Honourable Members that there was no question of splitting up of funds in this amendment. Now, Sir, the mere fact that he talked about the splitting up of *funds* shows that he does not, if I may say so with due respect, understand what the exact object of this amendment is. I should like just to explain that in insurance accounting you are dealing with a much more complicated form of accounting than you have in any other business. You have on the one hand the life assurance fund, then there are assets which are often loosely called funds,—and I think that is really what was in my Honourable friend's mind,—and thirdly, you have the liabilities. This amendment means the splitting up of the life fund, and that is what we object to. My Honourable friend, Mr. Griffiths, explained that point so clearly and so well that I do not propose to go into that again. I merely draw the attention of this House to this fact, that my Honourable friend, Mr. Satyamurti, is quite wrong when he says that no splitting up of the funds is involved. If he means by that the life fund he is wrong : if he means the assets that is a different matter altogether. He tried to suggest that this was merely an accounting item. Well, any one knows it is an accounting item, but that accounting item is not like the separation of certain items in the accounts of an ordinary commercial concern. If my Honourable friend will turn to Fourth Schedule, page 57, he will see there a valuation balance sheet, and then if he turns to the statement to which he himself referred he will see there " balance of life insurance fund ". It is that fund which will be split, and following from that will be the separation of the Indian business

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from the rest of the business with the fluctuating results in profits and its effect on bonus and other payments, to which my Honourable friend, Mr. Griffiths referred. My Honourable friend, the Leader of the Opposition, and Mr. Satyamurti seem to think that the whole point of this was to restrict the bonus that would come to Indian policy-holders. Whether they admit it or not, the separation of the fund, therefore, was what they had in mind, and more than that it is what they always had in mind—namely, a complete separation of the Indian business from the rest of the business of the company to the detriment of the Indian policy-holders of the company. He said that Indian policy-holders today are more patriotic than I gather they were a few years ago and they now want more and more to insure with Indian insurance offices and not with others—British, Dominion or foreign. I have no doubt that as Indian insurance business grows and develops the natural patriotism of the people of the country will lead them, other things being equal, to prefer an Indian to a non-Indian insurance company. But that does not mean that there is any need today to prevent them from insuring, if they so wish, with non-Indian companies who may be able to offer them terms which are advantageous to them, and, therefore, in so far as they form part of this country, advantageous to India also. He went on further to suggest from that that what every one wanted was that Indian insurance should grow, that Indian insurance should be given a chance to develop on sound lines. We, on these benches, are not offering a gift : we are merely repeating what we have said on other occasions : we do not want to stand in the way of India developing her own insurance business or any other business. I made that point the other day and I feel it is perhaps necessary to repeat it again. You do not increase and improve your own business by destroying other people's business : that is the fallacy of those who think that by destroying another nation in war, you are going to enrich yourselves at the expense of that other nation. The last great European War amply proved that to destroy a competitor, to destroy another nation that does a large trade with you, does not enrich you who have destroyed that nation, though you may have ruined that nation. Sir, I strongly oppose this amendment.

The Honourable Sir Nripendra Sircar (Law Member) : Sir, as I understood the speeches of my Honourable friends, Mr. Desai and Mr. Satyamurti, the position is this : that English companies subsidise the Indian section of their business : they bring in monies from their large resources elsewhere in London ; and the bonuses which they pay really could not have been paid if an Indian life fund had been separated and the bonus had to be paid from that fund. The argument led to this, that this throat-cutting rate war will mean the ruin of Indian business and the illustration of the shipping business was given. Before Honourable Members are carried away by any reference to shipping, I may remind this House that the facts are—I am reading from paragraph 14 of Mr. Sen's Report—that in 1914 the premium income of Indian life insurance companies was 1.17 crores : in 1933 it was 5.76 crores. Mr. Sen's report is probably a little antiquated now. But may I take the figures from the Indian Insurance Year Book : the total premium income of all foreign

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companies—the German company is a big one and the Canadian is probably one of the largest—Canadian, German and United Kingdom and others, they come up to 4.7 crores of rupees.....

Sir Cowasji Jehangir : Life ?

The Honourable Sir Nripendra Sircar : I am talking only of life. The non-Indian insurance companies—under which I include United Kingdom, German, dominion, etc.—got Rs. 4.7 crores : in 1934 the premium income of Indian companies was Rs. 6.6 crores : that is, the Indian insurance companies have got ahead of the foreign business in life insurance by about 50 per cent. And any suggestions that there has been throat cutting warfare in rates is not borne out by the facts. The Indian life business is prosperous : I wish it more prosperity and I hope that very soon it will do even larger business. Let us come to this question from the point of view of an Indian company, and then I shall proceed to the United Kingdom companies. My Honourable friend, Mr. Satyamurti, is not right in thinking that if Government is objecting to this amendment or rather these two amendments.....

Mr. B. Das (Orissa Division : Non-Muhammadan) : Are you objecting ?

The Honourable Sir Nripendra Sircar : What do you think I am doing ? If Government is objecting, it is not on the ground of discrimination at all. I am putting forward a ground which is something other than discrimination and I take a hypothetical illustration—the Hindustan Insurance. It is a large insurance company with a life fund of nearly two crores. Of course I do not suggest to Sir Cowasji Jehangir that it is anywhere near the Oriental, in which he is interested ; but still it is a big company. It has some business—not very much—in South. It is getting on there. It has a still smaller business in Iraq and in other countries : I believe also in Ceylon, but I am not sure. Now, let us look at it from the point of view of Hindustan Insurance and then we shall proceed to the United Kingdom companies. Here the Hindustan has its life fund of Rs. 2 crores. We are asking by this gift of the Mover of this amendment that the Hindustan should separate on paper your life funds. Now, suppose in South Africa, having regard to the size of the business, the Hindustan is unable to give as large a bonus as it would be in a position to do if its funds had not been separated and it had paid an all-round bonus to all its policy holders, supposing that is the position or it may even be that the Hindustan is carrying on at a loss in South Africa for the present, my objection seriously to this—and I shall not repeat this argument when I come to 15C, as it really covers the same ground—that the policy-holder, whether in South Africa of the Indian company, or the Indian policy-holder of the Canadian Company in India, they are entitled to rely on the largeness of the resources, of the financial standing of the company as a whole. If that is so, what is the object of the separation of this fund ? If it is said,—" well, your fund in South Africa is very small, why not pay a bonus by bringing in some money to South Africa from Calcutta ",—to that the obvious criticism is, what is the object of showing an amount which has no relation to reality ? If

[Sir Nripendra Sircar.]

some fund, other than the fund shown in South Africa, is really going to be the source from which your bonus will be distributed, what is the object of showing that small amount ?

Now, let us proceed further. In the South African Insurance Book,—I hope they have one,—the Hindustan Insurance Company appears as having a small life fund. It is carrying on business in South Africa at a loss for the present,—I do not say it is so. I am not stating facts about the Hindustan—but I am taking it as an example,—what is the effect on the policy-holders there ? Are they not entitled to come to the conclusion that, as a matter of fact, it is not a substantial company ? They will think : "Oh, this is a small fund which is available to us for bonus," and, whatever the Hindustan does it is in a tight corner. If it brings money from Calcutta and pays larger bonuses than its life fund in South Africa would justify, then South Africa will say it is dumping. That is a word which covers a multitude of sins. But why should not a company which has large resources make those resources available for the benefit of its policy-holders ? What is wrong in it ? And can you get out of the situation by merely using the word 'dumping' ? I submit not.

Then, Sir, about the unfairness of competition, I think,—with my imperfect knowledge of mathematics and in the presence of my friend, Dr. Ziauddin Ahmad,—it is but reasonable to assume that if there is a larger life fund you can pay a reasonable or even a large amount of bonus out of that, which you cannot do if your life fund is small. Let us suppose there is competition, leaving aside for one moment foreign companies, because the name of foreign companies introduces unnecessary heat,—the Oriental is contrasted with a small company,—the Oriental with its huge resources is able to pay a bonus of 15 per cent. all-round, and the small company cannot pay more than one per cent., or possibly it has not got funds enough to permit of paying any bonus at all. Is it unfair competition ? Is it because that one company has so large resources that it can pay a larger bonus than a smaller company which has not sufficient resources to pay a bonus, that it is to be called unfair competition ? Then, where does the unfairness come. We may now transfer the argument to the United Kingdom. The Indian policy-holder who has taken out a policy in a Canadian or English company had every reason to think, when he took out the policy, that it was a big company, he looked at the figures, the reserves, the huge life policy fund and so on. Now he is going to be told—'Oh, never mind, their business is small, a separate life fund is shown, and you ought to be satisfied with that'. I submit, Sir, there is no reason whatsoever in it. And again, just as in the imaginery case of the Hindustan the difficulty will arise if they give a larger bonus, equally in the case of the Canadian Company, they will be on the horns of a dilemma. If their comparatively small life fund in India justifies only a small bonus and they bring out money from Canada and give a larger bonus, then it is dumping. If, on the other hand, they don't bring in any money from abroad but give such bonus to the Indian policy-holders as the smaller life fund of the Canadian Company here permits, then it is a question of discrimination. I am sure Sir Cowasji Jehangir, on behalf of the Oriental, will

be quite entitled to say : 'Look at the position of the Canadian Company ; they are giving three per cent. to the Indian policy-holders, and they allow five per cent. to their Canadian policy-holders.....

Sir Cowasji Jehangir : I won't say that ; I would like them to give as much as they can to Indian policy-holders.

The Honourable Sir Nripendra Sircar : I hope my friend will not interrupt me. If my friend means that it is quite legitimate for the Canadian company to bring in large resources from Canada and pay large bonuses here, then what is the object of showing a small fund here ? I see none.

Then, Sir, I think I have made it perfectly clear that it is not a question of discrimination, but this argument of separating your life policy fund into bits may be harmful as much to Indian companies as to non-Indian companies. It may be that one section of the House may think—'never mind about the damage to Indian companies but so long as we hit the other fellow, it does not matter what we hit him with'. I hope, Sir, the House will not accept that argument.

Then, it was said it was uneconomic competition,—that is another catch phrase. As I said, I will go back to my old but imaginery example. The Hindustan with its large resources not having split up its fund into a South African fund and an Indian fund pays a bonus at the rate of ten per cent. which would not be justified if the South African fund had been separated and a small fund had been created. As against the South African company doing business in South Africa, why is this uneconomic competition ? I have got my large resources to justify paying a bonus of ten per cent., although that would not be justified if you compel me to split it up and show a small life fund for South Africa. I submit, there is no question of uneconomic competition. The whole question is this,—the larger your resources whether you are Oriental or North British,—the greater the capacity to pay larger bonuses, and there is no reason why this life fund should be split up into different life funds all over the country in a way which does no good to the policy-holder. Of course, we are all dying for the policy-holder, but when we advance our arguments, we rather forget him for the moment. I make it quite clear that I shall not repeat these arguments when I come to 15C, because, so far as this particular point is concerned, it covers the same ground, and as my friend indicated, really this amendment is not very important, but that once for all this matter should be debated in the House. I submit, Sir, Government are unable to accept these two amendments.

Sir Cowasji Jehangir : Sir, I cannot help thinking that there has been some confusion of thought.....

The Honourable Sir Nripendra Sircar : Somewhere.

Sir Cowasji Jehangir : .....in one or two respects. We were told that this is one of the ways of preventing Indian people from insuring with English companies. I think my friend, Mr. Chapman-Mortimer, said so.....

Mr. T. Chapman-Mortimer : No, Sir, I don't recollect having said so.

Sir Cowasji Jehangir : I think you said 'prevent them from insuring with British companies'.—I got it down.

Mr. T. Chapman-Mortimer : I was quoting my friend, Mr. Satyamurti.

Sir Cowasji Jehangir : Now, Sir, believe me, so far as I am concerned, there is no such motive as that when I stand up to support this amendment.

Let me take just one or two arguments of my Honourable friends, but before I do so, let us understand what the amendments mean. Section 12 of the Bill provides that there shall be an investigation. Investigation is a technical term in life insurance business. An investigation means a comparison between assets, life fund and the liabilities. That is an investigation. Section 12 provides for an investigation both for Indian companies and all companies, whether they be British or foreign. But it makes one distinction. It provides that for British companies the investigation shall be with regard to their business in India. With regard to Indian companies, the investigation shall be with regard to all their business whether it be in India or in foreign parts. That is the Bill as it stands without the amendment. My Honourable friend, Dr. Ziauddin, asks where this is stated. I am reading clause 12 (*1*) of the Bill :

" Every insurer carrying on life insurance business shall, in the case of an insurer specified.....(that is, an Indian company), in respect of all life insurance business transacted by him, and in the case of every other insurer (all others excepting Indians) in respect of the life insurance business transacted by him in India.....".

Therefore, this sub-clause draws this distinction. The amendment has the effect of compelling all Indian companies, all British companies and all foreign companies to have investigations with regard to their business in India and with regard to all their business all over the world. My Honourable friends opposite contend that such an investigation—I use the word " investigation " in its technical sense—would cause a split in all their life fund. My Honourable friend, Mr. Griffiths, who stood up on behalf of the Indian companies, said, that it would do them damage if they had an investigation with regard to their Indian business and also an investigation with regard to all their world business combined with Indian business. Let me make this point clear ; when I say two investigations, one investigation is with regard to their business in India and the other investigation is with regard to their business all over the world, including India. Those are the two investigations which will have to be made once in five years, if the amendment is carried, both for Indian companies and for British companies. They contend that it will be splitting their life fund into so many sections. All that this clause, if amended as moved, requires, is that they shall show, and we shall show, the balance of the life fund at the end of the year one for India and one for the rest of their business including India. Now where is the hardship to insurance companies, both Indian and British, showing their life fund at the end of the year for the work done in India and for the work done all over the world ? I cannot understand this objection of splitting up the life fund, only into two parts under this Bill and not into half a dozen, as contended by some Honourable Members on the other side. We are only talking of the life fund of the work done in India as compared with the life fund and of the work done all over the world. Why should any company doing business in India not divulge to us the character and the methods of their work in India when it is open to them to see now, and as it has been in the past, all our accounts, and our life funds ? Why should they not show us their life funds at the end of the year in India ? The argument has been that it will mislead the public to believe that these

very big British companies working in India have not that stability which they actually have and that the person insuring with them will be misguided by seeing their life fund with regard to their work in India and will not take into account their great resources and the work they do all over the world. I contend, Mr. President, that no person who wants to insure his life will be so blind as to believe that if a British company is doing comparatively little business in India, it is a small company. They have only to look at the accounts, the life fund in India will be shown, and the life fund all over the world will be shown. The life fund in India may be small, but their life fund with regard to work all over the world will be of such a character as to assure the public of their great stability. Therefore, the argument that anybody will be misled into believing that these companies, doing business in India, are not as stable as they really are, is a fallacious one. The accounts are there, both side by side, but you will ask, why is it that we in India want to see what business others are doing in India, and what is their life fund in India ? Because they have an opportunity of studying our balance sheets, our life funds, our work in India, why should we not have the same opportunity of studying their work, their methods, their balance sheets ? Why should there be that distinction ? Why should they see all our accounts, study all our methods and prevent us from studying their figures and their methods ? We have no desire in any way to show or try to show to the public that they are less stable than they really are, and I believe that it is not complimenting those who insure their lives to say that they will be so ignorant as not to realise the stability of their big companies simply because they do little business in India. As to my Honourable friend, Mr. Griffiths's objecting, on behalf of the Indian companies to this amendment, may I most respectfully point out that he might have left that to us who represent Indian companies to object to it. If we are so mad, so foolish as to ask for this against our interests, please concede it to us as much as we are prepared to concede to you whatever you think is in your interests. I am not coming in the way of my Honourable friends asking for anything which they believe is in their interests. I have nothing further to do with it. I will say, " by all means. I am prepared to help you, if you believe it is in your interests ". If I concede a thing to you, I ask you to concede the same to me. I believe that it is in my interests. You may not believe me but since I am the one who is going to suffer, don't bring up the argument that you are defending us. That is not a good argument. Let me defend myself. I am quite capable of defending myself and my interests. Let me do it. Don't do it for me. Don't try to help my interests. I know my interests.

Now, Sir, the only point is this. Are we going to be allowed to see the accounts of the Indian business of these British companies as they can see ours and are welcome to see ours or are they going to refuse us this privilege ? We have heard a great deal of fair field and no favour. I wish that could be put into practice. We want fair field and no favour. If they want to come here and do business, they are welcome. They will be here for many many years to come but don't ask for a favoured position. That we cannot grant because we are also doing business in our own country. We cannot allow anybody to have a favoured position against us. No discrimination against you. I am with you but don't ask for favours.

Mr. F. E. James (Madras : European) : Does the Honourable Member think there is really any fair comparison between the five per cent. busines which is being done here by the United Kingdom companies and the 95 per cent. that he is doing ?

Sir Cowasji Jehangir : I am not comparing it. I do not desire that any one who comes to insure with any British company should compare the company's life fund in India with their life fund in the world. There is no comparison. Their security is the total life fund of the company. That is their security. The assets all over the world are their security, but for purposes of competition in this country they shall not know facts and figures about our business in this country which we don't know about theirs. Everybody knows that in competition in business, it is a great advantage to know the exact financial position of your rivals doing business in India. I hope I have answered what I consider the fallacious argument of the handicap and damage that will be done by having two life funds, one for India and one for the rest of the world. Also, there is no question of splitting up the life fund into so many compartments for South Africa, for Canada and for Australia. We are not asking for that. We are only asking companies to have an investigation of their business in India as specified in the Act and I contend that they cannot have that investigation in the technical term unless they show their life fund at the end of the year and that is what they don't want to do. Their opposition to these amendments means that they refuse to allow an investigation, in the technical term, of their business in India. If they want to drive a coach and four through section 12 and ask this House to help them to do so, they are welcome to do so but I am not going to assist them to do so. I am not going to enable them to evade investigation in the proper sense of the term, which they are bound to do and which the Bill forces, us to do and which we are prepared to do, in the interests of the policy-holders, in the interests of the public and ourselves, Directors. I am prepared to have an investigation both for Indian companies and for British companies, for both sections of our business, but I am not going to assist them to evade that investigation. This amendment is placing Indian companies and all non-Indian companies on the same basis as regards investigation into both branches of the business—business in India as against business all over the world. I admit I represent a company that has business all over the world. I say that we are prepared to split up our business into Indian business and business all over the world and to place our figures at their disposal, for their inspection and I ask you to do the same and no more. I represent a company which is much bigger than many of the companies in which they are interested and if damage is goint to be done I am prepared to face that damage.

Now, let me turn to my Honourable friend, the Leader of the House He talked about damage done to the Hindustan Insurance Company With the greatest respect, I think it will be well to leave the Hindustan Insurance Company to defend its own interests. If this amendment is going to be so damaging to the interests of the Hindustan Insurance Company my Honourable friend would have had not one telegram but a dozen telegrams from them.

The Honourable Sir Nripendra Sircar : How is the Hindustan Company to know ?

Sir Cowasji Jehangir : The amendment was on the Order Paper, three days ago. Now, Sir, it is not going to damage the Hindustan Insurance Company. If it damages the Hindustan Insurance Company, it will damage my Company much more. Take this question of bonuses. It is said that if a smaller life fund is shown at the end of the year, people in South Africa may believe that the Hindustan Insurance Company is a small, trifling company doing small business in South Africa, but people in South Africa are no fools. They will see the life insurance business done by the Hindustan Insurance Company all over the world, as compared with that done in South Africa and insurers in South Africa have all the assets of the Hindustan Insurance Company behind them. The only thing that will happen will be that the Hindustan Insurance Company will not have to show separately its business in South Africa or its life fund in South Africa. That is misleading the House. The Hindustan Insurance Company will only have to show the business it does in India and the business it does all over the world, unless the South African Government compels it to show the business it does in South Africa separately, but it will not have to do so as the South African Government do not compel them to do so and, therefore, the two figures, that the South Africans will have, will be the amount of business done by the Hindustan Insurance Company in India and the amount of business done by the same company throughout the world. How is that going to damage the Hindustan Insurance Company and how is it going to prevent them from taking any amount of money from this country to South Africa to pay bonuses ? There is nothing in the Act to prevent it, nor is there anything in this Act to prevent British companies from bringing money from England to pay bonuses to their life insurance people in India. I do not agree that anything should be done to prevent these companies from bringing moneys to India to pay bonuses to those who have insured their lives in this country. I would encourage it because it is all the better for my people if they get bonuses from money in England.

An Honourable Member : Will this amendment prevent this ?

Sir Cowasji Jehangir : No. Let the Honourable the Leader of the House say so. Is there anything in this amendment that prevents British companies to bring money in India ?

The Honourable Sir Nripendra Sircar : But what is the object of showing it ?

Sir Cowasji Jehangir : Because we do not want our business to be seen and inspected by them. We do not want our balance-sheets, our life insurance business and our life funds to be inspected by them and to be studied by them and we should be deprived of the privilege of seeing the details of the business they do in India. Why should they have this privileged position ? The days of privileged position are gone. With regard to discrimination, as I said, any time that such a thing is being done, I will be the first to protest against it. But act up to your motto : "Fair field and no favour". That is all we ask and that is all there is in this amendment. All these arguments about bonuses are imaginary. I cannot guarantee what will be done ten years hence. I cannot guarantee what will be done two years hence. If I am here and if my voice has any weight, it will be thrown in on the side of bonuses to be paid by British

[Dr. G. V. Deshmukh.]

this law of averages may be all right so far as the setting up of the business is concerned, but once the business has been set up every time the law of averages need not be put forward. To give you an instance, Sir, from my line : a patient once went to a surgeon and wanted to be operated. Naturally the patient asked the surgeon, " Well, Doctor, is it a very serious operation ". The surgeon says : " No, the percentage of mortality on the average for these operations is about 50 per cent. I have operated during the last few years 50 cases who all died at my hands and as you are the 51st man to be operated, according to the law of averages, you may survive this operation." (Laughter.) Well, Sir, this law of averages cannot apply in the case of all these vital matters. After all we have been given to understand that so far as life insurance business is concerned, it is not like a profit making business ; it stands on an entirely different footing. So far as I know, it is entirely on a scientific basis. I can understand their not being willing to expose whatever their profits may be or whatever their calculations are, if it were a profit making business. But my Honourable friends cannot insist on life insurance business being merely a profit making business. My submission is that the life insurance business which has been built up for the last 200 years has been entirely by the co-operation not only of merchants and actuaries but also the co-operation of the different branches in public life such as the medical science, the actuaries, the accountants and so on. What has been the result ? The actuaries were assisted by the mortality tables, the Managing Agents have been assisted by the medical profession as well as by the Accounts Department. Why should there be any objection to putting down a statement of their Indian business so far as valuation and also their liabilities, their life insurance fund are concerned ? My plea for giving these particulars in the statement is this. In case the British life insurance companies or foreign companies are doing it on a scientific basis—we Indians are after all juniors to them in this line,—we will be able to profit by their example. If their example is good, we will follow them ; on the other hand if their example is bad, we will be able to point out to them their defects, and we will condemn their methods. If on no other ground, at least on this ground, I say the British companies here and the foreign companies should not hesitate to expose their Indian accounts, and it is for this reason that it will be for the benefit of the life insurance business as a whole and it will be for the benefit of the policy holders. It is from that point of view that I urge on my British friends here not to oppose this amendment, but to withdraw their opposition.

Dr. Ziauddin Ahmad (United Provinces Southern Divisions: Muhammadan Rural) : Sir, it is an old saying that when thieves fall out, then the property of the honest man is safe. The speech which I just now heard from my Honourable friend, Sir Cowasji Jehangir, has left an impression on my mind, not knowing the intricacies of insurance business, that there is something mysterious in the business itself. He is so anxious to see the secrets of other companies that it makes me extremely suspicious about the whole matter. If I hear a few more speeches of that type, I will have no alternative but to table an amendment here, on the floor of the House, that all insurance companies should be wound up in the interest of the people of India and in the interest of the policy-holders themselves and that Government alone should be permitted to carry on this business. (Hear, hear.)

Now, he laid so much stress on showing the accounts that I cannot possibly understand what really it means ; and the impression on my mind is that there is so much cooking of accounts that they do not like to show these accounts to others. There may be a number of secret rebates and secret commissions and large bonuses given to the Managing Agents and large salaries paid to the managers, that they are exceedingly anxious to conceal the whole thing as far as possible. Therefore, I have become very suspicious of the whole business which I obviously considered to be scientific. It is a business by means of which these big magnates really make every attempt to cheat the policy holders and to get money in as many ways as possible. Therefore, I appeal to Government to safeguard the interests of honest men living in this country. If it is their duty to safeguard the lives and properties of people, it is also their duty to save them from these parasites. I am not speaking of the Indian insurers or the foreign insurers but of insurers as a class. I have become suspicious of the whole thing, and with a few more speeches of this type I think I would carry on a propaganda against them. This is my general impression, and I think that the time has come when we ought to consider this question rather seriously in the interest of the policy holders.

1 P.M.

Now, as regards the amendment itself, if I understood it rightly, it simply means that whether the policy holder, in this country, who has insured his life with a foreign company, should or should not be entitled to the bonus which the company had really derived from their business outside India.

Sir Cowasji Jehangir : No, that is not the amendment at all.

Dr. Ziauddin Ahmad : That is really the issue.

Sir Cowasji Jehangir : No, that is not the issue at all.

Dr. Ziauddin Ahmad : That is the real issue. When they want the accounts to be separated and shown separately, the logical consequence of that is that they will show the bonus derived from their profits derived in this country separately. That is the logic. If they show the Indian accounts separately, naturally the company will say, " Why should we give the policy holder in India more than what we earn in this country ?

Sir Cowasji Jehangir : I may point out, Sir, that there is nothing to stop British companies from bringing monies into India and crediting it to their revenue account to enable them to pay bonuses.

Dr. Ziauddin Ahmad : There is nothing in the Bill against you paying me a crore of rupees, but why should you do it ? Why should foreign companies bring to India profits which they earned outside ? They will only do it if business is one, but they will not do it if the business is entirely separated. We may argue but this is the logical consequence.

Sir Cowasji Jehangir : That is not so at all. What is the use of saying that black is white and white is black ?

Dr. Ziauddin Ahmad : To my mind the issue is clearly this, whether the Indian policy holder should be entitled to the bonus which that company derives from their business in India or from the profits of the company as a whole. My friend says that is not the issue, but if you ask them to keep accounts separately, naturally the policy holders of

[Dr. Ziauddin Ahmad.]

other countries will prevent the company from taking their money to India, because there is separate income and expenditure and the money must be kept in watertight compartments. We are providing elsewhere that every foreign company must keep a certain portion of their capital in India. As far as the security of payment is concerned life policy holders are perfectly safe because the money is in India. And if you keep the account separate and show it separately then naturally, whether my friends agree or not, the policy holders will not expect any bonus which is derived from foreign transaction. (*Voices of* " No, no ".) Companies may pay but actually they will not do so. This is the object and I think it is very desirable that the Indian policy holders should derive the full bonus from the business conducted anywhere else. Now, Sir, I have been told, very often, here, that life business done by the foreign companies is only 10 per cent. of the total amount done by the Indian companies. The amount is very small, and the only thing is whether this ten per cent. should be permitted to take the full benefit of the bonus which has really accrued from the business of the company all over the world. My friend, Sir Cowasji Jehangir, is very keen on one particular point, namely, competition of Indian companies with foreign companies. I will remind him of what Sir Homi Mody said, that big business is always done in Bombay ; and I must say they have no sympathy whatsoever for small companies. In textiles we have seen, repeatedly, that they have very little sympathy with cottage industries. They want to suppress and kill the smaller concerns, and on the other hand they want to be protected from outside. Therefore, they want to have it both ways, protection from inside as well as from outside. We are prepared to protect our bigger industries provided the bigger industries are generous enough to protect the smaller industries. I repeat that the issue before us in this amendment is whether the policy holders in India, who get their policies from British companies, should or should not be entitled to get the benefit of the profits which companies make elsewhere. I am strongly of the opinion that Indian policy holders should get the profits.

Mr. M. Ananthasayanam Ayyangar (Madras ceded Districts and Chittoor : Non-Muhammadan Rural) : I am very sorry that with all his learning the speaker who has just sat down has entirely misunderstood the scope of this amendment. The Honourable Members of the European Group have, I know, understood its scope, but they are trying to misunderstand it. As regards the Leader of the House I will presently answer him as to how this amendment is necessary in connection with the aspects in which he has placed this matter before this House. First, let us understand the original section of the Bill and, thereafter, the scope of this amendment. The clause of the Bill refers to actuarial valuation of assets and liabilities of all insurance companies once every five years : with respect to companies which have their headquarters or principal place of business outside India, this is confined under the present clause to their Indian business only ; and, so far as companies, which are incorporated in India or are domiciled in India or have their principal place of business in India, are concerned, there is a clause in the present Bill requiring their accounts to be actuarially valued not only with respect to their Indian business, but also with respect to their foreign

business. The amendment wants that with respect to business transacted by Indian companies there ought to be a differentiation between their Indian business and their whole business. That is what the amendment seeks. It does not affect foreign companies whose principal place of business is outside British India. Under the Bill, as it stands, foreign companies with their principal place of business outside British India and transacting business all over the world have to confine their actuarial valuation only to their business in India. Now, Sir, what objection can the Honourable Members who belong to the European Group have to this ? Assuming that the life fund is split, it is a thing of which we need not be afraid, but the life fund is not going to be split. All that we want to do now by this amendment is to place Indian insurers also on a line with other insurers. I did not understand their objection, but I have scratched my head very deeply. They, now pretend to be our helpmates, our friends, but if the amendment is not carried they will come again and say there is discrimination between English companies and Indian companies and that while so far as Indian companies are concerned you have a single life fund, one actuarial valuation of their entire business both that transacted in India and that transacted outside India, you want a separation in the case of English foreign companies.

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

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

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Mr. M. Ananthasayanam Ayyangar : Sir, just before Lunch I was submitting that so far as the European section is concerned they need not be alarmed at this amendment, and need not protest against it, as it does not affect their position at all. Even if this amendment is not passed, the non-Indian insurer will have to submit to actuarial valuation all his assets and liabilities under the existing clause 12. This amendment does not seek to interfere with that. All that it seeks to do is to place the Indian insurer on a part with the non-Indian insurer so far as the actuarial valuation of the Indian business is concerned. Further, so far as the Indian insurer on a part with the non-Indian insurer so far as the actuarial also, what he is asked to do by this amendment is that he should not only submit to actuarial valuation all his Indian business but also the whole of his business in its entirety. Even there, there is no splitting up. The only addition that is sought to be made by this clause is that whereas under clause 12 as it stands the non-Indian insurer is asked to submit to actuarial valuation his Indian business only, and the Indian insurer is asked to submit to actuarial valuation his whole business, it is further made incumbent on the Indian insurer to show in addition to submitting the whole of his business, his Indian business separately for actuarial valuation. The Indian insurer's life fund will not be split, and this amendment affects only the Indian insurer. Even if this amendment is lost, the non-Indian insurer would not be affected by it. His liability to submit his Indian business to actuarial valuation still stands.

Mr. Sen in his elaborate report has found that the only safeguard for policy holders in this country, who enter into business contracts with

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non-Indian insurers, is their having to submit their Indian business to actuarial valuation. This is what he says in paragraph 287 of his report :

"The Act should provide that every foreign company must have the assets and liabilities of their Indian business duly valued by a qualified Actuary once at least in every five years and that the procedure relating to valuation of Indian companies should be applicable to these companies as well."

It is on this report that clause 12 as it applies to non-Indian insurers has been framed. It is not the intention of the Mover of this amendment to interfere with that liability of the non-Indian insurer in respect of his Indian business. If that has the tendency or effect of splitting up his life insurance fund into two sections, it is already there. The Honourable the Leader of the House is responsible for it and we are not trying to interfere with it. All that we desire is to bring the Indian insurer on a par with the non-Indian insurer. What is the harm? We do want to know what exactly the business is that this man does so far as India is concerned, whether he is able to crawl here before he is able to run to foreign lands. The Honourable the Leader of the House made much of our trying to extend our business in the case of one company, the Hindustan Insurance Company, to foreign lands. I do not know if he can congratulate himself or this House or the country at large on the enormous business done by that company. If these companies have been able to crawl to foreign lands, it is in spite of my Honourable friend, the Leader of the House, here, and, in spite of the Government, in spite of the obstruction and dumping that has been carried on by the foreign insurance companies to kill out and root out our Indian insurance companies. The Honourable the Leader of the House gave some figures : from the same book I will also take some figures to show how in very adverse circumstances our insurance companies have been able to get on, and why this information is necessary. The foreign insurance companies that carry on life business in this country are few : sole life insurance companies are 11 : composite companies are 13, the total number being 24. Indian insurance companies carrying on life business number 165, and composite companies 36, making a total of 201. These 201 have to struggle against 24. By the end of 1934 the total number of policies in force was 245 000 so far as foreign companies are concerned : the sum assured being 83 crores, and the policy income 4½ crores. In case of Indian companies, the total number of policies was 742,000, the sum assured being 132 crores and the premium received six crores. Now, compare these figures. These 24 foreign companies have a premium income of 4½ crores, while 201 Indian companies do business to the extent of only six crores. Are we running a proper race? It is a race between a race horse and a lame donkey : and my Honourable friend not only wants to cripple one leg already crippled, but he wants to cripple the other leg also. The Honourable the Leader of the House says : "You are not going to gain anything : You are not going to prevent money being brought to India from foreign countries." But it is only for the purpose of statistical information. Even that is a legitimate desire, for this reason : in 1928 this Assembly or rather its predecessor passed an Act merely for the purpose of collecting statistics with respect to insurance companies. After all, before we come to legislate to prevent certain abuses or inroads or attacks made on our industries, we must have statistics. We cannot be groping in the dark. For this very purpose an Act was passed in 1928 merely for collecting statistics. The Honourable the Leader of the House will kindly refresh his memory by looking at Act XX of 1928. I shall read only the preamble :

"Whereas it is expedient further to amend the Indian Life Assurance Act, 1912, for certain purposes hereinafter appearing, and to provide for the collection of statistical information in respect of insurance business....."

Sir, if a whole Act could be brought into existence for the purpose merely of obtaining some statistical information, surely it cannot be complained if a sub-clause is sought to be put into this Act to assure us as to what exactly these people are doing—I am talking only of Indian insurers, not the foreign assurers for whom provision is made in the report of Mr. Sen. Even the Honourable the Leader of the House cannot help it, neither can the European section. I am merely telling the European Group not to shed crocodile's tears over this effort to control Indian companies to see that they do not, before they establish a reputation in this country, try to crawl to foreign lands, thus sinking both the Indian and the foreign policy holder at one and the same time. It is for this purpose that I want this statistical information. The Honourable the Leader of the House might congratulate himself, after so many years, after 1912, on the amount of business done by the Hindustan Assurance Company in foreign lands. But the facts speak for themselves. After all these years the amount of life policies in force in foreign lands is not more than five crores, and the annual premium income is only 25 lakhs. Is this a matter for congratulation? Is it a matter on account of which we should stay our hands and not look into our own affairs? The Hindustan Assurance was taken as an example, and my friend, the Honourable the Leader of the House, said, that we had not heard from the Hindustan Insurance Company as to whether they will agree with this amendment or not: I will give him time to persuade the Hindustan Company to express its opinion, and, I am sure, having regard to the facts, they will certainly approve of this amendment. Even if it should err, we are not to depend upon one Hindustan Company. There are other companies also. Then the Honourable the Leader of the House referred to the advantages of not disclosing the income and expenditure and creating a separate life fund. That will remain on paper only. It will not really affect the business. My point is this. Is it not necessary for the policy holders of the Hindustan Company to know definitely whether the business of the Company, in foreign lands, is profitable or otherwise? Is all the money that the policy holders give to the Hindustan Company or to any other Company which may be ambitious enough to carry on their enterprise in foreign countries to be invested in such a manner that the policy holders may not know anything about the nature of the investments? Are not the policy holders to know whether the money is not frittered away in sands and deserts on the off chance of securing some business in a distant country? Is it wrong for the policy holders to be furnished with a check to see that such an unfortunate enterprise would not work to the prejudice of the Indian insurers? My friend has taken only the brighter side of the picture. We are attempting to legislate for the darker side of the picture. We have the Indian Penal Code, the provisions of which will be enforced only in the case of one in a million,—they are not going to be applied universally every day. The other day my friend, the Honourable the Leader of the House, himself referred to it and said that in spite of the

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Indian Penal Code murders are committed. Therefore, I say let us not address ourselves to the brighter side of the picture only because, if perchance the business in the foreign country becomes a sinking pit and all our resources are lost, what would be the position ? Is that a situation that we should encourage ? Is it right for the policy holders in this country to sit idle without trying to know the position of the company in a foreign land ; at any rate having regard to clause 12, is it not necessary for the policy holders to know at least once in five years as to how the enterprise is getting on ? Sir, it is in that spirit that this amendment is sought to be introduced. Therefore, I inform my European friends this amendment does not touch them. Let them not unnecessarily suggest ways and means for us or to help us out of ourselves. I take it that it is not really helping us, but it is distinctly putting obstacles in our way so that we may not raise our head at any time. Even otherwise, Sir, this provision is necessary. Both the clauses 26 and 46 demand such a separate investigation. Clause 26 relates to the investment of funds in securities. The amount is fixed, that is to say, it should be at least equal to the liabilities of the insurer to policy holders in India, and such liabilities to include matured claims and reserves for outstanding policies. Now, for that purpose is it not necessary to have an actuarial valuation ? Section 26 confines itself to business in India. If that is so, is it not necessary to have an actuarial valuation of the business done in India alone ?

Then, there is another aspect also. In making the actuarial valuations the entire assets and liabilities have to be taken into account. That does not impose any additional burden upon the actuary. It is only a question whether the whole business is an Indian business or one of the component parts of it is the Indian business. Therefore, it does not impose any additional burden on the actuary except that he will have to use some more paper for this purpose, and some more additions will have to be made ; beyond that it will not interfere with the acuarial work of the company. On the other hand, section 26 makes it obligatory upon the actuary to know definitely that the insurer is making certain investments in Government securities.

Then, we go to clause 43. I am afraid my friend, Mr. Chapman-Mortimer, has misunderstood the situation altogether, and the Honourable Member who preceded him, I mean Mr. Griffiths, also was under some misapprehension. Sir, it is not the intention of the Mover of this amendment that there should be a physical separation of the life fund, or that this fund should be split into two separate sections. It will be done only on paper. Is not the foreign insurer, under clause 12, to enter into a separate actuarial valuation ? How does the Indian insurer suffer any more ? As regards splitting this fund, my friend, Dr. Ziauddin Ahmad, need not be under any misapprehension. We shall welcome any amount of bonus or any amount of the wealth of foreign companies being brought to this country and distributed here. This amendment does not stand in their way at all. Merely because my friend sits by the side of my European friends, let him not change his colour. What I am saying is this. I have heard my friend saying, from time to time,—when a question of protection comes,—he is for free trade ; when it is a question of free trade, he is for protection. If ever a foreign insurer is interested in giving large bonuses to policy holders in this country out of generosity, or pity or compassion,

by all means let him do so, and this amendment does not stand in his way at all. So far as the Indian insurer is concerned, the Honourable the Leader of the House was under the impression that this amendment will prevent the Hindustan Company from earning large profits here and distributing them among the policy holders in South Africa. If he will refer to clause 43, he will see it says this :

"No insurer, being an insurer specified in sub-clause (*a*) (*ii*) or sub-clause (*b*) of clause 8 of section 2, shall declare or pay any dividend to shareholders, or any bonus to policy holders except out of a surplus ascertained as the result of an actuarial valuation of the assets and liabilities of the insurer."

Sir, the words have to be carefully noted,—" assets and liabilities of the insurer " as a whole, and not the assets of the insurer so far as the Indian business is concerned. Thus this amendment relates to Indian insurer alone. Under clause 43, he is entitled to arrive at the surplus profits, not on account of the Indian business alone, but on account of the entire business wherever transacted. Therefore, Sir, the apprehension which the Honourable the Leader of the House has entertained has no foundation whatever. If the Hindustan Company wants to extend its jurisdiction over other countries, nothing can prevent them from doing so. All that we want to know is if really they are proceeding on sound lines or they are entering on a wild goose chase. After all, it is a process of accounting. This is only a piece of the whole. The whole is not sought to be disturbed but only a separate account of certain items alone is sought to be introduced by this amendment. Therefore, I would say that this might be supported by all sections of the House.

One more word as regards dumping. Lest the Honourable the Leader of the House should try to water down the thing on account of pressure from the Honourable Member who is sitting by his side, let me say this. Again and again we have heard from the Honourable the Leader of the House and also from certain other Members that if certain clauses are taken away by us the whole Bill will be dropped. On the other hand, I am convinced, having perused this Bill from time to time, that if you interfere with two or three items you are only trying to tighten the noose round the neck of two hundred and one companies in this country. They are struggling hard and it is not as if you are protecting them by pursuing this course. Let me take the Sun Life of Canada. They have got one million policies all over the world, whereas the policies of all the companies put together here in this country consisting of 367 millions of people,—they do not come to one million. The whole income therefrom is ten crores, whereas the income of the Sun Life alone is more than 31 crores a year. Then, is it open to the Leader of the House to say that there is nothing like dumping in this case and that the foreign company can go on competing with small Indian companies in this country by giving it a free hand and withholding even the small statistics that we want, not from it but from our own companies ? It is unfortunate that the Government does not support this amendment but I hope that after this discussion they will come round and support this amendment.

Mr. N. C. Chunder (Calcutta : Non-Muhammadan Urban) : After the very eloquent speech of my Honourable friend, Mr. Ayyangar, there is not much to be said in support of the amendment. The amendment, by itself, is not asking the European companies or the foreign companies to do anything more than what they would be bound if this clause was

[Mr. N. C. Chunder.]

passed without the amendment. As Mr. Ayyangar has very clearly shown, what is wanted of the foreign companies, now, by this amendment, is also wanted of the Indian companies, namely, that they should show their Indian business separately. This is required of all the companies, Indian or foreign. That is all that this amendment seeks to do, but, as the Honourable the Law Member, with the fairness which always characterises him, has pointed out, the real trouble is with clause 15, sub-clause (*2*) (*c*). The fight that we are now having is really a fight over that sub-clause. But that, after all, would be the difficulty of the foreign companies, especially of the U. K. companies if they had to give the abstract that is asked for from them. For my share of the original sin I have to look from time to time into that very well known book, Macgillivray on Insurance Law, and as this edition was published in 1937 I take it that after this edition there has been no change in the English law. I will draw the attention of the House to Note 3 in the 4th Schedule of Assurance Companies Act, 1909 :

"In cases also where separate valuations of any portion of the business are required under local laws in places outside the United Kingdom, a summary statement must be furnished in respect of the business so valued in each such place showing the total number of policies, the total sums assured and bonuses, the total office yearly premiums, and the total net liability on the bases as to mortality and interest adopted in each such place, with a statement as to such bases respectively."

Therefore, it is not at all unusual for the Indian Legislature that they should ask that separate valuations of the portion of the business of the U. K. companies, or for the matter of that, any foreign companies should be required under the Indian laws in places outside the United Kingdom or rather within their own jurisdiction. Not only that, but if you look at Note 2, you will find :

"Separate returns and valuation results must be furnished in respect of classes of policies valued by different tables of mortality, or at different rates of interest, also for business at other than European rates."

So that the U. K. companies, at any rate, are not being asked to do anything which they do not already do with respect to their own Assurance Companies Act. They have got to value their Indian business separately.

Mr. F. E. James : May I interrupt my Honourable friend for a moment ? I understand that that requirement under the English Act refers to summaries of separate valuations of liabilities ; and that is what is now required under the Bill now under the consideration of this House. Will my Honourable friend point to any section or any schedule in the English Act which requires the separation of the life fund ?

Mr. N. C. Chunder : But, as a matter of fact, the separation of the life fund that is wanted here is not the separation of the life fund physically.

The Honourable Sir James Grigg (Finance Member) : Of course, it is.

Mr. F. E. James : How else does my Honourable friend suggest that it can be done ?

Mr. N. C. Chunder : It must be a matter of accounting. We want these statistics. We are asking only for information ; we want to know how much of the life fund corresponds to the business which is current

in India. What is the harm in that ? What harm is there in getting knowledge ? All that we want is that we should know the method in which their business is carried on in this country and we want to know the expense at which it is carried on. If the consequences of such knowledge are disastrous to them they have only got to thank themselves. It is not suggested, and, in fact, under section 113 of the Government of India Act we cannot force them to bring their life fund and keep it in India. Therefore, what does it amount to ? We only want knowledge and are we to be denied knowledge ?

Mr. F. E. James : No.

Mr. N. C. Chunder : Then why do you fight shy of knowledge ?

Mr. F. E. James : May I interrupt the Honourable Member and say that actually all the knowledge that is required is contained in the schedules today. That is an entirely different matter from the physical separation of the life fund which my Honourable friend now requires.

Mr. M. A. Jinnah (Bombay City : Muhammadan Urban) : What do you mean ? There is no physical separation.

Mr. N. C. Chunder : If he won't understand it I cannot help him. But, so far as I read the Bill I do not see that anywhere they have been asked to bring into India, and, in fact, we are told that we cannot even ask them to bring into India, the life fund which they may hold even for their Indian business. As I was saying, we really want to know what is the method of business that they follow here in this country. The Honourable the Law Member very pertinently asked, if they give you a large bonus do you call it dumping ? It may or may not be dumping, but in the circumstances which he stated it certainly would not be dumping. But, has he not heard of a British company which raised, about four or five years ago, capital at a premium in their own country and thus obtained a million pounds, and that amount, the President himself admitted in a public speech, was earmarked for establishing their business in India ? How has that million pounds been spent ? Are we not entitled to know that ? Are we to be denied the opportunity of knowing it ? That is all that we are asking for.

Mr. S. C. Sen (Government of India : Nominated Official) : I am afraid there has been a little confusion of thought in this matter. If I have understood the Honourable the Leader of the Opposition correctly, the main idea behind this amendment is to enable the Indian companies and the Indian public to find out how the non-Indian companies carry on their business in British India, to find out if the bonuses which they declare, from time to time, are warranted by the surplus which they have from their Indian business and it is on that point of view that I would like to address the Members of this Honourable House. In the first place, what is the life fund ? The life fund is nothing but the excess of the receipts over the disbursements and in order to find out the distributable surplus you have to deduct from this excess the liabilities before you can find out the distributable surplus. Let us turn to the provisions of the Bill and let us see if what we have got enables us to get at the non-Indian companies, and if we can have all the materials which we want for the purposes of comparing the business carried on by them as compared with the business carried on by the Indian Companies.

3 P.M.

[Mr. S. C. Sen.]

I will first take Second Schedule, Form D. If Honourable Members will look into it for a minute, they will find that under the Bill as it is, it is intended that all non-Indian companies should make full disclosures about their revenues, the income and the expenditure. It must be borne in mind in this connection that before the present Bill, there was no provision which enabled any idea as regards their expenses to be had. That was one of the legitimate grievances of the Indian companies because they said they could not possibly find out anything about the mode of business of non-Indian companies without the expenses but if we look at Form D, taking it with the asterisks, in the Bill as it has emerged from the Select Committee, Honourable Members will find that it is obligatory upon all companies to disclose full details of income and expenditure.

Mr. Bhulabhai J. Desai : Don't labour something that we know.

Mr. S. C. Sen : I trust that the Honourable the Leader of the Opposition will allow me to develop my ideas in my own way. Now, let us look at clause 12. Does clause 12 provide for the information about the valuation of the liabilities of their Indian business ? I submit it does.

Mr. Bhulabhai J. Desai : Then, why don't they give it.

Mr. S. C. Sen : You are not insisting upon the valuation of Indian liabilities only. You are insisting upon the production of the valuation of their non-Indian business in order to get a separation of the life funds.

An Honourable Member : That is the point.

Mr. S. C. Sen : My point will be that if any one is inquisitive to find out what the life fund is, the materials are there for him to find out.

Mr. M. A. Jinnah : Why not mention it ?

Mr. Bhulabhai J. Desai : If it can be done, it must be done.

Mr. S. C. Sen : I submit, Sir, it is imposing a needless obligation and it will not benefit the Indian companies in the least.

An Honourable Member : That is not impossible.

Mr. S. C. Sen : Nothing is impossible in this world but we are digressing from the point. The question is what is the present amendment ? In the present amendment you are asking for, not only information about Indian business but also, business overseas. Let us direct our attention to this—information about business overseas. We are not interested in finding out if they carry on their overseas business profitably or otherwise, all that you want is if any portion of the surprlus from the overseas accounts is brought to India for the purpose of supplementing the bonuses. If I understood the Members opposite, all right, they do not at all object to anything being brought from the overseas for the purpose of supplementing the bonuses to the Indian insurer so long as that is disclosed. That is what Sir Cowasji said.

Sir Cowasji Jehangir : I agree.

Mr. S. C. Sen : Then for what purposes do you require information about the overseas business ? It is quite legitimate for Indian companies to ask to know the results of the Indian business. For that, all that is necessary is you have got to look at the Indian income, Indian expenditure and Indian liabilities. Nothing more than that. Therefore, my submission before the House is that it is not necessary by reason of this round about way to put on additional obligation of splitting the life fund or even ascertaining what life fund appertains to the Indian business.

An Honourable Member : There is no harm.

Mr. S. C. Sen : It is not a question of harm. What do you gain by it. If you gain nothing, then why do something to spite or harass others. My submission is that in the Bill as it is there are ample materials which will enable you to judge how the Indian business is being carried on by the non-Indian insurers and that is all that is required.

Sir Cowasji Jehangir : May I ask the Honourable Member one question. Does not in Part II, Form D, the balance of life fund apply only to the whole of the business ? Then under clause 12, it is incumbent upon companies to have an investigation in the technical term of their Indian business. How is any actuary to have an investigation in the technical sense without the figure of the balance of the life fund for their business in India ? How is that investigation ever to take place ?

Mr. S. C. Sen : It can be done, according to my humble submission ; only it may take some more time.

Sir Cowasji Jehangir : Every actuary says it cannot be done.

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

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

"That in sub-clause (*1*) of clause 12 of the Bill, the words beginning with the words 'in the case of an insurer' and ending with the words 'any other insurer' be omitted."

"That in sub-clause (*1*) of clause 12 of the Bill, after the word 'India', occurring in the sixth line, the following be inserted :

'and also in the case of an insurer specified in sub-clause (*a*) (*ii*) or sub-clause (*b*) of clause (*8*) of section 2 in respect of all life insurance business transacted by him'."

The Assembly divided :

AYES—62.

Abdul Ghani, Maulvi Muhammad.	Ghiasuddin, Mr. M.
Abdul Qaiyum, Mr.	Ghulam Bhik Nairang, Syed.
Abdur Rasheed Chaudhury, Maulvi.	Govind Das, Seth.
Aney, Mr. M. S.	Gupta, Mr. K. S.
Ayyangar, Mr. M. Ananthasayanam.	Hans Raj, Raizada.
Azhar Ali, Mr. Muhammad.	Hoshmani, Mr. S. K.
Banerjea, Dr. P. N.	Jedhe, Mr. K. M.
Bhagavan Das, Dr.	Jehangir, Sir Cowasji.
Chaliha, Mr. Kuladhar.	Jinnah, Mr. M. A.
Chattopadhyaya, Mr. Amarendra Nath.	Jogendra Singh, Sirdar.
Chettiar, Mr. T. S. Avinashilingam.	Joseph, Mr. George.
Chetty, Mr. Sami Venkatachelam.	Kailash Behari Lal, Babu.
Chunder, Mr. N. C.	Lahiri Chaudhury, Mr. D. K.
Das, Mr. B.	Lalchand Navalrai, Mr.
Das, Pandit Nilakantha.	Maitra, Pandit Lakshmi Kanta.
Desai, Mr. Bhulabhai J.	Malaviya, Pandit Krishna Kant.
Deshmukh, Dr. G. V.	Mangal Singh, Sardar.
Deshmukh, Mr. G. V.	Misra, Pandit Shambhu Dayal.
Essak Sait, Mr. H. A. Sathar H.	Mody, Sir H. P.
Gadgil, Mr. N. V.	Mudaliar, Mr. C. N. Muthuranga.

AYES—*contd.*

Muhammad Ahmad Kazmi, Qazi.
Murtuza Sahib Bahadur, Maulvi Syed.
Paliwal, Pandit Sri Krishna Dutta.
Pande, Mr. Badri Dutt.
Raghubir Narayan Singh, Choudhri.
Ranga, Prof. N. G.
Rao, Mr. Thirumala.
Saksena, Mr. Mohan Lal.
Sant Singh, Sardar.
Santhanam, Mr. K.
Satyamurti, Mr. S.
Sham Lal, Mr.
Shaukat Ali, Maulana.
Sheodass Daga, Seth.
Siddique Ali Khan, Khan Sahib Nawab.
Sikandar Ali Choudhury, Maulvi.
Singh, Mr. Gauri Shankar.
Singh, Mr. Ram Narayan.
Sinha, Mr. Satya Narayan.
Som, Mr. Suryya Kumar.
Sri Prakasa, Mr.
Varma, Mr. B. B.

NOES—49.

Abdul Hamid, Khan Bahadur Sir.
Ahmad Nawaz Khan, Major Nawab Sir.
Bajpai, Sir Girja Shankar.
Boyle, Mr.
Buss, Mr. L. C.
Chanda, Mr. A. K.
Chapman-Mortimer, Mr. T.
Dalal, Dr. R. D.
Dalpat Singh, Sardar Bahadur Captain.
Fazl-i-Ilahi, Khan Sahib Shaikh.
Ghulam Muhammad, Mr.
Ghuznavi, Sir Abdul Halim.
Gidney, Mr. C. W. A.
Griffiths, Mr. P. J.
Grigg, The Honourable Sir James.
Highet, Mr. J. C.
Hudson, Sir Leslie.
James, Mr. F. E.
Kamaluddin Ahmed, Shams-ul-Ulema.
Kushalpal Singh, Raja Bahadur.
Lang, Mr. J. C.
Lloyd, Mr. A. H.
Mackeown, Mr. J. A.
Manavedan Raja, Rao Bahadur K. C.
Mani, Mr. R. S.
Mehta, Mr. S. L.
Mudie, Mr. R. F.
Murid Hussain Qureshi, Khan Bahadur Nawab Makhdum.
Nagarkar, Mr. C. B.
Nauman, Mr. Muhammad.
Nayudu, Diwan Bahadur B. V. Sri Hari Rao.
Ogilvie, Mr. C. M. G.
Parsons, Lieut.-Colonel A. E. B.
Pursell, Mr. R. S.
Rahman, Lieut.-Colonel M. A.
Roy, Mr. S. N.
Scott, Mr. J. Ramsay.
Sen, Mr. S. C.
Sher Muhammad Khan, Captain Sardar Sir.
Sircar, The Honourable Sir Nripendra.
Sivaraj, Rao Sahib N.
Spence, Mr. G. H.
Staig, Mr. B. M.
Stewart, The Honourable Sir Thomas.
Sukthankar, Mr. Y. N.
Sultan Ahmad, The Honourable Sir Saiyid.
Thorne, Mr. J. A.
Yakub, Sir Muhammad.
Ziauddin Ahmad, Dr.

The motion was adopted.

Mr. Deputy President (Mr. Akhil Chandra Datta) : We cannot put clause 12 for adoption by the House, because it refers to Schedules.

The question is :

"That clause 13 stand part of the Bill."

The motion was adopted.

Clause 13 was added to the Bill.

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

"That clause 14 stand part of the Bill."

Mr. Sri Prakasa (Allahabad and Jhansi Divisions : Non-Muhammadan Rural) : Sir, I beg to move :

"That in the proviso to sub-clause (*1*) of clause 14 of the Bill, after the word 'but', occurring in the fifth line, the word 'also' be inserted."

Sir, my original amendment was, that the words 'as well' be inserted. But I am given to understand that that is not a correct legal expression and that the word 'also' is a better one. The purpose is obvious. Sir, I move.

Mr. Deputy President (Mr. Akhil Chandra Datta) : Amendment moved :

"That in the proviso to sub-clause (*1*) of clause 14 of the Bill, after the word 'but', occurring in the fifth line, the word 'also' be inserted."

Mr. S. C. Sen : I accept the amendment.

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

"That in the proviso to sub-clause (*1*) of clause 14 of the Bill, after the word 'but', occurring in the fifth line, the word 'also' be inserted."

The motion was adopted.

Mr. M. Ananthasayanam Ayyangar : Sir, I beg to move :

"That in sub-clause (*2*) of clause 14 of the Bill, after the words 'managing director' the words 'or managing agent' be inserted."

"That in sub-clause (*2*) of clause 14 of the Bill, after the words 'by that director' the words 'or managing agent' be inserted."

Mr. Deputy President (Mr. Akhil Chandra Datta) : Amendments moved :

"That in sub-clause (*2*) of clause 14 of the Bill, after the words 'managing director' the words 'or managing agent' be inserted."

"That in sub-clause (*2*) of clause 14 of the Bill, after the words 'by that director' the words 'or managing agent' be inserted."

Mr. S. C. Sen : I accept these amendments.

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

"That in sub-clause (*2*) of clause 14 of the Bill, after the words 'managing director' the words 'or managing agent' be inserted."

"That in sub-clause (*2*) of clause 14 of the Bill, after the words 'by that director' the words 'or managing agent' be inserted."

The motion was adopted.

Mr. S. Satyamurti : Sir, I beg to move :

"That in sub-clause (*3*) of clause 14 of the Bill, for the words 'in lieu thereof' the words 'where such documents are not required to be filed' be substituted."

Mr. Deputy President (Mr. Akhil Chandra Datta) : Amendment moved :

"That in sub-clause (*3*) of clause 14 of the Bill, for the words 'in lieu thereof' the words 'where such documents are not required to be filed' be substituted."

Mr. S. C. Sen : I accept the amendment.

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

"That in sub-clause (*3*) of clause 14 of the Bill, for the words 'in lieu thereof' the words 'where such documents are not required to be filed' be substituted."

The motion was adopted.

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

" That clause 14, as amended, stand part of the Bill."

The motion was adopted.

Clause 14, as amended, was added to the Bill.

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

" That clause 15 stand part of the Bill."

Mr. S. Satyamurti : Sir, I have been persuaded not to move amendment No. *284, on a certain understanding, which I hope the European Group will keep.

Mr. Sri Prakasa : Sir, I beg to move :

" That in sub-clause (*2*) of clause 15 of the Bill, after the words ' four certified copies ', occurring in the third line, the words ' with a translation thereof ' be inserted."

Sir, the original Bill wanted these papers to be filed in the original language of the insurer, but as the Select Committee has amended it now, only English copies are wanted. I should like to have the papers both in the original language of the insurer and an English translation thereof.

The Honourable Sir Nripendra Sircar : We are getting English copies. What is the additional translation for ? I do not understand what translation the Honourable Member wants.

Mr. Sri Prakasa : Supposing there is a Norwegian company in which case the original papers will be in Norwegian language. I want them to send the papers in the Norwegian language along with an English translation. This will give some work to the Superintendent on the one hand and it will also serve as an exhibit in our museum besides. It would be interesting to have all these copies in the original languages in the archives of the Government of India for the purpose of research and investigation later on, and incidentally enable us to test the accuracy of the translation as well. Sir, I move.

Mr. Deputy President (Mr. Akhil Chandra Datta) : Amendment moved :

" That in sub-clause (*2*) of clause 15 of the Bill, after the words ' four certified copies ', occurring in the third line, the words ' with a translation thereof ' be inserted."

Mr. Sri Prakasa : Sir, I beg leave of the House to withdraw my amendment.

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

Mr. S. Satyamurti : Sir, I beg to move :

" That in part (*d*) of sub-clause (*2*) of clause 15 of the Bill, before the word ' appertain ', occurring in the last line, the word ' properly ' be inserted."

Mr. Deputy President (Mr. Akhil Chandra Datta) : Amendment moved :

" That in part (*d*) of sub-clause (*2*) of clause 15 of the Bill, before the word ' appertain ', occurring in the last line, the word ' properly ' be inserted."

Mr. S. C. Sen : Sir, we accept the amendment.

*" That clause 15 of the Bill be omitted."

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

" That in part (*d*) of sub-clause (*2*) of clause 15 of the Bill, before the word ' appertain ', occurring in the last line, the word ' properly ' be inserted."

The motion was adopted.

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

" That clause 15, as amended, stand part of the Bill."

The motion was adopted.

Clause 15, as amended, was added to the Bill.

Clauses 16 to 19 were added to the Bill.

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

" That clause 20 stand part of the Bill."

Mr. S. C. Sen : Sir, I beg to move :

" That for sub-clauses (*1*) (*b*) and (*1*) (*c*) of clause 20 of the Bill, the following be substituted :

' (*b*) call upon the insurer to submit for his examination at the principal place of business of the insurer in British India any book of account, register or other document or to supply any statement which he may specify in a notice served on the insurer for the purpose,

(*c*) examine any officer of the insurer on oath in relation to the return '."

The purpose of the amendment is obvious.

Mr. S. Satyamurti : Sir, we accept it. (Laughter.)

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

" That for sub-clauses (*1*) (*b*) and (*1*) (*c*) of clause 20 of the Bill, the following be substituted :

' (*b*) call upon the insurer to submit for his examination at the principal place of business of the insurer in British India any book of account, register or other document or to supply any statement which he may specify in a notice served on the insurer for the purpose,

(*c*) examine any officer of the insurer on oath in relation to the return '."

The motion was adopted.

Sardar Mangal Singh (East Punjab : Sikh) : Sir, I beg to move :

" That in part (*d*) of sub-clause (*1*) of clause 20 of the Bill, for the words ' it was furnished ' the words ' requisition asking for correction or supply of deficiency was delivered to the insurer ' be substituted."

The object of the amendment is obvious, and I will not take the time of the House. Sir, I move.

Mr. Deputy President (Mr. Akhil Chandra Datta) : Amendment moved :

" That in part (*d*) of sub-clause (*1*) of clause 20 of the Bill, for the words ' it was furnished ' the words ' requisition asking for correction or supply of deficiency was delivered to the insurer ' be substituted."

Mr. S. C. Sen : Sir, we accept this.

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

"That in part (*d*) of sub-clause (*1*) of clause 20 of the Bill, for the words 'it was furnished' the words 'requisition asking for correction or supply of deficiency was delivered to the insurer' be substituted."

The motion was adopted.

Mr. S. Satyamurti : I beg to move :

"That in sub-clause (*2*) of clause 20 of the Bill, after the word 'insurer', where it occurs for the first time, the words 'and after hearing the Superintendent', be inserted."

Mr. S. C. Sen : We accept it.

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

"That in sub-clause (*2*) of clause 20 of the Bill, after the word 'insurer', where it occurs for the first time, the words 'and after hearing the Superintendent' be inserted."

The motion was adopted.

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

"That clause 20, as amended, stand part of the Bill."

The motion was adopted.

Clause 20, as amended, was added to the Bill.

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

"That clause 21 stand part of the Bill."

Dr. P. N. Banerjea (Calcutta Suburbs : Non-Muhammadan Urban) : I beg to move :

"That in clause 21 of the Bill, for all the words occurring after the words 'condition of the affairs of the insurer' the following be substituted :

'he may call upon the insurer to cause a fresh investigation or valuation by the same actuary or any other actuary who may be appointed by the insurer'."

The Honourable Sir Nripendra Sircar : May I make a statement ? Very much to the same effect and probably in a better language—I mean no disrespect—and more acceptable is amendment No. 334. I would request my Honourable friend, Dr. Banerjea, to consider whether 334 will satisfy him.

Dr. P. N. Banerjea : I am prepared to withdraw my amendment in favour of 334.

Mr. F. E. James : I beg to move :

"That in clause 21 of the Bill, for the word 'himself', occurring at the end, the words 'the insurer for this purpose and approved by the Superintendent of Insurance' be substituted."

There is some doubt as to the precise meaning of the word "himself". Moreover we feel that, although the insurer should have a definite say as to whom he is going to have for the revaluation, that should be subject to the approval of the Superintendent. Sir, I move.

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

"That in clause 21 of the Bill, for the word 'himself', occurring at the end, the words 'the insurer for this purpose and approved by the Superintendent of Insurance' be substituted."

The motion was adopted.

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

"That clause 21, as amended, stand part of the Bill."

The motion was adopted.

Clause 21, as amended, was added to the Bill.

Clauses 22 and 23 were added to the Bill.

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

"That clause 24 stand part of the Bill."

Seth Govind Das (Central Provinces Hindi Divisions : Non-Muhammadan) : I beg to move :

"That to clause 24 of the Bill, the following proviso be added :

'Provided that nothing contained in this section shall prevent an insurer from publishing a true and accurate abstract from such returns for the purposes of publicity'."

I think, Sir, it is a harmless proviso, and, if that is not passed, then every insurer will have to publish everything that will have to be submitted to the Superintendent in way of returns involving huge expenses.

The Honourable Sir Nripendra Sircar : We accept it.

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

"That to clause 24 of the Bill, the following proviso be added :

'Provided that nothing contained in this section shall prevent an insurer from publishing a true and accurate abstract from such returns for the purposes of publicity'."

The motion was adopted.

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

"That clause 24, as amended, stand part of the Bill."

The motion was adopted.

Clause 24, as amended, was added to the Bill.

Clause 25 was added to the Bill.

The Honourable Sir Nripendra Sircar : I may remind you that you gave us a little indulgence and said that if 26 is reached, you will not mind the clause standing over for a day or two. I suggest we may pass on to other sections and not take 26 till Monday.

Seth Govind Das : You said you would be prepared to give even two days. Why not have the discussion on Tuesday ?

The Honourable Sir Nripendra Sircar : It is not a question of my being prepared. The Chair said it would give a day or two.

Mr. S. Satyamurti : In view of the number of amendments we might have on this important clause, Sir.....

The Honourable Sir Nripendra Sircar : I am not standing in the way of the matter standing over : but Mr. Jinnah said the clause should be taken up on Monday : it is now for the Chair to decide.

Mr. F. E. James : May I make a submission ? If it is desired to postpone this section, from our point of view I think we should prefer to adjourn now and not take up the subsequent sections.

Mr. S. Satyamurti : No doubt the Honourable the Law Member's amendment is on the order paper since yesterday ; but I think you will bear with me, and the House will support me when I say that even I—I mean no offence to any one else—have not had time to look into it and digest the whole thing. We have been working at high pressure both yesterday and today and I think the Standing Orders require two days' notice for amendments. My Honourable friends on this side have not had time to put in any amendments and objection may be taken by other Honourable Members on the ground that two days' notice has not been given. It is a matter of first class importance and I trust we shall have two days—tomorrow and the day after—to study and table our amendments. Unless you take it up on Tuesday, there is every chance that amendments which might commend themselves to the vast majority of this House may be ruled out on technical grounds.

Sir Cowasji Jehangir : An excellent suggestion from the point of view of many of the Members would be that we should adjourn now and give Mr. Satyamurti and his friends time to go into clause 26, especially as today is Saturday.

Mr. S. Satyamurti : I request, Sir, you will adjourn this till Tuesday and that you will also waive all formal objections on the ground of want of full two days' notice, and suspend the relevant standing order.

Mr. Deputy President (Mr. Akhil Chandra Datta) : This question has already taken two or three minutes : I do not think it is a question of any great importance whatever. The whole question is whether it should stand over till Monday or Tuesday : and, in view of the strong opinion held by a certain section of the House, I think clause 26 may stand over till Tuesday.

Mr. S. Satyamurti : I suggest this, Sir, and I hope that every section will agree with me, the amendments will be in the hands of Honourable Members on Monday evening, and it will suit the convenience of all if we could take up the amendments on Tuesday and on that you will be pleased to waive the two days' notice.

Mr. M. S. Aney (Berar : Non-Muhammadan) : If on Monday evening we are going to have another amendment in our hands, then any one can stand up and say : " We did not get two days' notice to consider this amendment.". We must waive the right at that time of asking for two days' notice.

Mr. S. Satyamurti : Amendments will be in the office on Monday morning so that they can be moved on Wednesday positively even if anybody raises any objection. I am, therefore, asking the indulgence of the House with a view to take up the discussion on this clause and

discuss all relevant amendments on Tuesday, and that you will be pleased to suspend the Standing Order with regard to amendments, provided they are given notice of the first thing on Monday morning.

Mr. F. E James : Sir, I submit that you will not suspend the Standing Order or give a hint that you will do so in respect of any amendments that have not been tabled yet. I am sure that every section of the House will be reasonable ; but I am quite sure that it is not reasonable to ask the Chair to say now that it will in fact suspend the Standing Order on Tuesday morning.

Mr. S. Satyamurti : If that is the position taken up, Sir, then we can only take it up on Wednesday morning. We are always asked for co-operation : we want co-operation and we ask every one to co-operate with us on a matter of first class importance, and this is the sort of co-operation we get. I have said that the amendments will be given to the office the first thing on Monday morning and Honourable Members will have them in their hands on Monday evening and will have ample time to consider them before the next day. I, therefore, trust to the good sense of my Honourable friend to see that he co-operates with us in getting this Bill through ; but if he insists on his pound of flesh, I submit that you will be good enough to allow these amendments and the clause to be taken up on Wednesday. Then, we shall put in the amendments on Monday, and he will have his two days' notice.

Sir Muhammad Yamin Khan (Agra Division : Non-Muhammadan) : I propose, Sir, that it being Saturday we adjourn now.

The Honourable Sir Nripendra Sircar : No, no : that is another matter. If the matter is going to wait till Tuesday, I have no objection to its waiting till Wednesday, and the rules and Standing Orders being strictly enforced, so that every Member will have two days' notice of the amendments which are going to be moved. I object to the House adjourning now. My Honourable friend, Sir Muhammad Yamin Khan, probably had too heavy a lunch : he has just returned and he might just as well wait another hour.

Mr. Deputy President (Mr. Akhil Chandra Datta) : Then, I think in view of the opinion expressed by the Congress Party and also by the Honourable the Leader of the House, clause 26 may stand over till Wednesday.

The question is :

" That clause 27 stand part of the Bill."

On this clause I have just received notice of a number of amendments, eight in number from Sardar Mangal Singh, and one from Mr. Sham Lal. They have just been received, and I do not know now as to what is their proper place.

The Honourable Sir Nripendra Sircar : As regards clause 27, Sir, there was no order that any indulgence will be shown ; there is no reason why clause 27 should not go on ; and these amendments, not being given notice of two days before, should be rejected. I am quite prepared to go on with my amendment to clause 27.

Mr. Deputy President (Mr. Akhil Chandra Datta) : As objection has been taken on the ground of two days' notice, these new amendments cannot be taken up for consideration.

Mr. B. Das : Sir, I beg to move :

" That for clause 27 of the Bill, the following be substituted :

' 27. (*1*) No insurer shall, after the commencement of this Act, appoint Managing Agents for the conduct of his business. 4 P.M.

(*2*) Where any insurer engaged in the business of insurance before the commencement of this Act employs Managing Agents for the conduct of his business then notwithstanding anything to the contrary contained in the Indian Companies Act, 1913, and notwithstanding anything to the contrary contained in the articles of the insurer, if a company, or in any agreement entered into by the insurer, such Managing Agents shall cease to hold office on the expiry of three years from the commencement of this Act and no compensation shall be payable to them by the insurer by reason only of the premature termination of their employment as Managing Agents '."

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

The Honourable Sir Nripendra Sircar : Sir, will you allow me to make a suggestion ? My friend, Mr. B. Das, has moved amendment No. 419. I may be permitted to move No. 7 on the supplementary list No. 1, and then there can be a general discussion. I shall not take more than five minutes, because the matter has been fully threshed out in this House.

Mr. President (The Honourable Sir Abdur Rahim) : Yes.

The Honourable Sir Nripendra Sircar : Sir, I move :

" That in sub-clause (*1*) of clause 27 of the Bill, for the word ' ten ', occurring in the fifth line, the word ' five ' be substituted."

Mr. M. Ananthasayanam Ayyangar : Sir, I move amendment No. 3 in Supplementary List No. 2 to the consolidated List of amendments. It reads thus :

" That in sub-clause (*1*) of clause 27 of the Bill, for all the words occurring after the word ' shall ' the following be substituted :

' after the commencement of this Act appoint or renew or after the expiry of three years from the commencement of this Act, employ a managing agent for the conduct of his life assurance business '."

Mr. B. Das : Sir, I beg leave of the House to withdraw my amendment.

Mr. President (The Honourable Sir Abdur Rahim) : Then, there is no other amendment in that connection.

Dr. P. N. Banerjea : Sir, there are many amendments on the list. They either refer to the period of appointment or to remuneration. I suggest that these should be taken together.

Mr. President (The Honourable Sir Abdur Rahim) : I take it that the discussion of the one as regards the period will decide the fate of the other as well. Is it necessary to move the other amendment ? I shall first put the amendment moved by Mr. B. Das.

Has the Honourable Member the leave of the House to withdraw his amendment ?

Several Honourable Members : Yes.

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

Mr. President (The Honourable Sir Abdur Rahim) : Then, there is another amendment by Seth Govind Das :

Seth Govind Das : I am not moving it, Sir.

Mr. President (The Honourable Sir Abdur Rahim) : So there will be a discussion now on amendment No. 7 on Supplementary List No. 1 and on amendment No. 3 in Supplementary List No. 2.....

Dr. P. N. Banerjea : Is it your ruling, Sir, that the question of remuneration should be considered later or you propose to consider both the period as well as remuneration now ?

Mr. President (The Honourable Sir Abdur Rahim) : I think we had better first finish with amendment No. 7 regarding period.

The Honourable Sir Nripendra Sircar : Yes, Sir, that will be more convenient.

Mr. S. Satyamurti : Sir, there are two issues involved in this clause, one is the period and the other is the remuneration. It will conduce to clarity of debate and voting, if we take 27 (*1*) first. All those amendments refer to the period. I suggest, Sir, that sub-clause (*1*) of clause 27 be taken now, and all the amendments thereto.

Mr. President (The Honourable Sir Abdur Rahim) : Yes, but I understand there is another amendment for substitution by Dr. Ziauddin Ahmad, No. 421.

Dr. Ziauddin Ahmad : It consists of two parts, Sir. One of the parts is contained in 423. I beg to move :

" That for sub-clauses (*1*) and (*2*) of clause 27 of the Bill, the following be substituted :

' (*1*) No insurer shall, after the commencement of this Act, appoint managing agents for the conduct of his business.

(*2*) Where any insurer engaged in the business of insurance before the commencement of this Act employs managing agents for the conduct of his business then notwithstanding anything to the contrary contained in the Indian Companies Act, 1913, and notwithstanding anything to the contrary contained in the articles of the insurer, if a company, or in any agreement entered into by the insurer, such managing agents shall cease to hold office on the expiry of three years from the commencement of this Act and no compensation shall be payable to them by the insurer by reason only of the premature termination of their employment as managing agents '."

This amendment is really taken verbatim from the old draft as was originally presented to us. I think that the provision in the original Bill was much better than the amendments of the Select Committee on this subject and I want to restore it. There are two parts in this amendment. One part says that after the commencement of this Act no Managing Agent should be appointed in future. Those who are already there as Managing Agents will continue to remain for another period of three years. I would like that the system of Managing Agents should cease to

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exist in future, but whoever are there now it is only fair that they should continue for three years and after three years they may also cease to exist and no new one should be appointed after the commencement of the Act. Much has been said about the Managing Agents and I do not want to repeat what has been said so often in this House. Sir, I move.

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

" That for sub-clauses (*1*) and (*2*) of clause 27 of the Bill, the following be substituted :

' (*1*) No insurer shall, after the commencement of this Act, appoint managing agents for the conduct of his business.

(*2*) Where any insurer engaged in the business of insurance before the commencement of this Act employs managing agents for the conduct of his business then notwithstanding anything to the contrary contained in the Indian Companies Act, 1913, and notwithstanding anything to the contrary contained in the articles of the insurer, if a company, or in any agreement entered into by the insurer, such managing agents shall cease to hold office on the expiry of three years from the commencement of this Act and no compensation shall be payable to them by the insurer by reason only of the premature termination of their employment as managing agents '."

The Honourable Sir Nripendra Sircar : As my Honourable friend, Mr. B. Das, has withdrawn his amendment, may I enquire from him whether there is any real difference between his one, withdrawn by him, No. 419, and No. 421 which has been moved by Dr. Ziauddin.

Mr. President (The Honourable Sir Abdur Rahim) : That would not bar it.

Mr. Bhulabhai J. Desai : The reason why this was withdrawn was that the general feeling, during the course of discussion, was that whereas as regards life insurance the Managing Agents may be terminated within a period to be determined by the House—that seems to be the consensus of opinion. But as regards general business it was also the general opinion of the House that it should not be abolished and inasmuch as in Mr. Das's amendment the word was " insurer "—if he had said " life insurer ", it would have been all right. That is why the amendment was withdrawn.

Mr. M. A. Jinnah : I do not agree that the general opinion of the House was that with regard to the general business they should be exempt. I thought I had made my position quite clear.

Mr. President (The Honourable Sir Abdur Rahim) : It has been withdrawn and now Dr. Ziauddin Ahmad's is before the House.

Sir Cowasji Jehangir : What about the amendment of Mr. Ayyangar?

Mr. President (The Honourable Sir Abdur Rahim) : This is one for substitution, and, if it is carried, the other two fall. I will put the question, as no Honourable Member has risen to speak on it.

Dr. Ziauddin Ahmad : On a point of order, Sir. There are three issues in this particular clause. (1) What should be the period for the Managing Agents, (2) the emoluments to be paid to these, and (3) whether there should be any further appointment of Managing Agents after the passing of this Act.

Mr. President (The Honourable Sir Abdur Rahim) : What is the point of order ?

Dr. Ziauddin Ahmad : I say that there are those three issues.

Mr. President (The Honourable Sir Abdur Rahim) : That is no point of order.

Mr. M. A. Jinnah : I thought that the various amendments were being moved, so that there should be a general discussion, and, after the discussion, these amendments may be dealt with and may be put to the House one after the other.

Mr. President (The Honourable Sir Abdur Rahim) : I think the Honourable Member has not followed this particular amendment. It wants to substitute " new sub-clauses for sub-clauses (*1*) and (*2*) of clause 27 ". If this is carried, amendment No. 7 on List No. 1 and amendment No. 3 on List No. 2 would fall. The point of order raised by Mr. Jinnah is that all these three amendments shall be discussed. That cannot be done, because this one is before the House. If that is negatived, then the others will be open to discussion. If this is carried, then the others will be barred.

Mr. M. A. Jinnah : But then there will be no discussion.

Mr. President (The Honourable Sir Abdur Rahim) : It is for the House to negative it.

Mr. M. A. Jinnah : We want a discussion before it is negatived.

Mr. President (The Honourable Sir Abdur Rahim) : You can have a discussion on this amendment first. That is the usual practice.

Mr. T. S. Avinashilingam Chettiar (Salem and Coimbatore *cum* North Arcot : Non-Muhammadan Rural) : There is absolutely no difference between the amendment moved by Dr. Ziauddin Ahmad and the amendment which was moved by my Honourable friend, Mr. Das, and withdrawn later on. The amendment reads as follows :

" That for clause 27 of the Bill, the following be substituted :

' No insurer shall, after the commencement of this Act, appoint Managing Agents for the conduct of his business.

Where any insurer engaged in the business of insurance before the commencement of this Act employs managing agents ',"

and so on.

Now, we have had lot of discussion on this matter, whether managing agents ought to be retained or not, and the opinion expressed in many quarters is that, as regards life, managing agents are not necessary. Even from the very beginning, an insurance company can be initiated and run efficiently without a managing agent, but with the help of paid managers and secretaries. It is in this connection that the Leader of the House quoted the opinion of Sir Purshotamdas Thakurdas in which he said that, as far as insurance companies are concerned, the institution of managing agents cannot be justified and this remark only applies to life insurance business and not to other business, such as marine, fire and other things. We oppose this amendment for the reason that it seeks to avoid the manag-

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ing agents for all forms of insurance, whether it is life, marine or fire. If the amendment had been limited to life alone, we would have been in a position to accept this amendment ; but, as it is, we are not able to accept it, and so we oppose it.

Mr. S. Satyamurti : We are now somewhat, I mean no offence to the House, in a position, where we are not able to follow the full implications of all the amendments now before the House. You have now ruled that only Amendment No. 421 is before the House. I shall, therefore, confine myself to the arguments against accepting amendment No. 421 as it stands. On this matter, there are three different schools of thought as regards the managing agency—the future of the existing managing agencies, the appointment of Managing Agents in the future, and their remuneration, either for a period which shall be limited, or for a period which may be unlimited. In this country, there are two big categories of insurance business—life insurance business on the one hand, and on the other, business of a general kind, such as fire, marine, and so on. Now, Sir, the opinion of those of us who sit on these benches is that, so far as life insurance business is concerned, it has made such a good progress in this country, although it has not made as good a progress as we wish, that there is a very strong case for the limitation of the period of managing agencies, or, in the alternative, for the limitation of their remuneration, or as a third alternative, for a limitation both of their period and their remuneration. So far as what is compendiously called general insurance is concerned, we still want the class of men, known as Managing Agents who will bring their brain-power, their initiative, their enterprise and their money, in order to build up general business on a satisfactory footing. That is the simple reason why I ask the House not to accept the amendment of my Honourable friend, the Vice-Chancellor of the Aligarh University. I am sure he himself has been thinking all the time of life insurance business. I trust I am not misrepresenting him. Unfortunately, to many of us, insurance only means the policies we hold, and most of us hold only life policies. When we talk of insurance, we naturally tend to ignore,—I blame nobody,—merely owing to want of familiarity with it, general insurance. I am sure, Sir, a moment's reflection ought to convince all Honourable Members of this House that in the field of general insurance we have got a great leeway to make up yet, and for that purpose I would beg of the House, for the present, not to put any limitation on the freedom of these insurance companies doing general business to appoint Managing Agents on such terms as they think fit and proper. I put it only on the simple ground, that I want that business to be built up. The same argument, as applied to general insurance business, appealed to this House, when we dealt with the question of Managing Agents in connection with the Indian Companies Act. We were then told by several Members of this House that, for building up industries in our country, we want their co-operation. I am perfectly willing, that they should be bound by the provision of the Indian Companies Act. There is an amendment which will come at the proper time. There are provisions in the Indian Companies Act intended to prevent Managing Agents from abusing their position in the matter of getting commissions, contracts, hereditary rights, irremovability, and so on. On that, the Honourable the Leader of the House has an amendment, which will come up later on. I think that the House will agree with me that,

subject to those well-understood limitations laid down in the Indian Companies Act, it is best and wisest for us not to touch general companies, but let them have the benefit of the help of Managing Agents, subject to the restrictions of the Indian Companies Act.

Coming to insurers carrying on life insurance business, there is one school of thought which shares the mania of the Leader of the House and says : ' decapitate them forthwith, the minute the Act comes into force '. There is a considerable school of thought, including my friend, Prof. Ranga, which says that they should cease to exist forthwith. Secondly, there is the other school of thought which says that they should have a limited period. It may be one, two or three years. There is no difference in principle between the first school and the second school of thought. Both schools of thought agree that life insurance business today has attained a stage in our country when they can do without these Managing Agents, and in the interests of policy-holders we say that the Managing Agents should go. The only question is as to what is the proper thing to do. Shall they go forthwith, or may they get two or three years more ?

Mr. M. A. Jinnah : They should go forthwith.

Mr. S. Satyamurti : I know there is a strong section which believes that they ought to go forthwith.

Mr. M. A. Jinnah : All agencies should go forthwith.

Mr. S. Satyamurti : I have stated what, so far as general business is concerned, is the position of several Honourable Members of this House. I shall be glad to hear the Leader of the Independent Party to tell us exactly his reasoning, and I shall keep an open mind on the subject.

Mr. M. A. Jinnah : I made my position quite clear at the time of the consideration of the Bill and I think the Honourable Member promised me that he will consider the matter and will vote for wiping off the whole of them.

Mr. S. Satyamurti : That was only with regard to life insurance, and, if I did not make this point clear at that time, I plead guilty. But there is no doubt that in my mind there is a clear and categorical distinction between insurers who carry on life business and those who carry on general business. We do want to make that distinction. But I shall be glad to be convinced by my Honourable friend, and I shall keep an open mind, unlike what my Honourable friend does.

The next matter of importance is : what shall be the period ? Of course, when we come to the amendments and, in case the Honourable Dr. Ziauddin Ahmad's amendment is not carried by this House, then, I am sure, we shall discuss and decide the question whether they shall go forthwith, or go at the end of two or more years.

Then, Sir, the third point about life insurance is : shall there be a restriction of remuneration up to Rs. 2,000 as provided in sub-clause (*3*) of clause 27 as reported by the Select Committee, namely, that during the period they will continue as Managing Agents they will draw not more than Rs. 1,000 as remuneration for their services and Rs. 1,000 as commission or in other ways ? On the whole, their remuneration shall not be more than Rs. 24,000 a year. On these three matters, the Congress Party has decided that it shall accept three years for Managing Agents of life insurance, without limitation. If, however, the majority of the House

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decide against the three years without any limitation, they will vote and support the amendment which the Honourable the Law Member has moved, namely, that, subject to the limitation in sub-clause (*3*) of clause 27, the period shall not be ten but shall be five years. That is the position of the Congress Party, and I have explained it. We are doing this in the interests of the policy-holders. At the same time, I do not want the policy-holders to insure with any company, Indian or European or American or Japanese, and somehow only keep their moneys safe. I want the safety of the *Indian* policy-holders and, and I want them to increasingly insure with Indian insurers ; in order to give a chance to Indian insurers to do general business and to compete on more equal terms with the foreign insurers, we want to exempt the Indian insurers from the operation of this clause, in order to help them to do more and more general business. That is why we cannot support Dr. Ziauddin Ahmad's amendment. Our position is clear. We are in favour of a three years' period being given to these people, *viz.*, Managing Agents of life insurance, in consideration of their past services, before we do away with them. If, on the other hand, in view of the strong feeling of several sections of the House, that amendment is defeated in this House, we shall then support the amendment limiting the period of Managing Agents of life insurance to five years, subject to the maximum limitation of remuneration of Rs. 24,000 a year in any form. That, Sir, is the position of the Congress Party.

The Honourable Sir Nripendra Sircar : Sir, it is entirely our mistake that, while drafting amendment No. 7, it was not realised that we were confining ourselves to life insurance only. In the circumstances, I shall give my reasons why I am willing to accept Dr. Ziauddin's amendment. Sir, in my speech, which was rather a long speech, I do not remember that I made distinction between the Managing Agents of life insurance companies and the Managing Agents of general insurance companies. Whatever observations I then made applied to all of them, though I admit there is some difference between 'life' and 'general' and, of course, it is a sight for the gods to see my Honourable friend, Mr. Satyamurti, fighting for the Managing Agents so far as the general insurance business is concerned. But when I was making my speech, I received a good deal of encouragement from Mr. Satyamurti, who said that they should go out tomorrow. But now I find there is a change in the spirit of his dream and he has now discovered that there is all the difference between life business and general business. I made no such difference.

Mr. Bhulabhai J. Desai : When I spoke for the Party, I made it quite plain.

The Honourable Sir Nripendra Sircar : I did not mention your name. But it is always a pleasing sight to see some people changing their opinions. And why should he not ? It is said that so far as general insurance is concerned, the matter is quite different. Now, the largest general insurance company—I am speaking subject to correction—namely, the New India, has gone on very well without any Managing Agents. Which is the other general insurance business done by Indians that owes its financial position to Managing Agents ? I submit to the House that if we have not got a sufficient footing in general business, we must try for more business, but often the Managing Agents are parasites though not always. Let the business in fire insurance go on. It can be managed under the control of the directors by competent managers, secretaries and so on. No necessity whatsoever appears to have been shown for making this distinction. The passages which were read by myself and by my Honourable friend, Mr. Jinnah, from the statements of Sir Purshotamdas Thakurdas and others made no distinction between life and general insurance. The distinction which it made was that, although manufacturing and producing companies may require and do require, owing to peculiar circumstances of our country, the support of Managing Agents, yet banking and insurance are two kinds of business in which the Managing Agent is not wanted. I think one of these eminent men suggested that the existence of these Managing Agents is due to the love for managing agency commission and not in the interests of the business. If I had not made that slip in drafting my amendment, for which I am sorry, I would have pressed for it. But as I have made that slip and even if my amendment is carried, only life insurance Managing Agents will be controlled by my amendment. That is not what I desire and if Dr. Ziauddin Ahmad's amendment is not carried, I shall take such course as I can think fit. But in the present circumstances I give whole-hearted support to the amendment of Dr. Ziauddin Ahmad.

Mr. M. A. Jinnah : Sir, I made it clear and I want to make it quite clear again to the House that I am opposed to the system of manging agency contracts for any kind of insurance business. I am opposed to it on a definite principle. That was also my position when we were dealing with the other companies under the Companies Act. The Honourable Member, the Leader of the House, said that these are parasites. They are parasites and I am really astonished that my Honourable friend, Mr. Satyamurti, should stand up and plead for these parasites. His amendment is this that these parasites should continue for three more years to bleed to the fullest possible extent.

The Honourable Sir Nripendra Sircar : In connection with general insurance, he wants them for ever.

Mr. M. A. Jinnah : I am talking of life insurance for the present. I am really astonished at his attitude. I appeal to the Congress Benches whether they are going to allow these parasites to continue for the life insurance for three years and for ever with regard to the general insurance business ? (*An Honourable Member from Congress Party Benches*: "There are so many parasites.") You will not, therefore, encourage at least one that is before you now and give your sacred sanction to it. I am, therefore, absolutely opposed to these managing agents.

Sir, I have to think of the second alternative, and the best possible alternative is to support the amendment of my Honourable friend, Dr. Ziauddin Ahmad. That amendment comes to this, that he wants to give three years for all with a limited remuneration, because the third clause will stand. I appeal to the Congress Party to support that amendment. I would have had nothing whatever to do with even these three years—after all, that is my own personal view, my own personal opinion—if I had the majority behind my back, I will get rid of this managing agency system this very moment. But I know I have not got the majority behind me. I have, therefore, to bow before the different opinions that exist in this House. Therefore, unwilling as I am, I feel that we are reducing this evil to a minimum point by adopting the amendment of my Honourable friend, Dr. Ziauddin Ahmad.

Mr. S. Satyamurti : It is three years there.

Mr. M. A. Jinnah : I have explained my position clearly. Surely my Honourable friend ought to have some sense of fairness after I have explained my position. I was explaining that if I had the majority behind my back, I would have nothing whatever to do with it, but here is this Bench continuing their support of these parasites for three years in life insurance.

Mr. Bhulabhai J. Desai : Why don't you point out to the other Benches ?

Mr. M. A. Jinnah : Let me finish with these Benches first. There is this other Bench supporting three years with limited remuneration. These are the two alternatives which you stand for. There are other opinions in this House, and I am taking all that into consideration, helpless as I am.....

Mr. S. Satyamurti : Why didn't you move an amendment ?

Mr. President (The Honourable Sir Abdur Rahim) : I must ask the Honourable Member not to interrupt the speaker.

Mr. M. A. Jinnah : Well, Sir, my Honourable friend, Mr. Satyamurti, cannot remain silent unless he is smitten with silence on some convenient occasions. He must always keep interrupting. He knows perfectly well why I cannot move an amendment, because my Honourable friends do not support me. You want these parasites to continue and, in spite of you, I want to get rid of these parasites as soon as I can, and, therefore, I am doing the next best, namely, agreeing to three years with limited remuneration—not lakhs, but not exceeding Rs. 2,000 a month. Sir, I do ask this House, I invoke the sense of justice and fairness of the Congress Party, and I say that, if you do not support this amendment, you will stand condemned in the estimation of any civilised country in the world. (Applause.)

Mr. M. S. Aney : Sir, I rise to support the amendment of my Honourable friend, Dr. Ziauddin Ahmad. I will not make a long speech. I will give my reasons in a very few brief sentences. I want to know one thing, that is, if the system of managing agency is bad and the results of that system, so far as the life insurance business is concerned, have been found to be injurious so much so that its continuance in that field is considered dangerous, and, therefore, we are thinking of abolishing that system from that field altogether, then we have to consider whether it would be wise for us to allow such a pernicious system to remain in other fields of insurance. We are told that in other fields of insurance, we have not made sufficient progress. It may be so ; but is that the reason for continuing the system ? Because the managing agents have not been paid more than what they have been paid till now, is it contended that we have not made sufficient progress in other spheres ? If the managing agency system has in it inherent defects and is entirely unsuited or rather unnecessary for the purpose of insurance business—and that fact is admitted so far as life insurance business at least is concerned—what are the special reasons to justify its existence or its continuance in the other fields of insurance ? I am unable to see that. On the other hand, if the fire and marine insurance business has just made a beginning in our country, it is better that we take every step to get rid of that system of

managing agency altogether at this initial stage, so that the fire and other insurance business may begin to show a healthy growth from the very beginning and proceed on sound lines hereafter. Considering that fact, I have not been able to see any real intelligible justification given in favour of continuing the managing agency system in the fire, marine and other general insurance field.

Now, Sir, as regards limitation of remuneration is concerned, the amendment of my Honourable friend, Dr. Ziauddin Ahmad, has got a distinct advantage over other amendments that have been moved in the House. My Honourable friend, Dr. Ziauddin Ahmad, wants a limited period of three years to be given to the managing agents, and their remuneration also is to be limited during that period. The House has listened to the extraordinary tale of profits narrated by the Honourable the Law Member on the last occasion when he discussed the managing agency system. He gave concrete instances and showed that the managing agents were drawing fabulous sums by way of commission. My point is this. That, in itself, is a sufficient justification for us to get rid of this system. If that is the kind of fabulous remuneration that the managing agents get, then it ought to disappear at once. Therefore, if we are to make a reform, let us make it today and not postpone it. So far as the question of salaries are concerned, I am quite sure that there is not a single man sitting on the Congress Benches who will ever vote for one pie more than Rs. 500 for the highest office that can be occupied by anybody. I do not think that the managing agent, whatever be the amount of wealth he handles, can be considered to occupy a more responsible position than the Premier of a Province, and when the Premier of a Congress Province gets only Rs. 500 what justification is there for you to sanction one pie more than Rs. 2,000 that is fixed in this amendment. This amendment gives four times the amount that is paid to the Premier of a Province. I think the amendment of my Honourable friend, Dr. Ziauddin Ahmad, is a reasonable one, and I appeal to all those who are sitting on this side of the House and to all those who have consistently stood for a reasonable salary or, for a reasonable remuneration not exceeding rupees 500 per month for the highest public office occupied by the noblest of our public men, that they should not make the managing agents an exception to their general rule. I support the amendment.

Mr. T. Chapman-Mortimer : Sir, I do not expect that any one in this House will expect me to agree with the views of my Honourable friend, Mr. Aney, with regard to managing agents. Sir, we have heard a great deal both in the last September Session and this Session about the managing agent. He has been held up as something not very different from the devil and on the other hand a snake ; and I believe he has also been compared to a tiger ! Sir, I should like to put in a defence for the managing agent. In the first place, Sir, I think all of us will agree that there has hardly been time yet for the country to appreciate what is going to happen as a result of the Companies Act which was passed by this House just a year ago. As a result of that Act the wings of the managing agents who are unscrupulous managing agents will be very severely clipped now and it will be very difficult for dishonest persons to use the managing agency system in future as it has been used by some dishonest persons in the past. But that is very far from saying that there are not good managing agents who, so far from fleecing the companies they manage, have put them on

[Mr. T. Chapman-Mortimer.]

their feet in times of crisis, have built them up from small beginnings and have managed them well through good times and bad. I think, Sir, that is a point of view that should be expressed in this House. Now, Sir, though I feel that managing agents have been much abused in some quarters, and certainly much misunderstood in others, I rise on behalf of the European Group to support the amendment of my Honourable friend, Dr. Ziauddin Ahmad. In doing so I am fully conscious that I shall probably have to explain myself to my constituents when I get back as to why I have on behalf of my Group accepted or rather supported the amendment moved by my Honourable friend, Dr. Ziauddin Ahmad. Sir, we decided after the most careful consideration to support this amendment, for this reason. We listened with astnonishment and surprise in more ways than one that such managing agency contracts can exist as were referred to on the floor of the House by my Honourable friend, the Law Member. Sir, the existence of such unconscionable contracts is a scandal, and we are firmly of the opinion that if the only way to put down that scandal is to abolish the managing agents for insurance companies of all classes, we are entirely in favour of the abolition of these managing agents.

Now, Sir, my Honourable friend, Mr. Satyamurti, put in a plea for managing agents for general companies, and in support of his arguments he brought out the astonishing suggestion, either when he was speaking or when he was interjecting when some one else was speaking, that he had a further amendment bringing all these managing agents under the Companies Act. I can hardly credit that a man of his standing should have really thought of putting forward such an amendment. Every single insurance company automatically comes under the Companies Act, whether he likes it or not. But I should like to draw the attention of the House to a curious omission from the amendment No. 473 to be moved by my Honourable friend, Mr. Satyamurti. He forgets altogether section 87-C. of the Companies Act. Now, Sir, that is a provision which puts restrictions on ordinary managing agents, that is to say, on managing agents of ordinary business concerns, in regard to the form of their remuneration. From this provision of the Companies Act the managing agents of insurance companies are specifically excluded. Now, Sir, even at this stage my Honourable friend, Mr. Satyamurti, does not want to bring them even on to the same basis as other managing agents are on. In other words.....

Mr. S. Satyamurti : Sir, I will first point out that my Honourable friend is not quite in order in referring to an amendment which has not yet been moved. Secondly, the amendment was given notice of on the understanding that clause 27 (*3*) will remain, that is to say, that the remuneration of Managing Agents of all insurers will be limited if they exist. Therefore, I had to give notice on various contingencies, and I shall certainly amend this amendment and give fresh notice, if certain decisions are taken by the House. But it is hardly fair to refer to an amendment which is not yet moved.

Mr. T. Chapman-Mortimer : I do not agree that it was hardly fair because in actual effect the whole burden of his speech was to exclude general insurance business from the provisions of section 27.

Mr. S. Satyamurti : But subject to the Companies Act.

Mr. T. Chapman-Mortimer : I think I need not say more on this subject as I have already made the position of this Group sufficiently clear. We feel that on principle managing agents are by no means the snakes and tigers and other fierce things they are made out to be. On the other hand, in the case of insurance companies of all classes they have shown themselves to be in many cases,—though by no means in all,—unscrupulous in the way in which they have taken money from the companies for work which is not anything like the value of what they receive for it. We firmly support my Honourable friend, Dr. Ziauddin Ahmad.

Several Honourable Members : The question may now be put.

Sir H. P. Mody (Bombay Millowners' Association : Indian Commerce) : Sir, I want to submit that on much less important questions there have been much longer debates, and it will be a denial of the right of Members if on this very important issue, within an hour's discussion, the question should be allowed to be put.

Mr. President (The Honourable Sir Abdur Rahim) : I thought the Honourable Member was going to address the House on this amendment.

Sir H. P. Mody : Sir, I will take some time.

Mr. President (The Honourable Sir Abdur Rahim) : How long will the Honourable Member take ?

Sir H. P. Mody : I will take at least fifteen minutes.

Mr. President (The Honourable Sir Abdur Rahim) : The Honourable Member can then go on.

Sir H. P. Mody : Sir, this is a very topsy-turvy world. Here are my friends on the Congress benches recognising that even Managing Agents have a right to exist and a right to be considered. There is my Honourable friend, the Leader of the Independent Party, who calls them parasites ; and here is this socialist Government masquerading as a benevolent autocracy, wanting to expropriate the Managing Agents. Why ?

Mr. M. A. Jinnah : Because they deserve it.

Sir H. P. Mody : I will come to that. So far as this benevolent autocracy is concerned, their autocracy has been amply demonstrated by the proposal with which they have come to this House, and as regards their benevolence I have still to see any proof of it. It is easy to give a dog a bad name and then hang it. You can call Managing Agents tigers, snakes, parasites, though there seems to be a contradiction in ideas, tiger on one side and a little bug on the other. I say you can do all this, and then say you have established your case. You have done nothing of the sort. What is wrong with Managing Agents ? I, at any rate, claim to be consistent. Ever since I have been here, and long before that, I have stood up for the

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[Sir H. P. Mody.]

class to which I belong and whose interests I am here to protect. I say, Sir, there is nothing wrong with Managing Agents. There may be rascals among Managing Agents, but there are rascals among other classes and other professions, but that is no justification for abolishing the professions or restricting their remuneration. No one has come forward and said because a doctor or a lawyer has charged an extortionate fee, he should cease to exist, or that his remuneration should be fixed at a particular figure. I maintain no case has been made out for the abolition of Managing Agents or for the restriction of their remuneration. In this connection I am surprised that my friends on the European benches, who, on the Companies Bill, fought tooth and nail for the existence of Managing Agents, have now discovered some wonderful difference, and have come forward to say, Yes, we are convinced that it is right that Managing Agents should exist for only three years, with restriction on their remuneration. Where is the consistency in their attitude? Mr. Chapman-Mortimer was talking of scandalous agreements, but there were plenty of scandalous agreements when we were considering the Companies Act, still they stood up for Managing Agents. I say, Sir, no justification exists for this change of attitude. Of course, there have been unconscionable bargains, but the remedy is in the hands of the public. Why do the public subscribe to shares, why do policy-holders support companies, if there are such scandalous agreements? If they are unable to help themselves you do not want the law to help them. Managing Agents, Sir, have done very good service in the past even in the matter of insurance. Their services are well-known. They had, as I said on a previous occasion, to fight against vested interests, against established powerful interests. That they have survived, that they have made all this headway, as admitted by the Honourable the Law Member, is a tribute to the way in which Indian insurance has been carried on in this country. A large part of this credit is due to Managing Agents. I could have produced facts and figures, but for the fact that I did not anticipate the discussion today, to show that Managing Agents have in many cases in the first years of nurturing their companies foregone very large commissions, and have drawn considerably less than what managing directors would have drawn. What is the difference between a Managing Director and a Managing Agent? You can pay a Managing Director or your manager five thousand or six thousand rupees, but if the same sum was drawn by way of remuneration by a firm of Managing Agents—it probably has three or four people engaged in the business—you call it extortionate. It is nothing of the sort. Let people pause and consider before they come forward to prejudice the issue by using these fantastic terms in relation to a class of people who have deserved well of their country. I, Sir, have a clear conscience in the matter. The company I have an interest in is not conducted by Managing Agents. That particular company is run very well without Managing Agents. But that is no argument for saying that a company which has got Managing Agents should be run without them, and the agents shown the door, and told that, hereafter, their remuneration will be two thousand rupees only. I say, Sir, it is rank injustice to a class of people who have, with all their limitations, deserved well of their com-

bargains or deals, I am here to say that there is no case for doing away with the whole class of Managing Agents or for laying down statutorily that a limit shall be placed on their remuneration. Sir, I strongly oppose the amendment.

THE MANŒUVRES FIELD FIRING AND ARTILLERY PRACTICE BILL.

PRESENTATION OF THE REPORT OF THE SELECT COMMITTEE.

Mr. C. M. G. Ogilvie (Defence Secretary): Sir, I beg to present the Report of the Select Committee on the Bill to provide facilities for military manœuvres and for field firing and artillery practice.

The Assembly then adjourned till Eleven of the Clock, on Monday, the 20th September, 1937.

LEGISLATIVE ASSEMBLY.

Monday, 20th September, 1937.

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

MEMBERS SWORN.

Sheikh Asghar Ali, C.B.E., M.L.A., (Nominated Non-Official) ;

Mr. Arthur Eric Tylden-Pattenson, M.L.A. (Government of India : Nominated Official) ; and

Mr. John Swithin Harvey Shattock, M.L.A. (Government of India : Nominated Official).

STARRED QUESTIONS AND ANSWERS.

(a) Oral Answers.

Upkeep of the Cremation Ground in Delhi.

605. ***Mr. Sri Prakasa** : (a) Will the Secretary for Education, Health and Lands state if he is aware that the cremation ground in Delhi is not properly equipped and that there is no *pucca* ghat to enable mourners—men and women—to bathe and perform other necessary funeral rites with proper solemnity ?

(b) Do Government propose to take any steps to get the place properly equipped and make arrangements for a special secluded ghat where women mourners could bathe in privacy ?

(c) Under whose supervision is the existing cremation ground and what authority is responsible for its up-keep ?

(d) Is it a fact that there is absolutely no person to take down particulars of the dead brought there for cremation ?

(e) Do Government propose to make arrangements for this as well as for assistance to mourning parties to obtain the necessary articles required for obsequies ?

Sir Girja Shankar Bajpai : With your permission, Sir, I shall answer questions Nos. 605 and 606 together. Information is being obtained and will be supplied to the House as soon as possible.

Graveyards in New Delhi.

†606. ***Mr. Sri Prakasa** : Will the Secretary for Education, Health and Lands state :

(a) whether Government have any record of the graveyards in New Delhi ;

†For answer to this question, *see* answer to starred question No. 605.

(b) whether there is any system of declaring graveyards as being closed against further use ;

(c) what steps, if any, Government take for the proper care of such places ; and

(d) whether any graveyards are disturbed or destroyed in the building of New Delhi ?

PROVISION OF HEAD-RESTS AT CONVENIENT PLACES IN NEW DELHI.

607. ***Mr. Sri Prakasa** : Will the Secretary for Education, Health and Lands state what steps, if any, Government have taken to provide head-rests at convenient places in New Delhi for persons carrying loads on their heads ?

Sir Girja Shankar Bajpai : The New Delhi Municipal Committee to whom the suggestion made in part (c) of the Honourable Member's question No. 581 asked on the 8th March, 1937, was referred for consideration, have decided that there is no need to provide head-rests in New Delhi.

Mr. Sri Prakasa : In view of the fact that one often finds pedlars, old in age resting on the way side and wanting passers-by to help them to put their load back on their heads ; and in view of the further fact that after many pedestrians had refused to oblige a pedlar in that condition, and when I passed him, I had to oblige him myself, will the Honourable Member kindly reconsider the matter and recommend to the Committee the desirability of having such head-rests ?

Sir Girja Shankar Bajpai : If my Honourable friend will furnish to me particulars, I shall follow the matter up with the New Delhi Municipal Committee for consideration.

Mr. Sri Prakkasa : May I know whether, by particulars, the Honourable Member wants me to find out the names of all pedlars ; or whether it would be enough if I give an indication of the place where this particular incident took place : it was near the crossing of Curzon Road and Ferozeshah Road—a little further up towards the Hailey Road. I do not remember the exact date for the moment. It was morning time.

Sir Girja Shankar Bajpai : I am quite sure that my Honourable friend's overflowing sympathy is quite equal to collecting the information which he mentioned earlier, but what I wanted to say was that the New Delhi Municipal Committee say that most of this kind of traffic in New Delhi is vehicular, that is to say, very few people actually carry headloads.

Mr. Sri Prakasa : Am I to understand that the Municipal Committee think that it is undesirable to provide facilities for even the few persons who may be benefitted thereby ?

Sir Girja Shankar Bajpai : That is asking for an expression of opinion of the New Delhi Municipal Committee : I am unable to say what it is.

STANDARDISATION OF WEIGHTS AND MEASURES.

608. ***Prof. N. G. Ranga** : Will the Honourable Member for Industries be pleased to state :—

(a) if it is a fact that the Eighth Industries Conference held on the 7th and 8th December, 1936, recommended that weights should be standardized, and that the weights recognized by the Bombay Act of 1932 should be adopted for use all over India ;

(b) that representatives of several provinces and States have complained that there was still confusion between provinces, and urged the Government of India to undertake legislation fixing standards leaving the Provincial Governments to pass laws for enforcing the report on the marketing on wheat, which has also complained of the confusion now prevailing in the weights of different provinces and districts ; and

(c) what action Government propose to take to help the peasants by standardizing the weights and measures all over India to avoid confusion between those of different provinces ?

The Honourable Sir Thomas Stewart : This question should have been addressed to the Honourable the Commerce Member.

SUBVENTION TO THE HANDLOOM INDUSTRY.

609. ***Prof. N. G. Ranga** : Will the Honourable Member for Industries be pleased to state :—

(a) till what time will the present subvention to the handloom industry last ;

(b) whether Government are aware of the growing distress of the handloom weavers in the different provinces ;

(c) whether Government have taken notice of the admission made by the representatives of the various provinces at the last Industrial Conference that their measures for improvement of the marketing of the handloom goods have only touched the fringe of the problem ; and

(d) if so, whether they propose to formulate their latest proposals for helping the handloom weavers by raising the subsidy and otherwise after consulting the present Provincial Ministers ?

The Honourable Sir Thomas Stewart : (a) Till 31st October, 1939. The Provincial Governments who started late have, however, been allowed to spread their schemes over a full five-year period provided that this does not extend, in the case of any scheme, beyond the 31st March, 1940, except in one province.

(b) No.

(c) So far as I can ascertain, no such admission was made by the representatives of the various provinces. The only observation at all resembling the Honourable Member's statement I can find in the proceedings of the Conference is a statement made in the memorandum of one province to the effect that a Provincial Society which had been working for about ten months when the memorandum was written had not touched the fringe of the problem of providing employment for the weavers.

(d) Does not arise.

Prof. N. G. Ranga : Are Government aware of the fact that the Premier of Madras himself has admitted in the course of his statement in the Legislature there that he was aware of the growing distress of the handloom weavers in that particular province ?

The Honourable Sir Thomas Stewart : No : that statement has not been brought to my notice.

Mr. T. S. Avinashilingam Chettiar : May I know whether Government are satisfied that this subvention has to any extent relieved the unemployment among weavers ?

The Honourable Sir Thomas Stewart : Government are satisfied that it has contributed towards the solution of the problem.

Mr. S. Satyamurti : In view of the present position of the handloom industry in Madras and several other provinces, will Government consider or have they considered the possibility of promoting an amicable arrangement between the textile mills in this country and the handloom weavers, so as to see that there is no unhealthy competition between them, and the handloom weavers get a chance ?

The Honourable Sir Thomas Stewart : I believe that some two years ago that subject was considered by certain Members of this House.

Mr. S. Satyamurti : In view of the fact that nothing came out of that, will Government revive the consideration of that question, especially considering that handloom weavers deserve every encouragement at the hands of Government ?

The Honourable Sir Thomas Stewart: In view of the outcome of that meeting, Government do not at the present moment consider that any practical scheme can be devised.

Mr. S. Satyamurti : Will Government not consult the Provincial Governments, as to the possibility and feasibility of reviving consideration of this question ?

The Honourable Sir Thomas Stewart : Government do not consider that it is necessary to do so.

Mr. T. S. Avinashilingam Chettiar : May I know in view of the fact that the former attempt was by a non-official committee, that better results may be yielded by Government stepping into the matter ?

Mr. President : (The Honourable Sir Abdur Rahim) : It is a matter of opinion, I think ; the Honourable Member has already said that he does not consider it necessary to consider the matter again.

Mr. T. S. Avinashilingam Chettiar : Is there any doubt that the Government are more influential ?

Mr. President (The Honourable Sir Abdur Rahim) : Order, order : I have given my ruling.

Mr. S. Satyamurti : Are Government satisfied that no other help or no more help is required now by the handloom weavers, and is that the reason why Government do not propose to take this matter up further ?

The Honourable Sir Thomas Stewart : Government have no such idea, but I would point out to the Honourable Member that the main responsibility in this regard lies with the Local Governments. Our efforts are merely supplementary to what is being done in the provinces.

Mr. S. Satyamurti : In view of the fact that textile mills get a protection given by the Government of India, may I know whether the Government do not feel called upon to do something by their good offices to see that the protection, instead of helping the Indian textile industry, does not kill the handloom industry ?

The Honourable Sir Thomas Stewart : The steps which have been taken represent the decision of the Government of India as to what could and should be done for the handloom industry.

Seth Govind Das : In view of the fact that the Government of India think that this is a matter chiefly for the Provincial Governments, and because the handloom weavers are scattered throughout the country, do not the Government think it advisable to initiate the matter and ask the opinion of the Provincial Governments in this respect so as to take some steps for their protection ?

The Honourable Sir Thomas Stewart : Government are of the opinion that the Local Governments themselves are sufficiently seized of this problem to initiate any measures which they may think necessary.

Prof. N. G. Ranga : Is it not a fact that the Madras Government have themselves admitted that there is a lot of unhealthy competition between the mills and handloom weavers, and that as a result the handloom weavers are suffering and therefore the Government have been obliged to levy a license fee on those shops which deal in mill made goods ?

The Honourable Sir Thomas Stewart : The Government of India have no information as regards the action taken by the Madras Government.

Mr. S. Satyamurti : Don't the Government of India get a copy of the Budget of the Madras Government in which there is a proposal to levy a license fee on shops which deal in mill-made goods.....

Mr. President (The Honourable Sir Abdur Rahim) : He says they have not received any information.

Mr. K. Santhanam : Are Government aware that a Bill has been introduced in Madras to license cloth shops, and that has been published in the newspapers ?

The Honourable Sir Thomas Stewart : No, Sir.

Prof. N. G. Ranga : Will Government be pleased to ascertain the latest position with regard to the handloom industry in the Madras Presidency and also the policy that is now pursued by the Local Government.

The Honourable Sir Thomas Stewart : The progress of the handloom weaving industry will come under review at the next Industries Conference which meets within a few months.

Mr. S. Satyamurti : May I know, Sir, why the Government are so colossally ignorant of what happens in the provinces ?

(No. reply.)

ARCHAEOLOGICAL SURVEY IN CERTAIN AREAS IN INDIA.

610. ***Mr. S. Satyamurti** : Will the Secretary for Education, Health and Lands be pleased to state :

(a) the areas where archæological survey is now being conducted in India and whether Government are aware that there are very valuable discoveries to be made in the Punjab, United Provinces, Sind, Bengal and South India ; and

(b) whether Government have any programme of extending archæological excavations, and if so, on what basis and when ?

Sir Girja Shankar Bajpai : (a) A statement of the sites where excavation is in progress or projected in the near future is laid on the table. As regards the second part, Government know that there are valuable sites in the areas mentioned by him and it is proposed to conduct excavations in all of them during the current year.

(b) The question of providing more funds for the expansion of exploration work during the next financial year is being considered.

Statement showing the sites where excavation is in progress or projected in the near future.

Province.	Sites already under excavations and where work is proposed to be continued during the next field season.	Sites where excavations and explorations are to be started for the first time during the next field season.	Remarks.
Punjab ..	Theh Polar in Karnal District	Khokrakot Mounds near Rohtak.	
	Harappa	....	
	Taxila	....	
N. W. F. P. ..	Sari dheri and Palatu Dheri near Charsadda.	....	
United Provinces	....	Kosam near Allahabad.	
Bihar ..	Nalanda	..	
	Rajgir	....	
	Lauriya Nandangarh ..	....	
Bengal	....	Neolithic site near Durgapur Burdwan District.	
Sind ..	Chandudaro ..	....	
Bombay ..	....	Sopara near Bassein.	
Madras ..	....	Caves in the Kurnool District.	

Mr. S. Satyamurti : Have Government examined, or do they propose to examine the whole question of archæological excavations, on the basis of a 5-year or 10-year programme, considering the enormous work that has got to be done ?

Sir Girja Shankar Bajpai : I think there is no difficulty in providing a programme whether on a basis of 5, 10 or even 15-years ; the difficulty is one of funds.

Mr. S. Satyamurti : May I know whether Government will prepare such a programme and place it before the relevant authorities, the Finance Department and this House, with a view to giving us the conspectus of the whole work and persuading us to pursue the whole programme, in the belief that at the end of a stated period there will be substantial work done in this very valuable direction ?

Sir Girja Shankar Bajpai : The Director-General of Archæology has a programme of excavations under consideration. Whether he proposes to assign a time limit to it, I cannot say.

Mr. S. Satyamurti : I am simply asking whether the Government of India will take into consideration the need for placing before the relevant authorities including this House a programme with the results likely to be achieved at the end of a stated period ?

Sir Girja Shankar Bajpai : I think that, in so far as this House is concerned, the matter will come up before it at the time when the Budget for next year is being voted, and if any Honourable Member is specially interested in the details of the programme, as soon as it has been worked out, I shall be quite willing to supply him with a copy of it.

Mr. S. Satyamurti : The next year's Budget will contain next year's programme ; I am asking whether my friend will be good enough to direct his attention to the question of having a longer programme to give us an idea of the results likely to be achieved, if that programme were carried out.

Sir Girja Shankar Bajpai : I do not really know that it is necessary to have a 5 or 10 year programme, because the possibilities of excavations and the historical sites where excavations are likely to yield satisfactory results are already known to the Archæological Department ; it is merely a question of adjusting the pace of excavations to the funds available.

Mr. S. Satyamurti : Have those materials been placed before the Finance Department and this House or will they be placed ?

Sir Girja Shankar Bajpai : The programme which the Director-General of Archæology recommends will, in its financial aspect, be placed before the Finance Department.

Mr. Lalchand Navalrai : May I know from the Honourable Member if the excavations proposed in Sind will be at Mohanjo Daro or at some other place ?

Sir Girja Shankar Bajpai : I am unable to say.

PLACING OF INDIAN BROADCASTING UNDER A PUBLIC CORPORATION.

611. ***Mr. S. Satyamurti** : Will the Honourable Member for Industries and Labour be pleased to state :

(a) whether his attention has been drawn to the *Times* leading article suggesting that Indian broadcasting may be placed under a public corporation ;

(b) whether Government are considering the suggestion ; and

(c) whether they have come to any conclusion on the matter, and, if so, what ?

The Honourable Sir Thomas Stewart: (a), (b) and (c). The attention of the Honourable Member is invited to the reply given by me on the 2nd September, 1937, to Mr. Asaf Ali's starred question No. 277.

Mr. S. Satyamurti : May I take it then that Government do not propose to consider this matter for the present, until at least the Federation functions ?

The Honourable Sir Thomas Stewart : Government have already considered the method of control of broadcasting. The point of time at which reconsideration will take place I cannot say at the present moment.

INVESTIGATION OF THE PROBLEM OF FLOOD PREVENTION.

612. ***Mr. S. Satyamurti** : Will the Secretary for Education, Health and Lands be pleased to state :

(a) whether the attention of Government has been drawn to the occurrence of frequent heavy floods, causing great damage, during the last few years in several parts of India especially in the United Provinces, Bihar, Orissa, parts of Bengal, and of Assam ;

(b) whether Government have considered any proposal for investigating the whole problem of flood prevention from an all-India point of view ;

(c) whether the attention of Government has been drawn to a resolution recently passed by the Working Committee of the Indian National Congress for studying this question from an all-India point of view ; and

(d) whether Government are prepared to take steps to co-operate with the Working Committee in order to achieve maximum and quick results ?

The Honourable Sir Thomas Stewart : (a), (b) and (c). Yes.

(d) No, Sir : the subject of 'flood control' is a responsibility of the provinces, but the Government of India are prepared to give all the assistance possible to co-ordinate the efforts of provinces which wish to investigate the problem as affecting more than one province should their assistance be sought.

Mr. S. Satyamurti : With reference to the answer to part (d) of the question, I thought I heard my friend to say No.

The Honourable Sir Thomas Stewart : (a), (b) and (c), yes. (d) is no.

Mr. S. Satyamurt : May I know the reasons why the Government are not prepared to take steps to co-operate with the Working Committee of the Congress in respect of examining this matter, with a view to achieving the maximum of good results ?

The Honourable Sir Thomas Stewart : Because they are of the opinion that the proper authorities with whom to co-operate will be the Local Governments whose responsibility it is to deal with the flood problem.

Mr. S. Satyamurti : Will the Government of India then be good enough to get into touch with the Provincial Governments concerned, particularly Bihar, Orissa and Bengal, with a view to treating this problem on an all-India basis at least in so far as these provinces are concerned.

The Honourable Sir Thomas Stewart : The Government of India believe that when these provinces are ready, they will be able to initiate proposals for co-ordination.

Mr. Sri Prakasa : In view of the fact that the fountain-head for these floods is the Himalayas, which is a Central subject, will not the Honourable Member consider the desirability of studying the move more carefully and more sympathetically ?

Mr. President (The Honourable Sir Abdur Rahim) : I don't think the Honourable Member requires an answer.

Mr. Sri Prakasa : Sir, Himalayas is a central subject.

Seth Govind Das : Are Government aware that many times the railway lines are washed away on account of these floods, and since Railways are a central subject, will not the Government consider the desirability of investigating the whole matter, because railways are laid in every part of the country ?

The Honourable Sir Thomas Stewart : No, Sir ; the fact that the Railways are occasionally damaged by floods does not, I think, justify the Government of India in ignoring the constitutional position which is that flood control is primarily the responsibility of the Local Government.

Mr. Mohan Lal Saksena : Is it not a fact, Sir, that in certain parts of the United Provinces the embankments made by the Railways are the chief cause of floods ?

The Honourable Sir Thomas Stewart : I am prepared to accept the position that railway embankments are the cause of floods.

Prof. N. G. Ranga : Have Government received any representation from the Government of Orissa in regard to the floods in the Mahanadi and also a request that the Government of India should use their good offices to bring some agreement between the Central Provinces and Orissa Governments and the Governments of the Native States.

The Honourable Sir Thomas Stewart : So far as I am aware, no such representation has been received.

BROADCASTING IN INDIA.

613. *Mr. S. Satyamurti : Will the Honourable Member for Industries and Labour be pleased to state :

(a) whether his attention has been drawn to the article "Broadcasting in India"—"The villager" appearing in the *Statesman*, of Monday, the 9th August, 1937 ;

(b) whether it is a fact that so far there are only about 100 community sets in the whole of India and whether Government propose to take steps to increase the number, and, if so, when ;

(c) whether Government have taken any steps to meet the loophole left under section 129 of the Government of India Act, 1935, which authorises the establishment and control of independent transmitters by Governments of Provinces and Rulers of States ;

(d) whether Government have considered or are considering any proposal to run Indian broadcasting on the lines of the British Broadcasting Corporation ; and

(e) whether Government propose to take any steps in that direction ?

The Honourable Sir Thomas Stewart : (a) Yes.

(b) Government have no definite information about the number of community sets in use in the whole of India. They recognise the importance of rural broadcasting and have at present under consideration a scheme for the provision of a large number of such sets in the Delhi Province. In the Provinces the Provincial Governments are expected to provide village sets and the Governments of several provinces, *e.g.*, Bengal, the Punjab, the North-West Frontier Province and Bombay have already done so.

(c) I am unable to accept the Honourable Member's implication that the loophole exists in the Constitution Act.

(d) and (e). The attention of the Honourable Member is invited to the reply given by me on the 10th September, 1937, to part (e) of his starred question No. 436.

Mr. S. Satyamurti : With reference to the answer to clause (c) of the question, may I know, Sir, whether apart from the Delhi province and the provinces mentioned by my friend, the Government of India are taking any steps to increase the number of community sets in villages in the other provinces ?

The Honourable Sir Thomas Stewart : No, Sir.

Mr. S. Satyamurti : May I know whether the Government of India will get into touch with the Provincial Governments and offer their good offices and services to the extent required, in order to increase the number of community sets in the villages in those provinces ?

The Honourable Sir Thomas Stewart : I am sorry I did not hear the Honourable Member.

Mr. S. Satyamurti : Will the Government of India take steps to get into touch with Provincial Governments, other than those mentioned by my Honourable friend, with a view to get them to help to increase the number of community sets in those provinces and in that behalf offer the good offices of the Government of India ?

The Honourable Sir Thomas Stewart : I have referred to the scheme we have under consideration for the Delhi Province. When we have more information as to the results of that experiment, we shall certainly give our advice and the results of our experience to the Provincial Governments so that they may apply the same to the best advantage.

Mr. S. Satyamurti : In developing broadcasting stations and making arrangements for the programmes to be broadcast therefrom, are Government keeping in mind the needs of the villagers who are likely to hear from the community receiving sets, both with regard to the language through which the broadcasts are to be made and the matter broadcast ?

The Honourable Sir Thomas Stewart : Yes. The distribution of stations which we have proposed has been designed so that it may yield the maximum of advantage in the direction suggested by the Honourable Member.

Mr. S. Satyamurti : In deciding the languages through which the broadcasts are to be made and the matter to be broadcast, will the Government of India consult the Provincial Governments on this particular aspect, namely, that we desire an increase of community sets in the villages ?

The Honourable Sir Thomas Stewart : Certainly. The Government of India will consult the Provincial Governments in matters relating to rural broadcasts.

Mr. S. Satyamurti : With reference to the answer to part (c) of the question, may I know whether Government have considered that, apart from finance, there is no restriction on the matter to be broadcast from Indian States and Provincial Governments, and whether the Government have considered if they can develop an all-India Broadcasting with the independence vested by the Act in the Indian States particularly ?

The Honourable Sir Thomas Stewart : The Government of India have no reason to believe that the provisions of section 129 will interfere with their programme of all-India Broadcasting.

Mr. S. Satyamurti : Have they examined the subject especially with regard to the matter particularly to be broadcast, considering that under section 129 of the Act the Indian States are free to broadcast any matter which they like to ?

The Honourable Sir Thomas Stewart : The powers of the Indian States and the Provinces to broadcast are subject to the limitations laid down under section 129.

Mr. K. Santhanam : With reference to the answer to part (b) of the question, will the Provincial Governments have any voice in the matter to be broadcasted from those stations ?

The Honourable Sir Thomas Stewart : I have already said that in regard to rural broadcasting the Provincial Governments will be consulted.

ACTIVITIES OF THE RESERVE BANK OF INDIA.

614. ***Mr. S. Satyamurti** : Will the Honourable the Finance Member be pleased to state :

(a) whether the Reserve Bank has considered the matters presented to the Governor of the Reserve Bank by the South India Chamber of Commerce on the 7th August, 1937, at Madras ;

(b) the reasons why the Reserve Bank has not so far taken kindly to its statutory function of making to scheduled banks and a number of co-operative banks of loans and advances repayable on demand or on the expiry of fixed periods not exceeding 90 days, or of purchase as a whole and re-discount of bills of exchange and promissory notes ;

(c) whether the Reserve Bank is considering taking any steps to establish a regular " Bill Market " in India and popularise re-discounting ;

(d) whether the Reserve Bank and Government are considering in this connection the policy of abolishing the stamp duty and the establishment of public warehouses ;

(e) whether the Reserve Bank and Government are considering giving scheduled banks the right of free remittance within the country, that is to say, not only with remittance facilities from their branches to the place of a principal office, but also in the reserve direction ;

(f) the reasons why remittances are not given more than once a week, and are not given to such places where the Reserve Bank has a branch and the scheduled bank has only an agent, instead of a branch ;

(g) whether the Reserve Bank is contemplating any steps to develop the activities of the scheduled banks and unify the whole banking system of the country into an organised whole ;

(h) whether the Reserve Bank is taking any steps to utilise the branches of the scheduled banks in places where the Imperial Bank of India has no branch subject to the fixation of safe limits and to reasonable conditions ;

(i) whether the Reserve Bank is constantly keeping in view and taking necessary steps with the object of keeping down the interest rates to the minimum ; and

(j) whether the Reserve Bank is considering the position of the smaller Joint Stock Banks in the country with a view to bring the whole credit structure of the country under effective control and these banks into a general scheme ?

The Honourable Sir James Grigg : (a), (b), (e), (f) and (h): These are matters for the Reserve Bank of India and I am not in a position to answer these question.

(c), (g), (i) and (j). Yes.

(d) The question of abolishing the stamp duty on bills is under consideration in consultation with Provincial Governments. The provision of public warehouses is a matter for Provincial Governments and I understand that it is already under their consideration.

Mr. T. S. Avinashilingam Chettiar : The Honourable Member read the answer so fast that we could not follow him. Will he kindly read it again ?

(The Honourable Sir James Grigg read out the answer again.)

Mr. S. Satyamurti : With reference to the answers to the clauses mentioned by my Honourable friend—I could not follow the clauses—may I know from the Honourable Member whether the Reserve Bank acts wholly independent of the Government of India, or whether there is any kind of liaison or connection between the financial brains behind the Government of India and the financial brains behind the Reserve Bank ?

The Honourable Sir James Grigg : The Reserve Bank naturally have the same sort of liaison with the Government of India as the Bank of England with His Majesty's Government,—namely, it is an entirely informal and conventional liaison and not a legal one.

Mr. S. Satyamurti : In that informal and conventional manner, may I know whether the Government of India have ever advised, or do they propose to advise the Reserve Bank with regard to the matters, for example, raised in clause (b) of my question ?

The Honourable Sir James Grigg : To the best of my belief No. It is purely market finance in which case no question of Government finance arises. I think the Government are informed by the Reserve Bank but I do not think that we seek to interfere.

Mr. S. Satyamurti : With regard to the answer to the other clauses mentioned in the first part of the answer, may I know whether Government have considered or are considering the question of bringing the whole of banking in this country under some sort of unified and co-ordinated control ?

The Honourable Sir James Grigg : I understand that that was the very purpose for which the Reserve Bank was set up.

Mr. S. Satyamurti : In view of the fact that they have not yet brought into a co-ordinated scheme all the indigeous banks and bankers in this country, may I know whether the Government of India have considered or are going to ask the Reserve Bank to take some practical steps in this direction ?

The Honourable Sir James Grigg : I think it is a little unreasonable, if the Honourable Member will forgive me for saying so, to expect the Reserve Bank to do in two years what has not been done in the preceding 4,000 years.

Mr. S. Satyamurti : Considering the quickness of my Honourable friend, I was hoping for quick results, (Laughter), but I am sorry he has disappointed me. But may I ask him whether Government are taking any steps in that direction ? I shall be content with that.

The Honourable Sir James Grigg : The Honourable Member asked the other day questions as to what the Reserve Bank was doing in regard to indigenous bankers. I understand that the Reserve Bank have formulated certain proposals and indeed have published them and those are under discussion with the various people concerned.

Prof. N. G. Ranga : Do Government propose to make any grants-in-aid to the Provincial Governments to enable them to establish these public warehouses more quickly and in larger number ?

The Honourable Sir James Grigg : In the last two years the Government of India made certain grants for rural development to Provincial Governments and to the best of my belief they did not put forward any proposal to this effect. And unfortunately now the money which was then made available has dried up.

Mr. S. Satyamurti : With reference to the answer to clause (e) of the question, may I know whether the Government are considering those specific matters, namely, giving the scheduled banks the right of free remittance within the country, that is to say, not only with remittance facilties from their branches to the place of a principal office, but also in the reverse direction ?

The Honourable Sir James Grigg : As I have said, these are matters for the Reserve Bank of India and not for Government.

Mr. K. Santhanam : With reference to the answer to part (d) of the question, is not the location of public warehouses a matter of vital interest to the railways ?

The Honourable Sir James Grigg : The Honourable Member is making an assertion or rather giving an expression of opinion. I am not prepared to challenge his opinion.

Mr. K. Santhanam : May I know whether Government are aware that the location of public warehouses will divert the traffic from the railways and that the freight traffic of the railways is dependent upon the location of these warehouses ?

The Honourable Sir James Grigg : I am afraid that particular aspect of the matter has not been brought to my attention before and I think the Honourable Member may take it that there has been no opposition from the Railway Board to the establishment of public warehouses on any ground that he mentions.

Mr. K. Santhanam : I am not speaking of opposition from the Railway Board, but I am asking whether the Railway Board, who are interested in the proper location of these public warehouses, are being consulted in the matter.

The Honourable Sir James Grigg : The first part of the question is again a repetition of the previous expression of opinion, and if my Honourable friend wants an answer to the second part he had better address a question to the Railway Member.

ARRANGEMENTS FOR STARTING A CENTRAL VETERINARY COLLEGE AT IZZATNAGAR.

615. ***Mr. C. N. Muthuranga Mudaliar** : (a) Will the Secretary for Education, Health and Lands state if it is a fact that arrangements are being proceeded with for the establishment of a Central Veterinary College at Izzatnagar ?

(b) What is the strength of the staff proposed to be recruited and the total annual salary ?

(c) How many of the staff are foreigners imported from abroad and for what period are they recruited ?

Sir Girja Shankar Bajpai : (a), (b) and (c). I would invite the Honourable Member's attention to the reply given to parts (a) and (b) of Mr. S. Satyamurti's question No. 338 on the 7th September, 1937.

SAFEGUARDING OF THE VOTING PRIVILEGES OF INDIAN LABOURERS IN CEYLON.

616. ***Mr. C. N. Muthuranga Mudaliar** : (a) Will the Secretary for Education, Health and Lands please state if it is a fact that a new Village Committee's Bill is before the Ceylon Legislature ?

(b) Is it a fact that this Bill proposes to enfranchise the European and burgher residents of Estates, while keeping intact the restriction with regard to Indian estate labourers ?

(c) What steps do Government propose to take to safeguard the voting privileges of the Indian labourers ?

Sir Girja Shankar Bajpai : With your permission, Sir, I would like to reply to questions Nos. 616 and 645 together.

The attention of the Honourable Members is invited to the reply, given by me on the 7th of this month, to Mr. Satyamurti's question No. 335.

Mr. S. Satyamurti : Has anything happened since that answer ?

Sir Girja Shankar Bajpai : We have not had any answer yet from the Government of Ceylon.

REPORT OF MESSRS. MARKHAM AND HARGREAVES ON MUSEUMS IN INDIA.

617. ***Mr. C. N. Muthuranga Mudaliar** : (a) Will the Secretary for Education, Health and Lands please state whether Government have considered the report on Indian Museums by Messrs. Markham and Hargreaves ?

(b) If so, what is the decision of Government ? Will a copy of the decisions be placed on the table of the House ?

Sir Girja Shankar Bajpai : (a) and (b). I would invite the Honourable Member's attention to the reply given by Mr. Hydari to part (b) of his starred question No. 195 in this House on the 30th August, 1937, and to my reply to Mr. Satyamurti's starred question No. 534 on the 15th September, 1937, and the supplementaries arising out of it.

Prof. N. G. Ranga : Will a copy of the decisions of this Conference be placed on the table of the House ?

Sir Girja Shankar Bajpai : If the House is sufficiently interested, I undertake to communicate to the House in proper form the conclusions of the conference we are convening.

GRIEVANCES OF INDIANS IN CEYLON.

618. ***Mr. C. N. Muthuranga Mudaliar** : (a) Will the Secretary for Education, Health and Lands be pleased to state if it is a fact that the Ceylon-Indian League submitted a memorandum to the Government of India inviting attention to the following :

(i) the agitation that has been carried on by a section of the Sinhalese to repatriate Indians ;

(ii) the resolutions passed by the State Council to restrict and control Indian immigration which led to the appointment of the Immigration Commission ; and

(iii) the introduction of legislative measures, curtailing the rights of Indians, such as, the Land Development Ordinance, the Destitute Immigrants Ordinance Amending Bill and the Village Communities Ordinance Amending Bill ?

(b) What steps do Government propose to take on the memorandum ?

(c) Do Government propose to consider the advisability of overhauling the Indian Agency in Ceylon, making its functions wider and more comprehensive to meet the new situation ?

Sir Girja Shankar Bajpai : (a) and (b). The attention of the Honourable Member is invited to the reply given by Mr. Hydari to Mr. Badri Dutt Pande's starred question No. 272 on the 2nd of this month.

(c) Government do not consider that any widening of the functions of their Agent in Ceylon is required.

Mr. S. Satyamurti : What is the latest with regard to the position mentioned in sub-clause (iii) of clause (a) of this question ?

Sir Girja Shankar Bajpai : The Land Development Ordinance was passed in 1934. The Destitute Emigrants Ordinance Amendment Bill has not been introduced and the Village Communities Ordinance Amendment Bill, as I informed my Honourable friend the other day, is still the subject of negotiation.

Mr. S. Satyamurti : With regard to the Land Development Ordinance, have Government watched the working of this ordinance, and are they satisfied that it has not adversely affected the rights of Indians in Ceylon ?

Sir Girja Shankar Bajpai : The Agent has kept us informed from time to time about the application of this ordinance and there is a question on the Order Paper today which has a bearing upon this ordinance, will my Honourable friend wait till it is reached.

Mr. S. Satyamurti : May I know the reasons why the Government do not propose to consider the advisability of overhauling the Indian agency ? Is it because they are satisfied that the present arrangement satisfies the legitimate aims of Indian settlers and emigrants ?

Sir Girja Shankar Bajpai : I found some difficulty in following my Honourable friend's question. Reading the language with the context, I thought that what he wanted to suggest was that the Agent should have wider powers. As it is, the Agent has full powers to make any representations he likes, on matters of policy.

Seth Govind Das : On account of the complications involved, will it not be advisable to send a committee to inquire into the whole matter and place its recommendations before this House ?

Sir Girja Shankar Bajpai : I do not think it is necessary to send a committee.

Mr. S. Satyamurti : Will Government consider the advisability of not permitting any further emigration of Indian labour into Ceylon until all these outstanding questions are settled satisfactorily ?

Sir Girja Shankar Bajpai : I think my Honourable friend made a similar suggestion the other day when he asked a question about the Village Communities Ordinance and I said that when the time comes all these points will be considered.

Maulana Shaukat Ali : Why is that that the people of Ceylon object to the Indian settlers, if they want to be sent back ?

Sir Girja Shankar Bajpai : I am not sure that the people of Ceylon want the Indian settlers to be sent back.

Mr. S. Satyamurti : Hear, hear. They don't !

RADIO RESEARCH.

619. ***Mr. Mohan Lal Saksena** : (a) Will the Honourable Member for Industries and Labour be pleased to state how much money is being spent on radio research by Government ?

(b) How many hands are engaged in research and what are their respective qualifications ?

(c) What is the nature of the research done during the last two years ? Will the Honourable Member lay on the table a statement outlining the same ?

The Honourable Sir Thomas Stewart : (a) The research organisation was set up in 1936-37 and the expenditure incurred in that year was Rs. 19,000. The provision made in the current year's budget is Rs. 24,000. In addition, an expenditure of Rs. 33,000 has been incurred on equipment from the Capital grant.

(b) The technical staff of the Research Department of All-India Radio at present consists, apart from the Chief Engineer, of one Research Engineer, one Assistant Engineer and one Technical Assistant. The Honourable Member is referred to the reply I gave to his starred question No. 285 on the 2nd September, so far as the qualifications of the Chief Engineer and Research Engineer are concerned. The Assistant

Engineer is an M.Sc. and holds the Diploma in Communication Engineering, Northampton Polytechnic Institute. The Technical Assistant is also an M.Sc. and has passed the examination in Radio Communications of the City and Guilds.

(c) A statement giving the required information is laid on the table of the House.

Statement showing the research work done by the Research Department of All-India Radio.

1. Investigation into the strength, diurnal variation and direction of arrival of atmospheric disturbances involving measurement of their equivalent field strength for the purpose of determining the most suitable wavelengths to be used by the new broadcasting stations in India.
2. Preparation of specifications for cheap community receivers suitable for use in villages.
3. Experiments for finding out the most suitable material for acoustic treatment of studio buildings in India.
4. Study of different types of broadcast receivers suited for Indian listeners.
5. Preliminary investigation, design and establishment of a Diversity Receiving Centre for the purpose of obtaining improved Short-wave reception conditions.
6. Investigation and determination of the most suitable recording system for use at all Indian stations.
7. Investigation on the most suitable types of microphones for use in Indian stations.

Babu Kailash Behari Lal : Where is this radio research carried on ?

The Honourable Sir Thomas Stewart : At Delhi.

Mr. T. S. Avinashilingam Chettiar : May I know the result of these researches.

The Honourable Sir Thomas Stewart : I have laid a statement on the table.

Mr. Mohan Lal Saksena : Is it a fact that the officer engaged in radio research is a Bachelor of Commerce, who did not study science in the university.

The Honourable Sir Thomas Stewart : That is not so. The Research Engineer is a Bachelor of Commerce with Engineering as his special subject.

INVESTIGATIONS REGARDING THE ELECTRICAL PROPERTIES OF THE GROUND FOR SETTING UP OF RADIO TRANSMITTING STATIONS AND TRAINING OF INDIANS IN RADIO RESEARCH.

620. ***Mr. Mohan Lal Saksena** : (a) Has the attention of the Honourable Member for Industries and Labour been drawn to the press interview given by Dr. M. N. Saha and published in the *Leader*, dated the 4th August, 1937 ? If so, will the Honourable Member be pleased to state whether any preliminary investigations regarding the electrical properties of the ground at Lucknow and other transmitting stations were made before setting up a transmitter ? If so, by whom ? If not, why not ?

(b) Is it true that the transmitting stations are being erected in a haphazard manner and may have to be scrapped later because of their unsuitability as pointed out by Dr. Saha ? If so, who will be responsible for this waste ?

(c) Why are not Indian experts engaged in carrying on research work, or deputed to England and other foreign countries for being trained in research work, instead of importing British research experts ?

The Honourable Sir Thomas Stewart : (a) Yes. Adequate investigations regarding the electrical properties of the ground at Lucknow and other transmitting stations were made by the Chief Engineer, All-India Radio. The last part of the question does not arise.

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

(c) The only technical officer recruited from abroad for the work is the Chief Engineer, All-India Radio, who was selected for appointment because of his special experience with the British Broadcasting Corporation. The other staff engaged on research work consists of Indians.

Mr. Mohan Lal Saksena : Was this post of Chief Engineer advertised ?

The Honourable Sir Thomas Stewart : No.

Mr. S. Satyamurti : Is this Chief Engineer training Indians to take his place in due course ?

The Honourable Sir Thomas Stewart : Yes, Sir.

†621*.

CERTAIN INFORMATION REGARDING THE INDIAN METEOROLOGICAL DEPARTMENT.

622. ***Pandit Sri Krishna Dutta Paliwal** : Will the Honourable Member for Industries and Labour be pleased to furnish the following information in regard to the Indian Meteorological Department :

(a) the names of its sub-offices and the number of posts, gazetted and ministerial, in each sub-office with their respective grades ;

(b) the minimum qualifications prescribed for each cadre of posts, the time since the former have been prescribed and whether any departures from these have taken place since that time ;

(c) the methods of recruitment for each cadre of posts and the percentage fixed for filling up each by promotion within the Department by candidates who have proved their worth and whether this has been adhered to ;

(d) the criteria which generally guide the Department in the matter of departmental promotions from one cadre to another and whether all sub-offices share these equally ;

(e) the extent to which the various provinces and communities are at present represented in each cadre of posts ;

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†This question was withdrawn by the questioner.

(f) the facilities like the rent-free quarters, allowances, etc., which are given to those of the staff who are required to serve at expensive or distant localities and how these facilities compare with those afforded by other Departments of the Government to their staff of equal status required to serve at those localities ; and

(g) the amount spent annually by the Department on the transfers of its gazetted and non-gazetted staff respectively sub-office-wise ; the factors which justify this expenditure annually and whether Government have considered that it cannot be cut down considerably by dividing the jurisdiction into suitable zones for purposes of transfer and attaching these suitably to the various sub-offices of the Department ?

The Honourable Sir Thomas Stewart : (a) A statement, giving the required information, is placed on the table of the House.

(b) and (c). Appointments to the posts of Meteorologist and Assistant Meteorologist are made by selection through the Federal Public Service Commission. Twenty-five per cent. of the vacancies in the cadre of Meteorologists are filled, at present, by promotion of Assistant Meteorologists, provided men with requisite qualifications and experience are available. The minimum qualifications required for the post of Meteorologist are a good academic record in Physics or Mathematical Physics and research experience ; for the post of Assistant Meteorologist, a good academic record in Physics and Mathematics or other allied subjects.

Appointments to other posts in the Meteorological Department are made by the Director General of Observatories under powers delegated to him either by promotion or selection. The types of posts for which recruitment is made are so varied and the qualifications required for appointment to the various grades so widely different, that it is not possible to specify them in reply to a question. Particulars relating to any specific post or class of posts in which the Honourable Member is interested will be furnished on request in due course. Where recruitment is made from outside the normal practice is to advertise the vacancies and to make the selections through a Selection Committee consisting of two or more gazetted officers of the Meteorological Department.

(d) Men in the Department are considered for promotion to higher posts if they have sufficient experience, ability and the necessary qualifications to hold these posts. This criterion applies to all sub-offices equally.

(e) The attention of the Honourable Member is invited to the annual statement ' showing the communal strength of the Government of India Subordinate Offices located elsewhere than in Simla or Delhi ', copies of which are placed in the Library of the Central Legislature. Particulars as regards the extent to which each Province is represented or the communities are represented in each grade are not available and, as the collection of the information will involve undue labour and delay, Government regret that they are unable to undertake it.

(f) A comparison can only be made after detailed statements of the allowances granted to the staff in different departments of the Government of India, together with the reasons for which they were granted,

are prepared. The compilation of such statements would involve an expenditure of time and labour disproportionate to the result, and Government regret that they are unable to undertake it.

(g) The amount spent annually on transfers varies from year to year according to administrative needs. Transfers of gazetted officers are made only in the exigencies of public service and transfers among the non-gazetted staff are rare and are confined generally to the circle in which they serve.

Statement showing the names of sub-offices and the number of gazetted and non-gazetted posts in those offices of the India Meteorological Department.

Name of office. (1)	Gazetted posts. (2)	Non-gazetted posts. (3)
Poona Office	9 on Rs. 400—1,250.	1 on Rs. 350—600.
		2 on Rs. 150—400.
	5 on Rs. 250—800.	3 on Rs. 150—300.
		16 on Rs. 120—300.
		1 on Rs. 200—450.
		1 on Rs. 100—225.
		6 on Rs. 80—175.
		35 on Rs. 75—175.
		3 on Rs. 70—150.
		31 on Rs. 40—120.
Alipur Office	1 on Rs. 400—1,250.	1 on Rs. 200—450.
		2 on Rs. 200—300.
	2 on Rs. 250—800.	1 on Rs. 100—225.
		3 on Rs. 120—200.
		4 on Rs. 80—175.
		8 on Rs. 44—124.
		8 on Rs. 45—120.
		9 on Rs. 45—105.
		1 on Rs. 40—120.
		7 on Rs. 45— 90.
Kodaikanal Observatory	2 on Rs. 400—1,250.	3 on Rs. 100—350.
		3 on Rs. 50—110.
		1 on Rs. 45—85.
		1 on Rs. 35—75.
Bombay Office	1 on Rs. 400—1,250.	1 on Rs. 200—300.
		1 on Rs. 130—200.
		2 on Rs. 90—160.
		7 on Rs. 60—160.
		2 on Rs. 50—140.
Agra Office	2 on Rs. 400—1,250.	2 on Rs. 200—350.
		2 on Rs. 150—300.
	3 on Rs. 250—800.	1 on Rs. 150—200.
		1 on Rs. 100—200.
		25 on Rs. 80—175.
		10 on Rs. 70—160.
		1 on Rs. 75—150.
		48 on Rs. 40—120.
		13 on Rs. 40—110.
		21 on Rs. 40—80.
		4 on Rs. 40—60.
		3 on Rs. 50—80.
		2 on Rs. 70—110.

Name of office. (1)	Gazetted posts. (2)	Non-gazetted posts. (3)
Karachi Office	1 on Rs. 400—1,250. 4 on Rs. 250—800.	1 on Rs. 200—450. 1 on Rs. 125—275. 1 on Rs. 150—200. 1 on Rs. 100—225. 4 on Rs. 80—175 2 on Rs. 70—150. 11 on Rs. 40—120. 5 on Rs. 40—100. 2 on Rs. 40—55.

ERECTION OF A RECUPERATIVE POT FURNACE IN A FACTORY AT FIROZABAD.

623. ***Pandit Sri Krishna Dutta Paliwal** : Will the Honourable Member for Industries and Labour please state :

(a) whether it is a fact that Government have sanctioned the erection of a recuperative pot furnace at one of the factories at Firozabad ;

(b) whether Government are aware that some experts think that a regenerative furnace is better than a recuperative one ; if it is so, why a recuperative one is being erected ;

(c) whether Government are aware that the proposed furnace has been tried experimentally at the Hindu Univeristy, Benares ; if so, why one should be erected at Government cost and why not one who wants to have the same be supplied with all the drawings, etc., and given such other facilities that be necessary instead of spending a huge amount on it ; and

(d) whether it is a fact that a joint application was put in by 14 glass factory owners at Firozabad for the erection of the new furnace for them jointly ; if so, whether it is a fact that no reply has been given to the Association that forwarded the joint application ; and why ?

The Honourable Sir Thomas Stewart : (a) Yes. The furnace is being constructed under the supervision of the Industrial Research Bureau.

(b) I am aware that experts differ as to the most satisfactory type of furnace for glass works, but the attention of the Honourable Member is invited to paragraph 116 of the Report of the Tariff Board on the Glass Industry in which it is stated that it is generally recognised that a recuperative pot furnace is more economical and yields glass of much better quality and appearance. The type of furnace now being constructed was selected after a careful consideration of all factors.

(c) The design and construction of the type of recuperative pot furnace, which is being experimented with at Benares, are not the same as those of the experimental furnace designed by the Industrial Research Bureau. The cost of constructing the experimental furnace at Firozabad is being met in equal moities by the firm supplying the material and the manufacturer in whose works it is being erected.

(d) A joint application was received by the Industrial Research Bureau through the Director of Industries, United Provinces, and an acknowledgment of the receipt of the application was sent to that officer.

Pandit Sri Krishna Dutta Paliwal : With reference to the answer to part (a) of the question, may I know the amount which was sanctioned for the erection of the furnace ?

The Honourable Sir Thomas Stewart : I am unable to say the amount sanctioned : but, as I have just said, whatever the amount is, it is not being found by Government, but in equal shares by the suppliers of material for the furnace and by the manufacturers in whose works it is being manufactured.

Mr. Mohan Lal Saksena : With reference to part (d) of the answer, may I know what action was taken on this joint application ?

The Honourable Sir Thomas Stewart : No action was taken.

Mr. Mohan Lal Saksena : Did these firms also apply for the furnace being erected in their places ?

The Honourable Sir Thomas Stewart : If the Honourable Member will wait until I have answered the next question, he will get the information.

ERECTION OF A RECUPERATIVE POT FURNACE IN A FACTORY AT FIROZABAD.

624. ***Pandit Sri Krishna Dutta Paliwal** : Will the Honourable Member for Industires and Labour please state :

(a) if it is a fact that one of the signatories to the application referred to in the preceding question is having a furnace in his premises, while no information has been given to others, nor any applications been invited from any one else ;

(b) why this particular factory has been selected ;

(c) if it is a fact that during the erection, operation and other workings of the furnace it shall be open to the interested glass manufacturers only on certain dates that suit the convenience of the firm so that others shall not be allowed to be initiated into the erection, installation, working and operations of the furnace ; and

(d) who designed the furnace and what are his qualifications as a glass expert ?

The Honourable Sir Thomas Stewart : (a) An officer of the Industrial Research Bureau visited the principal glass manufacturers and explained in detail to them the proposed experimental furnace. All manufacturers were advised to submit applications for the construction of the furnace in their works through the Director of Industries in their respective Provinces and all applications received were carefully considered.

(b) The particular factory was selected as its proprietor was the only one prepared to accept unconditionally all the terms laid down.

(c) The agreement with the proprietor provides that other glass manufacturers who may be authorised by the Director of Industries in the United Provinces will be granted facilities to see the furnace during erection and in operation at dates and times to be mutually arranged between the proprietor and the Director of Industries.

(d) The furnace has been designed by the Assistant Director, Industrial Research Bureau. This officer is an Associate Member of the Institute of Mechanical Engineers with considerable experience in engineering matters. Before coming to India, ten years ago, he was for two years with the Woodall Duckham Vertical Retort Company, and has had experience while with them of different types of ovens, furnaces and producers. He was, before joining that firm, associated with the design and installation of sand screening, washing and handling plant at the Rockware Glass Company, Greenwich.

Qazi Muhammad Ahmad Kazmi : Was there any correspondence between the Director and the individual factory owners about the acceptance of the terms of the furnace ?

The Honourable Sir Thomas Stewart : I can give no information as to the correspondence between the Director of Industries of the United Provinces and the glass manufacturers of Firozabad.

Mr. Mohan Lal Saksena : Am I to understand that the other applicants had definitely refused to accept the terms of the Government ?

The Honourable Sir Thomas Stewart : That is the implication of my answer.

Qazi Muhammad Ahmad Kazmi : Did they refuse in writing or only orally ?

(No reply.)

TERMS OF NOTIFICATION OF LIEUT.-COLONEL SHAIKH'S APPOINTMENT.

625. ***Dr. Ziauddin Ahmad** : Will the Secretary for Education, Health and Lands state :

(a) When Lieut.-Colonel Shaikh was appointed Deputy Director General, Medical Service ?

(b) What are the terms of notification of his appointment ?

(c) Were the terms of notification observed ? If not, why not ?

(d) Did Colonel Shaikh apply himself for transfer, or did Government send him back to his Province ?

Sir Girja Shankar Bajpai : (a) 15th January, 1937.

(b) and (c). The notification merely announced the fact of appointment. There were no terms laid down in the notification.

(d) Lieut.-Colonel Shaikh reverted to his province on termination of his period of probation.

Mr. S. Satyamurti : Was any period fixed for the probation ?

Sir Girja Shankar Bajpai : The period of probation was fixed at six months.

Dr. Ziauddin Ahmad : Did the work of this officer prove to be unsatisfactory during this period ?

Sir Girja Shankar Bajpai : I do not think it is fair to the officer concerned to discuss the merits on the floor of the House.

Dr. Ziauddin Ahmad : May I know whether it was mentioned in the notification that the appointment will only be for a period for six months to begin with ?

Sir Girja Shankar Bajpai : I have already informed my Honourable friend that that was not mentioned in the notification, but it was mentioned in the letter of appointment to the officer concerned.

Mr. Mohan Lal Saksena : Is it not a fact that he has been sent away because another European had to be provided for ?

Sir Girja Shankar Bajpai : No, Sir.

Mr. Lalchand Navalrai : May I ask who is occupying this post now ?

Sir Girja Shankar Bajpai : Because a European officer occupies a place, it does not follow that other Indian officers were not asked to occupy this post. Actually, five such officers were asked and all of them declined to accept the post.

Dr. Ziauddin Ahmad : Is it not a fact that the Director General, Major Sprawson, especially sent for him on account of his high qualifications ?

Sir Girja Shankar Bajpai : If he had not been considered *primâ facie* suitable for probation, he would not have been sent for.

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

POST OF DEPUTY DIRECTOR GENERAL, INDIAN MEDICAL SERVICE.

626. ***Dr. Ziauddin Ahmad** : (a) Will the Secretary for Education, Health and Lands state whether it is a fact that the Deputy Director General (Medical) is recruited from the Indian Medical Service officers in civil employ ?

(b) Is it a fact that this successor has never been in civil employ ?

(c) Is it a fact that Colonel Shaikh's qualifications were higher than those of his successor ?

Sir Girja Shankar Bajpai : (a) No.

(b) Yes.

(c) No.

Prof. N. G. Ranga : Is the present incumbent also appointed on probation or permanently ?

Sir Girja Shankar Bajpai : He is also on probation.

Prof. N. G. Ranga : Is the period of probation for six months ?

Sir Girja Shankar Bajpai : Yes.

Mr. Mohan Lal Saksena : May I know the names of the other Indian officers who refused to accept this post ?

Sir Girja Shankar Bajpai : That question was asked of the gentleman who acted for me and I think he has already furnished the information to the House.

Mr. Mohan Lal Saksena : May I know the reasons why they refused to accept this post ?

Sir Girja Shankar Bajpai : Because it was not suited to them. That is all.

Mr. S. Satyamurti : With regard to the answer to part (c) of the question, is it a fact that Colonel Shaikh's qualifications are not higher than those of his successor ?

Sir Girja Shankar Bajpai : That is the point. His qualifications are not higher than those of his successor.

Mr. S. Satyamurti : Are his successor's qualifications higher than those of Colonel Shaikh ?

Sir Girja Shankar Bajpai : Yes, they are.

Dr. Ziauddin Ahmad : Is it not a fact that Colonel Shaikh belongs to the Edinburgh University and his successor belongs to the Dublin University ?

Sir Girja Shankar Bajpai : I am given to understand that the medical degree of the Irish University is as good as that of the Edinburgh University.

Qazi Muhammad Ahmad Kazmi : May I ask in what respect the qualifications of Colonel Shaikh's successor are higher than his ?

Sir Girja Shankar Bajpai : In one respect. The successor happens to have a post-graduate qualification which Colonel Shaikh has not.

Qazi Muhammad Ahmad Kazmi : Is it because of the higher qualifications that his successor has been appointed ?

Sir Girja Shankar Bajpai : I have already answered the question. The point is that he did not prove satisfactory during the period of probation.

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

EXPERIENCE OF JAIL WORK BY OFFICERS IN THE MEDICAL SECTION OF THE GOVERNMENT OF INDIA.

627. ***Dr. Ziauddin Ahmad** : Will the Secretary for Education, Health and Lands please state whether it is a fact that no officer in the Medical Section of the Government of India has had any experience of jail work ?

Sir Girja Shankar Bajpai : It is presumed that by the term "Medical Section of the Government of India" the Honourable Member refers to the Office of the Director-General, Indian Medical Service. If so, of the officers in it, the Director-General has had experience of jail work.

Dr. Ziauddin Ahmad : Was he ever directly in charge of jail work ?

Sir Girja Shankar Bajpai : Yes, Sir. He was in charge of jail work for a period of six months.

Dr. Ziauddin Ahmad : May I ask when and where he was in charge of jail work ?

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

ROTATION OF CLERKS IN THE CENTRAL TELEGRAPH OFFICE, CALCUTTA.

628. ***Pandit Nilakantha Das** : (a) Will the Honourable Member for Industries and Labour state if it is a fact that the rotation of clerks has been stopped in the Central Telegraph Office, Calcutta ? If so, why, by whom and from which date ?

(b) Is it a fact that the All-India Telegraph Union submitted a fresh scheme to the Postmaster General, Calcutta, for rotation of clerks in Central Telegraph Office, Calcutta ? If so, when ?

(c) Is it a fact that in the proposed scheme the Union desired temporary stoppage of rotation till its scheme is considered and given effect to ? If so, have Government acceded to its request ? If so, why has the rotation been stopped in the Calcutta office ?

(d) Is it a fact that some clerks submitted petitions to the Postmaster General, Calcutta, against the proposed scheme of rotation submitted by the Union for Calcutta office only, and also requested to continue the rotation already in vogue ? If so, why was their prayer not acceded to or even replied to yet ?

(e) Do Government propose to stop rotation altogether ? If so, why ? If not, when is the order for reviving rotation under the existing system likely to be issued for the Calcutta office ?

(f) Do Government propose to circulate and ascertain the opinion of the staff and officers in case any scheme is received in future from any organisation before accepting or rejecting the same ? If not, why not ?

The Honourable Sir Thomas Stewart : (a) The periodical exchange of duties was stopped through a misunderstanding by the Chief Superintendent in April last.

(b) Yes, in March, 1937.

(c) Yes, but the Postmaster-General, Bengal and Assam Circle, who is competent to deal with this matter, did not sanction the request. The rotation was stopped for the reason given in my reply to part (a) of this question.

(d) and (f). Representations in the sense described by the Honourable Member have been received. These are still under examination and in view of the conflict of opinions the Postmaster-General proposes to have in the near future a full discussion with representatives of the staff so as to reach an agreed solution.

(e) No ; orders have already been issued restoring the rotation on the existing system.

RECRUITMENT OF AERODROME AND ASSISTANT AERODROME OFFICERS.

629. *Dr. Ziauddin Ahmad : (a) Will the Honourable Member for Industries and Labour please state the total number of Aerodrome Officers and Assistant Aerodrome Officers recruited by the Government of India since its inception ? How many of them are Indians ?

(b) How many of these are Muslims ?

(c) What are the minimum qualifications fixed by Government ?

(d) Have Government satisfied themselves that Muslims possessing minimum qualifications are not available ?

The Honourable Sir Thomas Stewart : (a) Eight Aerodrome and 22 Assistant Aerodrome Officers. All are Indians.

(b) Two are Muslims.

(c) The policy of Government, at present, is to fill the posts of Aerodrome Officers, so far as possible, by promotion from the rank of Assistant Aerodrome Officers. The minimum educational qualifications fixed for Assistant Aerodrome Officers is a pass in Matriculation or an equivalent examination, preference being given to 'B' or 'A-1' licensed pilots with commercial flying or administrative experience in aviation, and possessing, in addition, specialist qualifications as for example, an Air Navigator's licence. It is proposed to raise the standard for future recruits.

(d) Two Muslims as stated in my reply to part (b) have been recruited. No other Muslim candidates with the requisite technical qualifications have applied. Every endeavour is made to secure adequate representation of Muslims and other minority communities.

Dr. Ziauddin Ahmad : With reference to part (d) of my question, am I to understand that no Muslim was available who passed the High School examination and possessed 'A' certificate in flying was not eligible for appointment ?

The Honourable Sir Thomas Stewart : I mentioned that in addition to mere educational qualifications, certain technical qualifications were regarded as desirable and I have already said that no other Muslim candidate with the requisite technical qualifications applied.

Dr. Ziauddin Ahmad : Were the additional technical qualifications prescribed afterwards or were they in the original notification ?

The Honourable Sir Thomas Stewart : I do not know to which notification the Honourable Member refers. If he would put down a question, I shall endeavour to get the answer.

Dr. Ziauddin Ahmad : Notification always means when the posts are advertised.

Mr. President (The Honourable Sir Abdur Rahim) : The Honourable Member had better put down a question.

SCHOLARSHIPS GIVEN IN BRANCHES OF AERONAUTICS.

630. *Dr. Ziauddin Ahmad : Will the Honourable Member for Industries and Labour please state :

(a) how many scholarships Government have given in all the branches of æronautics ?

(b) Were the applications invited for these scholarships ?

(c) Which Officer of the Government of India awarded these scholarships ?

(d) What was the object of giving those scholarships ?

(e) Were the applications of Muslim candidates considered by Government ?

The Honourable Sir Thomas Stewart : (a)—(c). Thirty-eight scholarships have been given of which 16 were for training for Government employment and the remainder were general scholarships. The selections to the 16 scholarships referred to were made on the recommendation of the Public Service Commission or of the High Commissioner, and all these were duly advertised. As regards the others, Flying Clubs and aircraft operating companies were asked to send up nominations from which selections were made by the Director of Civil Aviation.

(d) In sixteen cases the object was to train staff for the Civil Aviation Department. In twenty-two cases the object was to assist the scholars to fit themselves for commercial employment.

(e) Yes.

Dr. Ziauddin Ahmad : Was any scholarship given to any Muhammadan ?

The Honourable Sir Thomas Stewart : One was given.

Dr. Ziauddin Ahmad : Out of how many ?

The Honourable Sir Thomas Stewart : Out of 38.

Dr. Ziauddin Ahmad : $38 + 6 = 44$. Were these scholarships advertised also ?

The Honourable Sir Thomas Stewart : I have said that sixteen of them were filled after advertisement and the remainder were filled from nominations made by Flying Clubs and Commercial Flying concerns.

Dr. Ziauddin Ahmad : Is it not a fact that these scholarships are awarded by the Director of Civil Aviation at his sweet will and pleasure whenever he finds it desirable to award them ?

The Honourable Sir Thomas Stewart : The Director of Civil Aviation refers the matter to the Industries and Labour Department before he grants any scholarship.

Prof. N. G. Ranga : Will the policy of advertising for these scholarships be pursued and followed in cases of vacancies arising hereafter ?

The Honourable Sir Thomas Stewart : That, Sir, is a matter that we have at present under consideration.

Dr. Ziauddin Ahmad : Is it not a fact that the practice in other departments of the Government is that first they fix the number of vacancies and then announce the scholarships to be awarded and then announce the conditions and then they invite applications and then afterwards they set apart a certain number of scholarships for Muhammadans and other minorities. Was this practice followed in the case of this department ?

The Honourable Sir Thomas Stewart : No, Sir. It could not have been.

Dr. Ziauddin Ahmad : Why not, Sir ?

The Honourable Sir Thomas Stewart : Because these scholarships are awarded to persons who have technical qualifications and it is impossible to make a reservation for any particular community in these circumstances.

Dr. Ziauddin Ahmad : When the scholarships were not advertised, then how can the Honourable Member find out that no Muslim with the requisite technical qualifications was available ?

Mr. President (The Honourable Sir Abdur Rahim) : That is a matter for argument.

FIROZABAD GLASS AND BANGLE INDUSTRIES.

631. ***Pandit Sri Krishna Dutta Paliwal** : Will the Honourable Member for Industries and Labour kindly state :

(a) if Government are prepared to put the Ferozabad glass and bangles industries from the " Minor " to the " Major " list ;

(b) if so, when ; if not, why not ;

(c) if Government are aware that Ferozabad in District Agra, United Provinces, is the All-India centre for the manufacture and trade of glass bangles ;

(d) what steps, if any, Government have taken, and propose to take to give suitable aid and protection to this industry ?

The Honourable Sir Thomas Stewart : (a) and (b). I do not understand to what list the Honourable Member is referring.

(c) Yes.

(d) The Government of India came to the conclusion that the case for protection of this industry had not been established ; but there is at present a revenue duty of 50 per cent. *ad valorem* on glass bangles, glass beads and false pearls, which is the same as that recommended by the Tariff Board for protective purposes. The Central Government are also helping the industry by means of investigations and research into the question of reducing the cost of manufacture of glass bangles and the production of decorating materials.

Prof. N. G. Ranga : Does this industry also form part of the terms of reference to that officer who was appointed recently to inquire into the small industries ?

The Honourable Sir Thomas Stewart : I cannot say off-hand, nor can my Honourable colleague tell me at this stage.

DESIGN AND GET UP OF CURRENCY NOTES OF BURMA AND INDIA.

632. ***Mr. Badri Dutt Pande** : (a) Has the attention of the Honourable the Finance Member been drawn to the fact that :

(i) the design and get up of currency notes of Burma and India is the same ;

(ii) since the advent of the separation of Burma, simply the word, " Legal tender in Burma only " has been embossed in front and the back of the currency notes ;

(iii) the banks, treasuries, and big business homes are experiencing difficulties in detecting such notes in the heaps of other Indian notes, while it is simply beyond the knowledge of the uneducated mass and ordinary laymen to detect it ; and

(iv) to cash these notes in India commission is being charged ?

(b) Do Government still issue currency notes for the Government of Burma ?

(c) Is it the intention of the Government of India to alter the design of Burma notes, so that it may not be confused with Indian currency notes ?

(d) So long as the necessary change in the get up is not made, will orders be issued that it may be considered as legal tender in India also ?

The Honourable Sir James Grigg : (a) to (c). I invite the attention of the Honourable Member to the press communiqué on the subject issued by the Reserve Bank of India on 15th January, 1937. I lay a copy of this communiqué on the table of the House. I expect that the distinctive bank notes for Burma will shortly be issued by the Reserve Bank.

(d) No.

RESERVE BANK OF INDIA.

PRESS COMMUNIQUE.

Issue of Reserve Bank of India Notes in Burma.

Under section 22 (1) of the Reserve Bank of India Act (II of 1934) and subject to any Orders-in-Council which may be promulgated in this behalf by His Majesty, the Reserve Bank of India will continue to have the right of note issue in Burma after the political separation of that Province from British India, which will take place on the 1st April, 1937. The Bank is taking necessary steps to issue distinctive Bank notes for Burma as soon as possible, but as some time is necessarily bound to elapse before these notes are ready for issue, the Bank, in accordance with paragraph 6 (4) of Part II of the Burma Monetary Arrangements Order, is issuing as a temporary measure the existing patterns of currency notes but with the words " legal tender in Burma only " clearly overprinted thereon as from the 1st April, 1937, and the Bank wishes to make it clear that notes so overprinted will not be legal tender in British India and will not be accepted by it at its offices, branches or agencies in India, though they will be full legal tender in Burma.

Any currency notes of the existing patterns without the words "Legal tender in Burma only" overprinted on them issued in Burma after the 1st April, 1937, will, of course, continue to be, as at present, full legal tender in India and Burma.

A. EGGLESTON,
Secretary.

BOMBAY,
15th January, 1937.

PROPOSAL OF THE BRITISH FILM INDUSTRY TO ESTABLISH STUDIOS AND CINEMAS IN INDIA.

633. ***Seth Govind Das** : Will the Honourable Member for Industries and Labour be pleased to state :

(a) whether his attention has been drawn to an "A.P.I." message from Bombay, appearing in the *Statesman* of the 27th August, 1937, on the 10th page under the heading
"Threat to Indian Film Industry"
"British proposal"
"Preparing subsidy scheme";

(b) whether it is a fact that there has been a move on the part of the British film industry asking Government to subsidise the establishment of British film studios and cinemas in India with a view to competing with Germany and America and for the provision of cinema entertainment in villages ;

(c) whether Government are aware that the proposal of the British film industry to engage itself actively in the production and exhibition of films in India would not mean direct, ruthless and unfair competition with the indigenous industry ;

(d) what action, if any, Government propose taking in the matter ; and

(e) whether Government are prepared to represent this case to His Majesty's Government in the United Kingdom to refuse help in the scheme, if not, why not ?

The Honourable Sir Thomas Stewart : (a) Yes.

(b) I have heard nothing of it beyond the press statement.

(c) I am unable to express an opinion.

(d) and (e). Government do not consider that any action is required at present.

Mr. S. Satyamurti : Will the Government of India get into touch with the Secretary of State for India, and find out if any such proposal is being placed before His Majesty's Government ?

The Honourable Sir Thomas Stewart : No, Sir. The evidence that any such project is under contemplation is too meagre. It is merely a report in one paper of a report that appeared in another paper and that does not seem to us to justify taking any action at the present moment.

Seth Govind Das : Are the Government aware that that report was never denied so far by any responsible officer of His Majesty's Government and because the film industry is in its infancy in this country, is it not advisable for the Government of India to enter into negotiations with the Government of England and find out whether it is a fact or not ?

The Honourable Sir Thomas Stewart : No, Sir. The evidence of the existence of this scheme is so flimsy that it does not justify the necessity of taking any action.

Seth Govind Das : The news that appeared was never denied by His Majesty's Government and under those circumstances, is it not desirable for the Government of India to correspond with them on the matter ?

The Honourable Sir Thomas Stewart : The Honourable Member is assuming that there has been no denial. I do not understand the evidence on which he makes that statement.

Seth Govind Das : Will the Honourable Member lay on the table a copy containing the denial of His Majesty's Government on the subject ?

The Honourable Sir Thomas Stewart : I did not suggest for one moment that no denial took place. I am as ignorant as the Honourable Member on this question.

Seth Govind Das : I am positive that no denial has been made and therefore I am asking the Governmnet to enquire into the matter ?

The Honourable Sir Thomas Stewart : Sir, if His Majesty's Government have made no denial of the suggestion, it is probable that they are in agreement with the Government of India that it is a matter that is not worth while troubling about.

Seth Govind Das : The Honourable Member just mentioned about the probability and I am asking because the Government of England have made no denial. In the interest of the film industry of the country is it not advisable for the Government of India to correspond with His Majesty's Government in England.

The Honourable Sir Thomas Stewart : No, Sir.

Mr. S. Satyamurti : May I know the reason why the Government of India do not wish to write to the Secretary of State for India and find out if there is any such proposal ? Can't they afford one anna ?

The Honourable Sir Thomas Stewart : In the interests of economy.

Mr. K. Santhanam : May I know whether the British Government are protecting the film industry in England by a quota system ?

The Honourable Sir Thomas Stewart : I submit that does not arise.

Mr. K. Santhanam : Will the Government of India take steps to protect the film industry in India in the same way ?

Mr. President (The Honourable Sir Abdur Rahim) : That question does not arise. Next question.

L370BAD

RETIREMENT OF CERTAIN OFFICERS OF THE MILITARY ACCOUNTS DEPARTMENT.

634. *Mr. Sham Lal : (a) With reference to question No. 1101 (a) and (b), dated the 12th October, 1936, will the Honourable the Finance Member be pleased to state whether among the dozen or so Deputy Assistant Controllers, Military Accounts, prematurely retired in 1933, there were Military Engineering Service Accounts officers also who were employed for the whole of their service on Military Engineering Service or Public Works Department Audit and Accounts except for a short period after which they were retired for neglect in not detecting earlier the two frauds in the accounts of the Army Units (i) Chaklala Rations Stand and (ii) Rawalpindi Rest Camp detected in 1932 ?

(b) If so, will the Honourable Member please state their previous service and that in the Army Accounts that these officers put in before they showed the neglect of duty in the two instances quoted in part (a) ?

The Honourable Sir James Grigg : Questions Nos. 634 to 637 raise a number of detailed points in connection with the retirement of two officers whose neglect of duty had facilitated the perpetration at Rawalpindi in 1932 of two frauds. The cases of these officers were most carefully considered before action was taken to retire them from the service. In this connection I should like to draw the Honourable Member's attention to my reply to questions Nos. 781 to 791 by Mr. Jagan Nath Aggarwal on the 22nd August, 1934. As I stated on that occasion, a public discussion of the details of individual cases of this character is highly detrimental to service discipline and is, therefore, not in the public interest. I regret, therefore, that the Government of India are not prepared to furnish further details in the matter.

RETIREMENT OF CERTAIN OFFICERS OF THE MILITARY ACCOUNTS DEPARTMENT.

†635. *Mr. Sham Lal : Will the Honourable the Finance Member please state :

(i) whether these Military Engineering Service officers were retired at the instance of the Military Accountant General ;

(ii) whether it is a fact that such a recommendation was not made by the Controller, Military Accounts, who dealt with the frauds and also the Controller of Military Accounts under whom those officers were subsequently employed ;

(iii) whether the previous and subsequent service of these officers was fully efficient and approved ;

(iv) whether Government are aware that the Civil Service Regulation Article 465-A (Note 1) as interpreted on 1st November, 1933, by the Finance Department, was incorrectly applied to their cases ;

†For answer to this question, *see* answer to starred question No. 634.

(v) whether these officers were called upon to explain the neglect a long time after the occurrence, and after how long ;

(vi) whether these officers were not given the original documents (vouchers accounts, audit notes and other documents concerned) that they required in order to refresh their memory as to the circumstances of the irregularity, etc., after such a long time ;

(vii) whether it is a fact that the Departmental enquiry was not held in their presence ;

(viii) whether the subsequent appeals were disposed of by the convicting authority (Military Accountant General himself), denying the appellants personal interviews with him or with the higher authorities ;

(ix) whether, when called upon to explain the irregularity, these officers were not apprised of the serious action pending against them and they were relieved of their duties instantaneously all at once under orders from the said Military Accountant General ; and

(x) whether these officers were denied the full furlough due as allowed to the Military Accounts Department Deputy Assistant Controllers retired at the same time ?

RETIREMENT OF CERTAIN OFFICERS OF THE MILITARY ACCOUNTS DEPARTMENT.

†636. *Mr. Sham Lal : In connection with the two frauds referred to above will the Honourable the Finance Member please state whether it is a fact :

(a) that these frauds were perpetrated even before the Military Engineering Service Accounts officers took over charge ;

(b) that there were other Military Accounts Department officers also in charge at the time, who were not retired or otherwise punished ;

(c) that this was the first time these Military Engineering Service Accounts officers held charge of the audit of Military Accounts Department Units under the Military Accounts Department rules ;

(d) that the standing audit instructions existing at the time were incomplete in that complete instructions were issued after these frauds had been detected and dealt with ;

(e) that one of these Military Engineering Service Accounts officers had brought to notice previously in three instances without any action by the Controller of Military Accounts that I. A. Form S. 1520 was defective ;

(f) that the personal checks carried out by these officers were the checks usually carried out by other officers of the Military Accounts Department ;

†For answer to this question, *see* answer to starred question No. 634.

(g) that the Army Executive Officers directly responsible, who dealt with the transactions from day to day, were let off ;

(h) that the detection of the Chaklala Rations Stand fraud was first made by one of the above mentioned Military Engineering Service Accounts officers, *vide* Controller of Military Accounts, Northern Command, letter No. G./Con./152, dated the 9th March, 1933, and its reply ; and

(i) that in addition to premature retirement, 5 per cent. cut was made from the pension admissible to the officer mentioned in the preceding part and that he had rendered the requisite qualifying approved service for full pension ?

RETIREMENT OF CERTAIN OFFICERS OF THE MILITARY ACCOUNTS DEPARTMENT.

1637. ***Mr. Sham Lal** : Will the Honourable the Finance Member be pleased to state whether in view of his assurance, dated 25th February, 1936, that Government would be prepared to consider the grievances of a body or class of Government servants brought to their notice, he is considering or will consider the question of redressing grievances of the officers of the Military Engineering Service Class mentioned in the previous questions making good their losses ? If not, why not ?

(b) WRITTEN ANSWERS.

NON-RECOGNITION OF THE MEDICAL DEGREES OF THE ANDHRA UNIVERSITY.

638. ***Mr. Thirumala Rao** : (a) Will the Secretary for Education, Health and Lands be pleased to state whether he is aware that the Indian Medical Council has refused according recognition to the medical degrees of the Andhra University ?

(b) Is the Honourable Member's attention drawn to the remarks made by Mr. Tirumarti, an esteemed member of the Indian Medical Council and published in the *Hindu*, dated the 31st August, 1937, that " unfortunately too much stress was placed on brick and mortar in regard to the Andhra University Medical degrees, even it was admitted that teaching was efficient and satisfactory. "

" On the other hand other Medical Colleges in India where even the efficiency, especially in Midwifery, was questionable had been recognised" ?

(c) Are Government prepared to enquire and state the reason why recognition to the Andhra University is not accorded ?

(d) Are Government aware that the Minister of Health to the Madras Government gave a public assurance that the requirements with regard to buildings will soon be met by the Madras Government ?

(e) Do Government propose to see that recognition is given to the Andhra University by the Indian Medical Council ?

†For answer to this question, *see* answer to starred question No, 634.

Sir Girja Shankar Bajpai : (a) and (b). Yes.

(c) The Honourable Member's attention is invited to the reply given to Mr. Chettiar's starred question No. 546 on the 15th September, 1937.

(d) Yes.

(e) Government do not see sufficient reasons to differ from the conclusions of the Indian Medical Council in the matter.

FINANCIAL TRAINING GIVEN TO INDIAN CIVIL SERVICE OFFICERS.

639. ***Mr. C. N. Muthuranga Mudaliar** : (a) Will the Honourable the Finance Member be pleased to state if, since the answer was given to starred question No. 346, dated the 12th February, 1936, any Indian Civil Service officers have been given financial training ?

(b) If the answer to part (a) be in the affirmative, will Government please lay on the table of the House a list of names of the officers who have been given such training ? What posts do these officers hold now and in which province ?

The Honourable Sir James Grigg : (a) No.

(b) Does not arise.

RATES OF THE IMPERIAL BANK OF INDIA FOR ISSUING DRAFTS TO THE PUBLIC IN REMITTING MONEY.

640. ***Khan Sahib Nawab Siddique Ali Khan** : Will the Honourable the Finance Member please state the rate at which the Imperial Bank of India has contracted with the Government of India to issue drafts to the public in remitting money ?

The Honourable Sir James Grigg : There is no contract or agreement between the Government of India and the Imperial Bank of India on this subject.

PURCHASE AND SALE OF GOVERNMENT SECURITIES AT CALCUTTA.

641. ***Khan Sahib Nawab Siddique Ali Khan** : (a) Will the Honourable the Finance Member please state whether the Deputy Accountant General, Posts and Telegraphs, purchases and sells Government securities through any broker at Calcutta or through the Imperial Bank of India ?

(b) Does the Imperial Bank of India employ any broker for this purpose ? If so, what is the rate of brokerage paid to such brokers ?

(c) Are Government securities purchased and sold at current exchange market rates or at higher or lower rates ?

(d) Are the rates given in the account given to Savings Bank depositors, purchasers and sellers, the same as the market rate or different ? If different, why ?

(e) What is the procedure for checking that correct rates are being charged and paid to ensure that there is no underhand dealing ?

The Honourable Sir James Grigg : (a) No, this is done through the Reserve Bank of India.

(b) Does not arise.

(c) At current market rates as intimated by the Reserve Bank.

(d) The same as the current market rates.

(e) Government have no reason to doubt the accuracy of the rates quoted by the Reserve Bank.

MEETING OF THE CENTRAL ADVISORY BOARD OF HEALTH HELD AT SIMLA.

642. ***Mr. Ram Narayan Singh** : Will the Secretary for Education, Health and Lands be pleased to state if there was a meeting of the Central Advisory Board of Health at Simla only some time ago and, if so, will he be pleased to make a full statement as to the matters discussed and the decisions arrived at ?

Sir Girja Shankar Bajpai : Yes. The Board was constituted in February, 1937, and held its first meeting in June last. An account of its proceedings has been placed in the Library of the House.

INCOME-TAX APPEALS IN BIHAR.

643. ***Mr. Ram Narayan Singh** : Will the Honourable the Finance Member be pleased to state :

(i) the number of appeals preferred to the Assistant Commissioner of Income-tax from the decisions of the Income-tax Officers in the Province of Behar within the period from the 1st of April, 1936 to July, 1937, with their results ;

(ii) the number of appeals preferred to the Commissioner of Income-tax in Behar against the decisions of the Assistant Commissioner with their results within the period mentioned in part (i) above ; and

(iii) the number of appeals preferred to the High Court at Patna from the decisions of the Income-tax Commissioner with their results within the period referred to above ?

Mr. A. H. Lloyd : Information for the period from 1st April, 1937, to 31st July, 1937, is not available yet but a statement giving the figures for the year ending 31st March, 1937, is laid on the table.

Statement.

—	Number filed.	Number disposed of (including arrears of last year).	Number sucessful.
(i) Appeals preferred to the Assistant Commissioner of Income-tax from the decisions of the Income-tax Officers in the Province of Bihar	3,040	2,970	1,907
(ii) Appeals preferred to the Commissioner of Income-tax in Behar against the decisions of the Assistant Commissioner	3	2	1
	This does not include the number of orders reviewed by the Commissioner of Income-tax of his own motion which were— No. taken up .. .. 495 No. disposed of (including arrears of last year) .. 864 No. of orders modified .. 356		
(iii) References under Section 66 of the Indian Income-tax Act made to the High Court at Patna	5	..	2

INCONVENIENCE DUE TO THE TRANSFER OF THE INCOME-TAX OFFICE FROM HAZARIBAGH TO RANCHI.

644. ***Mr. Ram Narayan Singh** : Is the Honourable the Finance Member aware of the inconveniences caused to, and consequent discontent prevailing among, the income-tax payees of the Hazaribagh district in Behar owing to the transfer of the Income-tax Office from Hazaribagh to Ranchi and if so, is he prepared to reconsider the question of bringing back the Income-tax Office to Hazaribagh ?

Mr. A. H. Lloyd : I would refer the Honourable Member to the reply given to his starred question No. 935 on 9th October, 1936.

BILL BEFORE CEYLON STATE COUNCIL TO AMEND THE VILLAGE COMMUNITIES ORDINANCE.

†645. ***Mr. K. Santhanam** : Will the Secretary for Education, Health and Lands please state :

(a) if there is a Bill before the Ceylon State Council to amend the Village Communities Ordinance No. 9 of 1924 ; and

(b) if, in that Bill, Ceylon-born Indians are not entitled to franchise ?

†For answer to this question, *see* answer to starred question No. 616.

NOTICE TO CERTAIN INDIAN LEASE-HOLDERS OF CROWN LANDS IN KANDAPOLA, CEYLON.

646. *Mr. K. Santhanam : Will the Secretary for Education, Health and Lands please state :

(a) if the Minister of Agriculture, Ceylon has given notice to 33 Indian lease-holders of crown lands in Kandapola with the object of resuming them ;

(b) if it is a fact that these lessees have been in possession for more than 20 years ;

(c) if all or most of them are Ceylon-born ; and

(d) if the Government of India have made any representations on the matter ?

Sir Girja Shankar Bajpai : (a) and (b). The information in the possession of the Honourable Member is substantially correct.

(c) I understand that ten of the leaseholders affected are Ceylon-born.

(d) The matter is receiving attention.

ALLEGED DISCOURTESY SHOWN BY THE QUARANTINE OFFICERS AT MANDAPAM.

647. *Mr. K. Santhanam : Will the Secretary for Education, Health and Lands please state :

(a) if Government are aware that recently a respectable Government servant of the Central Provinces was treated discourteously by the Quarantine Officers at Mandapam ;

(b) if similar discourtesy was shown to a Bombay merchant ;

(c) if there have been any complaints about the behaviour of these quarantine officials ; and

(d) if the Government of India will take steps to ensure courteous behaviour on the part of these officials ?

Sir Girja Shankar Bajpai : (a) and (b). The Government of India have no information.

(c) and (d). The Honourable Member apparently refers to the behaviour of officials of the Ceylon Government who are in charge of the Camp at Mandapam. If any specific complaint is made to the Government of India, they will consider whether they can take any action.

GAZETTED OFFICERS IN DEPARTMENTS UNDER THE MEMBER FOR INDUSTRIES AND LABOUR.

648. *Babu Kailash Behari Lal : Will the Honourable Member for Industries and Labour be pleased to state the number of gazetted officers in different Departments under him and how many of them are (1) Bengalees, (2) Biharees, (3) Madrasis, (4) Punjabees, (5) Bombayites and (6) of other Provinces ?

The Honourable Sir Thomas Stewart : The Honourable Member is referred to the Histories of Services of Officers holding gazetted appointments in the Industries and Labour Department and Departments subordinate to it which are available in the Library of the House.

Particulars relating to the Civil Aviation Directorate and the All-India Radio are not contained in these Histories and I lay on the table a statement giving particulars in respect of these Departments.

Statement showing particulars of Gazetted Officers in the Civil Aviation Directorate and the All-India Radio.

Name of Department.	No. of gazetted officers.	Province of origin.					Other Provinces.
		Bengal.	Bihar.	Madras.	Punjab.	Bombay.	
Civil Aviation Directorate ..	44	7	..	2	11	1	8
All-India Radio ..	17	4	..	2	2	2	3

GAZETTED OFFICERS IN DEPARTMENTS UNDER THE SECRETARY FOR EDUCATION, HEALTH AND LANDS.

649. *Babu Kailash Behari Lal : Will the Secretary for Education, Health and Lands be pleased to state the number of gazetted officers under his Departments and how many of them are (1) Bengalees, (2) Biharees, (3) Punjabees, (4) Madrasis, (5) Bombayites and (6) of other Provinces ?

Sir Girja Shankar Bajpai : The Honourable Member is referred to the History of Services of Gazetted Officers in this Department, a copy of which is in the Library of the House.

GAZETTED OFFICERS IN DEPARTMENTS UNDER THE FINANCE MEMBER.

650. *Babu Kailash Behari Lal : Will the Honourable the Finance Member be pleased to state the number of gazetted officers in the Departments under him and how many of them are (1) Bengalees, (2) Biharees, (3) Punjabees, (4) Madrasis, (5) Bombayites and (6) of other Provinces ?

The Honourable Sir James Grigg : The attention of the Honourable Member is invited to the " History of Services of gazetted officers in the offices under the control of the Government of India, Finance Department ", a copy of which will be found in the Library of the House.

EMBEZZLEMENT IN THE LAHORE CENTRAL TELEGRAPH OFFICE.

651. *Mr. Muhammad Azhar Ali : (a) Will the Honourable Member for Industries and Labour be pleased to state whether an act of

embezzlement of Government cash had occurred in the Lahore Central Telegraph Office and the offence perpetrated by a Mr. A. Culpeper, who then held charge of that office as Superintendent ?

(b) Was the offence committed by himself, or in collusion or compulsion of the office cashier or accountant, if one is maintained for the purpose, or how, actually, was the said act consummated and how often ?

(c) How are such offences dealt with departmentally ? Are not the principles of common law applied in such cases ? If so, were any steps taken by the Directorate of the Posts and Telegraph Department responsible for discipline ?

(d) Was a proper departmental enquiry held and were the authorities able to establish guilt of the offending official ?

(e) Was there not a confession made by the delinquent official of actually having committed the embezzlement ? If so, how was he dealt with and by whom ?

(f) Do Government consider such an official either safe or suitable for further retention in public service ?

(g) Is not the commission of embezzlement sufficient cause for summary dismissal in the Posts and Telegraph Service ?

(h) Is Mr. Culpeper being still retained in Government employ ? If so, in what capacity and why ?

(i) Will Government institute measures for his immediate discharge ? If not, why not ?

The Honourable Sir Thomas Stewart : (a) No.

(b) Does not arise.

(c) and (d). Departmental enquiries are instituted in all such cases. In this case the results of these enquiries showed that no embezzlement had taken place and, consequently, no further action was called for.

(e) No.

(f) Does not arise.

(g) Yes.

(h) Yes, as Superintendent of a Telegraph Office.

(i) No, for the reasons already stated.

INCREASE IN THE IMPORT OF TWISTED SILK FROM JAPAN.

652. ***Mr. N. V. Gadgil** : (a) Will the Finance Member state whether Government are aware of the fact that during the last 12 months, there has been an abnormal increase in the import of twisted silk in India from Japan ?

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

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

The Honourable Sir James Grigg : The question should have been addressed to the Honourable the Commerce Member.

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

653. ***Mr. K. S. Gupta** : (a) Will the Honourable the Finance Member state whether there is any difference in the initial salary of a clerk or a peon in the Income-tax Department from Province to Province ? If so, why should it be so ?

(b) What are the hours of work of an Income-tax office ?

(c) Is the Honourable Member aware that certain Income-tax Officers work from 6 A.M. to 9 P.M. on all days, not excepting Sundays, in the Madras Presidency ?

(d) Is the Honourable Member aware that some Income-tax Officers, specially of the Madras Presidency, keep the assessees waiting for days and days together before their accounts are checked and their cases are heard ? Have the Government of India implemented one of the recommendations of the recent Income-tax Enquiry Committee in this regard ?

(e) Is efficiency or seniority the rule of promotions from Income-tax Officers to Assistant Commissioners of Income-tax in the Presidency of Madras ?

(f) Is there even one amongst the Assistant Commissioners of Income-tax of the Madras Presidency from the Northern Circars or Ceded Districts ?

(g) Are Excise men specially fitted to carry on the work of Income-tax ? If not, are Excise people preferred in the service of the Income-tax Department ? If so, why ?

(h) Is it a fact that certain Income-tax Officers in the Madras Presidency are working with very insufficient staff which causes great inconvenience to the assessees in not getting replies to their several communications in time and in not getting public copies of the documents filed from time to time by the assessees ?

Mr. A. H. Lloyd : (a) Yes. The initial pays of clerks and peons in the Income-tax Department are based on the rates of pay of similar employees of the Local Governments which vary in different Provinces.

(b) The hours of attendance in an Income-tax Office are 10 A.M. to 4 P.M. or from 11 A.M. to 5 P.M. or as Commissioners in Provinces may determine.

(c) No.

(d) The Government are aware that inconvenience has been caused to assessees in some cases and following one of the recommendations in the Income-tax Enquiry Report, the Central Board of Revenue has issued instructions to the Commissioners of Income-tax to the effect that hearings and appointments should be so arranged that assessees are kept waiting as little as possible.

(e) Both seniority and efficiency are considered when promoting an Income-tax Officer to be an Assistant Commissioner. Seniority alone does not secure an Officer promotion.

(f) The information is being obtained and will be laid on the table in due course.

(g) The reply to the first and second parts is in the negative and the third does not arise.

(h) The reply is in the negative.

DELAY IN THE REGISTRATION OF *Nai Dunia*, A HINDI WEEKLY, PUBLISHED FROM AGRA.

654. ***Pandit Sri Krishna Dutta Paliwal** : Will the Honourable Member for Industries and Labour kindly state :

(a) whether it is a fact that a Socialist Hindi Weekly, named *Nai Dunia*, meaning the New World, published from Agra applied for registration as a newspaper to the Postmaster General, United Provinces, in or before the first week of November, 1936 ;

(b) whether it is also a fact that the paper was not actually registered up till July, 1937 ;

(c) the reason for this unusual delay ;

(d) whether it is a fact that the Postmaster General wrote to the paper on 13th November, 1936, that certain enquiries were being made and further action will be taken when these are completed ;

(e) how long it took to complete these enquiries ; whether it was more than two months ;

(f) the agency employed in such enquiries ; and

(g) the conclusive evidence which a paper must furnish to establish that it has more than fifty *bona fide* subscribers ?

The Honourable Sir Thomas Stewart : (a) Yes.

(b) Yes.

(c) The lists of subscribers submitted by the Manager of the paper was, on check, found to be incorrect.

(d) Yes.

(e) A few days over two months for the reasons given at (c) above.

(f) Post office employees.

(g) Provision of a list containing the names of 50 *bona fide* subscribers.

CONTROL OF THE RADIO DEPARTMENT AND APPOINTMENT OF THE NEWS EDITOR.

655. ***Mr. Badri Dutt Pande** : Will the Honourable Member for Industries and Labour inform the House as to :

(a) who controls the Radio Departments ;

(b) who appoints the musicians and singers ; and

(c) whether the News Editorship of All-India Radio has been filled up ; and if so, who has been appointed ?

The Honourable Sir Thomas Stewart : (a) The Controller of Broadcasting under the general direction of the Department of Industries and Labour.

(b) Station Directors of All-India Radio.

(c) The attention of the Honourable Member is invited to the reply given by me on the 7th September, 1937, to part (a) of Mr. Sri Prakasa's starred question No. 342.

PRESS TELEGRAM RATES, ADMISSION OF NEWS PRINT INTO INDIA FREE OF DUTY AND RATES OF POSTAGE AND TELEGRAMS BETWEEN BURMA AND INDIA.

656. ***Mr. Badri Dutt Pande** : With reference to the reply to questions in the House of Commons in June, 1937, regarding (i) lowering of press telegraph rates, which were increased in 1933, (ii) admitting news print into India free of duty, and (iii) increase of postal and telegraphic rates imposed by the Burma Government, will the Honourable Member for Industries and Labour inform the House what action Government have taken on these matters ?

The Honourable Sir Thomas Stewart : The only question in the House of Commons, which it has been found possible to trace, refers only to the third item of the Honourable Member's question.

The following, however, is the information which he seeks :

(i) Government have taken no action to lower the inland press telegraph rates as they are of opinion they are extremely favourable to the users of the service.

(ii) The import duty on newsprint in reels has been reduced from 25 per cent. *ad valorem* to Rs. 1-8-0 per cwt. for unglazed and Rs. 1-12-0 per cwt. for other sorts.

(iii) As regards the postal rates with Burma the Honourable Member is referred to the reply given to starred question No. 330 of Mr. T. S. Avinashilingam Chettiar given on the 7th September, 1937.

As regards telegraph rates with Burma the Government of India will consider the case further when adequate comparative statistics are available.

POST OF THE INSPECTOR GENERAL OF CIVIL HOSPITALS AND PRISONS OF THE NORTH-WEST FRONTIER PROVINCE.

657. ***Mr. Sham Lal** : (a) Will the Secretary for Education, Health and Lands be pleased to state whether it is a fact that the post of Inspector General of Civil Hospitals and Prisons of the North-West Frontier Province has been reserved for European officers of the Indian Medical Service ?

(b) If so, since when and why ?

Sir Girja Shankar Bajpai: (a) Yes.

(b) Since 1933 and for administrative reasons.

POST OF THE DEPUTY DIRECTOR GENERAL, INDIAN MEDICAL SERVICE.

658. ***Mr. Sham Lal** : (a) Will the Secretary for Education, Health and Lands be pleased to state the number of senior Indian officers who have been superseded by European officers and have been selected for higher appointments in the Indian Medical Service during 1936 and 1937 ?

(b) Is the post of Deputy Director General, Indian Medical Service, a tenure post ? If so, was an Indian I. M. S. appointed to it but was replaced by an Englishman before the expiry of his tenure ?

(c) Is it the intention of Government to reserve this post for a European in future ?

Sir Girja Shankar Bajpai : (a) Two. Promotions to administrative appointments are not subject to consideration of seniority alone. Suitability for the particular appointment is the deciding factor.

(b) Yes.

(c) No.

SHORT NOTICE QUESTION AND ANSWER.

STATE OF HEALTH OF SEVEN ANDAMANS PRISONERS.

12 NOON.

Mr. S. Satyamurti : Will the Home Secretary be pleased to state :

(a) What is the present state of health of the seven prisoners in the Andamans who continued the hunger-strike in spite of Mahatma Gandhi's persuation ;

(b) whether the attention of Government has been drawn to the public appeal of Mahatma Gandhi to the authorities to release these prisoners, if they will not give up their fast ;

(c) to what Province these prisoners belong ;

(d) whether the Local Government concerned have addressed the Government of India for their repatriation or release ; and

(e) if the Government of India propose to repatriate or release them and if not why not ?

Mr. J. A. Thorne : (a) In the absence of particular information to the contrary, it may be assumed that there is no reason for concern over the health of any of the prisoners who were on hunger-strike.

(b) Yes.

(c) Four were convicted in Bengal, one in Madras, one in the Punjab, one in Bihar and one in Delhi.

(d) and (e). The Government of India have sanctioned, at the request of the Provincial Governments concerned, a retransfer of about 70 prisoners belonging to various provinces.

Mr. S. Satyamurti : With reference to the answers to (d) and (e), may I take it that the Bengal Government is one of the Governments which have asked for the repatriation of these prisoners, and certain of these prisoners who are being repatriated belong to Bengal ?

Mr. J. A. Thorne : About half of this number, *i.e.*, about 35, are Bengalis.

Mr. S. Satyamurti : May I know whether the Government of Bengal have asked for the repatriation of all these prisoners, who went on hunger-strike ?

Mr. J. A. Thorne : No, Sir.

Mr. S. Satyamurti : May I know how many of them they have asked the repartiation of ?

Mr. J. A. Thorne : The number which I have just given,—about 35.

Mr. S. Satyamurti : With regard to the other Local Governments may I know whether they have asked for the repartiation of all their prisoners ?

Mr. J. A. Thorne : Yes, Sir.

Mr. S. Satyamurti : May I know whether the Government of India have passed orders directing the repatriation of all these prisoners belonging to these provinces ?

Mr. J. A. Thorne : Yes, Sir.

Mr. S. Satyamurti : May I take it, therefore, that the Bengal Government have not asked for the repatriation of any prisoners except the 35 who have been repatriated ?

Mr. J. A. Thorne : That is so.

Mr. Mohan Lal Saksena : May I know if prisoners from Delhi and other centrally administered areas are going to be repatriated ?

Mr. J. A. Thorne : I think, Sir, there are only three from the Chief Commissioners' provinces, and of these three, two are being repatriated.

Sardar Mangal Singh : May I know whether the Punjab Government have asked for the repatriation of their prisoners ?

Mr. J. A. Thorne : Yes, Sir.

Mr. Lalchand Navalrai : May I know if these eight prisoners are also to be repatriated ?

Mr. J. A. Thorne : Some of them are, some of them are included in the number to which I have referred, but I am not sure that they all are.

Mr. Mohan Lal Saksena : Why is the third prisoner from the centrally administered areas not being repatriated ?

Mr. J. A. Thorne : My recollection is that he is a Bengali, and we are waiting to see what the decision of the Bengal Government is about him and other Bengalis.

Seth Govind Das : Has he been convicted by the authorities of the centrally administered areas or at Bengal ?

Mr. J. A. Thorne : He was convicted in Delhi.

Seth Govind Das : In that case is he a Bengali or a person of northern India ? Is it not the concern of the Government of India to repatriate him ?

Mr. J. A. Thorne : It is the concern of the Government of India ; but, as I say, we are waiting to hear whether the Bengal Government would agree to his repatriation.

Seth Govind Das : But what has the Government of Bengal got to do with it ?

Mr. J. A. Thorne : If the Bengal Government agree to his repatriation at an early date, it is obviously a more convenient arrangement if he is repatriated.....

[At this stage, Seth Govind Das rose to ask another question.]

Sir, may I complete the reply ?

Mr. President (The Honourable Sir Abdur Rahim) : When the Honourable Member has asked a supplementary question, he should allow time to the Government Member to complete his reply.

Seth Govind Das : I thought he had finished.

Mr. Mohan Lal Saksena : Am I to understand that this Bengali prisoner is no other than Mr. B. K. Dutt ?

Mr. J. A. Thorne : I do not remember his name, but I think it is not B. K. Dutt.

Mr. Mohan Lal Saksena : Is it a fact that B. K. Dutt was convicted in Delhi and he is in the Andamans ? Has he been ordered to be repatriated ?

Mr. J. A. Thorne : The answer to the whole question is, yes.

Mr. S. Satyamurti : May I know if any correspondence is still going on between the Government of Bengal and the Government of India with regard to the repatriation of the other prisoners still in the Andamans, who recently went on hunger-strike ?

Mr. J. A. Thorne : We are awaiting the decision of the Government of Bengal.

UNSTARRED QUESTIONS AND ANSWERS.

BROADCASTING EXPANSION SCHEME.

114. **Mr. M. S. Aney** : (a) Will the Honourable Member for Industries and Labour be pleased to state whether his attention has been drawn to a letter signed by Mr. R. N. Dhar under the caption " Broadcasting Expansion Scheme ", published in the issue of the *Amrita Bazar Patrika,* dated the 26th August, 1937 ?

(b) Are Government aware of the fact that the Provinces, such as, Sindh, the Central Provinces, Behar, Orissa and Assam, have been left without a broadcasting station in the Government scheme ?

(c) Do Government propose to revise their scheme of expansion with a view to ensure fairer distribution among the provinces and appoint a Committee to examine their proposals ?

The Honourable Sir Thomas Stewart : (a) Yes.

(b) Yes, but it is expected that the provinces referred to will receive a satisfactory service from the short wave stations to be established at Calcutta, Delhi, Bombay and Madras.

(c) No, Sir. The present programme of stations was designed to ensure as fair a distribution between the provinces as is possible with the resources available at present. The programme was settled in consultation with the Provincial Governments, the Standing Finance Committee and the Standing Advisory Committee attached to this Department.

RECRUITMENT OF TELEPHONE OPERATORS IN THE SHILLONG DIVISION.

115. **Mr. Kuladhar Chaliha** : Will the Honourable Member for Industries and Labour please state :

(a) whether applications for seven posts of telephone operators were invited by the Divisional Engineer, Telegraphs of Shillong Division on the 6th January, 1937 ;

(b) whether in pursuance of the above advertisement an examination was held on the 12th February, 1937 ;

(c) whether after the examination and after scrutinising their applications and age, telephone operators were taken into service on the 28th April, 1937 ;

(d) whether they were directed to supply medical certificate of health and age, etc.;

(e) whether after the medical examination the telephone operators were appointed as advertised ;

(f) whether after the appointment of the operators some of them including a graduate were discharged ; if so, why ;

(g) whether the discharge of the operators was due to the fact that some of them were above 21 years of age ;

(h) whether it was stated when the applications were invited and advertised for that only applicants under 21 years of age will be taken ; if not, why not ; and

(i) why the operators after a length of service have been discharged ?

The Honourable Sir Thomas Stewart : (a) and (b). Yes.

(c) No. The candidates selected were appointed on a temporary basis on the 30th May, 1937.

(d) Yes.

(e) Yes ; but the orders of appointment stated that no assurance could be given of permanent employment.

(f) All the operators are still employed but they have been informed that they are liable to be discharged when candidates secured under the open competitive examination, held on the 15th August last, become available. This is in accordance with the general orders which were issued.

(g) No ; all persons employed after the announcement of the new competitive examination on the 8th of May were recruited purely on a temporary basis and the candidates notified of their liability to discharge on that ground.

(h) No ; as the new conditions for the competitive examination had not been introduced at that time.

(i) Does not arise in view of the reply to parts (f) and (g) of this question.

BROADCASTING EXPANSION SCHEME.

116. **Mr. Kuladhar Chaliha** : Will the Honourable Member for Industries and Labour please state :

(a) whether his attention has been drawn to a letter by Mr. R. N. Dhar in the issue of the *Amrita Bazar Patrika* of the 26th August, 1937 ;

(b) whether he has noted that important business areas and provinces like Assam, Sindh, Bihar, Central Provinces and Orissa have been left out of the broadcasting expansion scheme proposed by Government ;

(c) whether Government are prepared to revise their expansion scheme and make Shillong (in Assam) and Gopalpur or Puri in Orissa centres of broadcasting instead of Dacca as suggested in the article ; and

(d) whether Government propose to set up television apparatus in Bombay and Calcutta, the two centres of sport and other activities ?

The Honourable Sir Thomas Stewart : (a), (b) and (c). The attention of the Honourable Member is invited to the reply given by me today to Mr. M. S. Aney's unstarred question No. 114.

(d) No.

EXISTENCE OF COMPULSORY OR FORCED LABOUR IN ASSAM.

117. **Mr. Kuladhar Chaliha** : Will the Honourable Member for Industries and Labour please state :

(a) whether India was a signatory to the International Labour Conference of June, 1930, of the League of Nations ;

(b) whether India was a signatory to the draft convention of the said Conference ;

(c) whether the draft convention was ratified by the Government of India and whether they undertook to suppress the use of forced or compulsory labour in all its forms within a limited period of five years ;

(d) whether Government are aware of the existence of compulsory or forced labour for transport and other purposes in the Province of Assam ;

(e) whether the Government of Assam still practise the use of forced labour in lieu of taxes in the reserved forest areas of the province under the Forest Department for building camps, transport and other purposes ;

(f) whether the Government of India have directed the Government of Assam to abolish this practice after issue of their letter, dated the 14th January, 1936, No. F. 187|2|30 Public ; and

(g) whether the impressment for the purpose of transport is still practised in the Hills and other districts of Assam with the implied permission of the Government of India ?

The Honourable Sir Thomas Stewart : This question should be addressed to the Honourable Member for the Home Department.

DEDUCTION OF SUBSCRIPTION OF CERTAIN SOCIETIES FROM THE WAGES OF EMPLOYEES ON THE GREAT INDIAN PENINSULA RAILWAY.

118. **Mr. N. M. Joshi**: Will the Honourable Member for Industries and Labour be pleased to state :

(a) whether on the Great Indian Peninsula Railway there are two societies by name " The Great Indian Peninsula Railway Mutual Benefit Fund " and " The Great Indian Peninsula Railway Death Benefit Fund " ;

(b) whether deductions of subscriptions to the said societies are made from the wages of the employees ;

(c) the object and nature of the work done by these two societies ;

(d) whether these societies are co-operative societies approved of by the Local Government and, if so, on what date and by what order such approval was given by the Local Government ;

(e) if the answer to part (d) be in the negative whether Government have issued an order authorising recoveries to be made from wages of the employees under clause (j) of subsection (2) of section 7 of the Payment of Wages Act, 1936, and if so whether such exemption has been considered to be legal by their legal experts ?

The Honourable Sir Thomas Stewart : (a) Yes.

(b) Yes.

(c) The Mutual Benefit Society provides legal assistance for the defence of members prosecuted for offences alleged to have been committed in the discharge of their railway duties or for actions believed to be within the scope of their duties as railway employees. The Society also gives legal assistance when a member is ordered by the Railway to clear his character when allegations concerning his duties are made to the administration against him. After ten years' membership the Society also provides certain cash benefits on termination of service or at death. The Death Benefit Fund assist the nominee of a member to defray funeral and other expenses on the member's death.

(d) and (e). Under section 24 of the Payment of Wagest Act the powers of the Provincial Government are vested, in respect of cases such as this, in the Central Government, who issued an order on 16th April, 1937, after being satisfied as to its legality.

STATEMENTS LAID ON THE TABLE.

Information promised in reply to starred question No. 48 asked by Mr. Badri Dutt Pande on the 24th August, 1937.

MARTIAL LAW PRISONERS OF THE GARHWALI REGIMENT.

The remaining two men were undergoing imprisonment as " C " class prisoners.

Information promised in reply to unstarred questions Nos. 3 and 5, asked by Mr. Mohan Lal Saksena on the 24th August, 1937.

PERSONS EXTERNED OR INTERNED IN THE CENTRALLY ADMINISTERED AREAS.

Question No. 3.—A statement giving the information required is laid on the table.

Statement.

Internment Orders in force.—None.

Externment Orders in force.—

Province.	Name of person.	Nature of order and reason therefor.	Date of order.	Date of expiry of order.
Delhi	(1) M. Nuruddin Bihari —a resident of Bihar.	*Externment.*—Delivery of seditious speeches.	8-5-37	7-11-37
	(2) M. Husain Ahmad Madni of Deoband, U. P.	*Externment.*—Delivery of a seditious speech which was stated to be the first of a series.	18-6-37	17-12-37
Ajmer-Merwara ..	(3) Ramji Lal, son of Jawahar Singh, a resident of Muradabad District, U. P.	*Externment.*—In view of his past terrorist record and the likelihood of his organising a terrorist party in Ajmer.	24-3-37	24-9-38
Coorg and Baluchhistan.	None.			

SECURITIES DEMANDED FROM PRESSES AND NEWSPAPERS IN THE CENTRALLY ADMINISTERED AREAS.

Question No. 5.—A statement containing the information required is laid on the table.

Statement showing the Names of Presses and Newspapers from which Securities were demanded from August, 1935, to July, 1937, in Centrally Administered Areas.

Serial No.	Name of the press or newspaper.	Amount of security demanded.
	DELHI.	
1	Kainat	500
2	Taj	1,000
3	The Jadid Gazette	1,000
4	Anjam	1,000
5	Qaumi Gazette	1,000
6	Town and Country	1,000
7	National Gazette	1,000
8	The "Muslim" newspaper	1,000
9	The Weekly Muslim	1,000
10	The Betab	1,000
11	The Shahryar	1,000
12	The Devarishi Narad	1,000
13	The Hindustan	1,000
14	The Delhi Advertiser and Market Report	1,000
15	The Din-o-Dunya (Weekly)	2,000
16	The Hunter	1,000
17	The Aina-i-Hind	1,000
18	The Phoenix Printing Press	1,000
19	The Din-o-Dunya Weekly	1,000
20	The Bhartiya Sahitya	1,000
21	The Paigham	500
22	The Shaiva	500
23	Saeed	500
24	Indian Printing Press	500
25	Young Baluchistan	1,000

Serial No.	Name of press or newspaper.	Amount of security demanded.
26	The Irfan	500
27	Muavin-e-Talim or Rahbar-i-Talim	300
28	The United Printing Works	1,000
29	The Weekly "Rup Bani"	500
30	The Divine Message	500
31	The Weekly Nakhuda	1,000
32	Sachitra Durbar	500
33	Sri Krishna Printing Press	500
34	Irfan	500
35	Din Dunya Press	500
	AJMER-MERWARA.	
36	Moin Press and Newspaper	250
37	Rajasthan newspaper	500
38	Hunter newspaper	500
39	Kshtra Dharam newspaper	500
	COORG.	
	Nil.	
	BALUCHISTAN.	
40	"Baluchistan" Sibi	1,000

Information promised in reply to starred question No. 92 asked by Mr. Sham Lal on the 25th August, 1937.

NON-ACCEPTANCE OF ACCOUNTS IN BHIWANI SARAFA BAZAR BY THE INCOME-TAX AUTHORITIES.

(a) There is no definite system of accounts amongst Delhi *sarafs*. Some of them maintain and produce correct accounts, including *Angutha Bahi* and *Niarias' Bahi*, while others do not do so. At Bhiwani most of the *sarafs* do not either maintain or produce the *Angutha Bahi* and the *Niarias' Bahi*.

(b) In a majority of the Bhiwani cases accounts were disbelieved even before 1933-34. In a few cases accounts were accepted up to the assessment year 1932-33, but subsequent closer scrutiny, when boom set in, disclosed serious defects even in these cases and therefore the accounts were no longer accepted.

(c) Non-production of the *Angutha Bahi* and the *Niarias' Bahi* in the absence of which sales, purchases and shortage due to dross cannot be checked, sales up to a certain date exceeding purchases and opening stock, keeping out of the goods account

some sales and crediting them in the personal accounts of assessees, abnormal shortages without any proof and working out abnormally low profit in spite of the boom in recent years, are some of the common defects for which the accounts are disbelieved.

(d) No.

Information promised in reply to starred question No. 152 asked by Mr. Badri Dutt Pande on the 27th August, 1937.

SECURITIES DEMANDED AND FORFEITED FROM NEWSPAPERS AND PRESSES.

(a) and (b). Information in respect of newspapers up to July, 1935, was given in the statements, Nos. III, IV and V, which were laid on the table on the 4th September, 1935, in reply to a short notice question of Seth Govind Das. A statement for that period in respect of presses together with a further statement for the period August, 1935, to 31st July, 1937, is laid on the table. No securities were forfeited during this period.

Statement showing the Names of Presses from which Securities were demanded since Press Ordinance, 1930, up to the end of July, 1935, in the Centrally Administered Areas.

Serial No.	Name of press.	Amount of security demanded.	Remarks.
	DELHI.		
1	Congress Press	1,000	Deposited not refunded.
		1,000	Not deposited.
2	Imperial Fine Art Press ..	500	Not deposited.
3	Rajindra Printing Press ..	1,500	Do.
4	Hindustan Times Press ..	2,500	Deposited. Not refunded.
5	Siddiq-ul-Mataba Press ..	500	Not deposited.
6	Ramesh Printing Press ..	500	Do.
7	National Journal Press ..	1,000	Deposited. Refunded on 13th March, 1933.
8	Murari Art Press	2,000	Not deposited.
9	Dastur Press	200	Do.
10	Mushtaq Press	500	Do.
11	M. A. Printing Works	500	Do.
12	Fine Printing Works	500	Do.
13	Chhaya Art Works	700	Do.
14	Shri Ambika Press	1,000	Do.
15	Guardian Press	1,000	Do.
	COORG.		
	Nil.		

Serial No.	Name of press.	Amount of security demanded.	Remarks.
	AJMER-MERWARA.		
16	Sandesh Printing Works, Ajmer	2,000	Not deposited.
17	Shri Janki Devi Printing Press	1,000	Press closed.
18	Sasta Sahitya Press, Ajmer ..	3,000	Do.
19	Hafizia Press, Ajmer	Personal bond of Rs. 200, with surety.	Bond furnished.
20	The Educational Press, Ajmer ..	Personal bond of Rs. 500.	Do.
	BALUCHISTAN AND ANDAMANS.		
	Nil.		

Statement showing the Names of Presses and Newspapers from which Securities were demanded from August, 1935, to July, 1937, in Centrally Administered Areas.

Serial No.	Name of the press or newspaper.	Amount of security demanded.
	DELHI.	Rs.
1	Kainat	500
2	Taj	1,000
3	The Jadid Gazette	1,000
4	Anjam	1,000
5	Qaumi Gazette	1,000
6	Town and Country	1,000
7	National Gazette	1,000
8	The "Muslim" newsapaper	1,000
9	The Weekly Muslim	1,000
10	The Betab	1,000
11	The Shahryar	1,000
12	The Devarishi Narad	1,000
13	The Hindustan	1,000
14	The Delhi Advertiser and Market Report	1,000

Serial No.	Name of press or newspaper.	Amount of security demanded.
	DELHI—*contd.*	Rs.
15	The Din-o-Dunya (Weekly)	2,000
16	The Hunter	1,000
17	The Aina-i-Hind	1,000
18	The Phoenix Printing Press	1,000
19	The Din-o-Dunya Weekly	1,000
20	The Bhartiya Sahitya	1,000
21	The Paigham	500
22	The Shaiva	500
23	Saeed	500
24	Indian Printing Press	500
25	Young Baluchistan	1,000
26	The Irfan	500
27	Muavin-e-Talim or Rahbar-i-Talim	300
28	The United Printing Works	1,000
29	The Weekly "Rup Bani"	500
30	The Divine Message	500
31	The Weekly Nakhuda	1,000
32	Sachitra Durbar	500
33	Sri Krishna Printing Press	500
34	Irfan	500
35	Din Dunya Press	500
	AJMER-MERWARA.	
36	Moin Press and Newspaper	250
37	Rajasthan newspaper	500
38	Hunter newspaper	500
39	Kshtra Dharam newspaper	500
	COORG.	
	Nil.	
	BALUCHISTAN.	
40	"Baluchistan", Sibi	1,000

Information promised in reply to starred questions Nos. 258 and 317 asked by Messrs. Mohan Lal Saksena and Sri Prakasa on the 1st and 6th September, 1937, respectively.

EXPLOSION OF A BOMB AT BABINA IN JHANSI DISTRICT.

On the evening of the 8th August, 1937, an explosion occurred in a field near the village of Saran, Babina, in the Jhansi District which caused the death of Jagat Singh, son of Mardan Singh (Thakur) and of Sobhatia, son of Lalanju (Chamar), both residents of the village mentioned. The field belonged to the first named. Sobhatia was killed instantaneously while Jagat Singh expired on the arrival of the village lambardar. Before Jagat Singh died, he was only able to state that Sobhatia was also involved and he gave no details as to how the accident had occurred.

2. The explosion was caused by the detonation of an artillery shell. Artillery practice had taken place over this area between the 2nd December, 1935, and the 24th January, 1936.

There are two matters to be borne in mind with regard to this accident. The first is whenever artillery practice with live shell takes place, it is inevitable that a certain number of shells will not explode. The second point is that although every effort is made to locate and destroy such shells as have not exploded, there can be no guarantee that one or two are not left buried in the ground and are lost. The reason is that when a shell comes to ground many thousands of yards from the place where it is fired, it may ricochet in any direction and to a considerable distance before burying itself in the ground.

3. In these circumstances, the army authorities pay most particular attention to the discovery and destruction of unexploded shells. The measures which are taken are as follows :

(a) in every village of the area affected, and also at other selected points, printed notices in the vernacular are posted to warn the villagers of the very serious dangers likely to arise from tampering with unexploded shells. The dangers are fully stated and they are warned not to touch the shells and in no circumstances to remove them from where they lie ;

(b) a reward is offered of Re. 1 for information of the whereabouts of any unexploded shell ;

(c) the co-operation of the civil authorities is sought as far as reporting the discovery of any unexploded shell is concerned ;

(d) the military authorities carry out the most intensive searches over any area which has been fired on. These parties are specially organised and are equipped with detonating material to explode such shells as are discovered.

It is most unfortunate that the villagers do not always give the measure of assistance they might. Many instances are known of villagers, despite all warning, on discovery of a shell, attempting to remove the brass and copper rings on them and even of attempting to unscrew the shell and take it to pieces. It is invariably this lack of co-operation which gives rise to accidents.

4. In the fatal accident which is under discussion, it is obvious, from the technical investigation of the circumstances, that the shell was not detonated when it was buried in the ground. That is to say, the accident was not due to a plough or some other agricultural instrument striking the shell when it was buried in the ground. The reason for this is that, *firstly* the accident did not take place where agricultural operations were in progress, that is to say, where crops are normally grown, and *secondly* that the hole in the ground caused by the explosion was only a few inches deep. Had the shell been exploded when it was buried in the ground, the result would have been a large crater many feet deep. The latter fact is conclusive evidence that the shell was lying above the ground and that while in that position some physical action was taken which caused the shell to explode.

5. The existing Government orders provide for the payment of compensation in certain circumstances. Compensation for the case under reference is now being considered.

6. During the period mentioned in paragraph 1 above, a total compensation of Rs. 14,334-4-3 was paid to the civil population. Of this, approximately Rs. 8,890 was paid as compensation for the evacuation of villages and the remainder covers the amount spent on damage to crops and to cattle.

Information promised in reply to parts (d) and (e) of starred question No. 450 asked by Mr. Sham Lal on the 10th September, 1937.

POSSESSION OF ACCOUNTANCY QUALIFICATIONS BY INCOME-TAX OFFICERS AND INSPECTORS.

(d) There are no Assistant Income-tax Officers in the Punjab, North-West Frontier and Delhi Provinces. The total number of Income-tax Inspectors in these provinces is 44.

(e) Out of the 44 Income-tax Inspectors only one possesses the degree of B.Com. and Government Diploma of Accountancy, but all of them have passed the Departmental examination held by the Commissioner of Income-tax, in law and vernacular accounts in the provincial script by the higher standard.

THE DURGAH KHAWAJA SAHEB (AMENDMENT) BILL.

Dr. Ziauddin Ahmad (United Provinces Southern Divisions : Muhammadan Rural) : Sir, I beg to move for leave to introduce a Bill to amend the Durgah Khawaja Saheb Act, 1936.

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

"That leave be granted to introduce a Bill to amend the Durgah Khawaja Saheb Act, 1936".

The motion was adopted.

Dr. Ziauddin Ahmad : Sir, I introduce the Bill.

THE DESTRUCTIVE INSECTS AND PESTS (AMENDMENT) BILL.

Sir Girja Shankar Bajpai (Secretary, Department of Education, Health and Lands) : Sir, I beg to move for leave to introduce a Bill to amend the Destructive Insects and Pests Act, 1914, for certain purposes.

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

"That leave be granted to introduce a Bill to amend the Destructive Insects and Pests Act, 1914, for certain purposes."

The motion was adopted.

Sir Girja Shankar Bajpai : Sir, I introduce the Bill.

THE INSURANCE BILL.

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

Mr. Bhulabhai J. Desai (Bombay Northern Division : Non-Muhammadan Rural) : Sir, with reference to the amendment* which was moved by Dr. Ziauddin Ahmad, I wish to submit to the House for its consideration the points of view which have hitherto been presented and the circumstances under which they have been so presented, because it is sometimes more refreshing to remember the history of the facts relating to these matters, for it is still more easy, though not so refreshing, to be able to make statements which appear highly coloured and somewhat undeservedly attractive. The position with regard to the managing agency of insurance companies, the history as I see it from the time this matter was undertaken and report was made, is this. Paragraph 221 of Mr. Sen's very exhaustive and commendable report suggests that having regard to all the considerations it will be best to leave the managing agencies of insurance companies to be governed by the provisions of the Indian Companies Act. I think it would not offend the House if I reminded them that the meaning and effect of it is that though Managing Agents could be appointed for a period of 20 years and not more, under a further proviso, at the end of that period should the shareholders of that company pass a resolution to that effect, they could have their life in perpetuity with this limitation only, that so far as the remuneration is concerned, it would be no more than ten per cent. of the profits. That is the position, Sir, on the date when Mr. Sen, after his enquiry, made his report. When the draft of the Bill was introduced into the House, the provision in clause 24 stood in this way :

"No insurer shall after the commencement of this Act appoint Managing Agents for the conduct of his business.

When any insurer engaged in the business of insurance before the commencement of this Act employs Managing Agents for the conduct of his business then notwithstanding anything to the contrary contained in the Indian Companies Act, 1913, and notwithstanding anything to the contrary contained in the articles of the company or in any agreement entered into by the insurer, such Managing Agents shall cease to hold office on the expiry of three years from the commencement of this Act, and no compensation shall be payable to them by reason only of the premature termination of their agency."

The true effect of that also should be perceived and understood. The true effect of that would be that if a managing agency contract had not expired on the date of the commencement of the Act, the Managing Agents would be given a life of three years in order to readjust or in

*"That for sub-clauses (1) and (2) of clause 27 of the Bill, the following be substituted :

'(1) No insurer shall, after the commencement of this Act, appoint managing agents for the conduct of his business.

(2) Where any insurer engaged in the business of insurance before the commencement of this Act employs managing agents for the conduct of his business then notwithstanding anything to the contrary contained in the Indian Companies Act, 1913, and notwithstanding anything to the contrary contained in the articles of the insurer, if a company, or in any agreement entered into by the insurer, such managing agents shall cease to hold office on the expiry of three years from the commencement of this Act and no compensation shall be payable to them by the insurer by reason only of the premature termination of their employment as managing agents'."

[Mr. Bhulabhai J. Desai.]

order to enable the Insurance Company to readjust their business without any restriction on the terms of their contract. Then, the matter went before the Select Committee who made this change which I think it is refreshing also to remember and examine. The Select Committee recommended that instead of three there should be a life of ten years for Managing Agents, and subject to this restriction that during the period of ten years no Managing Agent shall have a remuneration exceeding in the aggegate Rs. 24,000 a year. Up to the time my Honourable friend, the Leader of the Independent Party, addressed the House on the last occasion when the House was sitting, there was not a single amendment of any kind or sort, nor, so far as I can recollect, was there any minute of dissent by the Members representing that Party on the Select Committee suggesting that the period of ten years with that limitation was to be cut down because it was something which required to be called a parasite. Therefore, the position to date is this, that instead of three years which was proposed by Government, a baby has been landed or has been sought to be landed on the House, which is a ten year contract with a limitation of Rs. 24,000. I have taken the trouble to understand the position of those who frequently remind me about the interests of policy-holders. If we allow a life of ten years even with that limitation and take a unit of 100 companies employing Managing Agents, and if we take a life of three years, as was in the draft Bill, I find the relative position is this that under the ten years' scheme it would be 250 lakhs for a unit of 100 companies for a period of ten years as against Rs. 85 lakhs without the limitation, and that out of this Rs. 85 lakhs, small companies would swallow Rs. 67 lakhs, the remaining Rs. 18 lakhs going to what is called the big business. And, again, out of this Rs. 18 lakhs, if they were restricted to the Rs. 25,000 rule, the differences in their favour during three years would only be Rs. 11 lakhs. The House, therefore, Sir, will realise that in the proposal which I made, I was cutting down Rs. 250 lakhs to Rs. 85 lakhs, and yet an appeal again went forth that I was one of those who—notwithstanding the fact that I belong to the Congress, was doing something "nefarious in supporting vested interests". All I can say humbly to the House is this : I have a sense of justice, and every Congressman has a sense of justice, and when we state principles, we expound them with a view that we may act upon them and may suffer pains and penalties for the principles for which we stand. We do not differ as to methods and principles when we find we cannot or do not want to act upon them. The merit which we always claim is that we do what we profess. I, therefore, suggest that when I talk of three years without limitation, I maintain that though in view of the feeling in the House which I propose to examine presently I have decided that so far as we are concerned, we shall abide by the decision of the House in so far as the amendment moved by Dr. Ziauddin is concerned.

Sir Cowasji Jehangir (Bombay City : Non-Muhammadan Urban) : What else can you do ?

Mr. Bhulabhai J. Desai : I am going to point out what it means, and what it means is this ? May I please be allowed to speak. I will be able to answer that question. I am not one of those who are easily disturbed. I do not bring a written speech with me. The point really is this, and it is Dr. Ziauddin's motion merely seeks to substitute clauses

1 and 2 so that, so far as the substitution is concerned, it cuts down the life to three which was my own proposal. So that do not take credit that in supporting Dr. Ziauddin any very great improvement has been made on the submission I made to the House during the course of the general discussion. The only remaining question is as regards clause 3 to which there is no amendment yet moved and which is not before the House for the present. There was an appeal to the House not to increase the number of unemployed : there was an appeal to the House in the name of young business : that is how the limitation of Rs. 24,000 came to be there. It was pointed out that a large number of young companies whose business is small and who can never earn in due course of time anything like Rs. 24,000 a year, should have a longer lease of life. I was not one of those who drew a distinction between what are called young companies and old companies, a distinction which I think is practically impossible to draw because it would be an entirely empirical distinction. Supposing you draw a line of ten years, it may well happen that one company in ten years is flourishing and another may be doing nothing. You may take any profession, bar or any other, a mere drawing of a line by means of an age is hardly worth it, but none-the-less an appeal went forth in the name of young companies, an appeal went forth in the name of field workers, an appeal went forth in the name of unemployment and so on. Therefore, so far as I was concerned, I was not led by the fact that young companies or somebody else wanted to continue parasites, a term with which I do not agree. I may agree with the abolition of a system, but I am not one of those who believe that by the mere use of strong language you prove what you otherwise cannot prove. Strong language is good when it is appropriate but strong language becomes ridiculous when it is not. I have always maintained and will maintain that there is no distinction that can be reasonably drawn, except perhaps when it comes to a competitive stage, in later parts of the Bill which I do not wish to anticipate for the moment, but the position now is this : that the baby produced by the Professor was accepted and adopted and got landed first into the lap of one, and then transferred into the lap of another and grew in volume, it merely cried because it did not understand. That, I see, is what the baby did, because, after all, for all that the baby was doing, it need not have cried at all : I was willing that the life should be three years : only I would like to know from those who supported a life of ten years, what was the principle on which they were supporting that period. Anyway, so far as I am concerned, the history of the Bill is that first, managing agency to be left to the Companies Act, next managing agency for three years, next the Government proposal without any restriction, the crime which was attributed to me, but which is not attributable to me—of course it was a surprise to me undoubtedly—that the Government began to think—and I think it probable because the baby cried too much they said : "We had better adopt it and give it some more milk." Probably a foster mother came along, because the mother found the baby too uncomfortable : and if I understood the speech of Dr. Ziauddin Ahmad aright, he nearly dropped that wretched baby. (Laughter.) After all, there are foster parents who can be easily had, sometimes by option, sometimes by the necessity of circumstances and sometimes by adversity or diversity of difficulties :

Mr. M. A. Jinnah (Bombay City : Muhammadan Urban) : And they do very well !

Mr. Bhulabhai J. Desai : I do not need to adopt : fortunately I have one of my own (Laughter), so that, so far as I am concerned, I stand before this House utterly unabashed by any supposed criticism because I have supported the period of three years. I am very pleased to find—there is one observation I should like to make addressing my Honourable friend, Sir Leslie Hudson, and his Group—notwithstanding the Government of India Act to which I cannot make too frequent a reference in this House—particularly chapter 3, part 5—they seem to have somehow awakened to the new situation. I now see that they feel that in the larger interests of society, all contracts under which you claim rights or vested interests by which you preserve and nourish yourself and your babies, can in the interests of the State be terminated without the least compunction or without any compensation. I am exceedingly glad—I am more than glad that my friends of the European Group have set this example of pretended self-renunciation, but which I propose to test in due course of time notwithstanding the Government of India Act, wherever that Act does not give them that protection. I am also glad for another reason, that in so far as the distinction which I intended to draw and which I would have put before the House if this baby had not been so much fostered and fed with milk and other products—Glaxo foods and so on—it would be easy and right to draw a distinction between life companies and general companies : and for good reason. After all these are not principles of any sanctity so far as I understand. I plead that small things must not be called principles : we must distinguish between principles and policies, and principles also in relation to their proper application. In so far as proper application goes, a thing which may be good in relation to one business may not necessarily be good in relation to another business. If you must call it a principle in the Companies Act having regard to the fact that there are what are called producing companies, they are distinguished from the subject matter of this Bill, namely, insurance companies. I am one of those who fully appreciates the difference and yet appreciating the difference I may not necessarily draw the same inference as my other friends may do. I quite agree that in the case of producing companies there is a necessity of a financial backing, from day to day, which perhaps is not necessary in the case of insurance companies. To that extent we are on common ground ; and to that extent I have no objection that the class of insurance companies may be held as distinguished from the class of producing companies ; but even as between insurance companies there is a distinction which the facts warrant and require our attention. I say this in a spirit, not of any helplessness because, even if this is carried and the distinction that I am pointing out is not of any value so far as this House is concerned, I think at least I would have performed my duty, and I propose to do that notwithstanding the fact that the vote may be against me. In fact I have always, sitting in this House during the last three years, performed my duty whether the vote was likely to be in my favour or against it. For I feel it right to say what I think candidly and fully ; and if I can persuade the House well and good : if I cannot for any reasons, then I submit to the larger wisdom so far as the actual legislative acts are concerned. The position, therefore, is this : in so far as general business in this country is concerned, it would appear from Mr. Sen's report and also from general knowledge that the volume of general business is relatively small : we have not made the same headway in the case of general business as compared

with life business ; and I still maintain and feel and I put it very respectfully to the House, that from the point of view of progress of Indian insurance business in the directions in which we have not yet made sufficient progress, the initiative of men who, after a period of time, when they have served for some years, may be cast off as bad clothes, dirty clothes or even as parasites if you like, let us remember that the initiative of men, the enterprise of men in this country, more than in any other advanced countries, is a matter of some value. It may be that if you feel you are paying too much for it, by all means do not have it : Weigh by all means the value and the services, and at the end of that come to any conclusion you like : I have no quarrel with it, but do not merely run away with the idea that somebody is taking some money. There is service in the other side of the scale, and if you still come to the conclusion that so far as general companies are concerned you do not need any Managing Agents and you do not need any initiative or enterprise, by all means strike it off : for, after all, one can only put forward not merely an unbiassed point of view but one can always plead having regard to the facts what is the conclusion the House should come to. My friends know—at least I hope they know—that I do not and have never believed in *argumentum ad hominem* at all. I believe there is value in sarcasm, there is value in personal references, there is value in quotations of what one has said before : I have made it a rule to say as little as possible so that it is difficult to cull out passages to the contrary in my speech. That is a great advantage. I appeal to the House, if it is not too late, to distinguish between life companies and general companies and give to general companies a life of some ten years if you do not want any more so far as the managing agency system is concerned. But if you do not wish to do so, I stand by your judgment, not as I said before in a spirit of helplessness, because I believe and have always believed that if I claim credit of *bona fides* for myself, I must be prepared to extend it to all my friends in this House : and if they come to an opposite conclusion on their own unbiassed judgment, it is not a helpless surrender, but a recognition of a true application of the principle of democracy only with the unominated block, democracy is denied in this House as long as it continues to be constituted in such a manner. But that does not rule out the appeal that I can always make, on reasonable and proper grounds, to my friends—not merely those who give me the honour of their loyal support, but to all my friends in this House, whether this accidental handling of babies sometimes does not make one's clothes a little bit too dirty. It may be a process about which you may have to take a little more care in future.

There is a third point that I wish to place before the House and it is this : In so far as the limitation of commissions is concerned, there again the issue is only this. The facts were given by the Honourable the Law Member some time ago which I have verified from the two books which he had and which are otherwise available to others ; they don't appear to be confidential communications which cannot be revealed in public interest,—a phrase which has been availed of to cover many sins of omission as well as of commission in this House. By that book I find that some 94 per cent.,—well, perhaps to err on the safer side,—some 90 per cent. of the companies are, what may be described, small companies, not by years, but by the amount of work they are able to influence, and, therefore, the actual result, or what the Americans would prefer to call,

[Mr. Bhulabhai J. Desai.]

the factual result of this analysis is this, that when you say a limitation of 24,000 would apply,—let us remember that it rules out and protects 90 per cent. of the companies who had Managing Agents, and, therefore, I was not pleading for anything so nefarious when I said if you protect 90 per cent. of the companies by all means shorten the period from ten to three years,—but if you protect the ninety, I could not see any sense of justice, I still don't see any sense of justice in not covering the remaining ten, merely because those ten got more than Rs. 24,000 a year.....

Mr. M. A. Jinnah : That is the justice.

Mr. Bhulabhai J. Desai : That is your sense of justice. I have expressed mine ; that is what I can do in this House,—I cannot do more. After all, supposing two judges sit in judgment they may easily differ. That is why I said if I claim credit for *bona fides* of my own judgment I am willing to extend it to my friends,—but, at the same time, that does not prevent me from putting forward my views. I wish to repeat the facts. Ultimate justice is, of course, in your hands ; but the fact remains that about 90 per cent. of the companies,—to err in favour of the smaller companies,—are those who draw less than Rs. 24,000. It is only the remaining ten per cent. that do not draw more than Rs. 24,000 and doing the same business. It has been forgotten as an element in this thought that if they draw more, their business is infinitely more. But I am only trying to point that out, so that your sense of justice may be whetted clear of considerations which ought not to weigh so far as a House like this is concerned, because, after all, the very wide powers that you possess of legislating for the good of the country must be exercised with a degree of caution and restraint which, I think, is due to the very position of responsibility which we hold,—what I am trying to point out is this, though I may appear to have erred in my judgment according to some of the Members of this Honourable House, but still I feel that as a matter of arithmetic 250 lakhs is a larger sum of money than 85 lakhs, and even out of the 85 lakhs which results on my scheme of three years' contract terms, 67 lakhs goes to the babies and 18 to the grown-ups, and of the 18, they would, even under the limit of Rs. 24,000, still have got seven lakhs, so that, what your sense of justice says is this, that 250 lakhs is less than 85 lakhs, and out of the 85 lakhs, 67 is taken, and when 67 is taken, all that remains is 18. I quite agree that in three years' time the larger companies would, on that calculation, get 11 lakhs more than they would otherwise have got. Those are the facts before the House. But the fact also must be remembered that the babies are having 67 lakhs as against the 11 lakhs that you think of pretending to save. The facts, therefore, according to me, are these, and I will merely put them before the House. As I said, if the House desires that the three years with limitations should stand, let the House keep it. If the House desires that the general insurance business in this country does not need any more support or initiative but that we should,—in so far as foreign competition is concerned remain under their burden, let it so decide, I am one of those who believe, and this House has accepted it on the principle of discriminating protection I commend to my friends' respectful consideration whether you are willing that, so far as the general insurance business is concerned, that it should remain in the present condition without the support that is necessary and valuable, and that notwithstanding our concern for our country and notwithstanding our concern for the growth of Indian insurance business, we should still allow our stronger opponents to subdue us. That is a matter entirely for you. I can only commend my views for your consideration.

There is only just one word which I wish to say before I close. I have taken this opportunity of pointing out facts which I hope will open the eyes of those who indulge in unjustifiable criticism. We may differ ; but I hope, Sir, that so far as I am concerned, I have stated the facts as best I could from all the records that are available, and I leave the matter to the judgment of the House.

Mr. H. A. Sathar H. Essak Sait (West Coast and Nilgiris : Muhammadan) : Sir, on a point of personal explanation, if you will allow me.....

Mr. President (The Honourable Sir Abdur Rahim) : Has the Honourable Member spoken on this question at all ?

Mr. H. A. Sathar H. Essak Sait : The Honourable the Leader of the Opposition referred to a minute of dissent that we have put in. I did not wish to interrupt him then.

Mr. President (The Honourable Sir Abdur Rahim) : You cannot discuss it.

Mr. M. A. Jinnah : No, Sir. The statement made by the Leader of the Opposition was this, that the Members of the Independent Party who were on the Select Committee did not say anything with regard to clause 27 in their minute of dissent, and that statement is incorrect. He stated that Members of the Independent Party on the Select Committee accepted the ten year clause, and my friend further said that they had not said anything about it. That statement is quite incorrect, because in their minute they have reserved their right to amend that.

Mr. President (The Honourable Sir Abdur Rahim) : That is not a matter of personal explanation.

Mr. M. A. Jinnah : That was a wrong statement made by the Honourable the Leader of the Opposition.

Sir Leslie Hudson (Bombay : European) : Sir, we have listened this morning to a very lucid statement by my Honourable friend, the Leader of the Opposition, and I trust the House will give me the opportunity of making a statement on behalf of our Group in a way as historical as my friend, Mr. Desai, has done, to explain our position. I take it that the net result of my friend's speech is that he and his party now agree to three years agreement *plus* a restriction on remuneration. Well, Sir, in my speech on the first reading of this Bill which was in last February in Delhi, I stated that the European Group would oppose the specially severe and prohibitory treatment which the original proposal for termination of all agreements within three years meted out to Managing Agents. The Select Committee extended that period to ten years and imposed a statutory restriction on Managing Agents in respect of remuneration during that period. We were, and are, strongly opposed to any statutory restriction on remuneration as being a dangerous principle leading to undue interference with commercial enterprise. But under all the circumstances which were revealed to us, during the course of the discussions in this

[Sir Leslie Hudson.]

House, we have agreed to Managing Agents' agreements as far as insurance companies are concerned only, and more especially as regards life companies, being terminated after three years. But I want, however, to make two points clear to the House. The first is that this is not to be regarded as being an admission that we have changed our view in regard to the general question of Managing Agents.

Some Honourable Members : Oh !

An Honourable Member : The cat is out of the bag. (Laughter.)

Sir Leslie Hudson : But even we may be allowed to retain our opinion, may we not ? We made that clear in the debates on the Companies Bill last year and we adhere to that decision. What we do say is that the special nature of insurance business is such that, as in the case of banking companies, they should, in future, be prohibited from having Managing Agents. We must accept the fact that they do stand upon a different footing to the Managing Agents of the concerns that my Honourable friend referred to just now, producing companies. Managing Agents—and they have rendered good services in the past—do not seem so necessary under modern conditions to the growth of healthy and stable insurance companies. Hence we agree to their abolition *so far as this Bill is concerned only*, after three years. Our second point is that having regard to that redical treatment of the existing companies we do not go any further. We do not agree with the statutory and arbitrary restriction upon remuneration. It is enough to terminate their agreements after three years ; but to alter their emoluments for that period is to my mind not only unsound but goes far beyond the necessities of the case.

Some Honourable Members : Let the question be now put.

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

" That the question be now put."

The motion was adopted.

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

" That for sub-clauses (*1*) and (*2*) of clause 27 of the Bill, the following be substituted :

' (*1*) No insurer shall, after the commencement of this Act, appoint managing agents for the conduct of his business.

(*2*) Where any insurer engaged in the business of insurance before the commencement of this Act employs managing agents for the conduct of his business then notwithstanding anything to the contrary contained in the Indian Companies Act, 1913, and notwithstanding anything to the contrary contained in the articles of the insurer, if a company, or in any agreement entered into by the insurer, such managing agents shall cease to hold office on the expiry of three years from the commencement of this Act and no compensation shall be payable to them by the insurer by reason only of the premature termination of their employment as managing agents '."

The motion was adopted.

Mr. Sri Prakasa (Allahabad and Jhansi Divisions : Non-Muhammadan Rural) : Sir, I beg to move :

" That after sub-clause (*2*) of clause 27 of the Bill, the following sub-clause be inserted :

' (*2A*) A managing agent whose office is terminated by virtue of provisions of sub-section (*2*) shall be entitled to all privileges of sub-sections (*3*) and (*4*) of section 87A of the Indian Companies Act, 1913 '."

Sir, I move :

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

" That after sub-clause (*2*) of clause 27 of the Bill, the following sub-clause be inserted :

' (*2A*) A managing agent whose office is terminated by virtue of provisions of sub-section (*2*) shall be entitled to all privileges of sub-sections (*3*) and (*4*) of section 87A of the Indian Companies Act, 1913 '."

(No one standing to speak.)

I should like to know the Government attitude towards this amendment.

The Honourable Sir Nripendra Sircar (Law Member) : If you want to know what is our attitude in this matter, it is one of opposition.

Mr. M. A. Jinnah : We have not yet heard what this amendment means.

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

" That after sub-clause (*2*) of clause 27 of the Bill, the following sub-clause be inserted :

' (*2A*) A managing agent whose office is terminated by virtue of provisions of sub-section (*2*) shall be entitled to all privileges of sub-sections (*3*) and (*4*) of section 87A of the Indian Companies Act, 1913 '."

The motion was negatived.

Seth Govind Das (Central Provinces Hindi Divisions : Non-Muhammadan) : Before I move my amendment, I should like to point out that there are two misprints, namely that Rs. 25,000 should be Rs. 24,000 and the word ' or ' is superfluous and should be deleted.

I move :

" That in sub-clause (*3*) of clause 27 of the Bill, for all the words occurring after the words ' managing agent more than ' the following be substituted :

' a sum calculated at 2½ per cent. on the total premium income for the year or Rs. 24,000 a year, whichever is less '."

Sir, I have very little to say on this amendment because what my amendment aims at is very clear from the amendment itself. I want that the Managing Agents should not get unrestricted remuneration and what I want is that they should get either 2½ per cent on the total income of the premium or Rs. 24,000 a year—whichever is less. Managing Agents, while they are being praised by people like Sir Homi Mody and others on the one side, have been condemned by others being called tigers, snakes, parasites and what not. Now, Sir, my view about the managing agency system was expressed when the Company law was being enacted. Whatever my view may be or that of other Members, the fact

[Seth Govind Das.]

remains, that the Managing Agents in the insurance business will continue for three years according to the amendment we have just accepted. The question is whether they should get whatever remuneration they like and as they are getting now or their remuneration should be restricted according to the amendment which I have just moved. On the one hand, it may be said : ' Why are you giving them more than Rs. 500 a month '. On the other hand, it will be said that this Rs. 2,000 or 2½ per cent. commission on the total premium income amounting to lakhs, whichever is less, will be too little for them. As far as we Congressmen are concerned, we believe, that in this poor country, nobody should get more than Rs. 500 a month towards remuneration for any services rendered to an institute. Only the other day my Honourable friend, Mr. George Joseph, moved an amendment fixing the salary of the Superintendent of Insurance at Rs. 500. My Honourable friend, Sir Cowasji Jehangir, accused the Congressmen of not being practical. He went so far as to say that we proclaimed a salary of Rs. 500 from the house tops only to catch votes. This is not a fact. We, Congressmen, always say what we believe and we want to act according to our convictions. It was in Karachi that we said, for the first time, that no Government servant should get more than Rs. 500 and on the first occasion, when congressmen accepted ministries, we gave practical effect to it immediately. We took Rs. 500 a month in spite of our subordinates getting much more. In this poor country, more than 90 per cent. of our people are not getting even two meals a day, our womenfolk don't even have sufficient clothes to hide their bodies, children are dying for want of nourishment and we think that we are justified under the circumstances when we say that Rs. 500 is more than sufficient for a Government servant. If today, we allow the Managing Agents Rs. 2,000 a month or 2½ per cent. commission, it is because we think that Rs. 500 will not be acceptable to all parties of this House. It may be said that Rs. 2,000 a month would be a very small amount. And if we fix 2½ per cent. on the premium it might be still less on account of some of the companies' low premium income. What I want is that on one hand no Managing Agent should get more than Rs. 2,000 a month and on the other hand the Managing Agents who cannot secure enough business by which they can get Rs. 2,000 should get less than even Rs. 2,000. No Managing Agent should get Rs. 2,000 a month if he does not do enough business wherefrom he can get Rs. 2,000. Such Managing Agents, who are not successful in securing so much business on which they can get Rs. 2,000 a month at the rate of 2½ per cent. on premium income, should certainly get less.

Sir, I move.

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

" That in sub-clause (*3*) of clause 27 of the Bill, for all the words occurring after the words ' managing agent more than ' the following be substituted :

' a sum calculated at 2½ per cent. on the total premium income for the year or Rs. 24,000 a year, whichever is less '."

Dr. P. N. Banerjea (Calcutta Suburbs : Non-Muhammadan Urban) : I suggest, Mr. President, that my amendment No. 460 relates to the same subject. It differs from the amendment just moved only in one respect. I speak of net premium income, whereas my friend speaks of gross premium income. I should, therefore, like to move my amendment also.

The Honourable Sir Nripendra Sircar : One at a time.

Mr. President (The Honourable Sir Abdur Rahim) : I think the Honourable Member can move his amendment No. 460.

Dr. P. N. Banerjea : Sir, I beg to move :

" That in sub-clause (*3*) of clause 27 of the Bill, for all the words beginning with the words ' one thousand rupees per month by way of salary ' the words ' 2½ per cent. of the net premium income but not exceeding Rs. 24,000 per annum ' be substituted."

The Honourable the Law Member pointed out to this House, the other day, that very large incomes were received by the Managing Agents and it is, I believe, the general sense of the House that a limit should be put on the incomes derived by Managing Agents. But a mere maximum will not do. It will be necessary to fix a basis for the determination of the remuneration of the Managing Agents, otherwise the maximum will tend to become the minimum. It will be only in the case of large companies, doing large business, that the sum of Rs. 24,000 a year should be allowed. In the case of the smaller companies which do much smaller business, a smaller sum would be desirable. Therefore, it is necessary to fix a basis, and the basis of 2½ per cent. of the net premium income would be a fair and equitable basis. In view of that fact, I make this suggestion.

1 P.M.

As regards the question of yearly payments versus monthly payments, it is desirable to have an yearly basis instead of a monthly basis, because it is not possible to calculate exactly what the premium income will be in a particular month. Therefore, I suggest that this be adopted.

I may add that the adoption of this basis will prove of benefit to the shareholders as well as the policy-holders. The policy-holders in a small insurance business will not be compelled to pay large sums to the Managing Agents. Therefore, it is necessary to adopt a proper basis, and 2½ per cent. would appear to be a very fair and equitable basis. Sir, I move.

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

" That in sub-clause (*3*) of clause 27 of the Bill, for all the words beginning with the words ' one thousand rupees per month by way of salary ' the words ' 2½ per cent. of the net premium income but not exceeding Rs. 24,000 per annum ' be substituted."

Other amendments on the same subject are Nos. 457, 458 and 459.

Some Honourable Members : They are not being moved.

Mr. President (The Honourable Sir Abdur Rahim) : In that case, the two amendments that have now been moved are open to discussion.

Sir H. P. Mody (Bombay Millowners' Association : Indian Commerce) : Sir, I desire to oppose both the amendments. I thought the House had made up its mind with regard to the exact order in which its sympathies were to be manifested. First, the policy-holders, then

[Sir H. P. Mody.]

the younger companies and then the Managing Agents, and, presumably, in that category, the Managing Agents of the younger companies would be first, and so on. Now, I find that not satisfied with the proposed restrictions on the remuneration of Managing Agents, which I call absolutely iniquitous, my friends on the other side get up and suggest still further restrictions. I submit that they are labouring under a great deal of confusion of thought in suggesting an amendment of this character. The 24,000 limit, if it is to be accepted, is going to be the maximum figure which any agent can charge. It is not the minimum figure, and by the mere fact that a statutory maximum limit may be fixed, the Managing Agents of younger companies are not going to be allowed to charge up to that maximum regardless of any agreements that they may have with their share-holders or policy-holders.

Mr. N. C. Chunder (Calcutta : Non-Muhammadan Urban) : Who prevents them ? If they get sufficient business, they can draw up to Rs. 24,000.

Sir H. P. Mody : They would have done that long ago. Surely, it stands to reason that when there was no restriction whatsoever on the amount of commission drawn by Managing Agents, if they wanted to have a larger commission for themselves, they would have stipulated for it and they would have attempted, at any rate, to obtain it. When there was no restriction and they did not do it, it is absurd, in my opinion, to say that they will now seek to do it because a statutory maximum limit has been fixed or is about to be fixed by this Bill.

Sir Cowasji Jehangir : It is not going to be carried. Don't worry.

Sir H. P. Mody : I hope it is not going to be carried and I will accept my friend's assurance. What I wanted to say was that if this amendment were to be carried, then 2½ per cent. would come to a much smaller figure than some of the Managing Agents of small companies are to-day enjoying. My Honourable friend Dr. Banerjea, not to be outdone by the Congress, wants by his amendment a commission of 2½ per cent. to be fixed on the nett premium income. Why not rather lay down that all Managing Agents, whatever their position, should not get more than Rs. 50 a month. After all, it is easy to feed even tigers on Rs. 50 a month ; snakes cost still less : and parasites feed upon almost nothing at all. (Laughter.) So, Sir, my submission would be that instead of this attempt to tinker with the maximum limit which the House seems disposed to bring about, lay down a flat rate of Rs. 50 a month, which should make all Managing Agents happy.

Mr. M. A. Jinnah : It will make them entirely flat.

Sir H. P. Mody : I hope that Managing Agents will be found resourceful enough to meet these onslaughts on their position.

The Honourable Sir Nripendra Sircar : Sir, I oppose both the amendments. My Honourable friends, Dr. Banerjea and Seth Govind Das, have suggested figures which are staggering not by reason of their large size but of their microscopic dimensions. I believe, Dr. Banerjea is one of those men whose heart is very soft towards the young companies. Now, let us take a young company. In the first

year, it is struggling and collects premium to the extent of Rs. 10,000. That is to say, the Managing Agent gets Rs. 250 a year or Rs. 20 a month, a lower pay than is given to a Darwan. I submit that there is a limit to everything. But if Dr. Banerjea has got to be followed, then it is not Rs. 20 a month but it is 2½ per cent. of the net income. Therefore, it will probably be Rs. 12-4-6 at the end of the month.

Dr. P. N. Banerjea : He ought to be able to do more business in order to earn more.

The Honourable Sir Nripendra Sircar : Now, Sir, what does Rs. 24,000 a year mean ? We have been given so many figures by the Bombay Shareholders' Association and the largest is ten per cent. Therefore, to earn Rs. 24,000 a year means that you have got to collect premium to the tune of Rs. 2,40,000. Has anybody here found any agreement in which anything higher than ten per cent. has been charged on the premium ? Mr. Chunder interjected and said : "What is to prevent them from taking Rs. 2,000 a month ?" Of course, if they will steal or simply put their hand into the iron chest and take it, then we cannot prevent it. One has got to go to the police court. But under their agreement the percentages are fixed. Sometimes it is five per cent., sometimes it is seven per cent. and the highest is ten per cent. Therefore, to get Rs. 24,000 a year means collecting Rs. 2,40,000 as premium, and if the life is very young, that is too large a figure. I submit that this amendment ought not to be accepted by the House.

Mr N. C. Chunder : May I just point out, Sir, that the Managing Agents are going away in three years and you must remember, in an insurance company, barring Mutual Life society, it is really the share-holders who control the company and it is the policy-holders whose money is there and who contribute to the funds of the company. Now, Sir, if in three years in collusion with the shareholders the Managing Agents get their agreements changed for three years, what is there to prevent them from doing so. That is what I meant. They can change their agreements without running the risk of prosecution.

The Honourable Sir Nripendra Sircar : Why did they not change it before ?

Mr. N. C. Chunder : Because they did not know that they would have to go away in three years time. This is intended only for the protection of small companies. If 2½ per cent. is too small, make it ten per cent. by all means, fix something more. If ten per cent is acceptable, I do not think my Honourable friend, Seth Govind Das, would object to it.

The Honourable Sir Nripendra Sircar : But there is no such amendment before the House.

Sardar Sant Singh (West Punjab : Sikh) : I just want to draw the attention of Honourable Members as to how the clause will read if these amendments are incorporated in the clause after being accepted by the House :

"After the commencement of this Act, notwithstanding anything contained in the Indian Companies Act, 1913, and notwithstanding anything to the contrary contained in any agreement entered into by an insurer or in the articles of association of an insurer being a company, no insurer shall pay to a managing agent and no managing agent shall accept from an insurer as remuneration for his services as managing agent more than a sum calculated at 2½ per cent. on the total premium income for the year or Rs. 25,000 a year or whichever is less."

[Sardar Sant Singh.]

The amendment stops here. No limitation is placed on the commission as it is in the original clause so that the Managing Agents if this amendment is carried will be free to get commissions. Therefore, Rs. 25,000 will be only the salary which the Managing Agents will be entitled to get.

The Honourable Sir Nripendra Sircar : No, Sir.

Sardar Sant Singh : Remuneration is nowhere defined in the clause itself. If this amendment is accepted it will be open to the interpretation that the Managing Agents are entitled to commission in addition to the salary of Rs. 25,000. It will mean that the salary is fixed in this amendment and that commissions are left free. The amendment proposes to place no restriction upon commissions. I submit this will go against the intention of the Mover of the amendment. I know that he does not mean it.

Mr. F. E. James (Madras : European) : If my Honourable friend will read the last sentence of the clause, he will find that clear.

Sardar Sant Singh : The amendment simply reads :

" That in sub-clause (*3*) of clause 27 of the Bill for all the words occurring after the words ' managing agent more than ' the following be substituted :

' a sum calculated at 2½ per cent. on the total premium income for the year or Rs. 25,000 a year whichever is less '."

I submit, Sir, if you omit the remaining portion of the clause as it is proposed in this amendment, in that case, the commission will be left open.

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

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

Sardar Sant Singh : Sir, before the House rose for Lunch, I was trying to place before the House the interpretation of the clause if the amendment of my Honourable friend, Seth Govind Das, is adopted. I find that exception is being taken to the interpretation which I place upon the clause as it would read if the amendment is incorporated. My Honourable friend probably thought that in the phrase " a sum calculated at 2½ per cent.", the words " a sum " means the total sum including commissions and other remunerations. I beg to differ from him in this interpretation. " A sum " does not mean the totality of the earnings or remuneration or emoluments to which under the agreement Managing Agents may be entitled. It is liable to the interpretation that it refers or is restricted only to the salary or the monthly pay to which the Managing Agent is entitled after he has entered into an agreement with the company. The clause as originally framed very clearly defines the scope of the remuneration which a Managing Agent will be entitled to get in case this original clause is adopted by the House. It says :

" The managing agent shall not receive as remuneration for his services as managing agent more than one thousand rupees per month by way of salary or more than one thousand rupees per month by way of allowances or commission of any kind, if in addition to salary, and the total remuneration payable to and receivable by a managing agent for his services as managing agent shall not however constituted exceed the sum of two thousand rupees per month."

So far as the draftsmanship is concerned, the meaning of the clause as it stands is far more clear than it would be if the amendment is adopted. Then, I take the amendment of my Honourable friend, Dr. Banerjea. This amendment also is on the same footing as the amendment of Seth Govind Das. Even if this amendment is adopted more scope for the Managing Agents to get more money by agreement will be left than it is left if the original clause is adopted. The speeches which were made in support of their respective amendments by Seth Govind Das and Dr. Banerjea really show their intention to restrict the emoluments of the Managing Agents to a lesser sum than allowed in the clause itself, but their intentions have not been made clear in the words which they have put in the amendments. Therefore, my submission is that these amendments do not carry out the intentions of the proposers, and I would request them to withdraw them.

Mr. S. Satyamurti (Madras City : Non-Muhammadan Urban) : Sir, I shall very briefly deal with the objection raised by the Honourable Member who spoke before me. I quite agree with him that, if the amendment of the Honourable Seth Govind Das is accepted, it takes away from the clause the other limitation, that is to say, the maximum of Rs. 1,000 only by way of salary, and secondly, Rs. 1,000 only by way of commission or allowances. But the amendment, as it stands, provides for the which we really want, that is to say, that the total remuneration of the Managing Agents for the period of three years for which they will last now should not exceed 2½ per cent. of the premium income or Rs. 24,000 a year, whichever is less. Of course, if we want to have the other limitation, there is a later amendment, No. 13, standing in my name which we may move. That depends upon the fate of this amendment. But, Sir, that is, comparatively speaking, a small matter. But, accustomed as I am becoming to the attitude of Government constantly changing on this Bill, may I still invite the attention of the House to the dissenting minute of the Honourable the Law Member, the Honourable the Chief Whip and another Honourable Member of this House, on this Select Committee's report ? In paragraph 2 they say :

" The maximum period should be three years and limitation should apply to all classes of insurance, and should be subject to provisions of section 87-C of the Indian Companies Act."

What does section 87-C say ? It says :

" Where any company appoints a managing agent after the commencement of the Indian Companies (Amendment) Act, 1936, the remuneration of the managing agent shall be on some basis on a fixed percentage of the net annual profits of the company, with provision for a minimum payment in the case of absence of or inadequacy of profits, together with an office allowance to be defined in the agreement of management."

That is what the Government recommended, in their dissenting minute, as the proper remuneration for Managing Agents appointed after the Indian Companies Act. Now, Sir, if Honourable Members will kindly look at the amendment which is before the House, they will find that it is based on exactly the same principle. It says that it shall be a sum calculated at 2½ per cent. on the total premium income for the year. It does not refer to profits, but it has some relation to the financial affairs of the insurer, whose Managing Agents will be thus remunerated. I take it that the principle of section 87-C. is that Managing Agents ought

[Mr. S. Satyamurti.]

not to be remunerated without any reference to the actual profits of the company of which they are the Managing Agents. The principle of this amendment is exactly the same. We want to see that the remuneration of the Managing Agents bears some relation to the premium income of the company, which is a fair index of the prosperity and a measure of working of the insurance company. That is why we prescribe this.

The second point is this that we want to provide also a figure,—Rs. 24,000,—in the alternative. But, we say that no young insurer or other insurer should take more than 2½ per cent. of the year's premium income or more than Rs. 24,000. Now, Sir, my Honourable friend, Sir Homi Mody, on whose translation I congratulate him, spoke this morning against this amendment. I should like to know for whom he spoke. The persons for whom he stands have gone west. The House has decided, in spite of the possibilities of Managing Agents getting behind the provisions of this Act, on which I dare not speak, that they will go after three years, and all of them for whom he speaks will get much less than what they are getting. Then I should like to know on whose behalf he opposes the amendment. Because it comes to this ; as my Honourable friend, the Leader of the Opposition, pointed out, the vast majority of insurance companies who have got Managing Agents today do not get as much as Rs. 24,000 a year. Therefore, for whom he is pleading I do not know.

Sir H. P. Mody : I may explain. Two and a half per cent. of the premium income will give the smaller company agents still less than what they are getting today.

Mr. S. Satyamurti : Are you pleading for them ?

Sir H. P. Mody : Of course.

Mr. S. Satyamurti : Sir, I believe the labourer is worthy of his hire, but he is worthy of no more, if he is worthy of no less. If a company makes Rs. 1,000 premium income why should the Managing Agents get more than 2½ per cent. ? After all, the inducement is there. If a Managing Agent does bigger work, he gets 2½ per cent. on the premium income of the year. Let him make nine lakhs ; he gets Rs. 24,000. If you cannot get nine lakhs for all the services you give, should you get paid like this ?

Sir H. P. Mody : Why do you fix 2½ per cent. ?

Mr. S. Satyamurti : Because it has some relation to the premium income. We believe that 2½ per cent. is a fair remuneration for Managing Agents' salary and remuneration alone, as apart from the expenses of management. I want to make that point perfectly clear. This 2½ per cent. does not represent the entire expenses of management of any insurance company. It only covers one particular category thereof, namely, the remuneration by way of salary or commission or allowance of the Managing Agents alone. It is perfectly open to them to get from their own companies money for spending on office, clerks, stationery, rent, etc. This is purely their personal remuneration. Now, my Honourable friend, the Law Member and also Sir Mody asked, if they have not so far taken more than ten per cent., that is the biggest share, I think, under the existing agreements, why do we expect that they will

take more during these three years : I expect, because I know human nature. At the end of three years, after the commencement of this Act, the axe will fall on Managing Agents. They know that perfectly well. Therefore, they must make hay while the sun shines. I, therefore, suggest, without any offence to anybody, knowing human nature, that, when this Bill becomes law and Managing Agents know that at the end of three years their occupation will be gone, there will be every temptation in the world for them to take the maximum of Rs. 24,000, that will become the minimum for their remuneration. Let us remember this that in most cases policy holders have no representation on the directorates. In this Bill, there is a provision for representation of policy holders by their directors as reported by the Select Committee. What will happen to that provision I do not know, and I dare not prophesy. At any rate, *ex hypothesi* till one year elapses after the commencement of the Act, every insurance company and every Managing Agent thereof can easily change their terms of agreement so as to give the latter Rs. 24,000 a year, because that is the statutory maximum. That is why, Sir, we are anxious that it should be only 2½ per cent. of the premium income. By all means, it can go up to Rs. 24,000 a year, if they build up their business. Now, Sir, it may be asked why we are so anxious to protect the interests of these young insurers, and see that their Managing Agents do not get more than 2½ per cent. of their premium income, it is because, Sir, the facts are very eloquent. I want to cite from this Indian Insurance Year Book, a few facts for the attention of this Honourable House. They will notice that on page 8 Indian Life Assurance Accounts, income and bonus for each of the past 20 years are summarised :

In 1913 we had 36 companies doing business which had a premium income of a crore and two lakhs and odd, and their expenses of management were Rs. 22,83,000.

In 1934, 133 companies having a total premium income of six crores 58 lakhs and twenty-six thousand rupees show Rs. 2,06,22,000 as expenses of management.

I suggest, Sir, that these figures are illuminating, and we must do something by way of seeing that these young insurance companies which, *prima facie*, are not financially as strong as the bigger companies, do not spend more on their Managing Agents' remuneration than the limits prescribed in this amendment. Another figure is given on page 10 of this book. In 1930, on every hundred rupees of income derived by Indian insurers, 78.9 per cent. was made from premiums for life assurance companies, and the expenses of management were 24.7 per cent. Apart from these figures, Sir, which are for all companies, may I read, Sir, the figures for some of the insurers comparing their expenses with their premium income ?

	Premium income Rs.	Expenses of management. Rs.
Agarwal & Co.—		
1933	6,000	6,000
1934	10,000	14,000
1935	9,000	9,000

[Mr. S. Satyamurti.]

	Premium income.	Expenses of management.
	Rs.	Rs.
Indian Securities—		
1930	12,000	18,000
1931	17,000	10,000
1932	27,000	22,000
1934	19,000	17,000

Similarly, Sir, I can give figures for many companies, but I will give only one more :

Aryan Life. Income Rs. 16,000, Expenses 38,000.

It seems to me *prima facie* from these figures and from the fact that the whole business of these young insurers is so small that it will be disastrous for them, if they are allowed to spend on the mere remuneration of Managing Agents right up to the sum of Rs. 24,000 a year. It seems to me that if we have broken the agreements of Managing Agents, in the interests of State, as we conceive it, that is to say, in the interests of people of this country, we ought not to stop at this. Whom are we thinking of ? We are thinking of the policy holders, and I plead, on behalf of the policy holders of these young insurers, that they are being asked to take more risks than they ought to, when we are asked here to agree to a remuneration of Rs. 24,000 a year as the maximum merely as the remuneration of Managing Agents alone.

Sir H. P. Mody : Are these figures those of companies with Managing Agents ?

Mr. S. Satyamurti : I cannot answer that off-hand : but I believe several of them have Managing Agents.

The Honourable Sir Nripendra Sircar : More than half of them have Managing Agents.

Mr. S. Satyamurti : The point is this that, while we undoubtedly are rightly angry with the Bombay big business for taking many lakhs out of big companies, the policy holders of these companies, in spite of all their activities, are much better protected than the unfortunate policy-holders of the young insurers who spend extravagant amounts on expenses of management, and there must be some control. I myself am in favour of prescribing a ratio of expenses, but I am convinced, subject to arguments to be advanced here or elsewhere, that it is impracticable to lay down statutorily a ratio of expenses. I have discussed with insurers and other friends, and I am satisfied that it is impossible to devise by a statutory enactment a procedure by which we can lay down a maximum ratio of expenses. Well, Sir, if we cannot do that, I suggest the next best, the second best, which is to prescribe the maximum limit of expenses, under the head of remuneration of Managing Agents. In course of time, in the discussion of the Bill I am hoping, and our party is hoping, that the House will agree to a limitation on the commission paid to agents who are called canvassers. I hope the House will agree. If we prescribe a maximum remuneration for Managing Agents on the basis of

or in relation to premium income, and if we limit the commissions to agents who canvass business, we have attacked the two most important items under expenses of these insurers. We have, therefore, done the best we can to protect the interests of policy-holders. I want to suggest to this House that, if these insurers do business to the extent of six or seven or eight or nine lakhs, they will get the remuneration which would be reasonable in this country. It will be conceded that a remuneration of 24,000 is available to them, when they get nine lakhs. If they make eight or seven or six lakhs, they will get proportionate remuneration. There is no point in giving the example of insurers doing 1,000 rupees business or 10,000 rupees business. I do believe in the doctrine of the survival of the fittest....

The Honourable Sir Nripendra Sircar : This is net premium.

Mr. S. Satyamurti : The amendment of Seth Govind Das is total premium income. I am not supporting the amendment of Dr. Banerjea at all, because we realise that it will be nil in most cases : We say that the actual percentage which we prescribe should have a relation to total premium income of the insurer. Therefore, it does not err on the side of any injustice to the people. If they do work, they will earn this. If they do more work, they will earn more ; but if they do less work, I suggest they do not deserve to get anything more, than is justified by the work which they actually do for the insurers. It seems to me that sheer logic, sheer consistency, and sheer care for the interests of policy-holders demand that this House should whole-heartedly vote for this amendment, thereby protecting the interests of the policy-holders.

We have heard for two days now a great deal about " parasites ". Assuming that these Managing Agents are parasites, we have agreed to their life being extended for three years. This amendment seeks to restrict the scope and extent of the blood which these parasites can suck out of the policy-holders, during these three years of their life. We say : " Please do not suck more than 2½ per cent. of my blood " ; and I want to know why this amendment should not be accepted by this House if we are unanimous that these are parasites, and that they must come to an end in three years.

I am only anxious to put this last point to this Honourable House. We are all agreed that the remuneration of Managing Agents ought to be limited during this period of three years. If it is limited, I suggest the mere limitation of 24,000 a year will not help the policy-holders. The business of the vast majority of insurers in this country is so little, their turn-over is so little, their premium income is so little, that they cannot afford, save at serious risk to the policy-holders, to spend up to Rs. 24,000 a year, whatever the income or the extent of their premium income may be, on the remuneration of the Managing Agents. Therefore, we suggest, by means of this amendment, to limit their income up to 24,000 a year, if they make business up to nine lakhs of premium income, or 2½ per cent. of the actual premium income, whichever is less. I support the amendement.

Mr. S. C. Sen (Government of India : Nominated Official) : Sir, I had no intention of participating in this debate, but when I heard my Honourable friend, Mr. Satyamurti, accusing the Honourable the Leader

[Mr. S. C. Sen.]

of the House with inconsistency having regard to his minute of dissent, I thought it was time I should point out that he was himself in error. If I may draw my Honourable friend's attention to the minute of dissent, the minute of dissent wanted to incorporate section 87-C in this provision, and I was surprised when my Honourable friend, who is generally accurate, fell into error this time. Section 87C refers to new appointments after the commencement of the Act. It does not apply to existing Managing Agents and, therefore, to say that in the Minute of Dissent we wanted that existing Managing Agents should have only a limited percentage as their remuneration was hardly correct. In the Minute of Dissent we made it clear that we wanted three years : we also wanted that section 87C should apply in the case of new Managing Agents and that we are still prepared to do. But as regards the existing Managing Agents, the question which this House has got to decide is which is the better of the two evils—keeping the remuneration at large, or fixing the maximum. That is the question before the House.

Mr. K. Santhanam (Tanjore *cum* Trichinopoly : Non-Muhammadan Rural) : Sir, it is not my purpose to waste the time of the House by repeating what has been said by the other speakers ; but there are one or two points to which the attention of the House has not been drawn. 2½ per cent. of the commission which is proposed by the amendment is not the percentage of the first year's commission : it includes the renewal commission : that means that for every policy which is alive on the date of the passing of the Act, every year for these three years, 2½ per cent. will be paid to the Managing Agents. They will be doing no work on these policies, still we shall be paying 2½ per cent. : that is to say on the premium income for one year on the existing policies we are allowing 7½ per cent. to the Managing Agents. When the Honourable the Leader of the House said that ten per cent. is the maximum as managing agency commission he could not have meant ten per cent. on renewals also. I think that the usual managing agency commission is five per cent. on the first year's income and not more than 2½ per cent. on renewals. Here we are putting 2½ per cent. on all incomes—first year, renewals and everything ; therefore, there is nothing unjust in fixing this maximum.

Secondly, the Honourable the Leader of the House said, the existing agreements are there. But he has not attempted to provide any provision by which these agreements cannot be changed. It was his duty to provide for it, otherwise what is it that prevents the Managing Agents from changing these agreements ? In many cases these Managing Agents hold large blocs of shares in their companies : they might hold a general body meeting or a special meeting and say : "We have suffered so much loss during these three years : let the company, therefore, pay us, not only this 24,000, but everything which we have foregone in the past." He has not taken care to protect the companies and the policy-holders from any such exorbitant demands owing to past services.....

The Honourable Sir Nripendra Sircar : You can do it : you can put in an amendment to remedy it.

Mr. K. Santhanam : I thought the Honourable the Leader of the House was bringing forward this Bill ; if I was in charge of the Bill I would have taken care to do it. It is the business of persons who are paid high salaries, who have got a big staff, who have got a very capable assistant, to take care of these things. My business here now is to criticise. I am only saying that he has not taken care to see that no amount of the past allowances due by the agreements will be demanded. There is no provision at all and this amendment is a safeguard against such things. It is not so much to deprive them of the commissions they are getting, but to prevent them from charging for past services, from taking too much, from enlarging the provisions of the existing agreements, that this provision is sought to be put in.

Then, Sir, some one asked us : how is it you are calling yourselves the protectors of small companies ? This amendment does protect small companies : it does not protect the Managing Agents of small companies, which is a very different thing. We are here to protect, first, the policy holders, whether they are policy holders of small companies or large companies. Secondly, we are here to protect the small companies, and lastly, many of us on this side do not care very much for the Managing Agents : we are not very much interested in them, though we do not call them snakes or tigers—they are also human beings like us : I know a good number of them ; they are our friends and as estimable people as any others. But, unfortunately, their name has come in for criticism : they are just like lawyers and doctors who get business through touts and are parasites : they do all sorts of things ; but, unfortunately, it is the poor Managing Agent who is hauled up now before this Assembly. Lawyers flourish by these touts and by all kinds of unfair practices and they are just as much parasites : but here we are asked to come down only upon these Managing Agents : I am not here in such a spirit of self-righteous indignation. We want to get rid of all exploiters, we want to get rid of all kinds of parasites ; we do not want that there should be any exploitation of man by man. We are, however, now concerned only with the Managing Agents. Let them get only a reasonable amount out of what they earn. After all, it is not the Managing Agents who earn ; it is the manager, the Director and the other staff who go about and canvass business for the company, and so 2½ per cent. is not a bad thing. Sir, for every lakh of rupees earned in the past, the Managing Agent gets Rs. 2,500 under our amendment today ; I say it is more than he deserves. Regarding the amendment of my friend, Dr. Bannerjea, I think he meant the premium minus the commission ; I don't think he meant the premium minus the expenses.....

Dr. P. N. Banerjea : Minus the commission.

Mr. K. Santhanam : But as he has not taken care to define the word, and as it is liable to the construction of premium minus expenses, I hope he will withdraw it, because otherwise it will be very difficult to understand this provision, and, therefore, I hope he will join the Congress Party in carrying the amendment. With these words, Sir, I commend the amendment to the support of the House.

3 P.M.

Mr. Amarendra Nath Chattopadhyaya (Burdwan Division : Non-Muhammadan Rural) : Sir, I could not follow the remarks of the previous speaker whether he was in favour of the amendment moved by my Honourable friend, Seth Govind Das, or the one moved by my Honourable friend, Dr. Banerjea. We have decided that all managing agents shall disappear in 3 years, and while doing so, we have been also going

Mr. S. Satyamurti : I beg to move :

" That in sub-clause (*3*) of clause 27 of the Bill, for the word ' constituted ', occurring in the fourteenth line, the word ' computed ' be substituted."

This is a purely verbal amendment. The word ' constituted ' is an obvious mistake for ' computed '. Sir, I move.

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

" That in sub-clause (*3*) of clause 27 of the Bill, for the word ' constituted ', occurring in the fourteenth line, the word ' computed ' be substituted."

The motion was adopted.

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

" That clause 27, as amended, stand part of the Bill."

The motion was adopted.

Clause 27, as amended, was added to the Bill.

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

" That clause 28 stand part of the Bill."

Mr. Amarendra Nath Chattopadhyaya : Sir, I move :

" That for sub-clause (*1*) of clause 28 of the Bill, the following be substituted :

' (*1*) That the Superintendent shall, with a view to protect the interest of the policy-holder, himself or through his authorised auditors or actuaries or Inspectors arrange inspection of insurers' offices and books, at regular intervals, and investigate their affairs, not actuated by any suspicion about *bona fides* of insurers, but as a matter of actually doing the function of the Superintendent. The time of such investigation or inspection will have to be notified to the insurer by the Superintendent at least a fortnight before such date is fixed for such inspection '."

This is a very innocuous amendment. I need not dilate on it Sir. I move.

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

" That for sub-clause (*1*) of clause 28 of the Bill, the following be substituted :

' (*1*) That the Superintendent shall, with a view to protect the interest of the policy-holder, himself or through his authorised auditors or actuaries or Inspectors arrange inspection of insurers' offices and books, at regular intervals, and investigate their affairs, not actuated by any suspicion about *bona fides* of insurers, but as a matter of actually doing the function of the Superintendent. The time of such investigation or inspection will have to be notified to the insurer by the Superintendent at least a fortnight before such date is fixed for such inspection '."

The motion was negatived.

Mr. T. Chapman-Mortimer (Bengal : European) : Sir, I beg to move :

" That in sub-clause (*1*) of clause 28 of the Bill, after the word ' policies ', occurring in the fourteenth line, the words ' of life insurance ' be inserted."

Sir, this is a very simple amendment. If Honourable Members will read the rest of that line, they will see that the word ' policies ' refers to life insurance. The whole intention of this provision was to enable life

policy holders to take action in certain circumstances, and the amendment I now move is simply to carry the meaning of the words ' 50 policy holders holding policies, etc.'. Sir, I move.

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

" That in sub-clause (*1*) of clause 28 of the Bill, after the word ' policies ', occurring in the fourteenth line, the words ' of life insurance ' be inserted."

The motion was adopted.

Mr. S. Satyamurti : Sir, I beg to move :

" That in sub-clause (*2*) of clause 28 of the Bill, the words ' after giving notice to and hearing the Superintendent ' be added at the end."

Mr. Deputy President (Mr. Akhil Chandra Datta) : Amendment moved.

" That in sub-clause (*2*) of clause 28 of the Bill, the words ' after giving notice to and hearing the Superintendent ' be added at the end."

Mr. S. C. Sen : We accept it.

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

" That in sub-clause (*2*) of clause 28 of the Bill, the words ' after giving notice to and hearing the Superintendent ' be added at the end."

The motion was adopted.

Mr. M. Ananthasayanam Ayyangar (Madras ceded Districts and Chittoor : Non-Muhammadan Rural) : Sir, I beg to move :

" That in sub-clause (*3*) of clause 28 of the Bill, for the word ' inspection ' the word ' investigation ' be substituted."

Mr. Deputy President (Mr. Akhil Chandra Datta) : Amendment moved :

" That in sub-clause (*3*) of clause 28 of the Bill, for the word ' inspection ' the word ' investigation ' be substituted."

Mr. S. C. Sen : We accept it.

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

" That in sub-clause (*3*) of clause 28 of the Bill, for the word ' inspection ' the word ' investigation ' be substituted."

The motion was adopted.

Prof. N. G. Ranga (Guntur *cum* Nellore : Non-Muhamman Rural) : Sir, I beg to move :

" That to sub-clause (*3*) of clause 28 of the Bill, the following be added at the end :

' and a copy of each to policy-holders who have sent a requisition for such an investigation '."

It is a very simple amendment and as I learn that the Government are prepared to accept it, I do not make a speech. Sir, I move.

Mr. Deputy President (Mr. Akhil Chandra Datta) : Amendment moved :

"That to sub-clause (*3*) of clause 28 of the Bill, the following be added at the end :

'and a copy of each to policy-holders who have sent a requisition for such an investigation '."

Mr. T. Chapman-Mortimer (Bengal : European) : Sir, I am not quite so sure that it is so reasonable and simple as my Honourable friend, Prof. Ranga, makes out. If a demand is made, then it will be necessary for the Superintendent to investigate into the affairs of the company and if his report has to be sent to every policy-holder, then that will mean possibly that to thousands and thousands of policyholders will his report have to be sent.

The Honourable Sir Nripendra Sircar : If my Honourable friend would notice the amendment, it will be seen that the report has to be sent not to thousands and thousands of people, but only to those who take the trouble of sending five pice postage and asking for it.

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

"That to sub-clause (*3*) of clause 28 of the Bill, the following be added at the end :

'and a copy of each to policy-holders who have sent a requisition for such an investigation '."

The motion was adopted.

Mr. M. Ananthasayanam Ayyangar : Sir, I beg to move :

"That in sub-clause (*5*) of clause 28 of the Bill, for the word 'inspection' the word 'investigation' be substituted."

Sir, this amendment is consequential upon amendment No. 491, which the House just now adopted.

Mr. Deputy President (Mr. Akhil Chandra Datta) : Amendment moved :

"That in sub-clause (*5*) of clause 28 of the Bill, for the word 'inspection' the word 'investigation' be substituted."

Mr. S. C. Sen : We accept the amendment.

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

"That in sub-clause (*5*) of clause 28 of the Bill, for the word 'inspection' the word 'investigation' be substituted."

The motion was adopted.

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

"That clause 28, as amended, stand part of the Bill."

The motion was adopted.

Clause 28, as amended, was added to the Bill.

Clause 29 was added to the Bill.

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

"That clause 30 stand part of the Bill."

Mr. Sri Prakasa : Sir, I beg to move :

"That in sub-clause (*3*) of clause 30 of the Bill, for the words 'two months', wherever they occur, the words 'one month' be substituted."

Sir, my sole purpose is to accelerate the process of amalgamation, and I feel that one month is quite sufficient for the objects indicated. Sir, I move.

Mr. Deputy President (Mr. Akhil Chandra Datta) : Amendment moved :

"That in sub-clause (*3*) of clause 30 of the Bill, for the words 'two months', wherever they occur, the words 'one month' be substituted."

Mr. S. C. Sen : I would like the Honourable Member to withdraw his amendment because this will mean inconvenience in actual practice. The period of time which he wants to limit is the period of notice which he wants to give to the Government. I do not think it will be possible to consider the matter within one month. Enquiries may have to be made at different places all over the country and it will be impossible to do it within one month.

Mr. Sri Prakasa : Sir, I beg leave of the House to withdraw my amendment.

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

Mr. M. Ananthasayanam Ayyangar : Sir, I beg to move :

"That in sub-clause (*3*) of clause 30 of the Bill, all the words beginning with the words 'and unless the Court' and ending with the words 'any insurer concerned' be omitted."

Sir, sub-clause (*3*) of clause 30 lays down that if two companies want to amalgamate, notice ought to be given to the Government, that is No. 1. Notice also ought to be given to the policy-holders unless the Court dispenses with such notice. It is not until we come to clause 31 that the Court appears on the scene. So it is not possible to anticipate in clause 30 in advance before an application is actually made to the Court under clause 31. Unless an application is actually made to a Court, it is not possible for the Court to give directions administratively to an insurer to give notice, etc. I have given another amendment to clause 31 and therefore these words are deleted here. Sir, I move.

Mr. Deputy President (Mr. Akhil Chandra Datta) : Amendment moved :

"That in sub-clause (*3*) of clause 30 of the Bill, all the words beginning with the words 'and unless the Court' and ending with the words 'any insurer concerned' be omitted."

Mr. S. C. Sen : We accept the amendment.

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

"That in sub-clause (*3*) of clause 30 of the Bill, all the words beginning with the words 'and unless the Court' and ending with the words 'any insurer concerned' be omitted."

The motion was adopted.

Mr. K. Santhanam : Sir, I beg to move :

"That after sub-clause (*3*) of clause 30 of the Bill, the following new sub-clause be inserted :

'(*4*) Where an application under sub-clause (*3*) is made to the Court within three months from the commencement of this Act, the Court may on application, extend for the insurer whose business is to be transferred to or amalgamated with the business of another insurer, the time allowed for the registration and for the payment of the first instalment of the deposit under sections 3 to 6 for such period not exceeding nine months as the Court may think fit'."

Mr. Deputy President (Mr. Akhil Chandra Datta) : Amendment moved :

"That after sub-clause (*3*) of clause 30 of the Bill, the following new sub-clause be inserted :

'(*4*) Where an application under sub-clause (*3*) is made to the Court within three months from the commencement of this Act, the Court may on application, extend for the insurer whose business is to be transferred to or amalgamated with the business of another insurer, the time allowed for the registration and for the payment of the first instalment of the deposit under sections 3 to 6 for such period not exceeding nine months as the Court may think fit'."

Mr. S. C. Sen : We accept the amendment.

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

"That after sub-clause (*3*) of clause 30 of the Bill, the following new sub-clause be inserted :

'(*4*) Where an application under sub-clause (*3*) is made to the Court within three months from the commencement of this Act, the Court may on application, extend for the insurer whose business is to be transferred to or amalgamated with the business of another insurer, the time allowed for the registration and for the payment of the first instalment of the deposit under sections 3 to 6 for such period not exceeding nine months as the Court may think fit'."

The motion was adopted.

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

"That clause 30, as amended, stand part of the Bill."

The motion was adopted.

Clause 30, as amended, was added to the Bill.

The Assembly then adjourned till Eleven of the Clock on Tuesday, the 21st September, 1937.

LEGISLATIVE ASSEMBLY.

Tuesday, 21st September, 1937.

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

MEMBER SWORN.

Mr. Charles MacIvor Grant Ogilvie, C.B.E., M.L.A. (Defence Secretary).

STARRED QUESTIONS AND ANSWERS.

(a) ORAL ANSWERS.

ENCOURAGEMENT OF RAILWAY TRAVELLING.

659. ***Mr. Sri Prakasa** : (a) Will the Honourable Member for Commerce and Railways state whether Government are aware that a large number of private persons travel by motor cars between Calcutta and Benares and that every facility is given for their cars and themselves to cross the bridge between Sone-East Bank and Dehri-on-Sone on the East Indian Railway, quickly and comfortably ?

(b) Do Government propose to consider the desirability of withdrawing these facilities to encourage private persons to use railways ?

(c) Is it a fact that a large number of high officers serving the centrally administered areas use their private cars instead of railways much to the detriment of the revenues of the latter ?

(d) Is there any difference in the amount of travelling allowance permitted to officers to use their cars instead of the railways ?

(e) Do Government propose to consider the desirability of reducing the travelling allowances for these officers when journeys are made by motors in order to encourage railway travelling ?

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

(b) No.

(c) It is known that officers sometimes use their own cars instead of the railway.

(d) and (e). No.

Mr. S. Satyamurti : With reference to the answers to clauses (d) and (e), what are the reasons why Government do not help their own Railways to the extent to which they can ?

The Honourable Sir Saiyid Sultan Ahmad : They do not consider it necessary, because, after all, people may use their own cars.

Mr. T. S. Avinashilingam Chettiar : May I know the probable income that will accrue to the Railways in case these people are required to travel by Railways ?

The Honourable Sir Saiyid Sultan Ahmad : I do not know.

Mr. Sri Prakasa : With reference to answer to (a) of the question may I know why so many facilities are given for the passage of cars over the bridge between Sone-East Bank and Dehri-on-Sone while all facilities are suddenly stopped when these cars reach Dufferin Bridge near Benares ?

The Honourable Sir Saiyid Sultan Ahmad : If my friend will put down a question, I will try to answer.

LONG CONTINUOUS DUTY OF RAILWAY DRIVERS.

660. ***Mr. Sri Prakasa** : (a) Will the Honourable Member for Commerce and Railways state if it is a fact that on the Bengal North Western Railway the same engine driver is on duty all the time from Gorakhpur to Allahabad, which distance is covered in a little over 12 hours ?

(b) If so, do Government regard such long continuous duty for an engine driver as safe in the public interest ?

(c) Do they propose to fix a maximum period for which an engine driver can be continuously on duty and inform the railway administration concerned accordingly ?

The Honourable Sir Saiyid Sultan Ahmad : Information is being collected and a reply will be laid on the table of the House in due course.

Mr. Sri Prakasa : In view of the fact that it is positively dangerous to allow a driver to be on duty for such long hours will the Honourable Member consider the desirability of stopping this practice if it should exist ?

The Honourable Sir Saiyid Sultan Ahmad : That is a hypothetical question, but I shall send the question and the supplementary question to the Railway.

Mr. Mohan Lal Saksena : Is it a fact that the rules of eight hours' working day apply to Railways as well.

The Honourable Sir Saiyid Sultan Ahmad : I have no information.

Mr. S. Satyamurti : Are there any rules on the Company and State-managed Railways, restricting the number of maximum working hours for which railway servants, especially engine drivers, may be continuously on duty ?

The Honourable Sir Saiyid Sultan Ahmad : If the learned friend will put down a question, I will get the information. I have no information.

APPOINTMENT OF AN INDIAN AS ACTUARY UNDER THE GOVERNMENT.

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

(a) whether the Government of India received from the Committee of the Indian Federation of Chambers of Commerce and Industry any letter pointing out the necessity for the appointment of a suitable Indian to the post of Actuary under the Government ; and

(b) whether they propose to do so, and if not, why not ?

The Honourable Sir Saiyid Sultan Ahmad : The Honourable Member is referred to my replies to question No. 364 asked by Mr. Badri Dutt Pande on the 8th September, 1937, and to the supplementary questions asked by the Honourable Member in that connection.

Mr. S. Satyamurti : Have Government considered the question of combining in one person the posts of Actuary and Superintendent of Insurance now incorporated in the Bill before the House ?

The Honourable Sir Saiyid Sultan Ahmad : The Bill has yet to be passed, and we will consider the question when the Bill is passed.

Mr. S. Satyamurti : Does that answer cover the question of amalgamating in one and the same person the two offices, namely, the existing one of Actuary and the proposed one of Superintendent of Insurance ?

The Honourable Sir Saiyid Sultan Ahmad : Government have not come to any decision at present. They are waiting for the Bill to be passed into law.

Mr. S. Satyamurti : May I take it, Sir, that the answer means that the question of filling up the vacant post of Actuary will not be taken up for consideration until this Bill becomes law ?

The Honourable Sir Saiyid Sultan Ahmad : That is so.

PROPOSED APPOINTMENT OF A COMMERCIAL ADVISER TO THE RAILWAY BOARD.

662. ***Mr. S. Satyamurti** : Will the Honourable Member for Commerce and Railways be pleased to state :

(a) whether Government are in receipt of a letter from the Indian Merchants' Chamber, Calcutta, regarding the proposed appointment of a Commercial Adviser to the Railway Board;

(b) whether Government have come to any conclusion as regards the need for appointing a special Commercial Advisor to the Railway Board, and the propriety of appointing a non-Indian thereto ; and

(c) whether Government have considered the criticisms mentioned in the letter referred to above and whether they have given them or will give the Assembly an assurance that no non-Indian will be appointed to this place ?

The Honourable Sir Saiyid Sultan Ahmad : (a) Presumably the Honourable Member is referring to the letter received on the subject from the Indian Chamber of Commerce, Calcutta. If so, the reply is in the affirmative.

(b) and (c). There is no proposal before the Government for the appointment of a Commercial Adviser to the Railway Board.

Mr. T. S. Avinashilingam Chettiar : May I know whether the Wedgwood Committee has recommended the appointment of such an officer ?

The Honourable Sir Saiyid Sultan Ahmad : No.

CREATION OF THE FEDERAL RAILWAY AUTHORITY.

663. ***Mr. S. Satyamurti** : Will the Honourable Member for Commerce and Railways be pleased to state :

(a) when Government propose to create the Federal Railway authority ;

(b) whether before the creation of such authority, Government will place before the Legislature the Legislative proposals for supplementary legislation ;

(c) whether Government have come to any conclusion as regards the location of the headquarters of the authority ;

(d) whether Government propose to prescribe any additional qualifications, besides those prescribed in the eighth schedule of the Government of India Act, for the personnel of such authority ;

(e) whether the Legislature will be consulted in these two matters, referred to in the two clauses above ; and

(f) if not, why not ?

The Honourable Sir Saiyid Sultan Ahmad : (a), (b) and (c). I would refer the Honourable Member to my reply to parts (a), (b) and (c) of starred question No. 125 asked by him in this House on 26th August, 1937.

(d) Government have no such proposal at present under consideration.

(e) and (f). I would refer the Honourable Member to my reply to part (b) of starred question No. 136 asked by Sardar Mangal Singh in this House on 26th August, 1937.

Mr. S. Satyamurti : With reference to answer to clause (b) of the question, may I know whether Government are considering the recommendations of the Wedgwood Committee's report which *inter alia* recommended to Government the prescription of certain additional qualifications for membership of the Federal Railway Authority ?

The Honourable Sir Saiyid Sultan Ahmad : We are not yet considering them.

Mr. M. S. Aney : Will Government be pleased to repeat the answer that was given to Sardar Mangal Singh ?

Mr. President (The Honourable Sir Abdur Rahim) : The answer has already been given, and it would be interminable if answers have always to be repeated.

Mr. S. Satyamurti : With reference to answers to (b) and to my supplementary question thereto, may I know whether Government are considering only some recommendations of the Wedgwood Committee, and some are not being considered, and the recommendations of that Committee in regard to qualifications of the Members of the Federal Railway Authority come under the second category ?

The Honourable Sir Saiyid Sultan Ahmad : We propose to consider all the recommendations, and we propose to take into consideration the comments on the same by the Public Accounts Committee. We have come to conclusions on some of the points, and the others are being considered and we will take some time to come to a final decision.

Mr. S. Satyamurti : With reference to asnwer to (b), may I know if the position is the same as before—that there will be no legislative proposal before this Assembly, till the constitution of the Authority ?

The Honourable Sir Saiyid Sultan Ahmad : Yes.

SAFEGUARDING OF THE INTERESTS OF INDIAN SHIPPING.

664. ***Mr. S. Satyamurti** : Will the Honourable Member for Commerce and Railways be pleased to state :

(a) whether Government urged the claims of Indian National shipping in their recent negotiations for trade agreement between India and Japan, and, if not, why not ;

(b) whether these claims are being urged on Great Britain in the negotiations now going on between India and Great Britain, and, if not, why not ;

(c) whether Government propose to take any steps by way of legislation or otherwise to secure for India the same right which the Dominions possess for enacting merchant shipping legislation, and securing thereby for the purposes of national economy, their legitimate share in the entire maritime trade of the Empire ;

(d) whether Government have considered the fear expressed by the committee of the Indian Merchants Chamber at Bombay to the Commerce Member during his recent visit to Bombay at the proposed re-distribution of portfolios and their opinion that navigation and ports should go with blue water shipping, that is coastal shipping, overseas shipping should not be seperated from ports and inland navigation, as such a proposal is fraught with great danger to Indian shipping, and whether Government propose to take any steps in this matter ; and

(e) whether Government propose that all trade agreements between India and other countries shall be submitted to the Indian Legislature for ratification, and, if not, why not ?

The Honourable Sir Saiyid Sultan Ahmad : (a) and (b). The needs of Indian shipping were borne in mind by the Government of India during the Indo-Japanese trade negotiations and are being borne in mind during the present Indo-British trade negotiations.

(c) It is not quite clear what specific powers or rights the Honourable Member has in mind. In any case, as he is doubtless aware, any proposed enhancement of the legislative powers of the Indian Legislature would be a matter for Parliament.

(d) Government have considered the views expressed by the Committee of the Indian Merchants' Chamber, Bombay. They do not propose to take the action suggested by the Committee.

(e) I would refer the Honourable Member to the replies given to part (e) of his own question No. 15 and its supplementaries in this Session.

Mr. S. Satyamurti : With reference to the answer to clauses (a) and (b), apart from these considerations having been borne in mind and being borne in mind now, may I know if any specific proposals or demands have been made or were made in the negotiations between India and Japan or are being made now by the Indian non-official advisers or by the head of the delegation to the British Government, with regard to a proper place being given to Indian shipping ?

The Honourable Sir Saiyid Sultan Ahmad : So far as the present negotiations are concerned, that is, the Indo-British trade negotiations, this point is before our delegate, Sir Zafrullah Khan. As regards the question whether the needs of Indian shipping were borne in mind by the Government of India in the Indo-Japanese trade negotiations, the answer is also yes.

Mr. S. Satyamurti : Was any result achieved, as a part of the Indo-Japanese settlement, with a view to helping Indian shipping ?

The Honourable Sir Saiyid Sultan Ahmad : I cannot answer that question, because trade negotiations are confidential, and it is very difficult to give a reply to a question like that.

Mr. S. Satyamurti : Are trade negotiations still going on between India and Japan ?

The Honourable Sir Saiyid Sultan Ahmad : No.

Mr. S. Satyamurti : My question relates to the results of those negotiations, whether in the resultant agreement any advantage was secured to Indian shipping.

The Honourable Sir Saiyid Sultan Ahmad : No.

Mr. S. Satyamurti : With reference to the answer to clause (c), may I know whether Government have examined the provisions of the Government of India Act—the chapter which has been referred to before this House again and again during the last few days—and they are considering any proposal to move the British Parliament to amend the Government of India Act, with a view to giving Indian shipping better opportunities ?

The Honourable Sir Saidyid Sultan Ahmad : No : not at present.

Mr. S. Satyamurti : With reference to that answer, may I know the reasons why, seeing that that section prevents very effectively any help being given to Indian shipping as against United Kingdom shipping, the Government have come to the conclusion to take no further action in the matter ?

The Honourable Sir Saiyid Sultan Ahmad : Because they do not consider it necessary.

Mr. T. S. Avinashilingam Chettiar : May I know what was the sort of demand that was put forward on behalf of India in the Indo-Japanese trade negotiations ?

The Honourable Sir Saiyid Sultan Ahmad : I cannot disclose that.

Mr. T. S. Avinashilingam Chettiar : May I know what was the nature of the demand that was put forward on behalf of Indian shipping in those negotiations ?

The Honourable Sir Saiyid Sultan Ahmad : That is the same question repeated in better language.

Mr. K. Santhanam : With reference to the reply to part (a), may I know whether the claims of British shipping were put forward in the Indo-Japanese negotiations ?

The Honourable Sir Saiyid Sultan Ahmad : I have already given an answer.

Mr. T. S. Avinashilingam Chettiar : May I know, apart from these general assurances, whether the Honourable Member can say anything in particular about the demand for Indian shipping put forward in the Indo-Japanese negotiations ?

The Honourable Sir Saiyid Sultan Ahmad : I can give no further assistance to the House.

Mr. S. Satyamurti : With reference to clause (d) of the question, may I know the reasons why the Government, after considering the views expressed by the Committee of the Indian Merchants' Chamber, have come to the conclusion that no action is necessary ?

The Honourable Sir Saiyid Sultan Ahmad : Because they think that that is the right conclusion.

Mr. S. Satyamurti : Apart from their self-righteous sense, may I know if the Honourable Member can take the House into his confidence and give any indication of the reasons, looking at the wording of the question :

> " and their opinion that navigation and ports should go with blue water shipping, that is coastal shipping, overseas shipping should not be separated from ports and inland navigation, as such a proposal is fraught with great danger to Indian shipping, and whether Government propose to take any steps in this matter ? "

May I know whether the Government examined that suggestion on its merits, and may I know the reasons why they have come to the conclusion that they cannot accept that opinion ?

The Honourable Sir Saiyid Sultan Ahmad : I may assure the House that this was considered very seriously, but I cannot give the reasons which led the Government to come to that conclusion.

Mr. S. Satyamurti : With reference to the answer to clause (e), may I know the reasons why Government stick to their position that trade agreements ought not to be submitted to this House for ratification ?

The Honourable Sir Saiyid Sultan Ahmad : That is purely a matter of opinion : Government consider that it is not necessary to do so : they may consult the House if they are so advised and so inclined ; but the responsibility is theirs. They do not say they will not consult : they do not say that they will.

Mr. S. Satyamurti : What do they say ? I want to know as a matter of information—I am not talking about future trade negotiations—I am talking about the specific trade negotiations now going on : may I know what is the exact position of the Government of India as at present advised ?

The Honourable Sir Saiyid Sultan Ahmad : They will consult the House if they consider it necessary to do so.

Qazi Muhammad Ahmad Kazmi : Did they consider it necessary in the case of the Indo-Japanese trade agreement or not ?

(No reply.)

BUILDING OF WAGONS FROM INDIAN MATERIAL IN INDIA.

665. ***Mr. S. Satyamurti** : Will the Honourable Member for Commerce and Railways be pleased to state :

(a) whether it is a fact that with the possible exception of a few special types, all railway wagons would hereafter be built in India and from Indian material ;

(b) what the possible exceptions are, and why ; and

(c) whether Government propose to take steps to see that these exceptions are eliminated and all wagons are built in India and from Indian material, and, if not, why not ?

The Honourable Sir Saiyid Sultan Ahmad : (a), (b) and (c). I am unable to give any general undertaking of the nature suggested by this question. In arranging for wagon supplies, Government have, in the interest of railways, to be satisfied that the price is commercially reasonable. With this object in view, they call for tenders in the open market both in India and outside it, except when for special reasons this is considered unnecessry. The interests of Indian manufacturers are protected by giving them, if necessary, a limited degree of price preferences also, in accordance with the general policy for the purchase of stores for the public service. Orders for the general service wagons required during the three years 1937-40 have already been placed with firms in India. Tenders for the few non-general service or special type wagons required in 1938-39 have still to be invited.

Mr. S. Satyamurti : Can the Honourable Member give, from the figures if available to him for the last year for which figures are available, the percentage of railway wagons built or manufactured in India, and the percentage of wagons manufactured or bought from outside India ?

The Honourable Sir Saiyid Sultan Ahmad : I will try and get the figures and place them on the table.

Mr. S. Satyamurti : May I know whether all these wagons are manufactured or built by private firms and contractors for the railways, and none of them is manufactured in State Railways Wokshops ?

The Honourable Sir Saiyid Sultan Ahmad : I have no definite information about it. But I will get the information if desired.

Pandit Lakshmi Kanta Maitra : The Honourable Member just now said that contracts for the supply of these wagons were placed with Indian firms : were these concerns owned by full-blooded Indians or were they companies merely incorporated in India ?

The Honourable Sir Saiyid Sultan Ahmad : I do not know anything about blood at all.

Pandit Lakshmi Kanta Maitra : Are these companies managed and owned by Indians ?

The Honourable Sir Saiyid Sultan Ahmad : I cannot give that answer.

Mr. K. Santhanam : May I know whether the Railway workshops are not utilised to their full capacity in the manufacture of wagons ?

The Honourable Sir Saiyid Sultan Ahmad : The question, I submit, does not arise from the answer given.

Pandit Lakshmi Kanta Maitra : Is the Honourable Member in a position to give the names of the Indian companies to which contracts have been given ?

The Honourable Sir Saiyid Sultan Ahmad : I would like to have notice of this question.

REDUCTION IN THE IMPORT DUTY ON NEWSPRINT.

666. ***Mr. G. V. Deshmukh** : Will the Honourable Member for Commerce and Railways state whether the import duty on newsprint in reels has recently been reduced ? If so, to what extent ?

The Honourable Sir Saiyid Sultan Ahmad : I shall deal with questions Nos. 666 and 667 together. They ought to be addressed to the Honourable the Finance Member.

REDUCTION IN THE IMPORT DUTY ON NEWSPRINT.

†667. ***Mr. G. V. Deshmukh** : Is the Honourable Member for Commerce and Railways aware that paper in sheets or in reams is used generally by vernacular presses ? Will the import duty on such paper be reduced ? If not, why not ?

†For answer to this question, *see* answer to question No. 666.

TRAVELLING OF PERSONS WITH THE MEMBERS OF THE RAILWAY BOARD IN SALOONS.

668. *Mr. Sri Prakasa : Will the Honourable Member for Commerce and Railways state :

(a) if it is a fact that the Members of the Railway Board are supplied with special saloons when travelling ;

(b) if they are given " Gold Passes " enabling them to take other persons with them without tickets ;

(c) if there are any restrictions as regards the number and description of the persons they can take without tickets ;

(d) if it is a fact that a Member of the Railway Board travelling from Kalka to Bombay in June last was suspected of taking persons with him who were not authorised to travel in that saloon without tickets, and was challenged at the Delhi Station but allowed to proceed when the " Gold Pass " was shown ; and

(e) if Government are satisfied that the Member of the Railway Board was authorised to do what he did ; and if not, what action they propose to take ?

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

(b) and (c). They are given gold passes, which also cover members of their family when travelling with them during journeys on duty.

(d) Certain persons accompanied the Member in his saloon who were authorised to do so and were in possession of tickets.

(e) The answer to the first part is in the affirmative and the second part does not arise.

Mr. Lalchand Navalrai : May I know if they are permitted to take friends on payment of first class fare in the saloons ?

The Honourable Sir Saiyid Sultan Ahmad : Yes : I have answered that question.

Mr. Mohan Lal Saksena : Is it a fact that one of the front benchers on the Government side was found so travelling with the Railway Member ?

Mr. President (The Honourable Sir Abdur Rahim) : I cannot allow that question.

Mr. Mohan Lal Saksena : It is an important question, Sir. May I know whether it is correct that one of the front benchers on the Government side was found travelling with his wife with a Member of the Railway Board in his saloon ?

The Honourable Sir Saiyid Sultan Ahmad : No.

Mr. Mohan Lal Saksena : May I know if Sir Aubrey Metcalfe was found so travelling ?

The Honourable Sir Saiyid Sultan Ahmad : Yes : but he is not a front bencher today in this House.

Mr. Mohan Lal Saksena : May I know when he purchased the ticket ?

The Honourable Sir Saiyid Sultan Ahmad : On the day he travelled.

Mr. Mohan Lal Saksena : Is it not a fact that the Honourable Member of the Railway Board was asked to show the tickets at the Delhi station and no tickets could be shown ?

The Honourable Sir Saiyid Sultan Ahmad : I have made particular inquiries in this matter and I find that the whole report is untrue.

PRICES OF FITTINGS IN THE LAVATORIES OF UPPER CLASS COMPARTMENTS ON THE EAST INDIAN RAILWAY.

669. *Mr. Sri Prakasa : Will the Honourable Member for Commerce and Railways state :

(a) if it is a fact that the attention of Government has been drawn to the lists hung in the lavatories of first and second class compartments on the East Indian Railway giving a list of fittings and their prices ;

(b) if it is not a fact that commodes are priced at about Rs. 200 each and wash-basins at about Rs. 300 ; and

(c) if it is not a fact that less expensive fittings are available ?

The Honourable Sir Saiyid Sultan Ahmad : (a), (b) and (c). The 'prices' referred to by the Honourable Member represent charges for deficiencies on interchanged stock levied under the Conference Rules of the Indian Railway Conference Association. The charges include a penalty element and do not concern the public.

Mr. Sri Prakasa : I could not follow the answer at all. There is no question of penalty in this.

The Honourable Sir Saiyid Sultan Ahmad : I know there is no question of penalty in the question, but I am giving the answer to the effect that the price does not only represent the actual cost but also the penalty if the materials are destroyed.

Qazi Muhammad Ahmad Kazmi : What is the actual cost : by how much is the cost less than what is shown here ?

The Honourable Sir Saiyid Sultan Ahmad : I cannot give the information unless you want to know the actual price.

Qazi Muhammad Ahmad Kazmi : Has the Honourable Member inquired that cheaper materials cannot be obtained as stated in part (c) ?

The Honourable Sir Saiyid Sultan Ahmad : The question does not arise from the reply I have given. I have pointed out in my answer that the prices given there do not represent the actual value. They represent the actual value *plus* what is considered to be penalty in case of destruction.

Qazi Muhammad Ahmad Kazmi : In view of part (c), was it not necessary to show the real price on account of penalty in case of destruction of the materials ?

The Honourable Sir Saiyid Sultan Ahmad : The question is if it is not a fact that less expensive materials are available, and the answer is that they are in fact less expensive and the figures are inclusive of the penalty.

†670*.

OPPOSITION BY THE CHIEF AND FINANCIAL COMMISSIONERS FOR RAILWAYS TO MEET THE INDIAN MERCHANTS CHAMBER, BOMBAY.

671. ***Sir Muhammad Yakub** : (a) Has the attention of the Honourable the Railway Member been drawn to the following paragraph which appeared in *Roy's Weekly*, dated the 30th August, 1937 :

"A Bombay friend informs me that during the recent visit of the Honourable the Railway Member and of the Chief Commissioner for Railways to Bombay a delicate situation was saved by Sir Sultan Ahmad. It seems that, following the policy of non-co-operation which has been practised for some years by the Government of India officials, the Railway bosses were opposed to the idea of meeting the Indian Chamber of Commerce. 'Oh, they will make wild charges', is the kind of feeling which perhaps made them say so." ?

(b) Is it correct that the Chief and Financial Commissioners of Railways were opposed to meeting the Indian Merchants Chamber, Bombay, during their recent tour ?

(c) Is it correct that they agreed to meet this Chamber only after the intervention of the Honourable the Railway Member ?

(d) If the answers to parts (b) and (c) be in the affirmative, will Government please state the reasons why the Chief and Financial Commissioners of Railways were opposed to meeting the Indian Merchants Chambers ?

The Honourable Sir Saiyid Sultan Ahmad : (a) Government have seen the paragraph referred to.

(b) There is no foundation whatever for this allegation. Following the normal procedure the Secretary of the Railway Board wrote to the Indian Merchants Chamber, Bombay, on the 22nd June, advising that Chamber that the Chief and Financial Commissioners of Railways would be in Bombay at the beginning of August and asking if there were any subjects which the Chamber desired to discuss. The Secretary of the Indian Merchants Chamber replied, under his letter dated 30th June, saying that the Committee of the Chamber would like, as usual, to meet the Chief and Financial Commissioners during their stay in Bombay. The meeting took place on August 2nd.

(c) No. All the arrangements were made without the knowledge of the Honourable the Railway Member.

(d) Does not arise.

GRANT OF PASSES TO RETIRED RAILWAY SERVANTS.

672. ***Mr. Mohan Lal Saksena** : (a) Will the Honourable Member for Commerce and Railways be pleased to state whether under the new pass rules the privileges of retired railway servants have also been curtailed ? If so, to what extent ?

†This question was withdrawn by the questioner.

(b) Are Government prepared to consider the advisability of allowing passes to persons who were compulsorily retired under medical advice, or due to retrenchment and had put in at least 20 years' service ?

The Honourable Sir Saiyid Sultan Ahmad : (a) Yes. Under the pass rules in force on the State-managed Railways from 1st January, 1937, there have been the following alterations in the rules governing the grant of passes to retired employees :

For Subordinates.

(i) The minimum service for passes has been increased from 25 to 30 years ;

(ii) the number of single journey passes has been reduced from 4 to 2 with 30 years' service and 6 to 4 with 35 years' service ; and

(iii) the grant of passes over other State-managed Railways has been stopped.

For inferior staff.

(i) The grant of 2 single journey passes allowed over the home line under the 1935 rules has been stopped.

(b) No.

Mr. Mohan Lal Saksena : May I know, Sir, whether Government servants who were made to retire before completing 25 years under medical certificate will be allowed to have passes under the new rules ?

The Honourable Sir Saiyid Sultan Ahmad : I have answered this question ; No.

Mr. Mohan Lal Saksena : What is the reason for depriving them of this privilege which they had earned during their service ?

The Honourable Sir Saiyid Sultan Ahmad : Government have considered the question, and they consider this is sufficient.

Mr. Mohan Lal Saksena : Is it not a fact that Government take special steps to safeguard the interests of the I. C. S. and I. M. S. people ?

The Honourable Sir Saiyid Sultan Ahmad : That question does not arise.

Mr. Lalchand Navalrai : May I know, Sir, whether, in view of the great discontent that prevails over the question of these passes, the Honourable Member will find time to personally go into this matter and decide this matter once for all ?

The Honourable Sir Saiyid Sultan Ahmad : As a matter of fact, so far as the question of passes is concerned, I propose to go into that question myself after the 27th. Many representations have been received.

Mr. Sri Prakasa : Is it not a fact, Sir, that on the G. I. P. Railway too many passes are given to railway servants, and we *bona fide* passengers are often blocked out by them ?

The Honourable Sir Saiyid Sultan Ahmad : I do not know.

RESOLUTIONS AND MOTIONS FOR ADJOURNMENT.

673. ***Mr. Mohan Lal Saksena** : (a) Will the Honourable the Law Member be pleased to state how many resolutions and motions for adjournment have been disallowed by the Governor General since September last on the ground of their discussion not being in the public interest ?

(b) How many motions for adjournment have been carried in the Assembly since January, 1936, and what action, if any, has been taken by Government ?

The Honourable Sir Nripendra Sircar : (a) The numbers are four and ten, respectively.

(b) The reply to the first part is six.

So far as the second portion is concerned the information is being collected and will be laid on the table in due course.

Mr. S. Satyamurti : Do Government consider the results of voting in this House on adjournment motions ?

The Honourable Sir Nripendra Sircar : They can't help considering.

Mr. T. S. Avinashilingam Chettiar : May I know if those results are considered immediately after the adjournment motions are carried or they are postponed to some other day ?

The Honourable Sir Nripendra Sircar : I can't tell the Honourable Member the exact number of minutes or seconds or hours before the matter is considered, but the matter is considered within a reasonable time.

Seth Govind Das : As far as the adjournmnet motion which has been carried in this Session is concerned, may I know, Sir, whether Government will be able to come to a final decision before the end of this Session ?

The Honourable Sir Nripendra Sircar : No, Sir.

Mr. Sri Prakasa : Will it be in the public interest to lay on the table of the House the information relating to the list of Resolutions which were disallowed in the public interest ?

The Honourable Sir Nripendra Sircar : I think my answer carries with it the implication that there will be no detriment to public interest.

INSUFFICIENCY OF WATERWAYS IN THE RAILWAY EMBANKMENTS ON CERTAIN LINES OF THE EASTERN BENGAL RAILWAY.

674. ***Dr. P. N. Banerjea** : (a) Will the Honourable the Commerce Member be pleased to state if it is a fact that the Rajshahi District and a part of the Pabna District suffered greatly from floods during the monsoon season of 1936 ?

(b) Is it a fact that the flooding and the resulting damage to crops and other properties were aggravated by insufficiency of waterways in the Railway embankments on the main line and the Sara-Serajgunj line of the Eastern Bengal Railway ?

(c) Is it a fact that the District Officers of Rajshahi and Pabna made suggestions to Government for creating new headways and improving the present headways for water in order to mitigate the effect of the flood ?

(d) If so, will Government state what steps they and the Railway administration have taken in this matter ?

The Honourable Sir Saiyid Sultan Ahmad : Enquiries are being made from the Railway Administration and a reply will be laid on the table in due course.

Dr. P. N. Banerjea : When is the result of the inquiry expected to be received ?

The Honourable Sir Saiyid Sultan Ahmad : I would refer my friend to my Honourable colleague, Sir Nripendra Sircar's astrologer.

INSULT TO AN INDIAN I.C.S. OFFICER IN THE CENTRAL PROVINCES.

675. ***Mr. Badri Dutt Pande** : With reference to the answer to question No. 46, dated the 24th August, 1937, regarding the Narsinghpur Railway Station incident, in which Mr. H. V. Kamath, I.C.S., was refused admittance by two Europeans in the first class compartment, will the Honourable Member for Commerce and Railways please state :

(a) if it is a fact that the Railway authorities have taken the guard, an Anglo-Indian, to task and have degraded him from the passenger to the goods services for one year ;

(b) if it is a fact that the sole fault of the guard was that he, on being approached by Mr. Kamath for room went to the two European passengers, who were the sole occupants of the compartment and requested them to allow Mr. Kamath to have his seat therein as the compartment had accommodation for six passengers and was not reserved ; and

(c) if it is a fact that the Europeans did not allow Mr. Kamath and handed over their cards to the Guard for whatever action he thought fit ?

The Honourable Sir Saiyid Sultan Ahmad : (a) I understand that disciplinary action has been taken against the guard, but I am not aware of the exact nature of such action.

(b) No. On the other hand, the guard failed to take action under the Railways Act against the two European passengers for refusing to show their tickets ; he also failed to observe certain Departmental Regulations.

(c) Yes.

Mr. G. V. Deshmukh : With reference to reply to clause (b) of the question, may I know, Sir, what action the guard could have taken ?

The Honourable Sir Saiyid Sultan Ahmad : Under the sections of the Railways Act.

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Mr. Sri Prakasa : Is it not a fact, Sir, that persons before being appointed to the I. C. S. have their physique properly examined and did not Mr. Kamath possess sufficient physical strength to hold his own against these two persons ? If not, will Government consider the desirability of asking him to retire from the service ?

The Honourable Sir Saiyid Sultan Ahmad : He has got sufficient strength.

Mr. G. V. Deshmukh : Were the two Europeans in Government service ? Were they members of the Imperial Service or Provincial Service or they were connected with business concerns ?

The Honourable Sir Saiyid Sultan Ahmad : No, they were not in Government service.

Mr. G. V. Deshmukh : Then, were they connected with business concerns ?

The Honourable Sir Saiyid Sultan Ahmad : Possibly.

CONTRACT FOR LANDING OF CARGO GIVEN BY THE MADRAS PORT TRUST.

676. ***Mr. Thirumala Rao** : (a) Will the Honourable Member for Commerce and Railways be pleased to state whether the Madras Port Trust Board carries out the landing of cargo by itself or by contract system ?

(b) If it does by contract system, who are all the contractors ?

(c) Has it given notice to its contractors that their contracts would cease by September, 1937.

(d) If the answer to part (c) be in the affirmative, has the Port Trust Board extended the contract for another term of years to Binny and Co. ?

(e) Have the Government of India approved of this measure ? If so, what are the reasons for doing so ?

Mr. Y. N. Sukthankar : I have been asked to reply to this question, Sir :

(a) Under section 41-A (1) (a) of the Madras Port Trust Act, 1905, the Board may, with the sanction of Government, relinquish to an approved person the performance of certain services which otherwise are to be performed by the Board, including the landing and shipping of goods. That power has been exercised and the position at present is that the landing of all import cargo, with the exception of certain goods, is by agreement being done by the local agents of the importing vessels.

(b) The principal Landing Agents are Messrs. Binny and Company, Volkart Brothers, Gorden Woodroffe and Company, Lionel Edwards, Limited, Best and Company, Bombay Company, Limited, Parry and Company, Limited, Messrs. Messageries Maritimes and the Scindia Steam Navigation Company, Limited.

(c) The agreements referred to in part (a) expire on 30th September, 1937, and notice has been given that they will not be renewed. From that date, therefore, the Board will resume responsibility for these services.

(d) The Board has not extended its agreement with Messrs. Binny and Company but has arranged with them for the provision of lighterage in the Madras Harbour in respect of vessels for which they are agents for a period of two years.

(e) No. The approval of Government is unnecessary, because the amount of the contract with Messrs. Binny and Company is less than Rs. 50,000, *vide* section 87 of the Madras Port Trust Act, 1905.

Mr. Thirumala Rao : With reference to clause (b), Sir, may I know, if there will be any saving if the landing business is carried on by the Port Trust itself instead of giving out the contract to Binny and Company ?

Mr. Y. N. Sukthankar : The Port Trust must have considered that when they decided to take over this work.

Mr. Thirumala Rao : Will there be any saving if it is carried out by the Port Trust instead of its being done by Messrs. Binny and Co. ?

Mr. Y. N. Sukthankar : If my Honourable friend wants any detailed information I must ask for notice of the question.

Pandit Lakshmi Kanta Maitra : Which of these companies are purely Indian companies ?

Mr. Y. N. Sukthankar : From the answer that I gave the Honourable Member will find for himself that the Scindia Steam Navigation Company is the only Indian company.

Pandit Lakshmi Kanta Maitra : May I know whether in appointing these contractors Government give reasonable facilities for all classes of people to compete ?

Mr. Y. N. Sukthankar : It has nothing to do with Government.

Pandit Lakshmi Kanta Maitra : I mean the Port Trust ?

Mr. Y. N. Sukthankar : It is entirely within the competence of the Port Trust to make these appointments.

GOODS RETURNS OF OTHER THAN CLEARING HOUSE TRAFFIC.

677. ***Khan Sahib Nawab Siddique Ali Khan** : (a) Will the Honourable Member for Commerce and Railways please state if the goods returns of other than Clearing House Traffic are received in that office periodically and according to the Manual of Procedure, Railway Clearing Accounts Office, the division sheets of each period are required to be completed in seven days after the receipt of invoices to the division sheet compiler ?

(b) If the reply to part (a) be in the affirmative, will the Honourable Member please state what effect, if any, has the recent revision of duration of periods for which these returns are received on the office work, specially the last period of the month ?

(c) Will the Honourable Member please state if the invoices and returns for the last period are always received late from the stations and the division sheets for this period have never been out on the due date for the last ten years ?

(d) Will the Honourable Member please state if the goods returns are not received on due dates, how it is physically possible to complete the work before the seven days' period allowed for the completion of the work ?

(e) Will the Honourable Member please state if the increase in the last period of four days has reduced the margin of seven days referred to in part (d) to three days ?

(f) If so, why do the supervisory staff and branch officers make their clerks and subordinates sit late hours and finish a work of seven days in four days ?

(g) What is the number of clerks who were previously engaged on the same work and use to do it in seven days and the staff now required to finish it in four days ?

Mr. B. M. Staig : With your permission, Sir, I shall answer questions Nos. 677 and 678 together. I am collecting the required information and shall lay replies on the table in due course.

NON-RECEIPT OF FOREIGN PASSENGER CLASSIFICATIONS OF CERTAIN STATIONS ON THE EAST INDIAN RAILWAY IN THE RAILWAY CLEARING ACCOUNTS OFFICE.

†678. ***Khan Sahib Nawab Siddique Ali Khan**: (a) Will the Honourable the Commerce Member please state whether the Foreign Passenger Classifications of some railway stations on the East Indian Railway were not received in the Railway Clearing Accounts Office for about six or seven months in 1936 ?

(b) If the reply to part (a) be in the affirmative, will the Honourable Member please state the action taken by that office for not complying with the orders ?

(c) Is the Honourable Member aware that on Barakar Station, East Indian Railway, for which no returns referred to in parts (a) and (b) above were received, the Inspector of Coaching and Goods, East Indian Railway pointed out that there was a fraud at that station and, on receipt of this information, it came to light that the figures for that station in the Clearing Accounts Office had been fudged by the clerical staff employed on this work ?

(d) Will the Honourable Member please state what action, if any, was taken against the staff concerned in the Railway Clearing Accounts Office ?

†For answer to this question, *see* answer to question No. 677.

COMPOSITION OF THE GAZETTED AND SUPERVISORY STAFF OF RAILWAY CLEARING ACCOUNTS OFFICE.

679. ***Khan Sahib Nawab Siddique Ali Khan** : Will the Honourable Member for Commerce and Railways please state the composition of the gazetted and supervisory staff of the Clearing Accounts Office by Provinces ? Are the standing orders of the Government of India, that in all India offices any one class or community should not be allowed to preponderate, being complied with in that office ?

Mr. B. M. Staig : Staff Statistics in the Railway Department are not maintained by provinces of origin and Government do not consider it necessary to call for a special compilation in respect of the Railway Clearing Accounts Office. The names of the officers, however, will be found in the classified List of State-Railway Establishment, under Railway Clearing Accounts Office, and their provinces of origin are indicated in the History of Services of the officers of the Indian State Railways.

As regards the second part of the question, I have no reason to suppose that the standing orders of the Government of India are not being complied with in the Railway Clearing Accounts Office.

STATE OF AFFAIRS PREVAILING IN THE RAILWAY CLEARING ACCOUNTS OFFICE.

680. ***Khan Sahib Nawab Siddique Ali Khan** : Is the Honourable Member for Commerce and Railways aware of the state of affairs at present prevailing in the Clearing Accounts Office in matters of discrimination and partial treatment meted out to Eastern Bengal, East Indian Bombay, Baroda and Central India and Great Indian Peninsula Railways staff which has been transferred to this office in matters of leave and promotion, and if not, is he prepared to make an enquiry into the same?

Mr. B. M. Staig : The conditions of service of the staff in the Clearing Accounts Office are admittedly not uniform. This is due to the fact that when the office was instituted, staff had to be taken over from different railways or offices, and individual members continued to be employed on the terms they enjoyed in their office of origin. These terms were not uniform. In view of this explanation, Government do not consider that any enquiry is necessary.

STAY-IN PROTEST IN THE NORTH WESTERN RAILWAY WORKSHOPS, MOGHALPURA.

681. ***Mr. Lalchand Navalrai** : (a) Will the Honourable Member for Commerce and Railways be pleased to state the facts leading to the stay-in protest in the North Western Railway workshops, Moghalpura, in May, 1937 ?

(b) Is it a fact that despite the representation made to the railway authorities by the Anjuman Himayat Islam, Anjuman-i-Islamia and the

Railway Workers that the Id-i-Milad day fell on Sunday, the 23rd May, 1937, and was being observed in other provinces on the said date the Railway authorities declared Monday as a holiday ?

(c) Are Government aware of the facts that the closing of the Railway Workshops on Monday—a working day—implied a loss of one day's wages to the workers who are daily rated ?

(d) Are Government aware that the workers made a stay-in protest for the celebration of Id-i-Milad on 24th May instead of 23rd May ?

(e) Are Government aware that the workers were given to understand through the *Civil and Military Gazette* that no victimisation will take place ?

(f) Are Government aware that four Union workers have been victimised ?

(g) Is it a fact that supply of water was cut off from the workmen who stayed in the shops as a measure of protest ? If so, under what rule is such an inhuman conduct allowed ?

(h) Is it a fact that the Railway work did not suffer due to this protest in any way ?

(i) Is it a fact that no untoward incident occurred during this protest ?

(j) Is it a fact that the charges framed against the workers were never enquired into by any Committee ?

(k) Is it a fact that summary action was taken and the rules relating to the discharge of workers framed by the Railway Board and the Government of India were ignored ?

(l) Is it a fact that the Provincial Government and the Premier had prevailed upon the Agent to reinstate these men ?

(m) Is it a fact that the Railway Administration has not done any thing so far ?

(n) Is it a fact that the Railwaymen's Federation has referred this case to the Railway Board ? If so, what do Government propose to do in the matter ?

The Honourable Sir Saiyid Sultan Ahmad : (a) to (m). These are matters of detailed administration within the competence of the Agent, North Western Railway, to decide. I, however, place on the table of the House a copy of the communiqué issued by the Agent, North Western Railway, on the 22nd May, 1937, which contains the information readily available.

(n) The reply to the first part of the question is in the negative. The latter part does not arise.

Communiqué issued to the Press, on Saturday, 22nd May, 1937, regarding the " stay-in " strike at the Workshops at Moghalpura.

Owing to misrepresentations of the facts that appeared in this morning papers with regard to the " stay-in-strike " in the Railway Workshops yesterday and to false rumours, which are circulating, it is felt necessary to state the facts. There is no truth in the rumour that the drinking water was cut off or that the men were threatened with dismissal. The statement that the men would lose a day's pay by declaring the 24th a paid holiday is also quite incorrect.

Professional agitators have been endeavouring to rouse the men for sometime. During the last few days they have been informing the men that they should demand pay for Sunday, the 23rd, instead of accepting the paid holiday on the 24th as declared by the Railway Administration. At about 11 hours on the 21st, intimation was received of increased efforts to create unrest.

The Railway policy, which is well known to the men, is to grant 17 paid holidays during the year and in these are included the more important festivals. When one of these festivals falls on a " dies non " or two of them fall on the same day, it is practice for the subsequent or another day to be declared a paid holiday in order that men may get the full number of paid holidays.

At the close of work on the afternoon of the 21st May, about 60 per cent. of the workmen failed to leave the locomotive shops premises and about 85 per cent. remained in the Carriage and Wagon Shops. For a time there was a certain amount of rowdyism and the Police were asked to make arrangements for the protection of State property and to preserve order. The Deputy Commissioner was also informed of the situation and kept posted with regard to the developments. At about 20 hours, the Railway authorities decided that the staff should be given up to 22 hours to leave the workshops and to inform them that those who failed to leave by that time would not be allowed to take their tickets for the next working day, i.e., on Tuesday, the 25th. About 540 men of the Loco. Shops left by that time and soon after midnight all had gone. In view of the circumstances explained below this delay is considered to be a very small matter. Rather more than 1,000 men had left the Carriage Shops by midnight and other small parties during the night. Between 10-15 and 10-45 this morning, the 22nd, over 2,000 went home and soon after 11 o'clock the balance departed. Apart from the efforts of agitators outside the Shops opposing the attempts of men to leave, there was no rowdyism or disturbance worth noting.

It is a common knowledge that most of the men were only too anxious to go home and that the delay in leaving after warning was due to the pressure of agitators and fear of intimidation.

Mr. Lalchand Navalrai : With regard to the answer to part (g) of the question, I think it is a fact that the water was actually stopped and they were not allowed to bring in water although they were staying inside the shops.

The Honourable Sir Saiyid Sultan Ahmad : I have answered with regard to (a) to (m) that these are matters of detailed administration within the competence of the Agent, North Western Railway, to decide. I, however, place on the table of the House a copy of the communiqué issued by the Agent dealing with all these points.

Mr. Lalchand Navalrai : May I know from the Honourable Member with regard to his answer to part (n) of the question, whether the Railwaymen's Federation has referred this case to the Railway Board

and whether the Board has considered or the Honourable Member has gone into it or not ?

The Honourable Sir Saiyid Sultan Ahmad : I answered this question. The answer was in the negative ; no representation has been received. Then the other question does not arise.

Mr. Mohan Lal Saksena : Is it not a fact that the communiqué laid by the Honourable Member does not deal with the question of stoppage of water ?

The Honourable Sir Saiyid Sultan Ahmad : I think it does generally.

STOPPAGE OF THE LUGGAGE PASS GRANTED TO THE INFERIOR STAFF ON THE NORTH WESTERN RAILWAY.

682. ***Mr. Lalchand Navalrai** : (a) Will the Honourable Member for Commerce and Railways be pleased to state if it is a fact that the luggage pass granted to the inferior staff on the North Western Railway has been stopped ? If so, since when ?

(b) Will the Honourable Member let the House know why this has been done ?

(c) Are Government aware that the inferior staff of Provincial and Central Governments get allowance for luggage on transfer ?

(d) Is the Railway Administration prepared to consider the desirability of restoring the luggage pass to the inferior staff ? If not, why not ?

The Honourable Sir Saiyid Sultan Ahmad : The Honourable Member is presumably referring to luggage passes granted to the inferior staff on the North Western Railway *on transfer*. Under the Government rules on the subject, inferior servants are entitled on transfer to travelling allowance as for a journey on tour, *i.e.*, in the case of inferior railway servants, for journeys by rail, a free third class pass for self and baggage covered by the pass in addition to daily allowance admissible. Local concessions in the shape of free passes for extra luggage, etc., are, however, allowed by individual railways, which on the North Western Railway were recently withdrawn by the Agent in order to comply with the rule on the subject. On representation to the Railway Board it has since been decided to restore the concession of luggage passes on transfer to the inferior staff.

ACCOUNTS DEPARTMENT STOCK VERIFIERS ON THE GREAT INDIAN PENINSULA RAILWAY.

683. ***Mr. N. V. Gadgil** : Will the Honourable Member for Commerce and Railways be pleased to state :

(a) whether it is a fact that the Accounts Department Stock-verifiers on the Great Indian Peninsula Railway have been fixed in the grade of Rs. 100—10—200 as opposed to the standard grade of pay Rs. 100—10—240 which is being given to all such staff on other State Railways, and whether these men have made repeated representations to standardise their grade of pay in accordance with that obtaining on other State Railways for the staff ;

(b) whether these men have been told repeatedly in reply to their several appeals by the Administration to await the introduction of the standardisation of pay on State Railways ;

(c) whether these men have been invariably recommended by their departmental heads for better treatment and for the redressing of their grievances ; and

(d) if the replies to the above be in the affirmative, the reasons as to the prevalence of this discrimination and whether Government propose to take necessary steps to redress their grievances ; if not, why not ?

Mr. B. M. Staig : (a) and (d). The attention of the Honourable Member is invited to the reply given by Mr. (now Sir) Raghavendra Rau on the 1st of April, 1933, to Lieut.-Colonel Sir Henry Gidney's starred question No. 1052.

(b) No.

(c) I am not prepared to disclose the recommendations made by the departmental heads concerned.

ACCOUNTS DEPARTMENT STOCK VERIFIERS ON THE GREAT INDIAN PENINSULA RAILWAY.

684. ***Mr. N. V. Gadgil** : Will the Honourable Member for Commerce and Railways please state :

(a) whether the solemn promises of the Governor General in Council regarding standardisation of pay were disregarded in the case of the Great Indian Peninsula Railway Stock-verifiers of the Accounts Department at the time of the separation of Audit from Accounts ;

(b) whether the Stock-verifiers of the East Indian Railway Accounts Department have reaped a harvest of benefits on separation whereas the Great Indian Peninsula Stock-verifiers have been neglected ;

(c) whether the recommendations contained in the (Blue Book) "Proceedings of the meeting of the Standing Finance Committee for Railways" of September, 1928, Volume 5, No. 3, have not been given effect to, despite repeated appeals from these men and the strong recommendations from their Department Heads ; and

(d) whether discriminative policy has been adopted with respect to these men in the application of the revised terms and conditions of service and pay and prospects arising out of the

introduction of the separation proposals as contained in the Railway Board's Memorandum No. 5565-F. of the 31st July, 1929, page 2 ?

Mr. B. M. Staig : (a) I am unable to trace any promise of Government in this connection.

(b) Government do not consider that any inference of this nature can be drawn from the facts known to them.

(c) So far as I am aware, the recommendations of the Standing Finance Committee have been carried out. I am unable to trace the particular recommendations in the proceedings which the Honourable Member has in mind.

(d) No.

ACCOUNTS DEPARTMENT STOCK VERIFIERS ON THE GREAT INDIAN PENINSULA RAILWAY.

685. ***Mr. N. V. Gadgil** : Will the Honourable Member for Commerce and Railways please state :

(a) whether the concessions granted to the existing staff of Stock-verifiers on separation of Accounts from Audit on the East Indian Railway, have not been extended to the Great Indian Peninsula Stock-verifiers, despite their eligibility to the same under paragraphs 1 and 1 (*a*) of Appendix A of the Railway Board's Memorandum No. 5565-F. of the 31st July, 1929 ;

(b) whether these men, one and all, who were in service at the time of separation of Accounts from Audit on the Great Indian Peninsula Railway, were entitled to promotions as Senior and Junior Inspectors of Stores Accounts as laid down in the proposition statement of the (Blue Book) proceedings of the Railway Standing Finance Committee, Volume 5, No. 3 of 1928 and the aforesaid Memorandum ; and

(c) whether these promotions are financially provided for in the said Blue-Book ?

Mr. B. M. Staig : (a) No concession which is admissible to any member of the Great Indian Peninsula Railway Accounts staff under the memorandum referred to has been withheld.

(b) and (c). Neither the proposition statement nor the financial results indicated in the blue book are relevant to the question of the title to promotion of any class or grade of staff. I can assure the Honourable Member, however, that any promises made to the staff have been honoured.

ACCOUNTS DEPARTMENT STOCK VERIFIERS ON THE GREAT INDIAN PENINSULA RAILWAY.

686. ***Mr. N. V. Gadgil** : Will the Honourable Member for Commerce and Railways please state :

(a) whether the retention of the cadre of Stock-verifiers in the State Railways Accounts Department other than the East Indian Railway Accounts Department is due to the clerical error in the proposition statements at pages 46 and 70 of the said Blue-Book referred to by the Auditor General in paragraph 13 at page 30 thereof ;

(b) whether these men have been supported in their claims by their Departmental Heads and despite their appeals to the Controller of Railway Accounts and the Financial Commissioner of Railways, justice has not been meted out to them ;

(c) whether these men on the Great Indian Peninsula Railway have been performing all the duties prescribed under the rules for Inspector of Store Accounts and that these men are in no way inferior to Inspectors on the East Indian Railway, and that this view has been repeatedly endorsed by their Chief Accounts Officer ; and

(d) if the answers to the preceding parts be in the affirmative, their reasons justifying the non-promotion of the Great Indian Peninsula Stock-verifiers to the posts of Inspectors of Stores Accounts and whether they propose to take the necessary steps to redress the grievances ; if not, why not ?

Mr. B. M. Staig : (a) No. The retention of this cadre is due entirely to the fact that Government considered it the most suitable agency for the work to be done.

(b) I regret I am not prepared to disclose the views of the departmental heads concerned in this matter.

(c) The organisation of work on different railways varies and a rigid comparison of duties is not practicable.

(d) Does not arise.

ACCOUNTS DEPARTMENT STOCK VERIFIERS ON THE GREAT INDIAN PENINSULA RAILWAY.

687. ***Mr. N. V. Gadgil** : Will the Honourable Member for Commerce and Railways please state :

(a) whether the provisions contained in the Railway Board's Memorandum No. 5565-F. of 1929, were partially applied in giving exemption from passing Appendix " D " examinations for promotion to the posts of Inspectors of Stores Accounts to the older members of the staff, but the same benefit was not fully extended to the Stock-verifiers employed in 1928, in the old Audit Department of the Great Indian Peninsula Railway ;

(b) whether the intention of the Auditor General in entertaining such highly qualified staff for Stock-verification work was that in view of the impending separation, the existing staff of Stock-verifiers would be called upon to perform the more intelligent duties of Inspectors of Stores Accounts ; and

(c) if the answers to the above be in the affirmative, the reasons for the adoption of such a discriminating policy amongst the same class and service of men on the same Railway and whether they propose to take the necessary steps to satisfy the legitimate claims of these men, if not, why not ?

Mr. B. M. Staig : (a) All the employees in the Great Indian Peninsula Railway Accounts Department, who are eligible for exemption under paragraphs 8, 9 and 14 of the Financial Commissioner's Memorandum No. 5565-F. of 1929 have been given such exemption, and in addition all the permanent *ex*-Company's Stock Verifiers on the Railway on the old Company's scales of pay have been exempted from passing the Appendix D examination. Other employés in the Department have to pass the examination and in this respect are no less favourably situated than their confréres on other railways.

(b) No.

(c) Does not arise.

ABSENCE OF RAISED PLATFORM AND PASSENGER SHED, ETC., ON THE RAMGIRH STATION ON THE BENGAL NAGPUR RAILWAY.

688. ***Mr. Ram Narayan Singh** : Will the Honourable Member for Commerce and Railways be pleased to state :

(a) whether there are a raised platform, a proper passenger shed and quarters for the staff at the Ramgirh station formerly known as the station of Bijuliahandha on the Bengal Nagpur Railway line between Barkha Khana and the Muri junction and if not, why not ; and

(b) the total annual income of the station referred to above for the past three financial years and whether the income justifies the improvements needed thereon ?

The Honourable Sir Saiyid Sultan Ahmad : (a) and (b). Government have no information and would point out that facilities of this nature are within the competence of the Railway Administration to provide where justified. I will, however, send a copy of this question and answer to the Agent for consideration of the point raised.

Pandit Nilakantha Das : Are there any platform sheds in the railway stations on the Bengal Nagpur Railway ?

The Honourable Sir Saiyid Sultan Ahmad : I have no information.

WRITING OF NAMES OF STATIONS ON SIGN-BOARDS IN HINDI ON THE BENGAL NAGPUR RAILWAY.

689. ***Mr. Ram Narayan Singh** : Is the Honourable Member for Commerce and Railways aware of the fact that on the sign-boards indicating the names of the various stations of the Bengal Nagpur Railway in the Chhota Nagpur Division the names of the stations are not written in the Hindi script, which is a prevailing script there and if so, is he prepared to remove this grievance of the Hindi knowing passengers travelling on the lines ?

The Honourable Sir Saiyid Sultan Ahmad : Government have no information but a copy of the Honourable Member's question is being sent to the Agent of the Bengal Nagpur Railway for such action as may be necessary.

NEGOTIATIONS FOR AN INDO-BRITISH TRADE AGREEMENT.

690. ***Mr. T. S. Avinashilingam Chettiar** : Will the Honourable Member for Commerce and Railways state :

(a) when the negotiations over the Indo-British Trade Agreement are expected to be finished ; and

(b) whether the agreement will be placed before this House before final action is taken on the Agreement ?

Mr. Y. N. Sukthankar : (a) The Honourable Member is referred to the reply given by the Honourable the Commerce Member to part (a) of Mr. Mohan Lal Saksena's starred question No. 225 in this Session.

(b) As it is not yet known whether an agreement will be reached, I am afraid I must regard this as a hypothetical question which I am not prepared to answer.

Mr. T. S. Avinashilingam Chettiar : May I know whether there is any hitch in the negotiations ?

Mr. Y. N. Sukthankar : Not at all.

Mr. T. S. Avinashilingam Chettiar : May I know whether they have informed Dr. Subbaroyan, one of the members of the Advisory Committee, not to proceed to England ?

Mr. Y. N. Sukthankar : We have no such information.

Mr. T. S. Avinashilingam Chettiar : May I know whether the Government are aware of the news published in the newspapers that the Advisory Committee are returning early next week ?

Mr. Y. N. Sukthankar : As it happens, I have no such information, but if the Honourable Member is giving it to me I am prepared to take his word for it.

Seth Govind Das : Has there been any further development after the answer to Mr. Mohan Lal Saksena's question was given ?

Mr. Y. N. Sukthankar : No.

Seth Govind Das : What is the reason of this delay in reaching an agreement ?

Mr. Y. N. Sukthankar : Negotiations are proceeding and we are getting our reports. There is no delay.

Seth Govind Das : Are they taking more time than was expected ?

Mr. Y. N. Sukthankar : No.

Mr. K. Santhanam : Are we to understand that Government Members do not read newspapers or take note of news which appears in the papers ?

Mr. Y. N. Sukthankar : I have made no such suggestion.

Mr. Sham Lal : Is the Honourable Member aware that on the occasion of the Indo-British Trade Agreement debate, the Honourable Sir Muhammad Zafrullah Khan told the House that in the matter of the trade agreement, the Government of India are responsible to this House, and if the Government are responsible to this House why not place this agreement before the House before it is finally accepted ?

Mr. Y. N. Sukthankar : Our position in regard to this agreement has been explained to the House more than once in reply to supplementary questions and the Honourable Member is aware of it.

Mr. S. Satyamurti : Is it a fact that the Government asked **Dr.** Subbaroyan, one of the members of the Trade Delegation to be ready to go to England sometime this month, and have since cancelled those instructions, and asked him not to proceed to England ?

Mr. Y. N. Sukthankar : I must ask for notice of that.

Mr. S. Satyamurti : May I know whether Government have any knowledge of Dr. Subbaroyan going to England for these negotiations or have they no knowledge about it ? If they have, what is the knowledge they have ?

Mr. Y. N. Sukthankar : That he was proceeding to England.

Mr. S. Satyamurti : Do they still believe that he is going ? Will the Honourable Member state categorically whether they have issued any instructions to Dr. Subbaroyan ?

Mr. Y. N. Sukthankar : I have no information. I must ask for notice.

Mr. S. Satyamurti : Have the negotiations been resumed, and if so, when do the Government expect them to be completed ?

Mr. Y. N. Sukthankar : The negotiations are going on. They are expected to be over by the end of October but it is impossible to give a precise date.

GAZETTED OFFICERS IN DEPARTMENTS UNDER THE MEMBER FOR COMMERCE AND RAILWAYS.

691. ***Babu Kailash Behari Lal** : Will the Honourable Member for Commerce and Railways please state the number of gazetted officers in different Departments under him and how many are (1) Bengalees, (2) Madrasees, (3) Punjabees, (4) Bombayites, (5) Beharees, and (6) of other provinces or nationality ?

The Honourable Sir Saiyid Sultan Ahmad : So far as the Railway Department is concerned, the information available with Government will be found in the History of Services of the Officers of the Indian State Railways, a copy of which is in the Library of the House. As regards the Commerce Department, I lay a statement on the table of the House giving the required information.

Statement showing the number of gazetted officers in different Departments under the Honourable Member for Commerce and Railways in so far as the Department of Commerce is concerned.

Name of Department or office.	Number of Bengalees.	Number of Madrasees.	Number of Punjabees.	Number of Bombayites.	Number of Beharees.	Of other Provinces or nationalities.	Remarks.
1. Department of Commerce (Secretariat).	4	1	6*	2	..	9	
2. Commercial Intelligence and Statistics Department, Calcutta.	2	..	..	..	..	..	
3. Statistical Research Branch of the C. I. & S. Department at the headquarters of the Government of India.	..	1	..	1	..	..	
4. Office of the High Commissioner for India—London.	..	1	2	1	1	3	
5. Shipping office, Bombay ..	..	..	..	1	..	1	
6. Shipping office, Cacutta ..	1	..	1	..	..	1	
7. Bengal Pilot Service	2	..	5	3	..	45†	
8. I. M. M. T. S. Dufferin ..	..	..	..	..	..	7	
9. General Lighthouses and Lightships Department.	..	..	..	..	..	1	
10. Offices of the Principal Officers Mercantile Marine Department Karachi District.	..	..	..	..	..	1‡	
(*i*) Bombay District	..	..	..	..	..	8‡	
(*ii*) Madras District	..	..	..	..	..	2‡	
(*iii*) Calcutta District ..	1	..	..	..	..	9‡	
Total ..	10	3	14	8	1	87	

* One is on deputation to England with Sir Muhammad Zafrullah Khan.

† Including two officers on leave preparatory to retirement and also two Chief Engineers of the Pilot-Vessels.

‡ All of them are of British nationality excepting one who is an Anglo-Indian. Information regarding his province of domicile is not known.

GAZETTED OFFICERS IN THE DEPARTMENTS UNDER THE LAW MEMBER.

692. *Babu Kailash Behari Lal : Will the Honourable the Law Member be pleased to state the number of gazetted officers in the Departments under him and how many of them are (1) Bengalees, (2) Biharees, (3) Punjabees, (4) Madrassees, (5) Bombayites, and (6) of other provinces ?

The Honourable Sir Nripendra Sircar : A statement giving the required information is laid on the table.

Statement.

Bengalees	5
Bombay Parsee	1
U. P.	1
Anglo-Indians	2
Europeans	5
Total ..	14

†693*.

TROLLEY USED BY THE SON OF A RAILWAY SERVANT BETWEEN PARASARMA AND SUPAUL.

694. *Babu Kailash Behari Lal : (a) Will the Honourable Member for Commerce and Railways be pleased to state with reference to his answer to the supplementary question to question No. 388, answered on the 8th September, 1937, that he had no information if the Railway trolly was used for the son of a Railway servant, whether on the complaint published in the *Searchlight* of the 14th July, 1937, in this respect, Government made any enquiry into this serious allegation ?

(b) If no enquiry has been made as yet, do Government propose to get the matter enquired into ?

The Honourable Sir Saiyid Sultan Ahmad : (a) and (b). I am having enquiries made.

COMMUNAL CRIES ON RAILWAY PLATFORMS.

695. *Babu Kailash Behari Lal : Will the Honourable the Railway Member be pleased to state :

(a) if it is not a fact that for the last few years the water suppliers on the Railway platforms at the time of the passenger trains cry " Hindu *pani*, Hindu *pani* " and " Mussalman *pani*, Mussalman *pani* " ;

(b) if it is a fact that the Railway authorities contemplate making arrangements for " Christian *pani* ", " Parsi *pani* ", and " Sikh *pani* " ;

(c) if Government have considered the effect of encouraging such communal cries in public places like Railway platforms ;

(d) if there is any demand for having separate latrines for different communities on the Railway premises ; and

(e) if Government propose to give any direction to the Railway authorities in the matter of exhibition of such communalism on the Railway platforms ?

The Honourable Sir Saiyid Sultan Ahmad : (a) Government have no information, but are prepared to accept the Honourable Member's statement as correct.

(b) and (c). No.

(d) Government are not aware of any.

(e) No.

Mr. Sri Prakasa : May I know how the religion of *pani* (water) is found out ?

†For this question and the reply thereto, *see* page 2122 of these debates.

UPKEEP OF THE VIZAGAPATAM PORT.

696. *Mr. K. S. Gupta : (a) Will the Honourable Member for Commerce and Railways state what is the total amount spent up-to-date by the Central Government on the upkeep of the port of Vizagapatam since its beginning ?

(b) How many European, Anglo-Indian, and Indian officers are there in the service of the port ? What are their respective salaries ?

(c) Is it a fact that there is not sufficient work for the several officers now in service ?

The Honourable Sir Saiyid Sultan Ahmad : (a) I do not know exactly what figures the Honourable Member requires. The approximate Capital expenditure incurred on the construction of the Port of Vizagapatam up to the 31st March, 1937, was Rs. 3,85,25,097. Government has also made grants-in-aid during 1935-36 and 1936-37 totalling Rs. 3,00,000 to meet deficits in the revenue accounts of the Port during those years. A loan of Rs. 2,00,000, sanctioned in 1934-35 to meet the deficit during that year, is also being converted into a grant-in-aid during 1937-38.

(b) In posts carrying a maximum pay of Rs. 400 and above, there are 15 European, three Anglo-Indian and four Indian officers. A statement showing the salaries drawn by these officers is placed on the table.

(c) No.

Serial No.	Designation of the Post.	Nationality of the incumbent of the post.	Pay.	Scale of Pay.
			Rs.	Rs.
1	Deputy Administrative Officer and Traffic Manager.	European ..	2,500 *plus* Overseas Pay £13-6-8.	..
2	Assistant Traffic Manager ..	Do. ..	800	300—50—900
3	Port Engineer	Do. ..	1,600 *plus* Overseas Pay Rs. 150.	1,500—50—1,750
4	Executive Engineer ..	Hindu ..	850	750—50—950
5	Assistant Engineer ..	Indian Christian	800	450—50—800
6	Harbour Master	Europan ..	1,250	1,100—50—1,300
7	Mechanical Supeintendent ..	Do. ..	950 *Plus* Overseas Pay Rs. 150	860—40—1,100
8	Medical Officer	Hindu ..	415	215—25—415
9	Assistant Harbour Master ..	European ..	825	750—25—1,100
10	Ditto.	Do. ..	825	750—25—1,100
11	Ditto	Do. ..	825	750—25—1,100
12	Navigating Dredging Master	Do. ..	525	450—25—600
13	Ditto.	Do. ..	525	450—25—600
14	Dredging Master	Do. ..	352½	300—7½—390—10—450.
15	Foreman	Do. ..	580	500—20—600
16	Mechanical Engineer ..	Do. ..	580	550—20—650
17	Chief Engineer	Do. ..	675	600—25—675
18	Second Engineer	Do. ..	675	600—25—675
19	Ditto. ..	Anglo-Indian	550	450—25—550
20	Ditto.	Do. ..	550	450—25—550
21	Third Engineer	Do. ..	500	450—25—550
22	Electrical Engineer and Manager.	Indian Christian	500	

Europeans	.. 15
Anglo-Indians	.. 3
Indians	.. 4
Total	.. 22

Seth Govind Das : What is the reason for this big number of Europeans and small number of Indians ?

The Honourable Sir Saiyid Sultan Ahmad : I understand these are technical appointments and that is the reason why there are so many Europeans.

Seth Govind Das : Is this a prospering concern ?

The Honourable Sir Saiyid Sultan Ahmad : I have given figures which are not very encouraging.

Seth Govind Das : Is it a fact that on account of the meagre facilities, big ships do not come to this port at all ?

The Honourable Sir Saiyid Sultan Ahmad : That question does not arise from the answer given.

Seth Govind Das : It arises in this way. The Honourable Member said that the revenues are not encouraging. I say that the reason for the loss of revenue is that facilities are not given to big ships to go into that port ?

The Honourable Sir Saiyid Sultan Ahmad : That question is being examined.

Mr. K. S. Gupta : In view of the answer to (c), may I ask the Honourable Member whether there has been a corresponding reduction in the officers' staff when there has been a reduction in regard to labour ?

The Honourable Sir Saiyid Sultan Ahmad : I cannot answer that question off-hand.

Prof. N. G. Ranga : Has any recent attempt been made by the Government of India to bring about a reduction in the establishment charges of this harbour ?

The Honourable Sir Saiyid Sultan Ahmad : That was done in 1936.

Mr. K. S. Gupta : Is it a fact that one mechanical superintendent was supervising over thousands of labourers from 1926 to 1933 and now one mechanical superintendent and one assistant are supervising only 400 workers ?

Mr. President (The Honourable Sir Abdur Rahim) : These details cannot be supplied off-hand.

DEVELOPMENT OF THE VIZAGAPATAM PORT.

697. ***Mr. K. S. Gupta** : (a) Will the Honourable Member for Commerce and Railways please state whether it is a fact that Cochin Harbour suffered the same financial strain in the initial years as is the case with Vizagapatam ?

(b) Is it a fact that the Cochin Harbour had a fairly developed hinterland from the beginning ?

(c) Is it a fact that while developing the port of Vizagapatam, it was understood that the hinterland would also be developed ? If so, what has been done ?

(d) What is the contribution of the Bengal Nagpur Railway towards the development of the port ?

(e) Is it a fact that Sir T. R. Wynne declared that the administration of the Bengal Nagpur Railway has a great scheme to further the development of the country through which it traverses ?

(f) Was any contemplated scheme submitted to the Central Government ? If so, what is the action proposed to be taken ?

(g) Is not the development of Vizagapatam port a matter for inter-provincial co-operation ? If so, what is the interest bestowed by the Central Provinces Government ?

The Honourable Sir Saiyid Sultan Ahmad : (a) No. Cochin was constituted a major port only on the 1st August, 1936. As a minor port it had previously paid its way.

(b) Yes, Sir.

(c) As a means of developing trade through Vizagapatam, sanction was accorded to the construction of the Raipur-Parvatipur Railway. This scheme, and that for the construction of the harbour, were treated as inter-dependent, and were sanctioned together. The new line has been completed and opens up a hinterland of about 125,000 square miles.

(d) The Bengal Nagpur Railway makes no financial contribution towards the development of the port.

(e) and (f). The Honourable Member presumably has in mind Sir T. R. Wynne's scheme for the development of roads on the Jeypore plateau. The scheme has been received by the Central Government, but no action has yet been taken, as the matter is being further investigated by the Bengal Nagpur Railway Administration in consultation with the Government of Orissa.

(g) The Provincial Governments having jurisdiction locally are not concerned with the administration of the port, but it is in their interests to foster its trade. The Central Government are not aware as to the exact steps in this direction that have been taken by the Government of the Central Provinces.

Prof. N. G. Ranga : In view of the continued losses incurred on the Vizagapatam Harbour, have Government tried to bring about retrenchment and if so to what extent have they succeeded ?

The Honourable Sir Saiyid Sultan Ahmad : I have answered that question. The examination is going on at present.

Seth Govind Das : For how long has it been going on ?

The Honourable Sir Saiyid Sultan Ahmad : After the Public Accounts Committee submitted its report.

Seth Govind Das : About a year ago ?

The Honourable Sir Saiyid Sultan Ahmad : I cannot say definitely.

PROPOSAL TO STOP THE WORKING OF THE COCANADA KOTIPALLI RAILWAY.

698. ***Mr. Thirumala Rao** : (a) Will the Honourable Member for Commerce and Railways be pleased to state whether there is any proposal to stop the working of the Cocanada Kotipalli Railway (Madras Presidency) ?

(b) If the answer to part (a) is in the affirmative, what is the cause ?

(c) Is it the policy of Government that every railway line, irrespective of its length, should, if it is to be worked, be self maintaining ?

(d) Have Government any idea of a comprehensive review of rail and road competition in the near future ?

(e) If the answer to part (d) be in the affirmative, are Government prepared to await the results of such a review mentioned in part (d) before coming to a decision on the fate of lines like the Cocanada Kotipalli Railway ?

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

(b) The branch is being run at a loss which is, in some measure, attributable to uncontrolled road competition.

(c) Yes, this is the usual policy in respect of commercial lines taking into account a proportion of the additional earnings derived on account of traffic brought to the main line by the branch line.

(d) No, Sir, but measures are in contemplation for co-ordination of road and rail transport on the lines of the recommendations in the Wedgwood Committee's Report.

(e) Before arriving at a decision to close any branch lines, Government will take into account all relevant factors affecting working expenses and earnings.

Mr. Thirumala Rao : With regard to part (c), are the Government aware that the line is only 28 miles in length and do they propose taking into consideration the small amount of money invested in it before deciding to abolish the line ?

The Honourable Sir Saiyid Sultan Ahmad : We will take that into consideration.

Mr. M. Ananthasayanam Ayyangar : Has any attempt been made to retrench expenditure, before deciding to abolish the line ?

The Honourable Sir Saiyid Sultan Ahmad : The working of the line has not been stopped.

Mr. Thirumala Rao : Are Government aware that Diesel cars are being run on the lines which reduce the cost considerably ?

The Honourable Sir Saiyid Sultan Ahmad : I am not aware of it.

Mr. Thirumala Rao : Will the Honourable Member please consider that if service is by means of Diesel cars, the cost is considerably less and therefore the necessity of abolishing the line may not arise ?

The Honourable Sir Saiyid Sultan Ahmad : I am obliged to the Honourable Member for the advice he has given. I will consider it.

CONSTRUCTION OF AN OVERBRIDGE BETWEEN BEZARODA STATION AND KISTNA BRIDGE ON THE MADRAS AND SOUTHERN MAHRATTA RAILWAY.

699. *Mr. Thirumala Rao : (a) Will the Honourable Member for Commerce and Railways be pleased to state whether Government are aware that the railway level crossing between the Bezaroda Railway Station and Kistna Bridge on the Madras and Southern Mahratta Railway is very frequently closed on account of trains passing day and night at short intervals ?

(b) Do Government propose to remedy the great inconvenience caused thereby to vehicular traffic by asking the Madras and Southern Mahratta Railway to construct an overbridge ?

The Honourable Sir Saiyid Sultan Ahmad : (a) and (b). The Honourable Member is referred to the answer given to Mr. K. Nageswara Rao's question No. 826 in the Legislative Assembly on 7th October, 1936.

(b) WRITTEN ANSWERS.

GRANT OF PASSES TO RETIRED RAILWAY SERVANTS.

693. *Maulana Zafar Ali Khan : (a) Will the Honourable Member for Commerce and Railways please state whether it is a fact that the North Western Railway Administration grants return journey passes annually to all officers on the retired list who have put in over 25 years service and this concession holds good not only over the home line (North Western Railway) but also over other State Railways, whereas the same concession is denied to the subordinate retired staff. If so, why ?

(b) Is the Honourable Member prepared to include the poorer section of the retired Railway staff which has spent a lifetime in loyally serving Government in the privileged list and see to it that they are granted free return journey passes ?

The Honourable Sir Saiyid Sultan Ahmad : (a) Under the pass rules in force on the State-managed Railways with effect from 1st January, 1937, an officer, who retires with over 25 years' service, may be granted return journey passes for himself and his family, irrespective of whether over the home line or over other State-managed lines. Similarly, a subordinate who retires with not less than 30 years' service may be granted a return journey pass for himself and his family, but only over the home line.

(b) The question of whether any modification in the existing pass rules is desirable is under consideration.

UNSTARRED QUESTIONS AND ANSWERS.

PERSONS RECRUITED AS APPRENTICES OR AS PERMANENT INCUMBENTS ON RAILWAYS.

119. **Maulvi Muhammad Abdul Ghani** : Will the Honourable Member for Commerce and Railways be pleased to state the total number of persons recruited as apprentices or as permanent incumbents in different

capacities in all the Company and State-managed Railways every year since 1933 under different heads—such as, (1) Agency, (2) Audit and Accounts, Press and Pay, (3) Engineering, (4) Locomotive, Carriage and Wagon, (5) Traffic, (6) Stores, (7) Medical, (8) Law Officer, and (9) Schools, and the total number of Muslims, Europeans, Anglo-Indians and Christians, separately under each head ?

The Honourable Sir Saiyid Sultan Ahmad : The information available with Government will be found in the statements given in paragraph 76 of the Report by the Railway Board on Indian Railways for the year 1935-36, Volume I, a copy of which is in the Library of the House.

Government regret they are not prepared to supplement with figures for individual departments the information in regard to communal representation in railway services given in the Report referred to above.

RETURNS REGARDING RESERVATION OF SEATS IN RAILWAY SERVICES FOR MINORITY COMMUNITIES.

120. **Maulvi Muhammad Abdul Ghani** : Will the Honourable Member for Commerce and Railways be pleased to lay on the table a copy of the returns regarding reservation of seats in Railway Services for minority communities, *viz.*, Muslims, etc., prescribed by the Government of India as per paragraph 5 of the Home Department Resolution No. F. 14/17-B/33, dated the 4th July, 1934 ?

The Honourable Sir Saiyid Sultan Ahmad : Copies of the statements showing communal composition of Superior Railway Establishment and of the Railway Subordinate Services on the 31st March, 1935, and the statement showing the number of vacancies in railway services filled by direct recruitment during the period 1st April, 1934, to 31st March, 1935, are already in the Library of the House. Statements for the year 1935-36, in the forms prescribed by Government, are under compilation and will be placed in the Library of the House when ready. Information regarding composition of, and recruitment made to, Railway Services during 1935-36 is, however, contained in paragraphs 75 and 76 in Chapter VI of, and Appendices 'F' and 'G' to Volume I and Appendix C. II to Volume II of the Report by the Railway Board on Indian Railways for the year 1935-36, copies of which are also in the Library of the House.

PERSONS RECRUITED AS APPRENTICES, ETC., IN CERTAIN BRANCHES OF THE BENGAL AND NORTH WESTERN AND ROHILKUND AND KUMAON RAILWAYS.

121. **Maulvi Muhammad Abdul Ghani** : Will the Honourable Member for Commerce and Railways be pleased to lay a statement on the table separately for Bengal and North Western Railway and Rohilkund and Kumaon Railway showing the total number of persons taken as apprentices or appointed directly on probation in the following different branches over the Bengal and North Western Railway and Rohilkund and Kumaon Railway separately during the years 1934-35, 1935-36 and 1936-37 ; and the total number of Muslims so appointed in each branch—Agency ; Audit and Accounts ; Engineering including Mechanical and Electrical Engineering ; Locomotive ; Carriage and Wagon Departments ; Traffic ; Stores ; Watch and Ward ; Medical and Law Officers ?

The Honourable Sir Saiyid Sultan Ahmad : I would refer the Honourable Member to my reply to unstarred question No. 119 asked by him today.

HEALTH OFFICERS APPOINTED TO LOOK AFTER FOODSTUFFS AT STATIONS ON THE BENGAL AND NORTH WESTERN RAILWAY.

122. **Maulvi Muhammad Abdul Ghani** : (a) Will the Honourable Member for Commerce and Railways be pleased to state the number of Health Officers appointed to look after food stuffs at various Railway stations over the Bengal and North Western Railway and whether any of the said officers can take meat, fish and eggs so that he can test such food ? If not, what arrangement has been made for testing meet, fish, etc., diets ? If no arrangement is made, why not ? Why has a vegetarian doctor been appointed ?

(b) Can he not be replaced by another medical officer in the employ of the said Company who can test beef, meat and fish diets as well, in the interests of the travelling public ?

The Honourable Sir Saiyid Sultan Ahmad : (a) and (b). Government have no information but the Honourable Member's question and this reply will be sent to the Agent for his consideration.

HOURS OF WORK OF CERTAIN SUBORDINATE STAFF OF THE RAILWAY TRAFFIC DEPARTMENT.

123. **Maulvi Muhammad Abdul Ghani** : Will the Honourable Member for Commerce and Railways be pleased to state the total period of work taken from subordinate officers and men of Traffic Department (say, Ticket Collectors, Parcel Clerks, Booking Clerks, Travelling Ticket Examiners and Assistant Station Masters, etc.) ?

The Honourable Sir Saiyid Sultan Ahmad : On state-managed Bombay, Baroda and Central India and Madras and Southern Mahratta Railways on which the Hours of Employment Regulations have been given statutory effect these Regulations apply '*inter alia*' to traffic staff mentioned excepting Travelling Ticket Examiners. Accordingly, a railway servant, other than one whose employment is essentially intermittent is, subject to certain exceptions, not permitted to be employed for more than 60 hours a week, on the average, in any month while a railway servant whose employment is essentially intermittent is, subject to certain exceptions, not permitted to be employed for more than 84 hours in any week. Government have no definite information in respect of other Company-managed railways but it is understood that the hours of work of their staff generally conform to the limits laid down in these Regulations.

INTERMEDIATE CLASS WAITING ROOMS ON THE BIHAR BRANCH OF THE BENGAL AND NORTH WESTERN RAILWAY.

124. **Maulvi Muhammad Abdul Ghani** : Will the Honourable Member for Commerce and Railways please state the name of the railway stations where intermediate class waiting rooms have been built over the Bihar Branch of the Bengal and North Western Railway ? If no intermediate class waiting room has been provided, why not ? Does the Honourable Member intend to take steps for the provision of such waiting rooms ?

The Honourable Sir Saiyid Sultan Ahmad : It is not clear what line is meant by the Bihar Branch, but on the Bengal and North Western Railway, there are intermediate class waiting rooms at five stations for general use and ten for the use of ladies only. This matter is, however, within the discretion of the Railway Administration and specific cases of hardship can be brought to their notice through the Local Advisory Committee.

RUNNING OF A THROUGH TRAIN FROM SAVAN TO PALEZA GHAT ON THE BENGAL AND NORTH WESTERN RAILWAY.

125. **Maulvi Muhammad Abdul Ghani** : (a) Will the Honourable Member for Commerce and Railways be pleased to state what is the total number of third, intermediate, second and first class passengers booked to Digha Ghat and Mahendra Ghat between the following stations during 1935-36 and 1936-37 :—(i) Savan to Chupra Kuchehry, (ii) Benares to Chupra Kuchehry including Chupra Kuchehry railway station over Bengal and North Western Railway (Behar) ?

(b) Is the Sonepore railway station second in length among the stations of the world ?

(c) In view of the number of passengers of different classes mentioned in part (a) and the length of the Sonepore railway station, does the Honourable Member propose to ask the Bengal and North Western Railway Company to run a through train from Savan to Paleza Ghat railway station for the convenience of the passengers especially the *pardanashin* lady passenger, failing which to run a composite carriage with adequate seats for lower class passengers ?

The Honourable Sir Saiyid Sultan Ahmad : Government have no information but I am sending a copy of this question to the Agent of the Bengal and North Western Railway for such action as may be considered necessary.

THIRD CLASS PASSENGERS ON THE BENGAL AND NORTH WESTERN RAILWAY.

126. **Maulvi Muhammad Abdul Ghani** : (a) Will the Honourable Member for Commerce and Railways please state the total number of third class passengers travelled during 1936-37 and the total amount of fares realised during the same period over the Bengal and North Western Railway ?

(b) Will Government please state the total number of third class seats provided during 1936-37 over the Bengal and North Western Railway ?

The Honourable Sir Saiyid Sultan Ahmad : (a) The total number of third class passengers carried and the earnings therefrom on the Bengal and North Western Railway, during the year 1936-37, were 30,843,000 and Rs. 1,31,02,000 respectively.

(b) On the 31st March, 1937, there were 64,062 seats for third class passengers on the Bengal and North Western Railway.

ACCIDENTS ON THE BENGAL AND NORTH WESTERN RAILWAY.

127. **Maulvi Muhammad Abdul Ghani** : Will the Honourable Member for Commerce and Railways please state the total number of accidents over the Bengal and North Western Railway during 1934-35 to 1936-37 ?

The Honourable Sir Saiyid Sultan Ahmad : The Honourable Member is referred to the information shown in Appendix D of Volume II of the Railway Board's Reports for 1934-35 and 1935-36, copies of which are in the Library of the House, which give the information desired for those years. Similar information will be included in the Report for the year 1936-37 now under compilation, a copy of which will be placed in the Library of the House in due course.

CLASSIFICATION OF RAILWAY REFRESHMENT ROOMS.

128. **Mr. Ram Narayan Singh** : Will the Honourable Member for Commerce and Railways please state :

(a) whether the Refreshment Rooms on Eastern Bengal, East Indian, Great Indian Peninsula, and North Western Railways are classed as first and second classes Europeans, Hindu, Hindu orthodox, and Muslims ; and

(b) what class of ticket-holders are allowed to use these Refreshment Rooms respectively ?

The Honourable Sir Saiyid Sultant Ahmad : (a) Government understand that there are refreshment rooms of the categories mentioned.

(b) The refreshment rooms catering in the European style are primarily intended for first and second class passengers as indicated by their classification, but Government understand that, as is the case with the other refreshment rooms, they are used by all classes of ticket-holders who are prepared to pay the charges.

GRANT OF PASSES TO REFRESHMENT ROOM CONTRACTORS ON THE NORTH WESTERN RAILWAY.

129. **Mr. Ram Narayan Singh** : Will the Honourable Member for Commerce and Railways please :

(a) state whether the North Western Railway Administration grant passes to Refreshment Room Contractors on racial discrimination ; and

(b) lay a statement of passes granted and subsequently withdrawn from the Refreshment Room Contractors showing :

(i) names ;

(ii) places of business ;

(iii) class of Refreshment Room ; and Tea Stalls ; and

(iv) reasons for withdrawal in each case ?

The Honourable Sir Saiyid Sultan Ahmad : (a) Government have no reason to believe this is so.

(b) The information is being collected and will be laid on the table in due course.

COMPLAINTS AGAINST THE HINDU REFRESHMENT ROOM CONTRACTOR AT DELHI.

130. **Mr. Ram Narayan Singh** : Will the Honourable Member for Commerce and Railways please place on the table a statement of complaints received and action taken thereon against the Hindu Refreshment Room Contractor at Delhi since February, 1937, and to state the reason for continuing the contract on the report of unsatisfactory working ?

The Honourable Sir Saiyid Sultan Ahmad : I am having enquiries made and will place a reply on the table of the House in due course.

COMPLAINT BOOKS MAINTAINED IN EUROPEAN REFRESHMENT ROOMS ON THE NORTH WESTERN RAILWAY.

131. **Mr. Ram Narayan Singh** : Will the Honourable Member for Commerce and Railways please inquire and :

(a) state whether European Refreshment Room Contractors on the North Western Railway maintain two sets of complaint books, one for good remarks and the other for adverse remarks ; and

(b) lay a statement of complaints made either in the books or otherwise and the actions taken thereon during 1935-36-1937 (up to date) ?

The Honourable Sir Saiyid Sultan Ahmad : (a) Government have no information.

(b) Government do not consider that the labour involved would be commensurate with the value of such compilation.

PRICES CHARGED BY EUROPEAN REFRESHMENT ROOMS ON RAILWAYS.

132. **Mr. Ram Narayan Singh** : With reference to the answer given on 23rd August, 1937, to unstarred question No. 10, asked in this House on the 25th January, 1937, *viz.*, 'The European Refreshment Room prices and service are comparable with those of the better class hotels' and 'Is necessary to cover the cost of service and other amenities, and is comparable with the prices charged in good class hotels', will the Honourable Member for Commerce and Railways please lay a statement on the table comparing the European Refreshment Room expenditure with the better class hotels and the good class hotels in respect of :

(a) carriage of stores from Bombay, Karachi or Calcutta,

(b) cartage of stores in local areas,

(c) rent on buildings of occupation,

(d) electric installation and current charges, and

(e) depreciation charges on fittings, furniture and crockery, etc. ?

The Honourable Sir Saiyid Sultan Ahmad : I regret that I am unable to undertake the compilation of the information requested. The figures of expenditure by hotels run by private enterprise are obviously not available to Government.

ISSUE OF PASSES TO INDIAN REFRESHMENT ROOM CONTRACTORS ON RAILWAYS.

133. **Mr. Ram Narayan Singh** : With reference to the information given on the 23rd August, 1937, in reply to unstarred question No. 10, asked in this House on the 25th January, 1937, will the Honourable Member for Commerce and Railways please state :

(a) whether he has considered that Indians are not best able to carry the contract for European Refreshment Rooms and they cannot give the most efficient service ; if so, what disability and inefficiency is observed in the catering contract of Royal Military Academy College, Dehra Dun and whether the catering is done by a European firm or by an Indian ;

(b) whether the Indian Refreshment Room Contractors are not required to maintain a high standard of service and to serve the travelling public at the lowest prices ;

(c) whether Government are aware that the withdrawal of passes from Indian Refreshment Room Contractors is not a levy on the travelling public ; and

(d) whether the Honourable Member is prepared to consider the desirability of issuing passes to Indian Contractors in the interest of the travelling public and to remove the racial discrimination ; if not, why not ?

The Honourable Sir Saiyid Sultan Ahmad : (a) This is a matter of opinion. I am not concerned with the catering contract of the Royal Military Academy, Dehra Dun.

(b) Yes.

(c) Government have no reason to think so.

(d) Government have no reason to think that there is, in fact, any racial discrimination. The issue of passes to contractors is a matter for Railway Administrations having regard to the conditions of the respective contracts and Government are not prepared to interfere with Railways detailed arrangements in this respect.

PROCEDURE ADOPTED FOR INFLICTING PUNISHMENT UNDER SECTION 47 (2) OF THE INDIAN RAILWAYS ACT.

134. **Mr. Ram Narayan Singh** : Will the Honourable the Leader of the House please state the procedure adopted for inflicting punishments provided in section 47 (2) of Act IX of 1890 and the authority competent to take cognizance of the offences committed under section 47 of Act IX of 1890 ?

The Honourable Sir Saiyid Sultan Ahmad : The procedure adopted for inflicting punishments provided by rules under sub-section (2) of section 47 of Act IX of 1890 would be :

(i) where the rules provide for punishment by fine, trial by a court ;

(ii) where the rules provide for punishment by forfeiture of a sum deductible from pay, departmental action by the railway administration.

In regard to the court competent to take cognisance of offences under section 47 of the same Act, I would refer the Honourable Member to section 133.

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

135. **Mr. Amarendra Nath Chattopadhyaya** : (a) Will the Honourable Member for Commerce and Railways please state whether it is a fact that the Chief Operating Superintendent, East Indian Railway, has issued confidential instructions to his subordinate officers that non-gazetted staff should be appointed as temporary hands and kept as long as possible on the temporary establishment so as to keep down working expenses under the heads, provident fund and gratuity ?

(b) If the answer to part (a) be in the affirmative, will Government please state :

(i) whether the instructions issued are in accordance with their policy ;

(ii) whether similar instructions have been issued by the other departments of that Railway ; and

(iii) whether the same will apply to those appointed by direct recruitment to the gazetted service ?

(c) Do Government propose to take action in the matter ? If so, what ?

The Honourable Sir Saiyid Sultan Ahmad : I propose to reply to unstarred questions Nos. 135 and 136 together.

I am obtaining information and will lay a reply on the table of the House in due course.

MEETING OF SPORT OFFICERS ON RAILWAYS HELD AT DELHI.

†136. **Mr. Amarendra Nath Chattopadhyaya** : (a) Will the Honourable Member for Commerce and Railways please state if it is a fact :

(i) that a meeting of Sports Officers on Railways was recently held at Delhi ;

(ii) that the Sports Officer of the East Indian Railway attended ;

(iii) that the motor car of this Sports Officer was sent to Delhi ; and

(iv) that it was booked under Free Service ?

†For answer to this question, *see* answer to question No. 135.

(b) If the answers to part (a) be in the affirmative, will Government please state whether the expenses incurred on train fares, office peons accompanying the officer, allowances, freight on the motor car, etc., are met from the funds of the Sports or Welfare ?

(c) If the answer to part (b) be in the negative, will Government please state why such expenses such as having a motor car hauled free to Delhi and back should be added to the working expenses of the Railway ?

(d) Do Government propose to take any action in the matter ? If so, what ?

CUT ON ALLOWANCES OF THE RAILWAY STAFF AT HOWRAH AND CALCUTTA.

137. **Mr. Amarendra Nath Chattopadhyaya** : (a) With reference to the statement laid on the table on the 25th January, 1937, in reply to unstarred question No. 50, asked on the 15th September, 1936, will the Honourable the Railway Member please state whether the word " allowances " in the service agreement was defined to include some and to exclude other allowances ? If not, under what authority can Government exclude local allowances from the meaning of " allowances " ?

(b) Is this " local allowance " given to other than Company men ?

(c) Do Government now propose to withdraw the cut on this local allowance ? If not, why not ?

The Honourable Sir Saiyid Sultan Ahmad : (a) The reply to the first part is in the negative. The reasons why Government hold that the undertaking given does not debar them from varying a compensatory allowance are given in the statement referred to by the Honourable Member.

(b) Yes.

(c) Government do not see any reason for departing from the position taken up in the statement referred to by the Honourable Member in part (a) of his question.

WELFARE OFFICERS ON STATE RAILWAYS.

138. **Mr. Amarendra Nath Chattopadhyaya** : (a) With reference to the reply given in this House to starred question No. 103 on the 25th January, 1937, that there are no Welfare Officers on the East Indian Railway, will the Honourable the Railway Member please state whether there are Welfare Officers, whole-time employees, on the Eastern Bengal, the North Western and the Great Indian Peninsula Railways ?

(b) If the answer to part (a) be in the affirmative, will Government please state why an exception has been made in the case of the East Indian Railway ?

(c) Do Government propose to have a uniform system in the matter of welfare of the staff on the four Railways they control ? If not, why not ?

The Honourable Sir Saiyid Sultan Ahmad : (a) There is a Welfare Officer on the Eastern Bengal Railway. On the North Western and Great Indian Peninsula Railways there are no Welfare Officers. There was a Liaison Officer on the Great Indian Peninsula Railway whose post has been held in abeyance.

(b) Does not arise.

(c) No, as posts are provided according to the requirements of and the organisation in force on each State-managed Railway.

WATCH AND WARD DEPARTMENT OF THE EAST INDIAN RAILWAY.

139. **Mr. Amarendra Nath Chattopadhyaya** : (a) Will the Honourable Member for Commerce and Railways please state whether it is a fact :

(i) that a Watch and Ward Department has been established on the East Indian Railway ;

(ii) that its primary duty is to guard against thefts, shortage, damages, etc., and

(iii) that its staff are liable to punishment for carelessness, neglect of duty, etc. ?

(b) If the answers to part (a) be in the affirmative, will Government please state :

(i) whether Watch and Ward staff are posted at the Sheds, Gates, Yard, and at other points at the Howrah Goods ;

(ii) whether these men are under the supervision of several responsible staff of the department ;

(iii) whether cases have occurred of shortages reported from Howrah seals intact wagons ; and

(iv) whether the Traffic staff only have been held responsible for such shortages under Rule 23, Part II, Indian Railways Conference Association Rules, 1935-36, punished and made to contribute towards the loss ?

(c) Will Government please state why the staff of the Watch and Ward are exempted from punishment and are not made to proportionately contribute in such cases ?

(d) Is it a fact that in many cases the Watch and Ward, Howrah, in their reports have held the Traffic staff at Howrah responsible for shortages from seals intact wagons but on investigations their reports have been found false ? If not, do Government propose to examine the records of Howrah for the period October to December, 1936 ?

(e) Is it a fact that the Watch and Ward official responsible for the false reports has not been punished but has recently been promoted to the gazetted service in an officiating capacity ?

(f) Do Government propose to treat their staff alike, even in the matter of punishments, contribution towards losses, etc. ? If so, are they prepared to issue instructions in the cases mentioned ?

The Honourable Sir Saiyid Sultan Ahmad : I propose to reply to unstarred questions Nos. 139 and 140 together.

I am obtaining information and will lay a reply on the table of the House in due course.

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

†140. **Mr. Amarendra Nath Chattopadhyaya** : (a) Will the Honourable the Railway Member please state whether it is a fact that instructions have been issued on the East Indian Railway that non-gazetted staff over the age of 40 years are not to be promoted to officiate in the Lower Gazetted Service ? If so, will Government please state :

(i) whether this order is in accordance with their policy ;

(ii) whether it is only applicable on the East Indian Railway ;

(iii) whether it is only confined to the Traffic Department of this Railway ; and

(iv) whether recently a non-gazetted employee of the Watch and Ward Department of that Railway has been promoted to officiate in the Lower Gazetted Service, although over 40 years of age ?

(b) Do Government propose to put a stop to this kind of treatment to its non-gazetted staff ? If not, why not ?

PAYMENT OF WAGES IN THE HOWRAH DIVISION OF THE EAST INDIAN RAILWAY.

141. **Mr. Amarendra Nath Chattopadhyaya** : (a) Will the Honourable the Railway Member please state whether it is a fact that under the Payment of Wages Act, 1936, and the Payment of Wages (Railways) Rules, 1937, the actual wages earned by an employee in receipt of less than Rs. 200 must be paid for the wage-period ?

(b) Is it also a fact that on the Howrah Division of the East Indian Railway approximate wages are given for an " accommodated month " and adjustments made in the next accommodated month ?

(c) Do Government propose to issue instructions that the actual amount earned by an employee during a wage-period must be paid to him and not approximate earnings with adjustments later on ?

The Honourable Sir Saiyid Sultan Ahmad : (a) It takes most of the Act to define what has to be paid in any particular case and any attempt to summarise the law in a few lines might be misleading, particularly as the definition of wages is distinctly intricate.

(b) As regards the first part, Government have no information but it is possible that the East Indian Railway Administration may be resorting to the practice of assumed wages and overtime to some extent in complying with the provisions of the Act. As regards the latter part, the reply is in the negative.

(c) Government do not consider that any action is called for.

†For answer to this question, *see* answer to question No. 139.

OFFICE BEARERS OF INSTITUTES ON THE EASTERN BENGAL RAILWAY.

142. **Mr. Amarendra Nath Chattopadhyaya** : (a) Will the Honourable the Railway Member please state whether it is a fact that the office bearers of Institutes on the Eastern Bengal Railway such as Secretaries, Treasurers, Committee members, are all honorary workers ?

(b) Is it also a fact that these Institutes are maintained by grants from the Staff Benefit Fund and subscriptions from members ?

(c) If the answers to parts (a) and (b) be in the affirmative, will Government please state :

(i) whether any of the honorary workers who are employed on the Railway can be placed under suspension from their official duties at the request of the Chairman of an Institute for alleged irregularities in the Institute ;

(ii) whether the pay of the employee under suspension is debited to the Institute during the period of his suspension ; if not, why not ;

(iii) whether before release from suspension the employee concerned is advised by the Chairman of the Institute that he has been held guilty, partly guilty or innocent ; and

(iv) whether full or half pay will be paid for the period under suspension must be intimated to the employee before his removal from suspension ?

The Honourable Sir Saiyid Sultan Ahmad : I am obtaining information and will lay a reply on the table of the House in due course.

SUPPLY OF COAL TO DRIVERS ON THE EASTERN BENGAL RAILWAY.

143. **Mr. Amarendra Nath Chattopadhyaya** : (a) Will the Honourable the Railway Member please state if he is aware that considerable discontent prevails amongst the Drivers on the Eastern Bengal Railway on the Calcutta District on account of the insufficient supply of coal given to them and the departmental action taken against them on this account ?

(b) Are Government aware that this strictness of coal supply to Drivers is due to the fact that the Calcutta District never shows a shortage of coal as received from the wagons whereas this shortage is shown by other districts ?

(c) Do Government propose to have this matter investigated ?

The Honourable Sir Saiyid Sultan Ahmad : Information is being obtained and will be laid on the table of the House in due course.

FITTING OF WELDED MESH IN THE EAST INDIAN RAILWAY QUARTERS AT TELKUL GHAT.

144. **Mr. Amarendra Nath Chattopadhyaya** : (a) Will the Honourable the Railway Member please state if it is a fact :

(i) that the East Indian Railway have provided quarters for its gazetted staff at Colvin Court, Howrah, and for its non-gazetted staff at Dobson Road and Telkul Ghat, Howrah ;

(ii) that the ground floor of Colvin Court and the Dobson Road quarters are fitted with welded mesh in the arches in order to prevent thefts ; and

(iii) that such neccssary fittings have not been provided in the quarters at Telkul Ghat ?

(b) Do Government propose to issue instructions that such invidious treatment must forthwith stop and that the quarters at Telkul Ghat be fitted with welded mesh at once ?

(c) Are Government aware that such short sighted policy of its gazetted staff on the Howrah Division causes unnecessary discontent amongst the non-gazetted staff ?

The Honourable Sir Saiyid Sultan Ahmad : (a), (b) and (c). Government have no information, but I am sending a copy of the question for the consideration of the Railway Administration.

RISE IN THE PRICE OF PETROL.

145. **Mr. M. S. Aney** : (a) Will the Honourable Member for Commerce and Railways be pleased to state whether it is a fact that the price of petrol per gallon has been increased by over 20 per cent. during the last few months?

(b) What was the price of the petrol per gallon in the month of March, 1937, and what it is at present ?

(c) Is the rise in price due to the rise in cost of production, or for any other reasons ?

(d) Is it a fact that the Burma Oil Company has made a common cause with the Russian Oil Company on certain terms and as a consequence of that combine the price of petrol is rising day to day ?

(e) Do Government consider it desirable to intervene with a view to safeguarding the interests of the consumer and lower the price of petrol to its normal level ?

(f) Is it a fact that on account of the monopoly of petrol given to the Burma Oil Company, the said Company is making high profits ?

(g) Are Government aware of the total amount of profits made by the said Company in the last year ? What was the dividend declared ? What amount was distributed as bonus ? What amount was added to the Reserve Fund ? And what was the amount that was carried to the next year's accounts ?

The Honourable Sir Saiyid Sultan Ahmad : (a) and (b). The price of petrol varies in different cities, and I do not know which particular place the Honourable Member has in mind in referring to an increase of over 20 per cent. in the price of petrol during the last few months. I may, however, state for his information that the price of petrol in Calcutta, as published in the *Indian Trade Journal*, was the same in March as early in September, 1937, *viz.*, Re. 1|5|- per Imperial Gallon in bulk.

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

(f) Government have no reason to believe that the Burma Oil Company has a monopoly for the sale of petrol in India.

(g) Government are unable to furnish the required information.

REDUCTION IN THE DUTY ON PAPER USED FOR NEWSPAPER PRINTING.

146. **Mr. M. S. Aney** : (a) Will the Honourable Member for Commerce and Railways be pleased to state whether Government have reduced the duty on paper used for newspaper printing ?

(b) If so, from which date, on what sort of paper and to what extent ?

(c) Do Government propose to reduce the duty on paper in sheets or in reams which is generally used by the journals, in order to extend similar concessions to journals which are not printed on reels ?

The Honourable Sir Saiyid Sultan Ahmad : The question should have been addressed to the Honourable the Finance Member.

UTILISATION OF SERVICES OF AN ASSISTANT STATION MASTER IN CONNECTION WITH TICKET FRAUD CASES AT MORADABAD.

147. **Mr. Muhammad Azhar Ali** : Will the Honourable Member for Commerce and Railways please inquire and state :

(a) whether it is a fact that an Assistant Station Master (Mr. W. E. Miller), Moradabad, on the East Indian Railway, has since a long time been utilised on Special Duty in connection with the direction and prosecution of ticket fraud cases ;

(b) whether the said Assistant Station Master is seniormost in his class ;

(c) what rate of pay he was paid as an Assistant Station Master ;

(d) what rate of pay and allowances are now paid to him ;

(e) whether it is a fact that there is a Chief Inspector of Ticket Checking Branch (Mr. M. Latif, M.A.), Moradabad, East Indian Railway in the grade of Rs. 460 ;

(f) what are the definite reasons for not entrusting these services to the Chief Inspector of Tickets in preference to the Assistant Station Master ;

(g) what expenditure is incurred (extra or ordinary or both) by the present arrangement ; and

(h) what economy would have been affected had the Chief Inspector of Tickets been entrusted with these services as part of his duties ?

The Honourable Sir Saiyid Sultan Ahmad : (a) to (h). Government have no information. These are matters of detailed administration within the competence of the Agent, East Indian Railway, to deal with to whom I am sending a copy of the question for such action as he may consider necessary.

JOINING OF RAILWAY UNIONS AND FEDERATIONS BY RAILWAY EMPLOYEES.

148. **Mr. Muhammad Azhar Ali** : With reference to the reply given to starred question No. 1338 asked in this House on the 15th October, 1936,

will the Honourable Member for Commerce and Railways please state :

(a) whether his attention has been invited towards paragraph 335 of East Indian Railway Gazette No. 11 of 1937, published on Wednesday, the 26th May, 1937 ; if not, whether he will pursue it ; if not, why not ;

(b) whether he will lay on the table the publications made by the Eastern Bengal, Great Indian Peninsula and North Western Railway Administrations like that of East Indian Railway ; if none have been made, why not ; and

(c) whether there is any prohibition of the staff against joining the membership of the National Federation of Railwaymen, Delhi ; if so, what they are ?

The Honourable Sir Saiyid Sultan Ahmad : I am making enquiries and will lay a reply on the table of the House in due course.

PENALTIES REFERRED TO IN RULE 2 OF THE RULES REGULATING DISCIPLINE AND RIGHTS OF APPEAL OF NON-GAZETTED RAILWAY SERVANTS.

149. **Mr. Muhammad Azhar Ali** : With reference to Rules 7 and 9 of Rules regulating discipline and rights of appeal of non-gazetted Railway Servants circulated with Railway Board's letter No. E.|34|R. G. 6, dated the 22nd June, 1935, will the Honourable Member for Commerce and Railways please state the procedure laid down for penalties No. 1 to 7 and No. 10 referred to in Rule 2 ?

The Honourable Sir Saiyid Sultan Ahmad : The procedure to be adopted in inflicting penalties mentioned in item 7 and items 2 to 6 of rule 2 of the Rules regulating discipline and rights of appeal of non-gazetted railway servants, is prescribed in rules 11 and 12, respectively, of the said Rules. No procedure has been laid down in these rules for penalties mentioned in items 1 and 10 of rule 2.

AUTHORITY COMPETENT TO TAKE COGNIZANCE AND INFLICT CERTAIN PUNISHMENTS ON RAILWAYS.

150. **Mr. Muhammad Azhar Ali** : Will the Honourable Member for Commerce and Railways please state the procedure and authority competent to take cognizance and inflict punishment referred to in General Rule 413 for all open line railways in British India, Part I ?

The Honourable Sir Saiyid Sultan Ahmad : I presume the Honourable Member is referring to the present General Rule 418 for all open lines of railways in British India, Part I.

The procedure in regard to inflicting the punishment referred to in that Rule would vary according to the General Rule that had been infringed, but the authority competent to take cognizance of any breach of the General Rules would be the Railway administration.

RETIREMENT OF SUPERANNUATED NON-GAZETTED STAFF ON STATE RAILWAYS.

151. **Mr. Muhammad Azhar Ali** : Will the Honourable Member for Commerce and Railways please state the procedure on Eastern Bengal, East Indian, Great Indian Peninsula and North Western Railways in respect of retirement of the non-gazetted staff on reaching the age of superannuation ?

The Honourable Sir Saiyid Sultan Ahmad : Presumably the Honourable Member is referring to the rule which governs retirements of staff employed on the State-managed Railways at the age of superannuation. If so, I would refer the Honourable Member to F. R. 56 of the Posts and Telegraphs Compilation of the Fundamental Rules, Volume I, a copy of which is in the Library of the House. I am, however, to add that in units in which there is a surplus or the likelihood of it, or in which there is a waiting list, extensions of service after the age of 55 are not granted to railway employees whether ministerial or non-ministerial, unless in individual cases it is found impossible to replace them.

PUNISHMENTS INFLICTED ON GAZETTED OFFICERS ON STATE RAILWAYS.

152. **Mr. Muhammad Azhar Ali** : Will the Honourable Member for Commerce and Railways please lay a statement showing the punishments inflicted during 1935-36-37 on Gazetted Officers on Eastern Bengal, East Indian, Great Indian Peninsula and North Western Railways for offences referred to in Rule 29 of the Railway Services (Classification, Control and Appeal) Rules ?

The Honourable Sir Saiyid Sultan Ahmad : The information is not readily available, and Government do not consider that the amount of time and labour involved in its collection would be justified by the results.

NON-PAYMENT OF CERTAIN ALLOWANCES TO TEMPORARY GUARDS IN THE DELHI DIVISION OF THE NORTH WESTERN RAILWAY.

153. **Mr. Muhammad Azhar Ali** : Will the Honourable Member for Commerce and Railways please state the rule under which " Out of Headquarters Allowance " to running staff (guard) temporarily promoted from other classes of employees are not paid to the staff on the Delhi Division, North Western Railway, when they are ordered to work out of their permanent Headquarters ?

The Honourable Sir Saiyid Sultan Ahmad : I am obtaining information and will lay a reply on the table of the House in due course.

NON-PAYMENT OF CERTAIN ALLOWANCES TO TEMPORARY GUARDS IN THE DELHI DIVISION OF THE NORTH WESTERN RAILWAY.

154. **Mr. Muhammad Azhar Ali** : Will the Honourable Member for Commerce and Railways please state the rule under which a temporary running staff (guard), when proceeding on leave on average pay, is not paid the average mileage allowance during such leave as is admissible to confirmed guards in the Delhi Division, North Western Railway ?

The Honourable Sir Saiyid Sultan Ahmad : I am obtaining information and will lay a reply on the table of the House in due course.

WAITING ROOM CHARGES LEVIED BY MESSRS. G. F. KELLNER AND COMPANY, REFRESHMENT ROOM CONTRACTORS ON THE EAST INDIAN RAILWAY.

155. **Mr. Muhammad Azhar Ali** : With reference to the reply given to unstarred question No. 55 asked in this House on the 6th March, 1937, *viz.*, ' The Agent of the East Indian Railway states that enquiries show

that no such charge is being made ', will the Honourable Member for Commerce and Railways please state :

(a) how many dozens of bottles of wines and liquors the Agent, East Indian Railway, receives as " Dali " from Messrs. G. F. Kellner & Co., Ltd., each year on Christmas ;

(b) whether the Agent or his officer through whom he has made enquiry has seen Messrs. G. F. Kellner & Co., Ltd., Howrah Station, Cash Bill No. 148 of Book No. 7429, dated the 18th January, 1937, issued for morning service ; and

(c) what is meant by W|Charge of anna one charged on one cup tea of an anna under Cash Bill No. 148 of Book No. 7429, dated 18th January, 1937 ?

The Honourable Sir Saiyid Sultan Ahmad : (a) Government have no reason to believe that the insinuation is warranted.

(b) and (c). Enquiries are being made and the result will be placed on the table in due course.

APPLICATIONS FOR ALTERATION OF DATE OF BIRTH ON THE EAST INDIAN RAILWAY.

156. **Mr. Muhammad Azhar Ali** : With reference to Railway Board's letter No. E.|34|L. 39, dated the 3rd January, 1935, will the Honourable Member for Commerce and Railways please lay a statement on the table of this House showing the names of the applicants and the manner under which the said applications for alteration of recorded date of birth of non-gazetted staff on the East Indian Railway were disposed of during the period from 1935 to date ?

The Honourable Sir Saiyid Sultan Ahmad : Government have no information. These are matters of detailed administration within the competence of the Agent, East Indian Railway, to deal with.

QUALIFICATIONS AND PAY OF CLERICAL AND TECHNICAL STAFF APPOINTED ON RAILWAYS.

157. **Mr. Muhammad Azhar Ali** : With reference to the reply given to question No. 218, asked in this House on the 5th September, 1929, will the Honourable Member for Commerce and Railways please lay a statement on the table of this House showing :

(a) the names and nature of qualifications of the staff recruited from Railways along with the scales of pay drawn while on Railways and the scales of pay given on recruitment during the period from 1929 to date ;

(b) the names of persons appointed on posts of a purely clerical nature as distinct from a technical nature both from Railways and through the Public Service Commission during the period from 1929 to date and the scales of pay on which appointed ; and

(c) the names of persons appointed on posts of technical nature during the said period ?

The Honourable Sir Saiyid Sultan Ahmad : (a) and (b). I place on the table two statements giving the information.

(c) There were none.

Statement A.

Statement showing names of persons recruited from railways from 1929 to 1937, with their qualifications and scales of pay on Railways and Board's Office.

Serial No.	Names.	From where recruited.	Scale of pay on Railways.	Qualifications.	Scale of pay granted in the Board's Office.	Date of recruitment.	Remarks.
1	Mr. Jetha Nand ..	Indian Railway Conference Association.	300—25—450	Special training in Railway rates work.	140—10—310—15—400.	1st September 1934.	
2	Mr. R. T. Iyengar ..	Eastern Bengal Railway.	150—10—200	Special training in Railway Establishment work.	180—15—450	24th September 1934.	
3	Mr. Ghulamullah Chowdhury ..	East Indian Railway.	63—4—87	Do. ..	100—8—260	10th August 1936.	
4	Mr. R. R. Hariharan ..	Controller of Railway Accounts.	80—8—280	Special training in Railway Accounts and Audit work.	100—8—260	9th September 1937.	

Statement B.

Statement showing the names of persons appointed on posts of a purely clerical nature as distinct from a technical nature both from Railways and through the Public Service Commission from 1st January 1929 to date.

Serial No.	Staff recruited from Railways.		Staff recruited through the Public Service Commission.	
	Names.	Scale of pay.	Names.	Scales of pay.
1	Mr. Jetha Nand ..	140—10—310—15—400.	Mr. Kanwar Bahadur.	80—4—120—5—200
2	Mr. R. T. Iyengar ..	180—15—450	Mr. Abinash Chandra Ahuja.	80—4—120—5—200
3	Mr. Ghulam Ullah Chowdhury.	100—8—260	Mrs. I. M. Collins.	100/4—104/4—108/4—112/4—116/4—120/5—125.
4	Mr. R. R. Hariharan ..	100—8—260	Mr. G. G. Banerjee.	60—2—80—3—125.
			Mr. A. N. Fegredo.	60—2—80—3—125.
			Mr. Mohd. Sadiq	60—2—80—3—125.
			Mr. J. F. Peachy	60—2—80—3—125.

DISTRIBUTION OF CORONATION MEDALS ON RAILWAYS.

158. **Mr. Muhammad Azhar Ali** : Will the Honourable Member for Commerce and Railways please state :

(a) the procedure adopted by the Railway Department for the disposal of Coronation Medals ;

(b) the expenditure incurred in respect of (i) manufacture and (ii) delivery of the said medals ; and

(c) the name, rate of pay, the travelling allowance paid, nature of passes granted and nature of leave allowed to the staff of the Government of India, Railway Department (Railway Board), who were detailed with the Coronation Medals for delivery to respective Railway Administrations and whether the staff of other Departments of the Government of India were also detailed likewise ?

The Honourable Sir Saiyid Sultan Ahmad : (a), (b) and (c). Government are not prepared to disclose the procedure followed for the award and distribution of Coronation Medals.

IMPROVEMENTS MADE IN THIRD AND INTERMEDIATE CLASS COMPARTMENTS ON THE ASSAM BENGAL RAILWAY.

159. **Mr. Kuladhar Chaliha** : Will the Honourable Member for Commerce and Railways please state :

(a) whether any improvement has been made in the third class and intermediate class compartments of the Assam Bengal Railway ;

(b) whether the seats for passengers have been improved and the lavatories have been increased in size and lighted ; if so, in how many coaches ;

(c) whether the authorities propose to provide electric fans in the compartments ; if not, why not ; and

(d) whether the authorities propose to issue instructions to the subordinates of the Assam Bengal Railway to be polite to the women and children and to workers and not to start the train at once when they want to board trains at wayside stations ?

The Honourable Sir Saiyid Sultan Ahmad : The information is being collected and will be laid on the table of the House in due course.

SUPERIOR OFFICERS IN THE ASSAM BENGAL AND EASTERN BENGAL RAILWAYS.

160. **Mr. Kuladhar Chaliha** : Will the Honourable Member for Commerce and Railways please state :

(a) the number of superior officers in the Assam Bengal Railway and Eastern Bengal Railway and how many of them are from the Provinces of Assam, Bengal and Behar ; and

(b) the number of Indian Medical Officers in the Assam Bengal Railway and how many are Europeans and how many are Indians ?

The Honourable Sir Saiyid Sultan Ahmad : (a) As regards the first part, I would refer the Honourable Member to the statement below paragraph 72 of the Report by the Railway Board on Indian Railways for the year 1935-36, Volume I, a copy of which is in the Library of the House. As regards the second part, statistics are not prepared by provinces.

(b) The information available with Government will be found on page 88 of the Classified List of State Railway Establishment and Distribution Return of Establishment of all Railways corrected upto 31st December, 1936, a copy of which is also in the Library of the House.

AUTHORITY FOR CLASSIFYING CERTAIN STAFF ON THE KALKA-SIMLA RAILWAY AS INFERIOR STAFF.

161. **Mr. Muhammad Azhar Ali** : With reference to the Government of India, Railway Department Notification No. 9186-F.|S.R.-10-Ry., dated the 27th May, 1936, *viz.*, ' Rule 2 (13)-Inferior Services mean any

kind of service on a scale of pay the maximum of which does not exceed Rs. 30 per mensem ', will the Honourable Member for Commerce and Railways please inquire and state :

(a) the authority under which the firemen, shunters, electric-wiremen, skilled and unskilled monthly labour employed on maintenance of works, cabinmen, shunting jemadars, labour on daily rates of pay in Loco—Carriage—Electric—Engineering—Workshops—Gas Factories and running sheds, on scales of pay the maximum of which do exceed Rs. 30 per mensem are classed as menial (inferior) staff on Kalka-Simla Section of the North Western Railway for purposes of allowances sanctioned in Railway Board's letter No. 82-E., dated the 5th January, 1909 ; and

(b) the authority under which the Divisional Accounts Officer, North Western Railway, Delhi in his letter No. 12|36-37, dated the 10th February, 1937, treated the works mistry on scale of pay the maximum of which does exceed Rs. 30 per mensem as menials ?

The Honourable Sir Saiyid Sultan Ahmad : (a) and (b). The authority is mentioned in the latter part of rule 2 (13) of the notification referred to by the Honourable Member in the opening part of the question. I may, however, add that these are matters of detailed administration within the competence of the Agent, North-Western Railway, to deal with.

APPLICABILITY OF FUNDAMENTAL RULES 24 AND 90 TO NON-GAZETTED STAFF ON STATE RAILWAYS.

162. **Mr. Muhammad Azhar Ali** : Will the Honourable Member for Commerce and Railways please state :

(a) whether Fundamental Rules 24 and 90 are applicable to non-gazetted staff on the Eastern Bengal, East Indian, Great Indian Peninsula and North Western Railways ;

(b) who is responsible for the draw of increments, if not withheld, for the non-gazetted staff ; and

(c) what punishment is prescribed for the defiance of Fundamental Rules ; if none, why not ?

The Honourable Sir Saiyid Sultan Ahmad : (a) Fundamental Rule 24 is applicable to non-gazetted staff of the Eastern Bengal, and the North Western Railways, and to the staff of the East Indian and the Great Indian Peninsula Railways who were appointed after these railways were taken over by State except that, under orders issued by the Government of India, their increments are not sanctioned until the executive officers concerned have been given an opportunity of saying whether they approve of the increments being granted. Fundamental Rule 90 also applies to such staff who are governed by the Fundamental Rules in respect of leave.

(b) The officer under whose executive charge a person is employed.

(c) No punishment is prescribed and each case is dealt with on its merits.

GRADE TO GRADE ADVANCEMENT OF NON-GAZETTED STAFF ON STATE RAILWAYS.

163. **Mr. Muhammad Azhar Ali** : Will the Honourable Member for Commerce and Railways please state :

(a) the punishment prescribed for the defiance of Rules for Recruitment and Training of Subordinate Non-Gazetted Staff on State Railways, 1932 ;

(b) whether grade to grade advancement in the normal channel of advancement in a class is to be made by selection ; if so, under what authority or rule ; and

(c) the period within which grade to grade advancement is to be made by the competent authority ; if none, why not ?

The Honourable Sir Saiyid Sultan Ahmad : (a) No punishment has been perscribed.

(b) I would refer the Honourable Member to rules 6 and 61 of the Rules for the recruitment and training of subordinate staff on State-managed Railways, a copy of which is in the Library of the House.

(c) No period can be prescribed as advancement from grade to grade generally depends on the occurrence of vacancies.

PROCEDURE FOR DETAILING NON-GAZETTED STAFF FOR TRAINING FOR PROMOTIONS ON THE NORTH WESTERN RAILWAY.

164. **Mr. Muhammad Azhar Ali** : Will the Honourable Member for Commerce and Railways please state the procedure for detailing the subordinate non-gazetted staff on North Western Railway for training in courses prescribed by the Administration for higher promotions and whether the staff should be detailed in order of seniority or through the Selection Board ?

The Honourable Sir Saiyid Sultan Ahmad : Government have no information. These are matters of detailed administration within the competence of the Agent, North Western Railway, to deal with.

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

165. **Mr. Muhammad Azhar Ali** : Will the Honourable Member for Commerce and Railways please state :

(a) the total number of clerks working in Establishment section of Divisional Superintendent's Office, East Indian Railway, Lucknow, showing the communal proportion ; and

(b) the vacancies that occurred in the Establishment Section during the last three years and the communities from which they were filled in, giving numbers ?

The Honourable Sir Saiyid Sultan Ahmad : (a) and (b). I am collecting information and will lay a reply on the table of the House in due course.

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

166. **Mr. Muhammad Azhar Ali** : Will the Honourable Member for Commerce and Railways please state whether it is a fact that junior clerks in the Establishment Section of the East Indian Railway, Lucknow Division, are made to pass the different Leave Rules Examination under the order of Chief Accounts Officer, Calcutta, whereas the Chief Clerk of Establishment Section and his First Assistant are not required to qualify themselves ? If so, will the Honourable Member please state the extent of responsibility amongst the Chief Clerk, First Assistant and junior clerks ?

The Honourable Sir Saiyid Sultan Ahmad : Government have no information. These are matters of detailed administration within the competence of the Agent, East Indian Railway, to deal with.

PROMISES AND UNDERTAKINGS GIVEN IN THE LEGISLATURE BY THE RAILWAY DEPARTMENT.

167. **Babu Kailash Behari Lal** : Will the Honourable Member for Commerce and Railways please state whether it is a fact that His Excellency the Viceroy has given orders that a register of promises and undertakings given in the Legislature should be maintained in each Department ? If so, will the Honourable Member please lay a statement on the table of this House of the promises and undertakings given in the Legislature by the Railway Department and the orders issued on each promise and undertaking since 1921 ?

The Honourable Sir Saiyid Sultan Ahmad : The Honourable Member may rest assured that the promises and undertakings given in both the Houses of the Legislature are carefully examined and scrutinised in the Railway Department. Government are not prepared to compile the statements as the time and labour involved would be incommensurate with the results likely to be achieved.

APPEALS, PETITIONS OR MEMORIALS SUBMITTED BY THE RAILWAY STAFF.

168. **Babu Kailash Behari Lal** : With reference to paragraph 15 of section V of the Manual of Office Procedure, Government of India, Railway Department (Railway Board) will the Honourable Member for Commerce and Railways please inform this House of the nature of appeals, petitions or memorials addressed to His Excellency the Viceroy by the staff of (*i*) the Railway Department, (ii) the Railway Board, (iii) the Eastern Bengal, East Indian, Great Indian Peninsula and North Western Railways, and by the Trade Unions of Railway Workers along with the nature of replies sent to the appellant, petitioner or memorialist since 1934 ?

The Honourable Sir Saiyid Sultan Ahmad : The information is not readily available and Government do not propose to collect it as they consider that the amount of time and labour involved in its collection will not be justified by the results.

INCREASES IN PAY OF APPOINTMENTS OF RAILWAY EMPLOYEES.

169. **Babu Kailash Behari Lal** : Will the Honourable Member for Commerce and Railways please state whether it is a fact that all cases of proposed increases in pay of appointments, whether State or Company, or superior or subordinate *must* come before the Railway Board for sanction ? If so, will the Honourable Member please state the increases in pay of appointment on Eastern Bengal, East Indian, Great Indian Peninsula and North Western Railways proposed by the administrations and rejected or sanctioned by the Railway Board since 1925 ?

The Honourable Sir Saiyid Sultan Ahmad : As regards Gazetted Officers on State and Company-managed Railways, all proposals for increase in pay of posts are referred to the Railway Board. In respect of non-gazetted staff, the Agents of State-managed Railways and Boards of Directors of Company-managed Railways have full powers, except when the increase involved in the scales of pay of establishments is more than Rs. 25,000 per annum, or when it is proposed to raise the pay of an individual appointment beyond Rs. 400 per month in the new scales of pay and Rs. 600 in the old scales of pay. As regards the second part, Government consider that no useful purpose will be served by collecting the information.

PETITIONS SUBMITTED BY THE STAFF ON STATE RAILWAYS.

170. **Babu Kailash Behari Lal** : With reference to Instruction No. 7, published with the Home Department Notification No. F.|6|7|33-II, dated Simla, the 19th June, 1933, will the Honourable Member for Commerce and Railways please lay a statement on the table of this House showing :

(a) the total number of petitions under Instruction No. 6 submitted by the staff on Eastern Bengal, East Indian, Great Indian Peninsula and North Western Railways both in service or *ex*-service since 22nd June, 1935 ;

(b) the authorities and the reasons recorded for withholding such petitions ;

(c) the instruction under which such petitions are withheld ; and

(d) the number of petitions which reached the Governor General in Council since 22nd June, 1935, along with the result of the disposal by the Governor General in Council ?

The Honourable Sir Saiyid Sultan Ahmad : (a) to (c). I lay a statement on the table of the House giving information readily available in respect of petitions withheld during the period 1st January, 1936, to 30th June, 1937.

(d) Nil.

Statement of petitions addressed to the Governor General in Council by the staff of the Eastern Bengal, East Indian, Great Indian Peninsula and North Western Railways and withheld by the Railway Administrations from 1st January, 1936 to 30th June, 1937.

No.	Railway.	By whom withheld.	Date of petition.	Name of petitioner.	Subject.	Clauses of the Home Department Notification No. F.-6/7/33-II, dated 19th June 1933 under which withheld.
1	E. B. Railway ..	Agent	3-2-1936	Mr. R. M. Berman, late Shed Fitter of Chitpur Running Shed.	Appeal against discharge and fixation of pay.	7 (13) & (14).
2	E. I. Railway ..	Divisional Superintendent, Asansol.	17-2-1936	Abdul Sattar, Account No. 24159, *Ex*-Leading Fireman, Asansol.	Discharged with a month's notice with effect from 26th February 1935.	7 (15) & (16).
3	Do. ..	Chief Operating Superintendent.	18-10-1935	S. B. Chakrabarty, *Ex*-Fitter, Moghalsarai.	Discharged	7 (15) & (16).
4	Do. ..	Do. ..	10-12-1135	H. Wilson, *Ex*-Coal Checker, Moghalsarai.	Do.	Do.
5	Do. ..	Divisional Superintendent, Allahabad.	March, 1936	Bal Mukand Kapoor, *Ex*-Travelling Ticket Examiner, Cawnpore Central.	Discharged under terms of agreement from 25th September 1934.	7 (16).
6	Do. ..	Agent	16-3-1936	J. N. Saxena, *Ex*-Crewman	Discharged from service on 5th October 1929, for absconding.	7 (16) (*a*) & (*b*).
7	Do. ..	Agent	15-2-1936	Do. ..	Do. ..	Do.
8	Do. ..	Do.	3-4-1936	Kanai Lall Sen, *Ex*-Clerk, Stores Department.	Discharged from service in 1931	Do.
9	Do. ..	Do	17-3-1936	Ganesh Persbad Misra, *Ex*-Assistant Booking Clerk.	Discharged from service in July 1934.	7 (16).
10	Do. ..	Do.	12-3-1936	Mr. H. A. Charles, *Ex*-Assistant Inspector, Watch and Ward Department.	Claim for one month's pay in lieu of notice, compensation for injuries sustained, leave, travelling allowance for journeys undertaken in connection with appearance before the Medical Board and out-of-pocket expenses alleged to have been incurred in connection with his prosecution in 1924.	Do.
11	Do. ..	Do.	21-12-1935	Babu K. D. Banerjee, *Ex*-Assistant Station Master.	Condonation of breaks in service.	7 (7) (*a*) & (14).
12	Do. ..	Do.	3-8-1936	Sobran, *Ex*-Sweeper ..	Grant of gratuity for alleged previous service not supported by records.	7 (16) (*a*).
13	Do. ..	Divisional Superintendent, Dianpore.	11-8-1936	Mosamat Naziran, mother of late Sultan Khan, Driver, Gaya.	Gratuity	7 (13).
14	Do. ..	Divisional Superintendent, Dianapore.	24-10-1936	Chuni Lal, *Ex*-Electric Fitter, Mokameh.	Removal from service ..	7 (16) (*a*) & (*b*).
15	Do. ..	Agent	11-9-1936	Bhagwan Sarup, *Ex*-P. W. Inspector.	Do.	Do.
16	Do. ..	Divisional Superintendent, Moradabad.	21-11-1936	Babu Lal Verma, *Ex*-Assistant Train Examiner, Moradabad.	Do.	7 (1) & (18).
17	Do. ..	Chief Operating Superintendent.	2-9-1936	Mr. S. Mills, *Ex*-Guard, Allahabad.	Retiring leave	7 (14).

No.	Railway.	By whom withheld.	Date of petition.	Name of petitioner.	Subject.	Clasuses of the Home Department Notification No. F.-6/7/33-II, dated 19th June 1933 under which withheld.
18	E. I. Railway ..	Agent	28-3-1936	Balmukund Kapoor, *Ex*-Travelling Ticket Examiner.	Removal from service ..	7 (16) (*a*).
19	Do. ..	Divisional Superintendent, Dinapore.	25-1-1937	Subhkaran, *Ex*-Gateman, Dumraon.	Do. ..	7 (16).
20	Do. ..	Agent	24-8-1936	Amulya Charan Dutt, *Ex*-Assistant Parcel Clerk, Howrah.	Memorial against his retirement under the age limit.	7 (16).
21	Do. ..	Do.	20-3-1937	Mr. M. H. Chalmers, Job Analysis Inspector.	Grant of passage concession ..	7 (7) (*a*).
22	Do. ..	Do.	22-6-1937	Mr. Mohd. Ghulam Faruqi, *Ex*-Clerk.	Appeal for reinstatement ..	7 (7).
23	G. I. P. Railway	Chief Transportation Superintendent.	28-5-1936	A. Glendenning, *Ex*-Loco. Foreman.	Payment of gratuity ..	7 (17) (*b*).
24	Do. ..	Agent	13-7-1936	Bhagwansingh Ganeshsingh, *Ex*-Boilermaker Mistry, Damoh.	Petition against discharge on account of fraudulent use of S. J. passes and P. T. Os.	7 (16).
25	Do. ..	Do.	28-5-1936	Mr. A. Glendenning, late Loco. Foreman, Igatpuri.	Petition for arrears of gratuity and life pass.	7 (17) (*b*).
26	Do. ..	Do.	3-9-1936	Govind Krishna, *Ex*-Painter No. 4066 of Matunga Shops.	Condonation of break in service for purpose of gratuity.	7 (16).
27	Do. ..	Do.	5-9-1936	Mahadoo Baloo, *Ex*-Boilermaker, Parel Shops.	Condonation of break in service for purpose of gratuity and alteration of date of birth.	7 (16).
28	Do. ..	Do.	25-12-1936	Kaikushro Muncherji Lali, late Driver, Bina.	Condonation of break in service	7 (17) (*b*) (iii).
29	Do. ..	Do.	21-12-1936	Shivram Sambha, *ex*-striker Electric Fitter.	Medical re-examination ..	7 (8) (*b*).
30	N. W. Railway	Agent	October, 1935.	Journeymen	Representing against the application of revised scales of pay.	7 (16).
31	Do. ..	Divisional Superintendent, Delhi.	5-2-1936	Mr. Kidar Nath, Cabin Assistant Station Master, Delhi.	Regarding date of confirmation	7 (16).
32	Do. ..	Agent	4-11-1936	Mr. M. J. McGrath, Loco. Foreman and Honorary Assistant Mechanical Engineer.	Requesting for (1) a place of seniority among the Assistant Mechanical Engineers and (2) an extension of service beyond the age of superannuation.	7 (17) (*b*).

APPLICABILITY OF FUNDAMENTAL AND SUPPLEMENTARY RULES TO NON-GAZETTED STAFF ON STATE RAILWAYS.

171. **Babu Kailash Behari Lal** : Will the Honourable Member for Commerce and Railways please state :

(a) whether Fundamental Rule 44 and Supplementary Rules 17 to 195 are applicable to non-gazetted staff (both superior and inferior) on the Eastern Bengal, East Indian, Great Indian Peninsula and North Western Railways ;

(b) if the said Fundamental and Supplementary Rules are not applicable then to lay the Rules on the table of the House which are identical and are applicable to that staff ;

(c) the authority which empowers the Railway Board and the Administrations to amend, modify or annul the Fundamental and Supplementary Rules applicable to that staff ;

(d) whether that staff is entitled to draw at their discretion the allowances or fares and to refuse the acceptance of a free pass ; if not, under what rule ; and

(e) whether the acceptance of a free pass of a class lower to the fares of the class to which that staff are entitled under the Fundamental and Supplementary Rules is a statutory obligation on that staff ; if so, under what authority ; if none, why the free pass of a lower class is forced upon that staff, and whether the Honourable Member is prepared to order that the superior revenue establishment of State Railways henceforth be classed as second grade Government servants for purposes of travelling allowances ; if not, why not, and whether the expenditure will not be decreased ?

The Honourable Sir Saiyid Sultan Ahmad : (a) Yes, except where any of these rules become inapplicable by the existence of special rules or orders applicable to Railway servants, and also except in the case of staff taken over from the *ex*-East Indian and Great Indian Peninsula Railway Companies who continue to be governed by the rules of those companies.

(b) The Honourable Member, I take it, does not require the companies' rules applicable to the staff taken over from the *ex*-East Indian and Great Indian Peninsula Railway companies to be placed on the table of the House.

(c) Under the Railway Services (Classification, Control and Appeal) Rules the Governor General in Council has delegated to the Railway Board full power to make rules of general application in respect of Railway servants other than those holding permanent gazetted posts in a substantive capacity or on probation, and the Agents of State-managed Railways have been given similar powers with regard to subordinate services provided they remain within the general rules framed by the Railway Board.

(d) Presuming that the question relates to journeys on tour and transfer, the reply is in the negative except in so far as the pass for Railway servant himself is concerned. The relevant rules are Supplementary Rules 82 (b) and 119. Since 1927, the practice, however, under orders

issued by the Railway Board, has been that when a Railway servant proceeds on tour or when he is transferred within the same Railway, he is issued a pass for his journey.

(e) Under the rules cited in reply to part (d), a Railway servant is not entitled to any fares except those in exchange for a free pass. The first part of the question therefore does not arise. As regards the second part, the reply is in the negative because, notwithstanding a possible decrease in expenditure, Government do not consider it desirable to make an invidious distinction against officers of the superior revenue establishment of State Railways and class them for purposes of travelling allowance in a lower class than that to which the Pass Rules entitle them.

THE INSURANCE BILL.

Mr. President (The Honourable Sir Abdur Rahim) : The House will now resume consideration of the Insurance Bill.

I understand that we have got a supplementary list of amendments which does not contain the amendments to clauses 26, 35, 36 and 37.

Mr. Bhulabhai J. Desai (Bombay Northern Division : Non-Muhammadan Rural) : So far as the group of sections dealing with a similar subject are concerned, clause 38 should also be added.

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

"That clause 31 stand part of the Bill."

Mr. Sami Vencatachelam Chetty (Madras : Indian Commerce) : Sir, I beg to move :

"That in clause 31 of the Bill, after the words 'the Court shall cause', occurring in the third line, the words 'unless for special reasons it otherwise directs, notice of the application to be sent to every person resident in British India or in an Indian State who is the holder of a life policy of any insurer concerned and shall cause' be inserted."

The amendment is quite explanatory. It is moved with a view to affording further facilities to the policy-holders to get the information with regard to the business of the insurance company.

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

"That in clause 31 of the Bill, after the words 'the Court shall cause', occurring in the third line, the words 'unless for special reasons it otherwise directs, notice of the application to be sent to every person resident in British India or in an Indian State who is the holder of a life policy of any insurer concerned and shall cause' be inserted."

Mr. S. C. Sen (Government of India : Nominated Official) : Sir, I have to oppose this amendment and for these reasons. If the Honourable Members will look into the clause as drafted and just find what is going to be made, it will entail not only unnecessary cost but will delay the proceedings very much. Later on, in the section the right is given to any policy holder, who applies to be heard, to be given a hearing. Over and above that, the section, as it stands, provides for the publication of the particulars. That is more than enough. An insurance company may have thousands of policy holders, and if, for the purposes of an amalgamation,

[Mr. S. C. Sen.]

notice has got to be sent to everyone of them, unless the Court otherwise directs, it will mean unnecessary cost without any definite improvement and will also cause a great deal of delay.

Mr. S. Satyamurti (Madras City : Non-Muhammadan Urban) : Sir, I would ask the Government to be good enough to reconsider their attitude on this amendment. If they will kindly turn to clause 30 (*3*), which was put in by the Select Committee, they will find that the words are :

"Before an application is made to the Court to sanction any such scheme (*that is, a scheme of amalgamation*), notice of the intention to make the application together with a statement of the nature of the amalgamation or transfer, as the case may be, and of the reason therefor shall, at least two months before the application is made, be sent to the Central Government and unless the Court for special reasons otherwise directs to every person resident in British India or in an Indian State who is the holder of a life policy of any insurer concerned."

Those words, which were put in by the Select Committee, were deleted by this House, on an amendment moved from this side on the simple ground that the Court would not come into the picture at that stage. Therefore, these words were left out. But, when that amendment was moved and was accepted by the House, it was intended that at a certain stage notice should be given to the policy holders. I would ask the Government to consider this—that this amendment which is moved by my Honourable friend, Mr. Sami Vencatachelam Chetty, seeks to reproduce in a more appropriate place, that is, in clause 31, word for word, the words in the amendment left out by a vote of this House. My Honourable friend, Mr. Sen, said that clause 31 provides for policy holders being heard. I entirely agree. But, Sir, the words are these : " and such policy holders as apply to be heard ". No obligation is cast on the Court to give notice to the policy holders to hear them. On the other hand, the responsibility of taking the initiative for being heard by the Court is cast on policy holders. They must get some notice. Hence I support the amendment.

The Honourable Sir Nripendra Sircar (Law Member) : May I suggest a half-way house to the Honourable the Mover of this amendment ? As it is drafted, the general practice is going to be that every policy holder, whatever their number, has got to be heard unless the Court otherwise directs. Will you agree to put it in this form, that ordinarily that practice will not be followed, but the Court will have the power, in any case, to direct that every policy holder should be notified.

Mr. Bhulabhai J. Desai : Instead of " unless otherwise directs ", you want to say, " if the Court so directs ".

Mr. T. Chapman-Mortimer (Bengal : European) : Sir, before the House accepts this amendment, I should like to make just one or two observations.

Mr. President (The Honourable Sir Abdur Rahim) : Has the Honourable Member followed the correction of the amendment which is now sought to be made ? The amendment will now read like this : " if for special reasons it so directs, notice of the application.... ".

Mr. T. Chapman-Mortimer : Sir, I am afraid I do not like the amendment even in the amended form. If Honourable Members would just consider the point of view that I propose to put before them now, they may see that this is one of those amendments which, though on the face they

seem reasonable, may, in fact, cause in practical working very serious consequences. When this amendment was proposed in the Select Committee, I pointed out.....

Mr. S. Satyamurti : You can't tell us what happened in the Select Committee.

Mr. T. Chapman-Mortimer : I point out now that a very similar provision in the U. K. Insurance Act has, in fact, operated against amalgamations taking place at all. Now, Sir, we all know that one of the certain consequences of this Bill, which is now before the House, is going to be a large number of amalgamations all over the country. Sir, if you are going to make it increasingly difficult for these amalgamations to take place, one of two things will happen. Either companies will go into liquidation thereby causing great loss to the policy holders, or attempts will be made to secure controlling interests in the shares thereby securing control of the business while good schemes for amalgamation will fail because of the objections put up to these proposals by the policy holders. Now, Sir, we all know and, I think most of us will agree, that even in this House where the level of intelligence is presumably a great deal higher than the level of intelligence of thousands of policy holders,—many of them ignorant and poor people,—even in this House we do not fully understand matters of insurance and I suggest that if you have amalgamation schemes going out to policy holders all over the country, to ignorant and ill-informed people, the consequence will surely be that amalgamation schemes will, in fact, be stopped. I suggest to the House that before they accept this amendment they should weigh that consideration very fully and very carefully. Sir, I oppose the amendment.

12 Noon.

Mr. M. Ananthasayanam Ayyangar (Madras ceded Districts and Chittoor : Non-Muhammadan Rural) : Sir, I wish to say a few words on this matter. It is an elementary principle of law that no man ought to be condemned without a hearing. The original policy holder transacts business with a particular company and is it open to that company to go behind his back and amalgamate with some other company ? Is it open to the company to say to the policy holder ' hereafter do not look to me for the fulfilment of the terms of the contract under the policy, but you must look to some other company with whom we have amalgamated ' ? It is all right for my Honourable friend, Mr. Chapman-Mortimer, to say that these policy holders are all ignorant folk, but I submit, Sir, the hard earned money which these policy holders pay towards premium will speak for itself. (Laughter.) You dub the policy holder as ignorant, but all the same you want his money to carry on your life insurance business. When the question of giving notice to the policy holder is talked of you characterise the policy holder as little better than dumb driven cattle. I submit, Sir, this is exploitation *in excelsis*. Regarding Mutual Life Companies, notice will automatically be given to all policy holders in that company. No special pleading is necessary to extend this principle to all companies. I was the author of having this provision deleted in clause 30 in order to make the provisions of this Bill a little more artistic and intelligent. After all every statute must be a composite whole and there ought not to be drawbacks here and there, omissions or deformities in the Bill. If I were the author of this Bill, I would devote particular attention not only to the principles, but also to the way in which every clause is worded. Therefore, I wanted to help the Honourable the Leader of the House and his able Assistant in

[Mr. M. Ananthasayanam Ayyangar.]

drawing up this clause in proper place. I made special reference to it yesterday when I moved the amendment to clause 30 deleting certain words. A reference to Court came in for the first time only in clause 31 and this was anticipated in clause 30 which was not proper drafting. I am only sorry that the assistance and the help which I sought to give to the Honourable Member is not understood in the proper light and any opposition to it would be absolutely merciless.

The Honourable Sir Nripendra Sircar : We have been misunderstood.

Mr. Bhulabhai J. Desai : Sir, with the safeguard now suggested the amendment would read as follows :

"When any application, such as is referred to in sub-section (*3*) of section 30, is made to the Court, the Court shall cause, if for special reasons it so directs, notice of the application to be sent to every person....."

I suggest that with this safeguard there can be no embarrassment as pointed out by my Honourable friend, Mr. Chapman-Mortimer. Then, there is another point of view. After all, we are going to facilitate amalgamation. You must remember whose amalgamation you are contemplating. It is the policy holders of two companies. If these policy holders are not going to have an effective voice in this amalgamation, the only result would be that a few stage-managers of the position of my Honourable friend, Mr. Chapman-Mortimer, will probably thrust their own will on the policy holders and tell them what is good for them on a matter which I think my Honourable friend ought not to support having regard to the general principles which he had been expounding in this House till now. I am quite certain that while on the one hand the House must give every facility for amalgamation, it should not do so at the expense of not even being heard by those whose interests are going to be affected.

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

"That in clause 31 of the Bill, after the words 'the Court shall cause', occurring in the third line, the words 'unless for special reasons it so directs, notice of the application to be sent to every person resident in British India or in an Indian State who is the holder of a life policy of any insurer concerned and shall cause' be inserted."

The motion was adopted.

Mr. L. C. Buss (Nominated : Non-Official) : Sir, I beg to move :

"That in clause 31 of the Bill, for the words 'and such policy holders as apply to be heard and any' the word 'or' be substituted."

Sir, the object of this amendment is that there ought to be no undue restrictions on amalgamations. If an unrestricted right is given to all and sundry of the policy holders to be heard by the Court, there will always be the risk of vexatious delays even in the case of a very desirable amalgamation. There might be a clique of policy holders who would deliberately give trouble regardless of the merits of the case. I think there is no reason at all to suppose that a policy holder with a real grievance could not easily secure that he was regarded by the Court as entitled to be heard. Sir, I move.

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

"That in clause 31 of the Bill, for the words 'and such policy holders as apply to be heard and any' the word 'or' be substituted."

Mr. S. C. Sen : Sir, I am sorry to oppose this amendment. The idea behind the proposal in the Bill was to allow any policy holder who takes the trouble of coming to Court to be heard and in that matter it was decided not to leave any discretion to the Court. There are ample safeguards: first of all the policy holder must consider the scheme, secondly, he must take the trouble of going and applying to the Court. In such an event there ought not to be any discretion left to the Court. That is the principle which has been adopted and if this amendment is accepted it does away with that right of a policy holder who goes to the Court and applies, to be heard, no discretion should be given as to that right. Sir, I oppose.

Mr. Bhulabhai J. Desai : Sir, may I point out that the object of the Mover of the amendment would not at all be served, because it is one of the futile amendments. If the amendment is adopted, the clause would read :

".....and after hearing the directors or other persons."

I think he argues that 'other persons' would mean and include the policy holders who wish to be heard. I think this is an utterly futile amendment, and I hope my Honourable friend will not press it.

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

"That in clause 31 of the Bill, for the words 'and such policy holders as apply to be heard and any' the word 'or' be substituted."

The motion was negatived.

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

"That clause 31, as amended, stand part of the Bill."

The motion was adopted.

Clause 31, as amended, was added to the Bill.

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

"That clause 32 stand part of the Bill."

Mr. L. C. Buss : Sir, I beg to move :

"That in clause 32 of the Bill, after the word 'insurers', occurring in the second line, the words and figures 'one or more of which is an insurer specified in sub-clause (*a*) (*ii*) or sub-clause (*b*) of clause 8 of section 2' be inserted."

Sir, the point here is that the provisions of clause 32 are not really applicable in the case of two insurers registered or domiciled outside India. But as the clause reads that is the effect. There is, of course, no reason why the clause should not apply if either of the insurers is registered or domiciled in India, and the amendment provides for this. Clauses 30 and 31 apply only in such cases and it appears merely consistent to apply the same principle to clause 32.

Sir, I move.

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

" That in clause 32 of the Bill, after the word ' insurers ', occurring in the second line, the words and figures ' one or more of which is an insurer specified in sub-clause (*a*) (*ii*) or sub-clause (*b*) of clause 8 of section 2 ' be inserted."

Mr. S. Satyamurti : Sir, I oppose the amendment. The whole scheme of clause 32 is this :

" Where an amalgamation takes place between any two or more insurers, or where any business of one insurer is transferred to another, whether in accordance with a scheme confirmed by the Court or otherwise, the insurer carrying on the amalgamated business or the insurer to whom the business is transferred, as the case may be, shall, within three months from the date of the completion of the amalgamation or transfer, furnish to the Central Government—

(*a*) a certified copy of the scheme, agreement or deed under which the amalgamation or transfer has been effected, and

(*b*) a declaration signed by every insurer concerned or in the case of a company by the chairman and the principal officer that to the best of their belief every payment made or to be made to any person whatsoever on account of the amalgamation or transfer is therein fully set forth and that no other payments beyond those set forth have been made or are to be made either in money, policies, bonds, valuable securities or other property by or with the knowledge of any parties to the amalgamation or transfer, and

(*c*) whether the amalgamation or transfer has not been made in accordance with a scheme confirmed by the Court—

(*i*) certified copies of statements of the assets and liabilities of the insurers concerned, and

(*ii*) certified copies of the actuarial or other reports upon which the agreement or deed was founded."

I see no reason advanced as to why where an amalgamation takes place between one insurer and an insurer who is now sought to be exempted and who is defined in clause 2, sub-clause 8 (*b*) or (*a*), who is a foreign insurer carrying on business in British India, all these details to the Central Government should not be given. I did not hear the Honourable the Mover of the amendment point out any difficulty at all. It seems to me that in the interests of the policy holders of the insurers who amalgamate and the interests of the policy holders of the new amalgamated company or insurer,—all this informaton ought to be available to the Central Government, and through them to those whose interests are likely to be affected one way or the other. The amendment of my Honourable friend, as the House will notice, wants that in clause 32 of the Bill after the word " insurers " in the second line, the words " one or more of which is an insurer specified in sub-clause (*a*) (*ii*) or sub-clause (*b*) of clause 8 of section 2 " be inserted. Section 2 is the definition section, and sub-clause 8 (*a*) (*ii*) refers to the foreign insurer who has his principal place of business in or is domiciled in India, and (*b*) refers to anybody registered under the Indian Companies Act. I do not see why where an Indian insurer, for example, seeks to amalgamate himself with a foreign insurer carrying on business in British India, all this relevant information which ought to be made available should not be made available to the Central Government, and through them to the persons concerned. The other day, I asked my Honourable friends what it was that they had to conceal, and they said, " Nothing ". But, as I read their amendments, it seems to me that there is an anxiety to publish as little as possible and to keep back as much as they can. This naturally confirms the suspicion of those who are already suspicious and rouses other people's suspicion. I suggest, Sir, that they ought not to proceed with the amendment, and I ask them to withdraw it.

Mr. L. C. Buss : Sir, in view of what my Honourable friend, Mr. Satyamurti, has said, I do not wish to press this amendment and beg leave of the House to withdraw it.

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

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

" That clause 32 stand part of the Bill."

The motion was adopted.

Clause 32 was added to the Bill.

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

" That clause 33 stand part of the Bill."

Mr. K. Santhanam (Tanjore *cum* Trichinopoly : Non-Muhammadan Rural) : Sir, I beg to move :

" That to sub-clause (*2*) of clause 33 of the Bill, the words ' by or on behalf of the transferor or transferee ' be added at the end."

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

" That to sub-clause (*2*) of clause 33 of the Bill, the words ' by or on behalf of the transferor or transferee ' be added at the end."

Mr. S. C. Sen : Sir, we accept the amendment.

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

" That to sub-clause (*2*) of clause 33 of the Bill, the words ' by or on behalf of the transferor or transferee ' be added at the end."

The motion was adopted.

Mr. F. E. James (Madras : European) : Sir, I beg to move :

" That in sub-clause (*5*) of clause 33 of the Bill, after the word ' assignee ', in the third line, the words ' named in the notice ' be inserted."

If Honourable Members will kindly look at the Bill they will find that under sub-clause (*5*) the insurer will receive only the notice. The person to be recognised should be the person named in the notice, not being the person who may be described as transferee in the endorsement or instrument of transfer. The effect of the amendment is to make it clear that the insurer's liability is to the person of whom he has received notice, whether it is the person named in the endorsement or instrument or not.

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

" That in sub-clause (*5*) of clause 33 of the Bill, after the word ' assignee ', in the third line, the words ' named in the notice ' be inserted."

Mr. S. C. Sen : Sir, we accept the amendment.

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

"That in sub-clause (*5*) of clause 33 of the Bill, after the word 'assignee', in the third line, the words 'named in the notice' be inserted."

The motion was adopted.

Mr. F. E. James : Sir, I beg to move :

"That in sub-clause (*5*) of clause 33 of the Bill, for the word 'policyholder', in the fifth line, the words 'transferor or assignor' be substituted."

This is a purely verbal amendment, and we suggest that "transferor or assignor" are more suitable words than the word "policyholder".

Sir, I move.

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

"That in sub-clause (*5*) of clause 33 of the Bill, for the word 'policyholder', in the fifth line, the words 'transferor or assignor' be substituted."

Mr. S. C. Sen : Sir, we accept the amendment.

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

"That in sub-clause (*5*) of clause 33 of the Bill, for the word 'policyholder', in the fifth line, the words 'transferor or assignor' be substituted."

The motion was adopted.

Sardar Mangal Singh (East Punjab : Sikh) : I beg to move :

"That in sub-clause (*6*) of clause 33 of the Bill, after the words 'remedies of the' the words 'assignee or' be inserted."

The object of this amendment is clear, and I hope the Honourable Members would accept it. Sir, I move.

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

"That in sub-clause (*6*) of clause 33 of the Bill, after the words 'remedies of the' the words 'assignee or' be inserted."

Mr. S. C. Sen : We accept it.

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

"That in sub-clause (*6*) of clause 33 of the Bill, after the words 'remedies of the' the words 'assignee or' be inserted."

The motion was adopted.

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

"That clause 33, as amended, stand part of the Bill."

The motion was adopted.

Clause 33, as amended, was added to the Bill.

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

"That clause 34 stand part of the Bill."

Mr. F. E. James : I move :

"That in sub-clause (*2*) of clause 34 of the Bill, for the word 'communicated', in the third and fourth lines, the word 'produced' be substituted."

The point of this amendment is that it is not sufficient merely to communicate the fact of nomination to the insurer, but that the policy with the endorsement should be produced to the insurer. This amendment will have that actual effect. I hope the House will accept it. Sir, I move.

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

"That in sub-clause (*2*) of clause 34 of the Bill, for the word 'communicated', in the third and fourth lines, the word 'produced' be substituted."

Mr. S. C. Sen : I am afraid I have got to oppose this amendment moved by my Honourable friend, Mr. James. In the previous clause we have, in the case of assignments, provided that a mere intimation is sufficient : why should in the case of nomination policy-holders be forced to produce the policy before the insurance company. Sir, I oppose it.

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

"That in sub-clause (*2*) of clause 34 of the Bill, for the word 'communicated', in the third and fourth lines, the word 'produced' be substituted."

The motion was negatived.

Mr. F. E. James : Sir, I move :

"That in sub-clause (*2*) of clause 34 of the Bill, after the word 'endorsement', occurring in the eighth line, the words 'or a will' be inserted."

That is intended to clear the difficulty which might arise if a will bequeathed the policy to some one else specifically or as part of the residue of the estate. There might in that circumstance be a contest between the nominee and the legatee under the will, and this is to make it quite clear that the policy which might be bequeathed would also come under this section as would an endorsement or a further endorsement. Sir, I move.

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

"That in sub-clause (*2*) of clause 34 of the Bill, after the word 'endorsement', occurring in the eighth line, the words 'or a will' be inserted."

Mr. S. C. Sen : We accept it.

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

"That in sub-clause (*2*) of clause 34 of the Bill, after the word 'endorsement', occurring in the eighth line, the words 'or a will' be inserted."

The motion was adopted.

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

"That clause 34, as amended, stand part of the Bill."

The motion was adopted.

Clause 34, as amended, was added to the Bill.

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

"That clause 39 stand part of the Bill."

Mr. F. E. James : Sir, I move :

"That in clause 39 of the Bill, for the word 'and', occurring in the ninth line, the word 'or' be substituted."

The object of this amendment is that if the policy-holder knew at the time of making it that his statement was false the question as to whether it was a material matter or not should not really arise. Sir, I move.

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

"That in clause 39 of the Bill, for the word 'and', occurring in the ninth line, the word 'or' be substituted."

Mr. S. Satyamurti : Sir, I strongly oppose this amendment. This clause may be called Dr. Deshmukh's clause.

The Honourable Sir Nripendra Sircar : It has had many joint parents.

Mr. S. Satyamurti : We heard a lot about parents yesterday in this House, I do not want to pursue that further, I think we may say that in a way it is the child of Dr. Deshmukh. If he (the Law Member) or the Leader of the Opposition choose to speak later, they can give instances of cases where insurers have taken objections, in the most outrageous manner, all sorts of pleas against the insured, sometimes against his heirs and against those who survive him, most extraordinary pleas, on some trifling mistake about some disease, some age, and so on. This clause provides very healthily that no policy of insurance shall, after the expiry of two years from the date on which it was effected, be called in question by an insurer on the ground that a statement made in the proposal for insurance or in any report of a medical officer, or referee, or friend of the insured, or in any other document leading to the issue of the policy, was inaccurate or false unless the insurer shows that such statement was on a material matter and fraudulently made by the policy-holder and that the policy-holder knew at the time of making it that the statement was false. My Honourable friends of the European Group, with a keen anxiety, evidently for supporting unscrupulous insurers in their unequal fight against the helpless heirs of policy-holders, have taken up this cudgel on behalf of those gentlemen. My Honourable friend, Mr. James' amendment says :

"In clause 39 of the Bill, for the word 'and', occurring in the ninth line, the word 'or' be substituted."

If that substitution be accepted by the House, it will mean this : the insurer can successfully resist the claims of the heirs of a policy-holder if they prove either this, that the statement was on a material matter.

or fraudulently made by the policy-holder. That is quite enough. They need not prove what the clause rightly demands, that the policy-holder knew at the time of making it that the statement was false. It seems to me that unless the insurer brings home these three facts to the Court, namely, that the statement was on a material matter—cases have arisen in which statements on worthless matters have been trotted out as statements which are wrong and, therefore, ought to invalidate the claim of policy-holder's heirs,—secondly, the statement was made fraudulently by the policy-holder, and thirdly,—and this is the most important—that the policy-holder knew at the time of making it that the statement was false. It seems to me that this is sound law, and we are giving ample protection to the insurer and the insured alike. To accept the amendment of the Honourable Member of the European Group will mean that the policy-holder's heirs will be at the mercy of unscrupulous insurers. On behalf of policy-holders and those who expect to get money from them in the happening of certain contingencies provided for in the policy, I very strongly resist this amendment, and expect the House to vote against it.

Sir Cowasji Jehangir (Bombay City : Non-Muhammadan Urban) : Mr. President, I would like to support this amendment. In championing the cause of the policy-holders, my Honourable friend, Mr. Satyamurti, forgets that at least we should ensure that the policy-holders behave honestly. If my Honourable friend, Mr. Satyamurti, can show a large number of cases where small insurance companies have been tyrannical, it is also possible to show that in a good many cases policy-holders have deliberately tried to defraud insurance companies. Now, I have known of many cases where false statements have been deliberately made, which are very difficult to prove. Up to now, the law has been that if a policy-holder is caught making a wrong statement, or if anybody on his behalf makes a wrong statement, which is of a material character, then the insurer is protected.....

The Honourable Sir Nripendra Sircar : No : even if immaterial, the policy goes. That is what we want to change.

Sir Cowasji Jehangir : That may be so in law today, that any sort of false statement made—and it is possible my Honourable friend, the Law Member, may be able to show cases where fairly unscrupulous insurers have taken advantage of it. But at the same time you must give the insurer some protection. If a policy-holder makes a material mistake—it may not be deliberate—but it may make all the difference in the world to the insurer ; surely the insurer need not go further and prove that it was done with his knowledge. If the mistake was of such a material character that the insurer suffered a considerable loss by that mis-statement, do you desire that further proof should be given that it was done with his knowledge, which my Honourable friend, the Law Member, knows is very difficult to prove ? It is quite enough that the insurer should suffer up to a certain point by a false statement being made which is of a material character : that is quite sufficient : I am certain that no reasonable person in this House will demand that the insurer should suffer due to a false statement being made by or on behalf of a policy-holder : and the insurer should still further have to prove that it was done with his knowledge ! If it is material and if the policy-holder has got a considerable advantage by having made knowingly or unknowingly that statement, then the insurer should be

[Sir Cowasji Jehangir.]

protected by having that policy at least cancelled. But it cannot go on for ever after two years or any period that the House may decide upon. You cannot allow that false statement to stand and the policy-holder to get advantage out of it. Therefore, I see a great deal of reason in the amendment moved by my Honourable friend, that if the policy-holder requires protection, the insurer also requires protection. If my Honourable friends can show many instances where policy-holders have suffered due to unscrupulous insurers, I can cite many cases where insurers have suffered due to false statements made by policy-holders. Under the circumstances, I would ask the House not to be completely carried away, but to give protection to both sides. If it is of a material character, and even if it is done by accident, not deliberately, there is no remedy. Suppose a man says he is 42 years of age when he is really 62 : it might be said that he did not make that mistake, but that somebody on his behalf did it—it was not done with his knowledge and, therefore, he should remain insured for all time, because he was not caught within the first two years : and believe me, those cases are not rare. I have known from experience that policy-holders, when coming to insure, have cut off sometimes ten years from their age : it would be difficult to catch and they can be caught only afterwards.....

The Honourable Sir Nripendra Sircar : What about the doctor ? He could not discover the difference of ten years ?

Sir Cowasji Jehangir : It would make a complete change in the insurance policy. There are many men in this Honourable House whose age cannot be guessed within ten years : there are many other mis-statements which policy-holders also make. I have known of a case where the policy-holder stated on oath that he suffered from no disease at all. The doctor passed him to be so. His friends testified that he suffered from no disease of the kind specified in the policy ; and as a matter of fact that man had suffered from that very disease and it was apparent even two days before he made that statement on oath.....

Dr. G. V. Deshmukh (Bombay City : Non-Muhammadan Urban) : Was he the policy-holder's doctor or was he the company's doctor ?

Sir Cowasji Jehangir : The company's doctor ; but it could not be detected : for such a disease—epileptic fits—you have to depend upon the honesty of the policy-holder to give the real facts and upon his friends who also endorsed what he said. Surely, then, the insurer should have some protection. Therefore, if it makes a material difference, I think that my Honourable friend should not insist that the insurer should further prove that it was done to his knowledge ; and my Honourable friend, the Law Member, knows better than anybody else better than other lawyers, how difficult it is to prove that a thing was done with the knowledge of a certain person. All I plead for is this : that if it makes a material difference in the policy, if the terms would be completely different, if the real facts were known, then some protection should be given to the insurer. This is all I ask, and I do not think it is asking anything very much that will prejudice the case of a policy-holder who, as some of my Honourable friends, contend, might have been badly treated in the past by certain insurance companies. It is

penalising all honest insurance companies in order to punish a few dishonest ones that my Honourable friends may have detected in the past.

The Honourable Sir Nripendra Sircar : Sir, in opposing the amendment, may I make it clear to the House what difference it makes—and a very substantial difference—by changing the word " and " into " or ". It may be rather technical, but all lawyers here are well aware that if the statements which are made in writing, the questions which are answered, are made part of conditions of the issue of the policy, as they almost always are, then, however immaterial, however trivial the mis-statement may be, the policy money is not recoverable, and if my friend, Sir Cowasji Jehangir, in his leisure moments, will look up the cases collected in Halsbury, he will find that judge after judge have regretted that they have been unable to decree the suit in favour of the nominee of the policy holder because the law is very hard, and as soon as these answers are made part of the conditions, then the Court has no option to give any relief to the policy holder. As a matter of fact, Sir, some of the reported cases show an extraordinary position. If a man is asked if there was any illness in his family, possibly his great grand uncle had suffered from something some 50 years, and that may come within this mis-statement.....

Sir Cowasji Jehangir : We are talking of material.

The Honourable Sir Nripendra Sircar : Then about what is false. There again I am afraid most of the non-lawyer Members do not know the difficulties which have been created in the law Courts with regard to a false statement. If my Honourable friend were to refer to the text book on Torts, he will observe that a statement is supposed to be a misrepresentation (1) if it is known to be false, and (2) if it is rashly made without making inquiry as to whether it was true in fact or not. There is all the difference from a practical point of view between item No. 1, a statement which I know to be false, and No. 2, a statement which I have made without making reasonable inquiry. That will also come in the category of the items given under fraud, and that will be misrepresentation. Therefore, Sir, the whole object of this is, in so far as the statements are concerned, the insuring company gets two years to make further inquiries. It is quite possible, I can conceive of such cases, and there may be one case in a thousand or in ten thousand, where even by making inquiries within two years you cannot find out what the real state of affairs was. It is quite conceivable, but as against that, there will be a very large number of cases where the assured has been hit by the operation of the hard law which exists today. My friend was asking me if I knew of many cases and so on. May I refer him to a recent batch of cases, six in number, before Mr. Justice Lort-Williams, which were decided early this year. In each of these cases insurance companies were involved. The point was taken that the statements were conditions, and some of the conditions have been broken, and, therefore, they won't pay. Now, Sir, in the first case judgment was delivered, and rather trenchant observations were made by His Lordship against the insurance company who tried to take shelter under this. Unfortunately, in that particular case the insurance company had committed the mistake, which they seldom do, and I am sure Sir Cowasji's Company

[Sir Nripendra Sircar.]

never makes that mistake,—in that they forgot to have the usual endorsement that the questions and answers were part of the conditions of the policy. Therefore, the Court could give relief, but as a result of the observations made on the existing state of the law and Mr. Justice Lort-Williams' recommendations that the matter should be taken up in the Legislature to remove the hard situation which is created by the existing law, I had this in mind, although I am obliged to Dr. Deshmukh for reminding me of it. Now, look at the comparative position. A man dies and the money becomes due on his policy. Who is the claimant ? Probably the orphan or the widow, and she has then to get proof and bring evidence to show that what was stated 20 years ago by the father or the husband was or was not correct. In this particular case though Mr. Justice Lort-Williams decided in favour of the policy holder, the latter really got nothing. Three doctors were examined by him and four doctors were examined by the Insurance Company, but the misfortune of the Insurance Company's doctors was that their evidence, to use the mild language employed by the judge, was held to be not very reliable. I submit, Sir, that the House should not allow this very salutary provision to be whittled down in the interests of the policy holders, a provision which has been introduced by the Select Committee, by changing the word " and " to " or ", which will enable Insurance Companies to take advantage of immaterial statements known to be false.

Dr. G. V. Deshmukh : Sir, I hope the House will not whittle down this salutary provision, as suggested by the Honourable the Leader of the House. I do not wish to deal with it from any other point of view, except from the point of view which has been raised by my friend, Sir Cowasji Jehangir. It is curious that my friend, Sir Cowasji Jehangir, should take his stand on mis-statements of policy holders, and should point out instances of wrong age. I want to ask my friend,—what do the Insurance companies in India do ? To begin with, the insurance companies themselves give mis-statement of age, and I shall explain to the House how it is done. Every life in India is loaded by five years. What is the meaning of this ? Every life that is insured in India is loaded to the extent of five years by the Insurance companies.....

Sir Cowasji Jehangir : Will you please explain what you mean by ' loaded ' ?

Dr. G. V. Deshmukh : Yes, I shall explain it to you. Suppose I insure my life and I am 25 years old. No insurance company in India will charge me the premium that is due at age 25, but it will charge me premium as if I am aged 30. That is the minimum. Some companies even load more. Therefore, Sir, to begin with, in the matter of age, there is dishonesty on the part of insurance companies in India. I am glad Sir Cowasji has raised this point, because I was going to allude to it a little later. Now, Sir, what is the result of this loading. The result is, to begin with, the insurance companies take more premium than they are entitled to, and when worked out at compound interest, do you know what it means ? It means that these insurance companies take from me, without my knowledge, 15 or 20 per cent. more than what they are entitled to. This is so far as age is concerned. Now, I come to the statement made by Sir Cowasji.....

Sir Cowasji Jehangir : Will you explain to me what ' loaded ' means, and how it is worked out ?

Dr. G. V. Deshmukh : I am very glad my friend asks me that question. I thought that he being a Director of one of the eight big companies in the Empire knew all about this loading and rating. Very well, for the edification of my friend I shall gladly explain what I mean. There are certain mortality tables, and the actuaries have worked out that for a certain age a certain amount of premium should be charged. If you insure your life, say, at the age of 20, the insurance companies charge you as if you are aged 25, or rather they charge you five years' extra premium ; you are not charged on your actual age. Do you understand what I mean now ? (Laughter.)

Sir Cowasji Jehangir : The trouble is that the Doctor does not understand.

Dr. G. V. Deshmukh : It does not matter if I do not understand, but Sir Cowasji does not understand because he does not want to understand. If the House understands, I am quite satisfied. The result of it is this that every party who goes in for insurance is already—I won't use a very strong word, that is, swindled, into paying 15 or 20 per cent. more than the actual charge.

Sir Cowasji Jehangir : May I ask one question. Taking for the sake of argument.....

Mr. President (The Honourable Sir Abdur Rahim) : I cannot allow the Honourable Member to argue again.

Sir Cowasji Jehangir : No, no. Sir. I am asking him a question. Taking for argument's sake that my Honourable friend's contention is correct, about the way in which insurance companies charge premiums, does he contend that because they do so, the policy holder should be allowed to do the same ?

Dr. G. V. Deshmukh : This is just the argument of Sir Cowasji to which the House is well accustomed by this time and I do not want to answer this sort of argument. What I say is this. So far as mis-statement is concerned, the charge can be laid more to the door of the companies which want to put on a righteous air than to the door of the policy holders. After the rating—the whole system being based on a certain amount of fraud to begin with,—what is the next point of Sir Cowasji about medical examination ? He talks of apoplectic persons coming to the companies and the age limit being brought down by ten years. My Honourable friend must be engaging very cheap doctors not to find out that when a person robs ten years—mind you, the company which has already added five years to the insured's life,—now they want to make an excuse of it to say that when the party comes to us they may subtract ten years out of the age. It seems to me that it is almost impossible, for this reason, namely, that between the company and the policy holder there are more chances of the company having an advantage over the policy holder. First of all, the company has its medical doctors. Then there is the referee, and I cannot see how all these excuses can be brought forward. Again, after the policy holder dies—usually you will find that during the lifetime of the policy holder no company will challenge. I have known cases—my Honourable friend is talking of apoplectic cases—I have known cases where the patient was actually suffering from cancer and yet, during the lifetime of the patient, the company never challenged the man or put

[Dr. G. V. Deshmukh.]

forward any objections. As soon as he was dead, when it came to paying the amount of the policy to his dependants, the widow and the children—it is then that their Inspectors go round, whoever they are, and try to find out what was the mis-statement. If they can do that within six months or a year after the death of the policy holder, why cannot they do it within two years that has been allowed by this clause ? I hope that the House will agree with me that there is absolutely nothing in the arguments which have been brought forward by the director of one of the biggest companies and that in the interests of the policy holder the House will agree to the clause as it is.

Mr. M. S. Aney (Berar : Non-Muhammadan) : So far as the principle laid down in this clause is concerned, I believe that no man who has any sense of equity will take exception to it. In fact, in view of the existing state of the law on the subject, it is necessary that a very clear and unambiguous rule should be provided for so that in future the policy holders should not find themselves in the same difficulties in getting justice as they do at present. Therefore, I should like to congratulate Dr. Deshmukh on having made this happy suggestion when the Select Committee was meeting here. I was present at his house on the very day on which he sent a telegram to the Select Committee and drawing its attention to this particular defect so that it might take that into consideration when it was considering the whole Bill. Therefore, there is no question that we ought not to leave the state of the law in an ambiguous condition in which it is really difficult for the policy holder in ninety-nine cases out of hundred to get justice if a dispute arises. But when I read this clause I find some difficulty in understanding it. Three conditions have got to be satisfied, one, that such statement was on a material matter, secondly, that it was fraudulently made by the policy holder, and thirdly, that the policy holder knew at the time of making it that the statement was false. Would it not be sufficient to have these two conditions, namely, that the false statement was on a material matter and that he knew at the time of making it that the statement was false ? There should be no need in such a case of proving fraud in addition. If these two conditions are separated, taking fraud as one element and the false statement on a material point to the knowledge of the man when he made that statement as the second element ; it will serve the purpose. These two elements should be separate and independent of each other to bar the claim. Otherwise, three elements will have to be proved. If any of these two conditions is proved, he should be in a position to get justice. If the clause is a little bit changed then the object which my Honourable friend has in view will be achieved. That is how I feel, that is my difficulty in understanding the clause. At any rate, if I am wrong in understanding it I shall be very glad to see how it can be interpreted in any other way. But I strongly support the principle of the clause 39.

Sir H. P. Mody (Bombay Millowners' Association : Indian Commerce) : I am afraid I do not understand anything about loading or unloading ; I am just a humble seeker after truth. (Laughter.) Everybody must concede that if the present law operates very harshly upon the policy-holder it requires to be changed. The provision suggested, to my way of thinking, would make the policy-holder a sort of chartered libertine. If it were to stand, it would impose on the insurance company the establishment of three conditions, one, that there was a mis-statement of a material fact, next, that it was fraudulently made by the policy-holder, and thirdly, that the policy-holder knew at the time of making the statement that it was false. There is one thing which I want to know, and I hope the Honourable the Law Member will enlighten me about it, what happens if the policy-holder has died in the meantime ?

The Honourable Sir Nripendra Sircar : My Honourable friend wants enlightenment. May I throw a little light ? If the policy-holder dies within two years.....

Sir H. P. Mody : I say, after two years.

The Honourable Sir Nripendra Sircar : After two years have lapsed, the representative will get the benefit of clause 39. I may inform my Honourable friend in connection with big Insurance companies—they begin their researches and enquiries and investigations only when the man is dead. Why don't they do it earlier ?

Sir H. P. Mody : I am afraid the Honourable the Law Member has for once been very unconvincing. Supposing five years after a policy has been effected, the policy-holder dies, how is the insurer to establish that the policy-holder made a material misstatement of fact and that it was fraudulently made ? If he was living, the insurer would have means of finding out, he would question him, he would have enquiries made and would be able to ascertain the truth. But if the policy-holder is dead where can I make enquiries ? I would not know where the policy-holder had gone after death, I would not know the precise place where he had gone. (Laughter.) I *would* be able to know the place in the case of some of my Honourable friends (Laughter), but I am sure that if he was an ordinary policy-holder who had gone out of my sight, I would not know anything more about him than that he was once before me as a policy-holder, and so no means would be left to the insurance company of ascertaining whether the statement was fraudulently made. Then there is another question I want to ask. In the first part of the clause you talk of false statement made by a medical officer, referee, friend of the insured, etc., etc., but in the last part, where you make it obligatory upon the company to meet the claim unless the policy-holder was himself fraudulently making the statement, you have none of these safeguards. What is the result ? The result is that a friend of the policy-holder can make any sort of fraudulent statement, but it is only when the insurance company can establish that the policy-holder himself made such a statement fraudulently that you can defeat the claim. The last portion is quite clear. It says " Unless the insurer shows that such statement was on a material matter and fraudulently made by the policy-holder and that the policy-holder knew at the time of making it that the statement was false.". The policy-holder may not himself make a false statement. He may evade a question, and allow his friend to make a deliberately false statement on a material fact, and then the policy-holder, under the provisions of this section, would escape liability altogether. I think that if the law is to be altered, the way in which the provision is worded is not an equitable one. As it stands, the section is much too oppressive on the insurance company.

1 P.M.

Mr. Sham Lal (Ambala Division : Non-Muhammadan) : Sir, I oppose this amendment. I thought that Sir Homi Mody knew some law. As a business man he ought to know that even if a man is dead it is possible to prove his knowledge. If a man was 60 years old and gave his age as 30 and it is proved in Court that he was really 60, no witnesses are required. It would be possible for the Court to hold that he made a statement knowing it to be false. Then I would submit this. For every wrong, there is a limitation. The insurance contract is like any other contract and these cannot be questioned after some time. What I think is that this exception has been made in favour of the insurance company. Otherwise, after some time, it should not be open to either party to question the contract. You can go enjoying the premimum and when it is your turn to pay, you begin to suddenly discover that some statement made by the policy-holder is wrong. This is not just. You stay in a hotel and you enjoy the dinner for 15 days or a month and when the bill comes, you should not say : ' the food was not good and, therefore, I refuse to pay '. You employ your own agents, your own doctors and after enjoying the premium how is it open to you to question the contract. There must be some limitation and I think the law ought to have been that after two or three years, it would not be open to either party to question the contract. I think after you have taken the premium, after you have entered into the contract with open eyes, it should not be open to you to question the contract. This is rather a concession in favour of the company and I hope this amendment will be rejected.

Mr. Bhulabhai J. Desai : The true import of the section as it would run after substituting " or " for " and " must be fully perceived, apart from the general arguments which have been addressed. The clause would then mean this : No policy of insurance, after the expiry of two years from the date on which it was effected, shall be called in question by an insurer on the ground that a statement made in the proposal for insurance or in any report of a medical officer or referee or friend of the insured or in any other document leading to the issue of the policy was inaccurate or false, unless the insurer shows that such statement was material and fraudulently made or the insurer says that the policy-holder knew at the time of making it that the statement was false. The result of putting " or " would be that any immaterial statement, so long as it can be shown to have been made by the policy-holder with a knowledge of its falsity, would still invalidate a policy—which would practically negative the whole value of this section. The value of this section is this, that if a matter is material, and, on that material matter, it was falsely stated, then it should undoubtedly be invalidated, but we really go back to the old position with this much added that, though immaterial, the policy-holder knew at the time it was made that it was false and it may have been made by his friend, it may have been made by a referee, and it may have been made in a medical report. Therefore, if you put in " or ", the whole value of this section would disappear. The true object of this section was to relieve the harshness of the present law, that immaterial statements, though inaccurate, should not invalidate a policy. In the discussion that has taken place, the true point is not seen, namely, that if you substitute " or ", you are making every immaterial statement, which is inaccurate or false, an

invalidating factor, so long as the insurer can prove that the policy-holder knew it. Suppose you ask a man " do you smoke ", and he says " no ", and supposing it is proved that he did smoke, and he must have known that he was smoking, that would still invalidate a policy. Therefore, you really do not want to destroy the value of the clause by substituting " or " for " and ".

Sir H. P. Mody : Supposing you left out the last three lines ?

Mr. Bhulabhai J. Desai : I am only answering the question for myself. It is entirely for the Leader of the House to answer you. To me, at all events, it would not very much matter. I will tell you why you are not going to get anything out of me, because, if it is fraudulently made by the policy-holder, then, to me, the words " fradulently made " involve the falsity of knowledge. The point is that if you put in the word " or ", you are coupling it to an immaterial statement, because you would, then, dissociate it from the first part, namely, unless the statement was materially and fraudulently made. What I, therefore, want is that, whatever condition is attached, the primary condition must remain, namely, before the policy can be invalidated, the inaccurate and false statement must be material.....

Sir Cowasji Jehangir : I agree.

Mr. Bhulabhai J. Desai : If you agree, then you are supporting me that the amendment is wrong.

Sir Cowasji Jehangir : Would the Honourable Member re-draft it ? What I am saying is that he shall have to prove three things.

Mr. Bhulabhai J. Desai : I am trying to answer that question. I am afraid I am undertaking to answer too many questions, but as it is a matter with which I happen to be somewhat conversant, I do not mind answering the questions. The point is this. I take it from Sir Cowasji Jehangir that he agrees that if substituting the word " or " would make an invalidating factor an immaterial statement, then he does not want it. He is willing that it should be invalidated only if it is material. I understood him to say that. If he says that, then the word " or " will not serve the purpose. Then, I come to the three factors which, with great submission, are these : Firstly, you have to prove that it is material. Secondly, you have to prove that it is fraudulently made by the policy-holder. So far as the last words are concerned, especially when he knew it to be false, it does not add very much to the burden of proof so far as I can appreciate it, because if it is fraudulently made by the policy-holder, the only value of those words, if any, is this—as far as I can see on its construction,—that though material and not made by him, he knew its falsity. That is the way in which I construe the section as it stands. In other words, when he made it, he must have fraudulently made it, but when a Doctor makes it or a referee makes or a friend makes it, then he must know it to be false. Therefore, really and truly, the distinction must be obvious by now, namely, first, that it should be material. When it is made by himself, it should be fraudulently made, and when it is made by another friend, Doctor or referee, he must know that it is false, because he must not be answerable for a statement made by a doctor, a friend or a referee unless he knew it to be false. In view of that explanation, if the opinion of Sir

[Mr. Bhulabhai J. Desai.]

Cowasji Jehangir was that there was additional burden of proof, I submit he was mistaken. In so far as the substitution of the word " or " would lead to the situation which I have submitted to the House, namely, that it would attach itself to an immaterial statement, it should not be done.

Mr. M. A. Jinnah (Bombay City : Muhammadan Urban) : Sir, I quite see the point of the Leader of the Opposition that if you substitute the word ' or ' for ' and ', it might cover even an immaterial statement if proved as a sufficient ground to resist the claim. On the other hand, as the clause stands now, it seems to me that it is also open to the policy holder to urge with a great deal of force in any Court of law that, first of all, the statement must be inaccurate or false, secondly, that that statement must be material and, thirdly, that it was fraudulently made. I quite agree with the Leader of the Opposition that when you say that it is fraudulently made, it means that you either knew or that you must have known or that if you had taken the precaution as a reasonable and prudent man, you would have come to know. All that will come under ' fraudulently ' if it stops there. But it goes further. Although the insurer may prove that the statement is inaccurate or false, although he may prove that it is a material statement and although he may prove that it is fraudulent, namely, that he ought to have known and that as a prudent man he must have known, that is not enough. The fourth ingredient is necessary, that is to say, his knowledge in fact. Now, that knowledge in fact must be proved. Until you satisfy the last ingredient, that is, knowledge in fact, the policy holder would be entitled to establish his claim. Therefore, the position really is this. While there is a great deal of force in the point of the Leader of the Opposition, namely, that that might let in even an immaterial statement—that is how I understood him—it is equally objectionable that it might require that the knowledge of the policy holder must, in fact, be proved. There is, therefore, that danger and I would really appeal to the Leader of the House to consider it. I am only pointing this out in the interests of the policy holders as well as in the interests of the insurers. So, it is for the Leader of the House to consider it.

Mr. Bhulabhai J. Desai : May I make a suggestion and, if there is no time now, it may be taken up afterwards ? If it is a material matter and is fraudulently made by the policy holder and in the case of statements made by persons other than the policy holder, the policy holder knew that it was false.....

The Honourable Sir Nripendra Sircar : I must resist it at once and say that I shall not accept it because a fraudulent statement does not cover only a statement which was known to him to be false.

Several Honourable Members : The question may now be put.

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

" That the question be now put."

The motion was adopted.

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

" That in clause 39 of the Bill, for the word ' and ', occurring in the ninth line, the word ' or ' be substituted."

The motion was negatived.

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

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

Mr. F. E. James : Sir, I propose to move only the first proviso in amendment No. 711. I beg to move :

" That to clause 39 of the Bill, the following proviso be added :

' Provided that nothing in this section shall prevent the insurer from making such adjustment in the policy terms as may be necessary in consequence of any mis-statement of age in the original proposal '."

Sir, this proviso is designed to relieve the rigidity of clause 39 as it stands. I would call the attention of Honourable Members to that clause once more :

" No policy of insurance shall, after the expiry of two years from the date on which it was effected, be called in question by an insurer on the ground that a statement made in the proposal for insurance or in any report of a medical officer, or referee, or friend of the insured, or in any other document leading to the issue of the policy, was inaccurate or false unless the insurer shows that such statement was on a material matter and fraudulently made by the policy holder and that the policy holder knew at the time of making it that the statement was false."

I understand that it is a common practice of life insurance companies not to ask for proof of age when the policy is actually being effected and it is also common, that it may be discovered later on that, not by reason of any fraudulent mis-statement or by reason of any intent to deceive, the statement made in the policy is, in fact, not entirely accurate. Our proviso makes it possible, in such an event, for the necessary adjustment to be made, if quite inadvertently a person taking out an insurance policy puts his age down as so much, the result may be that he would be paying an insurance premium either more than what he should have paid or for a longer period than would be necessary. Therefore, our proviso suggests that where there is a mis-statement of age in the original proposal, then it should be possible, notwithstanding anything in this section, for the insurer to make such adjustment in the policy terms as is necessary in consequence of such mis-statement. It seems to us a perfectly reasonable proposal. As I said in the first instance, it does relieve the section of something of its rigidity in the case where the mis-statement is not made either fraudulently or with intent to deceive. Sir, I move.

Mr. Deputy President (Mr. Akhil Chandra Datta) : Amendment moved :

" That to clause 39 of the Bill, the following proviso be added :

' Provided that nothing in this section shall prevent the insurer from making such adjustment in the policy terms as may be necessary in consequence of any mis-statement of age in the original proposal '."

Mr. M. Ananthasayanam Ayyangar : Sir, I oppose this amendment. Sir, this is a hurdle race in which our Honourable friends of the European Group aided by my Honourable friend, Sir Cowasji Jehangir, are engaged. First of all they wanted to nullify the beneficent effect of this clause 39 by introducing the word ' or ' for ' and '. When that attempt failed, this is another attempt to see that so far as age is concerned, whether they could not re-open the matter and get the policy declared void on that ground. Sir, age is one of the matters which have to be noted in a policy. A statement regarding age is given now in every policy. The policy holder also has to state the age and then it becomes conclusive and irrebuttable after the period of two years. This amendment seeks to get over the effect of prohibiting the insurer to go behind the age noted in the policy or to call it in question after it matures or even before the policy matures. So far as age is concerned, the insurer wants to have unlimited time to make unilateral adjustment in the terms of the policy. Sir, if with the consent of the policy holder, the insurer wants to readjust the premium or the terms of the policy in accordance with the age, there is absolutely no prohibition. This proviso is not necessary. If both the insured policy holder and the insurer join together irrespective of fraud, irrespective of anything else, they can do so. But if unilaterally the amendment should enable the insurer to do as he pleases with the policy, I object to it. The very mischief that is sought to be prevented by the introduction of clause 39 is allowed to be perpetrated if we accept this amendment. Sir, that is improper and I oppose the amendment.

Dr. G. V. Deshmukh : Sir, not only do I oppose, but I very strongly oppose this amendment that has been put forward, because, as I took the opportunity of pointing out to the House, besides agreeing with every word of what my Honourable friend, Mr. Ayyangar, has said just now, I would say that these are the ways of circumventing the effects of clause 39 of the Bill. I wish to point out to the House how this age is made the factor on which special stress is laid because, in the majority of cases, insurance companies before have found out frivolous excuses for not paying moneys either to the policy holders or very often to their dependants and this excuse of age has always been put forward. It is proverbial how inaccurate Indian policy holders are with regard to their giving correct age. What usually happens is this. Supposing for instance, a policy holder is dead and there is some discrepancy about the age. Usually either the Agent or somebody else from the company will go to the widow—always an ignorant widow—and tell her : " Well, this is a mis-statement made by the deceased, you may not get anything at all, therefore, compromise this matter for something ". In between, the Agent takes something or the Company retains something and the dependants of the policy holders—I have invariably seen—are cheated out of their legitimate dues.

Mr. F. E. James : May I point out to my Honourable friend that it might also operate to the policy holder's advantage ?

Dr. G. V. Deshmukh : Personally I fail to see how it is going to operate to the advantage of the policy holder. So far as my experience goes it invariably acts to the disadvantage of the dependants of the policy holders. As I have mentioned before, usually these questions do not crop up during the life time of the policy holder. All these objections, frivolous and technical objections, are always raised after the death of the policy

holder and if a provision like that were left behind it will only mean that the harassment to policy holder's dependants has not come to an end on account of this enlightened legislation but the same thing is to go on. Sir, I strongly oppose the amendment.

Sir Cowasji Jehangir : Sir, I do not know whether the Government are going to oppose this motion or support it.

The Honourable Sir Nripendra Sircar : I am going to oppose it.

Sir Cowasji Jehangir : I propose to put a few points before the Government for their consideration. This question of age, as my Honourable friend, Dr. Deshmukh, reminded us, is one of considerable importance in this country because many of the policy-holders do not really know their age. And they make a guess and it is possible they may be out, one way or another, by a certain number of years. Facts may come to the knowledge of the insurer and to that of the policy-holder as to the accurate age of the policy-holder. This amendment seeks to enable the insurer to correct that age in the policy and the terms of the policy in accordance with the correct age.

Dr. G. V. Deshmukh : Within the first two years you can do it.

Sir Cowasji Jehangir : I will reply to that argument in a minute. Now, Sir, if you leave this clause as rigid as it is, it will work as a great hardship to the honest insurer, because, if the age happens to be lower, naturally the policy-holder will go to the honest company and say that he made a mistake, and very few companies will, if they are satisfied, refuse to rectify it. But if the age is, as in the majority of cases, much higher actually than the policy-holder has stated in the original proposal form then the insurer has no remedy after two years. What this amendment seeks to do is purely to enable the insurer to put the correct age into the policy and so alter the terms according to the age at any time after the policy has been effected in the first instance. If my Honourable friends want justice on both sides, how can they object to this amendment ? If they desire that policy-holders should get more opportunities than they have now of giving wrong ages and never allow it to be rectified in the future, then I can understand their opposition to this amendment.

Mr. Sham Lal : Should it be with the consent of the policy-holder or without his consent ?

Sir Cowasji Jehangir : I agree there is something in that. I understand that an unscrupulous insurer would always attempt to prove that the age was higher, and the policy-holder would contest it. In that case there is always the Court of law open.

Dr. G. V. Desmukh : You want widows and children to go to a Court of law ?

Sir Cowasji Jehangir : No ; but the fact remains that in the majority of cases in this country the policy-holder attempts to give a lower age than is actually the facts. Difficult as the position is in this country, you are trying to make it more difficult. Now, Sir, the argument has been brought up that within the first two years the matter

[Sir Cowasji Jehangir.]

can be rectified ; but a large company cannot go on examining and re-examining its policies during the first two years. You will do all you can to see that you get accurate information in the first instance, and does this House mean to say that it is going to legislate in a way which will force the companies to examine and re-examine the facts within the first two years ? Will they not be putting the policy-holders to a considerable amount of worry and trouble ? I maintain, Sir, that this two-year limit will work to the hardship and harassment of some of the policy-holders. An unscrupulous company, if you take for granted that some companies are unscrupulous, will make every attempt in the first two years to worry and harass their policy-holders, because they will examine and re-examine and ask for all sorts of examinations in the first two years, which they would not do if they were at liberty to find out the truth at all times.

Dr. G. V. Deshmukh : Will you insure without taking precautions ?

Sir Cowasji Jehangir : If you make a mistake you cannot rectify it, and, therefore, your precautions will be so severe and will continue to be so severe that for the first two years it may mean harassment to the policy-holders in some cases.

Now, Sir, we were told that companies are unscrupulous with regard to their calculations of premium as compared to age. I am reliably informed that so far as the Oriental Life Insurance Company goes, it relies on its own mortality tables derived from experience of the last 65 years.

The Honourable Sir Nripendra Sircar : That may be good advertisement, but there are other companies. (Laughter.)

Sir Cowasji Jehangir : I also understand that very many companies are now following the Oriental's mortality tables.

Dr. G. V. Deshmukh : No.

Sir Cowasji Jehangir : There may be some who take the mortality tables of European countries and add a certain percentage on to that mortality table to enable it to come into parity with what they consider is the mortality in this country. That may be so in some cases.

Mr. Bhulabhai J. Desai : In all cases.

Sir Cowasji Jehangir : As I say, in the case of the Oriental, it relies on its own mortality tables obtained from its experience of the past 65 years and they do not add one day to the life of the person. And I understand now, that a good many companies are following the mortality tables of the Oriental Life Insurance Company. In the beginning they have to get the mortality tables of other countries and adjust them to the conditions prevailing in this country. But having come to the stage when you have your own mortality tables in this country, having gained the experience of 65 years, I think the House will be justified, in taking such precautions, to see that unscrupulous insurance companies do not use the tables and add an amount to that table which will be unjustified.

Dr. G. V. Deshmukh : Have you printed and published your mortality tables and have you circulated them to the other insurance companies ?

Sir Cowasji Jehangir : I am not in a position to sepcifically answer that question as to whether the Oriental Life Insurance Company has taken the trouble to circulate its mortality tables to all the insurance companies in India. But I presume that any insurance company in India which chooses to get for their information the mortality tables of the Oriental can do so quite easily ; and I do not see why one company should go out of its way to circulate its tables for the information of all companies. But I am certain that they have no objection to any company using their mortality tables. Now, Sir, if my Honourable friends desire that policy-holders should take advantage of this legislation, that is, by stating any age at random, they are doing everything in their power to encourage it ; and this amendment would have some check upon that tendency of policy-holders to pretend to be much younger than they are. It is only human nature. Even when it is not a question of life insurance, some of my friends try to be younger, than they are without having their lives insured. How much more will they be tempted to take a few years off their life, when their lives are going to be insured ! Therefore, I ask Honourable Members to take human nature as it is and not put a premium upon a fraud which has been perpetrated against life insurance companies for many years in this country, but to support this amendment which will help, in some way, to counteract the tendencies of human nature, specially among the policy-holders.

The Honourable Sir Nripendra Sircar : My Honourable frined, Sir Cowasji Jehangir, said that if one has any regard for justice for both sides he cannot oppose this amendment. Well, Sir, my idea of justice is that it must be for both sides, and I do not understand the special signification of the safeguard that it must be for both sides. Let us take a concrete view of things. The biggest companies, and I repeat, the Oriental is the biggest, best and most satisfactory company, what do they do ? When they want to raise objection, as they do in very many cases, the Oriental being the sole exception, what do they do ? It is only after the man dies, their vigilant body of investigators run about, and when the deceased's heir makes the demand for policy money you find a reply is sent within a week or a fortnight that the age was wrongly stated, or that his grandmother really died of consumption. All that is found by companies, of course, other than the Oriental, within ten or fifteen days. Sir Cowasji said " the first two years we are busy examining our policies, what time can we have ", that is to say when it is a question of pocketing money, there is no need to make any enquiry, but when the time comes for making the payment, let us see whether we can avoid it.

Sir H. P. Mody : Many discoveries are made after death.

Sir Cowasji Jehangir : If during the life time the fact is brought out that the age was wrongly given, is there no remedy after two years ?

The Honourable Sir Nripendra Sircar : There is no remedy for the man who sleeps for more than two years. Under the law of limitation

[Sir Nripendra Sircar.]

there are various periods of limitation, one year, two years, provided for wrongs, and those who go to sleep, if they sleep long enough, find all remedies barred. There is no distinction between that and this case. Then, Sir, it is said by my Honourable friend that is a very simple provision, merely one of adjustment. Now, Sir, the point was really very tersely put by Mr. Ananthasayanam Ayyangar, and probably I may repeat it, is the insurer going to make this adjustment with or without the consent of the insured : if it is with the consent of the insured no law is wanted : both the parties can, at any moment, sit down at a table and come to an adjustment. But, no, that is not the idea. The insurer has the whip hand and says, I have found that your age is over-stated by nine days, and, therefore, I propose to take this amount off your policy. That is the situation which we want to prevent. If people here are so appallingly ignorant as regards their age, two years time is long enough for even sleeping insurance companies to wake up.

Mr. Sri Prakasa (Allahabad and Jhansi Divisions : Non-Muhammadan Rural) : Sir, when we are legislating in this House, we very often forget our own actual experience of life outside. It would appear from the speeches of many Honourable Members that an individual is exceedingly anxious to be insured ; but, as a matter of fact, it is the insurer who is more anxious to insure him than the poor devil himself is anxious to get insured. What actually happens is this. An insurance agent arrives at my house with his conventional portfolio, the sort that many of us carry here ; and he brings out his literature, tries to impress upon me the desirability of dying early so that I may be able to get from the insurer himself an amount of money that I should never be able to earn in my whole life time. All sorts of fine stories are told to me, great hopes are given, and I am at last tempted to insure. Now, Sir, that insurance agent gets his commission all right, sometimes it is 100 per cent. of what I pay in the first year. The doctor also, Dr. Deshmukh excepted, gets his fee, but the policyholder goes on paying his premium year after year. At first, Sir, it seemed all very tempting ; but when notices arrive every three or six months from the insurance office and say : ' you must pay within fifteen days of grace '—they call it grace, one has to look about, for one does not always know exactly how he is going to pay. If there is a delay of even a day or two, one is fined. So what is wanted is that the layman-policy-holder should be protected from all the possible wiles of the insurer and his agent.

Sir, it is perfectly correct that most of us do not know our age. Sir Cowasji has no experience of our countryside : I am sorry his experience is entirely confined to Bombay where I understand not only women but also men try to give out their ages as much less than what they are. (Laughter.) But in the countryside you may take it from me that for the first 20 or 30 years, they give their ages to be much less than they are. I asked a man his age. He said 20 years. I asked him his father's age. replied it must be 30. I said he could not have been born when his father was only ten. It is all due to ignorance, honest ignorance. When they go beyond 40, then they go up by ten years every year. If you ask a man his age, and he says 40, be sure it will be fifty next year and sixty the year after next. (Interruption by Sir H. P. Modi.)

I am a landlord, I deal with my men almost every day, and I have many jokes at their expense in respect of their age, so that I cannot be beaten either by the Baronet on this side or by the Knight on the other in my experience in this behalf. The insurer, while he is very anxious to give one a first class life in the beginning, begins to have suspicions later on. I do not know, Sir, if you know it, but I certainly know of a man who went to the British Museum and got out a huge volume of Materia Medica, studied all diseases mentioned therein from A to Z, and found, after studying it, that he was really suffering from every possible disease that was mentioned in the book except one disease, that came under ' P ', and that was Pregnancy. (Laughter.) I do not know why it should be a disease as we are all the results of that disease. But it is so regarded in medical books. If you were to ask an ordinary layman : are you suffering from this particular disease, he says yes ; are you suffering from that, he still says, yes. Although, in the beginning a man may say he was suffering from no disease at all, later on it transpires, when he is closely questioned—Dr. Deshmukh should know this—that he suffers from every possible disease except the impossible disease. In these circumstances, we cannot possibly make the law against the insurer strong enough.

In fact, Sir, to my mind this clause does not go far enough. If I had my way I would have even deleted the proviso about fraud. I do not like any policy to be questioned after a certain number of years on any ground, fraud or otherwise. Of course, lawyers can prove everything. One can prove fraud against a man who was dead 30 years ago ; and then another lawyer will find another set of arguments to show that there was no fraud at all. So I felt that they must be very wise and I did not want to put forward any amendment on that subject. But I should certainly have wished that after two years, an insurer should not be able to question a policy even on the ground of fraud. Because, Sir, after all, what is the fraud ? So far as I know, in the ordinary life of the world, fraud is taking money from somebody else under false pretences. Here it is not taking but giving some money to others under false pretences ! (Laughter.) I fail to understand how I am committing fraud by giving some money out of my hardearned income to somebody else. But lawyers are lawyers ; and some day when the world is free of lawyers we may hope to have a better day. Till then we must suffer all sorts of impossible situations in life. I still fail to see what moral right an insurer can have to keep the money that he has got from somebody else on the ground that the man who paid the money had committed some kind of fraud. Anyway, as things stand, I feel that we cannot have too stringent a provision against the insurers and too lenient a provision for the policy holders ; and in these circumstances, I am bound to oppose this amendment.

3 P.M.

Some Honourable Members : The question may now be put.

Mr. Bhulabhai J. Desai : Sir, I will not be long. My desire was to clear the ground, having regard to the references to the many lawyers in this Assembly. (Laughter.) But I do not propose to take up the challenge. I will confine myself, as I hope I generally do, to the actual proposal before the House, because the other incidents of life are more pleasantly related by others. So far as this proviso is concerned, I object to it on two grounds : the first ground on which I object to it is

[Mr. Bhulabhai J. Desai.]

that the insurer, without any limit of time, and notwithstanding the two years which we have already passed, wants to make himself a judge whether there was a misstatement of age or not. For what is the means of ascertaining an alleged misstatement at all ? He has only to say, as the Honourable the Leader of the House pointed out, " I have now come to know that your age is so and so : you are guilty of a misstatement, and we have accordingly corrected the policy : that is to say, the premium to be paid is half as much again or some such figure owing to your misstatement." Now, how is the policy holder, what means has he got to get this tested anywhere ? My friends, who drafted these amendments, have lawyers—some of them are lawyers themselves, and they are constantly advised by lawyers and also by retired civilians who have been district magistrates. (Laughter.) I wish they had considered this point of view. Supposing an insurer proceeds like that, how is the policy holder to get the matter tested ? So far as I understand, I cannot imagine such an absurdity being perpetrated on this House, unless you are going to say that a man is to be the judge in his own cause and there is to be no right of appeal of any kind. My Honourable friend, Sir Cowasji Jehangir, could not have meant this, but generally what happens is that we enter on a general digression as to loading and unloading and p's and q's, and that is how we miss the point. The true point before the Legislature is this : when this great insurer has, in exercise of his self-given right, proceeded to correct the policy and the amount payable on an alleged misstatement, how is it going to be tested and the change corrected ? I know a little of the Specific Relief Act, but I am quite certain that there is no provision that I can think of that applies to this correction. In other words, it merely comes to this, that while we are enacting a section to protect the policy holder, the insurer comes along and says " I do not want merely an exception from you : I want to confer on myself some other fresh and new right to do what I like without having tested that there was an alleged misstatement made." Sir, such a thing is impossible.

Honourable Members : The question may now be put.

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

" That the question may now be put ."

The motion was adopted.

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

" That to clause 39 of the Bill, the following proviso be added :

' Provided that nothing in this section shall prevent the insurer from making such adjustment in the policy terms as may be necessary in consequence of any mis-statement of age in the original proposal '."

The motion was negatived.

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

" That clause 39 stand part of the Bill."

The motion was adopted.

Clause 39 was added to the Bill.

Dr. G. V. Deshmukh : Sir, I move :

" That after clause 39 of the Bill, the following new clause be inserted :

' 39 (1). Every insurer shall publish in the policy of the insured the terms of his policy, including the surrender value of the policy from the second year from the date of the policy till it matures, in the * * * language of the province where the insurer is carrying on his business and shall supply to the policy holder a photographic copy of the statement made by him '."

Sir, I am not moving the second part of this amendment, and if the House will permit me, I should like to drop out the word ' vernacular ' in line four.

Sir H. P. Mody : If there is more than one vernacular, what will you do ?

Dr. G. V. Deshmukh : The language of the province.

The Honourable Sir Nripendra Sircar : What is the official language of the Madras Province ?

Dr. G. V. Deshmukh : The principal language of the Madras Province is Tamil.

Some Honourable Members : No, no.

Dr. G. V. Deshmukh : I am quite prepared to accept any practical modification that may be suggested, but I should like to place before the House my main point, and it is this. I want that the main clauses of the policy should be mentioned on the policy itself, so that the policy-holder himself may understand what he is bargaining for.....

Sir Cowasji Jehangir : You don't understand what you are talking about.

Dr. G. V. Deshmukh : You don't understand what you are saying.

Sir Cowasji Jehangir : I am saying about nothing.

Dr. G. V. Deshmukh : Then, I am talking about nothing. (Laughter.)

Very well, Sir, as I was explaining, I want that important provisions of a life policy should be put down on the policy itself. Now, Sir, in this it will be admitted by all that the surrender value is the most important factor from many points of view. First of all, the policy-holder must know what he is going to get in return for the money that he pays to the company, and no company can possibly have any objection to this, because, Sir, many of the efficient and good companies have been doing it for years. It is a thing which is invariably followed in America. I myself have a recollection that in the company in which I was insured about 20 years ago, they have put down the surrender value on the policy itself, and if somebody wants to be convinced of it, I can give the name of the company. It was in the New York Life Assurance Company that I was insured so early as 1910, and even at that time that company has mentioned the surrender value for every year on the policy itself ; they have stated on the policy that for the first year the surernder value is so much, for the second year so much and so on. Therefore, what I am asking for is that every insurance company which claims itself to work efficiently and in the interest of the policy-holders should mention on their policy the surrender value.

[Dr. G. V. Deshmukh.]

Then, Sir, the second question is this. I have suggested that the surrender value at the end of two years should be put down on the policy. I know that practically all companies are doing it as a matter of convention, but they state the surrender value from the third year onwards. Somehow this third year is supposed to be sacrosanct, because anybody who suggests under three years is supposed to be doing something outrageous which would be to the detriment of the insurance company itself. Sir, let me point out that this is not a question of academic interest to me, because I am suggesting this period of two years, after a close study of life insurance for well nigh 20 years. Let me explain my point further. Suppose I am going to get myself insured in a company, and I pay Rs. 100 as premium for the first year. I get nothing in return for the first year. I don't agree to it, because I don't see why I should pay for the inefficiency of the company. The company might say that in the first year they have to pay 80 per cent. commission to their agents. Why should they pay 80 per cent. commission to their agents ? But that is another point. Then I say, very well, for the first year they need not pay me anything because the company itself does not make anything from me and the expenses come to about Rs. 200. But what about the second year ? In the second year too I pay Rs. 100 to the company. Out of this Rs. 100, how much does the company pay to their Agent ? At the most it will pay about five per cent. renewal commission. But what is the expense ratio ? It may be 30 to 35 per cent., but I am prepared to give the company the maximum of 35 per cent., or even 40 per cent. as is suggested in the Bill ; that will make it 45 per cent. Then what is the mortality reserve ? Every company has to keep a certain amount of money to guard itself against the mortality reserve. Very well, all this comes to about 50 or 55 per cent. So, on the second year's premium actually the company has 45 to 50 per cent. of my money with them. If you say that if the policy lapses at the end of two years no money should be returned to the policy-holder it means that the policy-holder is merely making a gift to the company. Is that right, Sir, I ask.....

The Honourable Sir Nripendra Sircar : May I point out, Sir, that most of the speech the Honourable Member is making is rather irrelevant, because we are not going to lay down what is going to be the surrender value. You only want to give them the right to get the information, and they can always get it by writing a post card.

Dr. G. V. Deshmukh : I admit, Sir, that at the present stage my speech may seem irrelevant, but if the Honourable the Leader of the House will have a little patience, he will see that it is not so irrelavant as he imagines, but that it has a point in it. Of course, some people have the capacity to make their points clear quickly, but I have not got that capacity. Therefore, Sir, as I was saying, out of the Rs. 200 I have paid to the company, Rs. 50 of mine is with the company, and so I would suggest that at the end of two years some kind of surrender value should be put down.....

The Honourable Sir Nripendra Sircar : In spite of your section, the companies can write a zero every year.

Dr. G. V. Deshmukh : I am glad that the Honourable the Law Member has himself suggested the point I was going to make. How much

amount the companies should put down as the surrender value at the end of the second year I am not going to suggest, for this reason, that I want to give them perfect liberty to put down zero if they want to do so, but if it is made compulsory that they should put down the surrender value at the end of the second year, then.....

The Honourable Sir Nripendra Sircar : This section does nothing of the kind. It does not prevent them from saying zero for the next ten years. You cannot lay it down by a section.

Dr. G. V. Deshmukh : Very well, Sir. I should like to ask the Law Member some questions because it will clear my own ideas and it will also help the House. The point that I am making now is that at present all the companies and their actuaries have been going about and saying, "No. Before three years do not give any surrender value". That is the point that I want to prove to be wrong.

The Honourable Sir Nripendra Sircar : You are not hitting at that by this clause.

Dr. G. V. Deshmukh : I will request you to suggest some clause or some modification, in some way or other, if you agree with me in the principle that I am enunciating. What I want to do is to supply the raw material. I am not a lawyer myself. I do not claim to be a draftsman. All I want to do is this. I will supply the raw material of principles and I certainly leave it to the experts in the House to produce an amendment accordingly.

The Honourable Sir Nripendra Sircar : You have in your Group men who can produce first class finished products, not raw material merely. (Laughter.)

Dr. G. V. Deshmukh : If the Honourable the Law Member accepts the raw material principle of mine, I am perfectly willing to leave it both to the experts on my side—I entirely agree with the Honourable the Law Member that there are experts on my side who can produce a finished product, but if the experts on the other side want to produce a finished product I should be only too glad and willing to agree to it.

Mr. Deputy President (Mr. Akhil Chandra Datta) : In the meantime let us discuss this amendment. (Laughter.)

Dr. G. V. Deshmukh : I thought I was discussing this amendment all the time ; however, I take that suggestion. What is the point ? (Laughter.) What I was suggesting was this, that from a business point of view the present position is this. I pay Rs. 200 to a company, and with all the expenses, and with all the extravagance that they commit, still they keep Rs. 50 with them at the end of two years. And I am told that there should be no surrender value for that ! That is what they call business, which I would call dishonesty. This, so far as the individual is concerned. Let us look at the same thing on a bigger scale. What do we find on the bigger scale ? The figures which were supplied by the Honourable the Law Member, the other day, told us that something like Rs. 11 crores, that is, five crores and six crores,—something like Rs. 11 crores is the premium income per year. If you look at the figures, you will find that life insurance in this country is going up by leaps and bounds. If you see and compare the figures of 1935 and 1934 with the figures of the

[Dr. G. V. Deshmukh.]

present year you will find that something between 20 and 25 crores of insurance business has been done and the premium income per year is something like one crore. In between I want to tell you one thing and that is this. What is the lapse ratio ? Because if you do not give them anything at the end of two years, it means that they do not get anything, which is called the lapse ratio. I have taken care to find out from different companies and the lapse ratio is something between ten and forty per cent. Take the average lapse ratio as 25 per cent. That means what ? Taking one year's premium as one crore, you are making a gift of the first year's premium to these companies. That means one crore. When you come down to the second year what is it that you make a gift of to the company ? 25 lakhs. If you take the whole of the insurance, as I have said, out of 200, having Rs. 50 of mine, so far as all the companies are concerned, they will still be having Rs. 75 lakhs of the country in their possession. What I say is this. When you are legislating, is it not right that you should guard against this so-called gift of public money to the insurance companies ?

The Honourable Sir Nripendra Sircar : That is not done by your draft.

Dr. G. V. Deshmukh : As I said, for the moment if the principle is accepted it may be.....

The Honourable Sir Nripendra Sircar : Neither principal nor interest. Either this is accepted or this is refused.

Dr. G. V. Deshmukh : It will save the time of the House when the other amendments come on. Therefore, I do not think that I am wasting the time of the House. I put it at a very low minimum. There is something that I remember again. I am glad that the interruptions do not upset me ; if anything, they stimulate me and I remember a few more things. I said that in the first year a crore of rupees of gift is made to the insurance companies, and I think that when you are legislating you are bound to prevent this, call it whatever you like,—this crore and 25 lakhs. A little while ago, while discussing the amendment of my Honourable friend, Mr. Chapman-Mortimer, I had said that the lives in India are already loaded by five years, which means 15 per cent. more. So, it is not one crore but really one crore and fifteen lakhs which have been taken, and 25 lakhs. Actually what is it that you are giving to these companies by means of this legislation and not insisting that there should be some surernder value at the end of two years ? Nearly, out of two crores, a gift of Rs. 150 lakhs. Is it right to do so when you are legislating ? Therefore, I suggest that on every insurance policy there should be mentioned as to what is the surrender value at the end of two years' premium. What the surrender value should be may be left to competition. If a company chooses to put down zero, let it do so. I have not the slightest doubt that at the end of the year their premium income also will soon dwindle down to zero. Only those companies which behave fairly and treat their policy-holders properly will prosper. So, as the other parts of the amendment are concerned about the language of the province and the photographic copy, the Honourable the Law Member himself had agreed to them the other day. So, I do not want to take up the time of the House so far as those are concerned. I suggest that this amendemnt of mine be accepted by the House.

Mr. Deputy President (Mr. Akhil Chandra Datta) : Before I put the motion, may I draw the attention of the Honourable the Mover that as this is to be inserted after clause 39 as a new clause, the number should not be 39 (1), but it should be 39A.

Dr. G. V. Deshmukh : Certainly I accept it. (Laughter.)

Mr. Deputy President (Mr. Akhil Chandra Datta) : Amendment moved :

> " That after clause 39 of the Bill, the following new clause be inserted :
>
> ' 39A. Every insurer shall publish in the policy of the insured the terms of his policy, including the surrender value of the policy from the second year from the date of the policy till it matures, in the language of the province where the insurer is carrying on his business and shall supply to the policy holder a photographic copy of the statement made by him '."

Dr. Ziauddin Ahmad (United Provinces Southern Divisions : Muhammadan Rural) : During the general discussion of this Bill every speaker who got up expressed great sympathy with the policy-holders, and now is the time for testing whether he meant seriously when he was speaking in favour of the policy-holders or he was only shedding crocodile tears. Here is a very important motion that has been moved, namely, that the policy-holder should know what is the surrender value at the end of a particular year. My Honourable friend, the Leader of the House, said that this is not necessary. The policy-holder has only to drop a line and he will be able to find out what the surrender value of his policy is. But I may tell him that there are very few intelligent people among the policy-holders and very few of them know that a policy has got a surrender value. I paid premium for four years when I was a student years ago.

An Honourable Member : What did you give your age as ?

Dr. Ziauddin Ahmad : My Honourable friend, Sir Homi Mody, has been making money on these facts ; unfortunately, I have not been. I had been paying premium for four years and on account of my financial position as a student I found that I could not keep up my policy. I had to give it up, but at that time I had no idea whatsoever that there could be a surrender value for the particular policy and I could get something. A large number of policy-holders are in the same position as myself. They think that they get so much money at the time of death or so much after a certain age but they do not know that the policy has a surrender value. In the interest of the policy-holders it is exceedingly desirable that the policy-holders ought to know what the surrender value is after a certain number of years. My friend says that the surrender value may be zero but if two agents come to me and they tell me that Company A gives a surrender value of zero, zero, zero after a certain number of years and another company B gives me a certain amount, I am sure that I would not on any account touch Company A. I quite agree that the minimum value of the surrender policy at the end of each year ought to be given and I have got an amendment on that which will come up later on. What the surrender value should be is an entirely different question. I think the Bill ought to prescribe at least a minimum surrender value at the end of each year. This is not a new thing that we are demanding. In the case of the cash certificates a provision like this has been made, that you will get so much at the

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end of the first year, so much at the end of the second year and so on. The company ought to tell the policy-holders definitely what they will get if the policy is surrendered after a certain number of years.

The second point as to what the surrender value should be at the end of each year will come up later on. With these words I heartily support the amendment moved by Dr. Deshmukh.

The Honourable Sir Nripendra Sircar : I do not propose to take more than one minute for the reason that we have made no progress of any kind today. My objects are briefly these. Dr. Deshmukh, in spite of having traversed a wide area, has not realised that so far as his amendment is concerned, he does not compel the insurance company to fix any particular value as surrender value. That is all that I meant by my interruption. If it puts down Rs. 10 for the second year, Rs. 15 for the third year and so on, it will not be hit by Dr. Deshmukh's amendment at all. Therefore, I do not see what benefit the policy holder is going to obtain. There are ignorant people here but I would like to ask how many wise people in this House who have taken insurance policies have actually read them. How many have done it ?

An Honourable Member : None.

The Honourable Sir Nripendra Sircar : The ignorant villager, if he takes out a policy, he will probably put it in an earthenware jar and never find whether any surrender value is mentioned there, but the intelligent man who has sense enough to understand that at a certain point of time he will have a surrender value cannot have the slightest difficulty in finding out the surrender value. That is not the only thing. My friend also talks of the vernacular, which word has been dropped out. He wants that the surrender value must be set out in the language of the province and there should be a photographic copy of the statement made by him. Why should all this burden be placed on the insurance companies and why should the Statute-book be loaded with provisions which are not of much assistance to the policy holders ? If my friend had suggested here that a certain line should be laid down for valuing surrender values, I would still oppose it as not being desirable but we are not concerned with that bigger question. I oppose this amendment.

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

"That after clause 39 of the Bill, the following new clause be inserted :

'39A. Every insurer shall publish in the policy of the insured the terms of his policy, including the surrender value of the policy from the second year from the date of the policy till it matures, in the language of the province where the insurer is carrying on his business and shall supply to the policy holder a photographic copy of the statement made by him.'"

The motion was negatived.

Clause 40 was added to the Bill.

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

"That clause 41 stand part of the Bill."

Mr. P. J. Griffiths (Assam : European) : Sir, I move :

"That in sub-clause (1) of clause 41 of the Bill, for the words 'shall before the expiry of nine months from the date of the maturing of the policy apply to' the word 'may' be substituted."

The main point of this amendment is that the apparent object of the present provisions of the clause is to protect the insurer. Cases occur where genuine doubt exists as to the person to whom payment of sums legally due is to be made. In such cases, to protect the insurer from the responsibility of the legal consequences of non-payment, provision has been made that the sum may be paid into Court, but since this provision is for the protection and benefit of the insurer, we feel that it should be permissive and not mandatory. Under the Criminal Law, I have a certain right of self-defence, but I am not compelled to exercise that right. I am merely allowed to do so. In the same way, since this procedure is meant for the protection of the insurer, we suggest that he should not be compelled to exercise that right. Secondly, we seek to remove the time limit of nine months which has been placed upon this particular procedure. It may often happen that somebody is away or ill, or some document is not forthcoming and at the end of nine months laid down by this clause it may not be possible to be certain whether those circumstances have arisen which necessitate payment into Court. For these reasons we suggest that the procedure should be permissive and not mandatory and that the time-limit of nine months should be removed.

Sir, I move.

Mr. Deputy President (Mr. Akhil Chandra Datta) : Amendment moved :

"That in sub-clause (1) of clause 41 of the Bill, for the words 'shall before the expiry of nine months from the date of the maturing of the policy apply to' the word 'may' be substituted."

The Honourable Sir Nripendra Sircar : Sir, my Honourable friends of the European Group ought to be congratulated on the dexterity in composing very brief amendments which completely destroy the section. In the morning we had a very simple change of one word which, they said, was not of much consequence, but the section was destroyed. Now, my friend, Mr. Griffiths, has got hold of the wrong end of the stick. He says it is the right of the insurer to pay the money into the Court. Then why is he using the word 'shall' ; he should use the word "may". Everyone has got the right to do something : do not compel him. But that is not the view of the Select Committee. It is not from the point of view of the insurer but from the point of view of the insured that it has been put. What happens is this. Some companies—and I am not talking of the Oriental again—if they want to put off the evil day of payment, raise the plea that they do not know whom to pay and who can give the discharge. Here is the widow claiming as *Stridhan* and here is the nephew and the company says : "Let these fellows fight as long as they can." The whole idea is this that you are not to be allowed to do it. Take a reasonable time and nine months is more than reasonable. I regret it ought to have been made three months. If within nine months they find that there is none to whom they can honestly make over the money and be satisfied that they have got a good discharge, then let them put the money into Court and let those who are entitled to the money fight for it. As soon as the money has been put in the Court, it can be invested under

Dr. Ziauddin Ahmad: Are not the shareholders scattered all over India in the same manner as the policy holders ?

The Honourable Sir Nripendra Sircar: Yes.

Dr. Ziauddin Ahmad: Then why this differentiation in the case of policy holders alone.

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

"That in sub-clause (*1*) of clause 42 of the Bill, for the word 'one-fourth' the word 'one-half' be substituted."

The motion was negatived.

Mr. M. Ananthasayanam: Sir, I beg to move :

"That in sub-clause (*1*) of clause 42 of the Bill, after the word 'company', occurring in the fourth line, the words 'till the tenth year from the second year of commencement of business thereof and thereafter half of the whole number of directors' be inserted."

Sir, in this clause 42, provision is made for not less than one-fourth of the number of directors to be recruited from the policy-holders. Sir, this principle of giving representation on the directorate to the policy-holders has been accepted. It is in the Bill itself. Now, by this amendment what I intend to have is that within the ten years from the commencement of the business of any company the representation to the policy-holders on the directorate may be confined to one-fourth the number and thereafter, because by that time it grows sufficiently strong to take care of itself and because by that time also its policy-holders would have contributed practically 75 per cent. or even 99 per cent. of the total assets of the company, the representation to the policy-holders should be increased from one-fourth to one-half. That is the scope of this amendment. In the earlier stages, it is true that the policy-holders may not be many and, therefore, the necessity for the shareholders running the concern is more often felt and it is also necessary then that the discretion of the shareholders' directors from the earliest stages ought not to be interfered with by the policy-holders and that is why in the clause as it stands, representation to the policy-holders in the earlier stages of an insurance company's life is confined to one-fourth. That is, the policy-holders' directors will be in a minority merely watching the proceedings of the shareholders' directors and acting as a check in case the shareholders' directors go headlong. Thereafter, after ten years time, the number of policy-holders would increase and it is necessary in the interest of policy-holders—it is not merely the milk of human kindness—that their representation on the directorate should increase. There can be no insurance company without policy-holders, there can be one without shareholders. Therefore, Sir, I want the representation for the policy-holders' directors to be increased from one-fourth to half. In this country there are 201 life offices out of whom 42 are already mutual companies. The objection that the Honourable the Leader of the House raised about the unworkability of such a scheme because the policy-holders are scattered throughout the length and breadth of the country does not really hold water. There are already 42 mutual companies out of 201 life insurance companies. That is, nearly a fourth are mutual concerns and three-fourths are proprietary concerns. As the House is aware in all these 42 mutual concerns, there are no shareholders

and it is only the policy-holders that are managing these concerns. These mutual concerns are going on merrily no matter wherever the policy-holders are situated in this country and in other countries also. Therefore, the objection on account of the unworkability of the scheme falls to the ground.

Now, Sir, it is necessary to see what exactly the shareholders have contributed to the various companies that have grown up and built up their large assets and are carrying on large business not only in this country, but have extended their business to other shores also. I will give the House one or two figures culled out from this Insurance Year Book of 1935. Reference may be made to pages 108-109. Whereas in the various companies, the subscribed capital may not be more than two lakhs the paid up capital is less than one lakh. In the case of the United India Life Assurance Company of Madras, the authorised capital or the subscribed capital is two lakhs and the paid up capital is only Rs. 79,000 and its annual premium income is more than 4½ lakhs. That is the position with respect to that company. Take the Oriental : its nominal capital is ten lakhs and its paid up capital six lakhs. It has been declaring huge dividends to its shareholders. It declared nearly 75 per cent. in 1933, 62½ per cent. in 1934, in 1935 it was 37½ per cent., in 1930, it was 100 per cent. and in 1929, it was 33½ per cent. and so on. The total premium income of the Oriental is more than one crore. What I am submitting is that there are life insurance companies in this country whose paid up capital is very small but whose premium income is very large, out of all proportion to the amount of share capital either authorised or paid up. I am referring to this for this reason, to show that in the life insurance company the policyholders have got real and a much greater live interest in the welfare of the concern, than the shareholders. The shareholders are there only with a small capital and, even if the whole of the authorised capital should be called in, it may not be more than two lakhs. Take the case of the United India again, its authorised capital is only two lakhs and its paid-up capital Rs. 79,000. The reserve liability of the shareholders, in this instance, is a little over one lakh. That is all. But the income from premium is 4½ lakhs per year. That is with respect to a small company in Madras. I would, therefore, say, that the general argument that the shareholders have greater interest might apply in the first years of the life of the company. After the first ten years by which time it must have attained sufficient strength, it is necessary to protect the policy-holders' interest and their representation must be increased.

As regards investment the Honourable the Leader of the House and his
4 P.M. able assistant have tabled a motion that 66.2/3rd per cent. alone need be invested in Government and other approved securities. As regards the balance or 33.1/3rd per cent. it is left to the shareholder directors to invest it as they please. And what is this 33.1/3rd per cent. but matured claims and reserve liabilities for payment to the policy-holders ? Is it not the interest of the policy-holders to see that these investments are made properly ? I do not deny the interest of the shareholders ; the shareholder's 50 per cent. representation is there and the policy-holders 50 per cent. is there. Let us take the case of dividends, bonuses and expense ratio. As regards expense ratio, the Managing Agents are no doubt being sent away but instead of the

[Sir Nripendra Sircar.]

the rules of the Court. Therefore, it is not for the benefit of the insurer but we are putting an obligation on him to prevent him from getting the use of the money on the ground that no one can establish his claim for it.

Sir, I oppose.

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

"That in sub-clause (*1*) of clause 41 of the Bill, for the words 'shall before the expiry of nine months from the date of the maturing of the policy apply to' the word 'may' be substituted."

The motion was negatived.

Mr. S. Satyamurti : Sir, I beg to move :

"That in sub-clause (*6*) of clause 41 of the Bill, for the words 'deducted from the amount paid into' the words 'in the discretion of the' be substituted."

As amended, if the House accepts my amendment, the clause will read thus :

"(*6*) The insurer shall transmit to the Court every notice of claim received after the making of the application under sub-section (*5*) and any payment required by the Court as costs of the proceedings or otherwise in connection with the disposal of the amount paid into Court shall as to the costs of the application under sub-section (*5*) be borne by the insurer and as to any other costs be in the discretion of the Court."

I submit that the scheme of this clause is that up to the moment when the amount is paid into Court, the insurer will pay the cost. Honourable Members will find that in sub-clause (*8*) of this clause it is said :

"The Court shall decide all questions relating to the disposal of claims to the amount paid into Court."

The original intention was that any cost involved in hearing these parties and taking evidence and coming to a conclusion should be taken out of the sum paid into the Court. We feel that, while that may be necessary in some cases, we ought to follow the general law with regard to costs in such proceedings, and leave it to the discretion of the Court, so that if there are false or frivolous claims brought forward, the cost may be collected from those people, and not from the unfortunate widows or orphans who may have their claim contested on wholly untenable grounds. I trust the House will accept this amendment.

Sir, I move.

Mr. Deputy President (Mr. Akhil Chandra Datta) : Amendment moved :

"That in sub-clause (*6*) of clause 41 of the Bill, for the words 'deducted from the amount paid into' the words 'in the discretion of the' be substituted."

Mr. S. C. Sen : Sir, We accept the amendment.

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

"That in sub-clause (*6*) of clause 41 of the Bill, for the words 'deducted from the amount paid into' the words 'in the discretion of the' be substituted."

The motion was adopted.

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

"That clause 41, as amended, stand part of the Bill."

The motion was adopted.

Clause 41, as amended, was added to the Bill.

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

"That clause 42 stand part of the Bill."

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

"That in sub-clause (*1*) of clause 42 of the Bill, for the word 'one-fourth' the word 'one-half' be substituted."

Sir, on the first reading of the Bill it was mentioned that the contribution by the policy holders is about a thousand times as much as the contribution by the share holders and therefore it is clear that the policy holders should be given more adequate representation in the directorate. Now, the Bill provides one-fourth and I think it is not sufficient. Instead of one-fourth we should have one-half. In the case of the life insurance companies it is very desirable that people who have got a larger stake in the company should have at least equal representation compared with those who have got only a nominal interest in the company. It will be seen from the figures that the interest of the policy holders in a company is much more than the interest of the shareholders. I think it is fair to demand that at least half representation on the directorate should be given to the policy holders. In fact I would like to make a provision that the policy holders should be able at any time to buy up all the shares of the shareholders so that the company might become a purely mutual insurance company. That is the most desirable thing. In fact, when the company is very much developed, there is greater stake of the policy holders in that company than that of the shareholders and I suggest that the shareholders should be elminated after a time. That is really the correct thing to do. In this case I only move this small amendment at this stage to have the directorate divided into half and half for the shareholders and the policy holders. Sir, I move.

Mr. Deputy President (Mr. Akhil Chandra Datta) : Amendment moved :

"That in sub-clause (*1*) of clause 42 of the Bill, for the word 'one-fourth' the word 'one-half' be substituted."

The Honourable Sir Nripendra Sircar : Sir, I oppose this amendment. For the first time the Select Committee has done, I will say, the right thing in giving them a certain amount of representation on the directorate, but to give them half, is, I think, excessive. After all we are all full of the milk of human kindness for the policy holders. Let us take a concrete view of things. These directors who represent the policy holders really know less of the business than all the other directors. The policy holders are scattered all over the country. In case some wrong is done to their interest, we have given some representation to the policy holders. If business is done by four directors represented by the policy holders, I submit that is not really in the interest of the company. I think the Select Committee has gone to the right extent in making provision under section 42 and I oppose this extension to half.

[Mr. M. Ananthasayanam Ayyangar.]

Managing Agents other men might come in as managers who really are not managing directors and they might take away Rs. 5,000 a month. I am appealing to that section of the House which was so anxious to avoid parasites in one form or another. Let them avoid this parasite. Let them give some representation to the policy-holder and see that the expense ratio does not increase. The House has abolished the managing agency system : I am appealing for a curtailment of their income even in the short span of life left to them. We have been fighting against the expense ratio. The other day the Deputy Leader of my Party said that is not possible to find out what the expense ratio is. For that reason the policy-holders must have greater representation than they have. Therefore, in the interests of the policy-holders, whose interests must be paramount, I appeal to all sections of the House to support this amendment.

Mr. Deputy President (Mr. Akhil Chandra Datta) : Amendment moved :

"That in sub-clause (*1*) of clause 42 of the Bill, after the word 'company', occurring in the fourth line, the words 'till the tenth year from the second year of commencement of business thereof and thereafter half of the whole number of directors' be inserted."

Prof. N. G. Ranga (Guntur *cum* Nellore : Non-Muhammadan Rural) : Sir, I am glad that an opportunity has been given to the House to discuss the main principle underlying this amendment. It is a pity that no opportunity was given to have a full-dress debate on the question whether there should be State insurance or not. I am glad, my Honourable friend, Mr. George Joseph, has brought to the notice of the House the advisability of considering the possibilities for establishing State insurance in this country. But unfortunately we have not had any opportunity at all of discussing any clause which seeks to establish in this country State insurance either straightaway or after a particular period. Failing that opportunity, I find that my Honourable friend, Mr. Ayyangar's amendment goes towards not entirely bringing about nationalisation of insurance which I would very much desire although some wiseacres think that it cannot be practicable and acceptable, or not even towards complete socialisation of insurance although some capitalists think that it is only the dream of fanatics, but towards the popularisation as well as the insurance of this insurance business itself. As my Honourable friend, Mr. Ayyangar, has made it perfectly clear, the principle underlying this amendment is not in question. It is not questioned that the rights of the policy-holders to have some voice in the counsels and control of insurance companies should be accepted, because the Select Committee itself has agreed to provide one-fourth of the directorate for the policy-holders. Having agreed so far, I do not know why my Honourable friend, the Law Member, is so opposed to its extension to one-half. Sir, I claim the right, as well as the possibility, of the working classes and peasants of this country, not only to take hold of one individual's property, but of every private property ; and the time is not very far either. It is all right for people like the Baronet from Bombay to sit snugly in their seats and smile saying "Not in your lifetime and not in my lifetime". So did the people say when they were sitting in their castles in the Balkans

What has happened to all of them today ? I need not go to Russia, but in the Balkans, in Roumania, Jugoslavia, Czecho-Slovakia and all those countries, where are the zamindars ? The zamindars had to be sent away. They were not sent away by socialists like me, they were not sent away by revolutionaries like Pandit Jawaharlal Nehru, but they were sent away by the protagonists of the capitalists themselves like Massaryk and Pildewski and all the rest of them. And I shall not be surprised if my own Leader were to be at the head of the band of people who would be abolishing this private property. It may be that my Honourable friend, the Leader of my Party, and my other friend from Bombay, Sir Homi Mody, who has so quietly and without giving any notice to anybody gone and displaced labour by occupying that seat (Laughter),—these very same people, who have got their lakhs and millions of money thrown into the insurance companies and all the rest of the companies in this country, will be obliged to speak in my place and in my manner some day, even while they are alive.

An Honourable Member : How can they speak when they are dead ? (Laughter.)

Prof. N. G. Ranga : And they will ask the consent of the House, a House like this, not for this kind of modest proposal, but for a very much more radical proposal.

Sir Leslie Hudson (Bombay : European) : Sir, may I know on what amendment my Honourable friend is speaking ?

Mr. Deputy President (Mr. Akhil Chandra Datta) : Let us now come back to the amendment.

Prof. N. G. Ranga : My friend, Sir Leslie Hudson, only the other day, took a very revolutionary step in coming here and asking us to consent to his proposal to do away with these parasites and their remuneration. I agree with that—they are even worse—I am glad they are given only three years' life.

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

Times have changed in such a rapid fashion that even my friends from the European Group have proposed socialistic changes and have transferred a capitalist from this bench to that. So, Sir, it is really irrelevant, if I may respectfully submit, for anybody to come and say that it is not proper, timely, wise, to talk of a proposal like this. What is this proposal ? I would certainly completely socialise this insurance industry, but no, I am only supporting this amendment. It is a very moderate amendment. Whose money is this ? My friend, Mr. Sri Prakasa, made it perfectly clear. These insurers who claim to be thoroughly honest—we have discussed all the different phases of their honesty on the floor of this House—take the money of the policy-holders, and afterwards play all sorts of pranks with it. The other day, what happened to the Bharat Insurance Company of Lahore ? The whole bill is a record of their sins of omission and commission. My Honourable friend, the Law Member, and Mr. Sen need not have taken all this trouble, my Leader need not have pored over midnight oil, day after day, over this Bill if these insurers had been thoroughly reliable. We do not want these insurance companies to start with any handicap in the very beginning, we want to wait for ten years, we want to give them

[Prof. N. G. Ranga.]

an excellent opportunity of making good in these ten years, if they make any profits, we do not come in their way ; these companies give more bonus in order to induce more and more men to come to them, they are free to do it, if they want to burn their fingers they are free to do it. Managing Agents have three years, they are free to do what they want during these three years. But we want, at the end of ten years, the insurance companies to admit representatives of policy-holders up to 50 per cent. of their directorates. Where is the harm in this ? Is it really revolutionary ? If these things sound revolutionary, then I can only say they are really forgetting the spirit of the times. They are only sleeping.

An Honourable Member : Over spring mattresses.

Prof. N. G. Ranga : Over Kurma Avatar who is likely to give them a greater shock than the Bihar earthquake. Therefore, Sir, I commend for the acceptance of this Honourable House this moderate amendment.

There is one more consideration. Some people have been saying why not in that case turn them all into mutual insurance companies, but I dare say you all recognise the initial handicaps these insurance companies are suffering from. They cannot have any share capital. They cannot even go and get some money from their own policy holders and place it with banks and on their security issue debentures. I do not know how to bring in money at all. Most of these mutual insurance companies have come into existence only in the recent past, and they have not been able to make much progress. They have been handicapped by the existing Act and they are handicapped by this Bill also, and it is for that reason I cannot say that all insurance companies should be organised on a mutual basis. I do not see why we should not expect the shareholders' insurance companies quietly and gradually to turn themselves into mutual insurance companies by readjusting and getting the special advantages provided by this Bill, not by changing almost in sudden ways, but by changing their constitution and thus giving opportunities to their policy holders to gain the major control over their organisation. It is said you do not want shareholders' money to be controlled by somebody else. But is it all the money of the shareholders ? The fact is that most of the money that is now being invested by the insurance companies does not belong to the shareholders, but to the policy holders. Who is looking after this money ? The shareholders alone. Can you be quite sure that if you were to trust the fortunes of the policy holders to the shareholders and their directors, these directors will make a proper use of this money ? My friend, Mr. Ananthasayanam Ayyangar, has explained it very well that only 66 2|3rd per cent. the Law Member seeks to protect. The law says that these moneys should be invested in approved securities, but what about the 33 1|3rd per cent.? Are we to let this money to be invested in all sorts of securities ? I am a nationalist, an ultra nationalist, but I do not want the policy holders' money to be squandered away in the name of so-called swadeshi industries. Swadeshi has been exploited till now by my Honourable friends from Bombay and other capitalists. I do not want this money to be squandered away on all kinds of monkey investments. I do not want them to be looked after by Sir H. P. Mody or by the Baronet. I want this money to be looked after and properly

administered by people like me. Sir, who stand to lose if these moneys are badly invested,—the people who earn their living by the sweat of their brow. It is all right, Sir, here, for people nicely dressed, with an allowance of Rs. 20 a day, in this cool comfortable climate, to laugh it over at the mere mention of raising the proportion of representation given to policy holders from ¼th to ⅓. Yes, it is a very convenient thing, far away from the toiling millions of the country, 7,000 feet above here in the etherial regions, to say that everything is all right on the western front—everything was all right, only the Emperior had to take to his own feet and run away and hide himself, to get married to a widow later on.

In conclusion, I say this : I am never tired of warning this House and the country and the capitalists, wherever they may be seated on whatever bench they may be found, that the times are changing, the time spirit is demanding greater attention from them ; and it is time that they showed greater consideration, greater respect and greater regard for the needs of the policy holders and their demands, and also to the warnings of poor people and poor advocates like me.

Dr. Ziauddin Ahmad : Sir, like King Lear who said to his daughter that 50 knights were better than 25, I am going to accept this amendment because I hold with King Lear that 100 knights are better than fifty. In fact we ought to have got a full directorate representing the policy-holders alone and there ought to be a provision in this Bill that after a period of thirty years the policyholders should have the right to purchase all the shares of the company and turn themselves into a mutual insurance company. This is a defect in the present Bill and I am sure that after 10 years there will be another amendment to this Bill in which there will be same onslaught against shareholders as we are now having on the managing agents in this Bill. We had a very good speech from Professor Ranga and I just want to relate one incident : in 1845, an insurance man approached Prof. Adams and asked him " How many people will be alive after a certain time ? " Then he calculated and in his calculation the "π " entered : and on being asked what it was, he said it was the ratio of the circumference to the diameter. Then insurance agent said what circumference and diameter have to do with the life and death of people. Similarly, I cannot understand what monkeys have to do with the insurance Bill. (Laughter.)

The Honourable Sir Nripendra Sircar : Sir, my Honourable friend, Dr. Ziauddin Ahmad, by putting that question : " what have monkeys got to do with this Bill ? " puts me in a very embarrassing situation. (Laughter.) The question before the House is what number or percentage of directors the policy holders should be allowed to have on the board of directors. Now, we had a very instructive address, the quintessence of all that was cogent and relevant, from Prof. Ranga. For instance, without properly understanding nationalism and ultranationalism, I cannot make up my mind whether they will have three or four directors. Necessarily I must know something about what happened in the Balkans : and I interrupted him not for taking him away from his line of argument, but only to inquire how one burns mid-night oil in day time. (Laughter.) That was all. I meant no offence.

The next important matter which has been brought out by Prof. Ranga and which really helps us to solve the question is the fact that

[Sir Nripendra Sircar.]

Kaiser Wilhelm married a widow. (Laughter.) With the help of these arguments (Renewed Laughter), I come, Sir, to the inevitable conclusion that the Select Committee has done the right thing.

Then, Prof. Ranga in his very illuminating address told us of the capitalists and millionaires on whichever benches they may be sitting. I rather thought he was looking at the bench right in front of him. (Laughter.) That again is an argument which enables me to come to the conclusion that the policy holders' directors should be only 25 per cent. and not more. I, therefore, support what is in the Select Committee's Report and oppose Mr. Ayyangar's amendment.

Mr. S. Satyamurti : Sir, I am grateful to the Honourable the Law Member, as I am sure the whole House is, for giving us some minutes of exquisite enjoyment. But even those minutes cannot take the House from the real argument behind this amendment. I quite agree that Prof. Ranga referred to Kaiser Wilhelm and his widow consort : my Honourable friend is perfectly right in referring to them in his own inimitable way, but neither Kaiser Wilhelm nor his widow consort has anything to do with the actual merits of the amendment. (Laughter.) I rise to support this amendment, and ask the House to vote for it ; and I want to give one very specific reason for it. If consistency makes any appeal to this Honourable House, as I believe and trust it must and will, we decided without a division, on the floor of this House only two days ago, that Managing Agents of all insurers, life and general, shall go at the end of three years, and during these three years they shall not get more than Rs. 2,000 per mensem. It was so passed without a division, because the party which has always identified itself with vested interests, the European Group, and the Government, which always says it stands for vested interests, both said that, in the interests of policy holders and in the interests of general insurance business in this country, they must go. Now, in the name of those very policy holders, we are suggesting a much more modest, a much more moderate, and a much more workable arrangement. My Honourable friend, Prof. Ranga, made this point first in his speech : that after all, all those who have thought about the subject—I am now confining myself to life insurance—have come to the conclusion that the business ought to be nationalised, and the earlier the better. I have no doubt in my own mind about it. Life insurance business is such that, if we are to get the maximum benefit to the people as a whole, if expenses are to be reduced, if the insurance habit is to become more popular in this country, if premiums are to be reduced—and let me here say in passing that in our country, our premiums for life insurance are higher than in almost any other country—one of the reasons is the enormous expenses on the part of these insurers,—I believe that the interests of our country from any point of view demand that the business of life insurance ought to be nationalised. If today we do not put forward and support that amendment, it is because we know the Government is not in the hands of the people of this country. I have no doubt that, when the Government comes into the hands of the people of this country, almost the very first thing they will do will be to nationalise the business of life insurance. Therefore, Sir, this amendment is a humble attempt in the direction of giving the people who are most affected, a higher voice in the management of life insurance companies, than the Select Committee has given.

The Honourable the Leader of the House said, more than once, that the Select Committee had done the right thing, that is to say, in providing for not less than one-fourth,—let me read to the House the words,—the words in the clause are " not less than one-fourth of the whole number of Directors of the company ". Therefore, Sir, the Bill contemplates, the Select Committee contemplates, the Government contemplate with equanimity the possibility of a rational insurance company, of a company which knows its own interest, increasing the number from one-fourth to one-half. Let me re-state the argument in another way. There is nothing in the Bill as it stands today, even if the amendment were not accepted by this House, to prevent one-half of the directors of a company being policy holders, or even the whole of them. I am suggesting, Sir, that all these arguments of disastrous consequences can have no relevance, when the Bill contemplates and provides, wherever a company so desires, for half or even more directors being policy holders. Now, Sir, we are in a minority here. And is it seriously suggested that policy holders, in all life insurance companies, should play the same futile game as we are playing here of passing Resolutions, of making suggestions, and the Government saying they will do nothing, they will not even tell us why they do nothing, because public interest demands they should tell us nothing ? What is the idea, Sir, of saying that statutorily they shall be in a minority always ?

Then, Sir, if really the policy holders' directors are such impossible people, that if they become one-half, something disastrous will happen to insurance companies, I suggest, Sir, that even one-fourth of them, if resourceful men, if they are unscrupulous, and if they want to hurt the affairs of the company, can do enough mischief. Therefore, there can be no argument on principle or on merits against this amendment. The argument, all along, is an assumed antithesis between the character and efficiency of shareholders' directors on the one hand and the character and efficiency of policy holders' directors on the other, and secondly, that the first class—shareholders' directors—will always keep the affairs of the insurance company above everything else, whereas the unfortunate policy-holders' directors may introduce irrelevant considerations. I have two answers to give. Sir, shareholders in this country are not *sui generis*. Shareholders are among the men and women of the country ; so are policy holders. Therefore, there is no inconsistency between the character and efficiency of the shareholders' directors and that of the policy holders' directors. Secondly, Sir, the idea that policy holders' directors are likely to hurt the affairs of the company cannot hold water for one moment, because, literally, in the case of policy holders' directors if they do anything mischievous it will be a case of cutting their nose to spite their face. After all, in every life insurance company carrying on the business of life insurance, the policy holders' interests demand and require the prosperity and good working of the company. If the company goes forward and works soundly, the policy holders' interests are protected. I, therefore, ask,—why should there be this distrust of the policy holders' directors ? They are bound to be men who will take the same interest as shareholders' directors in the financial affairs of the company. There are questions coming before these directors, for example, the declaration of dividends, declaration of bonuses, investments of the properties of the company, subject to what we may do, when we come to clause 26. In

[Mr. S. Satyamurti.]

all these cases, my friend, the Mover of the amendment, has already pointed out that often,—I don't say often,—but sometimes, insurance companies do declare dividends, much beyond what even the most avaricious capitalist may consider reasonable. Now, Sir, it is right and proper that when these dividends are declared which are really earned out of the sums contributed by the policy holders by way of premiums paid by them, there should be an equal voice to the policy holders, whose directors will be not less than one-half. Similarly, with regard to declaration of bonuses, there must be a proper discussion and a proper settlement arrived at. And last, but not least, I suggest, Sir, that in the matter of investments, it is very important that, considering recent happenings in this country, the policy holders' directors should have a powerful voice. It seems to me, Sir, that considering the actual amendment,—and I want to remind the House of the words of the amendment once more, if I may,—" till the tenth year from the second year of commencement of business thereof and thereafter half of the whole number of directors "....

An Honourable Member : Not from the commencement of the Act.

Mr. S. Satyamurti : I may also add that this clause itself provides that this section shall not take effect, until the expiry of one year from the commencement of this Act. This Act will take another six or seven months to come into force ; and there will be ten years more. It seems to me that, if we believe in ourselves,—after all, Sir, we in this House are competent enough to represent lakhs of voters and to do our duties here,—if we believe in ourselves, the policy holders are men like ourselves, we should have trust in them, and I have no doubt that they will be selecting proper directors.

As for the argument that they are spread over the whole country, I have two answers. Shareholders are spread all over the country, but, unfortunately, the fact is that in several cases shareholders are in the pockets of one or two people. I am stating a matter of fact which the Honourable the Law Member must know, and in certain insurance companies the shareholders' meetings are nothing more than a farce, because A or B commands the vast majority of the shares. We must break the monopoly, and we want to break the monopoly in the interests of the policy holders one-fourth of whose directors ought to be there till the tenth year from the second year of commencement of business of these companies, and, thereafter, one-half of the whole number. It seems to me, Sir, this is a modest amendment and ought to commend itself to every section of the House. I have great pleasure in supporting it.

Several Honourable Members : Sir, the question may now be put.

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

" That the question be now put."

The motion was adopted.

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

" That in sub-clause (*1*) of clause 42 of the Bill, after the word ' company ', occurring in the fourth line, the words ' till the tenth year from the second year of commencement of business thereof and thereafter half of the whole number of directors ' be inserted."

The Assembly divided :

AYES—46.

Abdul Qaiyum, Mr.	Jogendra Singh, Sirdar.
Abdur Rasheed Chaudhury, Maulvi.	Joseph, Mr. George.
Aney, Mr. M. S.	Kailash Behari Lal, Babu.
Ayyangar, Mr. M. Ananthasayanam.	Maitra, Pandit Lakshmi Kanta.
Banerjea, Dr. P. N.	Mangal Singh, Sardar.
Bhagavan Das, Dr.	Misra, Pandit Shambhu Dayal.
Chaliha, Mr. Kuladhar.	Mudaliar, Mr. C. N. Muthuranga.
Chattopadhyaya, Mr. Amarendra Nath.	Muhammad Ahmad Kazmi, Qazi.
Chettiar, Mr. T. S. Avinashilingam.	Pande, Mr. Badri Dutt.
Chetty, Mr. Sami Vencatachelam.	Raghubir Narayan Singh, Choudhri.
Chunder, Mr. N. C.	Ramayan Prasad, Mr.
Das, Mr. B.	Ranga, Prof. N. G.
Das, Pandit Nilakantha.	Rao, Mr. Thirumala.
Datta, Mr. Akhil Chandra.	Saksena, Mr. Mohan Lal.
Desai, Mr. Bhulabhai J.	Santhanam, Mr. K.
Deshmukh, Dr. G. V.	Satyamurti, Mr. S.
Deshmukh, Mr. G. V.	Sham Lal, Mr.
Gadgil, Mr. N. V.	Singh, Mr. Gauri Shankar.
Govind Das, Seth.	Singh, Mr. Ram Narayan.
Gupta, Mr. K. S.	Sri Prakasa, Mr.
Hans Raj, Raizada.	Umar Aly Shah, Mr.
Hosmani, Mr. S. K.	Varma, Mr. B. B.
Jedhe, Mr. K. M.	Ziauddin Ahmad, Dr.

NOES—56.

Abdul Hamid, Khan Bahadur Sir.	Lloyd, Mr. A. H.
Abdullah, Mr. H. M.	Mackeown, Mr. J. A.
Ahmad Nawaz Khan, Major Nawab Sir.	Manavedan Raja, Rao Bahadur K. C.
Anwar-ul-Azim, Mr. Muhammad.	Mani, Mr. R. S.
Asghar Ali, Sheikh.	Mehta, Mr. S. L.
Bajoria, Babu Baijnath.	Mody, Sir H. P.
Bajpai, Sir Girja Shankar.	Mudie, Mr. R. F.
Boyle, Mr. J. D.	Nagarkar, Mr. C. B.
Buss, Mr. L. C.	Nayudu, Diwan Bahadur B. V. Sri Hari Rao.
Chanda, Mr. A. K.	Ogilvie, Mr. C. M. G.
Chapman-Mortimer, Mr. T.	Parsons, Lieut.-Colonel A. E. B.
Dalal, Dr. R. D.	Pursell, Mr. R. S.
Dalpat Singh, Sardar Bahadur Captain.	Rahman, Lieut.-Colonel M. A.
Essak Seit, Mr. H. A. Sathar H.	Roy, Mr. S. N.
Fazl-i-Elahi, Khan Sahib Shaikh.	Sant Singh, Sardar.
Ghiasuddin, Mr. M.	Scott, Mr. J. Ramsay.
Ghulam Muhammad, Mr.	Sen, Mr. S. C.
Ghuznavi, Sir Abdul Halim.	Sher Muhammad Khan, Captain Sardar Sir.
Gidney, Mr. C. W. A.	Siddique Ali Khan, Khan Sahib Nawab.
Griffiths, Mr. P. J.	Sircar, The Honourable Sir Nripendra.
Grigg, The Honourable Sir James.	Spence, Mr. G. H.
Hudson, Sir Leslie.	Stewart, The Honourable Sir Thomas.
James, Mr. F. E.	Sukthankar, Mr. Y. N.
Jawahar Singh, Sardar Bahadur Sardar Sir.	Sultan Ahmad, The Honourable Sir Saiyid.
Jehangir, Sir Cowasji.	Thorne, Mr. J. A.
Kamaluddin Ahmed, Shams-ul-Ulema.	Tylden-Pattenson, Mr. A. E.
Kushalpal Singh, Raja Bahadur.	Yakub, Sir Muhammad.
Lalchand Navalrai, Mr.	
Lang, Mr. J. C.	

The motion was negatived.

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

"That clause 42 stand part of the Bill."

The motion was adopted.

Clause 42 was added to the Bill.

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

"That clause 43 stand part of the Bill."

Mr. L. C. Buss (Nominated Non-Official) : I beg to move :

"That in clause 43 of the Bill, after the figure '2', occurring in the third line, the words 'who carries on the business of life insurance' be inserted."

The point of this amendment is that restrictions in this clause are by their nature not applicable in the case of insurance business other than life insurance. In such cases the question of actuarial valuation of the assets and liabilities does not arise. It is, therefore, proposed that the application of the clause should be restricted to life insurance business. Sir, I move.

Mr. S. C. Sen : We accept the amendment.

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

"That in clause 43 of the Bill, after the figure '2', occurring in the third line, the words 'who carries on the business of life insurance' be inserted."

The motion was adopted.

Mr. L. C. Buss : Sir, I move :

"That after clause 43 of the Bill, the following proviso be inserted :

'Provided that the provisions of this section shall not apply in the case where an insurer, in addition to life insurance business, carries on one or more of the other classes of insurance business specified in sub-section (*1*) of section 6 '."

The same difficulty arises in the case of an insurer carrying on non-life business besides life business as in the case of an insurer doing non-life business only. In fact, such a company is not in a position to comply with this clause because of the complications arising from the stipulation that dividends or bonuses may only be paid out of a surplus disclosed by an actuarial valuation of the assets and liabilities. It is for this reason that the proviso is proposed. Sir, I move.

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

"That after clause 43 of the Bill, the following proviso be inserted :

'Provided that the provisions of this section shall not apply in the case where an insurer, in addition to life insurance business, carries on one or more of the other classes of insurance business specified in sub-section (*1*) of section 6 '."

Mr. Bhulabhai J. Desai : I rise to oppose this amendment, and for a good reason. The protection that is given by this section is sought to be taken away for all practical purposes by my Honourable friends. According to this, if Rs. 10 worth of non-life business is done and millions worth of life insurance business is done, you need not have an investigation. I submit, it requires no further argument. If they had moved a sensible amendment to this effect that if there is a mixed company, that is to say, life plus something else, and that the investigation should be confined to the life part of the business and not be general, it might have been acceptable, but, as it is worded, it is utterly impossible to accept it.

The Honourable Sir Nripendra Sircar : I have nothing to add to the grounds put forward by the Leader of the Opposition. I oppose the amendment.

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

"That after clause 43 of the Bill, the following proviso be inserted :

'Provided that the provisions of this section shall not apply in the case where an insurer, in addition to life insurance business, carries on one or more of the other classes of insurance business specified in sub-section (*1*) of section 6 '."

The motion was negatived.

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

"That clause 43, as amended, stand part of the Bill."

The motion was adopted.

Clause 43, as amended, was added to the Bill.

Prof. N. G. Ranga : I want to move only the second part of the amendment and omit the first part. I have amended the second part as follows.....

Mr. President (The Honourable Sir Abdur Rahim) : If no objection is raised, I will allow you to move it in the amended form.

Prof. N. G. Ranga : Sir, I move :

"That after clause 43 of the Bill, the following new clause be added :

'43A. An insurer shall give notice within three months of a policy lapsing informing the assured of the amount required to change the policy into a paid up policy within one year after such notice, if so desired by the assured '."

I understand the Government are prepared to accept this. Sir, I move.

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

" That after clause 43 of the Bill, the following new clause be added :

' 43A. An insurer shall give notice within three months of a policy lapsing informing the assured of the amount required to change the policy into a paid up policy within one year after such notice, if so desired by the assured '."

Mr. S. C. Sen : We accept the amendment.

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

" That after clause 43 of the Bill, the following new clause be added :

' 43A. An insurer shall give notice within three months of a policy lapsing informing the assured of the amount required to change the policy into a paid up policy within one year after such notice, if so desired by the assured '."

The motion was adopted.

New clause 43A was added to the Bill.

The Assembly then adjourned till Eleven of the Clock on Wednesday, the 22nd September, 1937.

LEGISLATIVE ASSEMBLY.

Wednesday, 22nd September, 1937.

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

MEMBER SWORN.

Mr. Arthur Shelden Hands, C.I.E., M.L.A. (Government of India : Nominated Official).

STARRED QUESTIONS AND ANSWERS.

(a) ORAL ANSWERS.

Mr. Mohan Lal Saksena : Sir, I have got the authority of Mr. Satyamurti to put questions on his behalf.

JOINING OF THE FEDERATION BY THE INDIAN STATES.

700. ***Mr. Mohan Lal Saksena** (on behalf of Mr. S. Satyamurti) : Will the Honourable the Leader of the House be pleased to state :

(a) whether the replies sent by the Durbars of Indian States to the letter sent to them by His Excellency the Viceroy a year ago enquiring about the terms on which they were prepared to enter Federation has been considered and His Excellency the Viceroy is continuing discussions with the States on the issues raised ;

(b) whether the Secretary of State has sent to the Government of India the reply of His Majesty's Government to the criticisms and representations advanced by the States' representatives in Delhi last March with reference to the general terms of the Instrument of Accession ;

(c) whether it is a fact that His Majesty's Government have accepted many of the points raised by Their Highnesses ;

(d) whether it is a fact that on other points where His Majesty's Government have been unable to do so the Secretary of State has put forward their views in a manner which is almost equally helpful to progress ;

(e) what are the points raised by Their Highnesses which have been accepted by His Majesty's Government ;

(f) what are the points raised by Their Highnesses which His Majesty's Government have not been able to accept ;

(g) whether it is a fact that most of the major points of negotiation between His Majesty's Government and individual States have been settled ;

(h) whether an agreement has been reached between the Crown and His Highness the Gaekwar of Baroda regarding customs, and, if so, what the agreement is ;

(i) whether an agreement has been arrived at between His Highness of Jodhpur and the Crown in connection with salt, and, if so, what the agreement is ;

(j) what are the outstanding questions between the States and His Majesty's Government or the Government of India ;

(k) whether settlements have been arrived at with regard to Posts and Telegraphs, jurisdiction over railways, and customs problem in Kathiawar ;

(l) when all these negotiations are expected to finish ; and

(m) whether British Indian opinion will be consulted, and, if not, why not ?

The Honourable Sir Nripendra Sircar : (a) The replies are still under consideration and further discussions have not yet been initiated.

(b) The views of the States on the general terms of the Instrument of Accession are still under consideration.

(c), (d), (e) and (f). Do not arise in view of the reply to part (b).

(g) No.

(h) The attention of the Honourable Member is invited to the answer given by the Honourable the Finance Member to part (d) of Seth Govind Das's question No. 57 on the 25th January last. A copy of the agreement will be found in the Library.

(i) No such agreement has been arrived at in recent years.

(j) It is not in the public interest to give this information.

(k) These matters are still under examination.

(l) It is not possible to forecast this.

(m) The attention of the Honourable Member is invited to the reply which I gave to part (d) of his question No. 401 on the 8th of this month.

Mr. T. S. Avinashilingam Chettiar : With regard to the answer to parts (h) and (i) of the question, may I know whether any negotiations are going on which will cause loss to the revenues of British India ?

The Honourable Sir Nripendra Sircar : No negotiations can cause either loss or profit. If a settlement is arrived at, then it may end in loss or profit.

Mr. T. S. Avinashilingam Chettiar : May I know whether the negotiations on any basis, when concluded, will cause any loss to the British India ?

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

Mr. T. S. Avinashilingam Chettiar : It is not a hypothetical question.

Mr. President (The Honourable Sir Abdur Rahim) : Order, order.

Mr. T. S. Avinashilingam Chettiar : I must proceed with this question.....

Mr. President (The Honourable Sir Abdur Rahim) : If the Honourable Member proceeds with it, I will have to take action.

Mr. T. S. Avinashilingam Chettiar : May I say a word on this matter ?

Mr. President (The Honourable Sir Abdur Rahim) : I cannot allow the Honourable Member to put a question of that sort.

Mr. Mohan Lal Saksena : With regard to part (b), am I to understand that there has been no correspondence between the Secretary of State and the Government of India on this question recently ?

The Honourable Sir Nripendra Sircar : It is extremely likely that there has been.

Mr. Mohan Lal Saksena : Has the attention of Government been drawn to the newspaper report that it is contemplated to amend the Government of India Act because of these negotiations ?

The Honourable Sir Nripendra Sircar : Yes, and also to the press statement, which is issued today, that there is no confirmation for that news.

Prof. N. G. Ranga : With reference to part (i) of the question, may I ask what are the negotiations which are being carried on between His Highness the Maharaja of Jodhpur and the Crown in connection with salt ?

The Honourable Sir Nripendra Sircar : I am not sure, but I am quite willing to accept the position that there may have been correspondence and correspondence may be going on.

Mr. Bhulabhai J. Desai : Do I understand the Honourable the Leader of the House, notwithstanding many statements purporting to be answered, that he is not prepared to answer any one of these questions ?

The Honourable Sir Nripendra Sircar : The answers to the different parts have been given by me already.

Mr. K. Santhanam : With reference to part (m) of the question, are the Government of India taking notice of the opinions already expressed by the Provincial Legislatures ?

The Honourable Sir Nripendra Sircar : Does my Honourable friend mean the perusal of them.

Mr. K. Santhanam : I mean to ask whether the Government of India are considering them ?

The Honourable Sir Nripendra Sircar : If one reads a thing, one has got to consider it. That cannot be helped.

Mr. K. Santhanam : Are the Government of India considering them as a body and not individually ?

The Honourable Sir Nripendra Sircar : We do not have any solemn meetings to consider every one of these things.

Mr. N. V. Gadgil : Are there any proposals put forward by the States demanding retrocession of territory ?

The Honourable Sir Nripendra Sircar : If there are proposals, there are negotiations and they are covered by the answers already given.

Mr. Badri Dutt Pande : May I ask when these negotiations will come to an end ?

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

ATTACKS ON INDIANS IN THE BOOK "LAND OF THE LINGAM" BY ARTHUR MILES.

701. ***Mr. Mohan Lal Saksena** (on behalf of Mr. S. Satyamurti) : Will the Honourable the Home Member be pleased to state :

(a) whether his attention has been drawn to a book entitled the "Land of the Lingam" by one Arthur Miles, published by Hurst and Blackett in the Paternoster Library series ;

(b) whether the attention of Government has been drawn to the review of this book by John of *London Weekly*, published on the cover of the book which *inter alia* states "The book treats mainly of Hinduism, the most hopeless conglomeration of superstitions since the world began. The author (Miles) aims at exposing the insanity and filth that is corrupting two-thirds of India's population today. Until Hinduism is broken down nothing can be accomplished" ;

(c) whether Government have read this book and have come to any conclusion thereon ; and

(d) whether Government propose to take any steps to see that this filthy attack on India and Indians is not allowed to circulate in India any further ?

Mr. J. A. Thorne : (a) to (d). The Honourable Member, that is Mr. Satyamurti, himself recently drew my attention to this book ; but I have not been able to obtain a copy of it. If a copy can be obtained, it will be examined to see whether the action suggested should be taken.

Mr. T. S. Avinashilingam Chettiar : May I know whether they wrote to the publishers and did not get a copy of the book ?

Mr. J. A. Thorne : No, Sir. We tried all the book-shops in Simla.

Mr. Abdul Qaiyum : If the facts are found to be not as stated in part (b) of the question, will the Government stop the circulation of the book ?

Mr. J. A. Thorne : That does not arise.

Mr. Mohan Lal Saksena : With regard to part (b) of the question, may I ask whether the attention of the Honourable Member was drawn to the comment by this paper ?

Mr. J. A. Thorne : Only by this question.

Mr. Badri Dutt Pande : May I ask if Government have sent for a copy of this book or not ?

Mr. J. A. Thorne : I have already said that we have tried every book-shop in Simla.

Mr. Lalchand Navalrai : May I ask if the Honourable Member has read the reviews with regard to this book ?

Mr. J. A. Thorne : I remember some considerable time ago seeing some reviews of this book, but I cannot say that I remember the gist of them.

Mr. Lalchand Navalrai : Did the Honourable Member then think it objectionable and did the Honourable Member take any action ?

Mr. J. A. Thorne : No objection was taken by anybody at that time.

Mr. Lalchand Navalrai : Did the Honourable Member, while reading those reviews, consider the book objectionable and whether the Honourable Member took any action ?

Mr. J. A. Thorne : That is asking what my private opinion then was.

Mr. Mohan Lal Saksena : Did the Government write to the publishers for the book ?

Mr. J. A. Thorne : I have not done so yet.

Mr. Mohan Lal Saksena : Will the Government do it ?

Mr. J. A. Thorne : That would be considered if no copy exists in India that we can get hold of.

Mr. Ram Narayan Singh : May I know if the Government will make further attempt to get a copy of this book ?

Mr. J. A. Thorne : I have already answered that.

Mr. Bhulabhai J. Desai : May I know whether the Government of India have taken any steps to prevent the circulation of a book of this kind ?

Mr. J. A. Thorne : Not of this book.

Mr. Bhulabhai J. Desai : Did the Government consider the advisability of preventing the circulation of this book on the faith of the statement contained in this question ?

Mr. J. A. Thorne : No, Sir : we would not do that before reading the book.

Mr. Bhulabhai J. Desai : Do the Government see that a great deal of mischief would be done if this kind of indifference is allowed to go on ?

Mr. J. A. Thorne : I submit that is a matter of opinion.

Mr. Mohan Lal Saksena : Will the Government issue orders to the Custom authorities to stop this book and not allow it to be circulated unless the Government pass orders to that effect ?

Mr. J. A. Thorne : Not before reading it.

Mr. Abdul Qaiyum : Will the Honourable Member ask the Customs authorities to send him a copy of the book ?

Mr. J. A. Thorne : I do not think we can ask the Customs authorities to do that unless a definite order is passed against the book.

Babu Baijnath Bajoria : Will the Honourable Member take steps to get a copy of the book from Bombay or Calcutta ? In Simla not many books are available.

(No reply.)

STRENGTH OF THE INDIAN MEDICAL SERVICE.

702. ***Mr. Mohan Lal Saksena** (on behalf of Mr. S. Satyamurti) : Will the Defence Secretary be pleased to state :

(a) whether the present actual total strength of the Indian Medical Service is 649 ;

(b) whether this number of 649 includes Indian Medical Service officers employed in Burma on the civil and military side ; and

(c) how many Indians and how many Britishers have been recruited to the Indian Medical Service during the years 1934-35, 1935-36 and 1936-37, and the total number of British and Indian, Indian Medical Service officers at present in permanent and temporary service, Province by Province ?

Mr. C. M. G. Ogilvie : (a) No. The actual total strength of the Indian Medical Service on September 1st last was 668.

(b) 668 includes officers in Burma in both military and civil employ.

(c) A statement containing the information required by the Honourable Member is placed on the table of the House.

Statement.

The number of officers recruited during the calendar years 1934 to 1937, British and Indian is as follows :

Year.	British.	Indian.	Total.
1934	32	20	52
1935..	34	21	55
1936..	31	16	47
1937 (up to September 1st 1937)	14	14	28

2. In military employ where officers are distributed by Commands the number of British and Indian officers is as follows :

—	British.	Indian.		Total.
		Permanent.	Temporary or Short Service Commission.	
Northern Command	53	26	33	112
Western Command	20	5	5	30
Eastern Command	36	18	11	65
Southern Command	25	8	6	39
Miscellaneous (Administrative, Medical Store Depots, Leave Pool, Seconded, Overseas and Senior Officers Course).	63	31	*Nil*	94
Total ..	197	88	55	340
Burma	5	3	3	11
Total (Military) ..	202	91	58	351

3. In civil employ to which only permanent officers are posted, the number of British and Indian officers, Province by Province, is as follows :

———	British.	Indian.	Total.
Central Government	23	13	36
External Affairs and Politcal Departments and North West Frontier Province.	25	6	31
Madras	17	14	31
Bombay	17	11	28
Bengal	17	18	35
United Provinces	16	11	27
Punjab	17	17	34
Bihar	12	11	23
Central Provinces	8	6	14
Assam	9	4	13
Sind	3	*Nil*	3
Orissa	2	1	3
Total ..	166	112	278
Burma	30	9	39
Total (Civil) ..	196	121	317
Grand Total (Military and Civil) ..	398	270	668

Mr. Abdul Qaiyum : How many Indians are there out of 668 I. M. S. officers at present ?

Mr. C. M. G. Ogilvie : At present the number is 270.

Mr. Abdul Qaiyum : Has any percentage been fixed for Indians in this department ?

Mr. C. M. G. Ogilvie : No exact percentage has been fixed.

Mr. Mohan Lal Saksena : What was the proportion in 1934-35 ?

Mr. C. M. G. Ogilvie : I want notice.

Mr. Mohan Lal Saksena : The Honourable Member has just now laid a statement on the table and he can give the figures from that.

Mr. C. M. G. Ogilvie : I have laid a statement on the table. It is a long one. Do you want me to read this statement, Sir ?

Mr. President (The Honourable Sir Abdur Rahim) : The Honourable Member himself can go through it and find out.

Prof. N. G. Ranga : What is the present policy of the Government of India with regard to Indianisation of this service ?

Mr. C. M. G. Ogilvie : I submit this question does not arise.

Mr. K. Santhanam : Will the cadre of I. M. S. officers be separated for India from Burma ?

Mr. C. M. G. Ogilvie : Not at present, because Burma medical service has not yet been constituted.

CRITICISM OF THE AMERY REPORT BY THE *London Times*.

703. ***Mr. Mohan Lal Saksena** (on behalf of Mr. S. Satyamurti) : Will the Defence Secretary be pleased to state :

(a) whether his attention has been drawn to the leading article entitled ' India and Amery Report ' in the *Hindu* of the 20th August, 1937 ;

(b) whether the attention of Government has been drawn to the adverse criticism of the *London Times* on the proposals contained in this report ;

(c) whether the attention of Government has been drawn to the comment of the *Times* on one of the propositions laid down by the Amery Committee that there is no possibility in the near future of any reduction in the strength of the British garrison, and the need for reinforcement is more probable, that the garrison is practically as large as it was reconstituted after the Indian Mutiny, and its relative increase at least requires consideration ;

(d) whether Government's attention has been drawn to the opinion of the *Times* that an apprehension of a major war breaking out on the North-West Frontier of India is scarcely justified by modern developments ;

(e) whether Government's attention has been drawn to the specific criticism of the *London Times* that if British troops in India would not be available for dealing with an Imperial emergency they have no business to be there in such large numbers and that it would seem to be difficult to justify the present proportions of British troops allotted for the field army there as distinct from internal security, unless they can be treated and trained as part of the " Imperial strategic reserve " ; and

(f) whether Government propose to consider that the strength of the Army in India is not justified by India's needs and that the Army is in the large part a dependable Imperial reserve and press this on the Government of Great Britain, with a view to getting a larger contribution made by them to the Defence expenditure of this country ?

Mr. C. M. G. Ogilvie : (a) to (e). Yes.

(f) As regards the first portion, I refer the Honourable Member to the answers I gave on 27th August, 1937, to the supplementary questions arising from his starred question No. 149. As regard the second portion I refer the Honourable Member to the statement on this point made in the speech of H. E. the Commander-in-Chief in the Council of State on the 7th of October, 1936.

Mr. Mohan Lal Saksena : With reference to part (f) may I know how much contribution has been asked for from the British Government ?

Mr. C. M. G. Ogilvie : No, Sir.

Mr. T. S. Avinashilingam Chettiar : In view of His Excellency the Viceroy's speech, will the Honourable Member say whether the Government have approached His Majesty's Government for a contribution or not ?

Mr. C. M. G. Ogilvie : I can add nothing to the information given in His Excellency the Viceroy's address.

Mr. Mohan Lal Saksena : His Excellency had said that the Government of India had written to the British Government, to make contributions towards the cost of the army in India. I want to know how much contribution has been asked for from British Government ?

Mr. C. M. G. Ogilvie : The Honourable Member will know in due course.

Seth Govind Das : When will that due course come ?

Mr. C. M. G. Ogilvie : Within the next few months.

Prof. N. G. Ranga : What is the attitude of the Government in regard to part (e) of this question ? Did the *London Times* say " that it would seem to be difficult to justify the present proportions of British troops allotted for the field army there as distinct from internal security, unless they can be treated and trained as part of the ' Imperial Strategic ' reserve " ?

Mr. C. M. G. Ogilvie : Government differ from the opinion therein expressed.

Mr. Bhulabhai J. Desai : With reference to part (d) have the Government considered the opinion therein expressed ?

Mr. C. M. G. Ogilvie : Any opinion expressed in the *Times* is always worthy of consideration.

Mr. Bhulabhai J. Desai : I will put a more definite question and I want a more definite answer. I have been accustomed to be treated like that. I want to know whether this particular opinion has been deliberately considered by the Government ?

Mr. C. M. G. Ogilvie : I submit that my answer was perfectly definite.

Mr. Bhulabhai J. Desai : Will the Honourable Member please answer my question ? I know it is the habit of Government to give evasive answers. In this particular case have they or have they not considered the opinion of the *London Times* ?

Mr. C. M. G. Ogilvie : Government are fully aware of the opinion. They do not necessarily agree with the views expressed. I cannot say more than that. This is quite a plain answer, I submit.

Maulvi Abdul Rasheed Chaudhury : Has any contribution been asked for from the British exchequer ?

Mr. C. M. G. Ogilvie : I have already answered that question.

Mr. Mohan Lal Saksena : May I know whether this contribution will be utilised for additional expenditure on the army or in reducing the burden on the Indian taxpayer ?

Mr. C. M. G. Ogilvie : I have already said that I cannot add to the information contained in His Excellency's address.

Mr. K. Santhanam : With reference to part (c), may I know whether the present composition of the army is due to the same reasons or considerations as after the Indian Mutiny ?

Mr. C. M. G. Ogilvie : No, Sir. Times have changed.

Prof. N. G. Ranga : Is it or is it not a fact that the British troops in India are being trained for Imperial strategic purposes ?

Mr. C. M. G. Ogilvie : No, Sir. They are being trained for use for India's needs.

Mr. Abdul Qaiyum : Will the Government take this House into their confidence as to why they are at variance with the opinion expressed by the *Times* ?

Mr. C. M. G. Ogilvie : I can hardly answer a question of that magnitude in reply to a supplementary question.

Mr. Abdul Qaiyum : I have not got a reply to my question.

Mr. President (The Honourable Sir Abdur Rahim) : The Honourable Member has already said that he could not give answer to a question of that magnitude in reply to a supplementary question. The Honourable Member ought to know that that question has been discussed often and often in this House.

Mr. Abdul Qaiyum : I want to make a submission. If you consider my question irrelevant, you may disallow it. The Honourable Member said that the Government do not agree with the opinion expressed in the *Times*. I ask him what are the reasons for this disagreement. I submit my question is absolutely relevant and proper.

Mr. President (The Honourable Sir Abdur Rahim) : It is relevant, but it cannot be discussed in a supplementary question.

Mr. Mohan Lal Saksena : With reference to part (a), have Government considered the article in question ?

Mr. C. M. G. Ogilvie : Yes.

STATEMENT OF KHAN ABDUL GHAFFAR KHAN REGARDING FRONTIER TRIBES.

704. *Mr. **Mohan Lal Saksena** (on behalf of Mr. S. Satyamurti) : Will the Foreign Secretary be pleased to state :

(a) whether his attention has been drawn to the statement of Khan Abdul Ghaffar Khan to pressmen in Karachi on the 23rd of August, 1937 ;

(b) whether their attention has been drawn particularly to Khan Abdul Ghaffar Khan's statement that he drew up a scheme in 1931 for the benefit of the tribal areas the main features of which were the opening of schools and dispensaries and the starting of cottage industries to enable the poor tribesmen to earn a living ;

(c) whether this scheme was never given a trial, and, if so, why ;

(d) whether the attention of Government has been drawn to Khan Abdul Ghaffar Khan's statement that the Faqir of Ipi is not really a Fakir but a rich landlord with forward views who has travelled extensively in Arabia and India ; and

(e) whether Government propose to deal with the problem of the tribes of the North-West Frontier Province in consultation with the leaders of the Frontier Province like Khan Abdul Ghaffar Khan, and, if not, why not ?

Lieut.-Colonel A. E. B. Parsons : (a) Yes.

(b) Yes.

(c) No. No scheme was as a matter of fact submitted to the authorities.

(d) According to the press report seen by Government, Abdul Ghaffar Khan only stated that the Faqir was a landlord and educated.

(e) The responsibility is solely of Government, but they will continue to consult competent opinion in the North-West Frontier Province.

Mr. Abdul Qaiyum : What do the Government exactly mean by 'competent opinion' ?

Lieut.-Colonel A. E. B. Parsons : I should say, people whose opinion was in the opinion of the Government worth having on a matter of this description.

Mr. Abdul Qaiyum : I want to know who are the people in the North-West Frontier Province who are considered competent to offer opinion to the Government.

Lieut.-Colonel A. E. B. Parsons : I regret I cannot give the Honourable Member a list of those persons.

Seth Govind Das : Is the opinion of people like Khan Abdul Ghaffar Khan not considered by Government to be competent opinion ?

Lieut.-Colonel A. E. B. Parsons : That is the suggestion.

Maulvi Abdur Rasheed Chaudhury : Does competent opinion include the opinion of the present Government ?

Lieut.-Colonel A. E. B. Parsons : I cannot answer that.

Mr. Abdul Qaiyum : May I know if the term "competent opinion" includes the opinion of the majority of the elected members of the Frontier Assembly ?

Lieut.-Colonel A. E. B. Parsons : Not necessarily, Sir.

Mr. Bhulabhai J. Desai : With reference to clause (b), is it correct and are Government aware that many schools and dispensaries started by Khan Abdul Ghaffar Khan and his colleagues of the Khudai Khidmatgars have been suppressed by Government by corruption and other means ?

Lieut.-Colonel A. E. B. Parsons : As far as I am aware, Khan Abdul Ghaffar Khan started not a single dispensary or school in tribal territory.

Mr. Bhulabhai J. Desai : Are Government aware of the article for which Khan Abdul Ghaffar Khan was prosecuted and Government admitted that the facts were true,—they constituted sedition,—the allegation being that he had founded dispensaries and schools where doctors and teachers were corrupted by Government or otherwise badly influenced and taken away.

Lieut.-Colonel A. E. B. Parsons : In tribal territory ?

Mr. Bhulabhai J. Desai : Both in tribal territory and British India.

Lieut.-Colonel A. E. B. Parsons : I am only concerned with tribal territory.

Mr. Lalchand Navalrai : Are there schools and dispensaries in tribal territory on the British India model ?

Lieut.-Colonel A. E. B. Parsons : There are schools and dispensaries in the tribal area instituted by Government.

Mr. Lalchand Navalrai : Any private institutions ?

Lieut.-Colonel A. E. B. Parsons : None, I think.

Mr. Mohan Lal Saksena : Do Government propose to start dispensaries and educational institutions in the tribal area, as suggested by Khan Abdul Ghaffar Khan ?

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

KEEPING OF BRITISH TROOPS FOR INTERNAL SECURITY PURPOSES.

705. *Mr. **T. S. Avinashilingam Chettiar** : Will the Defence Secretary state :

(a) whether Government agree with the view expressed by His Excellency the Commander-in-Chief that British troops for internal security purposes are kept on the insistence of the Local Governments ;

(b) which of the Local Governments have insisted upon keeping British troops for internal security purposes ;

(c) when they were last consulted ; and

(d) in view of the fact that by their replacement the Government of India will make a great saving, whether Government are prepared to reopen the question with Provincial Governments ?

Mr. C. M. G. Ogilvie : (a) This part of the question curiously misinterprets His Excellency the Commander-in-Chief's statement. What he said was : " if I wish to move a single company of British troops from a single station anywhere in India, I am immediately faced with the most vehement opposition from the Local Government concerned ". This statement is correct and Government agreed with it.

(b) Adjustments and changes of dispositions of troops are frequently taking place, and there have been a great number of such protests. In the time available, I have been able to discover protests from Madras, Bombay, Bihar and Orissa, the United Provinces and Bengal.

(c) Local Governments in the past have been consulted only when it was proposed to withdraw troops from their Province.

(d) No.

Mr. T. S. Avinashilingam Chettiar : May I know if His Excellency the Commander-in-Chief stated that he would not agree " to deprive the ministers of the future, in advance, of the bulwarks on which the Local Governments today place such implicit trust " ?

Mr. C. M. G. Ogilvie : I think he did say that, yes.

Mr. T. S. Avinashilingam Chettiar : Were the protests referred to in clause (b) with regard to the removal of British troops and they did not want Indian troops ?

Mr. C. M. G. Ogilvie : I think the protests alluded to referred to British troops.

Pandit Lakshmi Kanta Maitra : With regard to part (d), am I to understand that these provinces protested against the retention of British troops or did they want to retain the British troops ?

Mr. C. M. G. Ogilvie : The Local Governments protested against the withdrawal of British troops from their provinces.

Sardar Mangal Singh : When did the Local Governments protest against the removal of British troops ?

Mr. C. M. G. Ogilvie : As far as I know, they have protested every year, and probably many times a year in some cases. The last I have been able to find is from the Government of Bihar and Orissa, where it was suggested that a company of British infantry should be found for the Andamans garrison from Dinapore. The Government of Bihar and Orissa stated that they were unable to agree that one company could be detached from the force allotted for the internal security of Bihar and Orissa without deleterious effects.

Sardar Mangal Singh : What is the date of that ?

Mr. C. M. G. Ogilvie : 1935.

Mr. Mohan Lal Saksena : Is the Honourable Member aware that there are two Governments now in place of one Government of Bihar and Orissa ?

Mr. C. M. G. Ogilvie : Yes, Sir.

Seth Govind Das : Will the Honourable Member take the opinion of the Local Governments in this respect now because the Local Governments at present are the real representative Governments of the country ?

Mr. C. M. G. Ogilvie : If it is proposed to withdraw British troops or any troops from any province in India, the Local Government will be consulted before that step is taken.

Seth Govind Das : And will the opinion expressed by the Local Government be followed ?

Mr. C. M. G. Ogilvie : That is very hypothetical.

PROCEDURE FOLLOWED IN THE MATTER OF GRANT OF TITLES.

706. ***Mr. Mohan Lal Saksena :** (a) Will the Honourable the Home Member be pleased to state the procedure followed in the matter of grant of titles ?

(b) Do Local Governments make recommendations ? If so, have any Provincial Governments declined to make recommendations this year, and what method do Government propose to adopt in the matter of getting recommendations for grant of titles from these Provinces ?

(c) Will the Honourable Member lay a statement giving the names of various titles in force in India and the respective numbers of holders of various titles ?

Mr. J. A. Thorne : The question relates to a matter which is the concern of His Excellency the Viceroy and not that of the Governor General in Council. I am, therefore, unable to give the information asked for by the Honourable Member.

WORK IN THE HOME DEPARTMENT.

707. ***Mr. Mohan Lal Saksena :** (a) Will the Honourable the Home Member be pleased to state in what direction work has increased in the Home Department ?

(b) Has there been no reduction in the number of subjects dealt with since the introduction of autonomy in the Provinces ?

(c) Will the Honourable Member state the number of officers and clerks working in the Department before and after 1st April, 1937 ?

Mr. J. A. Thorne : (a) and (b). The main cause of increase in the work of the Department is that action has to be taken under various provisions of the Government of India Act, particularly in framing or adapting rules to be made thereunder. Again, the re-organisation of the Central Secretariat and the arrangements to be made with Provincial Governments for the allocation of the all-India services have given a good deal of work. Also, the Home Department is now responsible for a great part of the administration of two Chief Commissioners Provinces with which

it was not formally concerned. On the whole it may be said that though in some directions there has been a reduction of work, in others there has been an increase : the nett result at the present moment being an increase.

(c) The number of officers before the 1st April was eight and, after the 1st April, seven. The number of clerks both before and after the 1st April was ninety.

Mr. Sri Prakasa : In view of the fact that no harm came to the department during the absence on illness of the present Home Member, will Government consider the desirability of abolishing at least the office of the Home Member ? (Laughter.)

(No reply.)

ATTENDING OF A PUBLIC ENTERTAINMENT BY THE SENIOR SUPERINTENDENT OF POLICE, DELHI.

708. ***Mr. Mohan Lal Saksena** (on behalf of Mr. M. Asaf Ali) : (a) Will the Honourable the Home Member kindly state whether :

(i) an invitation to a public entertainment in honour of the Senior Superintendent of Police, Delhi, was issued in the name of residents of Wards Nos. 8 and 9, Delhi ; and

(ii) a public address in the name of the residents of Wards 8 and 9, Delhi, was presented to the Senior Superintendent of Police, Delhi, on 24th July, 1937 ?

(b) If the reply to parts (a) (i) and (ii) be in the affirmative, will the Honourable Member state whether the entertainment and the address were received by the Senior Superintendent with the previous sanction of the Local Government ?

Mr. J. A. Thorne : (a) (i). The invitation was to an afternoon party and was sent by 19 persons who described themselves as " the residents of wards Nos. 8 and 9 ".

(a) (ii). At the party an address was presented to Mr. Scott in the names of the 19 hosts and two other persons. They referred to themselves at the beginning of the address as " We, the residents of Wards Nos. 8 and 9 ".

(b) The previous sanction of the Government was not required for attendance at the party. As regards the address, I understand that Mr. Scott had no idea that an address was to be presented.

Mr. Mohan Lal Saksena : Am I to understand that no advance copy of the address had been sent to Mr. Scott ?

Mr. J. A. Thorne : That certainly follows from the answer I have given.

Sardar Sant Singh : What is the rule enforced by Government on its public servants ? Can they accept addresses of this kind or not ?

Mr. J. A. Thorne : To accept an address ordinarily requires the previous sanction of the Local Government.

Sardar Sant Singh : And in the case of entertainments ?

Mr. J. A. Thorne : If the entertainment is a public entertainment, that also requires the previous sanction of the Local Government.

ATTACKS ON INDIANS IN THE BOOK " AS A MAN'S HAND " BY MISS SOUTHGATE.

709. ***Seth Govind Das** : Will the Honourable the Home Member be pleased to state :

(a) whether it is a fact that a book entitled " As a Man's Hand ", has been published in England by Mathuens, Publishers, under the authorship of Miss Southgate ;

(b) whether Government are aware that this book has been characterised as " another infamous book on India, excelling the ' Mother India ' of Miss Mayo " ;

(c) whether Government are proposing to proscribe the book in India for the slanderous remarks it contains on the people or a section of her people ;

(d) whether Government propose taking effective steps to represent this matter to His Majesty's Government in the United Kingdom to take similar steps in that country also ; and

(e) what other steps Government propose taking in the matter ?

Mr. J. A. Thorne : (a) to (e). I have not been able to get a copy of this book in spite of efforts in Simla and elsewhere. If a copy can be obtained, Government will consider whether any action should be taken.

Seth Govind Das : Will Government send for a copy of the book from England ?

Mr. J. A. Thorne : It would be quicker to get it from Bombay as soon as it arrives.

Mr. Abdul Qaiyum : Is the inability to get a copy due to the zeal of the Simla officials who bought out all the copies ?

Mr. J. A. Thorne : I believe this book has not yet reached India.

ALLOWANCES TO BRITISH OFFICERS AND SOLDIERS.

710. ***Mr. T. S. Avinashilingam Chettiar** : Will the Defence Secretary state :

(a) what are the allowances given to a British soldier ;

(b) what are the allowances to a British officer ; and

(c) whether any of the allowances have been increased recently ?

Mr. C. M. G. Ogilvie : (a) and (b). I lay on the table a statement containing the required information.

(c) The allowances of British officers have not been increased recently. As regards British soldiers, I refer the Honourable Member to the reply I gave on the 6th September, 1937, to parts (a) and (b) of his starred question No. 323 on the same subject.

Statement.

(a) A British soldier is eligible for the following allowances if and when he satisfies the conditions for any particular allowance :

	Rs. A. P.
	Per month.
(1) Marriage allowance—	
(i) For wife	30 0 0
(ii) For each child up to 3 children	10 0 0
(iii) For each additional child	5 0 0
	Per day.
(2) Ration allowance—	
(i) when permitted to draw allowance in lieu of rations in kind	0 5 3
(ii) when rations in kind not issued in the interests of the State	0 12 0
	Per day.
(2) Messing allowance	0 4 6

(4) Furniture allowance—

Admissible to *married* personnel only. It is apportioned on the relative cost of the extra furniture and equipment, *i.e.*, the difference in the old and the existing scales, as follows :

	Presidency towns.	Other stations.
	Per month.	Per month.
	Rs. A. P.	Rs. A. P.
(a) Furniture and Equipment	10 0 0	6 0 0
(b) Furniture	4 4 0	2 8 0
(c) Equipment	5 12 0	3 8 0

	Per month.	
	Mounted.	Dismounted.
(5) Kit and clothing allowance	7 4 0	7 0 0

(b) A British officer of the Indian Army is eligible for the following allowances if and when he satisfies the conditions for any particular allowance :

(1) Initial outfit allowance	£50 0 0
(2) Initial camp kit allowance	£ 7 10 0
(3) Separation allowance	Sliding scale-Rs. 40 to 120 per month.
(4) Syce and forage allowance	Rs. 33 per month.
(5) Travelling allowance	First class.

6. Passage allowance—

(i) *Self.*—4 return leave passages ; each at P. & O. first class 'B' rate (£126) between Bombay and London, for the whole period of service in India spread over 25 years.

(ii) *Wife.*—The same number of return passages to which the officer himself is entitled.

(iii) *Children.*—One single adult passage (£72) for each child.

Mr. T. S. Avinashilingam Chettiar : How many kinds of allowances are there for British soldiers and officers ; I do not want details.

Mr. C. M. G. Ogilvie : The information is contained in the statement. There are several kinds of allowances, but some are eligible to certain classes of persons and some to others. I do not think that any one could draw all of them at the same time.

Seth Govind Das : Is there any difference between the allowances given to British soldiers and the allowances given to Indian soldiers ? How many kinds of allowances are allowed to Indian soldiers ?

Mr. C. M. G. Ogilvie : I must require notice for that.

MUNICIPAL ELECTIONS IN AJMER.

711. ***Rai Bahadur Seth Bhagchand Soni** : (a) Will the Honourable the Home Member please state when next municipal elections in Ajmer will take place ?

(b) Will these elections be held under the new rules ? If not, why not ?

Mr. J. A. Thorne : With your permission, Sir, I propose to answer the questions Nos. 711 and 712 together.

Government have no information but have made enquiries from the Chief Commissioner and will furnish an answer in due course.

Babu Baijnath Bajoria : Is it a fact that Government have received numerous representations from public associations from Ajmer that elections should be held under the new rules ?

Mr. J. A. Thorne : So far as I am aware, it is not a fact.

Babu Baijnath Bajoria : Is it a fact that franchise qualifications under the old rules are in many respects higher than those laid down by the Franchise Committee for the Ajmer voter for the Federal Legislature and the new rules have lowered the franchise qualifications considerably.

Mr. J. A. Thorne : I said we have no information about the new rules. It therefore follows that I can give no answer as regards a comparison between the new rules and the old rules.

Mr. M. S. Aney : Are Government aware, if any new rules have at all been framed ?

Mr. J. A. Thorne : We have written to the Chief Commissioner to ascertain the facts.

Babu Baijnath Bajoria : Will Government postpone elections till the new rules are examined and orders passed thereon ?

Mr. J. A. Thorne : I cannot give any undertaking to that effect.

Babu Baijnath Bajoria : Are Government aware that ward D which contains one-third of the populations of Ajmer has only one representative, whereas the other two-thirds are represented by 16 members ?

Mr J. A. Thorne : I do not know.

NEW RULES REGARDING MUNICIPAL ELECTIONS IN AJMER.

†712. ***Rai Bahadur Seth Bhagchand Soni** : Is the Honourable the Home Member aware that the old rules regarding elections at Ajmer are quite out of date now and that the present Municipal Committee has framed new rules to meet the demands of the growing population of Ajmer ?

DEATH OF ONE KAPURIA, SWEEPER, EMPLOYED IN THE MOUNTAIN ARTILLERY TRAINING CENTRE AT THE AMBALA CANTONMENT.

713. ***Mr. Sham Lal** : (a) Will the Defence Secretary please state if one Kapuria sweeper, aged 20, employed in the Mountain Artillery Training Centre at Ambala Cantonment was taken into custody by a military Jamadar ?

(b) Did Kapuria's brother submit an application through a Pleader to the Superintendent of Police that Kapuria should be released and that if there was any criminal case against him he should be prosecuted in a court of law ?

(c) Is it a fact that Kapuria was subjected to a very harsh treatment while he was in the custody of the Jamadar ?

(d) Is it a fact that Kapuria subsequently died in the Indian Military Hospital in Ambala Cantonment on the 22nd August, 1937 ?

(e) Is it a fact that there was a post mortem examination of Kapuria's dead body ?

(f) Will the Defence Secretary state the cause of Kapuria's death ?

(g) If his death was due to any maltreatment on the part of any military officer, do Government intend to take any action against the military officer and compensate the relations of the deceased ?

Mr. C. M. G. Ogilvie : I am obtaining the information and will lay a statement on the table in due course.

HEALTH OF MAHARAJA GURCHARAN SINGH OF NABHA.

714. ***Sardar Mangal Singh** : Will the Foreign Secretary please state :

(a) the present condition of the health of Maharaja Gurcharan Singh of Nabha, now interned at Kudaikanal ;

†For answer to this question, *see* answer to question No. 711.

(b) whether it is a fact that since his internment, his health has deteriorated and he is now suffering from high blood pressure ; and

(c) the latest information available about his health ?

The Honourable Sir Nripendra Sircar : Government are not aware of any deterioration in the health of the detenu ; the last report for the half-year ending 30th June, 1937, stated that his health was good.

Sardar Sant Singh : May I ask the Honourable Member whether his case has been examined recently, and if so, when ?

The Honourable Sir Nripendra Sircar : It does not arise, Sir, I submit.

Mr. Mohan Lal Saksena : Has there been any loss in weight ?

The Honourable Sir Nripendra Sircar : All that I know is that the last report is that his health was good.

PURCHASE OF ARMS FOR THE ARMY.

715. ***Mr. T. S. Avinashilingam Chettiar** : Will the Defence Secretary state :

(a) what is the amount of money spent on the purchase of arms for the army in the last financial year ;

(b) how much of this was manufactured in India ; and

(c) what sort of arms are manufactured and what sort are not manufactured in India ?

Mr. C. M. G. Ogilvie : The expenditure on the purchase of arms for the army is not shown separately in the accounts. As far as can be ascertained, however, the answers to (a) and (b) are as follows :

(a) About Rs. 25.97 lakhs.

(b) About Rs. 23.37 lakhs.

(c) The following arms are manufactured in India :

Rifles.

Vickers Berthiers (Light) Machine Guns.

Vickers Machine Guns (with the exception of certain minor components).

18-pdr. gun and carriage

4.5" Howitzers and carriages.

3.7" Howitzers and carriages.

The following arms are not manufactured in India :

Certain minor components of Vickers Machine Gun.

6" Howitzer guns and carriages.

Anti-Aircraft guns and carriages.

Coast Defence guns and ammunition.

Naval Guns and Revolvers.

Seth Govind Das : What is the reason for the arms in the latter list not being manufactured in India ?

Mr. C. M. G. Ogilvie : The reason is that the arms concerned, especially heavy guns, naval guns, anti-aircraft guns, are not at present required in sufficient quantities to make their manufacture in India an economical proposition. We have as a matter of fact manufactured 6" howitzer and anti-aircraft guns to show that we can do it.

Seth Govind Das : What is the expenditure on the arms which are prepared outside India ?

Mr. C. M. G. Ogilvie : If the Honourable Member will subtract 23.37 from 25.97 he will find that the answer is 2.6 lakhs.

STRENGTH OF MILITIA IN INDIA.

716. ***Babu Kailash Behari Lal** : Will the Defence Secretary be pleased to state :

(a) the total strength of militia in the country ;

(b) the strength of Indians and that of Europeans ;

(c) the present number of militia recruited from each of the Provinces of India ;

(d) if it is a fact that the number to be maintained from each of the Provinces is fixed and that certain Provinces are regarded as non-military Provinces and no recruitment is made therefrom ; and

(e) if the answer to part (d) be in the affirmative, what is the number fixed for recruitment from each of the Provinces and which Provinces are regarded as non-military Provinces ?

Mr. C. M. G. Ogilvie : (a) and (b). The strength of the regular troops and the Frontier Militia Corps, and the number of Indians and Europeans, is given in " The Return showing the actual strength of the Army and Royal Air Force in India ", a copy of which is in the Library of the House.

(c) Militia units are normally enlisted from the areas in which they serve or from adjacent area. As regards the regular troops, I lay on the table a statement showing the number enrolled from the various recruiting centres during the year ending the 31st March, 1937.

(d) No.

(e) Does not arise.

Statement.

Recruiting Centre.	Areas comprising the recruiting centre.	Number enrolled during the year ending 31st Mar 1937.
Peshawar	North-West Frontier Province excluding Hazara civil district.	786
Rawalpindi	Punjab and Hazara civil district of North-West Frontier Province.	3,477
Lahore		2,187
Jullundur		2,391
Delhi	Ambala civil division Delhi province, Agra and Meerut civil divisions of United Provinces and Central Provinces excluding Berar.	1,366
Lucknow	United Provinces (less Agra and Meerut civil divsions and Garhwal civil district) and Bihar.	625
Ajmer	Rajputana and Central India	597
Poona	Bombay Presidency, Sind, Berar, Madras Presidency and Orissa.	1,248
Lansdowne	Garhwal civil district	293

Babu Kailash Behari Lal : May I know what the Honourable Member means by recruiting centres ?

Mr. C. M. G. Ogilvie : Places where recruitment is made.

Sardar Mangal Singh : May I know if the proportion between the British troops and Indian troops is the same at present as it was laid down after the mutiny ?

Mr. C. M. G. Ogilvie : I think it hardly arises from the question.

Prof. N. G. Ranga : Are there any recruiting centres in the Madras Presidency ?

Mr. C. M. G. Ogilvie : No.

Babu Kailash Behari Lal : In Bihar ?

(No reply.)

RECRUITMENT TO PUBLIC SERVICES ON COMMUNAL BASIS.

717. *Babu Kailash Behari Lal : Will the Honourable the Home Member be pleased to state :

(a) if Government have considered the question of revising their policy of maintaining the communal proportion in the public services on the basis of religious denominations and replacing it with one of maintaining Provincial proportions in the public services under the Government of India ;

(b) if it is not a fact that a certain proportion based on religious denominations is maintained in the recruitment to the public services in spite of the Public Service Commission competitive examinations ; and

(c) if in view of the coming Federation and in view of the recognition of services as a Federal unit, Government propose to maintain some proportion in the matter of recruitment to the public services under the Government of India from the different Provinces on a territorial basis ?

Mr. J. A. Thorne : (b) Communal rather than religious.

(a) and (c). The Government have not yet felt the need to consider the change suggested.

GAZETTED OFFICERS IN THE DEPARTMENTS UNDER THE HOME MEMBER.

718. *Babu Kailash Behari Lal : Will the Honourable the Home Member be pleased to state the number of gazetted officers in the departments under him and how many of them are (1) Bengalis, (2) Biharis, (3) Punjabis, (4) Madrasis, (5) Bombayites, and (6) of other Provinces ?

Mr. J. A. Thorne : I lay a statement on the table.

Statement showing the Number of Gazetted Officers under the Home Department together with their Province of Origin.

Province of origin.	No. of officers.
Bengal	7
Bihar	1
Punjab	8
Madras	1
Bombay	2
Other provinces	8

PERMITS FOR ENTRY INTO THE KURRAM AGENCY.

719. *Mr. Abdul Qaiyum : (a) Will the Foreign Secretary please state whether it is a fact that all British Indian subjects who desire to enter the Kurram Agency have to apply for a permit from the Political Agent, Kurram ?

(b) Is it a fact that a written application has to be sent by post ?

(c) Is it also a fact that a certain stamp has to be either affixed or enclosed ? If so, what is the value of such stamp or stamps ?

(d) How long does it take to obtain such permits, and are such permits granted for a limited period ? If so, for how long do such permits hold good ?

Lieut.-Colonel A. E. B. Parsons : (a) Yes, unless they are visiting the Kurram Agency on official business.

(b) Yes.

(c) Judicial stamp paper to the value of five annas is required from an applicant *plus* four annas per head for every additional person covered by the application.

(d) Permits, which are usually supplied within two or three days, are granted for three months, or for a longer period if necessary.

Prof. N. G. Ranga : Why are these permits insisted upon ?

Lieut.-Colonel A. E. B. Parsons : The answer to that will be given to a subsequent question.

PERMITS FOR ENTRY INTO THE KURRAM AGENCY.

720. *Mr. Abdul Qaiyum : Will the Foreign Secretary please state whether Britishers or other Europeans intending to visit the Kurram Agency have to apply for and obtain similar permits ?

Lieut.-Colonel A. E. B. Parsons : Yes, unless they are visiting the Agency on official duty.

PERMITS FOR ENTRY INTO THE KURRAM AGENCY.

721. *Mr. Abdul Qaiyum : (a) Will the Foreign Secretary please state whether it is a fact that British Indian subjects generally and those residing in Hangu Tehsil and Tal have business dealings with the people of the Kurram Agency and that some of them even own lands therein ?

(b) If so, are Government aware that it entails great hardship to British Indians intending to visit the Kurram Agency ?

(c) Are Government prepared to abolish such restrictions ? If not, why not ?

Lieut.-Colonel A. E. B. Parsons : (a) Yes, so far as business dealings are concerned. Government have no information about lands held by British Indian subjects in the Kurram Agency.

(b) No. Permits are issued freely to persons having genuine trade interests in the Agency.

(c) No. The control has been instituted to prevent a large influx of visitors for whom it is possible neither to furnish adequate accommodation nor, in the outlying villages, protection.

Mr. Abdul Qaiyum : May I know, in view of the fact that Kurram Agency is part of British India, why it is considered necessary to impose such vexatious restrictions on British subjects visiting that territory ?

Lieut.-Colonel A. E. B. Parsons : I would correct the Honourable Member, first of all. It is not part of British India : it is a part of India : I have given the answer to the second part of his question in (c).

Mr. Abdul Qaiyum : May I rebut the statement of the Honourable Member that people in Kohat District do not own lands in Kurram Agency ? I know definitely that this is a fact : and in view therefore of the fact that people have to go there to look after their lands and their business, why is it considered necessary to have these vexatious restrictions at least in the case of residents in Kohat and the adjoining districts ?

Lieut.-Colonel A. E. B. Parsons : If the Honourable Member had listened to my answer he would have heard that I did not say that no residents of British India had lands in Kurram : I said that Government had no information about lands held by British Indian subjects in the Kurram agency. I have no doubt that certain lands in the Kurram Agency are held by British subjects : and the answer to the second part of his question is again what I gave to part (c).

Mr. Abdul Qaiyum : May I know if these restrictions have been imposed with a view to stop the nationalist movement from affecting the people in Kurram Agency ?

Lieut.-Colonel A. E. B. Parsons : No. I think it has been in force for long before the nationalist movement, whatever that may be, came into force.

Mr. Abdul Qaiyum : Is it not a fact that these restrictions have been intensified after the nationalist movement began to assert itself in the North-West Frontier Province ?

Lieut.-Colonel A. E. B. Parsons : I am not aware of that.

Mr. Abdul Qaiyum : Is it not a fact that a number of people have been arrested in Kurram and put in the lockup for having sympathised with the nationalist movement in the country and are detained without trial ?

Lieut.-Colonel A. E. B. Parsons : I am unaware of that.

Mr. Mohan Lal Saksena : Will Government consider the advisability of granting permanent permits to persons who have got lands in that place ?

Lieut.-Colonel A. E. B. Parsons : I have already said that permits are issued freely to persons having genuine trade interests in the Agency.

Mr. Mohan Lal Saksena : But the permits are granted only for three months. I want to know whether the Government will consider the advisability of granting them permanent permits.

Lieut.-Colonel A. E. B. Parsons : If the Honourable Member had listened to the last part of one of my previous answers, he would have heard that permits are granted for three months or for a longer period if necessary.

Prof. N. G. Ranga : If this Kurram Agency is not part of British India, but part of India, who is responsible for its administration ? Is it under the control of the Governor General in Council ?

Lieut.-Colonel A. E. B. Parsons : It is under the control of the Governor General in Council.

Prof. N. G. Ranga : If that is so, why is it that British Indians are obliged to take permits to enter this particular area ?

Lieut.-Colonel A. E. B. Parsons : The answer is given in the answer to part (c).

Mr. Mohan Lal Saksena : May I know if there is any other part of India which is under the control of the Governor General in Council ?

Lieut.-Colonel A. E. B. Parsons : I submit that does not arise.

Mr. Mohan Lal Saksena : The Honourable Member just now said that Kurram Agency is under the control of the Governor General in Council but is not part of British India : so I want to know if there is any part of India which is not part of British India and under the control of the Governor General in Council.

Lieut.-Colonel A. E. B. Parsons : There is Waziristan among other places.

ARREST OF MR. WASIM JAN OF PESHAWAR IN AFGHANISTAN.

722. ***Mr. Abdul Qaiyum** : (a) Will the Foreign Secretary please state whether it is a fact that Mr. Wasim Jan of Peshawar visited Kabul (Afghanistan) in 1936 for some private business ?

(b) Was he arrested and thrown into prison by the Afghan authorities ?

(c) Is it a fact that he is still in prison ?

Lieut.-Colonel A. E. B. Parsons : (a) Yes, but the object of his visit is not known to Government.

(b) Yes.

(c) Yes.

Mr. S. Satyamurti : Is this gentleman a British Indian subject ?

Lieut.-Colonel A. E. B. Parsons : I think so, yes.

Mr. S. Satyamurti : May I know why the Government of India did not take any steps with regard to the arrest and throwing into prison of a British Indian subject when visiting a neighbouring friendly state, whose refugees we take care of ?

Lieut.-Colonel A. E. B. Parsons : If the Honourable Member will curb his desire to ask supplementary questions, he will get an answer in the next question.

ARREST OF MR. WASIM JAN OF PESHAWAR IN AFGHANISTAN.

723. ***Mr. Abdul Qaiyum** : (a) Will the Foreign Secretary please state the nature of the charge against Mr. Wasim Jan of Peshawar who is at present imprisoned in Afghanistan ?

(b) Has he been tried or even brought before an Afghan court of law ? If so, with what result ?

(c) In case he has not been tried so far, what steps have Government taken or are about to take to effect his release ?

Lieut.-Colonel A. E. B. Parsons : (a) It is understood that Mr. Wasim Jan was arrested for a political offence.

(b) No, so far as is known.

(c) Constant representations on his case have been made by His Majesty's Minister in Kabul and still continue.

Mr. Abdul Qaiyum : May I know when he was arrested by the Afghan authorities ?

Lieut.-Colonel A. E. B. Parsons : I am afraid I cannot give the exact date : but I think it must be about a year ago.

Mr. Abdul Qaiyum : What is the answer which the Government has received from the Afghan authorities in connection with this British Indian subject ?

Lieut.-Colonel A. E. B. Parsons : I regret that beyond the answer I have already given, in view of the relations of His Majesty's Government with a foreign power, I can add nothing more.

Mr. Abdul Qaiyum : When was the Afghan Government last addressed on this point by the Government of India ?

Lieut.-Colonel A. E. B. Parsons : I am not certain ; but I think it was within the last month.

Mr. S Satyamurti : What is the peculiar relation between India and Afghanistan that a British Indian subject should be detained for a whole year and no remedy is open to him, and the Government of India refuse to say what is the reason for this delay ?

Lieut.-Colonel A. E. B. Parsons : I would refer the Honourable Member to the last answer I have given : I can add nothing to what I have already said in view of the fact that anything further would affect His Majesty's Government's relations with a foreign power.

RECRUITMENT OF BIHARIS AS OFFICERS AND SOLDIERS IN THE ARMY.

724. ***Mr. Ram Narayan Singh** : Will the Defence Secretary be pleased to state :

(a) the number of Biharis, combatant and non-combatant, officers and soldiers in the Indian Army ;

(b) the time when the recruitment of Indian soldiers is made ;

(c) the Provinces from which Indian soldiers are recruited ;

(d) the fact whether Indian soldiers are recruited from Bihar and, if so, from which district and if not, why not ;

(e) the fact whether Indian soldiers were recruited from the Province of Bihar during the last European War ; and

(f) the fact whether recruitment of Indian soldiers is going on today and if so, in which Provinces and from which Indian communities and castes ?

Mr. C. M. G. Ogilvie : (a) In 1935, the number of Biharis in the Indian Army was 180. Owing to shortness of time at my disposal I have not been able to collect up to date figures, but I have no reason for assuming that there has been any considerable alteration in those figures.

(b) Throughout the year.

(c) North-West Frontier Province,
Punjab,
Delhi Province,
United Provinces,
Bihar,
Rajputana Agency,
Central India Agency,
Bombay Presidency,
Sind,
Madras Presidency,
Orissa,
Central Provinces.

(d) Yes, from the districts of Champaran, Gaya, Muzaffarpur, Patna, Saran and Shahabad.

(e) Yes.

(f) The provinces from which Indian soldiers are recruited are those I mentioned in the reply to part (c) of the question. The classes to which the soldiers belong are shown in the Indian Army List at the heading of each unit.

Prof. N. G. Ranga : May I know, Sir, if any change has been made in the classes, communities and castes from which sepoys and soldiers are being recruited ?

Mr. C. M. G. Ogilvie : Since when ?

Babu Baijnath Bajoria : Have Biharis been included among the martial classes ?

Mr. Lalchand Navalrai : May I know, Sir, how many Sindhis have been recruited ?

Mr. C. M. G. Ogilvie : I should require notice.

CLASSIFICATION OF COMMUNITIES AS MARTIAL RACES.

725. ***Mr. Ram Narayan Singh :** Will the Defence Secretary be pleased to state whether the people of India have been classified as martial or non-martial races and, if so, which community or communities of the people have been classified as martial races and of which provinces ?

Mr. C. M. G. Ogilvie : No such classification has ever been made.

Prof. N. G. Ranga : When were these communities and castes from which recruitment is made classified ?

Mr. C. M. G. Ogilvie : Government do not recognise any particular class, caste or community as non-martial, but units of the Indian army have always been organised on a class basis, and as there are limits to the size of that army, unfortunately only a limited number of classes can ordinarily find a place. The classes enlisted at present are shown in the Indian Army List under the heading of each list, and they are those which, in the opinion of the military authorities, make the most efficient soldiers.

Pandit Lakshmi Kanta Maitra : Have the Government only now discovered that all the classes in India are martial ?

Mr. C. M. G. Ogilvie : No, Sir.

Mr. Ram Narayan Singh : May I take it, then, that soldiers are recruited from all classes of people in this country ?

Mr. C. M. G. Ogilvie : If the Honourable Member will refer to the Army List, he will see exactly from which classes at present they are recruited.

REDUCTION OF CERTAIN TAXES IN THE JUTOGH CANTONMENT BAZAR.

726. ***Mr. N. V. Gadgil** (on behalf of Mr. K. M. Jedhe) : Will the Defence Secretary be pleased to state whether it is proposed to reduce the following taxes of Jutogh Cantonment Bazar, and whether he is aware that many shopkeepers have left the Cantonment to escape the burden of heavy taxation :

(a) a general merchant who deals in provisions is compelled to pay an additional tax of Rs. 15 for selling wine and spirit ;

(b) a grocer selling different articles of foodstuff is forced to pay a compound tax of Rs. 30 ;

(c) any skilled or unskilled labourer such as mason, a cooly or a carpenter is required to pay tax even if he is employed for a short period in the Cantonment ; and

(d) water tax is being charged at 6½ per cent. at present in Jutogh Cantonment, whereas the water tax in Simla Municipality is only two and half per cent. ?

Mr. C. M. G. Ogilvie : No, Sir. It is not contemplated to reduce the taxes in the Jutogh Cantonment which are comparatively less than those levied in Simla and other cantonments in these hills. No shopkeeper is known to have left the Sadar Bazar to escape taxation.

The statement in part (c) is not correct. The tax is levied only on superior skilled workers employed in the cantonment for a year or part of it but ordinarily no tax is realised for a period of less than a month

Prof. N. G. Ranga : What is the scale of tax levied on skilled labourers in connection with part (c) of the question ?

Mr. C. M. G. Ogilvie : I should require notice of that question.

Mr. M. S. Aney : May I know, Sir, what is the meaning of this compound tax mentioned in part (b) ?

Mr. C. M. G. Ogilvie : Presumably it is consolidated tax.

PROPOSAL TO INCREASE THE WATER TAX IN THE JUTOGH CANTONMENT AND INSPECTION OF SIMLA HILL CANTONMENTS.

727. ***Mr. N. V. Gadgil** (on behalf of Mr. K. M. Jedhe) : (a) Will the Defence Secretary be pleased to state if it is proposed to increase the water tax in the Jutogh Cantonment from six and a half per cent. to nine and a half per cent. ?

(b) Will Government be pleased to state whether the Inspecting Officer of the Cantonments visits the Cantonment Bazar during inspection and whether he enquires from residents of bazars and landlords whether they experienced any difficulty ?

(c) Are Government aware that the Deputy Director of Lands and Cantonments, Northern Command, recently visited and inspected all the Hill Cantonments in the Simla Hills, *viz.*, Kasauli, Dagshai, Sabathu and Jutogh, but he did not visit any of the Bazars where the civilians live, nor did he make any personal enquiries from the landlords or tax-payers about their difficulties ?

(d) If the answer to the preceding part be in the affirmative, will Government be pleased to state why he did not do so ?

Mr. C. M. G. Ogilvie : I am collecting the information and will lay it on the table in due course.

RELIEF TO TAX-PAYERS OF SABATHU CANTONMENT AND OVERSEER OF THE KASAULI CANTONMENT BOARD.

728. ***Mr. N. V. Gadgil** (on behalf of Mr. K. M. Jedhe) : (a) Will the Defence Secretary be pleased to state whether the Sabathu Cantonment Bazar is not lighted even with kerosene lamps by the Cantonment Authority ? If not, why not ?

(b) Are Government aware that a great many professional men of Sabathu Cantonment have been practically starving for want of work and employment but that they are forced to pay professional taxes ?

(c) Will Government be pleased to state if they are prepared to enquire about these matters by appointing a committee of officials and non-officials in order to give relief to these unfortunate tax-payers of Hill Cantonments ?

(d) Are Government aware that the Overseer of the Kasauli Cantonment Office takes agencies of bungalows in his own name ?

(e) Is it a fact that the Overseer of the Kasauli Cantonment Board has imported his own relatives from his native place and takes all contracts from the Cantonment, as also private contracts, in their name and thereby deprives local labourers of their means of livelihood ?

Mr. C. M. G. Ogilvie : (a) Yes, on financial grounds.

(b) No.

(c) Does not arise.

(d) and (e). I am collecting the information and will lay it on the table in due course.

VISIT OF HIS EXCELLENCY THE COMMANDER-IN-CHIEF TO THE VIZAGAPATAM PORT.

729. ***Mr. K. S. Gupta** : Will the Defence Secretary please state whether it is a fact that His Excellency the Commander-in-Chief recently visited the port of Vizagapatam with a view to seeing whether it would be fit to be converted into a naval base ? If not, what was the object of his visit ?

Mr. C. M. G. Ogilvie : His Excellency the Commander-in-Chief recently visited Vizagapatam, for the reason that he had not previously had the opportunity of visiting that port.

Mr. T. S. Avinashilingam Chettiar : May I know, Sir, if there was any object in the visit ?

Mr. C. M. G. Ogilvie : Otherwise he would not have visited it.

Mr. T. S. Avinashilingam Chettiar : May I know what the object was ?

Mr. C. M. G. Ogilvie : The object, I should have thought, was fairly plain, that it is the duty of the Commander-in-Chief to acquaint himself at first hand with conditions in the major ports of this country.

Mr. T. S. Avinashilingam Chettiar : May I know whether the suggestion contained in the question is correct ?

Mr. C. M. G. Ogilvie : No. I cannot be more explicit than I have been.

PERCENTAGE OF HINDUS AND MINORITIES IN CERTAIN POSTS IN THE GOVERNMENT OF INDIA DEPARTMENTS.

730. ***Khan Sahib Nawab Siddique Ali Khan** : Will the Honourable the Home Member please state what was the number and percentage of Hindus and other minorities combined of Assistant Secretaries, Superintendents, Assistants, Stenographers, posts of Stenographers and Clerks carrying special pay in the different departments of the Government of India before the retrenchment of 1923 and what the number and percentage of these categories whether permanent, temporary or officiating was on the 1st August, 1937 ? If there is depreciation in the percentage and number of the minorities combined and rise in case of Hindus, will he please state the reasons for this appreciable rise, having in view the various Government resolutions issued from 1923 to 1937 ?

Mr. J. A. Thorne : Figures are not available for 1923 or before. Statements regarding the communal composition of the clerical staff of the Departments of the Government of India from 1926 to 1933 are in the Library of the House. The figures in respect of clerical staff are shown in them as a whole and not separately by categories. As a result of the Home Department Resolution of the 4th July, 1934, the communal statements were revised so as to include information in respect of each division or grade to which recruitment is made direct and these changes are exhibited for the first time in the communal statement showing the position as on 1st January, 1935 ; these also are in the Library of the House. No distinction is made in them between holders of posts carrying special pay or others. I lay on the table a statement giving such figures as are available in respect of the categories dealt with in the question.

Statement.

Minority communities recognised for purposes of communal representation.

Name of service, etc.	Europeans.		Hindus.		Muslims.		Domiciled Europeans and Anglo-Indians.		Sikhs.		Indian Christians.		Parsis.		Total.	Remarks.
1	2		3		4		5		6		7		8		9	10
	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%		
I. Imperial Secretariat Service, Class I on—																
1st January 1933 ..	7	27·0	12	48·0	1	4·0	5	20·0	..	..	..	..	..	..	25	
1st January 1934 ..	6	25·3	11	50·0	1	4·5	4	18·2	..	..	..	..	..	..	22	
1st August 1937																
Permanent ..	5	26·3	9	47·4	..	..	5	26·3	..	..	..	..	..	..	19	
Temporary ..	..	..	3	100·0	..	..	..	..	..	..	..	..	..	..	3	
II. Superintendents—																
Permanent—																
1st January 1935	4	6·6	37	60·7	4	6·6	15	24·6	1	1·6	..	..	..	..	61	
1st August 1937 ..	8	11·1	40	55·6	6	8·3	16	22·2	2	2·8	..	..	..	..		
Temporary—																
1st January 1935..	..	..	2	40·0	1	20	2	40·0	..	..	..	..	..	..		
1st August 1937 ..	2	18·2	5	45·5	1	9·1	3	27·3	..	..	..	..	..	..	11	
III. Stenographers—																
1st January 1935 ..	1	1·6	43	69·4	9	14·5	5	8·1	2	3·2	1	1·6	1	1·6	62	
15th July 1937 ..	2	2·67	45	60·0	11	14·67	9	12·0	5	6·67	2	2·67	1	1·33	75	Including holders of posts carrying special pay.
IV. Posts of stenographers which carry special pay in 1932	1	3·1	27	84·4	1	3·1	2	6·3	..	..	..	..	1	3·1	32	
On 15th July 1937 ..	1	2·7	29	78·4	2	5·4	10	4·8	..	..	..	..	1	2·7	37	
V. Other posts carrying special pay in 1932 ..	..	..	31	68·89	5	11·1	8	17·78	1	2·22	..	..	..	..	45	
On 15th July 1937 ..	..	..	34	69·39	8	16·33	4	8·16	1	2·04	2	4·08	..	..	49	

PROMOTIONS IN TEE GOVERNMENT OF INDIA DEPARTMENTS.

731. *Khan Sahib Nawab Siddique Ali Khan : Will the Honourable the Home Member please state whether it is a fact that the Departments of the Government of India are autonomous in the matter of departmental promotions and in the matter of posts carrying special pay ? Will the Honourable Member please state how many departmental promotions communitywise and departmentwise (other than those made by the Federal Public Service Commission) of Assistant Secretaries, Superintendents, Assistants, Stenographers, posts of Stenographers and others carrying special pay and their percentage have been made since the retrenchment of 1923 ?

Mr. J. A. Thorne : The answer to the first part of the question is in the affirmative.

To obtain and tabulate the information desired in the second part would mean a great deal of labour : and as such promotions and appointments are not governed by the orders relating to communal representation, the purpose of the enquiry would not justify the labour entailed.

PERCENTAGE OF REPRESENTATION OF VARIOUS COMMUNITIES IN THE GOVERNMENT OF INDIA DEPARTMENTS.

732. *Khan Sahib Nawab Siddique Ali Khan : Will the Honourable the Home Member please state if the actual percentage of the representation of the various communities is as follows ?

Categories.	Hindus.	Muslims.	Anglo-Indians and Christians.	Total.
Assistant Secretaries including Assistant Financial Advisers.	78·2	..	21·8	100
Superintendents	63·33	6·66	30·0	100
Assistants	71·00	17·00	12·0	100
Stenographers	80·5	12·5	7·0	100
Stenographers' posts carrying special pay	88·0	3·0	9·0	100
Other posts carrying special pay ..	97·0	3·0	..	100

If the above are not correct figures, will he kindly give correct figures and give the reasons for the complete preponderance of one community against Government orders in the above categories ?

Mr. J. A. Thorne : The correct figures in respect of these categories other than Assistants are given in the statement I have just laid on the table in reply to question No. 730. As regards Assistants, the percentages on 1st January, 1935, were :

Hindus, 63.5,

Muslims, 17.6,

Anglo-Indians, 10.8 and

Indian Christians, 1.6.

There were also 3.9 per cent. Europeans and 2.6 per cent. Sikhs. There is no " complete preponderance " of any one comumnity.

RESERVATION OF A SHARE OF MUSLIMS AND OTHER MINORITY COMMUNITIES IN PROMOTIONS IN THE GOVERNMENT OF INDIA DEPARTMENTS.

733. *Khan Sahib Nawab Siddique Ali Khan : In view of the state of Muslims in the Government of India Secretariat proper referred to in the preceding questions, is the Honourable the Home Member prepared to issue orders reserving a minimum share of 25 per cent. for Muslims and 8 per cent. for other minorities in all the departmental promotions and in the appointments carrying special pay ? Also in order to minimise the chances of favouritism by departmental officers, are Government prepared to entrust the matter of departmental promotions to a central authority in the Government of India ?

Mr. J. A. Thorne : The answer to both parts of the question is in the negative.

DETENTION OF FORD BUSES BY FRENCH AUTHORITIES AT CHANDERNAGORE.

734. *Babu Baijnath Bajoria : Will the Foreign Secretary be pleased to state :

(a) whether Government are aware that recently at the end of July, 1937, the French authorities at Chandernagore in Bengal detained two new Ford buses which were being carried by road from Calcutta to Gaya under the Bihar Government's trade plate and fined Rs. 599 for each bus, and the buses were not allowed to proceed before this exorbitant fine was paid ;

(b) if the answer to part (a) be in the affirmative, whether the French authorities at Chandernagore were justified in detaining the buses and fining the owner thereof ; if so, under what rules or regulation ;

(c) whether Government are aware that the French authorities at Chandernagore have recently made a regulation whereby all cars and trucks, other than those registered in Bengal, are required to have a permit of French circulation in order to cross the territories of Chandernagore and Goretty ;

(d) whether Government are aware that due to this regulation, the transport of all cars and trucks, registered in the United Provinces, the Punjab, Bihar, Orissa and the Central Provinces by road from Calcutta to these Provinces is suspended ;

(e) whether Government are aware of the serious inconvenience caused to the traders and public of these Provinces due to this suspension of traffic ; and

(f) whether Government propose to take immediate steps to have this regulation by the French authorities cancelled and thereby facilitate free transport of cars and trucks from Calcutta to all Provinces without let or hinderance by the French authorities at Chandernagore ; if not, why not ?

Lieut.-Colonel A. E. B. Parsons : (a) Yes.

(b) and (f). The matter is at present the subject of correspondence between His Excellency the Governor of the French Establishments in India and His Majesty's Consul-General at Pondicherry.

(c) The position is that all French and foreign owners of motor buses and lorries plying for hire in the French Establishments are liable to pay a quarterly tax on each vehicle according to the number of seats or capacity. An exception is made in the case of motor vehicles registered in Bengal as a reciprocal agreement is in force permitting the free circulation of the vehicles of both Governments in each other's territory. The present action appears to have been taken as retaliation against new registration rules in Bihar.

(d) and (e). Government have heard so.

Babu Baijnath Bajoria : Will the Government be pleased to negotiate with the Bihar Government and the French authorities to remove the present dislocation of traffic through Chandernagore ?

Lieut.-Colonel A. E. B. Parsons : As I have said in my anwser, Government have already taken up this question with the Governor of the French Establishments in India.

Babu Baijnath Bajoria : Will the Honourable Member be good enough to also take this matter up with the Bihar Government as the French authorities have retaliated against the new rules of the Bihar Government ?

Lieut.-Colonel A. E. B. Parsons : I don't think the Central Government can bring any pressure on an autonomous Provincial Government to alter its rules.

Babu Baijnath Bajoria : Will Government be pleased to bring this fact to the notice of the Bihar Government ?

Lieut.-Colonel A. E. B. Parsons : I think from the correspondence they know it already.

Mr. Ram Narayan Singh : May I take it that after the question is settled the Government will issue a communiqué on the subject ?

Lieut.-Colonel A. E. B. Parsons : That appears to be hypothetical.

Babu Baijnath Bajoria : Is it the present Bihar Government that has made the new rules or the previous one ?

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Lieut.-Colonel A. E. B. Parsons : I do not know.

Mr. Ram Narayan Singh : The Honourable Member said that my question was hypothetical, and I submit that it was not. My question was, after these matters were settled, would Government issue any communiqué on the subject for the information of the public concerned ?

(No reply.)

Mr. President (The Honourable Sir Abdur Rahim) : I do not know if the Honourable Member on behalf of Government is in a position to answer that question.

Lieut.-Colonel A. E. B. Parsons : I am quite willing to say that when the thing is settled we shall doubtless inform all concerned.

(b) WRITTEN ANSWERS.

INDIANS IN SHANGHAI.

735. ***Mr. M. Ananthasayanam Ayyangar** : (a) Will the Foreign Secretary be pleased to state the number of Indians who are at Shanghai at present as business men and as officials ?

(b) Has any damage been caused to the property of the Indians and if so, to what extent ?

(c) Has there been any loss of life in the Indian community at Shanghai due to the hostilities between the Japanese and the Chinese ?

(d) What is the latest position regarding the security of the Indian settlers there ?

(e) Have any, and if so what, facilities been given to the Indian settlers to return to India ?

Lieut.-Colonel A. E. B. Parsons : With your permission, Sir, I will answer the whole question together by giving the House the full information which has reached Government. The total number of Indian subjects in the Shanghai District is believed to be about 3,500 of whom two had been killed and ten wounded up to September the 9th. No estimate is possible of the loss of property. Opportunity has been taken to evacuate a large number of Indians by the Transport " Elephanta " for Calcutta. The numbers officially embarked were 151 men, 269 women and 362 children, but it is probable that a few more men got on board without registration and that some of the women the children already evacuated to Hongkong will join the ship there. They consist mainly of watchmen and their families with a few members of the police and jail staff and are reported in many cases to be destitute.

In Tientsin District there are reported to be 70 Indians and in Peking District about 20, but no damage to them or their property has been reported up to September the 9th.

As the House will have seen, the fighting has somewhat receded from the international settlement in Shanghai and the danger to inhabitants and their property there is, therefore, now less.

STRENGTH OF TROOPS SENT TO HONGKONG FROM INDIA.

736. *Mr. M. Ananthasayanam Ayyangar : (a) Will the Defence Secretary please state the total strength of the troops that went from India to Hongkong ?

(b) Where are they at present ?

(c) What help, if any, have they rendered to the Indian community till now in China ?

Mr. C. M. G. Ogilvie (a) I refer the Honourable Member to the answer I gave to Mr. Satyamurti's starred question No. 588 on the 17th September, 1937.

(b) Hong Kong.

(c) The battalion was despatched for internal security duties and the protection afforded by their presence is enjoyed by the Indian community in Hong Kong.

MILITARY TRAINING TO AND ARMING OF CIVIL POPULATION NEAR TRIBAL AREA.

737. *Mr. M. Ananthasayanam Ayyangar : (a) Has the attention of the Secretary for External Affairs been drawn to the news reported in the front page of the *Hindustan Times*, dated the 8th September, 1937, stating that Chaudhwan was raided by 120 tribesmen ?

(b) What is the protection afforded against such raids ?

(c) Do Government propose to consider the desirability of giving military training to and arming the civil population living close to the tribal area on the borderland to counteract such raids ?

Lieut.-Colonel A. E. B. Parsons : (a) Yes.

(b) Protection is afforded against raids of this nature by the Frontier Constabulary and other armed forces.

(c) A considerable number of villagers have already been enlisted as levies, and in addition a large number of defence rifles have been issued. In spite of this villagers have in most cases failed to put up any effective resistance to raiding gangs. Government, therefore, do not contemplate the extension of the system.

INSULT TO NATIONAL FLAG BY BRITISH SOLDIERS.

738. *Mr. M. Ananthasayanam Ayyangar : (a) Has the attention of the Defence Secretary been drawn to the news appearing under the heading "Tommy insults national flags" on the front page of the *Hindustan Times*, dated the 8th September, 1937 ?

(b) What steps are being taken to prevent similar incidents by army officials and soldiers ?

Mr. C. M. G. Ogilvie : (a) and (b). Government have seen the article in question.

The matter was fully investigated, but neither the military nor civil police could trace the alleged offender. In the absence of any proof, Government have no reason to believe that a British soldier was involved.

WITHHOLDING OF A TELEGRAM SENT TO THE PRIME MINISTER OF THE UNITED PROVINCES REGARDING FLOODS.

739. *Mr. Sri Prakasa : (a) Will the Home Secretary state if it is a fact that Messrs. Sarju Singh and Badan Singh sent a telegram to the Prime Minister of the United Provinces Government from the Moghal Sarai Railway Station Telegraph Office on the 5th August last, regarding floods in the village of Yusufpur in the district of Mirzapur, requesting investigation and assistance and complaining against the indifference of local authorities ?

(b) Is it a fact that the said telegram was detained by the Telegraph Office and not transmitted to the addressee and that the senders were informed that the telegram could not be sent, as it was objectionable and that the money paid for it might be recovered within a week from the Telegraph Office ?

(c) Why was this telegram stopped ? Under what authority did the Telegraph Office act ?

(d) Is there any rule giving power to the telegraph authorities to prevent communication between private citizens and the Provincial Prime Ministers regarding local troubles ?

(e) Are Government aware that there are still floods in many Provinces and immediate communication may be necessary in the public interest between the sufferers and the Provincial Government, and are Government prepared to issue immediate instructions that such telegrams are not interfered with but transmitted immediately ?

(f) Do Government propose to take any steps and if so, what, in connection with the stoppage of this particular telegram ?

Mr. J. A. Thorne : (a) Yes.

(b) The telegram was stopped : but I do not know what information was given to the senders.

(c) and (d). The telegram was stopped by an order issued by the District Magistrate of Benares under section 5 (*1*) (*b*) of the Telegraph Act.

(e) and (f). So far as action is legally taken under the Act by a Provincial Government or by an officer authorised by a Provincial Government, it is not open to the Central Government to question it.

†740*—742*.

THE INDIAN MINES (AMENDMENT) BILL.

PRESENTATION OF THE REPORT OF THE SELECT COMMITTEE.

The Honourable Sir Thomas Stewart (Member for Industries and Labour) : Sir, I beg to present the Report of the Select Committee on the Bill further to amend the Indian Mines Act, 1923, for certain purposes.

THE INSURANCE BILL.

Mr. President (The Honourable Sir Abdur Rahim) : The House will now resume consideration of the Bill to consolidate and amend the law relating to the business of insurance, as reported by the Select Committee.

The clause that is to be taken into consideration according to the arrangement arrived at is clause 26. The question is :

" That clause 26 stand part of the Bill."

The Honourable Sir Nripendra Sircar (Law Member) : I desire to make a statement which may help to expedite matters. There are more than 150 amendments to clause 26. My amendment which is No. 2 on the Supplementary List No. 4 is the most comprehensive covering the different component parts of other amendments. I think that if that amendment is taken up first, possibly matters will be expedited, because I find that, of the two Groups, that represented by Mr. Aney's Group have given notice of an amendment which really makes no change in the amendment, but wants that 66 2|3 be reduced to 50.

Mr. President (The Honourable Sir Abdur Rahim) : That would be an amendment to an amendment.

The Honourable Sir Nripendra Sircar : Yes. Similarly, I find that Mr. Bhulabhai Desai, along with two others, has given notice of an amendment which wants 66 2|3 to be reduced to 55,—that is another amendment. But subject to that no changes have been indicated so far as the amendments are concerned. Mine, as you will see, is a comprehensive amendment. I want a new clause to be substituted for clause 26 and I am suggesting to the House and also to the Chair—of course, the matter of taking amendments in any order is in your discretion, but I am suggesting for your consideration and am making a request to you that you will allow me to move that amendment because it will shorten matters.

†These questions were withdrawn by the questioner.

Mr. President (The Honourable Sir Abdur Rahim) : This is a comprehensive amendment as the Honourable Member says he seeks to substitute a new clause for clause 26 of the Bill. I allow the Honourable Member to move his amendment.

The Honourable Sir Nripendra Sircar : Sir, I beg to move :

" That for clause 26 of the Bill, the following be substituted :

' 26. (*1*) Every insurer incorporated or domiciled in British India shall at all times invest and hold invested, assets equivalent to two-thirds of the sum of the amount of his liabilities to holders of life insurance policies in British India on account of matured claims and the amount of the reserve necessary to meet outstanding claims on policies of life insurance maturing for payment in India, less the amount of any deposit made under section 6 by the insurer in respect of his life insurance business and less any amount due to the insurer for loans granted by him on policies of life insurance, in the manner following, namely, one-half of the said assets in Government securities and a further sum equal to not less than one-half of the said assets in Government securities or other approved securities or securities of or guaranteed as to principal and interest by the Government of the United Kingdom.

Explanation.—The provisions of this sub-section shall apply also to insurers incorporated in or domiciled in the United Kingdom.

(*2*) An insurer incorporated or domiciled elsewhere than in British India or the United Kingdom shall at all times invest and hold invested assets equivalent to the sum of his liabilities to holders of life insurance policies in British India on account of matured claims and the amount of the reserves necessary to meet outstanding claims on policies of life insurance maturing for payment in India, less the amount of any deposit made under section 6 by the insurer in respect of his life insurance business and less any amount due to the insurer on loans granted by him on policies of life insurance in the manner following, namely, as to 33-1|3 per cent. thereof in Government securities, and as to the balance in Government securities or other approved securities or securities of or guaranteed as to principal and interest by the Government of the United Kingdom.

(*3*) An insurer carrying on business at the time of commencement of the Act to whom sub-section (*1*) or sub-section (*2*) applies shall before the expiry of four years from the commencement of this Act invest the total amount required to be invested by those sub-sections in the manner required thereby :

Provided that of such total amount the insurer shall have invested not less than one-fourth in securities of the nature specified in sub-section (*1*) before the expiry of one year, not less than one-half before the expiry of two years, and not less than three-fourths before the expiry of three years from the commencement of this Act.

(*4*) The assets required by this section to be held invested by an insurer to whom sub-section (*2*) applies shall be held in trust for the discharge of claims of the nature referred to in sub-section (*2*) and shall be vested in trustees resident in British India and approved by the Central Government by an instrument of trust which shall be executed by the insurer and approved by the Central Government and shall define the manner in which alone the subject matter of the trust shall be dealt with.

Explanation.—Sub-sections (*2*) and (*4*) shall apply to an insurer incorporated in British India whose share capital to the extent of one-third is owned by, or the members of the Governing Body to the extent of one-third consists of individuals of domiciles other than those of British India or the United Kingdom ',"

If I may explain in simple language the purport of this long amendment, it is this. It starts by dividing companies into those incorporated or domiciled in British India, that is one part, and the second part, incorporated or domiciled outside British India and by reason of the explanation given to paragraph 1, the same law is being made applicable to

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insurers domiciled or incorporated in the United Kingdom, and in British India. I am not advocating the method of stating expressly that the United Kingdom companies are deemed to be Indian companies, although we are proceeding on that footing. If that question has got to be raised later on in connection with some other matter, I do not desire that anything should be done in this Bill by which a definite pronouncement of the House will be made as to the legal effect of section 113. That is not necessary. Then, Sir, the result of this division is this, that so far as the Indian companies are concerned, by reason of the explanation, the same law will be applicable to companies incorporated or domiciled in the United Kingdom. We have got first of all to ascertain a sum which may be called X, which represents the amounts required by the insurer to pay the matured claims on policies of life insurance, plus a reserve which has got to be calculated by actuaries finding out what sum will represent the value of the claims which are maturing, or, if I may put it in colloquial words, X means the sum in respect of matured claims plus the sum in respect of claims maturing. These two added together give us the figure X.

Now, Sir, of this X, so far as Indian companies are concerned, two-thirds are to be dealt with in a particular manner. The question may be at once asked, ' Why two-thirds, why not cent. per cent.'. To that the answer is this. I have considered the matter very carefully for days and days, if not for weeks and the position seems to me to be this. It may cause some slight inconvenience to the United Kingdom companies but so far as Indian companies are concerned, I am positive in my conviction that many of them will be unable to comply with this requisition, if this requisition is extended to one hundred per cent. Of course, the ideal state of things for the policy holders and the goal which has got to be kept in mind is that, if possible, they should be secured to the extent of 100 per cent. and not to the extent of 80, 60, or 40 but the ideal is difficult of attainment and because there was no law in force having similar provisions in this country at any time, the result is that the investments as also the conditions of many of the Indian companies are such that it is not possible for them to comply at once with the requisition extending to 100 per cent. Sir, it is not possible to have any scientific basis for fixing the percentage up to which Indian companies can bear. My suggestion of 66 2|3 per cent. must be empirical. There is no scientific calculation involved in it. One has got to make up one's mind, after considering everything, as to what is the limit to which one should go. I find this view is not shared by the two Groups who have given notice of amendments. Pandit Aney's Group makes it 50 per cent. and my Honourable friend, the Leader of the Opposition and two of his colleagues, have given notice of an amendment to my amendment by which the figure of 66 2|3 is to be reduced to 55, that is 25 in Government securities and 30 in approved securities and so on. As I said, there is no scientific method by which you can arrive at this percentage, whether this percentage should be 66, or 60 or 55 or 53 or 40. 100 per cent. is of course the ideal but I do submit to this House that the ideal is not attainable in the sense that you will then by this Bill put a very large number of Indian companies in the greatest difficulty and, in connection with many others, in insurmountable difficulties. As regards the figure of 66 2|3, it is not a figure which is sacrosanct, so far as I am

concerned. Whether the House will accept 55 or 50 or 66 2|3 is a matter for the House to decide. I follow Dr. Ziauddin's example, namely, I want to get the highest which I can secure from this House. If I can get 55, I shall oppose 50. If I think I am not getting it, I shall be satisfied with what the House will give me.

Mr. M. A. Jinnah (Bombay City : Muhammadan Urban) : What is the best figure for policy-holders ?

The Honourable Sir Nripendra Sircar : 100 per cent. should be kept in Government securities. That is the best. That is the ideal which we should try for.

Mr. Akhil Chandra Datta (Chittagong and Rajshahi Divisions : Non-Muhammadan Rural) : If there is war tomorrow ?

The Honourable Sir Nripendra Sircar : 100 per cent. in cash.

An Honourable Member : Gold.

The Honourable Sir Nripendra Sircar : Gold is a dangerous subject. I am not going into it. I thought of silver. As regards non-British companies, companies incorporated outside British India and the United Kingdom, the provision is for one hundred per cent., the fund not being left under their control but vested in trustees who will be residents in British India and whose names, as well as the terms of the trust deed, should be approved by the Central Government. I am sure that possibly some of my friends will tell me that as regards these companies you are following the Canadian Act but as a matter of fact this is in one sense stricter than the Canadian Act, because the Canadian Act permits much larger latitude in the matter of investments. For instance, they will allow securities of the country of origin of the foreign company concerned. One cannot possibly do that here in connection with, for instance, Germany or Italy or any of the continental countries and, if we are going to make no distinction between company and company, the same law should apply to all, I mean, all those who are incorporated outside these two places. Then, Sir, the Select Committee provided for 100 per cent. and it also gave one year. I believe it has been the experience of every Member of this Honourable House that the Indian companies have made the point that it is not possible for many of them to keep 100 per cent. and they have equally made the point that one year is too short. We propose, therefore, to give them four years, the requisition to be carried out in four quarterly instalments. Four years is not too long remembering that out of our kidness to the young companies we have given them ten years for paying in a lakh and a half and this means putting in lakhs and, in some cases, as I gave the figures on the last occasion, possibly crores of rupees and, therefore, four years in four equal instalments is by no means unreasonable. It really means nearly five years because it is four years from the commencement of the Act. Over this matter there has been a long discussion. The matter has already been thrashed out and I do not want to go into it again but I am only reminding the House, that question was raised as to whether under section 113, an U. K. company, merely because it is an U. K. company, can get its benefits although, as a matter of fact, the shareholders are mostly non-British. I won't go into that matter and without going into that matter I may state that what has been provied for is this. So far as companies

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incorporated in British India are concerned, that is a matter for which undoubtedly we have a right of legislation, uncontrolled by any considerations of the Government of India Act of 1935. Our hands are completely unfettered. It is provided that if, for instance, a number of Germans start a company here and if at least one-third of the capital owned by the shareholders is held by these people, then it will be treated as a foreign company, that is to say, they will be required to keep 100 per cent. assets vested in trustees and under a deed of trust. That, Sir, is the purport of this amendment. As I said, I will not try to re-agitate questions on which I had my full say and on which I have nothing to add, I mean questions relating to section 113 and so on.

Sir, I move.

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

" That for clause 26 of the Bill, the following be substituted :

' 26. (*1*) Every insurer incorporated or domiciled in British India shall at all times invest and hold invested, assets equivalent to two-thirds of the sum of the amount of his liabilities to holders of life insurance policies in British India on account of matured claims and the amount of the reserve necessary to meet outstanding claims on policies of life insurance maturing for payment in India, less the amount of any deposit made under section 6 by the insurer in respect of his life insurance business and less any amount due to the insurer for loans granted by him on policies of life insurance, in the manner following, namely, one-half of the said assets in Government securities and a further sum equal to not less than one-half of the said assets in Government securities or other approved securities or securities of or guaranteed as to principal and interest by the Government of the United Kingdom.

Explanation.—The provisions of this sub-section shall apply also to insurers incorporated in or domiciled in the United Kingdom.

(*2*) An insurer incorporated or domiciled elsewhere than in British India or the United Kingdom shall at all times invest and hold invested assets equivalent to the sum of his liabilities to holders of life insurance policies in British India on account of matured claims and the amount of the reserves necessary to meet outstanding claims on policies of life insurance maturing for payment in India, less the amount of any deposit made under section 6 by the insurer in respect of his life insurance business and less any amount due to the insurer on loans granted by him on policies of life insurance in the manner following, namely, as to 33-1|3 per cent. thereof in Government securities, and as to the balance in Government securities or other approved securities or securities of or guaranteed as to principal and interest by the Government of the United Kingdom.

(*3*) An insurer carrying on business at the time of commencement of the Act to whom sub-section (*1*) or sub-section (*2*) applies shall before the expiry of four years from the commencement of this Act invest the total amount required to be invested by those sub-sections in the manner required thereby :

Provided that of such total amount the insurer shall have invested not less than one-fourth in securities of the nature specified in sub-section (*1*) before the expiry of one year, not less than one-half before the expiry of two years, and not less than three-fourths before the expiry of three years from the commencement of this Act.

(*4*) The assets required by this section to be held invested by an insurer to whom sub-section (*2*) applies shall be held in trust for the discharge of claims of the nature referred to in sub-section (*2*) and shall be vested in trustees resident in British India and approved by the Central Government by an instrument of trust which shall be executed by the insurer and approved by the Central Government and shall define the manner in which alone the subject matter of the trust shall be dealt with.

Explanation.—Sub-sections (*2*) and (*4*) shall apply to an insurer incorporated in British India whose share capital to the extent of one-third is owned by, or the members of the Governing Body to the extent of one-third consists of individuals of domiciles other than those of British India or the United Kingdom '."

Now, I will allow amendments Nos. 6 and 7 on printed Supplementary List No. 6, to be moved.

Mr. K. Santhanam (Tanjore *cum* Trichinopoly : Non-Muhammadan Rural) : Sir, I beg to move :

" That in amendment No. 2 on Supplementary List No. 4, by the Honourable Sir Nripendra Sircar, regarding the substitution of clause 26 in sub-clause (*1*) :

(*a*) for the word ' two thirds ', occurring in the third line, the words ' fifty-five per cent.',

(*b*) for the words ' one-half of the said assets ', occurring in the ninth line, the words ' twenty-five per cent. of the said sum ',

(*c*) and for the words ' one-half of the said assets ', occurring in the tenth line, the words ' thirty per cent. of the said sum ',

be substituted."

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

" That in amendment No. 2 on Supplementary List No. 4, by the Honourable Sir Nripendra Sircar, regarding the substitution of clause 26 in sub-clause (*1*) :

(*a*) for the word ' two thirds ', occurring in the third line, the words ' fifty-five per cent.',

(*b*) for the words ' one-half of the said assets ', occurring in the ninth line, the words ' twenty-five per cent. of the said sum ',

(*c*) and for the words ' one-half of the said assets ', occurring in the tenth line, the words ' thirty per cent. of the said sum ',

be substituted."

Mr. Akhil Chandra Datta : Sir, I beg to move :

" That in amendment No. 2 on Supplementary List No. 4, by the Honourable Sir Nripendra Sircar, regarding the substitution of clause 26, in sub-clause (*1*), for the word ' two-thirds ', occurring in the second line, the words ' fifty per cent.', be substituted."

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

" That in amendment No. 2 on Supplementary List No. 4, by the Honourable Sir Nripendra Sircar, regarding the substitution of clause 26, in sub-clause (*1*), for the word ' two-thirds ', occurring in the second line, the words ' fifty per cent.', be substituted."

Dr. P. N. Banerjea (Calcutta Suburbs : Non-Muhammadan Urban) : Sir, I have an amendment to this clause on printed list.

Mr. President (The Honourable Sir Abdur Rahim) : Only amendments to the amendment moved by the Leader of the House can be moved now formally.

As there is no other such amendment, the discussion will proceed on the amendment to clause 26 moved by the Leader of the House and amendments Nos. 6 and 7 on printed Supplementary List No. 6 which have been moved.

Mr. K. Santhanam : Sir, I rise to commend to the support of the House the amendment I have moved. The Honourable the Leader of the House has stated that there is no sanctity about the figure. He also said that so far as the interests of the policy holders are concerned, the hundred per cent. investment in Government and approved securities is the goal to be aimed at. In one respect that is true, but from another stand-point it is not quite correct, because the policy holder is interested not merely in the security but also in the bonus he has to get, and this bonus is dependent upon the interest which the insurer will get. If the amount is invested in Government and approved securities, the interest accrued will be low and, therefore, the bonus of the policy holder will also be low. Therefore, it is not quite correct to say that in the interests of the policy holder all the amount should be invested in Government or approved securities.

The Honourable Sir Nripendra Sircar : May I explain to the Honourable Member ? I have given that only as an example. I was laying no stress on Government securities. What I intended to convey was that they should be secured to the extent of 100 per cent. I was not making a special point of Government Securities.

Mr. K. Santhanam : I accept the explanation. Now, I wish to explain in a word or two why we prefer 55 per cent. rather than 66 per cent. or two-thirds which the Honourable the Leader of the House wants. Our idea is that five per cent. may be allowed for the loans to the policy holders and, therefore, roughly speaking, 50 per cent. of the reserve liability should be invested in Government and approved securities. It is only to secure this 50 per cent. that we have allowed 55 per cent. because five per cent. would be covered by the loans to policy holders.

I would like to add a word or two on two more points. I am afraid many of my friends, including myself, are not satisfied with the way in which the non-Indian insurers have been defined. Some discrimination has been attempted against non-British and non-Indian insurers. Of course, so far as we are concerned, we think that the British insurers are quite as foreign to us as the German, Dominion or any other insurers. But, unfortunately, we are in this helpless position and it is with a great searching of heart that we have re-conciled ourselves to this position. Then, again, as regards the last explanation, I am very glad to see that the Honourable the Leader of the House has been converted. When the Congress Party proposed to define " Indian insurer " as someone who has got three-fourths share capital and three-fourth of the governing body in India, then the Leader of the House ridiculed the amendment by saying : " how can you find out the share capital ? Where will be the shares ? Can we discover them " ? The Honourable the Leader of the House raised many such legal points. Now, I am glad that he has at last been able to discover whether one-third or two-third is Indian or foreign. I am very glad that he has been converted and I hope this process of conversion will go on and that in course of time, he will come to realise our ideas about finding non-Indian people and when we bring forward an amendment defining ' Indian insurer ' at any time when an amending Bill is brought forward, I hope the Honourable the Leader of the House would give his support to it.

With these words, I commend my amendment for the acceptance of the House.

Mr. Akhil Chandra Datta : Sir, it is no use discussing the principle whether there should be any restriction at all or not. We have given way. It is now only a question of percentage, whether it should be 66 2|3 or 55 per cent. or even 50 per cent. Having regard to the statement already made by the Honourable the Leader of the House that he is quite agreeable either to 50 per cent. or 55 per cent., the controversy now narrows down to this : let it be 55 per cent. or 50 per cent.

Now, Sir, before proceeding further, may I make an appeal not so much to the Leader of the House because he has already very kindly told us that he is quite agreeable to 50 per cent., but may I make an appeal to the Leader of the Opposition to reduce it to 50 from 55 per cent. and not to insist on.....

Mr. Mohan Lal Saksena (Lucknow Division : Non-Muhammadan Rural) : Is the Honourable Member so sure of the Leader of the House ?

Mr. Akhil Chandra Datta : I think I am sure. I may tell the Leader of the Opposition this much that if he agrees, I am quite sure that the Honourable the Leader of the House will agree. The whole question now rests with the Leader of the Opposition. As it has been very well said, after all there is nothing sacrosanct in these figures. After all it is very difficult to draw the line of demarcation between 55 and 50 per cent. In view of that, my reply (interruption)—I have told my friend, Mr. Satyamurti, that my application is prior to his. It is not merely a matter of joke. I really feel that on grounds more than one, too much amount should not be invested in this sort of security. As I still have not got any very keen response from the Honourable the Leader of the Opposition, he being busy otherwise, I have to make my submission to the House. What is the principle ? Of course as regards these figures there is no principle. It is extremely difficult to say that on any principle we should fix 55 per cent. or 50 per cent. I can very well understand the question of principle when the controversy is between 100 per cent. and 50 per cent. But when it is only a question of between 55 per cent. and 50 per cent., I submit no principle is involved. All the same, insurance companies go upon certain fundamental principles on this question of investment. I am in promise bound not to take too much time and, therefore, I shall be brief. My case is this, that experts all over the world are of opinion that gilt edged securities, so far as life insurance business is concerned, are not good investments. Walter T. May, F. I. A. has given his views about this. Another expert Mr. W. Worthington, F.I.A. says :

" British Government securities have not been for many years seriously entertained as investments for life assurance funds. The low interest yield in itself is sufficient to render them unsuitable in any large amount, and in addition to this drawback, ' Consols ' are peculiarly liable to fluctuations in value as a result of international complications."

Another expert, Mr. Harold E. Raynes, protests very strongly against " any rigidity of mind on the apportionment of a fund without

[Mr. Akhil Chandra Datta.]

consideration to current conditions '' and he says it is thoroughly unsound. He says :

'' Investments cannot be grouped into watertight compartments where the quantity in each bears a fixed ratio to the whole. The position must be kept mobile. The economic world is a changing, developing, evolutionary one—never more so than now—and we have to adjust ourselves to the growing entity of which we form a part.''

That is also the opinion of the Clauson Committee. Here is another opinion of Mr. W. Palin Elderton whom I had the pleasure of hearing the other day at a conference of insurance companies in Munich. He says :

'' Now take the life office. It has to build up a reserve : the speed of the building depends in part on the interest it earns : it will not have to realise suddenly so it can sacrifice something in marketability for additional income.''

I have got opinions of other experts, 25 or 30 in number on this question. All these experts are of opinion that so far as life insurance offices are concerned investment in gilt-edged securities is not suitable, for the simple reason that life funds must earn some interest. I need not labour this point further. The Honourable the Leader of the House told us, the other day, in his speech on the general discussion that he has been impressed by the representations made to him on this point and he expressed his opinion that the forms of investment should not be rigid. Now, Sir, may I say a word about the percentages in other countries. The principal British companies, at the end of 1932, show that 20.4 per cent. of their total assets were held in British Government securities.

The Honourable Sir Nripendra Sircar : Your amendment makes no suggestion about the different forms of investment and so on. The sole question is whether it is to be 55 per cent. or 50 per cent. or 66 2|3 per cent. Are these of any relevancy ?

Mr. Akhil Chandra Datta : It is relevant in this way. I am trying to convince the House that if you make a rigid percentage and if you put all the eggs in one basket, that is in the Government securities basket, it is wrong.

The Honourable Sir Nripendra Sircar : I have provided for two baskets. The two baskets are exactly similar.

Mr. Akhil Chandra Datta : My point is this : that you propose to put 2|3 in one basket which is not a suitable basket at all. That basket has been condemned by all the experts.

An Honourable Member : Which basket is that ?

Mr. Akhil Chandra Datta : The basket of Government securities.

Now, Sir, the whole question is whether 55 or 50 per cent. should be invested in Government securities or should be invested in other securities. The principal British companies at the end of 1932 show that 20.4 per cent. of their total assets were held in British Government securities while 27.2 per cent., 42.3 per cent. and 10.1 per cent. were held, respectively, in mortgages and loans, Stock Exchange securities and Reversionary interests, properties, etc. The trend of the principal American companies is,—Mortgages, 36 per cent., etc. In the Continent of Europe also conditions are not very different, the loans on mortgages in the

year 1928 being shown as 40 per cent. of the total assets. Then, as regards Canada, the position is this. Loans on Mortgages and Collateral Loans, 34.42 per cent.; Government and Municipal Bonds, 28.61 per cent. ; Industrial Bonds and Shares, 14.80 per cent. ; Land and House Property, 2.87 per cent.

An Honourable Member : Let us have that.

Mr. Akhil Chandra Datta : Yes, let us have that, although I am not much in love with Canada. The Leader of the House has great love for Canadian law and the Leader of the Opposition also worships in the same temple on this point, although in some other matters they are as poles asunder. These figures of the percentages of other countries show that there a small portion of the money is invested in Government securities. I wish to draw the attention of the House to another aspect of the matter. In these days people put their savings either in a bank or in an insurance company. Of course so far as insurance companies are concerned, there is some risk and that is an important factor to be taken into consideration. But subject to that, policy-holders do expect some return for their money, not merely the identical amount they put in ; and, therefore, there is an inherent difference between the banks and the insurance companies with regard to investments, for the simple reason that in the bank the depositors' money is withdrawn at very short notice, whether it is a current or fixed deposit. There may be a run of course but in the case of insurance companies there cannot be a conspiracy of people dying all at the same time or in the same month. These are the reasons why there is an inherent difference as regards investment by banks and investment by insurance companies. But, all the same, only about 12 months ago we had some legislation when there was no restriction placed on the banks with regard to investments except only with respect to reserve fund. If there be no restriction on banks with regard to investments, why should there be restrictions with regard to investments by insurance companies ? Apart from the question of interest, from my personal experience I think gilt-edged securities are always better securities than trust securities. The result of too much money being invested in these securities is.....

The Honourable Sir Nripendra Sircar : That is your amendment. Your amendment and mine are the same. All these points are absolutely irrelevant.

Mr. Akhil Chandra Datta : I have already told the Law Member that I do not quarrel with him ; my quarrel is with my Honourable friend, the Leader of the Opposition.

Then, Sir, we have the recommendation of the Banking Inquiry Committee. That recommendation is that investments should be in such a manner that the industries of the country may get the benefit.

The Honourable Sir Nripendra Sircar : You are opposing your own amendment.

Mr. Akhil Chandra Datta : My amendment is 50.

The Honourable Sir Nripendra Sircar : This has nothing to do with 50. Your 50 means exactly the same investments as my 66. Therefore, the Banking Inquiry Committee and American rates, etc., have nothing to do with this.

Mr. Akhil Chandra Datta : I am only saying that less money should be put in these Government securities than has been proposed and, therefore, I propose 50 per cent. I can only refer to one observation of the Leader of the Opposition which he made during the general discussion of the Bill. He said that because the insurance companies are earning a proportionately larger interest, that is how the Indian companies have prospered and have grown. My only appeal to him is that he should not stand in the way of that prosperity and that growth by insisting upon 55.

Mr. B. Das (Orissa Division : Non-Muhammadan) : Sir, I should like to say a few words on this amendment of the Honourable the Law Member which I find the House is going to accept, but with great regret and reluctance, rather great reluctance, I have to support it. I wish to speak a few words on the two explanations which the Honourable the Leader of the House has put in in this clause. On the whole these explanations go only half way to satisfy our demands because, at the same time, it is a humiliation and an insult that we cannot define an Indian insurer on the floor of this House. But I do hope, Sir, that an occasion will arise, hereafter, when this House will be unanimous, at least the Indian element of it, in regard to the definition of an Indian insurer or an Indian businessman, but, Sir, we have got to be thankful for small mercies, and, therefore, in the circumstances, knowing the temper of the House, I feel this explanation ought to be accepted. I have one satisfaction, I declare it on the floor of this House, that subjects of British Dominions are to be treated as foreigners. I do stress that point in my humiliation : I feel I have, at least, once humiliated Canada and South Africa.

I will only say one word about what the Honourable the Deputy President said. He made much of the point that if five per cent. could be released it would go towards the speculation of the insurance proprietors in lands and buildings. I think India is a country of landed gentry and landed proprietors. I do not see why insurers should speculate in buildings and land. From the little I have been able to gather from the documents which have been placed before me that wherever insurers have speculated in landed property and buildings they have made a mess, and I do not want them to speculate any more in landed property. Facts are convincing that many insurance companies are dabbling in landed property, and they have no business to do that.

Mr. Akhil Chandra Datta : My personal experience is different.

Mr. B. Das : In your own province the Hindustan Insurance Company invested large sums of money in landed properties which brought no good to it. So also did some Bombay companies.

Much has been said on the floor of the House in regard to Government securities. I am not one of those who believe that if at any time we replace this Government, any investment in Government securities will deteriorate. We have to see that national credit is maintained unimpaired whether it is a national Government or an alien Government. Government securities are the only investments that are bringing today to insurance companies, specially those that are struggling, a higher and stable rate of interest. They say that they will get less interest from Government securities because they want to play ducks and drakes with the policy-holders' money. If the Honourable the Leader of the House's amendment, as modified by our Party, is accepted, they will have less freedom to play ducks and drakes with the policy-holders' money. With these few observations I support the amendment of the Leader of the House as amended by my friend, Mr. Santhanam.

Mr. Muhammad Azhar Ali (Lucknow and Fyzabad Divisions : Muhammadan Rural) : Sir, on this subject I have not much to say, but I would like to make a suggestion to the House simply to avoid all worry and trouble over this Insurance Bill. Our friend, the Deputy President, in his speech has boiled down the whole subject to two points, and it is this : that either 55 per cent. or 50 per cent. should be decided amongst ourselves. It is quite possible, Sir, that there might be a wager outside the House over the decision of the House. I would, therefore, suggest that the Leader of the Opposition and the Deputy President,—as they are sitting together, they are partners of the same bed,—might cast lots between themselves and decide the whole question. If the Honourable the Law Member has got a rupee in his pocket, he can give that rupee to our friends who can decide by lots, and then the whole House, I am sure, will feel very grateful. As to the definition of Indian insurer, I agree with my friend, Mr. Das, that we shall be grateful to the Honourable the Leader of the House if some definition can be produced on the floor of the House about Indian insurer. With these remarks, I take my seat.

Babu Baijnath Bajoria (Marwari Association : Indian Commerce) : Sir, the postponement of discussion of this important clause for a few days has done us a good deal of good. During these few days this very contentious clause which would have taken several days in discussion in this House has been settled to a great extent outside and a general agreement has been arrived at between all sections of the House. Now the only question is whether we should have two-thirds or 55 or 50 per cent. of the liability, *i.e.*, claims matured and maturing invested in Government and other approved securities. As the Honourable the Leader of the House has agreed to abide by the decision of the House, the issue has been narrowed down a good deal, and there is no fight on principle. Between 55 and 50 I would support 50 as in my opinion 50 is just half. I do not know by what calculations 55 was arrived at. 50 does not require a mathematician of Dr. Ziauddin's calibre, but 55 requires one for calculation. I quite agree with my friend, Mr. Azhar Ali, that if they will settle up their difference by splitting it up or by casting lots or by tossing, we will abide by that. I am also glad that the Law Member has made a discrimination as regards investments by foreign companies which have their head offices outside India and United Kingdom. It is absolutely necessary that we must have absolute control over the assets of foreign companies in this country because in the event of war or any other eventuality our policy-holders may be landed in difficulties. So, I thank the

[Babu Baijnath Bajoria.]

Honourable the Law Member about this provision of 100 per cent. for foreign companies. I also approve of the provision he has made that the investments should be in the hands of trustees to be approved by the Central Government. I am sorry I cannot agree with the remarks of my Honourable friend, Mr. B. Das, when he says that mortgages on landed properties are not a sound investment and he does not like it. As far as my experience goes, mortgages on house properties, both in Calcutta and Bombay, and probably in other big towns are very good investments : they are more lucrative than Government securities.....

The Honourable Sir Nripendra Sircar : I can make an offer to Mr. Bajoria : I am the unfortunate holder of two mortgage decrees : I can give them to him for half—50 per cent.

1 P.M.

(Laughter.)

Babu Baijnath Bajoria : Probably he has sold the house properties and the balance of the mortgage decrees he wants to sell to me ! I support the amendment of the Leader of the House together with the amendment of the Deputy President, and I hope the Congress Party will not stick to their prestige that they must have their amendment carried : I am seeing for the last few days that they always stick like a leech to their amendments even if they are slightly different from the amendments of other Groups, and they do not want to give way in the least. I would like that the Congress Party will sportingly withdraw their amendment and allow the amendment of the Deputy President to be carried.

Dr. P. N. Banerjea : Sir, the investment of the assets of an insurance company is important from many points of view. There are several considerations which should be kept in view in discussing this question. The most important of these is safety of the company. Subject to this and consistently with this, the next important consideration is the earning of an adequate rate of interest : and subject to these two again, there is a third consideration which should be kept in view specially in a country like India and that is, the assistance which can be afforded to industrial development. As regards the first, namely, the question of safety, it is always desirable to spread the assets over a very wide field : that is the most important factor. In European countries during the great war and after, certain forms of securities became absolutely useless. Government securities in Germany, Austria, Russia and several other countries became mere scraps of paper. But investments in some other securities were more valuable. Therefore, I suggest that we should not allow our insurance companies to invest a large percentage of their assets in Government securities.

Then, coming to the question of the earning of interest, we all know that there are certain securities which yield much greater rates of interest than Government securities, and this is beneficial to the shareholder as well as to the policy-holder, because if the interest earned is larger, the policy-holders get the benefit in the shape of an increased bonus. From the point of view of safety also, the earning of interest is important. If the interest earned is very small, it will be exceedingly difficult for a company to meet its liabilities.....

Mr. B. Das : But they never invest in industrial securities.

Dr. P. N. Banerjea : They should. In this connection I may point out that it is not as necessary for an insurance company to invest its assets in a liquid form as it is for a commercial bank or an industrial concern, because there is no likelihood of a run on an insurance company as there is always a possibility in the case of a commercial bank.

Let us now see what restrictions are placed on investments in other countries. We find that in the United Kingdom no restrictions are placed ; and if you read the Clauson report you find that this committee did not advocate any restriction except with regard to one small matter : they suggested that an insurance company should not invest in another insurance company except with the permission of a Court.

Coming to Canada and the Canadian law—which is a favourite subject with many of us—we find that insurance companies are allowed to invest their assets over a very wide range : for instance, in government securities, debentures of various sorts, preferred stocks, and even common stocks, with a little proviso that not more than 15 per cent. should be invested in common stocks. As regards the government securities the term here is used in a very wide sense : government securities in the Canadian law include not only the securities guaranteed by the Government of Canada Dominion or that of any other provinces, but also municipal corporations. But here our approved securities do not include the debentures issued by the municipal corporations, except those of the Presidency towns. It is true that in the United States there are in many of the States more stringent restrictions with regard to the investment of funds. But taking them as a whole, we find that preference is always shown towards the scattering of investments over a wide field.

Sir, in this connection I should like to draw the attention of this House to the percentages in which investments are held in Government securities in different countries. My Honourable friend, Mr. Datta, has dealt with this point at considerable length, and I shall therefore confine my remarks only to the percentage which is held in the United Kingdom in Government securities. In 1935, it was less than 25 per cent. Therefore, Sir, if we here in India hold 25 per cent. of our investment in Government securities it cannot be said to be an unreasonable proportion. The Honourable the Law Member when he framed his Bill was content with providing 33 1|3 per cent. to be invested in securities, but a mistake on the part of some members of the Select Committee raised his ambition, and he now wants 66 2|3 per cent.,—his appetite has grown.....

The Honourable Sir Nripendra Sircar : But I won't get the full meal.

Dr. P. N. Banerjea : But I must confess, Sir, that the Honourable the Law Member is modest in his demand, because he says that if he cannot get 66 2|3 per cent. he will be satisfied with 55 per cent. or even 50 per cent.

Now, Sir, there is one other matter to which I wish to refer. I have already discussed two of the considerations which ought to be kept in view, but there is also a third consideration which should not be ignored, and that is the needs of the industries in this country. In every country considerable proportions of the assets of insurance companies are held in debentures of sound industrial concerns, and the Banking Inquiry

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Committee recommended that this method should be followed in India as well. The Minority Report of the Banking Inquiry Committee laid considerable stress on this subject, while that the Bombay Inquiry Committee went further and definitely said that insurance companies in India have a very important role to play in the development of industries in this country. They said that it is a very legitimate object to which the attention of all insurance companies should be directed, and, in India, as in other countries, the Bombay Provincial Banking Inquiry Committee suggested, that a considerable proportion should be invested for assisting the industrial development of the country. In India the capital, until recently, was very shy. Even at the present moment capital is not readily forthcoming to the same extent as in other countries, and therefore if a considerable proportion of the assets of insurance companies is invested in sound industrial concerns, that will prove greatly beneficial to the country at large. I hope, therefore, that this House, keeping in view all these considerations, will agree to the investment of assets of insurance companies in Government securities and approved securities to the extent of 50 per cent., leaving the remaining 50 per cent. to be decided by the insurers themselves consistently with the considerations I have urged and give their particular attention to the industrial development of the country. I support the amendment moved by the Honourable Mr. Datta.

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

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

Mr. Sri Prakasa (Allahabad and Jhansi Divisions : Non-Muhammadan Rural) : Some days back we read in the newspapers that the Lahore Abattoir had been given up. This morning we see in the papers that, though the Government have given it up, the Honourable the Law Member has established one of his own. We get the first indication of its working, this morning when we found that by a process which he certainly will call a process of mercy murder, he decapitated all the 150 of our amendments to section 26 ; and has sent in his own on the alleged ground that it is more comprehensive, which is only a polite way of saying that everybody else is wrong except himself ! (Laughter.) More than the amendments the thing which is worrying me is this. Mr. Bajoria in the plenitude of his eloquence said that we Congressmen stick to prestige like so many leeches. Now, when the Congress is out to destroy all leeches, I do not understand how we can convert into one at all. Our method of murder is more kind and simple, I will give you a story to illustrate my mind.

An Honourable Member : Make it short.

Mr. Sri Prakasa : It is very short and very sweet too. (Laughter.)

Three soldiers were condemned by a court martial to death ; but the kind General asked each of the soldiers to choose his own manner of death. The first said, " I prefer being shot". The second said, " I prefer being hanged." But the third, who was the wisest of the lot, said, " I prefer to die of old age." (Laughter.) Mr. Bajoria has to choose which form of death he himself prefers, and even if he prefers the last, we would allow him to have his way, because the Congressmen are essentially peace loving persons with generous hearts. (Laughter.) But one thing I shall say and that is that our first and last principle as Congressmen is, " *Congress uber alles* " (Congress above all), and I may assure all Members of the House that whatever decision we come to, will always be the correct one. 50 or 55 or even 66 2|3 per cent. does not matter very much ; what matters is that we are always in the right. Even if some Members of the House may have some doubts on the subject, the results will soon prove that we were right in whatever decision we might take as the debate proceeds or as the division is called.

The problem that we are discussing this afternoon is a serious one. It is the problem of investments ; and we cannot lightly brush aside the various implications of the clause. The chief thing to which I should like to draw the attention of the House is the explanation given to subclause (*1*) of the amendment as moved by the Honourable the Law Member. It says :

" The provisions of this sub-section shall apply also to insurers incorporated or domiciled in the United Kingdom."

The most important and perhaps the most dangerous insurer at present in the United Kingdom is the Lloyds. The Honourable the Law Member said one day that there was no possibility of any country producing such a gang of international licensed gamblers as the Lloyds. But I may assure him that there are *bhang* shops still available in India ; and it may be that some day one of these shops might produce another set of people like the Lloyds. I will give you some illustrations of the sort of business that Lloyds do. They insure persons against anything and everything.They study the temperaments of even High Court Judges. They find out who is a convicting Judge and who is an acquitting one ; and then insure people against judgments that are yet to come from Judicial Benches. Then again they have a system of insurance against the results of the disease to which I referred yesterday. There was a lady who, unfortunately, had triplets almost every year. (Laughter.) She did not like the process at all, and so as she was once more expectant, she went to one of the Lloyd's underwriters and asked, " Can you insure me against the arrival of a triplet again " She was very excited and anxious and went to Lloyds for relief and assistance. Would you believe it, Sir, one of the underwriters actually insured her against the possibility of having a triplet in the fullness of time. (Laughter.) Persons who do business of this sort have to be curbed in some way. My own idea always was an Insurance law should never have immortalised the Lloyds by prominently mentioning them therein. The Lloyds are mentioned in more than one place. Somehow or other the Honourable the Law Member is greatly influenced by the importance that the Lloyds have attained in this world of business. When the Lloyds are also to be classed under the terms of this Bill read with some of the dangerous sections of the Government of India Act, as Indian insurers, it is best that we made sure where their investments are to be kept. When they can insure people against triplets, when they can insure people against High Court Judgments, we must also make sure that those who insure with them do not suffer. It seems to me, therefore, that we should consider this

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clause dealing with investments very carefully and I hope that all sections of the House will agree to the decision that the Congress may take in this connection.

Mr. Deputy President (Mr. Akhil Chandra Datta) : Mr. Deshmukh.

Some Honourable Members : Let the question be now put.

Mr. Deputy President (Mr. Akhil Chandra Datta) : I have already called Mr. Deshmukh. As regards the closure that has been asked for, allow me to say that it is common ground to all Parties that clause 26 is the most important matter in the whole Bill. As a matter of fact, the Honourable the Leader of the House told us one day in his speech that it was bound to take a long time. In view of that, if any Honourable Member is willing to speak, I for one cannot stifle the debate at this stage. Mr. Deshmukh.

Mr. G. V. Deshmukh (Nagpur Division : Non-Muhammadan) : The Honourable the Leader of the House in proposing this amendment before the House has got one principle before him. He had, as a matter of fact, started with cent. per cent. security to the policy holders, but as the Indian insurance companies are not, unfortunately, in a position to invest the amount at once in Government securities so he has come down to two-thirds of the assets. In doing so he has incidentally benefited not only the Indian insurance companies but also the U. K. companies ; because a good deal of their money would now be libertated for them to invest in their own country. His principle of safety is a safety of cent. per cent. to the policy holders, a policy which has also been endorsed by Mr. Jinnah, but even from the point of view of security, nobody, not even a rustic, would like to put all his eggs in one basket. Even from the point of view of safety, it was necessary to invest all the assets which were available in different investments. We cannot make a fetish of the principle of security. Indeed, we would be too heavily leaning on the principle of security, if we were not very careful. Take this for example. The Honourable the Law Member approaches one of the Knights, Sir Cowasji Jehangir. He lays his hand on his shoulder and says : ' You know Prof. Ranga. He always goes for you, and I, therefore, am anxoius about your safety. There is one way of dealing with him, namely, to put him in jail under some Ordinance or section of the Indian Penal Code. But you see there are others also outside this House besides Prof. Ranga. So the best and the easiest way for me to ensure your safety is to put you in jail or a lockup. You would be free from all risks to your life. Therefore, I would recommend this as an advisable course '. Sir Cowasji would very well say ' Please keep your proposal of security to yourself. If you are a friend of mine, devise some police measures, some security measures and ensure my safety, instead of putting all sorts of restraints on my freedom'. Similarly, if cent. per cent. security is to be ensured to the policy holders, we have already taken some police measures, or preventive measures, which are likely to ensure the safety of the policy holders in the matter of investments. We have got the representatives of the policy holders as directors. We have made provision for the publication of every document. We have also laid down conditions that when money is to be invested it would be invested with the approval of the Superintendent of Insurance. When we have taken so many precautions, so many police and preventive measures,

I cannot understand the idea of investing the whole of the assets in Government securities or any major part in Government securities. It would be suicidal. Look at it from the point of view of not merely a safety concern, but also of a business concern. Insurance business is not merely carried on with the idea of giving cent. per cent. security to the policy holders. It is carried on as a business concern also. So, let us combine both, the principle of safety as well as canons of business. If we were not allowed to observe these canons, then it would not be possible for the new companies to come in. If they cannot make money by investing the assets in profitable concerns, they will not be able to meet their expenses, their liabilities to the policy holders and give bonuses and compete with big concerns. Taking into account all these considerations, it is advisable that the Indian insurance companies should be allowed a margin more liberal than has been allowed by the amendment proposed. Now, it has been suggested that this has been done as an empirical formula. If you wanted to be guided by some precedents, then there are the precedents of the British insurance companies who do not invest more than 25 per cent. in the Government securities of their own countries. That being so, there was a precedent which could have been very well followed. The safer course would be to give more latitude and, therefore, I support the amendment of the Congress Party. Don't look at it from the point of view of safety but look at it from the point of view of a business concern. If you liberate more assets to these insurance companies, they will invest these assets profitably, give bonuses to the policy holders, dividends to the shareholders and start new industries. As everybody knows, we are in need of money in the provinces for starting new industries. It would be doing the provinces a good turn if the Indian insurance companies could be allowed to invest more money in other directions than Government securities.

The amendment, as it is, merely enjoins on the British companies to invest only 33 1|3 per cent. in Government securities. The rest they can invest anywhere in the United Kingdom. In this connection, I would make an appeal to the European Group. Whatever money is left after investing 33 1|3 in Government securities, please invest that amount here in India. Everybody who takes the care to study the facts will come to know that every year about seven crores of premium is taken away from this country ; five crores life insurance premium and two crores fire insurance. This money is at present utilised in other countries. This amount could be made available for starting new industries in this famished country. There are no figures to indicate how much money, earned by the British companies, is invested in Indian concerns. So I submit that this amount should be utilised in India. Speaking for myself, I had also given a little amendment, besides one for percentage of investments, to omit this later clause which would have compelled them to invest all the money except that which was invested in Government securities in the very country from which they are receiving the nourishment which they take to their own country. I oppose the amendment of the Honourable the Law Member and support the amendment of my Party.

The Honourable Sir Nripendra Sircar : With reference to the last statement of the last speaker, namely, that he is opposing my amendment and supporting the other one, I may tell him that I am accepting 55 per cent.

[Pandit Lakshmi Kanta Maitra.]

cash for running the concern, about 15 per cent. as outstanding premiums and outstanding interest, about ten per cent. for branches and office buildings and equipment, etc. So it nearly comes to 30 per cent. of the assents. If 55 per cent., according to the amendment of my Honourable friend, Mr. Satyamurti, is to be set apart for investment in the Government securities and approved securities, how little is left for these companies to invest in others ? After all, all authorities of Indian Economics are agreed that enough money should be made available or invested for the purpose of building up industrial concerns in this country. In this connection I will read a short extract from the Banking Enquiry Committee report, Bombay. In page 228, the committee says :

" The object of life insurance is to teach individuals to practise thrift and to compel them to save periodically so as to provide for contingencies, such as old age or death. These small savings of individual investors are collected and held for safe and profitable investment in approved classes of undertakings. We may observe here that Bombay is the pioneer in the matter of insurance companies, some of which are very well established in the line and command substantial resources. Some of the life insurance companies issue policies for such small amounts as Rs. 250 but the benefit of even these small policies is confined mainly to towns and cities. There is a vast field for the spread of the operations of life insurance companies in rural areas and among the landed gentry."

3 P.M.

In another place, on page 230, the committee says :

" Insurance companies have a dual role to fill. They have not only to collect the savings of the community and inculcate habits of thrift, but they have to develop a science of investment. By a judicious layout of their large resources they can render valuable assistance to public utility undertakings and to schemes of housing improvement, land mortgage credit and industrial finance, and prove good guides and supporters of Government and municipal bodies in their loan operations. We should very much wish to see the large and growing resources of Indian and non-Indian companies harnessed effectively to foster the development of agriculture and industries in India."

Sir, this is the portion to which I want to draw the pointed attention of this Honourable House. If that is the object with which the Banking Enquiry Committee makes its recommendation, is it not up to us to give it the consideration it deserves ? Therefore, I say, that we should not needlessly handicap these companies in the disposal of their assets in the direction of investment. In other countries, as has been pointed out by speaker after speaker, they feel considerable difficulty by reason of even less restrictive provisions in the matter of investment of the assets of life insurance companies. We, therefore, want that not only enough scope should be left to insurance companies to safeguard the interest of the policy-holders but also, if possible, to give a fillip an impetus to the trade and industry of the country which alone can bring about the economic salvation of this country.

Sir, before I conclude, I would like to tell my Honourable friends to my right, the Congress Party, that this is a matter on which there is not much difference of opinion. The Congress Party says 55 per cent. and we, another wing of the Congress, say 50 per cent. If they once admit that the percentage fixed by the Government is high and if they also admit that the insurance companies should not be compelled to lock up the bulk of their assets in Government securities, then they must support my standpoint and our amendment. What is the difference between the Congress Party amendment and our amendment ? After

all, we are only asking for a small mercy of five per cent, less and that also in order to enable the insurance companies to benefit the country. Do the Congress Party think that there is so much difference between their amendment and ours—that they should join hands with the Government in defeating our amendment ? Why not they support another wing of the Congress in a matter which is not only not inconsistent with the Congress policy but is calculated to further the best interests of this country. I, as a Congressman, cannot persuade myself to invest more and more money in Government securities. I see that the Leaders of the Congress Party are busy talking amongst their own men and my words do not fall on their ears. We are humble folk and when we speak they think it is not worth their while to pay any attention and that is why, perhaps they are engaged in conversation among themselves. I would appeal to them to see that it is possible, even now, to have some grace and not to oppose this wing of the Congress in a sheer spirit of obstinacy as has been pointed out by another speaker. If they really believe in the principle that bulk of the assets should not be blocked up in fluctuating Government securities, then they ought to support us. Sir, in this way the industries of this country will be helped and the insurance companies also will be able to safeguard the interest of the policy-holders. With these words, Sir, I support the amendment moved by you.

Maulvi Abdur Rasheed Chaudhury (Assam : Muhammadan) : Sir, I should like to say a few words on this very important discussion. I am glad, Sir, to find a change in the attitude of Government to meet the wishes of this House. A few days ago, Government showed sympathy to popular demands by abandoning the construction of abattoir in Lahore. Today also Government are showing a change of attitude by coming forward with an amendment which almost meets the wishes of the House. We are looking forward to the day when Government would come forward with their verdict on the popular demand regarding the control of finance and military affairs in this country by the people of India. (Hear, hear.) Sir, when the general discussion on the Insurance Bill was going on, many a speaker laid stress on the fact that the interest of the policy holders in foreign companies is not safe, because these foreign companies do not keep sufficient investment in this country.

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

These foreign companies have not got enough funds in India to meet their liabilities at the time of difficulty. I am glad that the Honourable the Law Member has, by his amendment, met the wishes of this House so far as the foreign companies are concerned. These foreign companies have now to keep cent. per cent. of their investment in this country so far as their liabilities in this country are concerned. I am glad that the Honourable the Law Member has not fixed the same percentage so far as Indian companies are concerned in the matter of their investment. Of course, the Honourable the Law Member is a very wise man and he saw that the House was against a provision insisting on cent. per cent. of investments, so far as Indian companies are concerned, in Government securities. Now, Sir, the question is what percentage of assets of Indian companies should be invested in Government and approved securities. The Honourable the

[Maulvi Abdur Rasheed Chaudhury.]

Law Member says it should be two-thirds. But, if I understood him aright, I think he said that he would agree to 55 per cent. So there is no good speaking on the two-third proportion now.

Now, Sir, it must be agreed that there should be left surplus money with the Indian insurance companies for good investment, because, both in prosperity and in adversity, industries, specially the small Indian industries, look to these insurance companies for relief. When, for instance, there was a slump in tea prices last time, the tea industry felt a good deal of difficulty in managing its affairs. Some of the Indian companies came to their rescue and, I remember, especially the Hindusthan Insurance Company helped the tea industry a good deal in its distress. That was both in the interest of the industry as well as in the interest of the insurance companies, because by investing in tea the insurance companies derived great profit in those years. So it is very desirable that the Indian insurance companies should have some surplus for good investment. I do not like to say that they should invest in interest alone, because I do not like our insurance companies to play the part of Shylocks. What we like is that these insurance companies should encourage industries as much as they can. The greatest difficulty is that in India there is no Government guarantee in such investment, but I think the time will come when Government will have to come forward to help this industry and stand security to these insurance companies for their investments.

Now, Sir, as to 55 and 50, so far as 55 is concerned, I think the figure is a bit complicated. In every calculation there will be demands for mathematicians like Dr. Ziauddin, and everywhere they may not be available. So 50 per cent. is very easy to calculate.

The Honourable Sir Nripendra Sircar : We are going to have an actuary to calculate 55 per cent.

Maulvi Abdur Rasheed Chaudhury : The difference between 55 and 50 is not much, but I think it will bring in a good deal of difficulty in calculation. So I do not know what the House will decide, but I am in favour of 50 per cent., because it is easy of calculation.

Several Honourable Members : The question may now be put.

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

"That the question may now be put."

The motion was adopted.

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

"That in amendment No. 2 on Supplementary List No. 4, by the Honourable Sir Nripendra Sircar, regarding the substitution of clause 26 in sub-clause (*1*) :

(*a*) for the word 'two thirds', occurring in the third line, the words 'fifty-five per cent.',

(*b*) for the words 'one-half of the said assets', occurring in the ninth line, the words 'twenty-five per cent. of the said sum',

(*c*) and for the words 'one-half of the said assets', occurring in the tenth line, the words 'thirty per cent. of the said sum',

be substituted."

The motion was adopted.

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

"That for clause 26 of the Bill, the following be substituted :

'26. (*1*) Every insurer incorporated or domiciled in British India shall at all times invest and hold invested, assets equivalent to fifty-five per cent. of the sum of the amount of his liabilities to holders of life insurance policies in British India on account of matured claims and the amount of the reserve necessary to meet outstanding claims on policies of life insurance maturing for payment in India, less the amount of any deposit made under section 6 by the insurer in respect of his life insurance business and less any amount due to the insurer for loans granted by him on policies of life insurance, in the manner following, namely, twenty-five per cent. of the said sum in Government securities and a further sum equal to not less than thirty per cent. of the said sum in Government securities or other approved securities or securities of or guaranteed as to principal and interest by the Government of the United Kingdom.

Explanation.—The provisions of this sub-section shall apply also to insurers incorporated in or domiciled in the United Kingdom.

(*2*) An insurer incorporated or domiciled elsewhere than in British India or the United Kingdom shall at all times invest and hold invested assets equivalent to the sum of his liabilities to holders of life insurance policies in British India on account of matured claims and the amount of the reserves necessary to meet outstanding claims on policies of life insurance maturing for payment in India, less the amount of any deposit made under section 6 by the insurer in respect of his life insurance business and less any amount due to the insurer on loans granted by him on policies of life insurance in the manner following, namely, as to 33-1/3 per cent. thereof in Government securities, and as to the balance in Government securities or other approved securities or securities of or guaranteed as to principal and interest by the Government of the United Kingdom.

(*3*) An insurer carrying on business at the time of commencement of the Act to whom sub-section (*1*) or sub-section (*2*) applies shall before the expiry of four years from the commencement of this Act invest the total amount required to be invested by those sub-sections in the manner required thereby :

Provided that of such total amount the insurer shall have invested not less than one-fourth in securities of the nature specified in sub-section (*1*) before the expiry of one year, not less than one-half before the expiry of two years, and not less than three-fourths before the expiry of three years from the commencement of this Act.

(*4*) The assets required by this section to be held invested by an insurer to whom sub-section (*2*) applies shall be held in trust for the discharge of claims of the nature referred to in sub-section (*2*) and shall be vested in trustees resident in British India and approved by the Central Government by an instrument of trust which shall be executed by the insurer and approved by the Central Government and shall define the manner in which alone the subject matter of the trust shall be dealt with.

Explanation.—Sub-sections (*2*) and (*4*) shall apply to an insurer incorporated in British India whose share capital to the extent of one-third is owned by, or the members of the Governing Body to the extent of one-third consists of individuals of domiciles other than those of British India or the United Kingdom'."

The motion was adopted.

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

"That clause 26, as amended, stand part of the Bill."

The motion was adopted.

Clause 26, as amended, was added to the Bill.

Mr. S. C. Sen (Government of India : Nominated Official) : Sir, I beg to move :

"That after clause 26 of the Bill, the following be added :

'26A. (*1*) Every insurer registered under this Act carrying on the business of life insurance, not being a provident society, shall twice in every year, namely, on or before the 30th day of June and on or before the 31st day of December, submit to the Superintendent of Insurance a statement showing the investments made in accordance with section 26 and such statement shall be certified by the principal officer of the insurer.

(*2*) The Superintendent of Insurance shall be entitled at any time to take such steps as he may consider necessary for the inspection or verification of the assets invested in compliance with section 26 and the insurer shall comply with all requisitions made by the Superintendent in that behalf.

26B. No insurer shall grant loans or temporary advances either on hypothecation of property or on personal security, except loans on life policies issued by him within their surrender value, to any Director, Manager, Managing Agent, Auditor or Officer of the insurer if a company or where the insurer is a firm, to any partner therein, or to any other company or firm in which any such Director, Manager, Managing Agent, Officer or partner holds the position of a Director, Manager, Managing Agent, Officer or partner, provided that nothing herein contained shall apply to loans made by an insurer to a Banking Company.

26C. If by reason of a contravention of any of the provisions of section 26 or section 26B, any loss is sustained by the insurer, or by the policy-holders, every Director, Manager, Managing Agent, Officer or partner who is knowingly a party to such contravention, shall, without prejudice to any other penalty to which he may be liable under this Act, be jointly and severally liable to make good the amount of such loss.

26D. None of the assets in British India of any insurer shall, except in so far as they are required to be vested in trustees by sub-section (*4*) of section 26 be kept otherwise than in the corporate name of the undertaking, if a company, or in the name of the partners, if a firm, or in the name of the proprietor, if an individual'."

Sir, we have just now passed an amendment by which the House has agreed to every insurer retaining certain amounts invested in the ways mentioned in the previous clause. Clause 26A is intended to afford facilities to the Superintendent to verify that the provisions already passed are duly complied with. Sub-section 26A (*1*) provides for the submission of statements, twice a year, showing the investments made in accordance with the provisions of the previous section. Sub-section (*2*) gives the Superintendent powers to inspect for the purpose of verifying that the list submitted is correct. 26B is for the purpose of preventing loans being granted from the funds of the company to the officers, Managing Agents, directors and other persons concerned except on policies issued by the insurer himself. 26C is the penal clause by which we provide that apart from the penalty prescribed in section 93 for any contravention of any of the provisions of the Act, where any loss is occasioned by the contravention of the specific provisions, in sections 26 and 26B, the persons responsible will be liable for making good the loss. 26D is a salutary provision to ensure that the funds of an insurer are to be kept not in the individual name of any officer or other person, but must be kept in the corporate name of the company. Sir, I move.

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

"That after clause 26 of the Bill, the following be added :

'26A. (*1*) Every insurer registered under this Act carrying on the business of life insurance, not being a provident society, shall twice in every year, namely, on or before the 30th day of June and on or before the 31st day of December, submit to the Superintendent of Insurance a statement showing the investments made in accordance with section 26 and such statement shall be certified by the principal officer of the insurer.

(*2*) The Superintendent of Insurance shall be entitled at any time to take such steps as he may consider necessary for the inspection or verification of the assets invested in compliance with section 26 and the insurer shall comply with all requisitions made by the Superintendent in that behalf.

26B. No insurer shall grant loans or temporary advances either on hypothecation of property or on personal security, except loans on life policies issued by him within their surrender value, to any Director, Manager, Managing Agent, Auditor or Officer of the insurer if a company or where the insurer is a firm, to any partner therein, or to any other company or firm in which any such Director, Manager, Managing Agent, Officer or partner holds the position of a Director, Manager, Managing Agent, Officer or partner, provided that nothing herein contained shall apply to loans made by an insurer to a Banking Company.

26C. If by reason of a contravention of any of the provisions of section 26 or section 26B, any loss is sustained by the insurer, or by the policy-holders, every Director, Manager, Managing Agent, Officer or partner who is knowingly a party to such contravention, shall, without prejudice to any other penalty to which he may be liable under this Act, be jointly and severally liable to make good the amount of such loss.

26D. None of the assets in British India of any insurer shall, except in so far as they are required to be vested in trustees by sub-section (*4*) of section 26 be kept otherwise than in the corporate name of the undertaking, if a company, or in the name of the partners, if a firm, or in the name of the proprietor, if an individual'."

Mr. T. Chapman-Mortimer (Bengal : European) : Sir, I should like a ruling, if I may have it, on a point of order as regards the amendment which has just been moved by Mr. Sen. He has moved that after clause 26 of the Bill the following be added : 26A, 26B, 26C and 26D. We have a number of amendments on the supplementary list to this clause. I should like to know, Sir, with your permission, how you propose to deal with them.

Mr. President (The Honourable Sir Abdur Rahim) : Are these amendments to these amendments.

Mr. T. Chapman-Mortimer : Yes, Sir, Nos. 21 to 25.

Mr. President (The Honourable Sir Abdur Rahim) : 26A, 26B, 26C, and 26D—these are more or less separate matters.

Mr. T. Chapman-Mortimer : Yes, Sir.

Mr. President (The Honourable Sir Abdur Rahim) : I will take amendment to 26A.

The Honourable Sir Nripendra Sircar : There is no amendment to 26A.

Mr. President (The Honourable Sir Abdur Rahim) : There is amendment 21 which deals with 26B.

Mr. M. Ananthasayanam Ayyangar (Madras ceded Districts and Chittoor : Non-Muhammadan Rural) : Sir, I beg to move :

" That in amendment No. 10 on Supplementary List No. 4 by the Honourable Sir Nripendra Sircar and Mr. S. C. Sen, in the proposed clause 26B, after the words ' managing agent ', wherever they occur, the word ' actuary ' be inserted."

Sir, I move.

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

" That in amendment No. 10 on Supplementary List No. 4 by the Honourable Sir Nripendra Sircar and Mr. S. C. Sen, in the proposed clause 26B, after the words ' managing agent ', wherever they occur, the word ' actuary ' be inserted."

Mr. S. C. Sen : We are accepting it.

Mr. M. Ananthasayanam Ayyangar : I move :

" That in amendment No. 10 on Supplementary List No. 4 by the Honourable Sir Nripendra Sircar and Mr. S. C. Sen, to the proposed clause 26B, the following proviso be added :

' Provided that every existing loan to any director, manager, managing agent, auditor, actuary or officer, notwithstanding any contract to the contrary, be repaid within one year from the date of commencement of this Act, and in case of default, such defaulting director, manager, managing agent, auditor, actuary or officer, cease to hold such office from the expiry of one year from the date of the commencement of this Act '."

Sir, there must be " shall " before the word " cease ". The object of this amendment is this. The present clause refers to future loans. As regards the existing loans, it is indefinite. Therefore, I want to give them a year's time, and by that time, they must either pay or cease to be Directors, etc., etc., of the company. Sir, I move.

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

" That in amendment No. 10 on Supplementary List No. 4 by the Honourable Sir Nripendra Sircar and Mr. S. C. Sen, to the proposed clause 26B, the following proviso be added :

' Provided that every existing loan to any director, manager, managing agent, auditor, actuary or officer, notwithstanding any contract to the contrary, be repaid within one year from the date of commencement of this Act, and in case of default, such defaulting director, manager, managing agent, auditor, actuary or officer shall cease to hold such office from the expiry of one year from the date of the commencement of this Act '."

There is another amendment.

Mr. T. Chapman-Mortimer : Sir, I beg to move :

" That in amendment No. 10 on Supplementary List No. 4, by the Honourable Sir Nripendra Sircar and Mr. S. C. Sen, to the proposed clause 26B, the following proviso be added :

' Provided, further, that nothing in this section shall prohibit a company from granting such loans or advances to a controlled company or to any other company of which the company granting the loan or advance is a controlled company '."

The reason for this amendment is this : if you have, as you do have, one company, a parent company controlling small companies, and, of course, this is often the case where instead of amalgamation a company has been acquired by a larger and stronger company, it may happen that the parent company has got to advance monies to the subsidiaries or controlled companies.....

Mr. M. S. Aney (Berar : Non-Muhammadan) : May I ask if " controlled company " means a subsidiary company ?

Mr. T. Chapman-Mortimer : Yes. The phrase appears elsewhere in the Bill : it is an expression taken from the Bill. As a matter of fact,—though I cannot say so !—I tried to secure the acceptance of such an amendment at an earlier stage of the proceedings. I tried to change the word " controlled " to " subsidiary ", but it was turned down on the ground that some one had advised that controlled and not subsidiary was the word to use. I am frankly at a loss to know, but I am quite indifferent from the point of view of principle whether the word used is " controlled " or " subsidiary ". I say " controlled ", because it is used in the Bill. The short point, as I said, is that if you have a small company controlled by another company, and more particularly when in the early stages a company has just been taken over it might very well happen that the parent company has to advance money to the controlled or subsidiary company, and it is to provide for such cases that we have moved this proviso to the amendment. Sir, I move.

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

" That in amendment No. 10 on Supplementary List No. 4, by the Honourable Sir Nripendra Sircar and Mr. S. C. Sen, to the proposed clause 26B, the following proviso be added :

' Provided, further, that nothing in this section shall prohibit a company from granting such loans or advances to a controlled company or to any other company of which the company granting the loan or advance is a controlled company '."

Mr. Bhulabhai J. Desai (Bombay Northern Division : Non-Muhammadan Rural) : Sir, I rise to oppose the amendment just moved by Mr. Chapman-Mortimer. It seeks really to detract from the value of the section to an extent which was considered very carefully when the House was considering the Indian Companies Act. I call attention to section 87-E. of that Act where a similar question arose : that section says :

" No company incorporated under this Act after the commencement of the Indian Companies (Amendment) Act, 1936, which is under the management of a managing agent shall make any loan to or guarantee any loan made to any company under management by the same managing agent.....".

I quite agree that, under that section, the particular point that was being dealt with was the common management or community of management, and undoubtedly it was there the case of a managing agent who might put his hand into the pockets of one company and put the money into the pockets of the other company and one never knows to what extent it is a proper security : in other words, the mischief aimed at was that inasmuch as the same management or similar management is likely to utilise the funds for the purposes of the other company, that should be prevented. This section seeks to prevent a similar mischief. The section says :

" No insurer shall grant loans or temporary advances either on hypothecation of property or on personal security except loans on life policies issued by him within their surrender value, to any Director, Manager, Managing Agent, Auditor or Officer

[Mr. Bhulabhai J. Desai.]

of the insurer if a company, or where the insurer is a firm, to any patner therein, or to any other company or firm in which any such Director, Manager, Managing Agent, Officer or partner holds the position of a Director, Manager, Managing Agent, Officer or partner, provided that nothing herein contained shall apply to loans made by an insurer to a Banking Company.''

I submit that it is the same mischief which was sought to be provided against, undoubtedly through the community of managing agents in the case of 87-E of the Companies Act ; and I submit that there is no reason why a similar provision here should not be made.

Mr. F. E. James (Madras : European) : Sir, I just want to make one observation. My Honourable friend, the Leader of the Opposition, has, I think, quite misread the purpose of this particular amendment. This does not relate to loans which are made by Managing Agents to a company, or by a company to another company under the same Managing Agents. This refers to precisely the same kind of provision that is now in the Companies Act, in regard to loans, namely loans made by a company to a subsidiary company.....

Mr. S. Satyamurti (Madras City : Non-Muhammadan Urban) : What is the section ?

Mr. F. E. James : Section 87-E. of the Companies Act, where it says :

'' Provided that nothing herein contained shall apply to loans made or guarantees given by a company to or on behalf of a company under its own management or loans made by or to a company or by a subsidiary company thereof or to guarantees given by a company on behalf of a subsidiary company thereof.''

The only purpose of this amendment is to provide precisely the same kind of proviso with regard to loans.

Mr. Bhulabhai J. Desai : If the word '' subsidiary '' is substituted, I withdraw my opposition.

Mr. F. E. James : I believe the Mover is prepared to substitute the word '' subsidiary '' for '' controlled ''.

Mr. T. Chapman-Mortimer : I accept the substitution : I have no objection to it. I only pointed out that the word '' controlled '' was there in the Schedule.

Mr. S. C. Sen : Sir, I would like to point out to my Honourable friend, Mr. Chapman-Mortimer, that unless it is intended to make an exception, his amendment would be contrary to the provisions of 26-B by which we have provided for loans not being granted to a company in which there is a common director. I do not know whether my Honourable friend suggests that in actual practice there can be a subsidiary company in which there is no common director. They hold 51 per cent. of the shares and it is idle to say that they will have no directors to direct the policy of that subsidiary company. In these circumstances, unless, therefore, an exception is intended to be made. I think the two provisions would be absolutely inconsistent.

Mr. F. E. James : May I ask my friend if he is referring to amendment No. 26-D ?

Mr. S. C. Sen : 26-B.

Babu Baijnath Bajoria : Sir, subsidiary companies generally appoint the same Directors as the Controlling Company, and so I don't think there is much point in Mr. Sen's objection, because, Sir, in the Companies Act it is provided that a parent company can make loans to a subsidiary company. Therefore, if the provision is here, it will only apply to subsidiary companies. I don't think there need be any objection to accepting this amendment on the part of the Honourable the Law Member. As regards the amendment of my friend, Mr. Ananthasayanam Ayyangar, I accept the principle of the amendment that all loans should be repaid by the managing agents and auditors, but I think a reasonable time should be given, and I suggest it should be three years.

Sir Cowasji Jehangir (Bombay City : Non-Muhammadan Urban) : Mr. President, there appears to be some confusion with regard to Mr. Chapman-Mortimer's amendment. In the Companies Act it has been provided that a company, regardless of the fact whether it has a managing agent or not, can give a loan to one of its subsidiary companies. If no such provision was made in this Act, and if 26-B was left as it is, then no insurance company could give a loan to its subsidiary company. I need not here repeat the definition of a subsidiary company. It practically means that it is part and parcel of the main company. The Directors may be the same, the method of management may be the same, but the capital of both companies is amalgamated. For purposes of assisting a smaller concern, the bigger concern may have bought up the smaller concern, and it may be necessary for the bigger concern to give a loan to the smaller company. In practice it will really be transferring a sum from the funds of the bigger company to the smaller company, the higger company practically owning the smaller one. It is not a loan as is understood under section 26-B. My friend Mr. Sen points out that it is in direct contravention of section 26-B. It is intended to be in direct contravention of 26-B, and because the principle of 26-B should not apply to a subsidiary company, this proviso is put in. It is intended to be an exception to 26-B, and, therefore, I cannot understand the point of my friend Mr. Sen. If the Honourable Member is prepared to accept it.....

The Honourable Sir Nripendra Sircar : If ' controlled ' is changed to '' subsidiary '', I am prepared to accept it.

Mr. President (The Honourable Sir Abdur Rahim) : I will first put amendment No. 21, in Supplementary List No. 6, at page 4.

The question is :

'' That in amendment No. 10 on Supplementary List No. 4 by the Honourable Sir Nripendra Sircar and Mr. S. C. Sen, in the proposed clause 26B, after the words ' managing agent ', wherever they occur, the word ' actuary ' be inserted.''

The motion was adopted.

Mr President (The Honourable Sir Abdur Rahim) : I will now put amendment No. 24 on Supplementary List No. 6.

The question is :

'' That in amendment No. 10 on Supplementary List No. 4 by the Honourable Sir Nripendra Sircar and Mr. S. C. Sen, to the proposed clause 26B, the following proviso be added :

'' Provided that every existing loan to any director, manager, managing agent, auditor, actuary or officer, notwithstanding any contract to the contrary, be repaid within one year from the date of the commencement of this Act,

[Mr. President.]

and in case of default, such defaulting director, manager, managing agent, auditor, actuary or officer shall cease to hold such office from the expiry of one year from the date of the commencement of this Act '."

The motion was adopted.

Mr. President (The Honourable Sir Abdur Rahim) : I will now put amendment No. 25. The question is :

" That in amendment No. 10 on Supplementary List No. 4, by the Honourable Sir Nripendra Sircar and Mr. S. C. Sen, to the proposed clause 26B, the following proviso be added :

' Provided, further, that nothing in this section shall prohibit a company from granting such loans or advances to a *subsidiary* company or to any other company of which the company granting the loan or advance is a *subsidiary* company '."

The motion was adopted.

Mr. President (The Honourable Sir Abdur Rahim) : Now, I shall put amendment No. 10 at page 3 on Supplementary List No. 4.

The question is :

" That after clause 26 of the Bill, the following be added, that is, 26A, 26B as amended, 26C and 26D."

The motion was adopted.

New clauses 26-A, 26-B as amended, 26-C and 26-D were added to the Bill.

Mr. President (The Honourable Sir Abdur Rahim) : Now, we will take up clause 35.

The question is :

" That clause 35 stand part of the Bill."

Mr. Amarendra Nath Chattopadhyaya (Burdwan Division : Non-Muhammadan Rural) : Sir, I move :

" That clause 35 of the Bill be omitted."

Clause 35 says :

" No insurer shall, after the expiry of three months from the commencement of this Act, pay or contract to pay any remuneration or reward whether by way of commission or otherwise for soliciting or procuring insurance business in or for collecting insurance premiums in British India to any person except an insurance agent licensed under section 37."

This clause anticipates clause 37. Had this clause come after clause 37, I think that there would be no necessity for moving this amendment for deletion. However, as it stands, I have to deal with the matter of license. The position of insurance business in India, at present, leaves a large scope for development, and, if we compare our business with that in the other countries of the world, we shall see where we stand at present. In America the *per capita* insurance is Rs. 2,300, in Canada Rs. 1,300, in New Zealand Rs. 900, Australia Rs. 900, Great Britain Rs. 700, and in India it is Rs. 6. We are practically in the rudimentary stage of insurance and practically one in 400 inhabitants of this country is insured. Therefore, there should be no reason to recommend a

clause which will act as an impediment to the development of this industry. Let me read a few passages from the *Insurance World* about our backwardness in the insurance field :

" The latest policies in force of all insurance companies, doing business in India including the indigenous companies are worth Rs. 193 crores. Of this, Rs. 114 crores belong to Indian companies and Rs. 79 crores to foreign companies. But population of India is one-fifth of the whole world. This shows that there is immense scope for spread of insurance in India. The Indian companies can at least absorb this 79 crores if the people make it a point to contribute only to their own national companies.....".

Mr. President (The Honourable Sir Abdur Rahim) : Whose arguments is the Honourable Member reciting ? The Honourable Member should give his own arguments in support of his amendment.

Mr. Amarendra Nath Chattopadhyaya : I am putting forward this in support of my own amendment.

Mr. President (The Honourable Sir Abdur Rahim) : The Chair will allow the Honourable Member to read from a document if they are not long passages.

Mr. Amarendra Nath Chattopadhyaya : From this we may realise our backwardness in the field of insurance, and by passing this clause this House will only put difficulties in the expansion of this industry. This insurance industry depends mainly upon the agents who introduce the proponents and create the premium for companies. We have found that insurance companies do not want a large capital to start with, and on that score we have now fixed up a very large capital. Next we have finished with the investment clause and now having procured safety and security for the policy-holders it is desirable for us to see that this industry expands. Amongst the agents there are various classes of people who do this work. Some are part-time workers who add to their earnings by working for the companies at leisure. There are very respectable persons who do not go out as agents but on whose recommendation big companies and small companies secure business. They will never come out and take out a license.

The Honourable Sir Nripendra Sircar : Why not ?

Mr. Amarendra Nath Chattopadhyaya : Simply because they really do this agency work not as their chief means of livelihood or source of income, but with a view to helping the agents and themselves, in their subsidiary source of income. There is also a tinge of a sense of respectability. Insurance agents are generally not given the respect that they deserve. Taking all this into consideration I submit that this clause should be omitted.

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

" That clause 35 of the Bill be omitted."

The Honourable Sir Nripendra Sircar : I rise quite early in order to make clear to the House what position I am going to take up in connection with clause 35 and the connected matters appearing in the following three clauses. I shall very strenuously maintain for the retention of clause 35, with modification in its language for reasons which I shall have ample opportunity of giving

4 P.M.

[Sir Nripendra Sircar.]

later on. I want clause 35 to be retained but I do not think that either the Select Committee wanted or anybody here really wants clause 35 to hit anybody except, if I may use the expression, the canvasser or the field worker. I shall make it clear to the House that men like Chief Agents or special agents or directors are not intended to be roped in by clause 35 or compelled to take licenses. I draw the attention of the House to an amendment appearing in Supplementary List No. 2, Amendment No. 4, to the Consolidated List of amendments from clauses 31 onwards. It is in the names of Mr. L. C. Buss, Mr. Chapman-Mortimer and others :

"That at the end of clause 35 of the Bill, the words 'or any persons who for the purposes of insurance business employ such agents' be added."

The amendment has not been moved but the point which I am making is this. If that amendment is accepted and if by operation of that amendment men other than canvassers are got out of the ambit of section 35, then I shall be prepared to support any amendment for fixing a maximum on the terms of amendment No. 582, the motion standing in the name of my friend, Mr. Satyamurti, except that I should ask him to change 40 into 45 and to add the words "licensed under section 37" That is a matter of detail. I am not going into the merits of the amendments now. The position is this. If the House will accept the amendment of Mr. Chapman-Mortimer, the result of it will be, as I have indicated, that only the canvasser will be the person required to take license and he will be the only person intended to be hit by section 35. Then, I shall be prepared to support Mr. Satyamurti's amendment No. 582. If on the other hand that amendment is lost.....

Pandit Lakshmi Kanta Maitra (Presidency Division : Non-Muhammadan Rural) : He may not move it.

Mr. S. Satyamurti : I will move it.

The Honourable Sir Nripendra Sircar : If No. 4 is not carried and if clause 35 is left in the form in which it is appearing, then I shall resist any fixing of maximum commission. I hope, Sir, I have made the position perfectly clear. I shall hear two lines of argument. I have been hearing it *ad nauseum*, morning and evening, for the last two months. First of all there are the young companies and they do not in this matter care what happens so long as what they call the chief agents are safe. They are not very much concerned with others. If the two amendments which I indicated are carried, the result will be that the chief agent will not come within the ambit of clause 35.

Mr. M. A. Jinnah : As it stands now ?

The Honourable Sir Nripendra Sircar : Yes. If it is amended by Mr. Chapman-Mortimer's amendment, the result will be that the chief agent is not controlled by clause 35 and already I have heard from my friend, Sir H. P. Mody, that it will completely nullify the section.

Sir H. P. Mody (Bombay Millowners' Association : Indian Commerce) : Of course.

The Honourable Sir Nripendra Sircar : Of course not and for this reason. Sir Homi Mody is at present shining in solitary glory. I understand he is going to form what will be called a Millionaires' Party and he hopes to get Sir Cowasji Jehangir, Seth Baghchand Soni and a few others. It has already been whispered and it will be said in a loud tone, very soon, that if you don't rope in the chief agent, you are leaving a wide door open ! The chief agent may get 200 or 500—we don't know what but you, the big company, can spend if you like five lakhs for your branches. There is no control there ! It is the old story of the beam and the mote. Look at the advantage also of the bigger companies. They can have salaried servants. The salaried servants are not controlled by this, provided they do not actually go and canvass for policy. They can help in every way. They can organise, advertise, deliver evening lectures on insurance, sing the glories of the Oriental and what not but that is not what the younger companies can afford but I can assure the House that so far as I am concerned,I have got to take into consideration the view points both of the young companies and what are called the old established companies.

An Honourable Member : Also the middle aged companies.

The Honourable Sir Nripendra Sircar : Unfortunately, there are some young companies which, like some ladies, never grow old. (Laughter.)

There is another question which has got to be considered by the House in connection with this rivalry between the young companies and the old companies. It has been said, sometimes, that there is no good in fixing a maximum commission because the young companies can all be snuffed out of existence by the larger companies lowering their rates. Well, Sir, I made some inquiries in that matter.....

Mr. Akhil Chandra Datta : That was your position. If I heard the Honourable the Leader of the House correctly, I think he said that it was said by some young companies. But I say that that was the position of the Leader of the House himself.

The Honourable Sir Nripendra Sircar : In the Bill which was introduced we did fix a maximum.

Mr. Akhil Chandra Datta : But later on what did you say, in your speech, on the general discussion of the Bill ?

The Honourable Sir Nripendra Sircar : Well, Sir, Mr. Datta is so very much oppressed, like most of us, by the young companies invading his house that he has probably forgotten the speech which I delivered. If he will read that speech over again, he will see that I did not definitely say whether I shall agree to the maximum being fixed or not fixed. But I will not enter any more into this digression.

I was going to point out that there is no truth in the suggestion that, as a matter of fact, the old established companies like the Empire, the National and the Oriental charge higher premiums than the younger companies. If I give some rates, I think it will be interesting. Take, for instance, for an endowment insurance for 20 years, age 30 years next birthday. In fact, we can choose anything for comparison. I am giving

[Sir Nripendra Sircar.]

the rates of different companies. You can understand from the names which are big and which are small :

	Rs.	a.	p.
Oriental	55	5	0
Empire	51	4	0
National	53	8	0
Hindustan	54	4	0
United India	53	10	0
Bharat	53	10	0
Andhra	52	10	0
Aryasthan	52	4	0

May I stop for one moment at Aryasthan. Mr. S. C. Roy is among those who are responsible for showering on our heads at least one representation every 24 hours. Its life fund is now Rs. 27,000 and it has earned premium which is much larger than Rs. 27,000 in the last two years. Look at the rates. Compare Oriental with 55-5-0 with Aryasthan 52-4-0, and Neptune 51-15-0. Therefore, if the big companies fight successfully the young companies, it is not because the big companies offer lower premium rates than the smaller companies. That is not a fact. Now, supposing we fix no maximum whatsoever, what will be the result ? Supposing the big companies do lower it a little bit and still keep it higher than the smaller companies, what would be the position ? The Oriental pays its licensed agents 40 per cent. and no more. There is no maximum fixed. The younger company, Aryasthan, pays 250 per cent. but Oriental with 40 per cent., I am sure, will be able to get more work and to fight on better terms than Aryasthan. After all, there must be a stop to this cut-throat competition in rates. My only objection to fixing the maximum commission and my hesitation, whatever it has been during the stage after I introduced my Bill, was due to this fact, whether by introducing this legislation we are going to hit people whom we had not—I speak for myself—the slightest intention of hitting.

Now, let us take several cases. Take, first of all, the Chief Agent, who, I am sure, will loom large for the whole of tomorrow. It was not my intention that the Chief Agent, the man who is in charge of business in a certain district or locality and who really employs people under him and who employs licensed agents, should be within the purview of section 35. That is why I referred to Mr. Chapman-Mortimer's amendment. Take another class of case. Take some of the foreign companies. It will apply to Indian companies as well as my next illustration will show. Take a foreign company which has its head office in Calcutta which is looking after the business of the foreign company which is in England or in Canada or wherever it may be. The language which has been used here even ropes in the principal men who are conducting that business on behalf of the foreign company. Take an Indian company. Supposing the Hindustan has its branch in Bombay or in Madras and there is a Branch Manager of the Hindustan at Bombay. If we leave it in the form in which section 35 has been drafted before the Select Committee, the result will be, both having regard to the language of section 35 as well as the language of section 38, with which I do not want to trouble you just now, that this class of people will stand on the same footing as the canvasser. The result will be that if the Hindustan happens to have its manager in Bombay, he will be hit. Without repeating my arguments, I want to make it perfectly clear that I will object to any person being intended to be brought within the purview of section 35, except one class of individual whom I may call by a colloquial expression the canvasser or the field-worker. Those Honourable Members who think that if that is so then it is no good fixing maximum commission need not accept my offer of amendments 4 and 582. Then, I shall agree with them in giving it up and make no attempt to fix a maximum. That is my view, and I shall oppose fixing of maximum commission if No. 4 is not accepted.

Then, as regards the deletion, from what I have said it will be perfectly clear that I am not willing to accept the amendment of Mr. Chattopadhyaya and I oppose his amendment. I am sure I shall have another occasion of speaking on the subject.

Sir Cowasji Jehangir : Will the Honourable Member define a Chief Agent because every agent will become a Chief Agent ?

The Honourable Sir Nripendra Sircar : There will be no occasion for defining either a Chief Agent or a Special Agent or any other class of individuals, if Mr. Chapman-Mortimer's amendment is accepted. Have you considered that amendment ?

Sir Cowasji Jehangir : May I point out my difficulty ? I understand from my Honourable friend that his reading of Mr. Chapman-Mortimer's amendment is that the Chief Agents will be taken out of the mischief of the section and of Mr. Satyamurti's proposed amendment. That is to say, a limit shall apply only to agents and canvassers and field workers and the Chief Agents can be paid any commission that the insurer may choose. That will be the effect. Now, if that is so, is it not necessary to define who that Chief Agent is and what work he does ?

The Honourable Sir Nripendra Sircar : We need not define anybody. We are defining positively the man who is to be included and anybody who is not a canvasser goes out of the section, whether you call him the Chief Agent or the Special Agent.

Sir Cowasji Jehangir : But what is there to prevent an ordinary canvasser calling himself the Chief Agent ? What is there to prevent an insurer appointing all his field workers under the name of the Chief Agent ? This is a practical difficulty. I am not very conversant myself but I keep myself informed and, therefore, I am putting it to the Honourable the Law Member. I can understand his difficulties and I can understand that a real Chief Agent should be excluded provided you do not leave a loophole open for insurers to call their field workers and their ordinary canvassers Chief Agents and thus allow them unlimited commission. There must be some words put in to prevent that loophole. That is all I ask my Honourable friend, the Leader of the House, to consider.

The Honourable Sir Nripendra Sircar : I have considered that and I have formed the view that my Honourable friend, Sir Cowasji Jehangir, has not considered the amendment at all, because the illustration which he gave has no application at all to the amendment. A man who is going out of clause 35 must be one who employs licensing agents. If the canvasser calls himself the manager or the director general or by any other such big name, that does not matter in the least. Will the Honourable Member kindly read that amendment of Mr. Chapman-Mortimer. It says :

"or any persons who for the purposes of insurance business employ such agents."

Now, a canvasser does he employ an agent ? Then how does he come in ? I have made my speech and I will not add anything now. I would ask my Honourable friend to consider this amendment a little more carefully than he has done.

Sardar Sant Singh (West Punjab : Sikh) : Sir, I have listened to the speech of the Honourable the Leader of the House with very great concern. This amendment proposes a departure from the ordinary practice of insurance laws of the country, and, as such, being a lawyer, I certainly wanted that the Government should make out a case for the inclusion of such a departure from the ordinary laws of insurance. Just to illustrate my point, I would urge to you an extract on this point from the report of the Clauson Committee. This point was considered by that Committee in paragraph 17 of their report, and they say :

"The Committee were invited by the representatives of certain bodies of Insurance Brokers and Agents to recommend legislation which would (*a*) institute some means of registering or licensing insurance agents ; (*b*) prevent insurance agents sharing with their clients commission paid by the insuring company, and (*c*) prevent an insuring company offering more favourable terms to one proposer or one agent than those given to another proposer or another agent. The committee felt some doubt whether the recommendation of legislation of this kind would not be outside the purview of their reference. But, however that may be, the evidence before them appeared to them quite insufficient to justify any system of compulsory registration or license for insurance agents and no practicable scheme for ensuring the proposed restrictions as to sharing commission and as to preventing differentiation was placed before them. The committee desire to make it clear that they are not satisfied that even if a practicable scheme for achieving these ends could be devised there is any need for it in the interests either of the public or of the companies."

This, Sir, is an important observation made by a responsible committee which was appointed to go into the question. In the face of this observation, my submission is that the Government ought to make out a strong case for the licensing of agents in India. In the absence of such a case, and there is no indication in the speech of my Honourable friend showing that there was any necessity for it, he does not tell us what abuses there are at present in the present system that he wants to change, and there is no evidence on this point. Besides, I want to make myself quite clear. There is not only a business side to this question, there is also a political side as well. My Honourable friends belonging to the Congress Party have taken this clause very lightly. They have not considered the serious consequences that will ensue if licensing system is introduced for agents. What will be its effect on these poor people who want to keep their independence ? They will hereafter go and bow before the doors of the various Secretariat Officers for the sake of employment. My Honourable friends of the Congress Party seem to forget that, during the last Civil Disobedience Movement, the Akali movement and other movements, many persons took active part in those movements, and subsequently their names

were registered in the police offices, and whenever there was a case in which licensing was required, their applications were turned down. Their names were turned down, because they took part in political agitation. May I ask my Honourable friends of the Congress Party if they are going to be a party to this licensing of agents ? Are they not afraid of this danger which will face them in the future struggle for complete independence which we are carrying on now ? This point of view seems to have simply escaped the attention of the Congress Benches when they issued the whip that their party members should oppose this amendment moved by our party. We have all along been considering the question of competition between foreign companies and Indian companies. In that competition we always find that Indian companies cannot stand on their legs. The result is that if further restrictions are made for the procuring of business of insurance by licensing agents, many of the workers, who now take to insurance line as an incidental occupation to supplement their earnings, will drop out. Insurance business is bound to suffer in that regard. Apart from these considerations, there is another important consideration which has not been made clear from the speech of the Honourable the Leader of the House. He says that this section relating to the licensing of agents will be required for those who canvass for insurance business, at the same time, he has told us that if the amendment tabled by my Honourable friend, Mr. Chapman-Mortimer, is carried, the agents who are in the offices will not come within the mischief of this section. May I ask the Honourable Member whether the word "canvasser" is defined anywhere in the Act ? There is none. So, naturally, in the absence of any definition of "canvasser", we will have to fall back upon the literal meaning of the word "canvasser". Canvasser will mean one who canvasses. If a salaried officer of an insurance company asks a person who comes and visits him to insure in his company, then he becomes the canvasser, and he comes within the mischief of section 35. He will have to get license under this clause if it is adopted by the House. So, in spite of the amendment that will be sponsored by Mr. Chapman-Mortimer, even if it is adopted, a salaried agent sitting in his own office will come within the mischief of section 35 and he will have to get a license if he wants to save himself from being proceeded against in a Court of law. My submission is that this clause is a most dangerous clause in the whole of the Insurance Bill. Our Party rightly came to the decision to oppose the inclusion of such a dangerous provision in the Bill. Therefore, I support the amendment moved by my Honourable friend, Mr. Amarendra Nath Chattopadhyaya.

Babu Baijnath Bajoria : Sir, I rise to support the amendment moved by my Honourable friend, Mr. Amarendra Nath Chattopadhyaya. I have listened with great respect and attention to the speech of the Honourable the Leader of the House. He has not spoken one word about why insurance agents should be licensed. It is said that if the amendment of my Honourable friend, Mr. Chapman-Mortimer, is adopted, then a Chief Agent or a Special Agent or other officers who work in the offices will be excluded from the mischief of this section. But the Honourable the Leader of the House has not given any reason why insurance agents should be licensed at all. I say no licensing is required at all. Insurance agents, or as they are loosely called canvassers, are mere brokers and why should they be licensed at all passes my comprehension. Why should you introduce this licensing system only in the case of insurance agents ?

NOES—*contd.*

Gupta, Mr. K. S.
Hands, Mr. A. S.
Hans Raj, Raizada.
Hosmani, Mr. S. K.
Jawahar Singh, Sardar Bahadur Sardar Sir.
Jedhe, Mr. K. M.
Jehangir, Sir Cowasji.
Jinnah, Mr. M. A.
Jogendra Singh, Sirdar.
Joseph, Mr. George.
Kailash Behari Lal, Babu.
Kamaluddin Ahmed, Shams-ul-Ulema.
Kushalpal Singh, Raja Bahadur.
Lloyd, Mr. A. H.
Mackeown, Mr. J. A.
Manavedan Raja, Rao Bahadur K. C.
Mangal Singh, Sardar.
Mani, Mr. R. S.
Mehta, Mr. S. L.
Misra, Pandit Shambhu Dayal.
Mody, Sir H. P.
Mudaliar, Mr. C. N. Muthuranga.
Muhammad Ahmad Kazmi, Qazi.
Murid Hussain Qureshi, Khan Bahadur Nawab Makhdum.
Nagarkar, Mr. C. B.
Nayudu, Diwan Bahadur B. V. Sri Hari Rao.
Ogilvie, Mr. C. M. G.
Pande, Mr. Badri Dutt.
Parsons, Lieut.-Colonel A. E. B.
Pursell, Mr. R. S.
Raghubir Narayan Singh, Choudhri.
Rahman, Lieut.-Colonel M. A.
Ramayan Prasad, Mr.
Ranga, Prof. N. G.
Rao, Mr. Thirumala.
Roy, Mr. S. N.
Saksena, Mr. Mohan Lal.
Santhanam, Mr. K.
Satyamurti, Mr. S.
Sen, Mr. S. C.
Sham Lal, Mr.
Sheodass Daga, Seth.
Sher Muhammad Khan, Captain Sardar Sir.
Siddique Ali Khan, Khan Sahib Nawab.
Sikandar Ali Choudhury, Maulvi.
Singh, Mr. Gauri Shankar.
Singh, Mr. Ram Narayan.
Sircar, The Honourable Sir Nripendra.
Spence, Mr. G. H.
Sri Prakasa, Mr.
Staig, Mr. B. M.
Stewart, The Honourable Sir Thomas.
Sukthankar, Mr. Y. N.
Thorne, Mr. J. A.
Tylden-Pattenson, Mr. A. E.
Umar Aly Shah, Mr.
Varma, Mr. B. B.

The motion was negatived.

The Assembly then adjourned till Eleven of the Clock on **Thursday**, the 23rd September, 1937.

LEGISLATIVE ASSEMBLY.

Thursday, 23rd September, 1937.

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

STARRED QUESTIONS AND ANSWERS.

(a) ORAL ANSWERS.

ENTRY OF EUROPEANS WITH SHOES ON INSIDE PROTECTED SHRINES.

743. ***Mr. Sri Prakasa** : (a) Will the Secretary for the Department of Education, Health and Lands state if it is a fact that Government make arrangements for European visitors and others in European clothes to such protected shrines where shoes are not permitted to put on cloth covers on their shoes ?

(b) Are Government assured that this process is enough to satisfy the sentiments, religious and other, of the communities concerned ?

(c) Are Government aware that the sentiment is against the taking of shoes inside these places in whatever form and on whatever part of the body, and not only against the use of shoes in direct contact with the floor ?

(d) What danger or difficulty do Government anticipate if they insisted on all European, or other visitors taking off their shoes when visiting these shrines ?

(e) Are Government prepared to insist on Indian visitors, even if making exceptions for Europeans, to take off their shoes regardless of the sort of clothing they may have on, when visiting such places ?

(f) Are Government aware that many sects and communities in India regard it as incumbent on them to keep their head covered when visiting particular types of places including religious places, like churches ?

Sir Girja Shankar Bajpai : (a) Yes.

(b) and (c). Government have received no complaint against the existing arrangements.

(d) In view of the answer to parts (b) and (c), this question has not been examined.

(e) Government see no reason for making this discrimination.

(f) I am prepared to accept the Honourable Member's statement.

Mr. T. S. Avinashilingam Chettiar : May I know what steps do Government propose to take if the people are really aggrieved by this ?

Sir Girja Shankar Bajpai : I made inquiries from the Director General of Archæology who has some experience of the administration of these rules, and he says nobody has complained so far.

Mr. T. S. Avinashilingam Chettiar : May I know whether the Government are aware that once some years back a question was put in this House to the effect that people do not agree to the public going to the Taj Mahal with shoes on ?

Sir Girja Shankar Bajpai : Not only do we know that, but it was as a result of an undertaking which I gave on that occasion that I made inquiries from the Director General of Archæology.

AFFAIRS OF THE BANGALORE INSTITUTE.

744. ***Mr. Sri Prakasa** : Will the Secretary for the Department of Education, Health and Lands state what is the nature of the trouble, if any, in the Bangalore Institute ? And what decisions, if any, have Government finally taken in the matter ?

Sir Girja Shankar Bajpai : The Honourable Member probably has in mind reports that were current some weeks ago regarding relations between the Council of the Institute and Sir Venkatraman. This matter has been settled in the manner described in a communiqué issued by the Council on the 28th July, 1937, a copy of which I lay on the table. Government are not aware of any difficulties having arisen at the Institute since the settlement described in the communiqué.

INDIAN INSTITUTE OF SCIENCE, BANGALORE.

Press Communiqué.

The affairs of the Indian Institute of Science, Bangalore, particularly relationship between the Council and Sir C. V. Raman, who has been Director of the Institute since April, 1933, have been recently subject of various conflicting and inaccurate comments in the Press. The Council, therefore, consider it desirable to issue a statement embodying a summary of decisions which were unanimously reached at the meeting on July 19th, 1937. Twelve out of fourteen Members of Council were present. As a result of deliberations at the meeting Sir C. V. Raman has relinquished office of the Director from July 19th, 1937. In place of this post Council made him an offer to remain as Professor of Physics on a pay of Rs. 2,500 per mensem for a period of ten years. Sir C. V. Raman accepted this offer. The Council will take early steps to appoint a permanent Director in his place under Regulations of the Institute. Meanwhile, they have appointed Rao Bahadur Venkateachar who was recently Professor of Physics, Central College, Bangalore, and is a Member of the Council of the Institute to act as Director of the Institute until a permanent Director can be appointed. According to the revised constitution of the Institute, a Registrar has been appointed who will take over charge towards the end of this month. He will not, however, take the place of the Director who will have in future many important functions to perform.

The Council believes that this arrangement will afford greater leisure and better opportunities to Sir C. V. Raman to devote himself exclusively to scientific work ; and that it will also help to create an atmosphere in the Institute which will enable all its departments to carry on their legitimate activities with harmony and efficiency. This arrangement has the approval of the three principal parties responsible for endowments of the Institute, namely, the Tata family, the Government of India and the Government of Mysore.

Dated 28th July, 1937.

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†745*.

†For this question and reply thereto, *see* page 2314 of these debates.

PROPOSAL TO ESTABLISH A CENTRAL MUSEUM IN NEW DELHI.

746. ***Mr. S. Satyamurti** : Will the Secretary for Education, Health and Lands be pleased to state :

(a) whether the Government of India propose to establish a Central Museum in New Delhi, and if so, whether they propose to construct that museum in *Purana Kila* ;

(b) whether these questions are being considered and when Government will decide them ;

(c) whether the proposals will be placed before the legislature during the next budget as part of it and if not, why not ; and

(d) whether Government propose to send an officer to study the latest developments of museum practice in other countries of the world and whether an Indian officer will be selected for this purpose and if not, why not ?

Sir Girja Shankar Bajpai : (a) and (b). The Honourable Member's attention is invited to the reply given by me on the 10th September, 1937, to part (a) of Mr. C. N. Muthuranga Mudaliar's starred question No. 448.

(c) Does not arise at present.

(d) I lay on the table of the House a press note recently issued by Government on the subject.

GOVERNMENT OF INDIA.

DEPARTMENT OF EDUCATION, HEALTH AND LANDS.

Simla, the 17th August, 1937.

Press Note.

The Government of India have decided to depute an officer of the Archæological Department to the countries in Europe and the Near East to study the up-to-date methods of museum curatorship. The actual officer to be sent has not yet been decided on. The officer will spend at least six months in England and will visit such important museums as the British Museum, the India and Science Museums, Kensington, the Ashmolean Museum at Oxford and Fitz-William Museum at Cambridge and other important museums and galleries in that country where methods of exhibition, preservation and in general of enhancing the value of museums to the public can be most fruitfully learnt. On the Continent, the museums at Paris, such as the Louvre, and the Musee Guimet will be visited as also the International Museums Office and the pre-historic collections at St. Germain. This will be followed by visits to the important museums at Amsterdam, Leydon, Berlin, Munich, Rome and Naples and the excavations at Pompeii and Herculaneum near Naples. On his way to Europe or back he will also pay visits to the Egyptian Museum at Cairo, the museums at Aloppe, Baghdad and Jerusalem. The entire programme will cover a year's deputation including the time for voyage. It is intended that on the officer's return he should be employed in the first instance in inspecting the archæological museums and recommending measures for their improvement or development. His experience will be made use of for spreading a knowledge of the latest museum practice through the Department. His services will be available for advice and suggestions to Provincial Governments or other museum authorities should they so desire, and it may be possible to arrange for courses of training to this end.

Mr. S. Satyamurti : May I know, Sir, with regard to the second part of my question, clause (d), whether an Indian officer will be selected for this purpose, and if Government have come to any conclusion in this matter ?

Sir Girja Shankar Bajpai : We have not actually settled upon the officer to be selected, but I can tell my Honourable friend that the officer selected will be an Indian.

Mr. S. Satyamurti : With reference to the answer to clause (c) of the question, may I take it that the Government's answer means that they are not in a position to state whether the proposals which they are now considering have reached such a stage as to be incorporated in the next Budget ?

Sir Girja Shankar Bajpai : That is the position, Sir.

Mr. S. Satyamurti : May I know whether, with regard to the construction of the museum in *Purana Kila*, Government will keep in mind the consideration that such construction as they may decide upon should be in consonance with the historical traditional selling of this place ?

Sir Girja Shankar Bajpai : I think my friend may rest assured that if we do decide upon the construction of a museum then it will be in architectural harmony with the building itself.

POSITION REGARDING INDIAN LEGISLATION IN SOUTH AFRICA.

747. ***Mr. S. Satyamurti** : Will the Secretary for Education, Health and Lands be pleased to state :

(a) the latest position with regard to the Indian legislation in South Africa ;

(b) whether the commissions suggested are going to be appointed, and if so, when ;

(c) whether the attention of the Government of India has been drawn to the demand of the Agent General in South Africa that South African Indians should be granted political representation in the dominion on the ground that even legislation directed to the welfare of the general community reacts against Indians because they have no vote ; and

(d) whether the Government of India are taking up this matter with South African Government and if not, why not ?

Sir Girja Shankar Bajpai : (a) and (b). There have been no developments since the reply given to the Honourable Member's question No. 267 on the 2nd of this month.

(c) Yes.

(d) The Government of India will take up the matter when a suitable opportunity offers.

Mr. S. Satyamurti : With reference to the answer to clause (d) of the question, may I know whether my friend is aware that certain trade negotiations are said to be going on now between South Africa and India, and whether the Government of India will press on those

who are carrying on those negotiations, the need for bringing within the scope of those negotiations the political status of Indians in South Africa ?

Sir Girja Shankar Bajpai : So far as I am aware, no trade negotiations are in progress between the Government of India and the Government of the Union of South Africa.

Mr. S. Satyamurti : May I remind my friend that,—I think he was present,—I may be wrong in my recollection,—in this House,—Sir Saiyid Sultan Ahmad, the Honourable Member for Commerce and Railways, stated that certain talks are going on between South Africa and India with regard to trade relations ?

Sir Girja Shankar Bajpai : I was not here at the time, Sir.

Mr. S. Satyamurti : May I know whether he will inquire into the matter ?

Sir Girja Shankar Bajpai : Centainly, I will look into the matter.

Mr. S. Satyamurti : With reference to the answer to clause (c) of the question, may I know what was the last occasion on which the Government of India took up this matter with the Government of the Union of South Africa, and what was the reply they received from them ?

Sir Girja Shankar Bajpai : As far as I know, Sir, the question of the conferment of political franchise on Indians in South Africa has not yet been officially broached to the Government of the Union.

Mr. S. Satyamurti : May I know whether Government propose to address the Government of the Union of South Africa on the conferment of political franchise on Indians at the earliest possible moment ?

Sir Girja Shankar Bajpai : I have already told my friend that we will take up this matter at the first favourable opportunity ; I cannot say whether it will be early or late.

Mr. S. Satyamurti : With reference to the answers to clauses (a) and (b) of the question, may I know whether my Honourable friend's attention has been drawn to recent statements in the newspapers that these Commissions may be appointed, as a result of the propaganda for the elections, and may I know whether Government are satisfied that at present the Commissions will not be appointed ?

Sir Girja Shankar Bajpai : I think my friend might also have seen a recent report in one of the newspapers to the effect that the Minister of the Interior has stated that it is not intended to proceed with the appointment of a Commission to go into the question of mixed marriages, and he has made no statement as regards the proposed commission to inquire into proprietary rights in the Transvaal. That is as far as I know the position.

Mr. S. Satyamurti : May I know if Government themselves are keeping in close touch with the possibility of those Commissions being appointed, and will see that our point of view is pressed strongly on the Union Government ?

Sir Girja Shankar Bajpai : I think my friend may rest assured that the views of the House and of the Indian community in South Africa generally in regard to the commissions will be pressed on the Union Government whenever there is an indication of an intention on their part to appoint them.

NOMINATION OF INDIANS TO THE FIJI LEGISLATIVE COUNCIL.

748. ***Mr. S. Satyamurti** : Will the Secretary for Education, Health and Lands be pleased to state :

(a) whether it is a fact that the Government of Fiji have nominated two Indian representatives to the newly constituted Legislative Council, although the results of the elections which took place recently have not yet been announced ;

(b) the reason why the Government of India were not consulted ;

(c) whether these nominations have been made as a special case for the Indian community, or whether European members have also been similarly nominated ; and

(d) whether the Government of India are prepared to ascertain from the Fiji Government the reasons for this step and communicate the same to the House ?

Sir Girja Shankar Bajpai : (a) Yes.

(b) This is a matter within the discretion of the Governor of Fiji.

(c) Two European members were also nominated at the same time as the Indian members, that is before the elections of European members were held.

(d) The Government of India have been informed that there is no provision that nomination shall be made after election and that both His Excellency the Governor and the Colonial Office considered that it was in the best interests of the Colony for them to be made before the election.

RADIO TRANSMITTING STATIONS AND TRAINING OF TECHNICIANS IN INDIA.

749. ***Mr. S. Satyamurti** : Will the Honourable Member for Industries and Labour be pleased to state :

(a) whether it is a fact that as regards the technical section of the All-India Radio, it has so far been dependent upon foreign radio companies and that no attempt has been so far made to train a batch of technicians in India for the service of India ;

(b) whether the All-India Radio are erecting stations without proper preliminary investigation ;

(c) whether any tests are being made on higher research work essential for successful broadcasting, as is done in other countries ;

(d) whether it is a fact that while the number of radio listeners in England is about seven million, there are only 40,000 receiving sets in India and the reasons for this disparity ; and

(e) whether Government propose to take steps to have properly planned transmitting stations and to organise an efficient service ?

The Honourable Sir Thomas Stewart : (a) and (b). No.

(c) I would invite the Honourable Member's attention to the statement which I placed on the table of the House in reply to part (c) of Mr. Mohan Lal Saksena's starred question No. 619 on the 20th instant indicating the kind of research that is being done in the Research Department of the All-India Radio.

(d) I am not quite sure about the exact number of radio licences in England but it is very large. The number of licences in India, at the close of the financial year 1936-37, was 42,008. I would not venture to express any views on a point which must be a matter of opinion, but it will be realised that broadcasting is still in its infancy in India, that until the development programme is finished it will not be possible to give to all parts of India a reasonably efficient service, and that there is considerable difference in the wealth and the standards of living between the two countries.

(e) Yes.

Mr. S. Satyamurti : With reference to the answer to clause (a) of the question, I thought I heard my Honourable friend say " yes " to the question. Am I right ?

The Honourable Sir Thomas Stewart : Yes.

Mr. S. Satyamurti : If so, may I know if Government are now thinking of, or considering any attempts being made to train a batch of technicians in India for this service in India ?

The Honourable Sir Thomas Stewart : The constitution of the technical branch of the All-India Radio is this. The Chief Engineer is an officer recruited from England. He had considerable experience of technical work with the British Broadcasting Corporation. To assist him in the technical department several Indians have been recruited and it is part of the duty of the Chief Engineer to communicate to his subordinate staff the knowledge and experience of broadcasting engineering which he possesses.

Mr. S. Satyamurti : May I take the answer to mean that the idea is that, as far as possible, these Indians ought to be trained, ultimately with a view to having a batch of technicians in India consisting of Indians trained and fully qualified to do this work ?

The Honourable Sir Thomas Stewart : Undoubtedly that is the intention.

Mr. S. Satyamurti : With reference to the answer to clause (b) of the question, I heard the Honourable Member say " Yes " to that clause. Am I right ?

The Honourable Sir Thomas Stewart : Yes.

Mr. S. Satyamurti : Then, may I know the reasons why the All-India Radio are erecting stations, without proper preliminary investigation ?

The Honourable Sir Thomas Stewart : I cannot admit that the All-India Radio are erecting stations without preliminary investigation. The technical and physical advantages of the sites which have been selected were considered before a decision was taken to erect stations on these sites.

Mr. S. Satyamurti : May I know, then, what is the meaning of the answer " Yes " to clause (b) of the question ?

The Honourable Sir Thomas Stewart : I beg the Honourable Member's pardon. The answer to parts (a) and (b) is No.

Mr. S. Satyamurti : With reference to the answer to clause (d) of the question, I quite admit the relevancy of what my Honourable friend has stated in the answer. But, still, may I know whether it is the ambition of the Government of India to make much further progress in the number of receiving sets and the number of listeners in, and if so, may I know what are the steps they are taking to have, on the one hand, properly planned transmitting stations, and on the other, efficient service ?

The Honourable Sir Thomas Stewart : As regards the first part of the Honourable Member's supplementary, I hasten to assure him that it is the desire and ambition of the Government of India that a widespread and efficient service should be established. As regards the question of efficient installations, I have already said on more than one occasion that the suitability of the sites selected and of the installation proposed have been the subject of expert examination. As regards an efficient service, I have to say that the type of programme, now being put across, must necessarily,—especially in regard to rural broadcasting,—be of an experimental nature, but I did mention two or three days ago that we were conducting a fairly elaborate experiment from the Delhi station with a view to determining what is the most suitable type of programme for universal broadcast.

Mr. S. Satyamurti : Since music makes a most universal and powerful appeal to the people of all countries, including my own country, are Government considering any proposal by which high class music of all-India musicians of first class repute may be broadcasted from these stations, especially in view of the desire to synthetise Indian music as far as we can ?

The Honourable Sir Thomas Stewart : I cannot speak as a musical critic, but we are interested in broadcasting the best possible programmes, and if the Honourable Member, or any other person who is interested in the quality of our programmes, will forward their criticisms I can assure them that they will receive the most earnest consideration.

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

POSITIONS REGARDING INDIAN LABOUR IN BRITISH GUIANA.

750. ***Mr. S. Satyamurti** : Will the Secretary for Education, Health and Lands be pleased to state :

(a) the latest position with regard to Indian labour in British Guiana ;

(b) whether the commission appointed by the Government of that country after the disturbance of 1935 reported that the disturbances were primarily due to the economic conditions and that the grievance and possibility of Indian labourers were genuine ;

(c) whether it is a fact that the position of Indian labour is deteriorating during the last few years ;

(d) whether it is a fact that as things stand at present Indian labourers no longer enjoy the measure of security of property under the Emigration Ordinances in respect of pay, housing, hours of work, and benefits of the provision of immigration officers ;

(e) whether the commission recommended the creation by Government of some authority with necessary powers for safeguarding all the interests of both the employee and the employer and the revision of the provisions of the Employees' Service Ordinance ;

(f) whether the Government of India have now received the recommendations of the Government of British Guiana on the report of the commission ; and

(g) whether the Government of India are now forwarding their own observations to the Colonial Office, and whether Government in this matter, will consult the Legislature before making their final proposals to the Colonial Office, and, if not, why not ?

Sir Girja Shankar Sajpai : (a), (b), (d), (e) and (f). Government have no further information beyond what is contained in paragraphs 31—33 of the ' Review of important events relating to or affecting Indians in different parts of the British Empire during the year 1936-37 ', copies of which are available in the Library of the House and with which the Honourable Member appears to be familiar.

(c) The possibility of this is suggested by the conditions described in part (d) of the question.

(g) The Government of India have already forwarded their observations. Should the necessity arise the Standing Emigration Committee of the two Houses of the Legislature will be consulted.

Mr. S. Satyamurti : With reference to the answer to clause (a) of the question, may I know if the information contained in the annual publication which my Honourable friend has now started of the status of Indians in British possessions is the latest, or has he got any later information ?

Sir Girja Shankar Bajpai : In so far as the findings of the Commission are concerned, those are summarised in the publication to which my Honourable friend has referred. The only development since has been that the Government of India have addressed the Secretary of State for the Colonies on the recommendations made by the Commission.

Mr. S. Satyamurti : Have the Government received a copy of the report of the Commission ?

Sir Girja Shankar Bajpai : Oh, yes. We had a copy of the report, and, what was more,—we were specifically invited to make our observations on the report.

Mr. S. Satyamurti : Will my Honourable friend lay on the table of the House a copy of the observations they have made to the Government of British Guiana, on the matters mentioned in clause (d) of my question ?

Sir Girja Shankar Bajpai : I cannot say that we have made any separate reference with regard to the points in clause (d). We have made one comprehensive communication on the recommendations contained in the report as a whole. The document is a confidential document at the moment, but I will consider my Honourable friend's suggestion.

Mr. S. Satyamurti : With reference to the answer to clause (f) of the question, may I know whether the Government have any information as to the recommendations of the Government of British Guiana on the report of this Commission ?

Sir Girja Shankar Bajpai : Yes. What happened was that the report was forwarded to the Secretary of State for the Colonies by the Government of British Guiana with their own observations and our despatch takes into account the recommendations of the Commission as also the views thereon of the Governor.

Mr. S. Satyamurti : What is the answer to the second part of clause (g) of the question, namely, whether the Government of India in this matter will consult the Legislature before making their final proposals to the Colonial Office, and, if not, why not ?

Sir Girja Shankar Bajpai : I have already said that the Standing Emigration Committee will be consulted if necessary. Government have already seen comments in the press on the report. Those are favourable to the report and we do not anticipate at this stage that there would be any difference of opinion between the views which we have expressed on the report and the views which the Legislature is likely to express.

Mr. T. S. Avinashilingam Chettiar : May I know whether the Government are aware of the communique issued by the Indian Citizenship Association that entry to British Guiana has been restricted by the imposition of certain deposits ?

Sir Girja Shankar Bajpai : I submit that that question does not arise out of this which relates to the report. If my Honourable friend gives notice of it I will try to get the information.

Mr. Mohan Lal Saksena : Was the Standing Emigration Committee consulted before the despatch was sent ?

Sir Girja Shankar Bajpai : For the reasons which I have stated in reply to a supplementary question by Mr. Satyamurti the answer is in the negative.

†751*.

PROPOSAL TO ESTABLISH A CENTRAL VETERINARY COLLEGE AT IZATNAGAR.

752. ***Mr. Mohan Lal Saksena** : (a) Will the Secretary for Education, Health and Lands be pleased to state whether it is a fact that the Animal Husbandry Wing meeting held at Madras had recommended to Government to establish a Central Veterinary College at Izatnagar ?

(b) If so, what is the likely initial and recurring cost of the proposed college and how many students are expected to pass out every year ?

(c) Have Government considered the aforesaid recommendation and what action, if any, do they propose to take on it ?

(d) Has the attention of Government been drawn to the resolution passed by the All-India Veterinary Conference that met at Bombay during the last Christmas holidays condemning the aforesaid scheme ?

(e) Have Government considered the suggestions made by the *Indian Veterinary Journal* for January, 1937, that instead of financing a new college the Government should, while allowing the development of provincial colleges to the required standard, take immediate steps to constitute an Indian Veterinary Council to lay down and maintain the requisite standard of education in India and to arrange for the conduct of examinations and the grant of diplomas ? If so, with what results ?

Sir Girja Shankar Bajpai : (a) Yes.

(b) Detailed estimates are being prepared. No figures of cost can be given at this stage. The scheme contemplates turning out 10 to 12 fully qualified Veterinarians every year to begin with.

(c) The Honourable Member is referred to the reply given to Mr. Satyamurti's question No. 338 on the 7th September, 1937.

(d) Yes : the resolution merely asked that Local Governments, States and Veterinary Associations should be consulted ; but there was no condemnation of the scheme.

(e) Yes, but the Government of India doubt whether the proposal will ensure a supply of trained veterinary officers of the standard necessary having in view the importance of the subject to the whole of India.

Prof. N. G. Ranga : When do Government propose to establish an Indian Veterinary Council on the lines of the Indian Medical Council ?

Sir Girja Shankar Bajpai : I do not think that the Government have yet considered the question of establishing an Indian Veterinary Council on the lines of the Indian Medical Council.

†For this question and reply thereto, *see* page 2315 of these debates.

Mr. Mohan Lal Saksena : With reference to part (c) of the question, may I know whether the Provincial Governments have been consulted in the matter ?

Sir Girja Shankar Bajpai : The scheme which the Government are examining will, if necessary, be discussed with Local Governments.

Prof. N. G. Ranga : Will Government consider the advisability of training the students in the Central Veterinary College up to a standard which will put it on a line with the standard established by the Royal Veterinary College ?

Sir Girja Shankar Bajpai : That is the only reason why we are considering the desirability of having a separate Central Veterinary College.

Pandit Lakshmi Kanta Maitra : Is it in the contemplation of the Government to run this Veterinary College out of the finances of the Central Government or out of provincial contributions for the purpose ?

Sir Girja Shankar Bajpai : As far as I can see, if the Central Government establish a Veterinary College, they will pay for it themselves.

Mr. Mohan Lal Saksena : The Honourable Member has said that if necessary the Central Government will consult the Provincial Governments ? Are not the latter vitally interested in this question ?

Sir Girja Shankar Bajpai : I am not saying that they are not vitally interested. All that I am saying is that there has been a volume of correspondence with the Local Governments already and I cannot say that in the light of their scheme it will be necessary to have further correspondence.

Prof. N. G. Ranga : Will an attempt be made to provide higher standards of education in the Central Veterinary College than are provided in the provincial Veterinary Colleges ?

Sir Girja Shankar Bajpai : That is the whole idea.

VETERINARY COLLEGES IN THE PROVINCES.

753. ***Mr. Mohan Lal Saksena** : (a) Will the Secretary for Education, Health and Lands be pleased to state how many Veterinary Colleges there are in the various provinces ?

(b) What is the total number of students reading in them ?

Sir Girja Shankar Bajpai : (a) and (b). A statement giving the available information is laid on the table.

Statement showing the number of Veterinary Colleges in India and the number of students studying in those Colleges.

No. of Colleges.—Five—*viz.*, at Lahore, Patna, Calcutta, Madras and Bombay.

No. of students.—Excluding the College at Bombay the total number of students in 1935-36 was 419. At the Bombay College there were 73 students in 1933-34. Later figures are not available.

TELEGRAPH OFFICE AT GUPTA KASHI, DISTRICT GARHWAL.

754. ***Mr. Mohan Lal Saksena** : (a) Will the Honourable Member for Industries and Labour be pleased to state if a telegraph office was opened in Gupta-Kashi (district Garhwal) ? If so, when ?

(b) Were the residents of Gupta-Kashi made to execute any indemnity bond for defraying deficit, if any, resulting in establishing and maintaining the telegraph office ?

(c) Was the deficit realisable annually ? If so, what amount was realised and how much remained unpaid up to 1931 ?

(d) Were any suits filed to recover the dues from the guarantor ? If so, how many, and when ?

(e) Is it a fact that the guarantors made an application to the authorities intimating that they were not prepared to pay any more contribution towards deficits ? If so, when and why did not Government close the telegraph office then ?

(f) When was the telegraph office closed and what was the total amount of deficit ? How much of it had been paid by the guarantors and how much of it is still due ?

(g) What portion of the deficit if any, did Government defray ? If none, why not ?

(h) Are not Government aware that Gupta-Kashi is an important place on the route of pilgrimage to Badrinath ?

(i) Why did not Government meet the deficit by imposing a little amount as pilgrims' tax ?

(j) Is the Honourable Member for Industries and Labour aware that most of the guarantors are men of ordinary means, and is prepared to consider the advisability of remitting the amounts still due from them ?

The Honourable Sir Thomas Stewart : (a) Yes, on the 5th May, 1927.

(b) Yes.

(c) Yes ; about Rs. 1,200 was realised and about Rs. 4,140 remained unpaid for the period up to 31st March, 1930.

(d) Yes ; one in February, 1932.

(e) Yes, on the 2nd February, 1932. The telegraph branch was not, however, closed, as under the rules of the Department which regulate the supply of lines for new telegraph offices the guarantors would still have been liable for payment of compensation to the extent of about Rs. 7,000 *plus* the deficit of about Rs. 4,000 which had accrued from 1st April, 1930.

(f) The telegraph branch was closed on the 1st February, 1934, at which time the deficit for the period 1st April, 1930, onwards amounted to Rs. 8,314. This sum is still owing by the guarantors.

(g) In the case of guaranteed telegraph offices the whole of any deficit has ordinarily to be defrayed by the guarantors but by closing this telegraph office on the 1st February, 1934, i.e., about three years and three months before the expiry of the period of guarantee, Government suffered a loss of more than Rs. 4,000.

(h) Yes.

(i) The Indian Posts and Telegraphs Department has no power to impose a tax on pilgrims for meeting the cost of working and maintaining a telegraph office.

(j) The matter is under examination.

Mr. Badri Dutt Pande: What is the amount of deficit still to be realised from the guarantors ?

The Honourable Sir Thomas Stewart: The amount still outstanding against them is Rs. 8,340.

Mr. Badri Dutt Pande: What is the process of realisation ?

The Honourable Sir Thomas Stewart: The process of realisation is by filing a suit against the guarantors.

Mr. Badri Dutt Pande: How many suits have been filed ?

The Honourable Sir Thomas Stewart: One.

Mr. Mohan Lal Saksena: Why was not the telegraph office also closed as the guarantors said that they were not prepared to pay any indemnity ?

The Honourable Sir Thomas Stewart: If the Honourable Member will study my reply carefully, he will see that by delaying the closure of the office we actually saved a considerable amount of money to the guarantors. It was kept open in the hope that their liability would be decreased.

GRANT OF OLD SCALES OF PAY AND OTHER CONCESSIONS TO CERTAIN ACCOUNTS CLERKS IN THE UNITED PROVINCES ON THEIR RE-EMPLOYMENT.

755. ***Sir Muhammad Yakub**: (a) Is the Honourable the Finance Member aware that a large number of young men, many of them with high academic qualifications, were thrown out of employment in the United Provinces when the separated accounts and audit offices were re-amalgamated in October, 1931, that this Government did absolutely nothing to absorb them in any of their offices, and that these men were under their administrative control ?

(b) Is the Finance Member aware that the Government of the United Provinces, out of generosity, issued circulars to the various heads of the departments to employ these men in preference to others and give them old scales of pay whenever employed, although new rates of pay were already in force at the time in such offices ?

(c) Is the Honourable the Finance Member aware that these ex-accounts clerks on re-employment in their parent office have been offered the new rates of pay and the new conditions of service enforced since ?

(d) Is the Honourable Member aware that these unfortunate young men were made to sign a declaration on the dates of their appointment, in separated accounts and audit offices, that they would not seek appointment elsewhere and that they were made to work for five or six long years in the belief that they would be confirmed in their respective offices in the long run and they were declared substantive temporary in their respective posts ?

(e) Will the Honourable the Finance Member be prepared to take back the gratuity and allow these men to count their past services towards increment in the old scale under the ordinary provisions of the Fundamental Rules ? If not, why not ?

(f) Is the Honourable the Finance Member aware that a similar case of hardship occurred in the case of employees of the Railway Accounts offices and that they were allowed the old rates of pay and the old conditions of service on re-employment ?

(g) Is the Honourable the Finance Member prepared to treat these ex-accounts clerks in a similar way and grant them concessions on the same lines as in the case of employees of Railway accounts offices ? If not, why not ?

The Honourable Sir James Grigg: The attention of the Honourable Member is invited to the replies to parts (a) to (c) of starred question No. 554 asked by Mr. D. K. Lahiri Chaudhury on the 26th February, 1935, and unstarred questions Nos. 142, 143, 145 and 147 asked by Pandit Sri Krishna Dutta Paliwal on the 18th February, 1936, which were laid on the table of the House on the 30th March, 1935, and the 6th and 13th March, 1936, respectively.

Sir Muhammad Yakub: Have the Government of India received any further representation since they gave the last answer and have they taken any action ?

The Honourable Sir James Grigg: I am not sure about further representations. They have certainly taken no action, because they rejected the earlier representations and their decision is to continue to reject them.

Sir Muhammad Yakub: If any more representations are received, will the Government of India, in the light of the facts given in my question, revise their judgment and reconsider the representations ?

The Honourable Sir James Grigg: I will certainly make inquiries whether any further representations have been received, but I cannot hold out any hope whatever that Government are prepared to alter their decision in the matter.

GRANT OF COMPENSATORY ALLOWANCE TO CERTAIN OFFICIALS OF THE POSTS AND TELEGRAPHS DEPARTMENT IN SIMLA.

756. ***Mr. Mohan Lal Saksena**: (a) Will the Honourable Member for Industries and Labour state whether it is a fact that reduced scales of pay have been sanctioned for officials employed in the Posts and Telegraphs Department after the 15th July, 1931 ?

(b) Will the Honourable Member for Industries and Labour state whether it is a fact that compensatory allowance is paid at Simla on account of its higher prices only to such employees of the said department as entered the service before the 16th July, 1931, and are in receipt of old (higher) scales of pay ?

(c) Is it a fact that no compensatory allowance is paid to those employees posted at Simla who entered the Department after the 15th July, 1931, and who are in receipt of reduced scales of pay ?

(d) Will Government be pleased to show justification for not allowing compensatory allowance to officials mentioned in part (b) ?

(e) Is it a fact that the officials employed after the 15th July, 1931, are in receipt of reduced scales of pay, and are Government aware that the dearness of Simla has an equal effect on the cost of their living ? Are Government prepared to sanction compensatory allowance to them also ?

The Honourable Sir Thomas Stewart : (a), (b) and (c). Yes.

(d) Compensatory allowances are not granted to any staff on the new scales of pay throughout the Department and no exception is justified in the case of Simla as the revised scales are higher at Simla than at ordinary plains stations and contain an element of compensation for the higher cost of living.

(e) The reply to the first part is in the affirmative. With regard to the second part, attention is invited to the reply given to part (d) of the question. In these circumstances Government do not propose to sanction compensatory allowances for clerks on the revised scales of pay.

Mr. Lalchand Navalrai : May I know if the new scales are higher than the old ones ?

The Honourable Sir Thomas Stewart : No. As a general rule, the revised scales are, for reasons of economy and retrenchment, on a lower level than the old ones.

Mr. Lalchand Navalrai : In that case, may I know why no compensatory allowances are given ?

The Honourable Sir Thomas Stewart : I have already said that the scale of pay in Simla is higher than that given in the plains and that it does include an element of compensation.

CONTEMPLATED REDUCTION OF TELEPHONE CHARGES AND REDUCTION OF POSTCARD RATES.

757. ***Mr. C. N. Muthuranga Mudaliar :** (a) Will the Honourable Member for Industries and Labour please state if it is a fact that there is a surplus revenue under Posts and Telegraphs ?

(b) Is it a fact that Government are contemplating to reduce telephone charges and trunk call charges ?

(c) Are Government prepared to consider the advisability of utilising the surplus revenue towards the reduction of postcard rates from nine pies to six pies in the first instance ?

The Honourable Sir Thomas Stewart : (a) The accounts for 1936-37 have not yet been closed and no definite information can be given in the matter. It is expected, however, that there will be a small surplus.

(b) Government do not contemplate any reduction in telephone rates at present. The question of rationalisation of trunk call charges according to busy and slack periods of traffic is under consideration.

(c) Government are not yet in a position to undertake the revision of the postcard rate.

CARRIAGE OF MAILS BY BUSES TO POONAMALLI AND SURROUNDING VILLAGES IN THE CHINGLEPUT DISTRICT.

758. ***Mr. C. N. Muthuranga Mudaliar :** (a) Will the Honourable Member for Industries and Labour please state if it is a fact that the mails intended for Poonamalli and Sriperambadur, Chingleput district, are first carried in mail trains at night from Madras Central station to Arkonam and then back the next morning in local trains to Avadi and Tiruvellore respectively and then they are distributed to the surrounding villages ?

(b) Are Government aware that though the distance of Poonamalli is only about thirteen miles from Madras, the *dak* for that place and the surrounding villages are not made available until after the lapse of at least 15 to 20 hours ?

(c) Is it a fact that buses ply regularly from Madras to Poonamalli and Sriperambadur at intervals of every fifteen minutes from morning 6 A.M. till night 9 P.M. ?

(d) Are Government prepared to consider the advisability of arranging the carriage of mails by buses to Poonamalli and surrounding villages ?

The Honourable Sir Thomas Stewart : (a) Yes.

(b) Government regret that with the present arrangements some delay is inevitable. The matter, however, is receiving further consideration.

(c) From Madras to Poonamalli at 15 minutes intervals, and at 45 minutes intervals to Seriperambadur.

(d) Attempts have been made to arrange for conveyance of the mails by motor but the call for tenders elicited no response.

EXAMINATION FOR RECRUITMENT OF CLERKS IN THE POSTS AND TELEGRAPHS DEPARTMENT.

759. ***Mr. Sham Lal :** (a) Will the Honourable Member for Industries and Labour please state if there is going to be an examination for the recruitment of clerks in the Indian Posts and Telegraph Department at the end of September, 1937 ?

(b) Is it a fact that according to the present rules a candidate is only eligible for examination if his age does not exceed 21 years ?

(c) Is it a fact that some young men have been serving the department for some years and though eligible to appear at the examination under the old rules are now ineligible under the new rules, because their age exceeds 21 years ?

(d) Are Government prepared to consider the cases of such young men and allow them to appear at the examination ?

The Honourable Sir Thomas Stewart : (a) Examinations for the recruitment of clerks have been or are being held on varying dates in the different circles of the Posts and Telegraphs Department. The only one due to be held at the end of September is in the Sind and Baluchistan Circle.

(b) Yes, for all outside candidates.

(c) Yes, subject to certain relaxations which were detailed in my reply to a supplementary question to starred question No. 185, dated 30th August, 1937, asked by Mr. Lalchand Navalrai.

(d) As explained in the *ad interim* reply given to Mr. Amarendra Nath Chattopadhyaya's starred question No. 348, dated the 7th September, 1937, Government have the whole matter under consideration and I hope to lay a statement on the table of the House in the near future.

Mr. Sham Lal : May I ask whether any relaxation will be made in favour of those who are already serving the Department ?

The Honourable Sir Thomas Stewart : I would ask the Honourable Member to refer to the somewhat full explanation I gave in answer to the question I quoted. There he will find the exact nature of the relaxations which we have already granted.

AMOUNT PAID BY THE PUBLICITY SOCIETY FOR USING THE TELEGRAPH POSTS FOR ADVERTISEMENTS.

760. ***Mr. T. S. Avinashilingam Chettiar** : Will the Honourable Member for Industries and Labour state :

(a) in continuation of his answer to question No. 332 on the 7th September, 1937, what amount the Publicity Society pays on their using the telegraph posts for advertisement ;

(b) when the contract was given ;

(c) whether the contract is given by provinces or for the whole of India ; and

(d) what are the conditions of contract ?

The Honourable Sir Thomas Stewart : (a) Rupees 12 per annum per post subject to a minimum total payment of Rs. 10,000 per year.

(b) The contract was first given with effect from the 1st April, 1924, and has been renewed from time to time. The present contract is for ten years from 1st August, 1937.

(c) For the whole of British India.

(d) A copy of the contract is placed on the table of the House.

Copy of License granted by the Governor General in Council to the Publicity Society of India, Limited, for Exhibition of Kiosk Advertisements in British India.

THIS LICENSE given this twentysixth day of July One Thousand Nine Hundred and Thirty Seven BY THE GOVERNOR GENERAL IN COUNCIL (hereinafter called the Licensor which expression shall unless excluded by or repugnant to the context include his successors in office and assigns) of the one part to the PUBLICITY SOCIETY OF INDIA LIMITED, a company incorporated under the Indian Companies Act 1913 and having its registered office situate at Waterloo Street, Calcutta (hereinafter called the Licensees which expression shall unless excluded by or repugnant to the context include its successors and permitted assigns) of the other part. WITNESSETH that in consideration of the Rents hereinafter reserved and the Covenants on the part of the Licensees hereinafter contained the Licensor hereby grants the Licensees permission and License to affix attachments in the form of kiosks to Government of India telegraph and telephone poles for the time being erected in British India excluding Burma and Aden and over which the Licensor may have power to grant such permission on the terms and subject to the conditions hereinafter mentioned, that is to say,

1. The kiosks shall be of a quality size and design approved by the Director-General of Posts and Telegraphs to the Government of India for the time being (hereinafter called " the Director-General ") and shall be made in a workmanlike manner from the best galvanised steel available of uniform size and generally to the satisfaction of the Director-General and so fixed that the base shall be at least seven feet from the ground and shall be all in perfect alignment. The advertising signs exhibited will be 20" wide and 30" deep, the overall measurement of the kiosks including the frame and canopy being approximately 21" by 46½" subject to such revision as may be considered necessary by the Director-General.

2. This License shall be in force for the period of 10 years from the 1st day of August 1937 or until previously determined under the provisions hereinafter contained in that behalf.

3. No kiosk shall be affixed to any telegraph or telephone pole on or in any way attached to a building.

4. All kiosks erected under these presents shall conform exactly in size and shape and in all other respects to a specimen previously submitted to and approved by the Director-General and no kiosk shall be fixed so as to be a danger to the public and there shall never be more than one kiosk on any pole. The manner of fixing shall also be subject to the approval of the Director-General.

5. The Licensees shall not assign or underlet the privileges hereby granted to any person or persons whomsoever without the previous written permission of the Director-General.

6. The Licensees shall bear all the cost of erecting and removing the kiosks and carry out all work in connection therewith in a good and workmanlike manner making good any damage done to the said poles. The Licensees shall also in like manner maintain all kiosks for the time being erected under this agreement in good repair and condition and the non-enamel parts properly painted to the satisfaction of the Director-General.

7. If at any time during the continuance of this license any person or authority duly authorised in that behalf shall lawfully require the Licensees to remove any kiosk or advertisement the Licensees shall at their own expense forthwith remove the same and shall have no claim for compensation for or arising out of such demand or removal.

8. If in the opinion of the Director-General (which shall be final) it is desirable that a kiosk erected on any particular pole should be removed the Licensees shall forthwith remove the same and shall have no claim for compensation for or arising out of such demand or removal.

9. The Licensees shall be liable for and forthwith discharge all or any payments payable on account of the erection of the said kiosks and all expenses whatsoever associated therewith including all charges made by Local Governments, Municipalities or other recognised local bodies or persons with respect to the same.

10. No unsightly or objectionable kiosks shall be erected and if there is any dispute as to whether any kiosks are unsightly or objectionable the matter shall be decided by the Director-General, whose decision shall be final.

11. The Licensor shall not be liable for any loss, damage or injury which may occur to any kiosks erected under this agreement.

12. If the Licensees fail to do or perform any matter or thing which they have agreed to do under these presents the Licensor may do or cause the same to be done and recover the cost of so doing from the Licensees without prejudice to any other right the Licensor may have on account of such default.

13. The Licensees shall indemnify the Licensor against all claims actions demands losses costs charges and expenses whatsoever which the Licensor may incur or which may arise by reasons of the exercise or enjoyment of the privileges hereby granted including those arising out of any advertisement being libellous or in consequence of the falling or displacement of any kiosks or part thereof from any cause whatsoever and any claims made by local authorities or others as mentioned in clause 9 hereof or any rates and taxes levied in respect of anything erected hereunder the intention being that the Licensor shall not be liable to make any payment in respect of anything done under these presents or any matter or thing arising thereout and that all liabilities are undertaken by the Licensees.

14. The Licensees shall pay to the Licensor a sum of Rs. 12 per annum per kiosk for the average number of kiosks existing or erected in any year on any of the poles aforesaid. Such average shall be calculated as follows, *viz.*, at the end of each year these presents are in force the number of kiosks existing or erected on poles as aforesaid during each of the preceding 12 months shall be added up and divided by 12. PROVIDED ALWAYS that kiosks exhibited free under the provision of clause 17 hereof shall not be taken into account or charged for and PROVIDED FURTHER that the Licensees guarantee a minimum annual payment of Rupees Ten Thousand per annum and even when the amount due for kiosks exhibited calculated as aforesaid comes to a smaller sum such minimum payment shall be made by the Licensees to the Licensor on the 1st day of August each year the agreement is in force and if payment due for kiosks exhibited during any year calculated at the rates aforesaid comes to more than that amount the excess over the minimum, if any, shall be payable within 30 days from the end of each preceding year this agreement is in force. For the purpose of checking the amount payable the Licensees shall supply to the Licensor on the last day of each month with a statement showing the number of kiosks that existed or were erected on poles as aforesaid during the preceding month made out in areas corresponding with districts controlled by Divisional Engineers, Telegraphs.

15. The Licensees shall on the signing of these presents furnish as security to the Licensor either in Government promissory notes to the extent of their market value or in Post Office Cash Certificates at issue price or cash security in Government currency notes or a deposit made in the Post Office Savings Bank pledged to the Director-General of an amount equal to the guaranteed minimum yearly rent aforesaid, *viz.*, Rupees Ten Thousand.

16. The Licensor shall authorise all Divisional Engineers aforesaid to grant a certificate in duplicate testifying that an advertiser's kiosk or kiosks have been erected as and when such kiosks are in fact erected and shall deliver the same to the Licensees for the purpose of their records only but the Licensor will accept no responsibility and shall not incur any liability whatsoever in the granting of such certificates. The Licensees shall produce such certificates to the said Engineer if and when called upon to do so.

17. The Licensees will arrange for the construction of kiosks in accordance with designs furnished by the Director-General at their own expense and their erection maintenance including renewal and subsequent alterations free of any charges on such of the poles aforesaid as shall be specified by the Director-General PROVIDED ALWAYS that the number shall not exceed 100 in any year.

18. If the Licensees shall go into liquidation or compound with their creditors or if any payments due hereunder shall not be paid within 30 days of the date on which it became due or if the Licensees shall fail to observe and perform any of the obligations on their part hereinbefore contained it shall be lawful for the Licensor to terminate the License forthwith and take possession of all kiosks then erected hereunder and the same shall become the property of the Licensor without prejudice to his right to recover all sums due under these presents and damages in respect of such determination.

19. So long as this license is in force the Licensor shall not grant a license to any other persons or company to attach kiosks for advertisement purposes.

20. The Licensees shall not be entitled to enter into any obligation or agreement on behalf of the Licensor.

21. Before the expiration of this License the Licensees shall remove all kiosks erected hereunder making good all damage done. Any kiosks not so removed shall become the property of the Licensor and the Licensees shall not be entitled to any compensation.

22. All questions and differences which may hereafter arise between the parties hereto touching these presents or the construction thereof or any matter or thing whatsoever arising therefrom or in relation thereto the decision of which is not hereinbefore provided for shall be referred to the Secretary to the Government of India in the Industries and Labour Department for the time being whose opinion and decision upon such dispute or difference shall be final and conclusive thereon.

IN WITNESS whereof the parties hereto have executed these presents the day and year first before written.

Signed by (Sd.) R. S. PURSSELL.
Offg. Director General, Posts and Telegraphs.

On behalf of the Governor General in Council in the presence of (Sd.) H. SUR,
Offg. Deputy Director General, Telegraphs.

The Common Seal of the Publicity Society of India Limited was hereunto affixed in the presence of (Sd.) M. S. RAJAGOPAL.

Director (Sd.) H. D. NAG.
Director (Sd.) F. MAITLAND,
and Countersigned by (Sd.) A. V. KEITH,
General Manager.

Mr. Sri Prakasa : What right have Government to give such contracts ?

The Honourable Sir Thomas Stewart : Government are entitled to dispose of their own property in whatever way they desire.

Mr. Sri Prakasa : Is the Honourable Member aware that, though the telegraph post is their property, the land on which the telegraph post is placed is not their property, and the advertisements which they hang on these posts are over land which is not their property. Therefore, I would like to know under what law the Government are acting, unless it be the usual law of force, when they give contracts over lands over which they have no proprietary right ?

The Honourable Sir Thomas Stewart : Government give the advertising company the right to put on the post, not on the land, certain kiosks. The right of the advertising company to exhibit advertisements is subject to any limitation that may be imposed by the owners of the land on which the post stands.

Mr. Sri Prakasa : Is it not a fact that these kiosks abut over the municipal land and are not entirely attached to the posts themselves ?

The Honourable Sir Thomas Stewart : The kiosks must be attached to the posts from which they depend.

Mr. T. S. Avinashilingam Chettiar : The Honourable Member said that they charge Rs. 12 per post. If it is Rs. 12 per post, what is the minimum ?

The Honourable Sir Thomas Stewart : The meaning is this. The advertising company may find in one year that it has use only for, say, 500 posts but we lay down the minimum so that, at any rate, we are assured of Rs. 10,000 per annum.

Mr. Mohan Lal Saksena : May I ask whether any advertisement was made regarding this contract ?

The Honourable Sir Thomas Stewart : No, Sir.

Mr. Mohan Lal Saksena : Why not, Sir ?

The Honourable Sir Thomas Stewart : Because the people who have the contract were the pioneers in this method of advertising. They came forward with what appeared to us to be a valuable proposition from our point of view and we accepted it.

Mr. Mohan Lal Saksena : Is it not a fact that they had the contract before the 1st August, 1937, as well ?

The Honourable Sir Thomas Stewart : It is so.

Mr. Mohan Lal Saksena : For how long have they enjoyed the contract ?

The Honourable Sir Thomas Stewart : If the Honourable Member will refer to my answer, he will get the information he is asking for.

Mr. Mohan Lal Saksena : May I know when the contract had already been enjoyed by the present contractors for such a long time, why was it not advertised a second time to find out if there were any other companies which were prepared to offer better terms ?

The Honourable Sir Thomas Stewart : The Government of India were under the impression that the renewal of the contract with the present contractors was the most satisfactory arrangement from their point of view.

Mr. S. Satyamurti : May I ask whether the Government of India have, in their possession or had in their possession at the time they concluded the contract, any information as to the amount which this contractor collects from the various advertisers who advertise through him, and the amount he had collected for the last year, for which he could have given figures ?

The Honourable Sir Thomas Stewart : No, Sir.

Mr. S. Satyamurti : What, then, are the considerations on facts on which the Government came to the conclusion that this arrangement was the most satisfactory from the tax-payer's point of view ?

The Honourable Sir Thomas Stewart : The arrangement has been in existence for some considerable time and no other advertising company has ever come forward with a proposal to take this contract.

Mr. S. Satyamurti : How can the Government expect other company to come forward with another offer, when the matter admittedly was not advertised ?

The Honourable Sir Thomas Stewart : So far as my experience goes, firms of this sort are never reluctant to put forward suggestions which are in their own interest.

Mr. S. Satyamurti : Will the Government inquire now, and find out what is the income which this gentleman is making out of the various people who use these advertisements on the various telegraph ports ?

The Honourable Sir Thomas Stewart : Sir, Government have neither the right nor the power to make the investigation suggested by my Honourable friend.

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

LEVY OF INCOME-TAX ON PENSIONS PAID ABROAD.

761. ***Mr. T. S. Avinashilingam Chettiar** : Will the Honourable the Finance Member state :

(a) the amount paid as pensions in England during the last financial year ;

(b) what the amount of income-tax will be if those pensions were liable to the levy of income-tax ; and

(c) whether the Honourable Member refuses to take up the matter with His Majesty's Government to make a proper amendment to the Government of India Act, so that those pensions can be taxed ? If so, why ?

The Honourable Sir James Grigg : (a) Rs. 8,18,49,087, but about 1 2/3 crores of this represents contributions to the non-effective charges of personnel of the British Army who have served in India. The figure for individual pensions is, therefore, about 6¼ crores and this figure will, of course, diminish owing to the fact that the retired list contains a higher proportion of British personnel than the active list.

(b) and (c) I would refer the Honourable Member to my reply to part (a) of Mr. Mohan Lal Saksena's question No. 354 on the 7th September, 1937, and to part (b) of his question No. 4, answered on the 23rd August, 1937, and to the supplementary questions asked in connection with them.

Mr. T. S. Avinashilingam Chettiar : Sir, I have got the answer with me and in that answer the Honourable Member refused to give the reasons why the Government did not move in this matter. I want to know why the Government refuse to approach the British Government on this matter ?

The Honourable Sir James Grigg : If the Honourable Member will refresh his memory, he will find that I did answer the question. I said that it was a question which was a matter for argument and that it could not suitably be dealt with by way of question and answer.

Mr. T. S. Avinashilingam Chettiar : In view of the fact that a large amount would accrue to Indian revenues if this matter is decided in India's favour, will the Honourable Member make a representation to His Majesty's Government ?

The Honourable Sir James Grigg : The Honourable Member's premises are wrong. I explained in the supplementary questions, one of which was put by the Honourable Member himself to which he has not apparently referred, that the sum involved is very much smaller than he had supposed. It is a matter of comparatively a few lakhs. I think the Honourable Member had better read over the answer to which I have referred him.

Mr. S. Satyamurti : Has the attention of Government been drawn to an attempt which is now being made to amend the Government of

India Act to suit Their Highnesses, before they join the Federation, and will my Honourable friend take advantage of this opportunity to get the Government of India Act amended in this behalf also ?

The Honourable Sir James Grigg : I think the Honourable Member is making an assertion which, to the best of my recollection, has been contradicted.

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

RURAL POST OFFICES STARTED IN BIHAR.

762. ***Mr. Ram Narayan Singh** : Will the Honourable Member for Industries and Labour be pleased to state :

(a) the amount of money allotted to Bihar for opening new village post offices ; and

(b) the number and names of the new village post offices started this year in the Province of Bihar in general and those in the Chota Nagpur Division in particular ?

The Honourable Sir Thomas Stewart : (a) A sum of Rs. 34,400 has been allotted for the extension of postal facilities in rural areas during the current financial year.

(b) 25 village post offices have so far been opened in the province of Bihar, including five in the Chota Nagpur Division, during the current financial year. A statement showing the names of these offices is laid on the table.

Names of Post Offices opened in Rural Areas in the Province of Bihar during the Current Financial Year.

1. Amouna Branch Office.
2. Bind Branch Office.
3. Boh Branch Office.
4. Pandaree Branch Office.
5. Rajapur Branch Office.
6. Kirhindi Branch Office.
7. Bhawanipur Branch Office.
8. Matalupur Branch Office.
9. Bhagwatpur Branch Office.
10. Purushottampur Halai Branch Office.
11. Dighwa Dubauli Branch Office.
12. Pirnagra Deorhi Branch Office.
13. Telmar Branch Office.
14. Kasap Branch Office.
15. Shambhoopatti Branch Office.
16. Keora Branch Office.
17. Manudehri Branch Office.
18. Balibelchi Branch Office.
19. Ladaura Dargah Branch Office.
20. Karsar Branch Office.
21. Kharkaree Branch Office.
22. Kurdeg Branch Office.
23. Shirum Branch Office.
24. Tarhasi Branch Office.
25. Rengarih Branch Office.

} Chota Nagpur Division.

Mr. Ram Narayan Singh : What is the process which is adopted in the matter of opening new village post offices ? Is the initiative to be taken by the Department or is it left to the village people to approach the Department ?

The Honourable Sir Thomas Stewart : This is a matter which is within the discretion of the Postmaster-General of the Circle and he uses that discretion when he becomes aware that there is a real demand and a real necessity for postal facilities in the districts.

Prof. N. G. Ranga : In view of the fact that the Chota Nagpur Division is the most backward area in the Bihar province and in view of the further fact that these village post offices are being opened in order to provide more postal facilities in rural areas, will Government consider the advisability of opening more post offices in the area of the Chota Nagpur Division ?

The Honourable Sir Thomas Stewart : The opening of fresh post offices not only in the Chota Nagpur area but throughout India is a matter which is always engaging the attention of the Posts and Telegraphs Department.

Prof. N. G. Ranga : In regard to the distribution of these post offices in this particular Province, will Government give greater consideration for the needs of Chota Nagpur as far as Bihar is concerned ?

The Honourable Sir Thomas Stewart : I should be very reluctant to enter into any promise that might be regarded as discriminatory.

Mr. Ram Narayan Singh : May I take it that the whole of the amount allotted is being spent on the new post offices ?

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

PROTEST AGAINST THE TRANSFER OF THE PALAMAU DISTRICT FROM THE GAYA POSTAL DIVISION.

763. ***Mr. Ram Narayan Singh** : Will the Honourable Member for Industries and Labour be pleased to state whether he or the Director General of Posts and Telegraphs has received any memorial from the All-India Postal Union, protesting against the transfer of the Palamau district from the Gaya postal division to the Ranchi postal division and if so, what is the final decision of the authorities on the subject ?

The Honourable Sir Thomas Stewart : The Director-General received a representation in the form described by the Honourable Member, but it relates to the transfer of the Palamau District from the Gaya to the Hazaribagh Division and not to the Ranchi Division. After investigation the Director-General was satisfied that the changes were in the best interests of the Department and accordingly declined to interfere with the orders passed by the Postmaster-General.

OPENING OF A SAVINGS BANK BRANCH IN THE DANTAR POST OFFICE IN THE HAZARIBAGH DISTRICT.

764. ***Mr. Ram Narayan Singh** : Is the Honourable Member for Industries and Labour aware of the fact that the people of the area of the Dantar village post office in the Hazaribagh district applied to the

Postal Superintendent of Hazaribagh for opening a savings bank account also in the Dantar village post office, affording to the people an opportunity to deposit their savings in the local village post office at Dantar and if so, why this prayer of the people has not been complied with yet ?

The Honourable Sir Thomas Stewart : Government have no information. As the matter is one that lies entirely within the competence of the Postmaster-General, Bihar and Orissa Circle, a copy of the question and of this reply will be sent to him for examination, and such action as is necessary.

Mr. Ram Narayan Singh : I want to know whether a savings bank account is also opened in Branch post offices ?

The Honourable Sir Thomas Stewart : I am afraid I cannot give the Honourable Member a definite answer. I must have notice.

Mr. M. S. Aney : May I ask, whenever there is any matter that is entirely within the jurisdiction of the Postmaster General, is it not open to the people who are aggrieved by the orders of the Postmaster General to appeal to the Honourable Member against his decision ?

The Honourable Sir Thomas Stewart : Certainly there is no reason why they should not appeal to the Honourable Member, but in the ordinary course of business, the Honourable Member would refer the appeal back to the Postmaster General, who has the local knowledge of the circumstances of the case.

Mr. Lalchand Navalrai : Will that amount to an appeal, if it is again sent to the Postmaster General for his remarks ?

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

ABOLITION OR REDUCTION OF STAMP DUTY ON INLAND BILLS OF EXCHANGE.

765. ***Babu Baijnath Bajoria** : (a) Will the Honourable the Finance Member be pleased to state whether he has consulted the Provincial Governments regarding abolition or reduction of stamp duty on inland bills of exchange as promised by him in reply to my starred question No. 441 on the 23rd February, 1937 ?

(b) What replies have been received from the Provincial Governments on this subject ?

(c) Do Government propose to abolish or reduce these stamp duties at an early date ? If not, why not ?

The Honourable Sir James Grigg : (a) Yes.

(b) and (c). The question is still under consideration in consultation with Provincial Governments.

Babu Baijnath Bajoria : Which of the Provincial Governments have been consulted, which of them are in favour and which are against ?

The Honourable Sir James Grigg : I cannot answer that question without notice ; but I can say that all Provincial Governments have been consulted.

Babu Baijnath Bajoria : May we expect any reduction in the near future ?

The Honourable Sir James Grigg : There is no harm in the Honourable Member expecting. I am not responsible for the Honourable Member expecting anything.

Babu Baijnath Bajoria : I put my question six months ago—on 23rd February last—and on that date the Honourable Member said that Provincial Governments were being consulted. Is it not high time that the Provincial Governments replied to the Honourable Member's communication ?

The Honourable Sir James Grigg : The only thing I can say is that matters move rather more slowly in the East than in some other parts of the earth.

Babu Baijnath Bajoria : When did the Government of India apply to the Provincial Governments for their opinion about this matter ?

The Honourable Sir James Grigg : I cannot answer that off-hand. If, as the Honourable Member says, he asked a question on this subject six months ago, I except the Provincial Governments were addressed six months ago or more.

Mr. Sri Prakasa : Are western governments in eastern countries also slow ?

The Honourable Sir James Grigg : I meant Provincial Governments.

GRIEVANCES OF THE CLERKS OF THE OFFICE OF THE CONTROLLER OF STORES, ALIPORE, CALCUTTA.

766. ***Dr. P. N. Banerjea** : Will the Honourable Member for Industries and Labour please refer to the individual memorials addressed to His Excellency the Governor General of India in Council submitted in January, 1936, by the fourteen clerks of the Office of the Controller of Telegraph Stores, Alipore, Calcutta, who were confirmed on 1st April, 1935, and inform this House what arrangements have been made by the Government of India to redress their grievances ?

The Honourable Sir Thomas Stewart : The representations to which the Honourable Member refers are still under consideration and it is expected that orders thereon will be issued very shortly.

EMPLOYMENT OF PERSONS WITH QUALIFICATIONS IN ACCOUNTANCY AND COMMERCIAL SUBJECTS IN THE INCOME-TAX DEPARTMENT.

767. ***Dr. P. N. Banerjea** : (a) With reference to the reply given in this House on the 27th March, 1929 to unstarred question No. 423, will the Honourable the Finance Member please state what progress has now been made in regard to the number of persons employed in the Income-tax Department in the various provinces possessing university or other recognised qualifications in accountancy and commercial subjects ?

(b) Is it a fact that the knowledge of the subjects mentioned in part (a) is considered desirable for an executive officer of the Income-tax Department ?

(c) Is it a fact that in the early stages of the Income-tax Department most of the executive officers were appointed without sufficient qualifications or training in the subjects and that they were trained in this work after their entry into the Department at Government cost ?

(d) Is it also a fact that the Income-tax experts complained in their Report published recently about " lack of sufficient accountancy knowledge " in the officers ?

(e) Are Government aware that during the last decade or so colleges teaching accountancy and other business subjects up to university degree standard have been opened in almost all the provinces in India and that it is now possible to obtain a larger number of qualified persons ?

(f) In view of the changed conditions, do Government propose to consider the desirability of making recognised accounts and business qualifications an essential condition for appointment to executive posts in the Department ? If not, why not ?

Mr. A. H. Lloyd : (a) The information is being collected and will be laid on the table in due course.

(b) Yes.

(c) Yes.

(d) Yes ; but only in the case of some officers.

(e) Yes.

(f) No. Government are not prepared to go beyond the recommendation in the Report that in considering candidates greater weight should be given to accountancy qualification than is done at present.

Dr. P. N. Banerjea : Has that policy been definitely laid down that greater importance should be attached to accountancy qualification ?

Mr. A. H. Lloyd : I am not now in a position to state whether we have specifically issued orders on the recommendation of the Income-tax Enquiry Committee report that greater weight should be attached to such qualification. I have no doubt at all that if these orders have not yet issued, they will issue shortly.

RECRUITMENT OF INDIAN LABOURERS TO CEYLON.

768. ***Mr. M. Ananthasayanam Ayyangar** : Will the Secretary for Education, Health and Lands be pleased to state :

(a) if the Government of Ceylon have sanctioned the recruitment of labour from India ;

(b) if Mr. P. S. Vidyalingam has sent a telegraphic communication to His Excellency the Governor General that so long as the rights and status of Indians are not clearly defined, recruitment of Indian labourers to Ceylon should not be allowed ; and

(c) What action Government have taken or propose to take regarding this matter ?

Sir Girja Shankar Bajpai : (a) and (b). Yes.

(c) No recruitment is legal unless the licence to recruit is endorsed by the Agent of the Government of India. The Government of India are not aware that any applications for such endorsement have recently been received by the Agent, but if such applications are received the Government will bear Mr. Vidyalingam's representation in mind.

IMPROVEMENT IN FACILITIES FOR THE MARKETING OF AGRICULTURAL PRODUCE FROM RURAL AREAS.

769. ***Mr. M. Ananthasayanam Ayyangar** : (a) Will the Secretary for Education, Health and Lands please state whether the Central Marketing Board has evolved any scheme for improving marketing facilities in India ?

(b) Has a scheme, if any, been published for general information ?

(c) How long has the Central Marketing Board been in existence and what is the annual expenditure on the same ?

(d) What steps, if any, are being taken to implement the recommendations, if any, of the said Board in particular with reference to the marketing of agricultural produce from rural areas ?

Sir Girja Shankar Bajpai : (a) and (d). There is no Central Marketing Board. The Honourable Member is doubtless thinking of the marketing surveys in progress under the general direction of the Central Marketing Officer. The progress made with this work since its inception is summarised in the Annual Reports of the Imperial Council of Agricultural Research, copies of which are available in the Library of the House.

(b) A report on the All-India Marketing Survey of wheat has already been published. Similar reports on linseed, tobacco, grapes, cattle, eggs and coffee are in an advanced stage of preparation.

(c) The office of the Agricultural Marketing Adviser was established in January, 1935. The annual expenditure on the marketing officer and his staff including survey officers financed from Central funds is Rs. 2.5 lakhs.

Prof. N. G. Ranga : Are there any marketing surveys in progress in regard to the marketing of rice and sugar ?

Sir Girja Shankar Bajpai : Investigations in regard to rice are in progress. As regards sugar, I do not think that this Marketing Officer has any enquiry in hand.

Mr. M. S. Aney : What is the reply to part (d) ?

Sir Girja Shankar Bajpai : I have included the answer to part (a) and (d) together. I said that there is no Central Marketing Board in existence. There are only enquiries in progress.

Prof. N. G. Ranga : When do Government expect to complete this survey of marketing rice and publish their report thereon ?

Sir Girja Shankar Bajpai : As far as I know, the Marketing Officer is doing his best to bring the report out as soon as possible.

Mr. Ram Narayan Singh : Has any inquiry been completed in the province of Bihar ?

Sir Girja Shankar Bajpai : I really could not say as to what the territorial progress of this investigation is.

Prof. N. G. Ranga : Will Government consider the desirability of publishing at least a summary of these marketing reports in the principal languages of the people, whether Hindi or Urdu ?

Sir Girja Shankar Bajpai : I think, Sir, my Honourable friend will agree that in the one report which has been issued so far, namely, the wheat report, the Central Marketing Office has done its duty well ; it has not merely given a broad statement of the position but summarise at the end of each chapter. So far as publicity in the vernaculars is concerned, I think that is a responsibility which the Local Governments ought to shoulder.

Mr. Ram Narayan Singh : What progress has been done in this connection till now ?

Sir Girja Shankar Bajpai : I have already referred my Honourable friend to the published reports of the Agricultural Council.

(b) WRITTEN ANSWERS.

MANUFACTURE OF HEAVY CHEMICALS.

745. ***Prof. N. G. Ranga** : Will the Honourable Member for Industries and Labour be pleased to state :

(a) whether the Tariff Board have recommended that " the production of heavy chemicals should be concentrated in a single central unit of manufacture which would supply the whole of India's requirements " ;

(b) whether they are aware that their manufacture is highly centralized in England in the Imperial Chemicals ;

(c) if so, whether Government have considered the advisability of themselves taking the manufactures of heavy chemicals as it is a heavy industry, so as to insure an adequate supply during the war-time and reserve the profits for the state ; and

(d) whether they are aware of the fact that sulphuric acid was produced by Germany in war-time from gypsum ?

The Honourable Sir Thomas Stewart : (a) and (d). Yes.

(b) Imperial Chemical Industries, Limited, has the predominating position in Great Britain.

(c) No.

GRANT TO THE SIWON LADY HOSPITAL.

751. ***Maulvi Muhammad Abdul Ghani** : Will the Secretary for Education, Health and Lands be pleased to state :

(a) the total amount of the Lady Dufferin Fund for Hospitals for Women for the year 1937 ;

(b) the total amount given to hospitals for women in the Province of Bihar ;

(c) the total amount unspent under the disposal of the Council and Committee for the Lady Dufferin Fund ;

(d) the amount of grant given to Siwon Lady Hospital ;

(e) whether Government are aware that the equipments in the Lady Hospital, Siwon, are very inadequate and the recurring charges for the salary of the lady doctor and nurses are equally inadequate ; and

(f) whether Government are prepared to consider the desirability of increasing the grants under both heads, recurring and non-recurring, before the said hospital is closed ?

Sir Girja Shankar Bajpai : (a) The Honourable Member is referred to the reply given on the 30th August, 1937, to part (a) of Mr. Sri Prakasa's unstarred question No. 35.

(b) No grant has been made by the Central Countess of Dufferin's Fund.

(c) Rs. 140.

(d) Nil.

(e) Government have no information.

(f) This is not a matter for the Central Government. The Hospital is a municipal one and it is for those responsible for its management to approach the Local Government or the Countess of Dufferin's Fund.

MOTION FOR ADJOURNMENT.

BRITISH TROOPS FOR INTERNAL SECURITY PURPOSES.

Mr. President (The Honourable Sir Abdur Rahim) : I have received notice of a motion for adjournment of the House from Mr. Avinashilingam Chettiar who wishes to discuss a definite and specific matter of urgent public importance of recent occurrence, namely, the going back of the Government on the statement of the Commander-in-Chief in the Council of State on the 18th March, 1937, regarding British troops for internal security purposes and their refusal to consult the Local Governments over this matter.

I have to inform the House that His Excellency the Governor General has disallowed the motion on the ground that it cannot be moved without detriment to the public interest.

THE INSURANCE BILL.

Mr. President (The Honourable Sir Abdur Rahim) : The House will now resume discussion of the Insurance Bill. The question is :

" That clause 35 stand part of the Bill."

Mr. Sham Lal (Ambala Division : Non-Muhammadan) : Sir, I move :

" That in clause 35 of the Bill, after the word ' insurer ', occurring in the first line, the words ' or any of his officers or chief agents or district agents ' be inserted."

The object of this amendment is that, not only the insurer, but the other employees of the insurance company will not be allowed to pay any commission to any other person. As the clause now stands, the insurer may not pay the commission to an unlicensed agent, but it would be open to other employees of the insurance company to pay this commission. The object is to debar them also from paying commission to an unlicensed agent. If the Honourable the Law Member moves another amendment on the same subject I would be prepared to withdraw. Sir, I move.

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

" That in clause 35 of the Bill, after the word ' insurer ', occurring in the first line, the words ' or any of his officers or chief agents or district agents ' be inserted."

Mr. Bhulabhai J. Desai (Bombay Northern Division : Non-Muhammadan Rural) : Sir, I suggest that instead of this amendment it would be better to take the words which Mr. Chapman-Mortimer seeks to introduce by his amendment No. 4 in supplementary list No. 2, and insert those words in the first part of the clause as well as in the last. If that is done, we would have no objection to withdraw this amendment.

The Honourable Sir Nripendra Sircar (Law Member) : Sir, I agree.

Mr. Sham Lal : In that case, I beg leave of the House to withdraw the amendment.

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

Mr. F. E. James (Madras : European) : Sir, if that is the understanding and if no objection is raised to making that alteration in Mr. Chapman-Mortimer's amendment, we might move that now.

Mr. President (The Honourable Sir Abdur Rahim) : How will the amendment read then ?

Mr. T. Chapman-Mortimer (Bengal : European) : Sir, I shall write it out and give it to you very shortly.

Mr. Akhil Chandra Datta (Chittagong and Rajshahi Divisions : Non-Muhammadan Rural) : Sir, I beg to move :

" That in clause 35 of the Bill, for the words ' three months ' the words ' three years ' be substituted."

The object of this amendment is to give reasonable time for re-adjustment, in view of the fact that a very important change is being made in clause 35.

Sir, I move.

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

" That in clause 35 of the Bill, for the words ' three months ' the words ' three years ' be substituted."

The Honourable Sir Nripendra Sircar : I object to this amendment. The extension to three years from three months seems to me to be unreasonable. I am quite prepared to accept No. 553 which is in the name of Dr. Banerjea, and which substitutes six months for three months. I am opposing this.

12 NOON.

Mr. Akhil Chandra Datta : Sir, I beg leave of the House to withdraw my amendment.

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

Dr. P. N. Banerjea (Calcutta Suburbs : Non-Muhammadan Urban) : Sir, I move :

" That in clause 35 of the Bill, for the words ' three months ' the words ' six months ' be substituted."

As the Honourable the Law Member has been good enough to accept this amendment, I need not say anything to commend it for its acceptance by the House.

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

" That in clause 35 of the Bill, for the words ' three months ' the words ' six months ' be substituted."

The motion was adopted.

Mr. T. Chapman-Mortimer : Sir, I move :

" That in clause 35 of the Bill, the words ' in or for collecting insurance premiums ', occurring in the fifth line, be omitted."

The reason for this amendment is that if an amendment of this nature is not carried, the position of banks and others who collect insurance premiums on behalf of the insurer may be made impossible. It is, therefore, suggested that these words should be omitted. Sir, I move.

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

" That in clause 35 of the Bill, the words ' in or for collecting insurance premiums ', occurring in the fifth line, be omitted."

Mr. S. C. Sen (Government of India : Nominated Official) : We accept this amendment.

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

" That in clause 35 of the Bill, the words ' in or for collecting insurance premiums ', occurring in the fifth line, be omitted."

The motion was adopted.

Mr. T. Chapman-Mortimer : Sir, I move :

" That in clause 35 of the Bill, after the word ' insurer ', occurring in the first line, the words ' or any person who, for the purpose of insurance business, employs an agent licensed under section 37 ' be inserted."

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

" That in clause 35 of the Bill, after the word ' insurer ', occurring in the first line, the words ' or any person who, for the purpose of insurance business, employs an agent licensed under section 37 ' be inserted."

Sir Cowasji Jehangir (Bombay City : Non-Muhammadan Urban) : This is putting the cart before the horse. Instead of moving the substantial amendment in the first instance and then his consequential amendment, he asks for the consequential amendment first and then desires to move the substantial amendment afterwards. Under the circumstances we are compelled to discuss his amendment No. 4.

Mr. President (The Honourable Sir Abdur Rahim) : No. 4 is not before the House.

Sir Cowasji Jehangir : May I point out that words are being inserted at the beginning of the section, and afterwards he is proposing to put them at the end of the section in another amendment No. 4.

Mr. T. Chapman-Mortimer : On a point of order, may I just remind the House that what was moved was Mr. Sham Lal's amendment which Government accepted, and which I promised Mr. Sham Lal yesterday we were prepared to support. It was then suggested by the Leader of the Opposition that it would be very much better to take the same wording out of my other amendment No. 4—which is not exactly the same,—instead of Mr. Sham Lal's. That is what is now before the House.

Sir Cowasji Jehangir : This is confusion worse confounded. I want to draw your atteniton to what I want you to consider. If supposing the amendment No. 4 of the Honourable Member, which he is going to move, in a few minutes, is thrown out or altered, then the words that he is now using will also have to be altered.

Mr. President (The Honourable Sir Abdur Rahim) : What it is you propose to move is No. 4, the same wording as I have just read.

Sir Cowasji Jehangir : The same wording as in No. 4.

Mr. F. E. James : I am making a suggestion. There is no objection whatsoever to these two amendments being considered together the original moved by Mr. Chapman-Mortimer and the one he has just moved.

Mr. Bhulabhai J. Desai : I support that the words " or any other person who for the purpose of insurance business employs an agent licensed under clause 37 " come both at the beginning, that is, after the word " insurer " and also at the end. The fact of the matter is this : the clause stands thus at present :

" No insurer shall after the expiry of three months from the commencement of this Act pay or contract to pay any remuneration or reward whether by way of commission or otherwise for soliciting or procuring insurance business or for collecting insurance premiums in British India to any person except an insurance agent licensed under section 37."

What my Honourable friend, Mr. Chapman-Mortimer, says is that not only there is another class which is left out to whom it may be paid and not maintain the maximum as regards the license fee, but the person to whom the person who for the purposes of the business employs insurance agents, etc. Now what we want is, and what Mr. Sham Lal wanted by his amendment was : that the object of the section would be defeated if

similar words were not put in the early part of the section : for this reason, that supposing there is what I may call a class to whom it may be paid, and if they were free to part with a part of that to licensed agents, the result will be that the section would be defeated to a large extent. Therefore, what is now agreed is that no insurer or a person who otherwise receives the largest commission shall pay anything more than the maximum to the insurance agent, and I suggest that both these may be taken together.

Mr. President (The Honourable Sir Abdur Rahim) : You mean the amendment after the word ' insurer ', and the amendment at the end of the section ? I was just putting the first amendment.

Mr. Bhulabhai J. Desai : They want both to be put and both can be discussed together.

Mr. T. Chapman-Mortimer : That is exactly what I suggest, that both.....

Mr. President (The Honourable Sir Abdur Rahim) : I understand the suggestion is that there should be one amendment putting in these words, that is to say, the words : " or any person who for the purposes of insurance business employs an agent licensed under section 37 " to be inserted after the word ' insurer ' in the first line and also at the end of the section after the words " section 37 ". That is the suggestion now : is that so ?

Mr. T. Chapman-Mortimer : Yes, Sir : that is the suggestion of the Honourable the Leader of the Opposition. But as I tried to point out in the redraft which I have given you, the word cannot exactly be the same, because the position in the sentence is different and, therefore, I would like to move them separately.

Mr. President (The Honourable Sir Abdur Rahim) : Therefore I wanted the Honourable Member to give the entire amendment that he wants to move. If he wants to move the two amendments separately, that is another matter. But if there is only one amendment covering both, I want him to let me have the wording of it.

The Honourable Sir Nripendra Sircar : May I make a suggestion ? The paper which you have got before you, *plus* amendment No. 4, that is what is intended to be moved : how it is to be done is a matter for the Chair and for Mr. Chapman-Mortimer.

Mr. President (The Honourable Sir Abdur Rahim) : I want him first to give me the entire amendment as proposed.

Mr. T. Chapman-Mortimer : We do want to move two separate amendments, because they are in different parts of the section. Therefore I want to move my second amendment.

Mr. President (The Honourable Sir Abdur Rahim) : Then, I am putting the first amendment to the House. Amendment moved :

" That in clause 35 of the Bill, after the word ' insurer ', occurring in the first line, the words ' or any person who, for the purpose of insurance business, employs an agent licensed under section 37 ' be inserted."

Sir Cowasji Jehangir : Sir, I apologise for butting in like this, but there seems to be still an amount of confusion.....

Mr. President (The Honourable Sir Abdur Rahim) : You can oppose it if you like.

Sir Cowasji Jehangir : I am not opposing it. I have been trying to explain and Mr. Chapman-Mortimer has already explained, if you will kindly allow Mr. Chapman-Mortimer to move amendment No. 4 on the paper first, and then allow him to move the amendment you have put.....

Mr. President (The Honourable Sir Abdur Rahim) : I cannot allow that, because that comes at the end and this comes in the beginning.

Sir Cowasji Jehangir : If a consequential amendment happens to be in the beginning of a section because another alteration has been made in the section, we cannot help it. Or let him move both together, because there is a great deal in it.....

Mr. President (The Honourable Sir Abdur Rahim) : I have had enough conversation about it. I suggested both alternatives to the Honourable Member : he wants to move this amendment first and I have put it to the House and there will be discussion on it.

Sir Cowasji Jehangir : All right, Sir. I will discuss it : and in discussing it I will have to allude to the amendment that he is going to move. The Honourable Member from the European Group desires by both his amendments to secure one object : I am rather at a disadvantage in having to speak at this particular time, because I have not heard his arguments in this House in support of his amendment No. 4. Nevertheless, if this amendment is passed, naturally, my case will be prejudiced against amendment No. 4. Therefore I desire to point out to the Honourable House what exactly the amendment No. 4 is.....

Mr. President (The Honourable Sir Abdur Rahim) : The amendment now under discussion is the amendment I have read out.

Sir Cowasji Jehangir : That is the same as amendment No. 4.

Some Honourable Members : No, no.

Sir Cowasji Jehangir : The purpose is different but the wording is the same. The object of my friend, Mr. Chapman-Mortimer, as I understand him, is to enable chief agents to get unlimited remuneration. Now, I am in complete sympathy with that object. I desire that chief agents should get unlimited remuneration. But the point for consideration is, who is the chief agent ? The definition of my Honourable friend of a chief agent is one who employs an agent licensed under section 37 and who does practically no canvassing himself. I think that is much too wide a definition of a chief agent ; and it leaves loopholes for insurers who desire to give a bigger commission than what the Honourable the Law Member has expressed his desire to do, to appoint ordinary agents as chief agents. And an ordinary agent can be appointed as chief agent by undertaking to employ two men or one man and not to canvass himself. The result will be that insurers will have a number of chief agents instead of ordinary canvassers. My Honourable friend's object could be completely achieved, if he would only clearly define what a chief agent is.....

Babu Baijnath Bajoria (Marwari Association : Indian Commerce) : What is your definition ?

Sir Cowasji Jehangir : I am going to define it, if you will only permit me to speak. I have got it.

If I understand my friend aright and the object he has in view, then I would respectfully suggest to the House that we should do exactly what is intended to be done, and not leave any loophole anywhere ; let us do everything in a straightforward and honest manner. We all have got the same object in view, and that is, the chief agents should have no limit on their remuneration. If that is admitted, then I respectfully contend that instead of putting the words that my Honourable friend, Mr. Chapman-Mortimer, has suggested, he might consider the advisability of putting in the following words.....

Mr. Bhulabhai J. Desai : Not only he may not receive it, but he may pass no part of it on to the insurance agent so that the limitation may be futile.

Sir Cowasji Jehangir : I have understood the point ; we shall amend it, so that that point may be covered by different words. My point is, if you cover the point made by Mr. Sham Lal by the words used now, then I might be ruled out from making any other suggestion in amendment No. 4.....

The Honourable Sir Nripendra Sircar : That is not a calamity.

Sir Cowasji Jehangir : It is certainly a great calamity to a large number of people. It will not be a calamity to my friend, the Honourable the Leader of the House, and if he will only have a little patience and hear what I have to say, he will realise what I mean.

Now, Sir, what I suggest is this. I request my friend, Mr. Chapman-Mortimer, to add the following words at the end of section 35. (At this stage some conversation was going on between Mr. Bhulabhai Desai and Professor Ranga.) Will the Honourable the Leader of the Opposition kindly give me his attention for a few minutes ? My Honourable friend, Prof. Ranga, seems to be engrossing his attention, but this is a very important point.....

Mr. Bhulabhai J. Desai : I am very sorry.

Sir Cowasji Jehangir : I suggest, Sir, that the following words be added at the end of section 35.....

Mr. President (The Honourable Sir Abdur Rahim) : There is no such amendment before me.

Sir Cowasji Jehangir : Sir, I am making a suggestion for your consideration.

Mr. President (The Honourable Sir Abdur Rahim) : The Honourable Member can advance any argument he likes either in support of or against the amendment before the House. The amendment before the House is that after the word " insurer " in the first line, the words I have read out be inserted. The Honourable Member can either accept it or oppose it.

Sir Cowasji Jehangir : Sir, instead of those words the Honourable Member now suggests,—there was no notice for that,—I suggest that something of this sort should be put in,—namely, " or any person who under the authority of or power of attorney....."

Mr. President (The Honourable Sir Abdur Rahim) : If the Honourable Member really wants to move an amendment, he must put it in proper form and let me have it now, and then he can move it afterwards. But if he wants to negotiate with any other Honourable Member, this is the time for it. The amendment before the House is.....

Sir Cowasji Jehangir : Sir, I am merely drawing the attention of the House to certain loopholes in my Honourable friend's amendment, and I am making a suggestion for the consideration of the House.....

Mr. President (The Honourable Sir Abdur Rahim) : Is it against the amendment that is before the House ?

Sir Cowasji Jehangir : Yes, because the words of the present amendment entirely depend upon the words that may be used in amendment No. 4. You allowed it to be moved....

Mr. President (The Honourable Sir Abdur Rahim) : I have not allowed it. That has not been moved.

Sir Cowasji Jehangir : Sir, Mr. Chapman-Mortimer's amendment was moved without notice. It was put in in order to serve a certain purpose. I desire to serve the same purpose by using other words, because I am going to suggest that something should be added to Mr. Chapman-Mortimer's amendment No. 4 when he moves it. If I allow this opportunity to pass....

Mr. President (The Honourable Sir Abdur Rahim) : I do not know if I have made myself clear to the House. The only amendment that is now before the House is the amendment that has been read out, that is the amendment for inserting the words I have read out after the word "insurer". The Honourable Member can support or oppose it.

Sir Cowasji Jehangir : Sir, may I just repeat for your particular consideration one point ? The words of the amendment that has been moved by Mr. Chapman-Mortimer just now are identically the same as those in amendment No. 4 except one word 'such'. I have no criticisms to offer.....

Mr. President (The Honourable Sir Abdur Rahim) : Wait till that comes.

Sir Cowasji Jehangir : No, if I am a party to these words being put in it might be contended that I have agreed to the principle that Mr Chapman-Mortimer is going to enunciate in amendment No. 4.....

The Honourable Sir Nripendra Sircar : Then oppose it.

Mr. President (The Honourable Sir Abdur Rahim) : The Honourable Member has got the amendment which is now before the House.

Dr. Ziauddin Ahmad (United Provinces Southern Divisions : Muhammadan Rural) : On a point of order, Sir. As I understand the position, Sir Cowasji Jehangir's point is this. He will support Mr. Chapman-Mortimer only on condition that certain words are added to it, but let us know what those words are.

Mr. President (The Honourable Sir Abdur Rahim) : I must really ask the House to proceed with the amendment that is before the House.

Sir Cowasji Jehangir : I suggest, Sir, that instead of the words used by Mr. Chapman-Mortimer, we should defer the consideration of his amendment until No. 4 is reached.....

Mr. President (The Honourable Sir Abdur Rahim) : I cannot allow that. We should first dispose of the amendment that is before the House.

Sir Cowasji Jehangir : There should be a clearer definition of "Chief Agent", and if it is clearly understood, then, when amendment No. 4 is moved, and if my view is accepted by the House, by the Honourable the Leader of the House, and by all the other parties in the House, if necessary another amendment may be considered to change the words now moved by Mr. Chapman-Mortimer to be in consonance with the views of the House.

Mr. President (The Honourable Sir Abdur Rahim) : I can't allow that.

Sir Cowasji Jehangir : If that is not conceded, I can't proceed further.

Mr. President (The Honourable Sir Abdur Rahim) : The Honourable Member must know that can't be allowed.

Mr. M. S. Aney (Berar : Non-Muhammadan) : Sir, I think the amendment which my friend, Mr. Chapman-Mortimer, has moved without notice was on account of an understanding that he was to move amendment No. 4 and that will be supported by both parties if the present amendment which is before the House is accepted. That was the clear understanding. Therefore, according to this understanding, both the amendments should be placed before the House together. That is what I think is the meaning of that understanding. If both of them are before the House it would be possible for the House to judge whether to support the amendment which is only a part of the entire amendment which is to be considered by this House. Therefore, I think that my Honourable friend, Mr. Chapman-Mortimer, was willing to move both, but on account of the observations which you had been making not being properly understood by him, he was saying, "If I have two amendments, I shall move them separately". He probably was not able to catch what you said. If you allow him to move the other amendment also the whole trouble in debating this amendment will be over.

The Honourable Sir Nripendra Sircar : I support the only amendment which is now before the House. I shall make only one observation. (Interruption.) May I be allowed to go on ? As regards my Honourable friend, Sir Cowasji Jehangir's point, he seems to be obsessed with the idea that the words which have been added are meant only for the chief agent. He was continually talking of the chief agent and said he would give us a better definition of the chief agent. Obviously the words added include persons other than chief agents. By reason of the words which have been added there may be persons who are not chief agents but who will get the benefit of this addition. I can give one example. For instance, as I said the other day, the manager at Calcutta working for the head office in London—what is he ? Is he a chief agent ? He need not be called a chief agent. His function

[Sir Nripendra Sircar.]

may be very different from that of the chief agent but he will come within these words, and it is possible to think of various persons other than chief agents which are included in these words.

Babu Baijnath Bajoria: I rise to support the amendment moved by Mr. Chapman-Mortimer. This amendment is very necessary. As the clause at present stands, it reads :

"No insurer shall, after the expiry of six months, pay or contract to pay to anybody excepting insurance agent licensed under section 37."

The insurer cannot be present personally or cannot have his head office at all the places. There may be branch offices, there may be chief agents, or there may also be agents of foreign companies, British or other European countries, in Calcutta or Bombay, and it is necessary that this amendment should be there because any person who employs an insurance agent will be in the position of the insurer himself. In my opinion this amendment is very necessary to clarify the object which we have in view.

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

"That in clause 35 of the Bill, after the word 'insurer', occurring in the first line, the words 'or any person who, for the purposes of insurance business, employs an agent licensed under section 37' be inserted."

The motion was adopted.

Mr. T. Chapman-Mortimer : I beg to move :

"That at the end of clause 35 of the Bill, the words 'or any person who, for the purposes of insurance business, employs such agent' be added."

My Honourable friend, the Law Member, made it very clear yesterday that the intention of clause 37 of the Bill is to limit the licensing of agents to what he called the field worker or canvasser. Now, it will also be noticed if Honourable Members will look at clause 37 that only an individual may so canvass—quite properly. But if that individual is employed by a chief agent or by a special agent that chief or special agent cannot be paid in any way if clause 35 of the Bill is not amended by the addition which is suggested in my amendment. If Honourable Members will look at clause 35, it says :

"No insurer shall after the expiry of three months from the commencement of this Act pay or contract any remuneration or reward whether by way of commission or otherwise.....".

That would mean that the chief agent could not be paid by the insurer for the work which he does by way of organising the insurance business in any province or district in India and it is for that purpose that we propose the addition of these words at the end of clause 35. Sir, I move.

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

"That at the end of clause 35 of the Bill, the words 'or any person who, for the purposes of insurance business, employs such agent' be added."

Sir Cowasji Jehangir: My Honourable friend, Mr. Chapman-Mortimer, has given us quite clearly the object for which he moves this amendment. I am in complete sympathy with the object, that is, that

there should be no restriction on the remuneration to be paid to a chief agent or anybody else working in the capacity of a chief agent or manager. But the wording, as used, leaves considerable loopholes for persons, other than chief agents and managers or of that class, being given the privilege of being remunerated to any extent. If the words are, all persons who employ field workers who are licensed under section 37, then there would be nothing to stop the insurers employing a field worker as a chief agent, and practically all field workers will demand from insurers the privilege of being called the employers of licensed workers. Take a man who is a field worker. Under the Act that will come into force, his remuneration will be restricted. He won't like it, nor may some insurers like it. He will say, "Make me an employer of a licensed agent. I will keep one man and I can get any remuneration which you choose to give me or I choose to demand". Therefore, there is a loophole for running a coach and four through sections that we are going to bring into the Bill at a later stage. I would respectfully suggest to all Honourable Members of this House to consider a suggestion that I have to make. Let us amplify or define more clearly the persons whom my Honourable friend desires should have unlimited remuneration. The object we have in view is the same. I would suggest that instead of saying merely those who employ licensed agents under section 37 something like the following words may be used. I would suggest for the consideration of the House that instead of the words that are in the amendment the following words may be inserted.

"Or any person who, under the authority of a Power of Attorney or Letter of Appointment from the principal office of the insurer, performs in his own office, independently and without assistance, except advisory and/or supervisory, such functions of an insurer as may be assigned to him by the insurer, provided that no insurer shall appoint more than fifteen such persons in India and provided also that such persons shall not themselves perform the duties and functions of insurance agents licensed under section 37 of this Act."

The wording I have suggested will cover all the objects that my Honourable friend, Mr. Chapman-Mortimer, has in view. Managers and chief agents will all be appointed and any remuneration that their head office in England choose to give them can be given, but it will prevent small men from claiming the right of becoming chief agents by employing one man. May I point out to my Honourable friends in the European Group, that the wording that I have given covers every one of their cases? Do they realise that by the wording that they have adopted, they lay insurers open to one of the worst kinds of oppression, *viz.*, blackmail? One of their field workers or insurance agents may come and say : 'I threaten to leave you and join one of your rivals, unless you make me a chief agent or an equivalent to a chief agent'. That is to say, you will employ somebody who is licensed, thereby enabling you, that is, the insurer to pay that field worker an unlimited amount of commission and such demands will be made upon all insurers, including such firms as Bird and Co., Andrew Yule and Co., Jardine Skinner and Co., who are all very big chief agents—and represent some of the largest insurance companies of the world. Protect them by all means. No one wants to come in the way of their head offices remunerating them to any extent that the head office may choose, but why leave such a big loophole for insurers to appoint men under this amendment, if it is carried into law, and be forced to give them unlimited commission.

The Honourable Sir Nripendra Sircar : They cannot do it.

Sir Cowasji Jehangir : How ?

The Honourable Sir Nripendra Sircar : I will explain it in my reply.

Sir Cowasji Jehangir : If you will give me a hint, I will sit down ; if my apprehensions are wrong, nobody will be more pleased than myself.

The Honourable Sir Nripendra Sircar : I won't make a second interruption.

Sir Cowasji Jehangir : The object in providing that an insurer shall appoint 15 of such men is again to prevent a loophole for, I won't say, corrupt practices but for taking advantage of the wording of this suggested clause. I suggest 15 of such men all over India. Most of them have only four or five. Take Bird and Co. or anybody else. They can appoint 15 chief insurers all over India, the provision being to stop them appointing hundreds of them under this clause, and again driving a coach and four through the principle we have all agreed upon. I would ask the Honourable the Law Member and the Leader of the Opposition to consider my suggestion. I do submit that this is a very important matter and if my Honourable friends are really anxious to carry out the objects which we are all agreed upon, they will give my suggestion and my apprehensions some consideration. That is all I ask for, and, even if it is necessary that some further time should be taken to consider this important clause, I hope the House will not be in a hurry and rush through a legislation, which they may regret. I feel that we are rushing through important sections.....

Mr. President (The Honourable Sir Abdur Rahim) : I cannot agree with the Honourable Member there.

Sir Cowasji Jehangir : On unimportant clauses, long speeches are being made. In an important matter like this, I trust that the House will take time to deliberate and consider and weigh the *pros* and *cons* before giving their vote or accepting Mr. Chapman-Mortimer's amendment. I would suggest again for the consideration of the European Group my alternative wording. Take a little time over it and do not rush this amendment through.

Dr. Ziauddin Ahmad : If I understand aright the point of view of Sir Cowasji Jehangir, with which I have great sympathy, is this. We have to deal with three persons in this Bill. First, the insurer who is A, the other is the Agent B and the third is the field worker and whom I will call C. There is a provision that A cannot pay to B and B cannot pay to C more than the prescribed limit. But A can pay to C any amount he likes. That is what I understand is the point made by Sir Cowasji Jehangir.

The Honourable Sir Nripendra Sircar : Sir, I support the amendment of Mr. Chapman-Mortimer. The most material contribution of Sir Cowasji Jehangir is the mixed metaphor of driving a coach and four through a loophole. I shall try to meet that point. The idea of the legislation which is intended is this, that the field worker—I am using that rather colloquial expression—is not to get beyond a certain percentage. Equally, the man who is just above him is not to be paid 70

per cent. or 80 per cent. and to be allowed to pass on a portion of the commission which he gets. Although he may not be hit by section 35, he must not be allowed to pass on a portion of his commission to the field worker. That is the idea. Now, I really do not understand what Dr. Ziauddin Ahmad meant by his A, B and C. Fortunately, he stopped at C and did not carry it on to X. I understood him to say that his fear is that A might jump over the head of B and drop on C and pay the money to him. (Laughter.)

Dr. Ziauddin Ahmad : I understand that the apprehension just expressed by Sir Cowasji Jehangir was that there is a loophole in this particular provision and I wanted the Leader of the House to explain that loophole. The loophole, as I understand it, is this, that the insurer cannot pay to the agent, and the agent cannot pay to the field worker more than a given percentage but the insurer can pay direct to the field worker any percentage.

Sir H. P. Mody (Bombay Millowners' Association : Indian Commerce) : That is a mathematical jump !

The Honourable Sir Nripendra Sircar : I do not think that any legislation—certainly not this legislation—can stop all loopholes, and when Oriental wants all loopholes, even the small ones, to be closed, I get a bit suspicious. In this fight between the small companies and the big companies, one has got to remember this that the big companies are very fortunately situated. Never mind the limitation of commission and other things, they can spend a couple of lakhs tomorrow for opening a big branch office somewhere else. They have their advantages and they intend to examine the small loopholes through a microscope. We are trying to stop all the big loopholes. Sir, I support the amendment.

Mr. M. A. Jinnah (Bombay City : Muhammadan Urban) : Sir, the position that we have tried to take up is this. The first question which really goes at the root of the amendment and the clause and also the subsequent clauses is this. Hitherto, there is absolutely no limit to any commission that may be paid either to the chief agent or a special agent or a special manager or a field worker or a canvasser. That has been the position up to the present moment. Now, Sir, on the question of commission, there are various schools of thought and there are various interests involved, and the one point of view that has impressed us—at least impressed the Members on this side of the House—is this, that in trying to limit these commissions or the percentage of the commissions we should see that the small companies are not hit hard. There is a competition and the House, I think, must be aware by now as to what this struggle is about. The competition is this that, naturally, the large and influential Indian companies wish to limit the commission in order to prevent the foreign companies or the United Kingdom companies from competing with them by offering very large commissions because they are very powerful companies. So, this is a fight between the large and powerful and influential Indian companies and the foreign or the British companies. In that fight between the two, what I am trying to guard and what I want this House to guard is to see that, when these two big lions are fighting, let not the poor lamb be swallowed up. It was only with that consideration that I also hinted about it in my speech when we were considering the Bill.

[Mr. M. A. Jinnah.]

Now, Sir, what is the position ? There is no confusion about this at all. The amendment to this clause now comes to this. As the clause stood before, there was a big loophole. That loophole was that the insurer, that is, the company, was prohibited from paying a commission to anybody else except the canvasser or the field worker. It will, of course, have to be considered whether the commission should be limited or not, but here the question was that the insurer was prohibited from paying any commission to anybody except one class, namely, the field worker or the canvasser. Now, there was a loophole and that loophole was that the insurer may not be allowed to pay yet somebody else may pay out of his own remuneration and that was intended to be stopped by the first amendment that the House has passed. So, there is no confusion and there is no conflict of any kind. Now, we come to the amendment which is now before the House. The object of this amendment is that, unless you accept it, you will exclude any remuneration being paid to the chief agents at all on the basis of commission or otherwise. Now, the whole question is this that that class, whatever you may call it,—namely, the chief agents or special managers or the organisers—but which cannot come under the category of canvassers or field workers may be paid such remuneration as the insurer may think fit. Now, if this amendment is not carried and if we, by any chance, decide to limit the percentage of the commission, then I feel that small companies will go to the wall, as they cannot employ chief agents or special agents. Sir, I support this amendment entirely in the interests of the small companies and I hope that the House will pass it.

Mr. F. E. James : May I make one observation ? I was not quite certain from what my Honourable friend, Mr. Jinnah, said just now as to whether he had completely understood the position which has been taken up by the U. K. companies in regard to this question of limitation of commission. It has not been expressed in the House and perhaps I might take this opportunity of expressing.....

Mr. M. A. Jinnah : I did not refer to any definite position that the European Group has taken up. All I said is this that that proposition, namely, limiting the commission will come before us later on. If that is accepted, then this amendment becomes all the more essential, and that was my point.

Mr. F. E. James : I am very glad to have that explanation, and the position will be made quite clear at a later stage.

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

" That at the end of clause 35 of the Bill, the words ' or any person who, for the purposes of insurance business, employs such agent ' be added."

The motion was adopted.

Mr. Akhil Chandra Datta : Sir, I beg to move :

" That to clause 35 of the Bill, the following proviso be added :

' Provided that nothing in this section shall bar the payment of commissions as they fall due in respect of the business placed prior to the commencement of this Act '."

The whole object of this amendment is to prevent retrospective effect being given to the new provisions of the Bill. That is my object.

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

" That to clause 35 of the Bill, the following proviso be added :

' Provided that nothing in this section shall bar the payment of commissions as they fall due in respect of the business placed prior to the commencement of this Act '."

Mr. N. C. Chunder (Calcutta : Non-Muhammadan Urban) : Sir, may I draw the Honourable Member's attention to my amendment No. 578, because that deals not only with what my Honourable friend has suggested here, but also with the question of representatives of the deceased agents. If he will accept my amendment and withdraw his, it will be better. Or I would request you to allow me to move my amendment also along with his one.

The Honourable Sir Nripendra Sircar : The amendment of Mr. Chunder is a better and more comprehensive one.

Mr. Akhil Chandra Datta : I shall gladly withdraw my amendment on the understanding that my Honourable friend, Mr. Chunder, will move his and on the further understanding that he has got an assurance from the Honourable the Law Member that it will be accepted.

Mr. President (The Honourable Sir Abdur Rahim) : I cannot accept any such conditional withdrawal.

Mr. Akhil Chandra Datta : I beg leave of the House to withdraw my amendment.

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

Mr. President (The Honourable Sir Abdur Rahim) : The next amendment is in the name of Mr. Satyamurti.

The Honourable Sir Nripendra Sircar : Before my Honourable friend moves his amendment, I have a suggestion to make. This is intended to be a definition of ' Insurance Agent ' really. I have certain objections to this definition. We had a long discussion this morning between different parties. I did not have the chance of talking to all the different parties in the House. I suggested that ' Insurance Agent ' had got to be defined particularly having regard to what I said that I wanted to hit only one class of men. What is that class of men ? I am suggesting that all the parties might meet today and try to agree to a definition that will be acceptable or, at any rate, generally acceptable, rather than trying to destroy individually, one by one, all the definitions which have been put up. If this suggestion commends itself to the House and to the Chair, I would suggest that somebody might be allowed to move tomorrow the definition of ' Insurance Agent '.

Dr. P. N. Banerjea : Will you define ' Chief Agent ' and ' Special Agent ' also ?

The Honourable Sir Nripendra Sircar : No.

Mr. Bhulabhai J. Desai : I have no objection to this amendment being postponed.

Mr. President (The Honourable Sir Abdur Rahim) : I do not know whether there is any objection on the part of any one. It seems to me that perhaps it would serve a useful purpose if this amendment stands over till tomorrow.

Mr. Akhil Chandra Datta : Sir, I beg to move :

" That to clause 35 of the Bill, the following *Explanation* be added :

' *Explanation.*—When an insurer employs a person or body of persons as chief or special agent to organise to secure business by appointing agents, to collect premium and generally to transact and conduct the business of the insurer within a definite area and territory such chief or special agent by whatever name called shall for the purposes of this section and sections 37 and 38 be deemed to be an insurer and shall not be required to take out a license under section 37.'."

Now, Sir, the object of this amendment is this. So far as the intention of this clause is concerned, the Honourable the Leader of the House has very carefully explained yesterday as also today that the intention is that these provisions should apply only to field workers and for canvassers. That is a matter on which it is perfectly clear that all the sections of the House are quite agreed. There is no quarrel about that. My only trouble is that intention is not clearly explained in this clause. Now, Sir, there are two expressions which have been used here to describe those persons about whom these three clauses are being enacted. One is given by name and another by the function they are to perform. The name given in all these three clauses 35, 37 and 38—is ' Insurance Agent '. We have up to now got no definition of ' Insurance Agent '. The Honourable the Leader of the House has just promised us a definition tomorrow. That is the reason why I suggest that this amendment might stand over till tomorrow till that definition is drawn up. However, that permission not having been given I have got to move it. As I have said. One description is by the name of " insurance agent " and the other description is by the function they perform, namely, " procuring insurance business ". My submission is that the expression " insurance agent ",—I am of course compelled to place this view because the definition has not yet been enacted, and if the Honourable the Leader of the House wants I may again propose that this should stand over till that definition is settled.....

The Honourable Sir Nripendra Sircar : I object to its standing over.

Mr. Akhil Chandra Datta : Then my case is this. As the expression " insurance agent " stands in the Bill now, before that promised definition comes, it applies to the field worker and the canvasser as well as the chief agent and special agent. The chief agent is none the less an agent and an insurance agent, and, therefore, the word " insurance agent " applies equally to the chief agent. The other description is, " procuring insurance business ". That again is an expression used in all the three clauses 35, 37 and 38. That is an expression which applies equally well to the Chief Agent because the function of the Chief Agent is to procure insurance business. Therefore, in order to give effect very clearly to the intention of these provisions as clearly expounded by the Honourable the Leader of the House, this amendment is moved.

Again, in clause 37 the license is to be given to an " individual ",—not a person. If the word " person " had been used it might have referred to a body of persons also under the definition in the General Clauses Act. The word is " individual ", and, as a matter of fact, there are many chief agents who are not individuals but firms. Then I would invite the attention of the House to another expression in clause 38. It is a penal provision because the insurer would be committing an offence if he transacts any insurance business through any such individual. Sir, I am not preaching or laying down any new principle. Just to prevent any possible misconstruction let me concede, for the sake of argument, that it will be a wrong construction to put upon these words " insurance agent " and " procuring insurance business ", that they can include chief agent. My experience of law Courts is that there is always room for misconstruction, and as we are going to legislate now, it is the duty of the legislature to prevent all possible room for misconstruction. Therefore, in order to give effect to the intention so clearly expounded by the Leader of the House, this amendment is moved.

Sir, I move.

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

" That to clause 35 of the Bill, the following *Explanation* be added :

' *Explanation.*—When an insurer employs a person or body of persons as chief or special agent to organise to secure business by appointing agents, to collect premium and generally to transact and conduct the business of the insurer within a definite area and territory such chief or special agent by whatever name called shall for the purposes of this section and sections 37 and 38 be deemed to be an insurer and shall not be required to take out a license under section 37.'."

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

The Assembly re-assembled after Lunch at Half Past Two of the Clock, Mr. President (The Honourable Sir Abdur Rahim) in the Chair.

The Honourable Sir Nripendra Sircar : Sir, apart from the question of any better definition which may be thought of tomorrow, I oppose this definition on its merits. The definition, although a long one, I think my Honourable friend will agree, does not prevent persons defined here from taking part as canvassers. On that ground alone I would object to this amendment.

Mr. Akhil Chandra Datta : My point is " to secure business " by appointing agents.

The Honourable Sir Nripendra Sircar : I have nothing to add.

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

" That to clause 35 of the Bill, the following *Explanation* be added :

' *Explanation.*—When an insurer employs a person or body of persons as chief or special agent to organise to secure business by appointing agents, to collect premium and generally to transact and conduct the business of the insurer within a definite area and territory such chief or special agent by whatever name called shall for the purposes of this section and sections 37 and 38 be deemed to be an insurer and shall not be required to take out a license under section 37.'."

The motion was negatived.

Sardar Sant Singh (West Punjab : Sikh) : Sir, I move :

" That clause 35 of the Bill be re-numbered as clause 35 (*1*), and, after the clause as so re-numbered, the following be inserted :

' (2) No insurer shall in respect of any risk arising or accruing in India pay or contract to pay to any insurance agent by way of commission or as remuneration in any form an amount exceeding the undermentioned percentages in respect of different classes of insurance business other than the business of life insurance :

(i) in the case of fire and|or motor insurance-twenty-five per cent. of the premium ;

(ii) in the case of business of any other class of insurance fifteen per cent. of the premium.

(3) No insurer carrying on the business of life insurance or any of his officers of district and|or chief agents shall in respect of any risk arising or accruing in India pay or contract to pay to any insurance agent by way of commission or as remuneration in any form an amount exceeding the undermentioned percentages :

(a) in the case of an insurer carrying on the business of life insurance for a period of fifty years or more, 30 per cent. of the initial premium payable on any policy or policies effected through him and five per cent. for renewal premium ;

(b) in the case of an insurer carrying on the business of life insurance for a period of more than ten years but less than fifty years, forty per cent. of the initial premium payable on any policy or policies effected through him and five per cent. for renewal premium ;

(c) in the case of an insurer carrying on the business of life insurance for a period of less than ten years, fifty per cent. of the initial premium payable on any policy or policies effected through him and five per cent. for renewal premium :

Provided also that an insurer shall be at liberty to pay an additional remuneration to a chief agent or district agent at a rate not exceeding twenty per cent. on the first year's premium and two and a half per cent. on the renewal premium in order to enable such chief agent or district agent to perform the duties and functions of a chief agent and|or district agent in districts not controlled by a Branch Office. For the purposes of this sub-section an insurer shall not be entitled to appoint more than five chief and|or district agents in a single province or in a single Indian States Agency provided that the total number of such chief and|or district agents in India shall not exceed in all thirty-five.

Provided further that for the purposes of this sub-section a subsidiary or a controlled company as defined in the First Schedule Part I shall be deemed to be carrying on the business of life insurance for the same period as that of the principal insurer.

(4) Nothing contained in sub-sections (1) and (2) shall be deemed to affect reinsurance contracts or arrangements between Head Office which contracts or arrangements are hereby expressly excluded from the operations of sub-sections (1) and (2).

(5) All existing contracts and arrangements for payment of commission or remuneration made by an insurer with an insurance agent at a rate higher than that specified in sub-section (2) shall be void and of no effect.

(6) Every insurer shall furnish along with the annual returns to be filed by him under sections 12 and 13 with the Superintendent of Insurance a certificate signed by the principal officer of the insurer that no insurance agent or chief agent or other representative in India or any other person in India or elsewhere directly or indirectly connected with such insurance agent, chief agent, district agent or representative, has been paid by such insurer directly or indirectly commission or remuneration at a rate higher than the percentages mentioned in sub-sections (2) and (2) (a).

(7) If default is made in complying with the provisions of this section by a chief agent or a district agent he shall be punishable with a fine which may extend to rupees five hundred '."

I am moving this very comprehensive amendment for the purposes mentioned in the amendment itself. I have divided the business of insurance into three parts—first, life assurance, second, fire or motor insurance, and, third, all other classes of insurance. In the case of fire and motor insurance, I propose to commend to the House that a commission of not more than 25 per cent. of the first premium should be payable, and in the case of any other class of insurance, excepting life, only 15 per cent. of the first premium should be payable. As regards life insurance, I have again graded this limitation into three parts : first, in the case of those companies which are of 50 years standing from the date of incorporation of that company, the maximum commission payable is proposed to be restricted by me to 30 per cent.; in the case of insurers of between 10 and 50 years standing, ten per cent. more has been allowed, that is 40 per cent.; and, in the case of younger companies of less than ten years standing, the rate of commission proposed is 50 per cent. Then, I have provided that, in addition to these maximum amounts, in the case of a chief agent or district agent another 25 per cent. may be given. Further, in order to avoid an old company setting up a subsidiary company to get over these restrictions, I have provided that subsidiary companies shall be considered as part of their parent companies, and their date of incorporation will be the date of incorporation of their parent companies. Further on, I have excluded existing reinsurance contracts or arrangements from the operation of 1 and 2, but for the future all existing contracts and arrangement for payment of commission will be subject to the provisions of this amendment if it is carried through. I have further provided that, along with the annual returns, it will be the duty of those who are responsible for the company's business to make a declaration that the provisions of this amendment have been complied with ; and, in case of default, certain penalty is provided therein. My submission is that there is no doubt that there is a cut-throat competition between the various companies in the matter of paying commissions to their agents. It is alleged that the younger companies will be hit by this limitation of commissions ; but my own personal view is that, instead of being compelled to make payments, sometimes rising to over 160 or 170 per cent. of the first year's premium, it will be in their interest that you should restrict their commission, so that they may be able to make something from the very first year of the start of their life. In order to avoid that, it is absolutely necessary that the commissions should be restricted. There may be companies of more than ten years' standing who are yet not able to secure policies of this amount which some of the older companies enjoy at present : but if they cannot run into the struggle for existence, if they fail to compete or become efficient during the time that they have been in existence, the fault will be theirs if they cannot compete on equal terms with the companies of their own standing. Therefore, without taking much of the time of the House, I move that this amendment be accepted.

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

" That clause 35 of the Bill be re-numbered as clause 35 (*1*), and, after the clause as so re-numbered, the following be inserted :

' (2) No insurer shall in respect of any risk arising or accruing in India pay or contract to pay to any insurance agent by way of commission or as

[Mr. President.]

remuneration in any form an amount exceeding the undermentioned percentages in respect of different classes of insurance business other than the business of life insurance :

(i) in the case of fire and|or motor insurance twenty-five per cent. of the premium ;

(ii) in the case of business of any other class of insurance fifteen per cent. of the premium.

(3) No insurer carrying on the business of life insurance or any of his officers of district and|or chief agents shall in respect of any risk arising or accruing in India pay or contract to pay to any insurance agent by way of commission or as remuneration in any form an amount exceeding the undermentioned percentages :

(a) in the case of an insurer carrying on the business of life insurance for a period of fifty years or more, 30 per cent. of the initial premium payable on any policy or policies effected through him and five per cent. for renewal premium ;

(b) in the case of an insurer carrying on the business of life insurance for a period of more than ten years but less than fifty years, forty per cent. of the initial premium payable on any policy or policies effected through him and five per cent. for renewal premium ;

(c) in the case of an insurer carrying on the business of life insurance for a period of less than ten years, fifty per cent. of the initial premium payable on any policy or policies effected through him and five per cent. for renewal premium :

Provided also that an insurer shall be at liberty to pay an additional remuneration to a chief agent or district agent at a rate not exceeding twenty per cent. on the first year's premium and two and a half per cent. on the renewal premium in order to enable such chief agent or district agent to perform the duties and functions of a chief agent and|or district agent in districts not controlled by a Branch Office. For the purposes of this sub-section an insurer shall not be entitled to appoint more than five chief and|or district agents in a single province or in a single Indian States Agency provided that the total number of such chief and|or district agents in India shall not exceed in all thirty-five.

Provided further that for the purposes of this sub-section a subsidiary or a controlled company as defined in the First Schedule Part I shall be deemed to be carrying on the business of life insurance for the same period as that of the principal insurer.

(4) Nothing contained in sub-sections (1) and (2) shall be deemed to affect reinsurance contracts or arrangements between Head Office which contracts or arrangements are hereby expressly excluded from the operations of sub-sections (1) and (2).

(5) All existing contracts and arrangements for payment of commission or remuneration made by an insurer with an insurance agent at a rate higher than that specified in sub-section (2) shall be void and of no effect.

(6) Every insurer shall furnish along with the annual returns to be filed by him under sections 12 and 13 with the Superintendent of Insurance a certificate signed by the principal officer of the insurer that no insurance agent or chief agent or other representative in India or any other person in India or elsewhere directly or indirectly connected with such insurance agent, chief agent, district agent or representative, has been paid by such insurer directly or indirectly commission or remuneration at a rate higher than the percentages mentioned in sub-sections (2) and (2) (a).

(7) If default is made in complying with the provisions of this section by a chief agent or a district agent he shall be punishable with a fine which may extend to rupees five hundred ".

Sir H. P. Mody : Sir, I have got an amendment—No. 5 on Supplementary List No. 2—the main object of which is the limitation of commissions of district or chief agents ; and as that particular portion is covered by the amendment just moved, I desire to say a few words in support of it.....

Mr. M. S. Aney : You are not moving that ?

Sir H. P. Mody : We will see later on. My Honourable friend, the Law Member, seems to have constituted himself as the '*Ma Bap*' of the younger companies.....

The Honourable Sir Nripendra Sircar : They are all cursing me—the young and the old !

Sir H. P. Mody : But you seem to thrive upon their curses all right !

What I was going to say was that it does great credit to his heart, but like many misguided parents, my Honourable friend does not know what is really good for his offspring. We are all agreed that it is necessary in the interests of Indian insurance that the acquisition costs of insurance companies ought to be limited to something reasonable, and for that purpose various amendments have been tabled, which will presently be coming before the House, which seek to limit the commission paid to ordinary agents or field workers. But I submit that so long as you leave out the district agent or the chief agent, you have not achieved the object in view—not, at any rate, satisfactorily or adequately. Now, there was a great deal of confusion, in the minds of some of us at any rate, this morning with regard to the exact import of what was placed before the House. I would like to ask my Honourable friend, the Law Member, whether there is any provision in the Bill, as it is now before us, or any provision likely to be introduced at a later stage, which will make it penal for a district or chief agent to give a commission, in addition to the maximum prescribed, to the field worker or the ordinary agent, and whether there is also an adequate provision against the field worker or the ordinary agent receiving anything in addition to the maximum. I want to know whether there are any penalties provided.....

The Honourable Sir Nripendra Sircar : Yes, there are.

Sir H. P. Mody : For both ? I would like to see my Honourable friend point out later on whether it has been made not only obligatory on the district agent not to pay anything to the agent beyond the maximum stipulated, but also for the ordinary agent not to receive beyond that maximum—whether besides the mere prohibition there is any provision which subjects either of these parties to any penalty. Now, the position is this : and it has happened times without number within the experience of many insurance companies. If the district agent or the chief agent is to be allowed any sort of commission whatever, apart from the possibility of a great many irregularities taking place, that is to say, outside the law,—the district agent or the chief agent having a great deal of money in hand and parting with it surreptitiously or otherwise,—there is also the risk, that there will be a scramble for chief agents and districts agents. Take the case of the smaller companies on whose behalf, I understand, my Honourable friend, the Law Member, resists this proposal for limiting the commission to district and chief agents. A small company has

[Sir H. P. Mody.]

established a chief agent in a district which is not covered by a large company : the large company in course of time comes along and finds a chief agent or district agent ready at hand, so to speak. It goes to him and says : " How much are you receiving from your present company ? " If the man were to say " 50 per cent ", the larger company, whether in India or in the United Kingdom or in foreign countries, might say ; " Well, take 70 per cent. and come over to us." I say, where would, then, be the reduction or the restriction of the acquisition costs of insurance business ? The larger companies will pinch the district or the chief agent of the smaller companies ; they will be able to do it much easier than the smaller companies will be able to say to their agent : " Never mind : we will give you as much." If they are not able to give as much as is offered by the other company, they lose their district or chief agent with all the connections that he has built up. If on the other hand, they say " All right, we will be prepared to go up to the same figure ", their acquisition costs are increased. In other words, there is a competition in which the worst sufferer is bound to be the smaller company, with its smaller resources ; and I say that if you leave the district or the chief agent out of the picture, then you have tackled the problem only piecemeal, and in a most unsatisfactory manner. You will be merely limiting the commissions of the agents and the field workers, but you will be leaving alone the more important party, the district agent and the chief agent, who would very probably be got at by the larger companies. I say, Sir, that cannot possibly be the object of my friend, the Honourable the Law Member, when he agrees that the acquisition costs of insurance companies ought to be limited generally....

Mr. Bhulabhai J. Desai : When have you developed this new affection ?

Sir H. P. Mody : I have affection only for myself ! I am never so hypocritical as to pretend to speak for others. When, however, an argument is brought forward from the other side, I am rebutting it....

Mr. Bhulabhai J. Desai : Which is the other side ?

Sir H. P. Mody : The side represented by my friend, the Law Member, who says that in the interests of the smaller companies, district and chief agents should not be limited. That seems to be the point of view of my friends on this side.....

Mr. Bhulabhai J. Desai : There is also the other side.

Sir H. P. Mody : It seems to me that there is an unholy alliance, some subterranean move, which I cannot get at. Anyway, I hope I have established to the satisfaction of my friends, from the Honourable the Law Member downwards, that they are thoroughly misguided in what they are doing, and that they are not helping insurance companies, either large or small. They are placing smaller companies at the mercy of the larger companies, and the larger companies will also be suffering because there will be unhealthy competition between them. For these reasons I strongly urge the acceptance of the position that it is necessary to curtail the commissions payable to chief and district agents.

The Honourable Sir Nripendra Sircar : Sir, my friend, Sir Homi Mody, must credit this House with an absolute lack of sense of humour

if he thinks that after his assertion that he stands only for the people who are represented by him, that is to say, the big companies, then his impassioned oration was in the interest of small companies. Well, Sir, the House will take him at his true valuation.....

An Honourable Member : At face value.

The Honourable Sir Nripendra Sircar : I will not take up the time of the House in opposing this amendment, because I did indicate yesterday, and I affirm it again, that I am willing and I was, when moved, to accept the amendment No. 582 of Mr. Satyamurti, with certain modifications which have been suggested by him. That being so, it necessarily follows that I am opposed to No. 581, and that is sufficient ground.

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

Sardar Sant Singh : May I, Sir, with the permission of the House withdraw.....

The Honourable Sir Nripendra Sircar : I oppose it.

Mr. President (The Honourable Sir Abdur Rahim) : The Honourable Member can't withdraw it now. The question is :

" That clause 35 of the Bill be re-numbered as clause 35 (*1*), and, after the clause as so re-numbered, the following be inserted :

' (2) No insurer shall in respect of any risk arising or accruing in India pay or contract to pay to any insurance agent by way of commission or as remuneration in any form an amount exceeding the undermentioned percentages in respect of different classes of insurance business other than the business of life insurance :

(i) in the case of fire and|or motor insurance twenty-five per cent. of the premium ;

(ii) in the case of business of any other class of insurance fifteen per cent. of the premium.

(3) No insurer carrying on the business of life insurance or any of his officers of district and|or chief agents shall in respect of any risk arising or accruing in India pay or contract to pay to any insurance agent by way of commission or as remuneration in any form an amount exceeding the undermentioned percentages :

(a) in the case of an insurer carrying on the business of life insurance for a period of fifty years or more, 30 per cent. of the initial premium payable on any policy or policies effected through him and five per cent. for renewal premium ;

(b) in the case of an insurer carrying on the business of life insurance for a period of more than ten years but less than fifty years, forty per cent. of the initial premium payable on any policy or policies effected through him and five per cent. for renewal premium ;

(c) in the case of an insurer carrying on the business of life insurance for a period of less than ten years, fifty per cent. of the initial premium payable on any policy or policies effected through him and five per cent. for renewal premium :

Provided also that an insurer shall be at liberty to pay an additional remuneration to a chief agent or district agent at a rate not exceeding twenty per cent. on the first year's premium and two and a half per cent. on the renewal premium in order to enable such chief agent or district agent to perform the duties and functions of a chief agent and|or district agent in districts and controlled by a Branch Office. For the purposes

[Mr. President.]

of this sub-section an insurer shall not be entitled to appoint more than five chief and/or district agents in a single province or in a single Indian States Agency provided that the total number of such chief and/or district agents in India shall not exceed in all thirty-five.

Provided further that for the purposes of this sub-section a subsidiary or a controlled company as defined in the First Schedule Part I shall be deemed to be carrying on the business of life insurance for the same period as that of the principal insurer.

(4) Nothing contained in sub-sections (1) and (2) shall be deemed to affect reinsurance contracts or arrangements between Head Office which contracts or arrangements are hereby expressly excluded from the operations of sub-sections (1) and (2).

(5) All existing contracts and arrangements for payment of commission or remuneration made by an insurer with an insurance agent at a rate higher than that specified in sub-section (2) shall be void and of no effect.

(6) Every insurer shall furnish along with the annual returns to be filed by him under sections 12 and 13 with the Superintendent of Insurance a certificate signed by the principal officer of the insurer that no insurance agent or chief agent or other representative in India or any other person in India or elsewhere directly or indirectly connected with such insurance agent, chief agent, district agent or representative, has been paid by such insurer directly or indirectly commission or remuneration at a rate higher than the percentages mentioned in sub-sections (2) and (2) (a).

(7) If default is made in complying with the provisions of this section by a chief agent or a district agent he shall be punishable with a fine which may extend to rupees five hundred '.''

The motion was negatived.

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

'' That clause 35 of the Bill be re-numbered as 35 (*1*), and, after the clause as so re-numbered, the following be inserted :

' (*2*) No insurer ',—*and I want your permission, Sir, to add the words* ' or any person who for the purposes of insurance business employs insurance agents licensed under section 37, shall pay or contract to pay to any insurance agent ',—*again I seek your leave to add the words after agent* ' licensed under section 37,'

The whole thing will read thus :

'' No insurer or any person, who, for the purposes of insurance business, employs insurance agents, licensed under section 37, shall pay or contract to pay to any insurance agent, licensed under section 37, by way of commission or as remuneration in any form an amount exceeding in the case of life insurance business forty per cent. of the initial premium payable,''

Here, again, the word '' or '' should be :

'' on '' ' any policy or policies effected through him and five per cent. of a renewal premium, or in the case of business of any other class thirty per cent. of the premium, provided, however, that insurers carrying on life insurance business only, may pay, during the first ten years of their business, to their insurance agents fifty per cent. of the initial premium payable on any policy or policies effected through them and six per cent. of the renewal premiums.''

The Honourable Sir Nripendra Sircar : Is it 40 or 45 per cent. ?

Mr. S. Satyamurti : As regards the actual figure, I am not committed to 40 equivocally. If, in the course of the discussion, the Law Member suggests 45.....

The Honourable Sir Nripendra Sircar : I can suggest it now.

Mr. S. Satyamurti : If you agree, Sir, I should like to substitute in line 4 '' forty-five '' for '' forty ''.

Mr. President (The Honourable Sir Abdur Rahim) : I think it would be simpler if the House were to discuss it as 45.

Sir Cowasji Jehangir : Sir, we oppose 45 on the floor of this House.

Mr. President (The Honourable Sir Abdur Rahim) : There is no difficulty in opposing it.

Sir Cowasji Jehangir : I rise to a poi'nt of order, Sir. Is it permissible for my friend to change 40 to 45 without notice ?

Mr. President (The Honourable Sir Abdur Rahim) : It will save the time of the House.

The Honourable Sir Nripendra Sircar : If my friend does not want two days' notice.....

Mr. President (The Honourable Sir Abdur Rahim) : I shall suspend the Standing Order. It depends on the Mover as to how he wishes to move it. If the Ho'nourable Member says that.....

Mr. S. Satyamurti : Yes, Sir, if the Honourable Member wants it.....

The Honourable Sir Nripendra Sircar : I thought you were agreeable.

Mr. President (The Honourable Sir Abdur Rahim) : Then you better make it clear.

Mr. S. Satyamurti : Sir, I want the House to follow this clearly. Besides the words I have read, there are two words being added in line 4, and the last but two lines after the word ' fifty ' the word ' five ' is being added.

Sir Cowasji Jehangir : That makes it necessary for us to move amendments to his amendment. Let my friend move his amendment as it is, and let somebody else move an amendment to change it.

The Honourable Sir Nripendra Sircar : This has been permitted.

Mr. S. Satyamurti : I want to move it in this form, because it has been suggested that it will save time.

Mr. President (The Honourable Sir Abdur Rahim) : Yes, you can go on.

Mr. S. Satyamurti : Sir, i'n view of certain amendments already moved and discussed on the floor of this House,—amendment No. 581 and the speech of my Honourable friend, Sir Homi Mody—I think I am right in saying that the House is generally now in favour of the limitation of commission payable to canvassing agents.....

Mr. Akhil Chandra Datta : No, 'not unanimously.

Mr. S. Satyamurti : I did not say ' unanimously ' in favour, but I said generally ' in favour. From the speech of my Honourable friend, who moved No. 581 and the speech which the Honourable Sir Homi Mody made, I felt that the House was generally in favour of a limitation of this commission. The Honourable the Law Member has already indicated more than once his willingness, so far as he is concerned, to accept this amendment No. 582. Therefore, the whole question has to be viewed now

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[Mr. S. Satyamurti.]

from the point of view of discussion and voting on this motion, one, on the actual percentages which are to be allowed, secondly, the difference to be made in favour of what are called young compa'nies, that is to say, during the first ten years of their business, and thirdly, there is one point on which I should like to have some light on, from the Honourable the Law Member. I feel that my Honourable friend, Sir Homi Mody, was perfectly right when he said that, while we may limit by statute the percentage of commission to be paid to the actual canvasser or the field worker, if we leave a big loophole by which persons called chief agents or bra'nch agents or district agents can get any amount of percentage and pass it on to the actual canvassers the provision may be practically nullified. So far as the latter part of his objection is concerned, I take it that the acceptance of Mr. Chapman-Mortimer's amendment this mor'ning by the House makes it impossible for the district agent or chief agent to pass on to the actual canvasser this commission, in the form in which Sir Homi Mody fears it may be done. So far as these district agents or other agents are concerned who do not actually do canvassing busi'ness, they stand on a different footing altogether. This clause, and the amendment which I seek to move, cannot and do not intend to prescribe a maximum limit for the general expenses of insurers ; that is to say, we cannot prescribe by statute, " You shall pay to the managing agents Rs. 1,000 and not Rs. 5,000 ". That is out of the question. We are only seeking to limit the commission paid to canvassers. The point on which I wish to have light from the Honourable the Law Member, is this, whether it is open to these so-called district agents or chief agents or branch managers to themselves canvass business without taking a license under clauses 37 and 38. My humble submission to this House is this. As I read these clauses, no man can canvass business for insurers, unless he is a licensed agent. Therefore, whatever the name these managers or district agents may go by, they cannot, if clause 38 is passed as it stands, canvass business, unless they get a license. I want to invite the attention of the House to clause 38, sub-clause (*2*) :

" Any individual not holding a licence issued under section 37 who acts as an insurance agent for any insurer shall be punishable with fine which may extend to fifty rupees and any insurer who knowingly appoints as an insurance agent any individual not so licensed or transacts any insurance business through any such individual shall be punishable with fine which may extend to one hundred rupees."

I take it that the prohibition of this clause means that, by whatever name you may call your canvasser, so long as he does not take out a license he commits an offence against this clause. Moreover, the clause is so comprehensive that it ropes in the insurers also, because it says :

" .....any insurer who.....transacts any insurance business through any such individual shall be punishable with fine which may extend to one hundred rupees."

I take it that I am right, therefore, in contending that, when these clauses, 35, 36, 37 and 38 become law it will be impossible for anybody hereafter, or for any individual, to transact any business by way of canvassing insurance policies for the insurer, unless he is a licensed agent, and if he does it, both the man who canvasses and the insurer who gets the business seem to come within the mischief of this clause. If that be so, I submit that whatever may be the meaning of the amendments moved by Mr. Chapman-Mortimer and accepted by this House,

they cannot pay to these district agents or chief agents, unless they are licensed agents, any commission on the securing of policies for the insurer, for *ex-hypothesi* they cannot canvass policies for their insurers, and, if they are licensed agents, I submit that my amendment hits them as much as it hits any other canvassing agent. That is to say, they can have only the percentages fixed, now 45 in the case of old insurers, and 55 in the case of young insurers for the first ten years of their life. Then I say that this clause to limit commissions is absolutely indispensable, if clause 36 which prohibits rebate is to be actually worked and not to be evaded. Clause 36 definitely provides :

" No insurer, and no insurance agent acting on behalf of an insurer (*I expect the amendment carried this morning will be carried out here also, namely, any person who employs a licensed agent*) shall allow or offer to allow either directly or indirectly as an inducement to any person to take out or renew a policy of insurance any rebate of the whole or part of the commission payable or any rebate of the premium shown on the policy nor shall any person taking out or renewing a policy accept any rebate....."

If this were to prohibit rebate effectively, I suggest that we ought to limit commissions. If we prohibit rebates and we do not limit commissions, we still leave open a great field for temptation to get behind this Act. Whereas, if you prohibit rebates on the one hand and limit commissions on the other, the scheme becomes complete. There will be no money, there will be no temptation, either to give rebates or to ask for them on the part of the people who insure themselves. It has been argued on the floor of the House, and I believe it will be argued again as the Honourable the Deputy President has already given a broad hint that the House is not unanimously in favour of limiting of commissions, that it is likely to hurt the young Indian insurers. I have in my hand a letter written to me by a young Indian insurer :

" Sir, we regret to observe that clause 33 regarding limitation of commission has been omitted by the Select Committee. We shall be grateful if it is possible in the interests of the insuring public to have this clause incorporated in the Bill to be passed by the open session of the Assembly. This company is a young company having been established in 1934, but having started with the highest ideals of efficiency and service, would welcome the limitation of commission. This company's figures up to date are—

Paid up capital over Rs. 2 lakhs.

Deposit with Government Rs. 1,33,100.

Business completed Rs. 8 lakhs.

Business in force Rs. 6 lakhs.

Expense ratio from 1st April, 1937, to date about 50 per cent.

Our condition is that 85 per cent. of the renewal premium is invested in trust securities. The Official Trustee of the U. P. Government will be the company's trustee and correspondence with the Administrator General is going on.....

Trusting that you will kindly give the matter your careful attention for which we shall ever remain grateful."

I am only reading this letter, because I am anxious that there should be no misunderstanding in any quarter of the House, that this limitation of commission is intended to hit adversely, any companies young or old. While I am on this, let me say once and for all that we here stand for sound insurers, both young and old. There are other forces at work both inside and outside this House. My Honourable

[Mr. S. Satyamurti.]

friend, talked of an unholy conspiracy. If there be any it is between foreign insurers, the so-called young insurers and many others, to destroy this Bill. I have read these amendments, and I may say this, that if some of these amendments are moved and accepted, there will be nothing left of the Bill but the preamble. The amendments are, that clause so and so be omitted, clause so and so be omitted, clause so and so be omitted, and so on. It does seem to me that the unholy conspiracy is somewhere else.

Sir H. P. Mody : It will serve the Honourable the Law Member jolly well right if only the preamble is left. (Laughter.)

Mr. S. Satyamurti : If all your amendments are carried, I quite agree. But apart from life insurance business with which most of us are familiar and with which most of us are rightly most intimately concerned, this limitation of commission is intended to protect Indian insurers doing general business as against non-Indian and foreign insurers. I want to make a statement of fact, which I will prove presently, about what the foreign companies are doing. I am using the word 'foreign' in the literal sense of the word—non-Indian insurers doing general business and under-cutting our Indian insurers doing general business, and not giving them a decent chance. My European friends talk always of a fair field and no favour. That is, till they are found out. When they are found out, they will sing a different tune. They say : 'Why should we not do this ? If you are efficient, you must survive. We will do what we like, dump our money and under-cut'. Therefore, I say that we should have this limitation of commission, primarily in order to give Indian general insurers a fair field and no favour. The Honourable the Law Member is very proud, and rightly very proud, on his having squashed Mr. Duff in cross-examination. An able lawyer like him can down anybody, and, undoubtedly, he is very proud of it. He has told us several times that all this talk about dumping is 'nonsense', and that he has shown that Mr. Duff cannot prove his facts, and that there is an end of the matter. I do not want to join issue with him, as he is accepting my amendment. Apart from the ability or inability of a witness to prove some case as against an astute lawyer, I should like to point out that the facts are eloquent, I have got some figures here. It is a comparative statement of commission and managing expenses of Indian and British companies. New India, the commission is 32.3 per cent., the management is 15.5 per cent., total 47.8. Jupiter, commission 44.2, management 12.3, managing agency charges 0.8, total 57.3, Vulcan, commission 46.9 management expenses 22.5, managing agency charges 3.4, total 72.8, Universal, commission 43.7, management expenses 22.7, managing agency charges 3.6, total 70.8. This is all general business.

Indian Globe, commission 41.1, management expenses 28.5, total 69.6, Indian Mercantile commission 39.7, management expenses 21.5, total 61.2, National Fire commission 37.1, management expenses 17.3, managing agency charges 5.8, total 60.2.

If you take similar ratios of their expenses in their own country, this is the average of 22 well known British Companies. My reference

is from the *Economist*. In the year 1935, the average commission of these British companies, in their own country, was 20.3 and in 1936 it was 20.3. Their managing expenses was 27.3 and 27.5 respectively.

Now, Sir, it is the commission which these gentlemen offer here that is practically ruining the chances of India to build up her business on right lines. My Honourable friend, the Law Member, said, the other day that, after all, these Indian general insurers are doing very well indeed. I do not believe they are. I have got here a few figures giving what are called underwriting results, that is to say, the balance of profit or loss on the actual insurance business. You will notice, Sir, that most companies are on the minus side, and only two companies are on the *plus* side, that is the New India and the Jupiter.

The Honourable Sir Nripendra Sircar : My friend is right. Since making that statement, I had certain further information and made some investigation and as a result of that, I think, I made an over-statement of the case.

Mr. S. Satyamurti : Then, I shall not pursue that point further. I take it that it is common ground that Indian insurers doing general business are really handicapped in the progress of their business, by the under-cutting of foreign insurers. That is the primary ground on which I ask this House to accept my amendment limiting in the case of those doing general business 30 per cent. of their premium income for commissions. Then, Sir, so far as Indian life insurance is concerned. I want to support the amendment on this ground. I take it that everybody agrees that the bulk of the income of insurers doing life business comes from policy-holders, and secondly, the bulk of the expenditure on the one side is on the Managing Agents and on the other on commissions to agents. Now, so far as the Managing Agents are concerned, the House has limited their life to three years, and has limited their remuneration to Rs. 24,000 a year ; but still, some important work remains to be done and this amendment seeks to do it, and I am anxious that there should be no feeling on any side of the House that this amendment seeks to do something which is unnecessary, or which is done merely for the sake of perfection. I want to give the figures of a few Indian insurers doing life business. I will not give their names, but I want to give the expense ratio of some of these companies : 136 per cent., 150 per cent., 156 per cent., 300 per cent., 173 per cent., 112 per cent. and 104 per cent. That is to say, they spend more than what they get. From the point of view of policy-holders, there must be a limitation of expenses by way of commission, and this amendment, if accepted, will go a long way towards giving a much-needed protection to our policy-holders, who really want to be protected against too much of expenditure. I do not want to tire the House with too many figures, but the rate of commission paid in the first year varies between 31 per cent. and 91 per cent., if the first year's premiums and high commissions go hand in hand with high expense ratios. I can prove it. Wherever companies are spending a large portion of expenses, the bulk of it is accounted for by the extravagant and extraordinary commissions which are given to canvassing agents. There is no doubt about it. Unless there is going to be some kind of co-operation among all life insurers, merely expecting particular insurance companies to control this commission is asking for the impossible.

[Mr. S. Satyamurti.]

Then, Sir, today what happens is this. No doubt agents get high commissions in some insurance offices. Since there is no prohibition of rebate, what happens is that the poor policy-holder does not get the benefit of it from the agent, but the richer policy-holder gets it. There is another danger. I am told that policy-holders are advised in many cases to drop their policy and take out another policy, because when a new policy is effected, the higher is the commission that the agent gets. That is no good either to the policy-holder or the insurer or the other policy-holders, because, the more defaults there are in policy-holders paying their premium, the lesser becomes the credit of the insurer as a whole. Now, I am suggesting this limitation of commission apart from other reasons for this great reason that we want the expenses of insurers to be reduced. If they are so reduced, that will go back to the policy-holders in one of two ways, either by increased bonuses to them or, what I want more definitely and more urgently, the lowering of the premium rates. I honestly feel that to collect from policy-holders large premiums and then seek to reconcile them to it by giving them bonuses, which you may or may not declare, is not the sounder way of promoting insurance business in this country. On the other hand, as I said the other day, I feel strongly that what is required in this country, more urgently than any other reforms, is the lowering of the premium rates so that, consistently with the level of poverty in this country the insurance habit may grow more and more, and more and more people may insure themselves. I am particularly anxious that the premiums for an insurance of Rs. 500 or Rs. 1,000 ought to be much lower than they are today, because the poor people in this country will then alone be able to get the benefit of the insurance, that we want them to get.

So far as the young insurers are concerned, I want to assure them that this limitation of commission will be universal and will not affect them adversely. Their expenses will go down and all other insurers, young and old, will have the same limitation.

Sir, I have one more word to say. This fixation of percentage is not to be interpreted, as if in each particular policy the amount is to be calculated and only 45 per cent. is to be spent. I think I am right in saying, and the Honourable the Law Member will agree with me, that what we are fixing is the total percentage of expenditure of the premium annual income in each year, whether it be the first premium or the renewal premiums. I submit that, within those limits, it is open to the insurer to so adjust his expenditure as to spend more on areas where he has got to spend more being far from his place. That is a matter of internal management with which this clause, at it stands, does not interfere. Therefore, I suggest that this clause, as it stands, is perhaps one of the most important clauses of this Bill. We want the life insurance business to be conducted in an economical manner consistent with efficiency. That is why we want the limitation of commission, and I hope that the amendments which we accepted this morning will not take away the effect of the wholesome provision of this proviso if it is accepted by this House, by allowing the Chief Agents to get commissions without their being licensed agents and thus coming within the mischief of this provso. Sir, in the interests of policy-holders

and in the interests of sound life insurance business in this country, young and old, and of the progress of Indian general business I hope the House will unanimously accept this amendment. Sir, I move.

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

"That clause 35 of the Bill be re-numbered as 35 (*1*), and, after the clause as so re-numbered, the following be inserted :

'(*2*) No insurer or any person, who, for the purposes of insurance business, employes insurance agents, licensed under section 37, shall pay or contract to pay to any insurance agent, licensed under section 37, by way of commission or as remuneration in any form an amount exceeding in the case of life insurance business forty-five per cent. of the initial premium payable on any policy or policies effected through him and five per cent. of a renewal premium, or in the case of business of any other class thirty per cent. of the premium, provided, however, that insurers, carrying on life insurance business only, may pay, during the first ten years of their business, to their insurance agents fifty-five per cent. of the initial premium payable on any policy or policies effected through them and six per cent. of the renewal premiums'."

The Honourable Sir Nripendra Sircar : Sir, as I am accepting the amendment, I need not have taken part in the debate but I want to make some remarks on my Honourable friend, Mr. Satyamurti's statement, about myself and Mr. Duff. Mr. Duff was one of the two witnesses examined before the Advisory Committee. Mr. Duff put up the case of Indian companies dumping, as high as possible. As my friend, Mr. Satyamurti pointed out, he says that because I was a clever lawyer Mr. Duff admitted, in answer to my questions, that he could not prove anything against the foreign companies. Let us stop there for one moment. Then, Mr. Satyamurti quoted certain figures. Do I understand him to say that from those figures an inference can be drawn that the foreign company was dumping ? I say no. I do not say whether they are dumping or they are not dumping, but just as Mr. Duff has not been able to prove, and I admit that it is not an easy matter to prove, that they had been dumping, so Mr. Satyamurti's arguments make no further advance. He quotes certain figures. Let us say, there are certain Indian companies. A company spends 60 per cent., and B company spends 55 per cent., whereas the ratio of expense of English companies is 20 per cent. How does that prove that the foreign companies are dumping in India ? How does that argument prove that they are dumping ? I admit that 60 is a thumping good figure, but there is no question of dumping, because it may be that we are cutting one another's throats, purely Indian throats. That is to say, A, B, C, D, E, and F which are all Indian companies are trying to outvie one another by paying high commission. Then, there is another explanation. One has got to remember, when one talks of expense ratio, of the outturn of business of a company. Take, for instance, Lloyds. You say that Lloyd's expense ratio is 20 and the expense ratio of New India is 50 and therefore the conclusion is that Lloyd's are dumping. Q. E. D. That is not so because the business of Lloyd's in India is somewhere 1|280 of their total business. Their total business runs into millions and the expense ratio is bound to be smaller apart from any other factor. I am not trying to prove that they are not dumping but what I say is that Mr. Satyamurti's arguments do not really carry the matter further and there is no proof of dumping. I will leave the matter there and not take up the time of the House as

[Sir Nripendra Sircar.]

I am supporting the amendment. I would like to answer one question in the affirmative, a question which was put to me by Mr. Satyamurti. He says that there is a practice here of taking out a policy as the canvasser or the field worker gets 70 or 80 per cent. There is evidence to show that sometimes he gets more than 100 per cent. of the first year's premium. What very often happens is that that policy is allowed to drop and then another policy is taken out. I do not want to tar everybody with the same brush, but I am able to confirm that view. It is a mal-practice which is in existence and it is due merely to the fact that from the first year's premium the canvasser or the field worker, as he has been called, gets a huge percentage. Then, he allows that to drop and the second policy is taken out next year and he gets a similarly large amount again. Unfortunately, many instances have come to my own knowledge. I do not want to mention names. But I know one particular company where this abuse is due to the greed of the canvassers who go out for procuring the business for the insurers. I have accepted Mr. Satyamurti's amendment. I have nothing to suggest about the figures. The figures, as I said on a previous occasion, must be purely empirical. We have got to fix it at some figure. One cannot positively say that it should be 45 or 42 or 49 or 50. I support the amendment of Mr. Satyamurti.

Mr. Bhulabhai J. Desai : Sir, I have no desire to make any additional speech, but there is just one matter, not as regards the ten years period which are allowed to young companies, but I beg leave to suggest to the House that they should carry out the true intentions of this amendment. The amendment says :

> ".....provided, however, that insurers, carrying on life insurance business only, may pay, during the first ten years.....",

a larger amount. What is really meant is, that it is not intended either by the Mover or by the House, supposing there is what is called a young company of less than ten years standing which carries on business both in life and in any other kind of business, that in respect of their life business, they should not get the benefit. I suggest that only the language requires some alteration. I, therefore, suggest that the wording should be " insurers in respect of their life insurance business only ", instead of " carrying on life insurance business only ". That would carry out the true intention of this amendment.

The Honourable Sir Nripendra Sircar : That is " carrying on " is substituted by ' in respect of '.

Mr. Bhulabhai J. Desai : Yes.

Mr. S. Satyamurti : I accept this amendment.

Mr. Akhil Chandra Datta : Sir, I rise not to support this amendment but to oppose it. I do protest against it tooth and nail, because I am not protesting merely against the percentage of commissions to be fixed, but I am protesting against the very principle of limitation of commission. Now, Sir, in doing so I shall not rely merely upon my opinion or upon the opinion of my Party. I shall rely mostly upon the opinion of two eminent gentlemen who have been our friends, philosopher and guide, throughout this legislation. I mean in the first place my Honourable friend, Mr. Sen, and, in the second place, I rely upon no other than the Honourable the Mover of the Bill.

The Honourable Sir Nripendra Sircar : We have learnt better since.

Mr. Akhil Chandra Datta : I shall show that my Honourable friend has not at all become wiser, upon his own admission. I say, Sir, not in mere humility or as a matter of modesty, that my Honourable friend, Sir Nripendra Sircar, has bestowed very great care and very great thought over these things and he knows these things better than I do. Therefore, instead of relying upon my own judgment, I shall rely upon his judgment in this important matter.

The Honourable Sir Nripendra Sircar : Rely upon my present judgment.

Mr. Akhil Chandra Datta : Very well, I shall rely upon your present judgment. But let me dispose of that point first at once. What is his present judgment ? He says, you support the amendment No. 4 of Mr. Chapman-Mortimer and in that case I shall support this principle of fixation of commission. If you do not accept that, I shall not accept any provision relating to limitation of commission. Is not that his present opinion ? What does it come to ? He does not accept this principle of fixation of commission upon the merits of the matter, but he proceeds upon the doctrine : " you scratch my shoulders, and I shall scratch yours ". In this particular case, although it is a little unpleasant, I am constrained to say that the shoulders to be mutually scratched are the shoulders of the Leader of the House and of the Leader of the Opposition. It comes to this. My Honourable friend, Sir Nripendra Sircar, is against this policy of fixation of commission and limitation of commission unless the Congress Party comes to an understanding with him. My Honourable friend does not proceed upon any principle or any policy, but he proceeds entirely and only on compromise. He is keen for something, the Congress party is keen for something else. The Law Member says ' you surrender to me on this and I shall surrender to you on that '. That is the whole point. (Hear, hear.) So, there has been an alliance, I shall not call it an unholy alliance, because they must have been actuated by the best of motives. (Hear, hear.) However, I do feel that they are going wrong. But I am not the person to question their motives. But none the less that is the position. Now, I do protest against this method of legislation. You can compromise between 55 per cent. and 50 per cent. or between 40 per cent. and 45 per cent. that is on matters of detail. But to proceed on such compromise on vital points and vital principles, that is a system, that is a procedure and that is a method of legislation which is fundamentally unsound.

The Honourable Sir Nripendra Sircar : This was the principle in the Bill as we introduced it in the first instance.

Mr. Akhil Chandra Datta : I do not admit that. Whenever my Honourable friend, Sir Nripendra Sircar, gets up and says something, here is my Honourable friend, the Leader of the Opposition, getting up instantaneously to support him. This is really a sight for the Gods to see. It is generally said that no two doctors agree. But these two great men have begun to agree in all essential and controversial provisions of this Bill. I want to show that really the Honourable the Law

[Mr. Akhil Chandra Datta.]

Member is against limitation of commission. Let me begin, however, with my Honourable friend, Mr. Sen. He ransacked the Canadian Act to find out what stringent restrictions there are in that Act which can be incorporated in the Indian Act. After all, with all the labour of my Honourable friend, Mr. Sen, he has not been able to recommend anything like limitation of commissions.

The Honourable Sir Nripendra Sircar : He is still very young.

Mr. Akhil Chandra Datta : My Honourable friend, the Law Member, when referring this Bill to the Select Committee, what did he say ? Although he said he kept an open mind, his mind at that time was very clear. He told us that there is objection to this system of limitation of commissions, not only objection but what is worse, he was of opinion that there were " serious objections " to the proposal of limitation of commissions—that was his opinion then.....

Sir H. P. Mody : His mind was closed then for repairs. (Laughter.)

Mr. Akhil Chandra Datta : Next in chronological order, I submit he was definitely against any limitation of commission when the Bill was discussed in the Select Committee.

Mr. Bhulabhai J. Desai : The Honourable Member cannot discuss here what took place in the Select Committee. We lost it because of others.

Mr. Akhil Chandra Datta : I do say he was against it in the Select Committee.

Mr. S. Satyamurti : I deny that.

Mr. Akhil Chandra Datta : There are others who communicated to me what took place there.

Mr. President (The Honourable Sir Abdur Rahim) : The Honourable Member cannot refer to the proceedings of the Select Committee.

Mr. Akhil Chandra Datta : I shall wait and see if my Honourable friend, Sir Nripendra Sircar, contradicts me.

The Honourable Sir Nripendra Sircar : I shall not contradict something which the Honourable Member is not entitled to say, namely, what happened in the Select Committee.

Mr. Akhil Chandra Datta : Every day you are doing it.

The Honourable Sir Nripendra Sircar : We are not doing it. The Honourable Member is the Deputy President, he may be doing it. I am not doing it.

Mr. Akhil Chandra Datta : I would have given my ruling if I were occupying the Chair at this time.

Sir Nripendra is quite safe there ; he is privileged so far as the Select Committee is concerned. However, that does not affect my position very much. After the Select Committee Sir Nripendra submitted a dissenting note and in that dissenting note reference is made to this very clause. But he never complained against the deletion of that clause with regard to the limitation of commissions. Then, Sir, although any number of amendments have been proposed by Sir Nripendra Sircar, I do not find any on this point. He does not complain in any amendment against the decision of the Select Committee.

Sir, next in chronological order let us come to his first speech during the general discussion of the Bill. There he maintained substantially the same position. My Honourable friend, Mr. Satyamurti, speaks of the rebate, that rebate would not be effective unless there is a limitation of commission. I shall not attempt any reply to that argument of Mr. Satyamurti because that point was dealt with elaborately by Sir Nripendra Sircar in his speech on the 30th August, and he said that he did not accept that argument. He discussed that point and said that rebate would certainly be effective even without fixing any maximum of commission. Then in his reply to the general discussion, on the 7th September, he said this with regard to maximum commission :

" I am not yet convineed that this fixing is necessary and I shall give a reason in addition to what I have already told the House."

He proceeded to give that additional reason and said :

" As the Leader of the Opposition said and very rightly said, the scientific method is to fix expense ratio, but in practice it is so difficult that the idea must be given up. There I agree also. But what I do beg of you to notice is this,"—

Mark the language of the Law Member :

" that although we are not fixing an expense ratio, if the House carries out the idea of compelling companies to keep their assets here, are you not automatically tying their hands ? If they have got to have their assets with the Reserve Bank or keep it earmarked separate under a charge and so on, what are they going to play with ? Out of what funds will they go on recklessly paying 300 per cent. to the licensing agents ? Therefore, although there is no expense ratio (I do not for a moment suggest that we are fixing an expense ratio), I do suggest that to a very large extent the result is attained by this method of compulsion on companies to keep assets here."

This brings us down to the 7th September ; now let us discuss what his present mind is. But I have already discussed that at an earlier stage in consequence of an interruption by the Law Member and I do say, that according to his own statement made, I believe, day before yesterday, in plain English, it comes to this that on the merits he is not for it but accepts it as a matter of bargaining. We have got provision for mutual insurance companies in the Bill. By this bargaining we have got floated, what may be called, a mutual insurance legislation company. Now, Sir, the question arises, apart from principle, is it a workable proposition ? Take the Indian Life Association. Their opinion is that it is not a workable proposition at all ; it can be circumvented very easily. Then with regard to general insurance companies although there are no statutory laws with regard to the limitation of commission, there are regulations, adopted by the General Insurance Association, though I am assured—(I have no personal knowledge)—that those regulations do not work at all. Admittedly,—though my Honourable friend, Mr. Satyamurti, does not admit it,—it is admitted by Sir Nripendra Sircar that it is really a fight between big companies and small companies. This limitation of commission will not hit the big companies but it will hit the small companies. Now, Sir, we have been accused of supporting the small companies. I plead guilty. I shall say once for all that we cannot support the big companies in this legislation because, according to Sir Nripendra Sircar, these big companies

[Mr. Akhil Chandra Datta.]

want to kill out the small companies and have the monopoly in insurance business. That is the considered opinion of the Honourable the Law Member. On the 30th August he said this :

"As regards my opinion of big Bombay business, may I describe their attitude in the language which has been used in the note of dissent by Messrs. Ghiasuddin and Essak ? The idea of this section is to 'push out foreign companies on the one hand and kill out the smaller Indian concerns on the other and thus provide a sort of monopoly for a few large Indian companies in the field of insurance'."

That, according to the Honourable the Law Member, is the attitude of big companies, be they of Bombay or Calcutta, it does not matter. As regards the place of small companies in the field of insurance, may I refer, Sir, to a recent speech delivered by the Chief Minister of Madras, the Honourable Mr. Rajagopalacharya :

"I do not want to discourage babies in the insurance world (*He is speaking of insurance companies, not Managing Agents*). Babies ought to be provided for. Unless you give food to babies your race will be extinct. So also baby insurance companies should be encouraged. If you have self-confidence, if you have confidence in your own people, you can encourage even younger insurance companies."

With regard to the value of service that is rendered by them may I quote the opinion of the first British Government Actuary, Mr. Finlayson :

"Thousands and thousands are brought to insure their lives by the agency of young offices, who, otherwise (*this is important*), never would have heard of life assurance at all, and never would have come at all."

In this fight, between the big companies and the small companies in this diabolical attempt to kill the small companies, I think it is the duty of every Indian, in Congress and outside Congress, to support the small companies and not the old companies. I should think it is a compliment paid to us to be told that we are supporters of small companies. If on the other hand, the people in the street whisper that we are supporting big companies I should regard it as a libel. I do say that in this fight between the big and small companies for killing small companies, whoever supports the former, is an enemy of the insurance industry and the country. Now, Sir, if we have a soft corner for the Managing Agents, we ought to have a soft corner for the small companies also, and should not try to crush them by all sorts of provisions about licensing and limitation of commission. This provision for limitation of commission cannot be considered in an isolated manner and apart from the other provisions of the Bill, about initial deposits, aggregate deposits, working capital, license, restrictions about investments and the limitation of commission. My point is this. What will be the cumulative effect of all these provisions on the development of insurance business in this country. Of course, a sliding scale has been proposed, but all the same, I do feel, it is something like prescribing the same fee for all lawyers,—this fixation of the same rate or slightly different rates of commission for all companies. If we have any regard to the opinions of the different chambers of commerce and the different life assurance associations we find the following are against limitation :

Baroda State Life Assurance Co.'s Association ;
Bengal National Chamber of Commerce ;
Bombay Chamber of Commerce (majority) ;
Bombay Chief and Special Agents Committee ;

Bombay Mutual Chief Agents' Association ;
Bombay Mutual Life Assurance Society, Ltd. ;
Empire of India Life Assurance Co., Ltd. ;
Federation of Indian Assurance Chambers, Bombay ;
Indian Assurance Chamber, Bombay Presidency ;
Indian Insurance Companies Association, Bombay (subject to a margin for Chief Agents at 20 and 2½ per cent.) ;
Indian Insurance Companies Field Workers Association, Calcutta ;
Indian Life Offices Association ;
Indian Merchants Chamber—for the principle, they are practically in favour of it ;
Insurance Legislation Committee (Bengal) ;
Insurance Representatives (Bombay) Society ; and
Young Life Offices Legislation Committee.

If we have any regard for the opinion of the people concerned, of people who are competent to give an opinion, I say, that the bulk of the opinion is against any limitation. Then, coming to the question of what is the law in other countries, in England there is no limitation, nor is there any in Canada for which Mr. Sen and the Law Member have an abundance of love and admiration. I cannot speak with confidence about other countries, but I know that so far as Canada is concerned, there is no limitation in regard to commission. As regards other countries I cannot speak with very great confidence, about all countries but I am sure that in most of the countries in the world there is no limitation on commission.

Mr. S. C. Sen : Keep your 100 per cent.: we will leave the limitation on commission.

Mr. Akhil Chandra Datta : I do not know, I speak subject to correction, whether there is any limitation in any other part of the world or not.

Mr. S. C. Sen : Take the other conditions also.

Mr. M. S. Aney : Is there any country where there is limitation ?

Mr. S. C. Sen : I do not know if I am called upon to answer it, but I can tell you there is none.

Mr. Akhil Chandra Datta : Presumably, Mr. Sen did not recommend any limitation on commission in his voluminous and elaborate report, presumably because he did not find any precedent anywhere else. Otherwise he would have referred to those precedents in very bold letters. It is also admitted by the Honourable the Law Member that this is a matter in which there is a fight between the big and the small companies and, therefore, on all these grounds and especially having regard to the attitude of the Honourable the Law Member, I oppose the principle of limitation of commissions and I oppose this amendment.

Babu Baijnath Bajoria : Sir, I rise to oppose this amendment. I know I am in a hopeless position, because after the
4 P.M. Congress Party and the Government make a secret alliance outside this House and then come here with a pact, it is useless for any other parties to oppose or to go against their wishes...

Mr. S. C. Sen : It is no secret pact at all : it was stated openly on the floor of the House.

Babu Baijnath Bajoria : It is open when it comes here. I do not know whether the Mover of this amendment has carefully considered what effect his amendment will have on the smaller and younger life insurance companies. I know it does not matter to him : if he had considered, if he had any interest, whatsoever, if he had taken any pains, whatsoever, to safeguard the interests of the smaller and the younger companies, I am sure he would not have cared to move such an amendment. This amendment cuts at the very root and at the very foundation of the smaller companies. Here the Mover says that the commission should be limited to 45 per cent. for companies of more than ten years standing and 55 per cent., *i.e.*, ten per cent. more, for companies which have not got ten years life yet. I do not understand how this will give any appreciable benefit to the smaller companies. There are some companies which are seven or eight years old : after two years they will have to give only 45 per cent. and they will have to compete on the same terms, on equal terms, with big companies like that of my friend, Sir Cowasji Jehangir, or other big British companies and other big Indian companies like the Empire, the National and the Hindustan. The whole effect of this amendment if passed—as I am sure it will be passed—will be, that business will be confined to bigger companies, both Indian and European and foreign ; and the smaller companies will have to shut their doors. I am sure that if this amendment is passed, half or more of the smaller companies will have to shut up. At the present moment there are altogether about 217 Indian insurance companies, doing life and general business ; I am sure if this amendment is carried more than half, if not three-fourths, will have to shut their doors before many years pass by. I do not claim the same infallibility as my friend, Mr. Sri Prakasa, when he says that whatever his party does is absolutely all right : they can do no wrong. I am a human being and to err is human. He and his party may be godly and so the proper place for them is not on this earth but in the heavens. The Congress Party always say that they stand for the poor, and for the weaker and smaller : and I do not understand how they have turned turtle and they are now outdoing even a capitalist like myself (Laughter).....

An Honourable Member : Join the Congress.

Babu Baijnath Bajoria : I cannot go like a race horse as they are doing. (Laughter.) They want to protect the interests of the capitalists and they get all their inspirations from the seven wise men of the east, as our Law Member has referred to the seven men of the big Indian insurance companies.....

An Honourable Member : Are you one of them ?

Babu Baijnath Bajoria : No. In this Bill we have provided that there should be sufficient deposits for all those companies who want to do any class of business : that they must have a minimum amount of working capital ; that there will be restrictions about the investment of funds in Government and approved securities ; that the Superintendent of Insurance will have absolute checking powers and control over these companies. We have also provided ample provisions for the disclosure of full particulars of all accounts and for the valuation of assets being done every five years by actuaries. We have done away with the Managing Agents also, and

insurance companies will, henceforth, after three years, be controlled by a board of directors generally. Are not all these provisions and safeguards sufficient to check the growth of mushroom companies ? I say they are. This amendment is a direct interference with the internal management of business. If we are to say that we will give only so much commission for this business and so much commission to that business, we can as well provide in this Bill that you will have to pay so much commission or salary to managers, and so much to clerks and so much to peons. On principle, I do not like that there should be any limitation on commissions. We should have some faith in the management of the companies. As has already been pointed out by the Honourable the Law Member, the insurance companies will have managers well informed and well versed in insurance business, and they will look after the management of the company. Have you got no faith in them ? Are we to take it that all insurance companies are there only to defraud the people ? If that is so, then let us provide that all of them should go. Why should you put so much burden on younger companies and just make the way clear for the bigger companies, both Indian and European ? If that is the desire of the Law Member or of this House that most of the companies should close down and the business of insurance should be in the hands of a few magnates, then I think this clause will serve that purpose more than any other clause and more than any other provision in this Bill.

There is another point. As regards general business I mean business other than life insurance business, no preference whatsoever has been given to the existing younger companies or companies which may be formed later on. It is mentioned that more than 30 per cent. of the premium will be given by all companies irrespective of their date or their financial capacity. How can we imagine that any other company will begin and compete on equal terms with the present big foreign companies and there are many of them, and also the two big Indian insurance companies—I mean, the New India and the Jupiter Insurance. Sir, we know that the share of business secured by Indian insurance companies, so far as general business is concerned, that is in fire, marine and accident, is extremely small, and, therefore, it is very desirable that we should encourage the growth of new companies doing general business of this character. This clause, as it is worded, will absolutely cripple and hamper the formation of new companies, and the few young companies that exist today in this country will soon have to close their doors.

Then, Sir, it is mentioned here "provided, however, that insurers, carrying on life insurance business only, may pay, during the first ten years of their business, to their insurance agents, 50 per cent.". What does this mean ? There may be very big British and German companies, long established, who may be coming here to start business, and I ask my friend to say whether they will also get the benefit of the ten per cent. during the first ten years of their business ? If they will get that benefit, then those companies will be at a great advantage, and they will be competing even to the detriment of our big companies. I do not think it is the intention of the Honourable the Mover of this amendment that these well-established foreign companies, who have been in the line for a long time, should be treated as new companies from the date they commence their business in this country. This is a most objectionable

[Babu Baijnath Bajoria.]

part in this amendment. On all these grounds, therefore, Sir, I oppose this amendment, because, I feel that this amendment is most unhappy, it is most detrimental to the interests of most of the Indian companies doing life as well as general business in India. I, therefore, oppose this amendment with all the emphasis I can command.

Mr. M. Ananthasayanam Ayyangar (Madras ceded Districts and Chittoor : Non-Muhammadan Rural) : Sir, it is unfortunate that at the very outset of this Insurance Bill we have entered into a sort of fratricidal war. I have carefully listened to all people, agents of big companies as well as agents of small companies, as also the representatives of old companies. There is really no difference between the one and the other, and there are no really conflicting interests. I thought that all the energies of this House could be mustered strong against the more dangerous competitors in this field, I mean the foreign companies. Unfortunately, attention has been diverted and we are trying to bolt the door after the colt has bolted.

Sir, this is a very modest amendment. We are just making a beginning. I hope ere long we will be in a position to restrict the commission of the chief agent also and put an end to the unfortunate cut-throat competition that exists among ourselves with a view to see, that the foreigner does not dump his business on this country. I shall presently refer to that portion where, without exception, young and old alike, have made representations to me that they should be protected against foreign companies. I do not know which of these younger companies has approached my friend, Mr. Bajoria, and I cannot believe that a young company can always remain young. I never thought that a man having been born from his mother's womb would always remain young. A young man of today must become an old man of tomorrow, and, therefore, let us close up our ranks. Sir, I am appealing to all sections alike. I have tried to consider to the best of my ability the various difficulties of both young and old companies. The young companies' agents came to me as much as the representatives of older companies, and I found that young companies would be quite satisfied if they were given ten per cent. more than what is given to others.

Some Honourable Members : No, no

Mr. M. Ananthasayanam Ayyangar : I am not speaking an untruth. They talked to me privately. They came to my residence. I have seen the agents or representatives of all young and old companies. I gave all of them a most patient hearing, but though I always reserved my judgment, I kept my ears so wide as the whole Assembly might pass through my ears. (Laughter.) I never denied an interview to any of them ; I heard them all privately, and I convinced them that there ought not to be any difference between young and old companies in this country. No doubt, the younger companies ought to be allowed to walk. The bigger companies in their anxiety to avoid foreign competition might try to impose terms which might be a little embarrassing to younger companies. I do not belong, nor do I think that any of the other Members of this House belong to any of the companies. All of them are young as well as old ; all the children are good and useful to a parent, and, therefore, I say that all young and old companies alike serve the same useful purpose.

Pandit Lakshmi Kanta Maitra (Presidency Division : Non-Muhammadan Rural) : You should have remembered it yesterday.

Mr. M. Ananthasayanam Ayyangar : That was also conceived in the best spirit. I never thought that the non-licensing of agents was to the best interests of the country. In our party meeting the question whether young and old companies.....

Mr. President (The Honourable Sir Abdur Rahim) : The Honourable Member cannot refer to that.

Mr. M. Ananthasayanam Ayyangar : They also told us that the young companies would be satisfied if they were given a margin of ten per cent. over the commission that was allowed to older companies. So far as the actual field worker is concerned, it is 45 per cent. now. From 40 it has been raised to 45 per cent. With reference to young companies it has been raised automatically from 50 to 55 per cent. I would say that the first year's premium would be absorbed in various kinds of expenses of the insurer. There is not only the commission to be paid to the agents who canvass the business, but the new companies have to meet their office expenditure, advertising charges, and also, if some of the claims mature, unfortunately, during the first year of their existence, those claims also will have to be met, and, therefore, it is necessary to see both in the interests of the shareholders as well as in the interests of the policy-holders that the young company does not squander away its resources in the very first year of its existence on all sorts of extravagant expenditure. I believe the agents of both old and young companies are *bonâ fide* in their request when they make this demand. Unfortunately, the position of a young company is somewhat pitiable. It has to run an uneconomic race over the older companies. Sir, I have tried to find out the actual figures, and the figures show that whereas the average amount of a life policy, which a foreign company gets in this country, is Rs. 3,500 per policy, the average for Indian companies is Rs. 1,500 only. I would say that in a vast country like India, from the Himalayas to Cape Comorin, we have about 375 millions of people inhabiting this country, and the young companies can certainly go to the villages and secure business, though on a small scale, leaving the bigger companies to compete against the foreign companies, which take away at present the bulk of our business. The young companies need not fight the older companies at all. It is also the experience of all Members of this House that even though the rate of premium is somewhat high in some of the old companies, they will generally prefer to insure with such old companies. In the same way, clients generally go to a lawyer who has a reputation behind him even though his charges may be somewhat higher than those of others, because the lawyer with a reputation has a larger amount of experience and can certainly offer better advice. It is the same case in every profession. Therefore, I would ask Honourable Members of this House to realise that there is absolutely no conflict of interests between the young and old companies.

There is one other point before we come to general business, for which, unfortunately, there has not been a sufficient provision made, as pointed out by my Honourable friend, Sir Homi Mody. No doubt, that provision has not been made on account of various circumstances. As regards chief agents, on account of the amendment passed this morning, No. 4 to clause 35, the chief agents have been let at large. The young

[Mr. M. Ananthasayanam Ayyangar.]

companies can spend their coppers, nay, can shower their gold coins on the chief agents and we have not tried to cut that item down. If they have no capital, they can get or borrow capital and spend or waste any amount on uneconomic competition with the other companies. That is so far as the young companies are concerned. Leaving young and old aside, are they trying to support our companies as against foreign competition ? With very great respect to the Honourable the Leader of the House, may I say that the witness box is the last place to which anybody would like to go. When a witness is in the box you can make him say that the sun rises in the west and sets in the east. It is so easy, it depends upon the capacity of the individual who cross-examines. Mr. Duff and others have not escaped the fire of cross-examination of the Honourable the Leader of the House. There are three points on which, without elaboration, I would like to say something, as to how our general business is suffering today, and on account of want of proper limitation of commission others whom we do not like to do business in this country, certainly on account of unhealthy competition, are allowed to roam at large. Our general business companies are getting only Rs. 54 lakhs by way of premium a year, while foreign companies who are doing general business such as fire, marine, accident, etc., get Rs. 193 lakhs per year. Look at the difference between the one and the other. Those Indian companies doing fire and marine business have had to struggle. They wanted not 30 per cent. commission, as we have provided in this amendment, but they wanted it to be limited to 15 per cent. We have given them 15 per cent. more. They wanted 15 per cent. for fire and accident and not more than 25 per cent. for others. We are giving them five per cent. more. Just after the Great War, in about 1919, our companies came into existence. The foreign companies began to attack them in three ways. One attack was in the direction of the agents. Our companies had been paying 30 or 40 per cent. to the agents. The foreign companies offered them 75 per cent. Whatever may be the sense of patriotism or the interests of the country, that cannot stand before the lucre of 75 per cent. And what happened ? The erstwhile agents of Indian companies in Bombay became the agents of foreign companies. The second was a rate war. The Honourable the Leader of the House asked Mr. Duff and he was not able to give any facts. I am not a greater expert than Mr. Duff, but I find from the literature that has been distributed to us that after the westerners wanted to enter the field by way of competition the rates came down. There started giving a flat rate for all distances. The Lloyds are giving a flat rate, taking all risks,—Rs. 15—from Karachi to Bombay, from Karachi to Calcutta, from one end of the world to another, they charge the same Rs. 15. Is not this a thing against which all of us, 140 Members of this House, irrespective of caste, colour or creed, should protect our industry in this country,—against foreign aggression ? Unfortunately, neither this amendment nor the Leader of the House has tried to safeguard it. We have to carry with us the other side also and we have made our attempts. Do not think that this is the end of our aspiration. As soon as we are in a larger majority, and with your assistance, we shall certainly put in larger restrictions so far as foreign companies are concerned. That will be the end of our ambition in this matter. I have submitted that the foreign companies have been trying to take away our agents by one means or another, by promise of

larger commission. I have also shown how, whatever may be the risk, and whatever may be the distance, they have tried to reduce their rates. In order to meet the uneconomic race our companies tried to give larger commissions to their agents but in reinsurance with foreign companies in London and other places they hoped to make good what they lost by this uneconomic warfare. But the western companies had the ears of their friends and colleagues in London. I find from these papers that they sent word to their friends in London not to offer good rates for reinsurance. That is the third method by which our babies or children, *i.e.,* companies doing general business have been treated. If anybody reads this literature I am sure he will shed tears for our companies. My Honourable friend, Mr. Bajoria, is not helping any of these people. He is trying to help the foreign companies against our own companies. My Honourable friend does not know the circumstances that are prevailing here and the struggle that our men have got to put up, in Bombay, Calcutta and Madras. I, therefore, appeal to my friends, not to throw out this amendment but to accept it. If it is open to us to restrict the commission payable to chief agents I would be the first to jump at it : I would restrict their commission also. I appeal to my friends not to be carried away by the young and old distinction. We have tried to satisfy all, and if God gives us long life we will try to meet this uneconomic competition also.

Mr. T. Chapman-Mortimer : It is not my idea at this late hour to make a long speech on this matter which has become so contentious, but there are one or two observations which I should like to make. First of all, my Honourable friend, Mr. Satyamurti, charged the European Group with having entered into an unholy alliance with certain young companies for the destruction of the Bill. Not only have we not entered into any such alliance with young companies, but it is entirely incorrect and unjust, if I may say so, to say that we, on these Benches, have, at any stage in this Bill, tried to destroy it or tried to do anything else than to produce the best Bill that could possibly be produced for the welfare and development of insurance in this country. In regard to these young companies it is perfectly true that on certain occasions, both before this Bill came to this House and in this House, we, on these Benches, have supported certain of the claims of these young or small companies. We have done so because we believe that justice is a thing which deserves the consideration of this House and of all Groups in it. On the other hand, it has never been our desire, nor is it now our desire, to keep alive companies that should be put to death as quickly and painlessly as possible. Bad companies, unsound companies are a daily source of loss to their policy-holders and we, on these Benches, are entirely in favour of the speedy despatch of such unsound concerns. These, however, should not be confused with sound young companies struggling to do honest business.

Now, Sir, with regard to this matter of the limitation of commission, I should like, first of all, to make quite clear the attitude of the United Kingdom insurance companies. I am frankly astonished at the nature of the remark made by some of my friends on the opposite benches. They seem to suggest that if you can only have a limitation of commission, these wicked U. K. and other non-Indian companies will be speedily put in their places and will no longer be able to do injury to Indian insurance companies. Sir, I am really astonished that such

[Mr. T. Chapman-Mortimer.]

remarks and such observations should fall from otherwise extremely astute politicians. My Honourable friend, Mr. Bajoria, was a great deal nearer the mark when he said that by the limitation of commission you are going to help these big non-Indian companies and so, in the same way, you are going to help the big Indian companies. As I say, the U. K. companies' attitude is this. Throughout all stages of this Bill, they have made it clear to my Honourable friend, the Law Member, that they wanted to do everything in their power to assist him to make a good Bill and if, in his opinion, it was considered necessary for the making and framing of a good Bill that there should be limitation of commission, the U. K. companies were prepared to follow him in his desire to have such a limitation of commission. That is their attitude and it is on account of this that we are now proposing to support this amendment. On the general question of the limitation of commission, I should like also to put forward the views of this Group. In general, we are opposed entirely to any such attempts to restrict remuneration or commission. It is perfectly obvious that when you embark on proposals of this kind, you are getting into very deep water indeed. It is a short step from that to State socialism on the one hand or to complete chaos on the other. Further, Sir,—and this is my personal opinion and not the opinion, I may say at once, of either the U. K. companies or of this Group—it is my honest, sincere view that if you introduce into this Bill, as is now proposed to be done, restriction and limitation of commission, great difficulties are certainly lying ahead of insurance in this country. However, Sir, the Honourable the Law Member has made his position on this point amply clear. He has done his best to make it certain that the small company that employs a Chief Agent, instead of having a branch office, will still be able to do so and other sections of the House have also co-operated towards the same end. In these circumstances, notwithstanding the great difficulties that undoubtedly lie ahead as a result of what the House proposes to do tonight—because as my Honourable friend, Mr. Bajoria, has already pointed out, the fate of this amendment is more or less certain—notwithstanding all the difficulties and dangers that may exist, the difficulties of working and so on, we, on these Benches, intend to support the amendment of my Honourable friend, Mr. Satyamurti, for the reason that I have given. As I have said, we communicated to the Honourable the Law Member long ago that if in his opinion a measure of this kind was necessary we were prepared to support it, though we fully appreciate the great difficulties that lie ahead. Sir, I support the amendment.

Mr. S. C. Sen : Sir, I listened with much interest to the observations of the Honourable the Deputy President, who gave us an idea that he was opposed to this measure from the very beginning. I was surprised, however, on turning up the list of amendments to find in List No. 4 an amendment standing in his name which is almost identical with that which has been moved.

Mr. Akhil Chandra Datta : I was thinking of a second string !

Sardar Sant Singh : On a point of order. Is it not permissible to move alternative amendments, if one fails ?

Mr. President (The Honourable Sir Abdur Rahim) : I don't think that Mr. Sen suggested that.

Mr. S. C. Sen : When I looked at that, I thought that it was a second line of defence and that my friend's convictions were not so firm as they were thought to be. However, that is another matter. My Honourable friend, Mr. Datta, had referred to the Honourable the Leader of the House and pointed out that by his speeches in this House he had declared himself unequivocally against an amendment of this nature.

Mr. Akhil Chandra Datta : I never said ' unequivocally '.

The Honourable Sir Nripendra Sircar : Then, equivocal.

Mr. S. C. Sen : As the Honourable the Leader of the House points out, I will take it that it was an equivocal opinion. If the speeches referred to by the Honourable Member are looked into, the Honourable the Leader of the House had made it abundantly clear that he had been keeping his mind open and he was of the view that some discrimination was necessary for the safeguard of the younger companies. Now that it has been done there is absolutely no justification for complaining of his change of attitude on this question. In the present amendment, Honourable Members must have seen that ten per cent., at least, has been allowed by way of discrimination to younger companies. If it is not out of place, I will again refer to some of the instances given by the Honourable the Leader of the House of the younger companies and if Honourable Members will look at the Blue Book, they will find what is the percentage of expenses of these younger companies. I will choose one or two at random. I take the first one. In 1934, the premium income was Rs. 10,000, the expenses were Rs. 11,000, in 1935 the premium income was 9,000 and the expenses were 9,000.

Mr. Sri Prakasa (Allahabad and Jhansi Divisions : Non-Muhammadan Rural) : Just like the Government of India !

Mr. S. C. Sen : Take another case. In 1930, the premium income was Rs. 12,000 and the expenditure was 18,000. What do these figures show, that the majority of the younger companies have been spending more than their income. What are these expenses due to ? The Honourable Members who have supported their cause cannot possibly ignore or challenge the fact that the majority of the expenses were in the shape of commission for procuring business and if we have got to stop this appalling state of affairs, what is it that is necessary. Is it not necessary that even if we have got to save them against themselves, some provisions should be made for curtailing their expenses ? Now, Sir, what would be the effect of the amendment if it is accepted ? Will it not effect a compulsory curtailment of expenses in their case ? In those circumstances, I was rather surprised that my Honourable friends, Mr. Datta and Mr. Bajoria, should have said that this was intended to kill them. It is, if I may say so, a misguided view. It is an absolutely unreasonable view to take and I only wonder how the Honourable Members can possibly take the measure which is intended to be eminently salutary to have such an effect. Sir, I was asked a question by my Honourable friend, Mr. Aney, as to whether there is any precedent for the limitation of commissions in other countries. There is no other country where such appalling circumstances prevail and, therefore, there are no other countries where limitation of

[Mr. S. C. Sen.]

commission is necessary. Then, I was asked by my Honourable friend, Mr. Datta, as to why, although we had taken the laws of Canada as the precedent, we had been supporting this limitation of commission. Sir, in Canada there are many other things which do not require a limitation of commission to be put in. For instance, in Canada there is a provision for keeping 100 per cent. of the liabilities. As I suggested, will my Honourable friend agree to that being imported in the laws of this country ? He will not. Why then talk of Canada ? Now, Sir, the last point which I wish to meet is the suggestion that it is an unwarranted interference with the internal management of insurance concerns and that there is no precedent for such a thing. Sir, may I point out to my Honourable friend, Mr. Bajoria, who knows all about the new laws, as to why this House, including himself, agreed to the limitation of commission allowable on shares issued at a discount ? Why was it that ten per cent. was limited in the Statute ? Why were not the companies allowed to give such discount as they liked ? That is only because they thought that allowing more would be to the detriment of the companies. Therefore, it is no use suggesting that there is no precedent. Wherever the Legislature thinks that a man has got to be saved against himself, it is the duty of the Legislature to step in. I submit, therefore, that this provision which is intended to be passed is not something new. It is really intended for the benefit of the younger companies and not intended to kill them and as such should be supported.

Some Honourable Members : The question be now put.

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

"That the question be now put."

The motion was adopted.

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

"That clause 35 of the Bill be re-numbered as 35 (*1*), and, after the clause as so re-numbered, the following be inserted :

'(*2*) No insurer or any person, who, for the purposes of insurance business, employs insurance agents, licensed under section 37, shall pay or contract to pay to any insurance agent, licensed under section 37, by way of commission or as remuneration in any form an amount exceeding in the case of life insurance business forty-five per cent. of the initial premium payable on any policy or policies effected through him and five per cent. of a renewal premium, or in the case of business of any other class thirty per cent. of the premium, provided, however, that insurers, in respect of life insurance business only, may pay, during the first ten years of their business, to their insurance agents fifty-five per cent. of the initial premium payable on any policy or policies effected through them and six per cent. of the renewal premiums'."

The Assembly divided :

AYES—82.

Abdul Hamid, Khan Bahadur Sir.	Bajpai, Sir Girja Shankar.
Abdul Qaiyum, Mr.	Bhagavan Das, Dr.
Abdullah, Mr. H. M.	Boyle, Mr. J. D.
Ahmad Nawaz Khan, Major Nawab Sir.	Buss, Mr. L. C.
Asghar Ali, Sheikh.	Chaliha, Mr. Kuladhar.
Ayyangar, Mr. M. Ananthasayanam.	Chapman-Mortimer, Mr. T.

AYES—*contd.*

Chaudhury, Mr. Brojendra Narayan.	Mudaliar, Mr. C. N. Muthuranga.
Chunder, Mr. N. C.	Muhammad Ahmad Kazmi, Qazi.
Dalal, Dr. R. D.	Nagarkar, Mr. C. B.
Dalpat Singh, Sardar Bahadur Captain.	Nayudu, Diwan Bahadur B. V. Sri Hari Rao.
Das, Mr. B.	Ogilvie, Mr. C. M. G.
Das, Pandit Nilakantha.	Pande, Mr. Badri Dutt.
Desai, Mr. Bhulabhai J.	Parsons, Lieut.-Colonel A. E. B.
Deshmukh, Dr. G. V.	Purssell, Mr. R. S.
Deshmukh, Mr. G. V.	Raghubir Narayan Singh, Choudhri.
Gadgil, Mr. N. V.	Rahman, Lieut.-Colonel M. A.
Ghulam Muhammad, Mr.	Ramayan Prasad, Mr.
Gidney, Mr. C. W. A.	Ranga, Prof. N. G.
Govind Das, Seth.	Rao, Mr. Thirumala.
Griffiths, Mr. P. J.	Roy, Mr. S. N.
Grigg, The Honourable Sir James.	Saksena, Mr. Mohan Lal.
Gupta, Mr. K. S.	Santhanam, Mr. K.
Hands, Mr. A. S.	Satyamurti, Mr. S.
Hans Raj, Raizada.	Scott,, Mr. J. Ramsay.
Hosmani, Mr. S. K.	Sen, Mr. S. C.
Hudson, Sir Leslie.	Sham Lal, Mr.
James, Mr. F. E.	Sheodass Daga, Seth.
Jawahar Singh, Sardar Bahadur Sardar Sir.	Sher Muhammad Khan, Captain Sardar Sir.
Jedhe, Mr. K. M.	Singh, Mr. Gauri Shankar.
Jogendra Singh, Sirdar.	Singh, Mr. Ram Narayan.
Joseph, Mr. George.	Sinha, Mr. Satya Narayan.
Kailash Behari Lal, Babu.	Sircar, The Honourable Sir Nripendra.
Kamaluddin Ahmed, Shams-ul-Ulema.	Spence, Mr. G. H.
Kushalpal Singh, Raja Bahadur.	Sri Prakasa, Mr.
Lang, Mr. J. C.	Staig, Mr. B. M.
Lloyd, Mr. A. H.	Stewart, The Honourable Sir Thomas.
Mackeown, Mr. J. A.	Sukthankar, Mr. Y. N.
Manavedan Raja, Rao Bahadur K. C.	Thorne, Mr. J. A.
Mani, Mr. R. S.	Tylden-Pattenson, Mr. A. E.
Mehta, Mr. S. L.	Varma, Mr. B. B.
Misra, Pandit Shambhu Dayal.	
Mody, Sir H. P.	

NOES—20.

Abdul Ghani, Maulvi Muhammad.	Ghulam Bhik Nairang, Syed.
Abdur Rasheed Chaudhury, Maulvi.	Ghuznavi, Sir Abdul Halim.
Aney, Mr. M. S.	Jinnah, Mr. M. A.
Anwar-ul-Azim, Mr. Muhammad.	Lalchand Navalrai, Mr.
Bajoria, Babu Baijnath.	Maitra, Pandit Lakshmi Kanta.
Banerjea, Dr. P. N.	Murtuza Sahib Bahadur, Maulvi Syed.
Chattopadhyaya, Mr. Amarendra Nath.	Sant Singh, Sardar.
Datta, Mr. Akhil Chandra.	Siddique Ali Khan, Khan Sahib Nawab.
Essak Sait, Mr. H. A. Sathar H.	Som, Mr. Suryya Kumar.
Ghiasuddin, Mr. M.	Umar Aly Shah, Mr.

The motion was adopted.

The Assembly then adjourned till Eleven of the Clock on Friday, the 24th September, 1937.

LEGISLATIVE ASSEMBLY.

Friday, 24th September, 1937.

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

MEMBER SWORN.

Maharaja Bahadur Ram Ran Vijai Prasad Singh of Dumraon, M.L.A. (Bihar and Orissa : Landholders).

STARRED QUESTIONS AND ANSWERS.

(a) Oral Answers.

Public Latrine on the Ballia Station of the Bengal and North Western Railway.

770. ***Mr. Sri Prakasa :** (a) Will the Honourable Member for Commerce and Railways state whether Government have noticed the public latrine on the platform of the Ballia Railway Station on the Bengal and North Western Railway ?

(b) Is it not an exposed construction with large open pits without any provision for seats ?

(c) Do Government propose to draw the attention of the Railway concerned to this and ask them to improve matters immediately ?

The Honourable Sir Saiyid Sultan Ahmad : (a) to (c). Government have no information but I will send a copy of the question to the Agent for consideration, and necessary action.

Mr. Sri Prakasa : In view of the fact that what I have said is correct and that I had unfortunately to expose myself on this platform, will Government take immediate action in the matter ?

The Honourable Sir Saiyid Sultan Ahmad : The question will be sent down immediately. (Laughter.)

Reservation of One Intermediate Class Compartment for Persons reserving Seates in the Up Punjab Mail from Howrah.

771. ***Mr. Sri Prakasa :** (a) Will the Honourable Member for Commerce and Railways state if it is a fact that one intermediate class compartment is reserved for those who may reserve their seats, even if nobody reserves them, in the No. 5 Up Punjab mail from Howrah on the East Indian Railway ; and that no one is allowed to board that compartment even if it is quite empty ?

(b) Is it a fact that when I wanted to go in that compartment at Howrah I was not allowed to do so even when not a single seat in the said compartment was reserved on May 8, 1937 ? And is it further a fact that when I offered to reserve a seat then and there to the officer specially posted to keep passengers out I was informed that I must go out and get a proper reservation certificate which I could not do as there was no time ?

(c) Is it a fact that the compartment as a rule runs empty from Howrah and is available for passengers from other compartments or new arrivals from Burdwan onwards ?

(d) What is the exact point in running this compartment empty from Howrah to Burdwan ?

The Honourable Sir Saiyid Sultan Ahmad : (a) It is a fact that intermediate class accommodation can be reserved from Howrah Station, but Government are not aware of the detailed arrangements which are made by the East Indian Railway in order to ensure that accommodation is available on No. 5 Up Punjab Mail for those passengers who have reserved their seats.

(b) Government have no information, but I accept the Honourable Member's version of the occurrence.

(c) and (d). Burdwan is the first stop after leaving Howrah, so that a compartment intended for reserved seat ticket holders, not occupied from Howrah, would become available for other ticket holders from Burdwan. Government have no information as to the extent to which the facility of reserving intermediate class seats on No. 5 Up Punjab Mail from Howrah is availed of by the public, but a copy of the Honourable Member's question and this reply will be sent to the Agent for such action as is considered necessary.

Mr. Sri Prakasa : What is the exact point, with reference to the Honourable Member's reply to part (a), in keeping a compartment empty for purposes of reservation even when there is no reservation at all, and refusing to reserve seats for passengers who want to do so at the last moment ?

The Honourable Sir Saiyid Sultan Ahmad : *Prima facie*, I do not think there is any point in it at all, and that is the reason why I am sending this question to the Agent.

THIRD CLASS PASSENGERS AVAILING OF RESERVATION FACILITIES AT HOWRAH.

772. ***Mr. Sri Prakasa** : (a) Will the Honourable Member for Commerce and Railways state how many third class passengers on an average avail themselves of reservation facilities in the various mail and express trains at Howrah on the East Indian Railway ?

(b) What is the amount of space on an average given to each passenger ?

(c) Are Government satisfied that the accommodation is adequate and the results satisfactory ?

The Honourable Sir Saiyid Sultan Ahmad : (a), (b) and (c). Government have no information, but have arranged to obtain it with respect to the reservations for one week's bookings from Howrah Station, and a reply will be laid on the table in due course.

NEGOTIATION FOR A TRADE AGREEMENT WITH CEYLON.

773. ***Mr. S. Satyamurti** : Will the Honourable Member for Commerce and Railways be pleased to state :

(a) whether it is a fact that the ban has been removed and that Ceylon can hereafter negotiate with India directly for an Indian Trade Agreement with us, subject to ratification by the Colonial Office ;

(b) when the Government of India propose to start these trade talks with Ceylon and why, now that the Indo-British trade talks have been postponed, these negotiations are not started ; and

(c) whether, in carrying on these trade negotiations, the outstanding points of dispute between India and Ceylon, for example, the proposed denial of franchise to Indian labourers in Ceylon villages and the question of non-labour immigration from India, will also be considered ?

The Honourable Sir Saiyid Sultan Ahmad : (a) For the purpose of concluding a trade agreement, in replacement of that concluded at Ottawa, His Majesty's Government in the United Kingdom have agreed to separate negotiations taking place between India and Ceylon after the present Indo-United Kingdom trade negotiations have been concluded.

(b) I am not aware that the Indo-British trade talks have now been postponed. I am unable to state the date on which negotiations with Ceylon will begin, but, as I mentioned a few days ago, it will begin soon after the return of our delegates from London.

(c) These considerations will of course be borne in mind, but no decision regarding the scope of the negotiations has yet been reached.

Mr. S. Satyamurti : With reference to the answer to clauses (a) and (b), may I take it that the negotiations or talks preparatory to negotiations between Ceylon and India will start immediately after the return of our delegates from London ?

The Honourable Sir Saiyid Sultan Ahmad : Soon after their return.

Mr. S. Satyamurti : With reference to the answer to (c), may I know whether Government will come to a conclusion on this matter, namely, of treating the whole question of the relations between India and Ceylon not only in trade but also the status of our fellow nationals in Ceylon, and whether this will be decided to be treated as part of the entire negotiations, before they actually enter upon the negotiations ?

The Honourable Sir Saiyid Sultan Ahmad : As I submitted, no decision has been arrived at on that point.

Mr. S. Satyamurti : I am simply asking whether Government have come to a conclusion on this matter, that is to say, the matter of treating the relations between India and Ceylon as a whole, and not separating trade from the status of Indians, specially Indian labourers in Ceylon ; and will they come to a conclusion on that, before they start any negotiations ?

The Honourable Sir Saiyid Sultan Ahmad : That is exactly what I said, that no decision with respect to the scope of the negotiations has yet been arrived at.

Mr. S. Satyamurti : Do Government realise that merely trade between India and Ceylon would not satisfy the self-respect or the dignity of this country, unless as part of the trade relations the status of our fellow-nationals in Ceylon is also taken up and satisfactorily settled ?

The Honourable Sir Saiyid Sultan Ahmad : That is a matter of opinion ; I cannot answer it.

Mr. S. Satyamurti : Will my Honourable friend consult the Honourable Member or the Secretary of the Department of Education, Health and Lands on this matter, before he comes to a conclusion on the subject one way or the other ?

The Honourable Sir Saiyid Sultan Ahmad : The matter is being considered, as a matter of fact, with that Department.

Mr. T. S. Avinashilingam Chettiar : May I know whether they are getting information periodically about the proceedings of the Indo-British trade talks ?

The Honourable Sir Saiyid Sultan Ahmad : We are, Sir.

Mr. T. S. Avinashilingam Chettiar : May I know whether they are aware of the fact that there has been a breakdown in the negotiations as far as jute is concerned ?

The Honourable Sir Saiyid Sultan Ahmad : I do not know. That is the information which my Honourable friend has. He is at an advantage ; I have no such information.

Mr. T. S. Avinashilingam Chettiar : May I know if it was a press note which appeared in the newspapers and was as much open to the Honourable Member as to me ?

The Honourable Sir Saiyid Sultan Ahmad : Then the Honourable Member has got the information ; I have not.

Mr. T. S. Avinashilingam Chettiar : In view of the breakdown in the jute negotiations, may I know whether they are getting the proceedings of these negotiations, and can they give any information about them ?

The Honourable Sir Saiyid Sultan Ahmad : I do not admit that there has been any breakdown at all.

Mr. T. S. Avinashilingam Chettiar : Not even with regard to jute ?

The Honourable Sir Saiyid Sultan Ahmad : With regard to anything.

Mr. Mohan Lal Saksena : After the appearance of the press report did the Honourable Member make any inquiries about it ?

The Honourable Sir Saiyid Sultan Ahmad : No, Sir.

Mr. S. Satyamurti : With reference to the freedom of this country to conduct negotiations with other countries besides Britain to replace the Ottawa agreement, may I know what is the exact position ? Is it that this country cannot negotiate a trade agreement with any other country, except with the leave of His Majesty's Government ?

The Honourable Sir Saiyid Sultan Ahmad : That question, I submit, does not arise from the answers I have given, *i.e.*, with respect to other countries.

Mr. S. Satyamurti : In answer to clause (a) my Honourable friend said—I am not using the exact words, I am trying to recollect the words, you kindly correct me—that India is free to carry on negotiations with Ceylon, I want to know by way of elucidation of that answer what is the exact constitutional position of India : does India require the permission of His Majesty's Government to carry on trade negotiations or to come to trade agreements with countries other than Great Britain ?

The Honourable Sir Saiyid Sultan Ahmad : If my learned friend would put down a question I would try and give an answer.

Mr. S. Satyamurti : His Majesty's Government have agreed to separate negotiations taking place between India and Ceylon—I want to know where His Majesty's Government come into this at all.

The Honourable Sir Saiyid Sultan Ahmad : Because Ceylon is a colony, and that is the reason why negotiations have to be conducted ordinarily through the United Kingdom, but they have agreed to our concluding a trade agreement direct with Ceylon.

Mr. S. Satyamurti : Does this agreement of His Majesty's Government apply only to Ceylon or to all other countries in the British Commonwealth ?

The Honourable Sir Saiyid Sultan Ahmad : I cannot answer that question off hand.

PROTECTION TO MINOR INDUSTRIES.

774. ***Mr. S. Satyamurti** : Will the Honourable Member for Commerce and Railways be pleased to state :

(a) whether Government have received a representation from the Association of Indian Industries, Bombay, on the need for protection to minor industries against foreign, particularly Japanese, competition, and the form and extent of the assistance needed by those industries ;

(b) whether Government have examined the allegation that Japan is gaining ground primarily, if not solely at the cost of Indian minor industries, and whether Government will take steps independent of the enquiry to stop or at least reduce this Japanese competition and, if not, why not ;

(c) the reasons why some public men and representatives of commerce and industrial associations have not been associated with the present enquiry ;

(d) whether Government have considered the representation of the association that an element of competitive protection will have to be introduced in the proposals which emerge as a result of this enquiry ;

(e) whether Government propose also to consider the need for some precautions to meet the depreciation of Japanese currency ; and

(f) whether Government propose also to consider the effect of heavy rates of freight on the transport of these minor industries and do something in that direction to help them ?

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

(b) and (d). Representations from minor industries in India for assistance against Japanese competition, along with suggestions received from commercial bodies on the subject, are at present under examination by an officer on special duty. In view of the steady rise in Japanese prices in recent months, Government do not consider it necessary to take any action prior to the completion of the enquiry.

(c) The enquiry has been entrusted to an officer on special duty as it is in the nature of a departmental examination. In the opinion of Government it would be more useful for commercial bodies like the Association of Indian industries to assist the minor industries concerned in preparing their cases. Such assistance would, in the opinion of Government, be more valuable to the minor industries themselves than an increase in the number of investigators. A copy of the questionnaire issued to minor industries has accordingly been sent to recognised Chambers of Commerce and Trade Associations also.

(c) The Japanese exchange has remained fairly steady during the last three years, but Government will continue to watch its course with a view to safeguard indigenous industries, if necessary.

(f) All relevant factors including the question of transport charges will be borne in mind by the Officer on Special Duty.

Dr. Ziauddin Ahmad : Will the Honourable Member consider also the interests of the consumers along with those of the industries and not consider it from only one point of view ?

The Honourable Sir Saiyid Sultan Ahmad : Certainly.

Mr. T. S. Avinashilingam Chettiar : Have Government received representations only with reference to protection against Japanese competition or with reference to competition from other countries ?

The Honourable Sir Saiyid Sultan Ahmad : Only against Japanese competition.

Mr. S. Satyamurti : My Honourable friend gave the answer that, in view of the steady rise in Japanese prices in recent months, Government do not consider it necessary to take any action immediately. May I know whether Government have figures which will throw light in regard to this ?

The Honourable Sir Saiyid Sultan Ahmad : I can supply no figures now, but I can lay the figures on the table, if available.

Mr. S. Satyamurti : With reference to answer to (f), may I know if the reason for Government awaiting the results of the enquiry in regard to the effect of heavy rates of freight on the minor industries is that they have no figures in their possession, or is it because they want to consider, if the officer makes suitable recommendations, these recommendations as well ?

The Honourable Sir Saiyid Sultan Ahmad : Both.

Mr. T. S. Avinashilingam Chettiar : With reference to answer to (a) are Government satisfied that the rise is permanent or is only temporary ?

The Honourable Sir Saiyid Sultan Ahmad : I will have to refer to that brilliant gentleman called astrologer.

Mr. T. S. Avinashilingam Chettiar : The point is that if it is only temporary they have got to take other precautions.

The Honourable Sir Saiyid Sultan Ahmad : I cannot answer that question.

Mr. Abdul Qaiyum : Is there any time-limit fixed within which the officer will have to submit his report.

The Honourable Sir Saiyid Sultan Ahmad : No.

Mr. Abdul Qaiyum : Why is it considered not desirable to have the report in a fixed period ?

The Honourable Sir Saiyid Sultan Ahmad : I cannot definitely answer. But presumably to enable industries to submit replies.

Mr. S. Satyamurti : With reference to answer to clause (d), may I know whether Government have considered the question of introducing an element of competitive protection as against dumping of Japanese goods in this country ?

The Honourable Sir Saiyid Sultan Ahmad : That will be considered by the officer who has been entrusted with the duty to enquire.

Prof. N. G. Ranga : How long is this enquiry expected to continue ?

The Honourable Sir Saiyid Sultan Ahmad : It is difficult to say definitely, but I do not think it ought to last very long.

Mr. S. Satyamurti : May I know whether, when considering the interests of what Dr. Ziauddin called "Indian consumers", Government will bear in mind that if this country becomes the dumping ground of the products of other countries, our consumers will be left with no money to buy anything ?

The Honourable Sir Saiyid Sultan Ahmad : That is an argument.

EXHIBITION OF INDIAN EDUCATIONAL FILMS AND NEWSPAPER REELS.

775. ***Mr. S. Satyamurti** : Will the Honourable Member for Commerce and Railways be pleased to state :

(a) whether the Motion Picture Society of Bombay recently represented to him and urged the Government of India to make the exhibition of Indian educational films and newspaper reels compulsory in every programme, and what steps Government propose to take in this direction ;

(b) whether Government are aware that in British and other foreign films imported and exhibited in India, news items and other items are generally of a propagandist character ; and

(c) whether Government propose to take steps to see that Indian news and other news also find a similar place in the films exhibited in India ?

The Honourable Sir Saiyid Sultan Ahmad : (a) Yes, but none of the points mentioned were raised in the representation.

(b) No.

(c) No, as this is now a provincial subject.

Mr. S. Satyamurti : With reference to answer to (b) of the question, may I know what that " no " means ? Is it that Government are not aware, or that in British and other foreign films, news items and other items are not of a propagandist character ?

The Honourable Sir Saiyid Sultan Ahmad : The question was, are Government aware : the anwser is to " aware ".

Mr. S. Satyamurti : May I know whether Government have made enquiries and have come to the conclusion that news items and other items of a propagandist character are not displayed ? If he comes with me today he will find it out.

The Honourable Sir Saiyid Sultan Ahmad : I am prepared to accept the offer.

Mr. S. Satyamurti : If that is so, I will take him, but will he kindly take my word for it that as a matter of fact news items and other items in British films glorifying the British Empire are being exhibited ? May I ask whether he proposes to take steps to see that similar news reels of India are exhibited as part of the programme in every cinema in this country ?

The Honourable Sir Saiyid Sultan Ahmad : I am not really in a position to answer that question, because I think another Department is concerned.

Seth Govind Das : Are Government aware that news items glorifying conditions in India such as Congress reels, or reels showing Mahatma Gandhi's visit to the Round Table Conference or Mahatma Gandhi seeing His Majesty the King were prohibited only because they were glorifying the conditions of Indians ?

The Honourable Sir Saiyid Sultan Ahmad : I have absolutely no knowledge of that.

Seth Govind Das : Are Government aware that many of the Provincial Governments, that is those which are Congress Governments, have lifted the ban on such films, but provinces where Congress Governments do not exist this ban has not been lifted yet ?

The Honourable Sir Saiyid Sultan Ahmad : I have no information.

Seth Govind Das : Are Government going to take any steps in this direction ?

The Honourable Sir Saiyid Sultan Ahmad : No.

Mr. S. Satyamurti : With reference to answer to clause (a) about educational films, I am asking whether Government are considering or will consider the question of making compulsory—I am not talking of news films—exhibition of Indian educational films ?

The Honourable Sir Saiyid Sultan Ahmad : This concerns another Department—the question of educational films. We have not considered that.

Mr. S. Satyamurti : I want to know which Department it is.

The Honourable Sir Saiyid Sultan Ahmad : May be Education—I cannot definitely say.

Mr. S. Satyamurti : Surely, the Government Member ought to be able to say.

Mr. President (The Honourable Sir Abdur Rahim) : It may be available from the Member for Education.

Mr. S. Satyamurti : He has agreed to answer the question, and he has really answered it. In regard to supplementaries he says he cannot give answers. The supplementary question actually reproduces the words of the primary question. You please see clause (a) of the question.

Mr. President (The Honourable Sir Abdur Rahim) : He has given the answer to that.

Mr. S. Satyamurti : He says some other Department will have to give the answer.

Mr. Sri Prakasa : If the supplementary question itself is regarded as the original question, may I know who will answer it ?

(No reply.)

ENCOURAGEMENT OF INDIAN COASTAL SHIPPING.

776. ***Mr. S. Satyamurti** : Will the Honourable Member for Commerce and Railways be pleased to state :

(a) whether Government are aware that Company after Company which endeavoured to develop coastal services has been shattered by the heavy combination of British interests ;

(b) whether Government have seen the recent appeal issued by the High Commissioner for India in London that the policy of rate-cutting against Indian shipping companies should be replaced by a policy of co-operation between British and Indian shipping interests ;

(c) whether Government have considered the conditions of service of Indian *lascars* and others employed in British ships as regards wages, hours of work, sickness, insurance, etc., which are much lower than conditions for British seamen serving on the same boats in the same capacity ; and

(d) whether Government propose to take any steps to encourage Indian coastal shipping, and, if so, when ?

The Honourable Sir Saiyid Sultan Ahmad : (a) Government are aware that Indian shipping companies engaged in the coastal trade have had to meet competition from companies already established in that trade.

(b) Government have seen a press summary of a speech delivered by Malik Sir Firoz Khan Noon at Southampton in July last. The report which Government have seen makes no mention of rate cutting directed specifically against *Indian* shipping companies, but does recommend a policy of co-operation between shipping companies.

(c) Yes, Sir, the matter has been engaging the attention of the Government of India for some years past.

(d) The Government of India are, and have been for many years taking steps to encourage Indian coastal shipping.

Mr. S. Satyamurti : With reference to the answer to clause (a) of the question, may I know whether Government have statistics in their possession of the actual number of coastal services which were started and which were closed down because of this competition ?

The Honourable Sir Saiyid Sultan Ahmad : I do not think we have.

Mr. S. Satyamurti : With reference to the answer to clause (b), may I know if my Honourable friend's attention has been drawn to the second speech delivered by the High Commissioner, reported this morning, delivered in Glasgow, in which he has stressed the point again that there should be co-operation between British and Indian shipping interests ?

The Honourable Sir Saiyid Sultan Ahmad : My attention was drawn to it just in the lobby before I came into the Chamber.

Mr. S. Satyamurti : May I know whether, as a result of these constant references by a responsible officer of this Government in London, asking the Government to use their good offices to get a larger share in the coastal and overseas shipping for Indian ships and shipowners, Government propose to take any other steps, except the one which is called the Bhore Agreement ?

The Honourable Sir Saiyid Sultan Ahmad : As I have said, Government have got this point constantly in mind and they are taking all the steps that they can and which they consider necessary.

Mr. S. Satyamurti : With reference to the answer to clause (c), may I know whether Government have in their possession any information as to the latest conditions of service of Indian lascars and others as regards the various matters mentioned therein—wages, hours of work, etc. ?

The Honourable Sir Saiyid Sultan Ahmad : I have not got the figures here in my possession ; but if it is required I will try and secure them.

Mr. S. Satyamurti : Have Government considered the allegations contained in this question, namely, that the conditions of service of Indian lascars with regard to the hours of work, wages, etc., etc, are much lower than the conditions for British seamen serving in the same capacity ?

The Honourable Sir Saiyid Sultan Ahmad : That is what I have said : the matter is being considered.

Mr. S. Satyamurti : May I know whether Government are now satisfied, on the material available to them, that this allegation is correct, and are they taking any steps in the direction ?

The Honourable Sir Saiyid Sultan Ahmad : The matter is engaging the attention of the Government.

Prof. N. G. Ranga : What steps have been taken till now by the Government to improve the conditions of these lascars ?

The Honourable Sir Saiyid Sultan Ahmad : The matter is under consideration.

Mr. President (The Honourable Sir Abdur Rahim) : If the Honourable Member wants to know what has been done in the past, surely he ought to put down a question.

Mr. Bhulabhai J. Desai : Will the Honourable Member answer whether in fact the conditions of service are different and to the disadvantage of Indian lascars ?

The Honourable Sir Saiyid Sultan Ahmad : That is the matter which is being examined.

Mr. Bhulabhai J. Desai : I understood the Honourable Member to say that the question of their improvement was under consideration. I am not talking of that now. I am asking whether in fact the Government are aware that the conditions of service of Indian lascars, as my Honourable friend has himself travelled fairly often, are or are not inferior in terms of service, accommodation, food provided and everything else, to other persons similarly employed on the ships ?

The Honourable Sir Saiyid Sultan Ahmad : I thought I had answered this very question. I did not use the word improvement at all. The question was, whether Government have considered the conditions of service of Indian lascars and so on. The answer is Yes : the matter has been engaging the attention of the Government of India.

Mr. Bhulabhai J. Desai : Pardon my pursuing this : consideration is one thing. But have they obtained information enabling them to know in fact whether the conditions are inferior in the directions I mentioned ?

The Honourable Sir Saiyid Sultan Ahmad : Enquiries have been made and are being made.

Mr. Bhulabhai J. Desai : Without any result ?

The Honourable Sir Saiyid Sultan Ahmad : That is a matter which is engaging the attention of Government.

Prof. N. G. Ranga : Will Government place on the table of the House relevant portions of the results of the inquiries they are making ?

The Honourable Sir Saiyid Sultan Ahmad : I cannot undertake to do that at present.

Mr. S. Satyamurti : May I know whether Government have addressed the British shipowners or other owners of ships on which Indian lascars are employed, on these matters, and if so, when did they address them ?

The Honourable Sir Saiyid Sultan Ahmad : I cannot answer that question, because I have no information ; but if my learned friend will put down a question, I will certainly secure that information.

Mr. S. Satyamurti : May I know what is the nature of the consideration ? I want to know exactly what they are considering.

Mr. President (The Honourable Sir Abdur Rahim) : Government have said that they are considering the matter.

INDIAN FLOUR INDUSTRY.

777. *Mr. S. Satyamurti : Will the Honourable Member for Commerce and Railways be pleased to state :

(a) whether it is a fact that His Excellency the Governor General has sanctioned the Burma Government's action in removing the 25 per cent. duty on imports of foreign flour, and why ;

(b) whether Government have taken into consideration the understanding that the *status quo* would be maintained with regard to trade relations between this country and Burma at least for a period of three years ;

(c) whether Government have considered the effect of this removal of protection duty on the Indian flour industry ; and

(d) whether Government propose to take up this matter with the Government of Burma and see that the legitimate interests of the Indian flour industry are not adversely affected ?

The Honourable Sir Saiyid Sultan Ahmad : (a) No, Sir. Such action would not require the Governor General's sanction.

(b) Does not arise.

(c) The attention of the Honourable Member is invited to the Statement of Objects and Reasons to the Indian Tariff (Second Amendment) Bill which was introduced in this House on the 14th September, 1937.

(d) The Central Government have already taken up this matter with the Government of Burma.

FUNCTIONS OF THE RAILWAY ADVISORY COMMITTEES.

778. *Maulvi Muhammad Abdul Ghani : Will the Honourable Member for Commerce and Railways be pleased to state :

(a) the functions of the various Railway Advisory Committees of Company and State-managed Railways in British India ;

(b) whether the various committees are consulted in matters of change of time table before any actual change or alteration in time is notified and published in time tables ;

(c) if the answer to part (b) be in the negative, the reason why the committees are not consulted ; and

(d) what facilities are given to the members of the various Advisory Committees to gather information for the discharge of their duties by every Railway Company ; if not, why not ?

The Honourable Sir Saiyid Sultan Ahmad : (a) The functions of the Committees are advisory and the following are among the subjects suitable for their consideration :

(i) alterations in time-tables and passenger services ;

(ii) alterations of rates and fares and changes of goods classifications ;

(iii) proposals in regard to new projects and extensions ;

(iv) proposals in regard to new rolling stock ;

(v) any matters affecting the general public interest or convenience.

(b) and (c). Government understand that generally the various Committees are consulted on matters of time-table revision before changes are made.

(d) The representatives elected by the various bodies to the Advisory Committees to represent trade, industry, commerce, rural interests and the travelling public are presumably selected by these bodies on account of their special knowledge of the needs of the interest they represent and no special facilities are given to enable members to gather information.

Mr. Lalchand Navalrai : May I know if the matters in which these advisory committees have to be consulted have been laid down anywhere ?

The Honourable Sir Saiyid Sultan Ahmad : That is exactly what I have just said : I have a list of the subjects suitable for their consideration : I read a whole lot of them.

Mr. Lalchand Navalrai : Is that an exhaustive list ?

The Honourable Sir Saiyid Sultan Ahmad : No.

Mr. Lalchand Navalrai : May I know in view of the fact that these committees have been functioning for a long time, whether Government propose to increase their functions and powers ?

The Honourable Sir Saiyid Sultan Ahmad : There is no question of increasing their functions and powers at all because the list I have given is fairly full and gives ample opportunities to the members of the advisory councils to bring matters up before the council.

Mr. Muhammad Azhar Ali : If the Agent does not consider applications for changes in the time table, is there any authority to appeal to ?

The Honourable Sir Saiyid Sultan Ahmad : That is a matter which is entirely within the competence of the railway administrations.

Dr. Ziauddin Ahmad : May I ask whether the agenda for these meetings is prepared by the Agent, or whether a member of the Advisory Committee has a right to make any suggestions ?

The Honourable Sir Saiyid Sultan Ahmad : He has got every right.

Pandit Lakshmi Kanta Maitra : May I know if this department has considered the proposal which was once made by Sir Zafrullah Khan that the members of the Central Legislature would be, in their respective spheres, the local areas, *ex-officio* members of the advisory committee ?

The Honourable Sir Saiyid Sultan Ahmad : I do not know how the question arises from the submission I have made.

Qazi Muhammad Ahmad Kazmi : Are the functions of the committee prescribed or laid down anywhere ?

(No reply.)

STANDING FINANCE COMMITTEE OF THE INDIAN LEGISLATIVE ASSEMBLY.

779. ***Mr. Sri Prakasa** : Will the Honourable the Law Member state:

(a) if it is a fact that the Standing Finance Committee is a committee elected by the Legislative Assembly and that only such persons can function on it as have been so elected ; and

(b) if it is a fact that Mr. Nixon recently presided over the meetings of the Standing Finance Committee without taking the oath of office ; if so, under what rule he did so ?

I think, Sir, in the question I have put there is a small error. The Standing Finance Committee should be called the Public Accounts Committee.

The Honourable Sir Nripendra Sircar : The question should have been addressed to the Honourable the Finance Member.

INSPECTORS AND UPPER SUBORDINATES PROMOTED TO THE RANK OF ASSISTANT TRAFFIC SUPERINTENDENTS ON THE EASTERN BENGAL RAILWAY.

780. ***Dr. Ziauddin Ahmad** : (a) Will the Honourable Member for Commerce and Railways be pleased to state the number of Inspectors and upper subordinates promoted to the rank of Assistant Traffic Superintendents on the Eastern Bengal Railway during its administration by the State, and how many of them were Muslims ?

(b) Do Government propose to take any step to meet this deficiency ?

The Honourable Sir Saiyid Sultan Ahmad : (a) and (b). The information is not readily available and Government consider that the amount of time and labour involved in its collection would not be justified by the results. I would, however, refer the Honourable Member to paragraph 6 of the Home Department, Notification No. F. 14|17-B.|33, dated the 4th July, 1934, which states, that the orders of Government of India regarding communal percentages apply only to direct recruitment and not to recruitment by promotion, which will continue to be made solely on merit.

Dr. Ziauddin Ahmad : The point on which I wanted elucidation was whether Government have any rules fixed for promotion from direct recruitment to officers' grade ?

The Honourable Sir Saiyid Sultan Ahmad : I have answered that question. The Resolution which was published in 1934 makes it perfectly clear that the rules relate only to direct recruitment and not to recruitment by promotion, which will continue to be made as at present solely on merit.

Dr. Ziauddin Ahmad : That Resolution relates to communal representation. I want to know whether they have fixed certain proportions for direct recruitment and a certain proportion for promotion to the officers' grade from upper subordinate grade ?

The Honourable Sir Saiyid Sultan Ahmad : As far as I know, no.

Seth Govind D[illegible] : Has any proportion been fixed with regard to admission of students and appointments of professors as far as Hindus and Muslims are concerned in the Aligarh University ?

Mr. President (The Honourable Sir Abdur Rahim) : That question I disallow.

MAINTENANCE OF ADEQUATE INDIAN SHIPPING.

781. ***Mr. T. S. Avinashilingam Chettiar** : Will the Honourable Member for Commerce and Railways state :

(a) whether the proceedings of the Shipping Committee of the Imperial Conference have been received ;

(b) whether the maintenance of adequate Indian shipping was considered in the Committee ; and

(c) if so, what were the conclusions of the Committee regarding the formation of adequate Indian shipping ?

The Honourable Sir Saiyid Sultan Ahmad : (a) No, Sir.

(b) and (c). In the absence of a copy of the proceedings I am unable to give the required information.

Mr. T. S. Avinashilingam Chettiar : May I know, Sir, when the proceedings were completed ?

The Honourable Sir Saiyid Sultan Ahmad : I have not got the exact date, but I think it must have been finished some time in the beginning of June.

Mr. T. S. Avinashilingam Chettiar : What is the cause of delay in getting these proceedings ? It is now three or four months ?

The Honourable Sir Saiyid Sultan Ahmad : I have no knowledge.

Mr. T. S. Avinashilingam Chettiar : Will Government take steps to see that the proceedings of such important meetings reach them as soon as possible.

The Honourable Sir Saiyid Sultan Ahmad : They will come in due course.

Prof. N. G. Ranga : May I know, Sir, if the Government of India were represented at this conference ?

The Honourable Sir Saiyid Sultan Ahmad : That question does not arise.

Mr. T. S. Avinashilingam Chettiar : May I know whether the Government will inquire into the reasons for the inordinate delay in getting these proceedings and will Government remind them ?

The Honourable Sir Saiyid Sultan Ahmad : I think by the time we write to them the proceedings will come out.

Mr. M. Ananthasayanam Ayyangar : Were any representations made at this conference or committee on behalf of the Government of India ?

The Honourable Sir Saiyid Sultan Ahmad : I said that as the proceedings have not come, I cannot give any definite answer.

Mr. M. Ananthasayanam Ayyangar : Were any instructions given as to what is to be done by our representatives there ?

The Honourable Sir Saiyid Sultan Ahmad : I am sure I answered that question a few days back.

Mr. S. Satyamurti : May I know, Sir, whether it is not the practice in the Government of India that proceedings of such important conferences at which India is represented are sent to India at the earliest possible moment, by the Indian delegates there ?

The Honourable Sir Saiyid Sultan Ahmad : I am telling the House that the proceedings have not come, but I hope that they will come in very soon.

Mr. S. Satyamurti : Will Government inquire into the causes for the inordinate delay in getting the proceedings of a conference, at which the Government of India were represented ? They have already taken about three or four months now.

The Honourable Sir Saiyid Sultan Ahmad : I gave the answer that we have made no inquiries, but I have no doubt that the report will come in due course.

Mr. S. Satyamurti : Will Government make inquiries, and find out the reasons for the inordinate delay in the submission of reports of proceedings of a conference at which the Government of India were represented ?

The Honourable Sir Saiyid Sultan Ahmad : We will do that, if the House desires.

CONSTRUCTION OF A SPACIOUS INTERMEDIATE CLASS WAITING ROOM AT GAYA.

782. ***Mr. Ram Narayan Singh** : Is the Honourable Member for Commerce and Railways aware that at Gaya railway junction station, the intermediate class waiting room is exceedingly small and if so, is he prepared to direct the local railway authority to construct a large and spacious intermediate class waiting room at Gaya like the one at Lucknow, Cawnpore and other places and thus remove the long standing grievance of the intermediate class passengers there ?

The Honourable Sir Saiyid Sultan Ahmad : With your permission, Sir, I will reply to questions Nos. 782 and 783 together. Government have no information on the points raised, but their policy is to leave such matters to the discretion of the Railway Administration, whose attention can be drawn to them through the Local Advisory Committee.

Prof. N. G. Ranga : Sir, in view of the fact that Gaya is an important station and there is no roof over the overbridge, are Government aware that passengers are not protected either from rain or sun ?

The Honourable Sir Saiyid Sultan Ahmad : I am aware of that.

Prof. N. G. Ranga : Will Government see that the overbridge is provided with a roof ?

The Honourable Sir Saiyid Sultan Ahmad : No.

Prof. N. G. Ranga : Why not ?

The Honourable Sir Saiyid Sultan Ahmad : Because there are so many stations at which the overbridges have no roofs or covers.

Seth Govind Das : Since Gaya is an important station for pilgrims, will Government take the necessary action to provide a roof for the overbridge ?

The Honourable Sir Saiyid Sultan Ahmad : The matter ought to be brought to the notice of the Local Advisory Committee.

Pandit Lakshmi Kanta Maitra : In view of the fact that Gaya is an important pilgrim station, does not the Honourable Member propose to send down these questions and answers to the authorities of the E. I. R. to take such action as they may think necessary ?

The Honourable Sir Saiyid Sultan Ahmad : I submit this is a matter really within the discretion of the Railway Administration concerned, and if the matter is brought to their notice, perhaps they may be able to take action.

Pandit Lakshmi Kanta Maitra : I am asking the Honourable Member, if he will bring this matter to the notice of the E. I. R. authorities ?

Mr. President (The Honourable Sir Abdur Rahim) : The Honourable Member has said that there is an Advisory Committee and they can bring the matter to the notice of the E. I. R. Administration.

Seth Govind Das : Is it not necessary, Sir, that since Gaya is an important pilgrim station, the Government of India should bring this matter to the notice of the E. I. R. authorities ?

Mr. President (The Honourable Sir Abdur Rahim) : There can be no argument.

Mr. Sri Prakasa : When the local machinery does not work, cannot a push be given from this place ?

Mr. Ram Narayan Singh : Sir, The question is mine and I have not been able to put any supplementary question, and so I want your permission to put only one supplementary question.....

Mr. President (The Honourable Sir Abdur Rahim) : Order, order. You cannot carry it any further.

WANT OF INTERMEDIATE CLASS WAITING ROOMS AT HAZARIBAGH ROAD AND KODRAMA STATIONS.

†783. ***Mr. Ram Narayan Singh** : Is the Honourable Member for Commerce and Railways aware that there are no intermediate class waiting rooms at the Hazaribagh Road station and the Kodrama station on the Grand Chord Line and if so, is he prepared to instruct the authorities concerned to build suitable intermediate class waiting rooms there ?

PROPOSALS TO CONSTRUCT RAILWAY LINES FROM GAYA TO SHERGATTI, HAZARIBAGH ROAD STATION TO HAZARIBAGH TOWN AND BARKAKHANA TO RANCHI TOWN.

784. ***Mr. Ram Narayan Singh** : Will the Honourable Member for Commerce and Railways be pleased to state if there were proposals to construct railway lines from Gaya to Shergatti, from the Hazaribagh Road

†For answer to this question, *see* answer to question No. 782.

station to the Hazaribagh town and from the Barkakhana station to the Ranchi town, and if so, what is the present intention, contemplation or decision of the Railway Department concerned with regard to those proposals ?

The Honourable Sir Saiyid Sultan Ahmad : Yes, but the prospects of all three lines have been examined and were so poor that there is no present intention of constructing these lines.

Mr. Ram Narayan Singh : May I know, Sir, whether in constructing any new railway line the local needs of the people are considered or only the Imperial concern of the Government is taken into consideration ?

The Honourable Sir Saiyid Sultan Ahmad : All.

REDUCTION OF STAFF IN THE REFORMS OFFICE.

785. ***Mr. Mohan Lal Saksena** : Will the Honourable the Leader of the House be pleased to state the number of hands reduced in the Reforms Office, Government of India, since 1st April, 1937, and their salaries ?

The Honourable Sir Nripendra Sircar : Consequent on the completion of work connected with the introduction of Provincial Autonomy on the 1st April, 1937, the following posts came under reduction in the Reforms Office :

Posts.	Salary per mensem.
	Rs.
One Joint Secretary ..	3,000.
One Superintendent ..	680.
Two Assistants	230 and 150 respectively.
Six clerks	60 each.
Six peons	14 each.

Mr. Mohan Lal Saksena : May I know, Sir, how many Secretaries are working at present ? One Joint Secretary was reduced ?

The Honourable Sir Nripendra Sircar : I am not sure, but if my friend wants an accurate answer, he must give me notice. I think there is a Secretary, one Joint Secretary and a Special Officer, but I cannot vouch for the correctness of the answer.

Seth Govind Das : What has been the proportion of reduction in expenditure ?

The Honourable Sir Nripendra Sircar : I cannot say that.

PARKING OF TONGAS AND *Ekkas* AT LUCKNOW JUNCTION STATION.

786. ***Mr. Mohan Lal Saksena** : (a) Will the Honourable Member for Commerce and Railways be pleased to state whether it is a fact that at the Lucknow junction station (East Indian Railway) only such tongas and *ekkas* are allowed to park within the station compound as pay a certain daily sum to the contractor ? If so, how much is paid ? What is the total number of tongas and *ekkas* on an average that park daily ?

(b) Since when has the contract system been introduced and how much money does the contractor pay to the Railway ?

(c) Is the contract advertised and tenders invited ?

(d) Will Government lay on the table a copy of the contract ?

(e) Are Government prepared to consider the advisability of changing the contract system and themselves appointing Traffic Inspectors to regulate traffic and charging a small fee from the tongas parking within the station compound, as it would bring greater income to the Railway and be convenient and cheaper to the tonga and *ekkawallas* ?

(f) If the reply to part (e) be in the negative, are Government prepared to consider the feasibility of giving the contract to the Tonga and *Ekka* Drivers Unions, wherever they exist, instead of giving it to individuals to save unnecessary harassment to the *ekka* and tonga drivers ?

The Honourable Sir Saiyid Sultan Ahmad : (a) The answer to the first part of this question is in the affirmative, but Government have no information of the details of working at Lucknow station referred to in the latter part of the question, *viz.*, the amount paid and the total number of tongas and *ekkas* that on the average park daily.

(b) Government have no information, but it will be called for in respect of the date of introduction of the contract system and a reply will be laid on the table in due course.

(c) Yes.

(d) A blank copy of the form of contract entered into in such cases is being called for and will be laid on the table in due course.

(e) and (f). These are matters for the consideration of the Railway Administration concerned and the Honourable Member's suggestion will be conveyed to the Agent for his consideration.

HOURS OF DUTY OF THE BOOKING CLERKS AT SHOLAPUR STATION.

787. ***Mr. N. V. Gadgil** : Will the Honourable Member for Commerce and Railways state :

(a) whether it is a fact that the coaching staff on the Great Indian Peninsula Railway is to be on duty for more than eight hours a day ; and

(b) whether it is a fact that the booking clerks at Sholapur station are obliged to work twelve hours a day and eighteen hours on Saturdays ?

The Honourable Sir Saiyid Sultan Ahmad : Government have no information. I may add for the information of the Honourable Member that the Hours of Employment Regulations are in force on the Great Indian Peninsula Railway and Government have no reason to think that they are being infringed. I am, however, sending a copy of the questions to the Supervisor, Railway Labour, for such action as he may consider necessary.

(d) whether Mr. Mudie altered paragraphs 21 to 28 occupying eight pages of the original narrative and redrafted the same into nineteen pages when the fact abovementioned (*i.e.*, the Bhojudih affair) was brought to his notice by the representatives of the Labour Union ?

The Honourable Sir Saiyid Sultan Ahmad : (a) No.

(b) Mr. Mudie examined many of the officers of the Bengal Nagpur Railway Administration. The representatives of the Union did not present themselves for examination.

(c) and (d). Government have no information. I would, however, refer the Honourable Member to Mr. Mudie's report which contains an account of the Bhojidih affair.

Prof. N. G. Ranga : Is it not a fact that the representatives have withdrawn themselves from this enquiry as a protest against the wrong ruling given by Mr. Mudie ?

The Honourable Sir Saiyid Sultan Ahmad : I do not accept that the ruling was wrong.

Mr. Mohan Lal Saksena : Is it not a fact that before the representatives came in Mr. Mudie had prepared a statement in consultation with the officers of the Bengal Nagpur Railway ?

The Honourable Sir Saiyid Sultan Ahmad : No.

Mr. Mohan Lal Saksena : Has the Honourable Member read the report itself ? In the report it is mentioned that before the representatives came in Mr. Mudie was on the spot and prepared his statement.

The Honourable Sir Saiyid Sultan Ahmad : If my Honourable friend has got the information there is nothing to ask me.

Mr. Mohan Lal Saksena : I wanted to find out how much information the Honourable Member has got.

Mr. President (The Honourable Sir Abdur Rahim) : That is not the legitimate object of these questions. Next question.

The Honourable Sir Saiyid Sultan Ahmad : I have got all the information that is available.

ENQUIRY INTO THE BENGAL NAGPUR RAILWAY STRIKE AFFAIRS.

792. ***Mr. K. S. Gupta** : Will the Honourable Member for Commerce and Railways be pleased to state :

(a) whether there was any request on the part of the Labour Union to the Agent to make a personal investigation into the troubles of Adra and Bhojudih with regard to *satyagrah*, etc., before the strike ;

(b) whether the Indian Labour Union of the Bengal Nagpur Railway applied to Government for a Board of Conciliation before they resorted to strike ;

(c) whether it is or is not a fact that the Agent, Bengal Nagpur Railway kept the letter of the Honourable Mr. Giri, dated the 26th January, 1937, without any response till the 6th February, 1937, in spite of the Honourable Member for Railways assurance to the Honourable Mr. Giri that he would receive a reply from the Agent direct before the 28th January, 1937 ; what are the causes of such delay ;

(d) whether the Agent, Bengal Nagpur Railway, offered himself to enquire into the question of 'pass rules' and 'short time work' in the districts along with an independent officer appointed by the Government, when the Union demanded for such an enquiry into the troubles with regard to 'pass rules' and 'short time work' ;

(e) whether it is a fact that the Agent, Bengal Nagpur Railway, had no knowledge how 50 men from the Adra district had been selected not to be taken back subsequent to the strike ; and

(f) whether Government are aware that the Agent's refusal to investigate into the troubles at Adra and Bhojudih and his dismissal of *satyagrahis* is responsible for the strike ?

The Honourable Sir Saiyid Sultan Ahmad : (a) No. I would, however, refer the Honourable Member to paragraphs 40 and 41 of Mr. Mudie's report.

(b) No. I would, however, refer the Honourable Member to the press communiqué, dated the 14th January, 1937, issued by the Government of India, Department of Industries and Labour, which referred to a proposal received from Mr. V. V. Giri, on the 28th December, 1936, requesting the appointment of a Board of Conciliation under the Trade Disputes Act in connection with the strike on the Bengal Nagpur Railway which was then in progress.

(c) Government have no information.

(d) Government are aware that in the terms of settlement offered by the Agent, Bengal Nagpur Railway, on the 22nd January, 1937, he had, *inter alia*, agreed, that the items mentioned in a memorandum contained in the Union's strike notice should be examined by himself and an independent officer. This, however, did not form part of the terms offered by the Agent, Bengal Nagpur Railway, on the 6th February, 1937, on the basis of which the strike was eventually called off.

(e) Government have no information.

(f) Government are unable to accept the allegations made.

Prof. N. G. Ranga : With reference to the answer to part (c) of the question, is it or is it not a fact that the Honourable Member for Government keeps or has kept a brief summary of the results of the course of conversations that he had with Mr. Giri, and, if so, why is it.....

The Honourable Sir Saiyid Sultan Ahmad : I never had conversation with Mr. Giri.

Prof. N. G. Ranga : No ; I mean the Honourable Member's predecessor, the permanent Member, and if so, why is it that the Government Member has said in reply to this part of the question, No ?

The Honourable Sir Saiyid Sultan Ahmad : Because they have no information of this. I do not know. I have never seen the letter.

Mr. Ram Narayan Singh : May I know what are the reasons why the Conciliation Board was not constituted by the Government to settle the dispute as provided in the Trade Disputes Act ?

The Honourable Sir Saiyid Sultan Ahmad : I think I answered this question that the enquiry was not under the Trade Disputes Act at all.

Mr. Ram Narayan Singh : Why ?

The Honourable Sir Saiyid Sultan Ahmad : Because it was under the departmental rules.

Prof. N. G. Ranga : Why is it that when the Bengal Nagpur Railway Union had asked for the constitution of a Conciliation Board Government had not appointed it, but instead they appointed Mr. Mudie to conduct a departmental enquiry which has resulted in such disastrous results ?

The Honourable Sir Saiyid Sultan Ahmad : I do not accept the last part of the question that it has ended in disastrous results and secondly, the enquiry was not, as I have pointed out, under the Trade Disputes Act.

Prof. N. G. Ranga : Was not the request made to the Government of India that this enquiry should be ordered under the Trade Disputes Act ?

The Honourable Sir Saiyid Sultan Ahmad : I do not know.

ENQUIRY INTO THE BENGAL NAGPUR RAILWAY STRIKE AFFAIRS.

793. ***Mr. K. S. Gupta** : Will the Honourable Member for Commerce and Railways be pleased to state :

(a) whether the administration kept on outside the normal cadre certain outsiders taken on during the strike ;

(b) whether some strikers were declared as surplus due to the retention of black-legs ;

(c) whether some juniors were overlooked in promotions due to their participation in strike ;

(d) the basis adopted by Mr. Mudie in the selection of a few cases only out of several cases to be enquired into by the terms of reference ;

(e) whether it is a fact that 160 men were selected for promotion for their services in the strike instead of 50 men according to the statement of the Agent ;

(f) whether tried fitters of services of 12 to 24 years working on salaries ranging from Rs. 50 to 80 were refused to be taken back because of their participation in the strike ;

(g) whether the 50 promoted men according to the Agent during the period between the dismissal of *satyagrahis* and the commencement of the strike were made to enter an agreement to the effect that the promotions were definitely made on a temporary basis ;

(h) whether it is a fact that one man Khadir was given a promotion from Rs. 75 to about Rs. 200 soon after the strike just because he deserted the Union during the strike ; and

(i) whether one Mr. Ramana Rao was given a special and extraordinary promotion because he advised the authorities not to yield to the strike since the strike would fizzle out due to starvation of the several families of the strikers ?

The Honourable Sir Saiyid Sultan Ahmad : (a) to (c) and (e) to (g). Available information is contained in paragraphs 8, 9, 12 and 13 of Mr. Mudie's report.

(d) The Honourable Member is referred to paragraph 6 of Mr. Mudie's report.

(h) and (i). Government have no information.

Prof. N. G. Ranga : In view of the fact that the report of Mr. Mudie has not been placed on the table of the House is it proper for the Honourable Member to refer to it in his answers ?

Mr. President (The Honourable Sir Abdur Rahim) : So many questions are being asked on the report, that I take it that it is available.

Prof. N. G. Ranga : It was made available to a few Members to whom the Government was pleased to send copies.

Mr. President (The Honourable Sir Abdur Rahim) : I do not think that every Member of the House wants it.

The Honourable Sir Saiyid Sultan Ahmad : I placed† it on the table of the House, Sir.

Mr. Mohan Lal Saksena : Is it not a fact that recently the Railway Board have sanctioned Rs. 12 lakhs as compensation to non-strikers on the Bengal Nagpur Railway ?

The Honourable Sir Saiyid Sultan Ahmad : I should require notice.

Prof. N. G. Ranga : What is the reply to part (i) of the question ?

The Honourable Sir Saiyid Sultan Ahmad : I have given that.

ENQUIRY INTO THE BENGAL NAGPUR RAILWAY STRIKE AFFAIRS.

794. ***Mr. K. S. Gupta** : Will the Honourable Member for Commerce and Railways be pleased to state :

(a) whether it is a fact that one Mr. K. Surya Narayana who joined the Railway service in 1911 (*i.e.*, 25 years of service) was removed from service after the strike due to the prominent part played by him as an official of the Indian Labour Union of Khargpur during the strike ;

(b) what was his pay when he was discharged ;

†A copy has been placed in the Library of the House.

(c) whether he worked in the dual capacity of a factory manager and establishment clerk since 1929 of the Kharagpur station committee;

(d) whether the ice and aerated factory at Kharagpur worked at a profit ever since he took charge of it as a manager specially selected by Colonel Anderson in 1928, when it was running at a loss; and

(e) whether two people are now doing the work of Babu K. Surya Narayana as a manager of the factory?

The Honourable Sir Saiyid Sultan Ahmad: (a) No. I would refer the Honourable Member to paragraph 16 of the Report on certain matters relating to the settlement of the 1936-37 strike on the Bengal Nagpur Railway by Mr. R. F. Mudie, a copy of which is in the Library of the House.

(b) to (e). Government have no information.

GUARDS ON THE BENGAL AND NORTH WESTERN RAILWAY.

795. ***Babu Kailash Behari Lal**: (a) Will the Honourable Member for Commerce and Railways be pleased to state if it is a fact that an Anglo-Indian boy who is still a minor is working as a guard on the Bengal and North Western Railway and runs on duty between Katihar and Cawnpore on the main line?

(b) What is the number of guards on the Bengal and North Western Railway and how many of them are Anglo-Indians and how many are Indians?

The Honourable Sir Saiyid Sultan Ahmad: (a) I am obtaining information and will lay a reply on the table of the House in due course.

(b) Government have no information. The staff referred to by the Honourable Member are not Government servants, but are the servants of the Bengal and North Western Railway Company. I may, however, add that in making direct recruitment to their services, the Bengal and North Western Railway have agreed to follow the communal percentages laid down by Government.

Babu Kailash Bihari Lal: May I know if the Honourable Member has made any inquiries from the railway authorities?

The Honourable Sir Saiyid Sultan Ahmad: I said that I am obtaining the information.

Mr. Sri Prakasa: Will Government consider the desirability of recommending to the railway to give some gratuity to this boy for the services of his late father, instead of giving him such a responsible office. What I am suggesting is a fact.

The Honourable Sir Saiyid Sultan Ahmad: I must be sure about the facts.

WITHDRAWAL OF LUGGAGE PASSES OF INFERIOR RAILWAY SERVANTS ON TRANSFER.

796. ***Mr. Lalchand Navalrai**: (a) Will the Honourable the Railway Member be pleased to state whether it is a fact that a circular has been issued recently by the Railway Board, that employees in inferior services of the State Railways will not be entitled to any extra luggage on transfer from one station to another, excepting 30 seers per adult and 15 seers per child, as permissible on free passes?

(b) What were the reasons for withdrawal of luggage passes to inferior railway servants on transfer?

(c) Is it a fact that transfers are most common on the railway for inferior staff and the transfers are made in the interests of railway service? If so, how do Government justify withdrawal of luggage passes?

(d) Are Government aware that the Provincial Governments specially of Sind and Bombay do allow freight for 12 to 15 maunds luggage to an employee in inferior service on transfer from one place to the other?

(e) Do Government propose to restore luggage transfer passes to these low paid inferior staff? If not, why not?

The Honourable Sir Saiyid Sultan Ahmad: (a), (b), (c) and (e). No circular was issued by the Railway Board prohibiting the grant of luggage passes to inferior staff on transfers. It may, however, be explained that recently on a reference from some of the railways, they were informed that Supplementary Rule 122 and not Supplementary Rule 119 governed the transfers of inferior servants. Under Supplementary Rule 122 inferior servants are entitled on transfer to travelling allowance as for a journey on tour, *i.e.*, for journeys by rail, to a free third class pass for self and for luggage actually carried up to 25 seers. It may be that as the result of this correspondence some railways may have withdrawn the concession of free passes for extra luggage, etc., on transfer, which were allowed in practice locally by individual railways. Railways, as I informed the House a few days ago, have been informed that the concession should continue.

(d) Government have no information on this point.

FIXATION OF A LIMIT FOR RAILWAY OFFICER'S STAY AT ONE PLACE.

797. ***Mr. Lalchand Navalrai**: (a) Will the Honourable the Railway Member be pleased to state the maximum period for which railway officers stay at one station, office or division?

(b) If no such period is fixed are Government prepared to fix a suitable limit for each officer's stay at a particular post, station or division? If not, why not?

(c) Is it a fact that the principle of transfers after a certain period has been initiated for the special ticket examiners on the North Western Railway and these special ticket examiners have been transferred to other divisions?

(d) Is it also a fact that this principle of reasonable stay in each division or post has also been applied to Watch and Ward Inspectors of the North Western Railway?

(e) If the reply to parts (c) and (d) above be in the affirmative, why is not the same principle applied to Inspectors, Supervisors, and officers on the Indian State Railways ?

(f) Is it a fact that Divisional Officers and Divisional Superintendents are consulted in regard to their postings on the North Western Railway ? If so, are Government prepared to extend the same principle to the upper subordinate services as well ? If not, why not ?

The Honourable Sir Saiyid Sultan Ahmad : (a), (b) and (e). The posting of an officer to a station, office or division depends on the exigencies of service. No maximum period has been fixed nor do Government consider it necessary to fix any limit.

(c) and (d). Government have no information. These are matters of detailed administration within the competence of the Agent, North Western Railway, to deal with. I am, however, sending a copy of the question to the Agent for such action as he may consider necessary.

(f) The reply to the first part of the question is in the negative ; the latter parts do not arise.

Mr. Lalchand Navalrai : May I know from the Honourable Member whether a maximum limit should be fixed for these transfers ?

The Honourable Sir Saiyid Sultan Ahmad : Government do not consider it necessary.

Mr. Lalchand Navalrai : May I know why they do not consider it necessary ?

The Honourable Sir Saiyid Sultan Ahmad : Because they do not consider it necessary.

Mr. Lalchand Navalrai : I still want to know why ?

APPLICABILITY OF THE GOVERNMENT SERVANTS' CONDUCT RULES TO RAILWAY SERVANTS.

798. ***Mr. Lalchand Navalrai :** (a) Will the Honourable the Railway Member be pleased to state whether the Government Servants Conduct Rules published in the Gazette of India, dated the 27th December, 1935, apply to railway servants in the subordinate service ?

(b) Have the Local Government issued any special or general orders under rule 4 (d) of the Government Servants Conduct Rules in connection with attendance by a Government servant at farewell entertainments held as a mark of regard to himself or to any other Government servant on retirement or departure from station ? If so, will Government be pleased to lay a copy of the said orders on the table of the House ?

(c) Are Government servants in the Railway Department permitted to take presents from members of the staff ? If so, have Government prescribed the maximum value of such presents ? If so, what ?

(d) If Government servants in the Railway service are not permitted to take any presents from the members of staff on their transfer or retirement, will Government be pleased to state if cases of such presents accepted by railway officials have come to the notice of Government or the Agent, North Western Railway ?

(e) If the reply to the second part of part (d) above be in the affirmative, will Government be pleased to state the action taken in the matter ?

The Honourable Sir Saiyid Sultan Ahmad : (a) and (b). The rules referred to by the Honourable Member are not applicable to Government Servants in railway service who are governed by the Government Servants' Conduct Rules, corrected up to July, 1926, a copy of which is in the Library of the House.

(c) As regards the first part, I would refer the Honourable Member to Rule 2 of the Government Servants' Conduct Rules referred to in my reply to part (a) above. The latter parts do not arise.

(d) No cases of violation in this respect of the Government Servants' Conduct Rules have come to the notice of Government. Government have also no reason to presume that the Rules in this respect have been contravened on the North Western Railway.

(e) Does not arise.

Mr. Lalchand Navalrai : With regard to part (e), may I take it that they are permitted to take presents to any extent ?

The Honourable Sir Saiyid Sultan Ahmad : I have said nothing of the kind.

Mr. Lalchand Navalrai : I would like to know whether there is any rule or order that they should not take presents on transfer or from any of the staff ?

The Honourable Sir Saiyid Sultan Ahmad : I would refer the Honourable Member to rule 2 of the Government Servants' Conduct Rules. I said that no violation of this rule has been brought to the notice of the Government.

Mr. Lalchand Navalrai : May I know from the Honourable Member whether this rule prohibits presents or not ?

The Honourable Sir Saiyid Sultan Ahmad : I would refer the Honourable Member to the rule itself.

PROMOTION OF BOOKING CLERKS ON THE NORTH WESTERN RAILWAY.

799 ***Mr. Lalchand Navalrai :** (a) Will the Honourable the Railway Member be pleased to state whether it is a fact that Booking Clerks on the North Western Railway have to take cash from all Departments at the station, including dues from vendors and other outside persons or departments and also to make payments to the staff under the Wages of Payment Act, 1936 ?

(b) Is it a fact that the channel of promotion for Booking Clerks on the North Western Railway is too slow as compared with their colleagues in other branches of service ? If so, what action do Government propose to direct that the scales of pay of the Booking Clerks on North Western Railway be revised, or more higher grade appointments be sanctioned for them ?

(c) Is it a fact that Booking Clerks are not eligible for promotion as :

(i) Special Ticket Examiners,

(ii) Assistant Claims Inspectors,

(iii) Guards,

(iv) Yard Foremen,

(v) Enquiry Clerks,

(vi) Assistant Sales Inspectors ?

(d) If the reply to part (c) above be in the affirmative, will Government be pleased to state reasons for depriving Booking Clerks from transfer to the lines referred to in part (c) on promotion ?

(e) If the Booking Clerks on the North Western Railway are eligible for transfer on promotion to posts referred to in part (c) above, are Government aware that no Booking Clerk has since been taken up in these appointments ?

(f) Is there any machinery by which the Railway authorities are able to test whether a particular station has work which would warrant increase in the grade of the post ? If so, what are the tests applied ?

(g) If no such machinery exists, do Government propose to direct that a permanent Board be set up to which the employees or their Unions may appeal when scales or grade of a particular post is not in consonance with the importance and responsibility of a particular post ? If not, why not ?

The Honourable Sir Saiyid Sultan Ahmad : (a) to (g). I am obtaining all the information and will lay a reply on the table of the House in due course.

DIVIDENDS PAID BY THE BENGAL PROVINCIAL RAILWAY.

800. ***Mr. Suryya Kumar Som :** (a) Will the Honourable the Railway Member please state whether the Bengal Provincial Railway is a guaranteed railway ?

(b) Have not Government also guaranteed its Deshghara-Jamalporeganj extension ?

(c) When did the company pay dividends to its shareholders of the extension last ?

(d) Is it a fact that the company has been paying dividends to some shareholders but not to all ?

(e) Is the Honourable Member aware that the company has not paid even the guaranteed dividends to its shareholders for the last three years and in some cases for a longer period, and is the Honourable Member prepared to take steps so that the shareholders may get at least the guaranteed dividends regularly ?

The Honourable Sir Saiyid Sultan Ahmad : (a) No.

(b) The terms of the guarantee in respect of Dasghara-Jamalpurganj Extension are stated in the contract, dated the 1st of August, 1919, between the Secretary of State for India in Council and the Bengal Provincial Railway Company, Limited, a copy of which has been placed in the Library of the House.

(c) The Directors' report for 1935-36 states that payment of dividends has been stopped from 1934-35.

(d) Government have no information.

(e) It will be seen from the contract above referred to that no guarantee for the payment of dividends to share-holders exists. The only information at present available to Government is that given in reply to part (c) above. This is the Director's Report. Government are prepared to do anything that they are entitled to do under the contract in the interests of the share-holders, and the question is being carefully examined.

PROPOSALS FOR THE AMENDMENT OF THE GOVERNMENT OF INDIA ACT.

801. ***Mr. C. N. Muthuranga Mudaliar :** (a) Will the Honourable the Leader of the House please state whether there are any proposals at present under the consideration of the Government of India or of the United Kingdom for the amendment of the Government of India Act, 1935, and if so, what are they ;

(b) Whether there is any proposal for the amendment of the Act so as to empower the Governor General to nominate to the Federal Assembly a certain number of persons as in the case of the Council of State, and if so, the reasons for it ; and

(c) Whether the Provincial Governments and this House will be consulted before further action is taken ?

The Honourable Sir Nripendra Sircar : I regret, in the public interest, I am not in a position to make any statement on the questions raised by the Honourable Member.

Mr. C. N. Muthuranga Mudaliar : May I know whether there is any truth in this rumour ?

Mr. President (The Honourable Sir Abdur Rahim) : I don't think the Honourable Member can ask a question like that.

Mr. T. S. Avinashilingam Chettiar : Were the Government in a position to deny it ?

Mr. S. Satyamurti : Have Government seen a Reuter's telegram yesterday morning in the newspapers that proposals are pending before His Majesty's Government for the amendment of the Act, with a view to obliging the Princes, in connection with certain matters in regard to which difficulties arose ?

The Honourable Sir Nripendra Sircar : My attention has been drawn to it and also a subsequent contradiction.

Mr. S. Satyamurti : By whom ?

The Honourable Sir Nripendra Sircar : In the same quarters.

Mr. S. Satyamurti : May I ask whether the Honourable Member can throw any light on that telegram ?

The Honourable Sir Nripendra Sircar : I refuse to throw any light.

MESSAGE ENTITLED "ALLEGED FRAUD ON INDIANS—HIGH COMMISSIONER'S WARNING" PUBLISHED IN THE *Hindustan Times*.

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

(a) whether he is aware of the Associated Press of India message in the *Hindustan Times*, dated the 28th August, 1937, titled 'Alleged fraud on Indians—High Commissioner's warnings' ;

(b) how many people who wanted to borrow in England were deceived ;

(c) what is the extent of the loss suffered by them ; and

(d) whether any attempts have been made to trace the culprits in England and bring them to book ?

Mr. Y. N. Sukthankar : (a) I have seen the message referred to by the Honourable Member. I may mention that that message is based on the notice that was published by the Director General of Commercial Intelligence and Statistics at the instance of the High Commissioner for India in the *Indian Trade Journal* of the 26th August, 1937, for the information and guidance of all concerned.

(b) to (c). The Government have no information.

(d) It is for the individuals concerned in India to take the initiative in the matter.

Mr. T. S. Avinashilingam Chettiar : May I know from the Honourable Member whether the Government will kindly inquire into the matter and see whether people have really lost and take steps to recover the money ?

Mr. Y. N. Sukthankar : My Honourable friend knows that a fool and his money are easily parted and it is no use making inquiries.

Mr. T. S. Avinashilingam Chettiar : Is it not the duty of Government to take steps to see that this fraud is not committed ?

Mr. Y. N. Sukthankar : We warned all concerned. I might inform the Honourable Member that I was myself in the High Commissioner's Office at the time and any one who represented to us was at once warned about this particular company.

Mr. T. S. Avinashilingam Chettiar : Did any one complain and ask for help ?

Mr. Y. N. Sukthankar : Not as far as I am aware. It is for the man concerned to take action.

Mr. Sri Prakasa : In view of the Honourable Member's remark that fools and their money part company, will the Government take steps now to abolish all their penal codes, so that no thieves and swindlers may be punished ?

Mr. Y. N. Sukthankar : That does not arise.

AMENDMENT OF THE HINDU WOMEN'S RIGHT TO PROPERTY ACT.

803. ***Babu Kailash Behari Lal** : Will the Honourable the Law Member be pleased to state :

(a) if anomalies in the recently passed Hindu Women's Right to Property Act, have been pointed out on pages 129-130 of *The Calcutta* Weekly Notes in the issue of that paper of the 12th July, 1937;

(b) if Government have taken notice of the anomalies pointed out and are considering bringing up amendments ;

(c) if he is aware that the coming into force of the said Act, from the date of assent by the Governor General has deprived the Hindu widows of the advantages of the Act whose husbands died even one day before the assent by the Governor General ;

(d) if it is not a fact that the retrospective effect to the Act was feared on the ground that it might cause disturbance and litigation in the families where already things might have settled down on the death of a co-parcener long ago ; if so, whether Government propose to consider the desirability of so amending the Act as to give it retrospective effect for a year only, so that at least the widows who entertained high hopes since the introduction of the Bill in the Legislature might get the relief under the Act ; and

(e) if Government propose to see their way to so amend the Act as to give some sort of relief as a matter of right to all the widows living in a coparcenary family who are not expected to get any benefit under the Act ?

The Honourable Sir Nripendra Sircar : (a) to (c). Yes.

(d) The consideration mentioned in the first part of the question does not appear to have been expressly advanced in the course of discussion on Dr. Deshmukh's Bill. As regards the second part, I am prepared to consider the suggestion, but I would point out that the burden of establishing a case for retrospective operation lies heavily on those who advocate such operation.

(e) Government propose to direct their attention to the removal of inherent anomalies and ambiguities and not to an enlargement of the intended scope of the Act.

Babu Kailash Behari Lal : In view of the sympathetic attitude of the Government towards the rights of the Hindu women, are Government prepared to bring a Bill in the next Session regarding this question ?

12 NOON.

The Honourable Sir Nripendra Sircar : My Honourable friend is exaggerating the slight sympathy which I expressed.

(b) WRITTEN ANSWERS.

ASSISTANT SIGNAL ENGINEER APPOINTED ON THE BENGAL AND NORTH WESTERN RAILWAY.

804. ***Maulvi Muhammad Abdul Ghani** : (a) Will the Honourable Member for Commerce and Railways be pleased to state whether an Assistant Signal Engineer has been appointed on the Bengal and North Western Railway ? If so, when ? What is his name and what are his educational and technical qualifications ?

(b) Was this post advertised in newspapers ? If so, in which ?

(c) What is the number of applications received and the highest qualification of the Indian (Muslims and Hindus) candidates ?

The Honourable Sir Saiyid Sultan Ahmad : (a) to (c). Government have no information. I may add that the Bengal and North Western Railway, like other Company-managed Railways, have full powers in regard to recruitment of their staff. The Bengal and North Western Railway have, however, agreed to recruit superior staff on the basis of 25 per cent. Europeans and 75 per cent. Indians, and have also agreed to observe the communal percentages laid down by Government in making direct recruitment to their services.

WITHHOLDING OF PROTECTION GIVEN TO THE TATA IRON AND STEEL COMPANY AND LEASING OF LANDS BY THE COMPANY.

805. ***Mr. Ram Narayan Singh** : (a) Will the Honourable the Commerce Member be pleased to state whether Government are aware that the Tata Iron and Steel Company at Jamshedpore has made a large profit amounting to some five crores of rupees, in the year ending in March last and if so, in view of this big profit, is he prepared to consider the desirability of withholding the protection granted to the Company ?

(b) Is it a fact that though the lands at and near about Jamshedpore were acquired for the Company only at nominal prices, the Company has been leasing out the same to tenants intending to build houses thereon and to settle therein, at an exorbitant rate of rent and advance, and, if so, are Government prepared to take steps to stop this profiteering practice ?

The Honourable Sir Saiyid Sultan Ahmad : (a) The published accounts of the Tata Iron and Steel Company show that the net profits of the company for the year ending the 31st March, 1937, amounted to Rs. 1 crore 83 lakhs. As regards the latter part of the question, I would invite the Honourable Member's attention to the reply to Dr. Ziauddin Ahmad's question No. 330, during the last Delhi Session.

(b) The question relates to a Provincial subject and the Central Government have no information.

UNSTARRED QUESTIONS AND ANSWERS.

APPEALS FROM OWNERS OF TEA ESTATES AND CASES SENT TO GOVERNMENT BY THE INDIAN TEA LICENSING COMMITTEE.

172. **Mr. Kuladhar Chaliha** : Will the Honourable Member for Commerce and Railways please state :

(a) the number of appeals received from the owners of tea estates against the decision of the Indian Tea Licensing Committee in the years 1933-34, 1934-35, 1935-36, 1936-37 ;

(b) the number of cases sent by the Indian Tea Licensing Committee for orders by the Government of India during the above period ; and

(c) the number rejected by the Government of India ?

The Honourable Sir Saiyid Sultan Ahmad : (a) to (c). The information is being collected and will be laid on the table of the House as soon as it is obtained.

CLASSIFICATION OF THE STAFF IN THE RAILWAY BOARD.

173. **Mr. Ram Narayan Singh** : Will the Honourable the Railway Member please state :

(a) the Service (Classification, Control and Appeal) Rules under which the pensionable staff of the Imperial Secretariat Services serving with the Government of India Railway Department (Railway Board) are governed ;

(b) the authority which classify the staff of the Imperial Secretariat Services with the Government of India Railway Department (Railway Board) as railway servants within the definition of section 3 (*7*) of Act IX of 1890 ;

(c) the administration within the definition of section 3 (*6*) of Act IX of 1890 which employ the staff of the Imperial Secretariat Services as Railway servants within the definition of section 3 (*7*) of Act IX of 1890 ; and

(d) whether the Government of India, Railway Department (Railway Board) is a Railway Administration within the definition of section 3 (*5*) and (*6*) of Act IX of 1890, and the difference between the Government of India Railway Department (Railway Board) and the Railway Administrations and whether these two administrations are parallel to each other or subordinate ; if so, to whom ?

The Honourable Sir Saiyid Sultan Ahmad : (a) Gazetted staff employed in the Government of India, Railway Department (Railway Board), are governed by the Railway Services (Classification, Control and Appeal) Rules, except those mentioned in rule 3 of these Rules,

a copy of which is in the Library of the House. These Rules do not, however, apply to non-gazetted railway servants, control in respect of whom is vested in the Governor General in Council under the Direction appended to the said Rules.

(b) I would refer the Honourable Member to rule 2 (b) of the Rules I have just quoted in reply to part (a) of this question. Section 3 (7) of Act IX of 1890 is not relevant.

(c) I would refer the Honourable Member to the reply given to part (a) above. The section of the Railways Act quoted by him is not relevant in connection with employment of staff in Railway Board's office.

(d) Yes, for the purposes of the section of the Railways Act referred to by the Honourable Member. The Railway Board is subordinate to the Honourable Member for Commerce and Railways and certain individual railway administrations are subordinate to the Railway Board.

STATEMENTS LAID ON THE TABLE.

Information promised in reply to starred question No. 283 asked by Sardar Mangal Singh on the 26th January, 1937.

ENQUIRY INTO THE CONDUCT OF CAPTAIN H. B. S. BRAR OF THE POLITICAL DEPARTMENT OF THE GOVERNMENT OF INDIA.

The information promised to be placed on the table of the House being very bulky, it has been placed in the Library of the House.

Information promised in reply to a supplementary question asked by Mr. S. Satyamurti to Mr. Badri Dutt Pande's starred question No. 145 on the 27th August, 1937.

NOTES ON HIS VISIT TO THE ANDAMANS BY SIR MUHAMMAD YAMIN KHAN.

Some impressions of his visit to the Andamans, dated the 30th November, 1936, by Sir Muhammad Yamin Khan, Kt., M.L.A.

I am taking liberty of presenting my views and a narrative statement of what I saw in the Andaman Islands so that it may be of some use to you if any member of the Legislative Assembly asks you about my opinion thereon.

I am afraid this has become a little lengthy and touches even those points which have no bearing on political aspects but I thought that a comprehensive report might be interesting to those who want to know the conditions prevailing in the Andamans in detail.

We left Calcutta on the 9th of October 1936 in the morning and reached Port Blair in the early hours of the morning of the 12th of October by S.S. "Maharaja", the Chartered Boat of the Government.

A good reception was given to us by all the leading officials who came on board to receive us.

From the sea we could see the Andaman Islands, and the Port Blair Settlement looked just like a well kept park. The portion of the hill near Aberdeen Town on which Cellular Jail is situated looked like the Malabar Hill of Bombay and Raizada Hansraj on seeing the jail thought that it was the Chief Commissioner's castle. The

Ross Island is a beauty and looks beautiful from the sea. The sea was quiet during our voyage from Calcutta to the Port Blair and we kept cheerful spirits and were much impressed by the beauty of the islands. The guest-house was at the disposal of the Raizada Hansraj, his wife and son. I was therefore lodged in the adjoining house occupied by the Chief Medical Officer of the Settlement.

Dairy Farm.—In the afternoon we visited the Aberdeen Town and the main island and visited the Dairy Farm and the female hospital. I was pleased to see that Dairy Farm was doing so well. The Dairy Farm in my opinion is a necessity for the Settlement and should not only be encouraged but should be extended in its scope. She-buffaloes which are located in the old tea-factory are kept very clean and are a great asset for the nourishment of many who depend on milk food. Expenditure on Dairy Farm is most justified in my opinion.

Female Hospital.—The Female Hospital which we visited in the evening is very well situated and well looked after by Lady Doctor Miss Paull. The Chief Commissioner and other officials were with us when we went round this hospital. I saw more than fifty indoor patients and all women there told us that they were very well looked after. The whole thing looked very clean and up-to-date. The women patients were not only the local born but some females of the convicts also. I learned from the register that about hundred maternity cases were attended to in one year in this hospital. I am delighted that such good care is being taken of females in that island.

Cellular Jail.—Next day we visited Cellular Jail with Superintendent of the Cellular Jail and Senior Medical Officer. From 8-30 A.M. till 1-30 P.M. we were in this Jail. Out of this time we spent two hours in the hospital which is exclusively for the political prisoners. We talked nearly to every one of the patients. I found that some of the indoor patients were suffering from the disease with which they had been suffering even in India. The number of the patients was 25. Most of them looked as if they had recovered from their ailments and were kept in the Hospital till the doctor was fully satisfied that they were perfectly cured. These were mostly the people who were admitted in the hospital on account of the influenza which they had contracted on account of exposure after exercise which generally people do in the Andamans after the monsoon. Some of these P. I. prisoners had acute disease which could not be cured in a short time. We spent the rest of the time in talking individually to a large number of political prisoners of all the wards and wanted to know from them if they had any complaints whatsoever against the administration of the jail or of any other nature. We informed them that we would be visiting the jail again on the 15th of October and would ask the authorities to allow the prisoners to talk to us without the presence of any of the officials and that in that interview we would like to meet some of the representatives who could lay before us the grievances of all.

Accordingly on the 15th October, we visited the Jail from 8-30 A.M. to 2 P.M. and we met the representatives of different batches. I was surprised to learn that the political prisoners had great cliques amongst themselves and one party had no confidence in the other parties. We had therefore to meet 3 batches separately and several individuals one by one. The first batch talked to us for about 2 hours and laid stress on repatriation of the political prisoners on the grounds of—

1. Health,
2. Insufficient and bad supply of water,
3. Climate,
4. Food,
5. Distance of India and not proper opportunity for interviews.

1. *Health.*—About health they laid stress on the question of there being 23 patients in the hospitals, 73 being convalescents on the day of our first visit. On this I had a long talk with the Medical Officer and Superintendent of the Jail, who has given us a full and detailed account of the causes which were responsible for so many political prisoners being in the hospital.

2. *Water Supply.*—I learned that water supply was not insufficient, but on certain occasions only through the mistakes of some one or other it was not available during certain hours of the day. The Chief Commissioner and the Senior Medical Officer took action on this. It was also brought to the notice that sometimes the political prisoners wanted a second bath in the evening after the games which was generally responsible for the shortage of water, as each prisoner can be allowed only one bath either in the morning or in the evening.

I think the authorities will look into this matter with diligence in future.

3. *Climate.*—The chief complaint about climate was that the variation was very small, 89° being the highest temperature and 66° being the lowest of the island. Moisture is something like that of Bengal, about half the year round. Calcutta was hotter when we left than Port Blair when we arrived there. Humidity is really very great, and the islands are situated between the two monsoons which give rainy season of about eight months in the year. I do not know why a place like Mount Harriet had not been chosen for the settlement, which has decisively got much better climate on account of its height of 1,200 feet from the sea level. The atmosphere there is not mixed with so many watery vapours as on the lower level.

4. *Food.*—The chief grievance of the political prisoners on this score was that a large variety of vegetables do not grow on the island. Some kinds of vegetables are imported from Calcutta and Rangoon which remain fresh for a few days, after which they have to depend on the local produce.

I went to the market and saw myself seven different kinds of vegetables besides 'Spinach' which were for sale and were of local produce. About fish and mutton they said that they always got fresh supply; but fish supply becomes irregular during the time when the monsoon is at its height. They were satisfied with the rice which they got but complained that wheat-flour was not always fresh. I made an enquiry about this complaint and came to know that the Medical Officer himself examines all flour before it could be given for consumption in jail. Raizada Hansraj went into the kitchens where 'chapaties and dal' were being cooked for 'C' class ordinary prisoners and after tasting 'chapati' and 'dal' he declared that it was much better cooked and prepared than that of the Punjab Jails. This declaration gives credit to the Jail administration of Port Blair. I also learned that the political prisoners are allowed to choose their own menu and they supervise the cooking of their food themselves. 'B' class and 'C' class pool their rations together and eat together which was admitted by this batch.

Uniform classification.—They also put up a demand that classifications of all prisoners should be uniform. I discussed this point with the Chief Commissioner and the Jail Authorities. I was told that it was in the power of the Local Government which has sent them or in the hands of the Magistrates or courts which convicted them and not in the power of the jail authorities. The magistrates who convict give a class after seeing the social and financial status of the prisoners. A difficulty was pointed out that it would be hard on the small number of 'B' class prisoners who enjoy greater facilities to be brought down to 'C' class and at the same time it will be difficult for the Local Governments to go into the question of large number of prisoners who have got 'C' class to be given 'B' class.

It is not for me to express any opinion on this point or to dictate to the Bengal Government but I would venture to say that this question may be considered as a special case when these prisoners are kept outside India and are kept in the jail in the Andaman Islands. Their classification should not be according to the set rules meant for Indian Jails and if possible a new class may be formed for all P. I. prisoners who may be sent there.

Complaints.—They complained that when a person came to interview one of the political prisoners a Policeman was present at the time instead of a Jail official. This is certainly against the Jail rules. I have brought this fact to the notice of the Superintendent of the Cellular Jail; who has promised to see as to why it has ever been done. He has told me that in his great experience of jail administration he never allowed this to be done and will find out the circumstances under which this could have been allowed but will take great care that this never happens in future.

The second complaint was that they did not get any daily newspaper and that their library does not contain sufficient number of books. I learned that—

(1) Stateman's Weekly Overseas edition,

(2) Illustrated Times of India Weekly,

(3) Sanjiwani,

(4) Bangbashi, and

(5) Chief Commissioner's bulletin,

are supplied as newspapers, and library contains a lot of books purchased by the prisoners themselves at their own cost besides the books purchased out of Rs. 200 sanctioned by the Government for this purpose.

The grievances and demands of the second batch were practically the same as that of the first batch. The third batch was well disciplined, good-looking, well-groomed, dignified and reserved. I was very much impressed by the intelligence of this group. We were told that as far as jail discipline was concerned this was the best behaved batch who always acted according to the jail rules and kept great discipline amongst their friends. I put the following question to this batch the reply of which is very interesting:

Q. Which of the following two conditions would you prefer—

(1) Kept in the Andamans together, or

(2) Repatriated to India and kept in separate jails?

A. We have nothing to choose between the two. Each is equally bad. We want to be repatriated immediately and kept together.

I asked if I should add to their reply "We will not be happy if we are kept in separate jails in India". They said that it may be an inference but was not their reply.

Pending repatriation they wanted—

(1) to play outside the jails walls preferably on the Gymkhana Grounds;

(2) Sea-bathing;

(3) Some sort of entertainments like cinema or any other show to break monotony;

(4) Cells to remain unlocked during nights and only the doors of the verandahs kept locked in order to allow one prisoner to visit the other at night.

I discussed all these points with the jails authorities and the Chief Commissioner. Lala Hansraj and myself both have agreed that demands Nos. 1, 2 and 4 were not practicable propositions. The first demand is very difficult to carry out in practice because the jail authorities cannot manage to carry 316 prisoners outside the jail to a distance of about a mile and bring them back again everyday.

The second demand was not practicable because there is no sandy shore near the hill where the jail is situated and sea bathing on the rocky ground is very dangerous.

The fourth demand was not considered feasible as it may lead to something which may not be desirable. The cells are locked at 9 o'clock but before all the cells are locked it becomes nearly 10 o'clock at night. The warders, who sleep in the verandah and are always ready to reach any of the prisoners if required, are themselves P. I. prisoners. I enquired if the cells contained at night basins for the purpose of their natural requirements and found that each cell contained such articles. The Superintendent of Jail thought it feasible to consider my suggestion that greater facility should be provided if any of the prisoners happens to be taken ill during night time in order to remove him to the hospital. As all the cells open into a common verandah of the ward which has got a door of iron bars, each prisoner could easily call the warder, should any necessity arise, who are recruited from themselves, for assistance if that may be required between the hours of 9 P.M. and early hours of the morning. During the day all prisoners mix freely between themselves. The cells are of the size which ordinarily a middle class man or a clerk at Simla or in Calcutta does not have for his bed-room. The iron bar doors of the cells open into the verandah. On the opposite wall there is a big window for ventilation near the ceiling. Each cell has got a cot with a blanket, a bed sheet, one pillow and a sheet to cover. Some of the prisoners have got their own private small articles for their requirements. Each prisoner is allowed to purchase articles which are sanctioned by the jail authorities, as each B class can get Rs. 20 a month and C class prisoner Rs. 10 a month from their relations or friends.

The third demand about entertainments like cinemas was also discussed with the jail authorities. They think that it might be considered provided some charitably inclined persons or institutions supply the money for it.

We had talks with individuals also. One thing which I found common was that everyone of them laid great stress on repatriation. In spite of the fact that they enjoy greater facilities in the Cellular Jail than they could ever be allowed in any Indian Jail, they all wanted repatriation. I think this desire was chiefly on account of their not meeting outside people so often as in India. All of them desired to see their friends and relations which they could have done in India and by different

interviews would have kept themselves in constant touch with outside world but are prevented by remaining in the Andamans. They seemed to be fed up by seeing same thing and meeting same people throughout the year. A little break in the monotony might be beneficial.

I may be allowed to point out here that a complaint was made to me by some of these P. I. prisoners that they are allowed to play foot-ball yet they have to purchase the balls with their own private funds. They spend about Rs. 100 a year on this. If the Government sanctioned Rs. 100 a year to them the cost would be about As. 5 per head per annum. I think the Government should take this into consideration and should be generous in supplying balls to these people who cannot enjoy the other facilities provided for the ordinary prisoners. Another thing which was pointed out to me was that Bengal Government has sanctioned Rs. 100 for the purchase of Volley-balls but made it a condition precedent that all the prisoners did their allotted work. This condition seems to work very hard in practice. If a few of the political prisoners do not do their work then the rest also suffer on account of them. This is a genuine grievance of those prisoners who were regularly doing their allotted work and were observing the jail discipline, to be deprived of the benefits on account of the conduct of those with whom they did not agree. The Superintendent of Jail on this question told me that it will not be possible for him to shut out from play those who did not do the allotted work and allow only those to play who had done their daily work as it might lead to friction and greater difficulty in the management. I realised this difficulty but it can easily be overcome if the Bengal Government instead of imposing a condition precedent of a general nature gives full discretion to the Superintendent of the Jail or the Senior Medical Officer in this respect.

A swimming bath within the jail precincts may also be considered.

As far as I could gather from general observation I think some of the political prisoners ought not to have been sent at all to the Andamans. In this category I will take :—

1. Those whose health was not good enough at the time that they were sent to the Andamans, and
2. Those who are very young and are sentenced to short terms of imprisonment.

It is for the Government and not for me to see the desirability of keeping young boys who were mere dupes and are sentenced to short terms of imprisonment to be along with those who were the leaders and of developed and mature minds and are convicted for long terms of imprisonment. The every-day society and the environment cannot in my opinion exert healthy influence on these dupes to leave their terroristic ideas. As they are to come out of the jail within shorter period it is for the Government to judge whether they should come to the open life direct from association with all those who were convicted for long terms and for whom there was nothing to modify their previous ideas. I should think that it would have been better if some sort of policy had been adopted which would bring a change in the ideas of these young boys who were led to terrorism on account of the society in which they happened to be temporarily placed. If some influence works for two or three years on their impressionable minds that terrorism is not the solution for the progress of India but rather retards it, they might be different people when they come out of the jail than they would be if they come out after serving their sentences under the present circumstances. I have dealt at length on the question of political prisoners as obviously Political India is chiefly concerned with them and do not bother so much about the fate of the other prisoners.

ORDINARY PRISONERS.

Port Blair is really a paradise for the ordinary prisoners. The whole Settlement looks like a beautiful park with extensive paddy-fields and coconut plantations. All the hills are covered with beautiful lawns. There is no dust in that country like what we see in India. The whole Settlement consists of two small islands and a portion of a big island. Aberdeen Town, Cellular Jail, the market, and cultivators' plantation, all are situated on the portion of the big island called the South Andaman. It has got a very nice harbour called Haddo Harbour. Round about this harbour runs a beautiful metalled road of about twenty-five miles in length, with certain branches shooting off to different villages and colonies. It runs from Aberdeen Town in the South to Mount Harriet in the North making a round of the whole of Haddo harbour. The depth of the settlement is about 2½ miles. This Settlement has been made by cutting the forests and bringing the land under cultivation. The extreme colony is that of the Bhantus and of the Burmans. The newly built village called Aswynne for the Burmans is a very neat and beautiful village and is situated on the border beyond which are the high and dense jungles in which the wild aborigines called the 'Jarawas' live. The name Aswynne is given after Messrs. Asquith and Wynne, the two popular officers, and the word in Burmese language means "Paradise". Inside Haddo Harbour, a small island called 'Chatham' has been connected by a causeway with the main island. On this island is situated the Wood-Factory with saw mills. In the main island near the causeway is situated a Swedish Match-Factory, and above on the hills is a big hospital called Haddo Hospital which is one of the most up-to-date hospitals in India and has got plenty of accommodation for indoor patients.

The other island which is outside the Harbour at a distance of about half a mile from the main Island is called Ross Island.

On this small island are built the houses of the Chief Commissioner, the Chief Medical Officer and a few other officials. One company of a British regiment also lives on this island. The Post Office, the Club, and a Hospital which is also one of the most up-to-date hospitals, beautifully built and possessing all the requirements of a hospital, are also situated on this island.

The Deputy Commissioner, the Revenue Officer, the Superintendent of Police, the Assistant Superintendent of Police and all other officials live on the Main Island near about the Aberdeen Town. The ordinary prisoner after going from India lives for three months in the Cellular Jail and then he is brought outside. The Government gives him from Rs. 10 to Rs. 36 a month according to his qualifications. The man who starts at Rs. 10 a month gets increment and can make his way up. He is allowed to get his family from India. The Government pay him the travelling expenses of his wife, children and a person accompanying them from home to Port Blair. The wife of the convict gets Rs. 5 a month and each child whether imported from India or born in Port Blair gets Rs. 2 per month. The people who are in receipt of salary from the Government are called 'Talabdars'. These 'Talabdars' live with their families in comfortable houses in the colonies built for them. We visited a large number of houses in different villages and colonies. The houses built for them are far better than they could ever get in India. In the villages the houses are built on either side of a very wide road, and on the back of the house each person is allowed a big compound for the purposes of keeping a garden. These prisoners are allowed to keep buffaloes and cows if they choose to do so and some of them make about Rs. 20 a month extra income by selling milk. There is a cinema to which convicts of not only the colonies near about Aberdeen Town go but it is visited on Sundays by the convicts who come from villages, and for this purpose there are generally three shows on Sundays. The convicts are earning their living besides Government service as motor drivers, khidmatgars, cooks, waiters, chowkidars, etc. Outside the houses of each Talabdar we found generally two deck-chairs on which they lounged and smoked in the afternoon. These houses contained Niwar beds and steel-trunks, copper and aluminium vessels, china plates and tea sets.

Self-Supporters.—The other class besides the 'Talabdars' is the self-supporters. The self-supporters are those who do not desire to be bound by any restrictions whatsoever and choose a profession without getting any salary from the Government. In this category are the cultivators who have been granted large tracts of land for cultivation purposes and are given Taqavi loan by the Government and artisans like goldsmiths, blacksmiths, carpenters, mechanics and merchants. Many big shops of general merchandise are kept by these convicts in the villages and in the Aberdeen Town itself. Some of them have taken lands for plantation and have got coconut orchards or have planted bananas, pine-apples, etc. The Bush-Police which go about with loaded guns and keep a watch on the border of the jungle to save different colonies of the settlement from the raid of the jungly-people (Jarawas), are also recruited from amongst the prisoners.

Considering all these facilities granted to the convicts who are living in those beautiful islands being entrusted even to the extent of carrying loaded guns, Port Blair Settlement is certainly a paradise for the prisoners.

Local Borns.—These prisoners live side by side with a big population of the local born who are the descendants of the convicts who settled down in Port Blair. Some of these local borns have been living for the last three generations. Hindu local born

population has got practically no caste system as they are the issue of mixed marriages and have got more cosmopolitan views than one finds in India. It will be a pity to disturb the peace and tranquillity and orderliness that prevails in the Andamans by the introduction of political agitation. You cannot distinguish a convict from free man in the Port Blair as all convicts are allowed to wear their own clothes and eat as they like. The local born population are engaged in different professions, but their problem is really a serious problem which the Government ought to consider. They must get fuller opportunities to improve and progress than what they have got in the limited circle of the Port Blair Settlement. With the increase of the population better facilities for employment must be found. I am glad to bring to the notice of the Government that the present Chief Commissioner, had got great sympathy for this indigenous population. He has taken certain steps which have opened some field for employment of these people. The Match Factory, the Harbour Dockyard, and the Forest have employed some of these people. Their children are being educated in the public schools and would naturally demand employment after finishing their studies. The Government must be ready to tackle this problem when the time comes. The local-born population presented us an address. In that address they have pointed out what their requirements are at present. This population is thoroughly loyal to the Government as was made clear by the Vice-President, K. S. Nawab Ali, when he proposed a vote of thanks to us after our replies to their address. He pointed out that the local-born population is thoroughly loyal to the Government and entirely depends on the good-will and that the local-born population does not desire to bring any politics within the Settlement as that might lead to something which may not be good for their progress. This population has got a very good club with a nice big hall and extensive grounds. They play on the Gymkhana ground. They have got a hockey team which distinguish itself not only in Port Blair but even in Calcutta. They have got Boy Scouts and a band of their own.

Play Grounds.—In the Aberdeen Town there is an extensive play ground called the Gymkhana Ground and a very nice pavilion. On these grounds play the Police, the Military, the local born and some of the convicts. We witnessed the sports for 2 days with the Chief Commissioner. The final hockey match between the club of the local borns and the rest of the settlement was very interesting and showed the progress which this population has made there.

Schools.—There is a good High School in which there were 439 students out of which 39 are girls. The convicts' children were 79; two girls and 77 boys on the date of our visit. The boys and girls read together and the teaching staff consist of men and one European lady. The curriculum showed that their standard is not inferior in any respect to that of any University in India. One girl has gone up to the 6th standard and I think she should be encouraged with scholarship so that she may pass the High School Examination of tenth class which may act as encouragement to others. The school requires the services of at least one more teacher which the Government should provide.

Hospitals.—I have already mentioned above that there is a female hospital in Aberdeen Town and a big hospital for general population at Haddo Harbour and one at Ross Island. There is a fourth one which is called Bamboo Flat Hospital.

There are small hospitals located in all the main villages where an assistant looks after the patients whose illness can be cured in one or two days. If the patient has got a disease which requires medical attendance, then this patient is sent by lorry, which visits every village every morning, to the Haddo Hospital.

All these hospitals are working very efficiently under the able guidance of the Senior Medical Officer of Port Blair Settlement. I found him to be very popular with all people in that settlement.

Salvation Army.—The Salvation Army is doing splendid work under Major and Mrs. Francis. They take a lot of pains in that locality where they find no other society for themselves except that of the habitual criminals that have been entrusted to their care. They have reformed the Bhantus (a criminal tribe which lived in Bareilly and in other parts of Rohilkhand Division) in a splendid and remarkable manner.

This tribe which lived a semi-nomadic life in India are now living in the Andamans a settled life and have taken agriculture and cattle breeding as their profession. Their women do the sewing work under the guidance of Mrs. Francis and

earn between As. 8 to As. 12 a day. Each woman can sew six pairs of knickers and shirts a day. They generally sew the clothes for ordinary prisoners that are kept in the Cellular Jail.

Their extra population of men and women do the cloth making work and some of them can weave very nice carpets which can be sold for good prices.

Major and Mrs. Francis are to be congratulated for their great devotion towards humanitarian work which they have been doing for a long time in the Andaman Islands.

Dock Yards.—At present the Government spends about Rs. 27,000 annually, which are given to Irrawaddy Flotilla Company for making the necessary repairs to the boats. This sum can easily be saved with a greater advantage to the local born population if dock-yards are built in such a manner as to make all necessary repairs themselves. This will not only help the local born by providing for them employment but will bring a good return and make the dock-yards self-supporting and independent of any company in Rangoon.

Another Boat.—S. S. the "Maharaja" is a good boat but is insufficient to cope with the requirements of the Settlement which makes trips to Calcutta, Rangoon and Madras alternatively and each time has to stay a week in these ports and a week in Port Blair for the purpose of loading and unloading the goods which she carries about.

The trade of the Andamans can never increase under these conditions. There ought to be another boat of smaller size either owned or chartered by Government which can make frequent trips to Rangoon and to Nicobar Islands also. Prosperity and development of the Andaman Islands entirely depends on how its trade and industry is developed. I would recommend another boat not of the size of 'the Maharaja' but smaller one to be purchased or chartered by the Government.

Forests.—At present the forests are worked under stereotyped policy of Forest Department, which works on the basis of conservating different wood in the Andamans. This policy may have been advisable in a market like India where jungles are preserved for the purpose of supplying fuel and building timber for a big country, and the Government is bound to see to the future rather than the present requirements only. But the same policy is carried on in the Andamans which has not got a big population and nearly 200 miles area of the Islands is covered with jungles with a small population. This policy is not desirable and the forest should be cut in larger quantity in order to bring more revenue which is at present the main source.

I was surprised to see that Andaman-timber is not finding an easy market in Calcutta and other places in India but larger orders for padauk have been placed by American and London firms. This must have been due either to want of advertisement or prohibitive prices of the Andaman-timber. Andaman-timber comes all the way from the South Island to Calcutta and is then sent to England or America. The chief woods which can be used for high class furniture are padauk, koko, silver-grey, chuglam, chui and marble wood. Garjan is also a good wood which can be used for that kind of material which is meant for long life like ship building, fittings on the exposed area of the ships, and so on. This is a very durable wood and gives a good colour though it does not polish well. Satin wood is a beautiful wood which has got a soft appearance and nice grain giving a fine appearance of satin. Very fine sticks are made of this wood and this can be used for making dainty looking things for drawing room or office table purposes. Papita and Lumbapati are used for making match sticks.

I saw in some places the upper part of a dining-table meant for 12 people made of a single wood which was obtained from the buttress of padauk tree. If these things are allowed to be obtained in larger number they can fetch good prices in European or American markets. In my opinion the forests in the Andamans should be worked by the Home Department through the Chief Commissioner and not by the Department of Education, Health and Lands.

Produce.—In the Andamans you find large number of coconut plantations several of which are owned by European firms the proprietors of which have settled down there. Coconut industry is a great source of income to the Settlement for the upkeep of the local born population. Unfortunately the prices of coconut are going down in the world market and therefore coconut plantation is not so profitable as it used to be.

Paddy grows in large quantity and everywhere you find nice green paddy fields in the Settlement. Andaman-rice in some parts is equal in quality to that which grows in Bengal.

The limited area of the Settlement is insufficient for the growing population and more paddy fields are required to meet the demand for local consumption. This can only be acquired by cutting more forest just on the border of the settlement. Coffee and tea industry of the island is not paying and therefore the tea factory has been deserted. Sugar-cane of the quality of 'Ponda' can grow very well in the Settlement. I saw some nice crops of this kind of sugar-cane there.

Banana, Papaya and Pine-apples are supposed to be far better on that island than they can be grown anywhere in India.

Lemon and oranges are of fine quality. This is a pity that these articles cannot find ready market in Indian ports or in Rangoon on account of insufficient transportation. If the Government provides another small boat which can make frequent trips to the different ports, the Andaman population will be able to sell their produce with greater advantage.

Mango and guava trees are found as natural growth without being planted. Andaman mango is of big size but not of a good quality. If grafts of mangoes and guavas are taken from India, they will help the population a great deal. I suggest mango grafts to be taken from Durbangha and guava grafts from Allahabad.

Industry.—There is a Swedish Match Factory only which employs about 100 local born people; but for the increasing population other industries also should be encouraged in order to provide employment for the local borns. This Swedish factory is doing very well and is using local wood for making match sticks which are sent to Calcutta for finishing them into matches.

The other industries in which the local born population can be employed is cane work which is at present being done only by people in the jail. Very fine articles of cane are made in the Jail and it is a pity that the people outside the jail do not do this work.

Tortoise-shell work and mother-of-pearl work are dying out in the Andamans. Wood work is receiving no encouragement from the Government. I should suggest that the licenses granted to the Japanese for taking out shells in the Nicobars should be stopped and given to the local born population of the Andamans who should be encouraged into making the articles of mother-of-pearl which can easily find market in the world. The Japanese are making Rs. 200 for every rupee by turning shells into buttons. If the local born is trained into making buttons, pen handles, handles of knives and forks, jewellery boxes and other articles of mother-of-pearl, they will receive into their islands what is at present going to Japan. There used to be some people who used to make cigarette cases and other small articles of tortoise shell but as this industry is receiving no encouragement from the Government it is likely to die unless the Government trains people for this purpose.

The Government ought to encourage the local born population to make furniture of the beautiful woods that are produced in the Andamans and should supply them seasoned wood on concession rates. They should also charge very little rates for the finished articles in the shape of furniture if they are sent on the boat from Andamans to either Calcutta or Rangoon. If this is done the local born population will easily teach some young men carpentery work and they will be able to supply high class furniture to Calcutta which will compete with teak or mahogany wood furniture.

Health and Malaria.—Andamans are not certainly a health-resort for those who are accustomed to live in cold and dry climate. Undoubtedly there used to be a lot of malaria in the Port Blair Settlement up to 1926. That portion of swamps which used to breed mosquitoes on account of the shallow water which used to collect there has been reclaimed and has improved the Settlement a great deal. This place instead of breeding mosquitoes is now brought under cultivation and is also used for the purpose of grass farming. When we visited this place now called Craikabad after Sir Henry Craik. I found some portion covered with good quality of grass planted there. This improvement has cost the Government a lot of money but has stopped mosquito breeding to a great extent. I did not see mosquitoes in the Andaman Islands even 5 per cent. of what I found in Calcutta. This shows that an improvement has been made in this direction within the last few years. The old reports on this subject are now the history of the Andamans but not the present day condition.

There is a place where the stream water falls into the sea and when the tide is running in the whole water becomes brackish which breeds mosquitoes. This place is situated at a long distance from Aberdeen but I believe that the Chief Commissioner, the Senior Medical Officer and the Deputy Commissioner, are considering this question in order to effect some improvement in this locality also.

Administration.—In my opinion for the purpose of administration all departments in the Andamans should be placed under the Home Department, the Forest and Education should also be transferred to them. This will help to develop the Settlement by working under one policy rather than be dictated by different departments who have got their own set rules.

Information promised in reply to parts (b) and (c) of starred question No. 222 asked by Mr. Mohan Lal Saksena on the 31st August, 1937.

GRANT OF HOUSE RENT ALLOWANCE TO THE FITTER *Khalasis* OF THE EASTERN BENGAL RAILWAY AT CHITPORE.

(b) Yes, for as long as they were not provided with Railway quarters.

(c) Yes, in some cases, because Railway quarters are not available. The latter part of this question does not arise, since the men have been given Railway quarters.

Information promised in reply to unstarred question No. 37 asked by Mr. Badri Dutt Pande on the 31st August, 1937.

ELECTORAL ROLLS FOR THE ROHILKUND AND KUMAON DIVISIONS NON-MUHAMMADAN RURAL CONSTITUENCY.

The Returning Officer has reported that electoral rolls for all the nine districts comprising the constituency were in his office at the time of the bye-election in question, but were not immediately traceable when certain candidates desired to inspect them.

Information promised in reply to part (e) of unstarred question No. 39 asked by Mr. Abdul Qaiyum on the 31st August, 1937.

ISSUE OF RETURN CONCESSION TICKETS FOR THE *Urs* AT AJMER.

In connection with the recent *urs* celebrations at Ajmer, return tickets to Ajmer were issued by the North Western and Bombay, Baroda and Central India Railways from the 1st to 12th September, 1937, available for completion of the return journey up to the midnight of 19th September, 1937, the details of which are given below:

North Western Railway.

(i) *3rd class.*

From stations distant 401 miles and over from Delhi (any route).	To *via* Delhi	At 1½ fares.
From stations under 401 miles ..	Do.	At two single fares except where 1½ fares for 401 miles (the minimum distance to which the concession applied) is lower than two single fares for lesser distances.

NOTE.—From stations distant 290 to 400 miles from Delhi the concession fares calculated on a minimum of 401 miles are cheaper than two single fares on the actual distance.

(ii) *1st and 2nd class.*

From any station on the North Western Railway to *via* Delhi.	..	At 1½ fares.

Bombay, Baroda and Central India Railway—1st, 2nd and 3rd Class.

From	To	
Agra Fort and *via*	Ajmer ..	At 1½ fares.
Idgah (Agra) and *via*		
Delhi and *via*		
Cawnpore (Central) and *via*		
Cawnpore (Anwarganj) and *via*		
Muttra Cantonment		
Hathras City		
Mendu		
Hathras Road		
Rati-Ka Nagla		
Skandra Rao		
Agsauli		
Marehra		
Kasganj		
Badheri Kalan		
Sahwar Town		
Ganj Dundwara		
Patiali-on-Ganges		
Darioganj		
Rudain		
Kaimganj		
Shamsabad		
Farrukhabad		
Fatehgarh		
Kamalganj		
Gursahaiganj		
Khudaganj		
Khudlapur		
Jasoda		
Kanauj		

Information promised in reply to starred question No. 298 asked by Mr. K. Santhanam on the 3rd September, 1937.

INVESTIGATION OF THE AFFAIRS OF THE PUBLICITY DEPARTMENT, GREAT INDIAN PENINSULA RAILWAY.

Mr. F. J. Collins, a specialist in advertising, was employed by the Great Indian Peninsula Railway at a fee of Rs. 1,500 to advise on the best means of increasing that Railway's revenue from the display of trade advertisements on Railway premises. It is not a fact that Mr. Collins was paid Rs. 15,000 for his investigation. Government consider that, for obvious reasons, it would not be in the public interest to lay a copy of Mr. Collin's report on the table.

Information promised in reply to starred questions Nos. 344 and 347 asked by Mr. Amarendra Nath Chattopadhyaya on the 7th September, 1937.

MINING AND GEOLOGICAL INSTITUTE OF INDIA.

Question No. 344.—(e) The amount of subscription paid to the Institute for inserting advertisements in its *Transactions* is approximately Rs. 45 per year.

	Rs.
(f) Geological Survey of India	1,500
Indian Mines Department	277
Indian School of Mines	342

(h) Yes. Only one officer, who is the Joint Honorary Secretary of the Mining and Geological Institute of India, spent about ten seasons of field work with the Bihar and Orissa party.

ALLOWANCES GIVEN TO CERTAIN PERSONS IN THE GEOLOGICAL SURVEY OF INDIA

Question No. 347.—(b) Yes.

(c) Rs. 5,334.

(e) Fifty specimens have been sent to foreign countries for assaying and testing, mostly during the years 1932—37 when the Department did not have its own Chemist.

(f) Rs. 1,962.

Information promised in reply to starred questions Nos. 442 and 444 asked by Seth Haji Sir Abdoola Haroon on the 10th September, 1937.

APPRAISERS AND EXAMINERS IN THE CUSTOMS HOUSE, KARACHI.

Question No. 442.—(i) There are 23 appraisers in all distributed as under:

(1) Hindus	11
(2) Parsis	3
(3) Christians	6
and (4) Muslims	3

(ii) There are 16 examiners in all and belong to the various communities as under:

(1) Hindus	6
(2) Parsis	1
(3) Christians	4
and (4) Muslims	5

(iii) Appraisers 13%

Examiners .. .. 31·25%

ELECTION OF A MEMBER TO THE CENTRAL ADVISORY BOARD OF HEALTH.

Mr. President (The Honourable Sir Abdur Rahim) : I have to inform the Assembly that upto 12 noon on Tuesday, the 21st September, 1937, the time fixed for receiving nominations for the Central Advisory Board of Health, three nominations were received out of which two candidates have since withdrawn their candidature. As there is only one vacancy I declare the remaining candidate Mr. C. W. A. Gidney to be duly elected.

THE INSURANCE BILL.

Mr. President (The Honourable Sir Abdur Rahim) : The House will now resume consideration of the Insurance Bill.

The question is :

" That clause 35, as amended, stand part of the Bill."

Mr. N. V. Gadgil (Bombay Central Division : Non-Muhammadan Rural) : Sir, I beg to move :

" That in clause 35 of the Bill, as amended, after sub-clause (*2*), the following sub-clause be inserted :

' (*3*) Nothing in this section shall prevent payment of gratuities or renewal commissions to agents where insurance had been effected before the 26th day of January, 1937, or to the representatives of the deceased agents '."

Sir, the object of this amendment is to secure remuneration such as gratuities and renewal commissions for the agents who are entitled to it on the business effected before the 26th January, 1937. No further remarks are necessary.

Sir, I move.

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

" That in clause 35 of the Bill, as amended, after sub-clause (*2*), the following sub-clause be inserted :

' (*3*) Nothing in this section shall prevent payment of gratuities or renewal commissions to agents where insurance had been effected before the 26th day of January, 1937, or to the representatives of the deceased agents '."

The Honourable Sir Nripendra Sircar (Law Member) : Sir, I have no objection to this amendment on principle, but the drafting is rather inaccurate. I believe what my Honourable friend means is that these payments are in respect of insurance effected before this particular date and in pursuance of contracts existing. If something like that is added to make it clear, I will have no objection. I do not want voluntary payments to be made which are not covered by contracts. I do not think my Honourable friend wants it either. But I am drawing your attention to it.

Mr. Bhulabhai J. Desai (Bombay Northern Division : Non-Muhammadan Rural) : May I suggest that after the word " agents " in the second line the words " under the then existing contracts " may be added. That would cover the whole point. Also, for the word " the " before the word " deceased " we may have the word " such ".

Mr. President (The Honourable Sir Abdur Rahim) : It is now proposed that the amendment should run like this :

" That in clause 35 of the Bill, as amended, after sub-clause (*2*), the following sub-clause be inserted :

' (*3*) Nothing in this section shall prevent payment of gratuities or renewal commissions to agents under the then existing contracts where the insurance had been effected before the 26th day of January, 1937, or to the representatives of such deceased agents '."

Mr. T. Chapman-Mortimer (Bengal : European) : I think the word " such " should also be inserted in the second line before the word " agents ".

Mr. Bhulabhai J. Desai : By the latter " such " all that is meant to convey is that the deceased agents are those persons to whom the remuneration was due under the then existing contracts. Therefore, the word " such " is not needed before the word " agents " in the second line.

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

" That in clause 35 of the Bill, as amended, after sub-clause (*2*), the following sub-clause be inserted :

' (*3*) Nothing in this section shall prevent payment of gratuities or renewal commissions to agents under the then existing contracts where the insurance had been effected before the 26th day of January, 1937, or to the representatives of such deceased agents '."

The motion was adopted.

Sardar Sant Singh (West Punjab : Sikh) : Sir, I beg to move :

" That after clause 35 of the Bill, the following new clause be inserted :

' 35A. Notwithstanding any contract to the contrary, the insurer shall be liable to pay all commissions on initial premium and renewals in accordance with the terms of agency on all business procured or premiums collected by such agents whether such agent is or is not in the service of the insurer at the time when such commission or remuneration falls due, and in case of the death of the agent, to his representative in interest '."

Sir, the object of this amendment is clear from the wording thereof. The object of the amendment is that the commissions which have already been earned should be non-forfeitable on any account. My reasons for this are that in the case of commissions that have already been earned, no question of further service arises. It is just like a loan or money that you keep in a bank. After you have left the service of the borrower or the bank, you can call for that money, you can withdraw that money without any reference to your further service with the borrower or with the bank. Here, Sir, the question has been brought to the forefront by the field workers all over the country. Many Honourable Members must have received this memorandum submitted to the Secretary of the Legislative Department, Government of India, by the field workers. The relevant portion is at page 4 of this memorandum. In this the field-workers opine :

" My Association is strongly of opinion that the commission on renewal premiums as on new premiums on policies introduced by life agents are their most legitimate dues. Yet the unfortunate fact is there that such dues of the field workers are not unoften forfeited on most frivolous pretexts. This is certainly immoral, if not illegal."

[Sardar Sant Singh.]

Then, the memorandum goes on to say :

"It may be mentioned in this connection that field workers of Indian insurance companies in three successive conferences held in Calcutta in 1933, 1934 and 1935 passed similar resolutions urging for non-forfeiture of renewal commissions."

My submission is, that this demand of the field-workers is quite just. In order to fully appreciate this demand of the field-workers, it will be necessary to refer to some of the terms of the agreements of the insurance companies with these agents. In order to realise the importance and gravity of the situation, it will be necessary to analyse these terms. I have got with me, to illustrate my case, the copies of terms of agencies of two companies—one Indian and another English. I will take up the Indian Company first. Here is a copy of its agreement ; on the first page ordinary terms about commission are entered. These are not material for our discussion. These terms are subject to the conditions printed on its back. In those conditions the last paragraph runs as follows :

"The company shall have the right to terminate the agency in either of the following events and after such termination,"

these are the important words,

"no commission or other remuneration or compensation will accrue or become payable to the agent with effect from the date of termination."

Now, let us see what are the terms of the conditions :

"If the agent should be or become connected directly or indirectly with any other life insurance company."

That is to say this condition, translated in ordinary language, would mean that the agent comes under a contract to carry on his connection with the company with whom he began his connection irrespective of his subsequent relations with the management, irrespective of any legitimate grievances he may have against the employer. He can under no circumstances cut off his connection with that company. If he dares do so, he must be prepared to forfeit all his earned commission standing to his credit in the company's books. He cannot join any other company. He cannot take service in another company. The next condition is :

"If the agent should violate any of the terms or conditions contained in this agency agreement."

Another condition is :

"The agent is bound to carry out the company's instructions from time to time."

These mean that even if the instructions issued by the company curtail and infringe the terms of his agreement of agency, even then, if he does not carry out the instructions, his commissions become forfeitable.

Now, I take up the agreement of the Scottish company. The company is not an ordinary company. This company was incorporated by an Act of Parliament. This is the Standard Life Assurance

Company. I will not read all the terms of the agreement. I am reading only the relevant portion from that contract. After giving the terms, relating to commission, the agreement states :

"subject of course to the proviso contained in the penultimate paragraph of this letter",

then follow certain conditions which are not very important for our purpose. What is there in the penultimate paragraph of this contract of agency ? I would particularly draw the attention of Honourable Members to the phrase "subject of course". What is that 'of course' proviso :

"These arrangements are held entirely during the pleasure of the directors and in the event of it being found necessary to dispense with your services through misconduct or neglect of your duties or in the event of your death, resignation, bankruptcy, insolvency or acceptance of any employment by any other company, firm or individual, or through your having executed any deed for the benefit of creditors, all commission or other remuneration would cease which holds good as regards all business which stands on the company's books of your introduction and under which commission is being paid to you."

Now, Sir, what is the effect of this penultimate clause ? It means that the agreement of agency is not bilateral but unilateral. All power is vested in one party to the agreement and the other party is entirely at his mercy. The agent may have worked most diligently, honestly, loyally, for his employer, yet, on any disagreement with the insurer or any servant of the insurer the agent may find himself in the soup and this penultimate clause may be brought into operation against him. Thus the agent may suddenly be confronted with the loss of all which he earned probably during the ten or even fifteen years of loyal service to the company. The arrangement is thus entirely at the pleasure of the directors. We can understand the imposition of such harsh clause of forfeiture if the company dispenses with his services on account of his misconduct, on account of fraud or misappropriation or breach of trust on the part of the employee. But one fails to understand why the commission outstanding against the company in favour of the commission agent for work done during the life time of such agent should become forfeitable on his death. According to these terms all outstandings become forfeitable even if he dies, as if death was under his control. This is absurd. Let me now quote the other contingency, namely, the resignation. In case the agent resigns, the directors can forfeit all that he has earned before resigning. Thus liberty to resign his employment is penalised. Then comes bankruptcy. The unfortunate man may lose in some other business and some other transaction unconnected with his service of agency and he may be adjudged a bankrupt, instead of paying what is due to the bankrupt to his creditors, the employer has the option to forfeit the same. The bankrupt is legally bound to show his assets in the schedule of assets, what amounts are lying with his employer on his account, he may show that, yet according to this agreement those assets become irrecoverable from the company. The particular phrase in this agreement to which I would draw the attention of the House is the last one. It says :

"All commissions or other remunerations would cease which holds good as regards all business which stands on the company's books of your introduction and under which commission is being paid to you."

[Sardar Sant Singh.]

Thus, I have tried to show that there can be no more unconscionable contract than is embodied in this agreement. And I may submit that most of the contracts which these agents have entered into with most of the companies are just like what I have read out. These are merely illustrative cases placed before the House in order to emphasise my point as to how unconscionable the bargains are. I will once more quote, if I may, from the representation made by the all-India Insurance Field Workers' Association in order to emphasise my point wherein they say :

"The main problem which has always faced us is that like the slaves in ancient times we have to tie ourselves for our lives to some one or other insurer with whom our lot is cast and the relation is considered to be as sacred and inviolable as if a Bishop had performed a ceremony over it. The condition of the slaves was better in that they were not conscious of their captivity."

Furthey on they say :

"If by ill-luck or mischance an agent incurs the displeasure of the chief agent or officer in charge, the officer by a stroke of his pen can end the career of the young man and put a stop not only to his hopes but also to his supply of bread."

Sir, in view of the hard conditions prevailing in this business, is it not upto us to do something to relieve their just grievances when we are busy enacting a most important piece of legislation ? The writer of that letter, the Secretary of that Association, is perfectly right when he compares the lot of the agents with those of the slaves. The institution of slavery has been abolished, yet if we begin to argue in favour of slavery much can be said for the institution. What difference does it make if I, instead of employing a servant on monthly wages, should go to a poor man and ask his boy or grown-up son to be sold to me, in return for a lump sum ? Why is objectien taken in that case when there is nothing wrong in it ? But this employment is termed slavery and serfdom and it has been rightly abolished throughout the world. The British people took the greatest exception to the institution of slavery. I cannot understand why the new form of slavery and serfdom should be tolerated in the business of insurance. I have seen cases where agents have given lakhs of rupees worth of business to an insurer, and yet when the insurer found that it was hard for him to pay according to the agreement entered into by the agent with the company, when he found that the renewal commissions of an agent have mounted up considerably, he tried to hit on some pretext to throw such agent overboard. In one case, of similar hardship, an agent was compelled to obtain the opinion of a very learned lawyer as to his rights under the contract of agency with the company and was told that law gave him no protection. He was entirely at the mercy of the directors. So he had to make representations to the directors of the company. He approached the policy-holders whom he had introduced to the company and they were good enough to make strong representations on his behalf saying that this was a very hard case and the directors were not doing justice to the man who had loyally served them for 15 years and had given them business of over 1 crore and 30 lakhs. All these representations had no effect. The reason was quite obvious. Because his emoluments had mounted up very high, the directors found some pretext or other to turn him out of service and the poor man was stranded. This institution of slavery has been tightened in another legal form and that

is that all the foreign insurers have entered into a ring or combination, and in that combination if one man resigns or is turned out by one company, it approaches all other members of the combination barring his employment with any of them and thus the whole of the career of their victim is spoiled. Is this not slavery ? I can anticipate the objection on the ground of freedom of contract and sanctity of agreement. If such an argument is seriously advanced may I ask all such gentlemen whether the sancitity of contract has not been considerably encroached upon in this very Bill when the House limited the term of agency, when the House over-rode the terms of Managing Agents with their insurers ? On what ground was that done ? Is it not on the ground of public policy, on the ground of unconscionable bargains or on various other similar considerations ? In the case of Managing Agents the contract was entered into between the directors of the company who were presumably honest and intelligent men and men of learning, who understood the law and fully realised the effect of the contract into which they were entering, and the Managing Agents who were clever business people. When the House decided to over-ride such contracts entered into by equals as unconscionable or as against the interest of the policy-holders or shareholders, none of us took exception to it except the Managing Agents,—the seven Wise Men of the East as the Leader of the House called them. But in the case of field workers the contract is between unequal parties ; on one side are young men who have just come out of their colleges without any knowledge of life and on the other side are shrewd business men with all legal talents at their back. A printed agreement is offered to them, a career is opened out to them and they quietly sign it. These inexperienced youths enter into the contract and after having worked for them for over 15 years or so, they are turned out on some pretext or other. If the Legislature comes to the help of these young men the Legislature will be doing what is just and fair. The only objection which I anticipate from my opponents is, the sanctity of contract should not be interfered with. On that ground I could understand the opposition if the freedom of contract had formed part of the fundamental laws guaranteed by constitution as it is the case with the constitution of the United States of America. But here in India, we find that various pieces of legislation have over-ridden freedom of contract. In such matters in India there is no freedom at all—I am only talking in this limited sense, freedom of contract. There is not a statute on civil law where you will not find this freedom has been restricted or limited by other considerations. There is no reason, Sir, why this question should not be dealt with by the Legislature. I want to submit that this a real grievance, a genuine grievance. I cannot help but quote from a letter which, in this connection, was written to the Directors of the Standard Life Assurance Company and which speaks volumes :

"But nonetheless I am not able from the materials before me to appreciate why the Company does nothing to appease a man who, in any light, has been subjected over a number of years to humiliations and restraints which I do not believe any one but an inhabitant of this country would have borne without staking his all in some attempt to get redress."

These are hard cases. If I were to add to my advice to that given by the eminent Calcutta lawyer I would tell this worker that as this particular company has been incorporated by an Act of Parliament, the

[Sardar Sant Singh.]

should present a petition to the Parliament to revoke this Act. My submission, Sir, standing as I am here on the floor of the House, is that my Honourable friends on the Congress Benches need not give up any of the interests of the insurer by giving genuine relief to agents in this country. Therefore, Sir, I move.

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

> " That after clause 35 of the Bill, the following new clause be inserted :
>
> ' 35A. Notwithstanding any contract to the contrary, the insurer shall be liable to pay all commissions on initial premium and renewals in accordance with the terms of agency on all business procured or premiums collected by such agents whether such agent is or is not in the service of the insurer at the time when such commission or remuneration falls due, and in case of the death of the agent, to his representative in interest '."

The Honourable Sir Nripendra Sircar : Sir, my Honourable friend read some contracts, some of the terms of which he said were unconscionable, but if his amendment is carried, it will be ten times more unconscionable, and for this reason. My friend has been carried away by the flowery language of his client, but what is really the situation ? The insurer employs an agent ; the agent, after working for six months, goes away and says I have joined another firm or company. It is wholly against the interests of his old employer : he gives out all information which violates every principle applicable to the relationship between master and servant, and yet he has got to be paid, notwithstanding anything in the contract to the contrary. It is all very well to take up a hard case of some manager having been hard on some poor agent, but look at the other side of the picture. If this is allowed, notwithstanding anything to the contrary, he will go on receiving remuneration. Then there is nothing to prevent him from acting directly and adversely to the interests of the man who is going to pay him. I submit, Sir, this is ten times more unconscionable. My Honourable friend said that the position of an agent, under some contracts is that of a slave, but if this amendment is passed, the position of the insurer will be that of a slave : that is the position, he has transferred the alleged slavery from one person to another. Then, he said, it is such a horrible thing that under a contract any man should be left at the mercy of his directors, that is to say, one party can put an end to the contract of employment. Is that very unusual ? Is not every Government servant, however, high his position, holding his post at the pleasure of the Crown ? My friend is such an acute lawyer. May I remind him that although, in my terms of employment, there is a term that I shall be engaged for three years, I can be dismissed the next day by the Crown. You enter service under certain conditions, I will not call them a contract, if my friend objects, I will call them conditions. The obvious answer is, do not enter the service of such a company, but you cannot really give the go-by to the terms of your contract because you are looking at one side of the picture and of the supposed injustice. I dare say there are many cases of injustice to agents. But when you consider legislation you have got to look at the other side of the picture also. Then, Sir, as regards carrying out instructions, if I have an agent, I instruct him, will you carry this letter of acceptance to a certain person A. : he goes, tears it up, goes to another insurance office and enters into a contract for the life of this man with the other company : yet he must be paid, never mind that he has disobeyed the instructions, never mind that he has been dishonest. My friend has given me an example of an honest, devoted, faithful man discharged by a whimsical employer. May I take the other case of an honest employer being cheated by a dishonest servant who refuses to carry out the instructions given him, and acts adversely to the interests of the employer, joins another firm, and yet he has got to be paid. It is so monstrous, Sir, that I wonder how my Honourable friend came to put forward this amendment. But I can understand the situation : we have all been flooded with the representations of field workers. They are poor. Every one, including myself, have sympathy for them, but surely this is not the way to express your sympathy. It is encouraging dishonesty, encouraging disobedience, encouraging fraud, because, in spite of all this they will be entitled fully to the remuneration which is laid down in their contract.

Dr. P. N. Banerjea (Calcutta Suburbs : Non-Muhammadan Urban) : Can you not do something ?

The Honourable Sir Nripendra Sircar : It is an economical question. You are a Doctor in Economics, and it is a matter for you. I do not think, Sir, I shall take any more of the time of the House. Sir, I oppose this amendment.

Mr. M. Ananthasayanam Ayyangar (Madras ceded Districts and Chittoor : Non-Muhammadan Rural) : In a matter of this kind our attitude also should be made clear, and, for this purpose, I propose to say a few words on this amendment. We have just passed an amendment, an addition to clause 35 making provision in regard to renewal commissions which have been earned before the coming into existence of this Act. The amendment of my Honourable friend, Sardar Sant Singh, seeks to make a provision for the future renewal commissions, commissions earned in future. We are in agreement with this principle, but unfortunately, the amendment is too broad. My Honourable friend, Sardar Sant Singh, forgets that the renewal commission is primarily intended for services to be rendered by the agent to the insurer, so that in this manner, that is, whenever the policy-holder commits default he has to go to him and make him pay the premium and keep his policy in force—also very often—and I have personal experience of this—when a policy-holder commits default, the agent has to run to him and tell him how it is open to him to keep the policy alive and then he goes to the insurer and asks him to lend on the policy so that he may in the interim period keep up the policy : these are all the services which an agent renders. In cases where a policy-holder lives in an out of the way village, the agent even has to go to collect the premium and send it to the insurer. The original commission of 40 per cent. is given for the procuring of the business and is not intended for the future. Future commission is for future services. If, after the first or second premium is paid, the man is allowed to commit default or left to himself without any such help, there is no intermediary as between the insurer and the policy-holder : therefore, this agent who is the intermediary has to be paid something by way of remuneration and not as a pension. If he has been serving the company loyally for a long time and has brought in more business, then alone he is entitled to a pension. We have got other amendments later on, Mr. Sri Prakasa's No. 698, and Mr. Mohan Lal Saksena's also, to this effect that after a

[Mr. M. Ananthasayanam Ayyangar.]

continuous period of ten or even fifteen years, if during that time the agents have worked loyally for the insurer and have procured some business for the company, if thereafter they cease to be his agents, but on one condition that they do not go and serve any other company who is a rival to this and do not divert or take away the business of his company, on those conditions, by way of pension, notwithstanding any contract to the contrary, the agents may be given something. I do not know why within an earlier period than 15 years, contracts have to be broken merely because in the case of Managing Agents we have broken the contract. This contract will certainly be against the interests of the policy-holder. My Honourable friend, Mr. Santhanam, has suggested to me that instead of paying this renewal commission to the agent, if this rebate of 2½ per cent. is offered to the policy-holder there will be no default at all. The policy-holder will be safe. We are only trying to pay something to the agent who is an intermediary between the policy-holder and the insurer for doing some work : do you want him to be a drone and not do any business ? Therefore, while we are not against this principle, unfortunately this amendment is too broadly worded. As the Honourable the Leader of the House has pointed out the fact that if an agent becomes dishonest he would have to be paid all the same : under this amendment I need not allude to that again. Both on this and on the previous ground I have mentioned, that it is too broadly worded, this amendment cannot be accepted by the House and we do not agree.

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

> " That after clause 35 of the Bill, the following new clause be inserted :
>
> ' 35A. Notwithstanding any contract to the contrary, the insurer shall be liable to pay all commissions on initial premium and renewals in accordance with the terms of agency on all business procured or premiums collected by such agents whether such agent is or is not in the service of the insurer at the time when such commission or remuneration falls due, and in case of the death of the agent, to his representative in interest '."

The motion was negatived.

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

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

The Honourable Sir Nripendra Sircar : Sir, I want to make a statement, with your permission, about the Insurance Bill about which I was asked some questions immediately before you came. May I read the statement, Sir ?

Mr. Deputy President (Mr. Akhil Chandra Datta) : Yes.

The Honourable Sir Nripendra Sircar : It was expected that the Insurance Bill would be finished tomorrow at the latest, and Honourable Members very kindly agreed to sit on two Saturdays to enable the Government to get the Bill through the Council of State this Session. I informed the House that completion of our discussions here tomorrow was the last chance for the Bill being taken up by the Council of State this Session.

As matters have turned out, for which no one is to be blamed, the Bill cannot be finished tomorrow, and the Bill cannot be taken up in the Council of State till about the 6th October owing to the necessity of the Bill lying on the table of the Council for at least three days, and the 4th October being the date for the Hindu festival of Mahalaya. Even a formal amendment in the Council will involve the Bill coming back here about the 11th or 12th October, and, in ordinary course, it may be taken up by the House about the 14th or 15th October having regard to Rule 34. Apart from other considerations, I understand that Honourable Members are unwilling to stay here so long, particularly as the Puja week commences several days before the 15th October.

It is not possible, therefore, to get the Bill through the Council of State this Session, but I take the opportunity of contradicting reports which have been made in the press and elsewhere to the effect that Government desire to drop the Bill. I am authorised to state that Government do not desire to drop the Bill, the entire Government is behind it, and it will resist all attempts to wreck the Bill, if any party desires it—a fact which the Government have no reason to believe to be well-founded.

In order to get speedy conclusion of this Bill, Government have decided to summon a special Session of the Council of State on the 15th November for consideration of the Insurance Bill.

Mr. Sri Prakasa (Allahabad and Jhansi Divisions : Non-Muhammadan Rural) : How long are we going to sit, Sir ?

The Honourable Sir Nripendra Sircar : That depends upon your pleasure. I am at your service.

Mr. Sri Prakasa : Is there no other work after the Insurance Bill is over ?

The Honourable Sir Nripendra Sircar : There is plenty of work. I don't want my friend to understand that we grudge to sit for too many days if this Bill goes on ; but we want to finish as soon as the Members can finish it.

Mr. S. Satyamurti (Madras City : Non-Muhammadan Urban) : May I take it, therefore, that if the Council of State makes any changes in the Bill, the Government will place the Bill before the Assembly, when we meet in the next cold weather Session ?

The Honourable Sir Nripendra Sircar : It must be so, because we cannot expect all of you to come here for just half an hour or even a day or two. That is the intention.

Mr. Sri Prakasa : Can they expect to get leave by the 2nd October ?

The Honourable Sir Nripendra Sircar : That depends on you. There is some more work after the Insurance Bill is over here, but when it will be finished I really do not know, but you are very optimistic if you think you will be going away on the 2nd.

Sir Cowasji Jehangir (Bombay City : Non-Muhammadan Urban) : Can't we push off the sugar convention from Monday and take up insurance ?

The Honourable Sir Nripendra Sircar : Monday is fixed for sugar convention matters. I cannot speak in the absence of my Honourable Colleague, Sir Sultan Ahmad, but do we gain anything by pushing off sugar on Monday ?

Mr. Sham Lal (Ambala Division : Non-Muhammadan) : It is possible we might finsh the Insurance Bill on Monday.

The Honourable Sir Nripendra Sircar : If Honourable Members so desire, they can even finish it tomorrow. But you can have a talk with my Honourable Colleague. It depends entirely on the wishes of Honourable Members. If they want that this should go on on Monday, I am quite willing.

Mr. S. Satyamurti : Sir, in view of the Honourable Member's statement that in any case this Bill goes to a special Session of the Council of State in November and comes to us if necessary in January, I should not be a party to disturbing the arrangement to discuss the sugar convention on Monday. After all, it was adjourned once, and I suggest that Monday should be set apart for discussing the sugar convention matter.

The Honourable Sir Nripendra Sircar : In fact, I cannot change it without consulting other people, and I see no point in changing it.

Babu Baijnath Bajoria (Marwari Association : Indian Commerce) : I think my friend, Sir Cowasji, was right when he suggested that we should postpone the discussion on sugar convention on Monday and take up the Insurance Bill on that day.

Several Honourable Members : No, no.

Mr. Deputy President (Mr. Akhil Chandra Datta) : No. 598.

Syed Ghulam Bhik Nairang (East Punjab : Muhammadan) : Mr. Deputy President, after having been an eye witness to the fate which the immediately preceding amendment met with at the hands of this House, I do not feel very much encouraged to move my own amendment, but as far as I have been able to consider the matter, I think my amendment is very much different from the amendment of Sardar Sant Singh, and, therefore, I like to take the chance.....

Mr. Deputy President (Mr. Akhil Chandra Datta) : The Honourable Member should first move his amendment.

The Honourable Sir Nripendra Sircar : Sir, may I make a statement which may shorten the matter ? There are several amendments on these lines. Sardar Sant Singh's amendment was the widest, and I opposed it very strongly. Among the amendments which are on the list, there is one by Mr. Mohan Lal Saksena. It is No. 5 on the Supplementary List No. 5. It is not only the least objectionable from our point of view, but possibly we shall be able to accept it, although I don't want just now to commit myself absolutely to it. I am not asking my friend, Mr. Nairang, to withdraw it. If he wants to move his amendment, he can do. I only give an indication of my mind if that is of any help to the House.

Mr. T. Chapman-Mortimer : Did I understand him aright when the Honourable the Law Member said that he had not committed himself definitely.....

The Honourable Sir Nripendra Sircar : I have not committed myself definitely, because I have one point of view to put up before the Mover as well as the House, and it will all depend on what they say about it.

Mr. Deputy President (Mr. Akhil Chandra Datta) : It is for the Honourable Mr. Nairang to decide for himself if he should move his amendment or not.

Syed Ghulam Bhik Nairang : Sir, I shall take my chance and move my amendment, which is as follows :

" That after clause 35 of the Bill, the following new clause be inserted and the subsequent clauses be re-numbered accordingly :

' 36. No insurance agent who has been employed by an insurer shall be deprived of or forfeit any commission or renewal commission earned on any policy or policies effected through him merely by reason of the termination of his employment by the insurer or by reason of his leaving such employment of his own free will '."

Sir, if I may be permitted to add a few words by way of further clarifying my meaning I will do so. I would like to add the following words at the end, namely, " except on the ground of fraud or gross professional misconduct on the part of the agent ".

Mr. Deputy President (Mr. Akhil Chandra Datta) : May I take it that there is no objection to these words being added ?

Honourable Members : There is no objection.

Mr. Deputy President (Mr. Akhil Chandra Datta) : The Honourable Member may proceed with his speech.

Syed Ghulam Bhik Nairang : Sir, the Bill which is under discussion in this Honourable House is no doubt a very elaborate legislative measure and has taken due account of the various interests. The policyholders have come in for their share of attention and consideration. The insurers have also received all proper and legitimate consideration which they could be entitled to and will further receive any consideration that may be due. All other persons or classes of persons who can be connected in any way with the business of insurance have been duly considered, but I am afraid that a large number of persons, the field workers, have so far received very scant attention at the hands of this House, and if anything can be done to safeguard their interests so that they may not be dealt with arbitrarily and unjustly by their employers I think it would be only in the fitness of things. The addition that I have made at the end of my printed amendment was due to what the Honourable the Law Member said in connection with the amendment of Sardar Sant Singh. He gave an illustration of an agent who, after having been employed by an insurer, say, for six months, gives up the service of that particular insurer and takes up service with another company and carries some secrets of the former firm with him. That made me think of adding those words in order that there may be a salutory provision safeguarding the interests of the insurers so that the agent, when entitled to a certain protection under this amendment, may not himself be free to practise fraud or to carry secrets or in other ways to misbehave

[Syed Ghulam Bhik Nairang.]

as an agent. On the one hand, he may be bound, under penalties of losing his commissions, to behave properly, and on the other, the insurer may be bound to pay him all his dues and not to confiscate those dues on pretence of any breach of conditions which may have been made with the agent. The instance which Sardar Sant Singh gave in his speech of a very well known insurance company having dealt with one of its oldest workers who had procured for it about a crore of rupees worth of business and having caused him a loss to the tune of lakhs, is, I think, an instance which should appeal to us all and we should, in all earnestness, take into consideration what legislative provision we can devise to see that such glaring injustice, on the part of the insurers, is not done to their humble workers who serve them. It was said that the insurers and their agents should be left freedom of contract and that such freedom of contract should not be interfered with by any legislative measure. But I would submit that freedom of contract has to be interfered with to a certain extent by legislation. If we pass this amendment that I have moved before the House, it will not be the only instance in which the Legislature will have interfered with the freedom of contract. There are so many other ways in which to safeguard conflicting interest or to impose on contracting parties the obligation to behave and act properly, we have to interfere with the freedom of contract. There are very many instances in which conditions are settled which are specially advantageous to the employer but are unduly disadvantageous and even unjust to the employed because the latter happens to be at the time either inexperienced, or very needy, or otherwise under the influence of the employer, and salutary provisions safeguarding the interests of such an employed should be embodied in this legislation. Therefore, I beg to move this amendment. I do not think that a lengthy speech is required. My object is perfectly clear. I simply want that there ought to be no unconscionable bargains made by insurers with their agents and the law should secure to the latter the payment of their dues after termination of service unless, as I have said, the agent is guilty of fraud or gross professional misconduct. Sir, I move.

Mr. Deputy President (Mr. Akhil Chandra Datta) : Amendment moved :

> " That after clause 35 of the Bill, the following new clause be inserted and the subsequent clauses be re-numbered accordingly :
>
> ' 36. No insurance agent who has been employed by an insurer shall be deprived of or forfeit any commission or renewal commission earned on any policy or policies effected through him merely by reason of the termination of his employment by the insurer or by reason of his leaving such employment of his own free will except on the ground of fraud or gross professional misconduct on the part of the agent '."

Mr. T. Chapman-Mortimer : I feel that in all quarters of the House there must be, as my Honourable friend the Law Member has said, sympathy with the underlying intention of this amendment. At the same time I am afraid we, on these Benches, must oppose it. The proposal here is that no matter what the insurance agent may do he will still go on being rewarded by way of renewal commissions for work which he is no longer doing, which is practically the same thing as saying that, if I, for instance, leave my firm for any reason, whatsoever, and join a rival firm, knowing all the secrets of my first firm, I should still have right

to be rewarded on the commission basis on which I am rewarded at present. That is absolutely contrary to all ideas of the relationship between employer and employed.

Now, Sir, the agents of a life insurance company,—and that is the agents we are dealing with now, because other types of agents do not get renewal premium, as their class of insurance is only a yearly contract, according to the amendment, should go on being rewarded, regardless of the fact that they are no longer working for the man who had appointed them in the first instance. I do not think it is fully understood by some of my Honourable friends, who have supported this amendment and lent it their names, that renewal commission is given for services rendered. It is *not* a sort of deferred payment. A great many people seem to think that when you act as an agent and introduce a piece of business, you get first of all, an initial commission, then you get a renewal commission year by year, which is rather by way of deferred payment. It is nothing of the kind. Renewal commission is given with the object of ensuring that the agent will keep in touch with the assured and see that he is satisfied on all points relating to the policy, and that he will also keep the insurance company informed as to the state of health, life and habits and so on of the assured. For this service, he is rewarded with the renewal premium. Therefore, it is not, as I have said, a case of deferred payment. It is perfectly true that there have been scandalous cases of companies abusing their position *vis-a-vis* the agents and terminating their services but you have got cases of fraud and dishonest conduct in every kind of business and here is a proposal which is going to mean that every insurance company is going to be placed absolutely at the mercy of insurance agents who will be free to leave their appointment with one company and start working for another company which is a rival company. No company, whether it is doing insurance or any other kind of business can possibly agree to a condition such as this and I am really astonished that a proposal of this kind should receive any sort of consideration beyond the natural sympathy that we all have for the man who is being dishonestly treated by some employer. I may draw the attention of the House to the actual wording of the amendment. In the last line, it refers to the termination of his employment. Agents are not employees of companies. They are agents. That is the term by which they are described. An employee is quite another person, but whether a man is an employee or an agent, he is carrying out certain duties for the company for which he is rewarded, as I have said, by way of renewal premium.

Dr. P. N. Banerjea : Is not an agent an employee ?

Mr. T. Chapman-Mortimer : No. He is " appointed ". It may happen that certain employees act as agents or canvassers. That is another matter but we are talking of " insurance agents ", not the employees of the company, though, even if they were employees of companies, the argument still holds good. Employers cannot go on rewarding a man who has left their service out of his own free will or joined a rival concern or has been dismissed for incompetence or breach of trust or whatever it may be. Sir, I oppose the amendment.

Mr. Sham Lal : There is one principle of this amendment which I support. That is, it is a deferred payment and just as an insurance

[Mr. Sham Lal.]

agent insures others, he also insures himself for old age and when his services are terminated and he cannot work, he should get his renewal commission just like a pension. I do not think that a man should continue to work, whether he is in a position to work or not. There are two other points which I want to bring before the House and they are these. If there is a condition in the contract that an insurance agent would not get the renewal commission if he goes to another insurance company that term of contract is not unconscionable. Then there is another principle. He should serve the insurance company for, say, ten years or 15 years. If a man has worked for six months and has done a good deal of business and if he wants to get renewal commission, that is not proper. Therefore, the object of the Honourable the Mover would be best served if he supports Mr. Mohan Lal Saksena's amendment No. 5, in List No. 5. That is, if he has served for ten years in an insurance company, no matter whether he serves the company or not, he would get his renewal commission and it is not fair to a company that a man should go to a rival company and try to injure that company and still he should continue to be rewarded. I would, therefore, ask the Honourable the Mover to withdraw this amendment in favour of Mr. Mohan Lal Saksena's amendment. I do not for a moment support Mr. Chapman-Mortimer's view that it is a payment for the work done. If one has served for ten years, he can get his renewal commissions. Therefore I do not support this amendment.

Dr. P. N. Banerjea : My Honourable friend, Mr. Chapman-Mortimer, said just now, that an agent is not an employee. May I ask him to look at his own amendment which he moved yesterday and which was accepted by this House ? That amendment runs thus :

"That at the end of clause 35 of the Bill, the words 'or any person who for the purposes of insurance business employs such agent' be added."

So he cannot say now that the insurers do not employ agents. That would be wholly incorrect.

Mr. T. Chapman-Mortimer : On a point of explanation. I said that an agent is a distinct person from an employee. You *may* "employ" an agent. You can also "appoint" an agent.

Dr. P. N. Banerjea : When I asked you whether he is employed or not, you said he is appointed. Now you say that he could be employed. So your language is self-contradictory. Apart from that, I do not understand the mentality of employers who take up such an unsympathetic attitude towards the persons who act as their agents, whether they are employees or not.

A few minutes ago, the Honourable the Law Member objected to the amendment moved by my Honourable friend, Sardar Sant Singh. He said that there was another side to the picture. It is true that Sardar Sant Singh had in mind only the interests of the agent and the Law Member pointed out that the interests of the insurer should also be safeguarded. I do not mind if the interests of both the parties are safeguarded and I appealed to the Honourable the Law Member to take such steps as would ensure the interests of both the parties. He suggested that it was the business of an economist. Well, Sir, economists

are always ready to do justice to all parties. Economics is the science of welfare, and no economist is worth his salt if he does not try to do justice to all parties concerned. But it is the lawyer and the administrator who stand in the way. Economists are always ready to do good to all, and, but for lawyers and administrators, things would have been different in this world. Our Law Member is a man of great ability—a man of outstanding ability, and he has a large fund of good humour. His witticisms and sarcasms help to keep the House in good temper. If only he will use his great ability, his talent and his fund of good humour for constructive purposes, all my countrymen will remain grateful to him.

I support this amendment.

Sir Cowasji Jehangir : Sir, I cannot help feeling that many of my Honourable friends are rather led away by what they have heard from a certain class of insurance agents, but they have not quite understood the position. Just now my Honourable friend behind me and my friends of the European Group had a little discussion as to the difference in the words 'appointed' and 'employed'. Now, Sir, an insurance agent is more like a broker whether you employ him or appoint him.

Mr. Sri Prakasa : Why break him.

Sir Cowasji Jehangir : Break the broker ! They very often break us, as my Honourable friend, the Law Membber will confirm, and most probably he has also broken my friend, Mr. Sri Prakasa. I was just trying to explain to the best of my ability what an insurance agent is. He is a person who is employed or appointed to do a certain job for which he is paid on each particular occasion. Now, Sir, you appoint an insurance agent and he effects an insurance policy and you pay him in two ways. In the first place, you pay him a commission, on the first year's premium, which is to be up to 45 per cent. Now, there is a limit of 45 per cent. for life insurance. Then, you pay him every year a renewal commission. Let us first deal with the commission that he earns in the first instance. As soon as he has effected a life policy, he has earned the commission up to 45 per cent. and nothing in the rules of any company can deprive him of anything that he has already earned. (Interruption.) I assert that he has got a cause of action against the company. A man has effected a transaction and a certain brokerage is due to him. You cannot, by any rules or regulations or by any executive order, deprive him of what he has already earned. I believe the cause of action is against the company. I appeal to my Honourable friend, the Law Member, to express his own opinion on this matter. Therefore, it is not at all necessary to put into this Act any clause which will force the companies to pay commissions which the insurance agents have already earned. That is the first initial commission on the first year's premium. Now, what is a renewal commission ? A renewal commission is something paid for work done from year to year as was explained by my Honourable friend, Mr. Chapman-Mortimer. It is not paid simply as a gratuity. The insurance agent has to do specific work in return for which he is paid a renewal commission.

Mr. Mohan Lal Saksena (Lucknow Division : Non-Muhammadan Rural) : Is he required to collect premiums ?

Sir Cowasji Jehangir : Yes, and I will tell you what his duties are so far as I know them. As soon as he ceases to do those duties, which I will explain shortly, he ceases to earn his renewal commission. Now, what are the duties he has got to perform both for the company and the policy-holder ? In the first place, he does sometimes collect the premium. He reminds the policy-holder of the due date of the premium and he performs a duty to the company by seeing that the policy does not lapse. He is constantly in touch with the policy-holder. He gives the policy-holder any information that he may require and he is supposed to be an intermediary officer between the company and the policy-holder during the period of the existence of the policy or for some limited period. Now, what is it that my Honourable friends want the House to do ? They want the companies to go on paying this renewal commission, this salary, although this man does not perform his duties and is either dismissed or leaves the service for any cause whatever. I am leaving aside, for the present, the question of fraud or unprofessional conduct. When the man leaves the service of the company, why should he be paid the same salary for work which he was supposed to do from year to year ?

Mr. Sri Prakasa : Because the policy-holder is still alive.

Sir Cowasji Jehangir : The company will have to get somebody else to do that work. If that particular insurance agent is dismissed or leaves the service of the company, somebody else will have to perform those duties of being an intermediary between the policy-holder and the company. Who is going to do that duty and who is going to pay for it ? Should the company pay salaries to two persons for one set of duties ? I contend again that any commission that an insurance agent may have earned belongs to him and no company can deprive him of it, and I further contend that such an insurance agent may have a cause of action in a Court of law. It is exactly like a broker. He transacts your work and the bargain is struck. You cannot then turn round and say that you can make any rules and regulations because you happen to be a limited company and deprive that broker of his brokerage. He has a cause of action against you. He has done his job. His contract was that he should do a certain job. He has done that job. Then it does not matter one little bit, whether he does no further jobs for you, whether he is dismissed or whether he discontinues to do any further job for you, he has earned that commission for the work he has already done. No Court of law will refuse to give him that commission which he has already earned. I beg of my Honourable friends not to be misled by anything which they may have heard, but to dispel from their minds, once and for all, this supposed trait, of some insurance companies of attempting to deprive their insurance agents of the original commission. I have already attempted to explain what I understand to be renewal commission and I tried to expound it to the best of my ability that those renewal commissions are paid for services rendered. If these services are discontinued for any reason whatsoever, then you cannot make the companies or anybody else—the insurer—pay for services not rendered and which under the original contract had to be rendered. Therefore, all these amendments that will be moved are covered by the same arguments. I hope my Honourable friends, Mr. Sri Prakasa and Mr. Saksena, will consider what I have said and if they think that there is anything reasonable in my explanation, I hope they will not insist upon amendments of this one-sided character where the insurance agent does not perform his duties and does not carry

out his terms of contract and yet forces the companies to pay for services which are not rendered.

Mr. M. S. Aney (Berar : Non-Muhammadan) : Sir, I had no mind first of all to say anything with regard to this amendment. But I believe the very lucid speech which my Honourable friend, Sir Cowasji Jehangir, has just now made, makes out a very clear case in support of this amendment itself. He has explained to us very clearly as to what is the real nature of the commission that falls due for the work done. If, for that, there is a legitimate cause of action on which the agent can file a suit and claim the commission in a Court of justice, there is then at least no valid reason why my Honourable friend should not allow the present amendment to go into the Statute-book. If there is any addition here, which is really against the interest of the insurer and which is also against the principle of equity, I should like to have heard it from him on that point. I was carefully listening to all that he was saying. I did not come across any argument that he advanced which really goes to create any difficulty for us in accepting the principle laid down in this amendment. If there are conditions, according to him, in the contract between the agent and the insurer, of such a nature that he is debarred from getting advantage of the commission which he has really earned, then those conditions are certainly, even according to the case which he has propounded, unconscionable—I can understand if there is any fraud or if there is any misconduct of professional nature such as his deliberately joining a rival company to ruin the work of the former company. That, I submit, will come under gross professional misconduct. It would certainly come under that and these exceptions are provided in the amendment. I do not see what is the ground on which anybody can say that that agent should not be allowed to get commission which he has really earned for the work—call it in the capacity of broker or agent or by any other name, whether he broke the head of one man or knocked down another man in the course of that work, as Mr. Sri Prakasa observes. I do not mind—which he has done. He is there. This amendment does not ask for anything more than this. It does not say that you should pay him for the work which he has not done, or that you should pay him when he is conducting himself in such a way that he is injuring the interest of the insurer. All these exceptions are provided for.

3 P.M.

The only other point which my Honourable friend, Mr. Sham Lal, made, deserves consideration. The point was this. Suppose a man does work only for six months and then runs away. My Honourable friend has really taken an extreme case which is of an exceptional nature. I, however, say that the condition of ten years or 15 years or anything like that will be also a great hardship. I can understand the inequity of the case of a man who only does work for six months and then runs away and joins some other company and yet, on the basis of the work which he did for six months, that he should be entitled to get renewal commission all along. That is a different case. The condition which he wants to introduce, namely, that of ten years is also an equally difficult condition.

Dr. P. N. Banerjea : He must not also be engaged by any other company.

Sir Cowasji Jehangir : How do you propose to give salary for work which he does not do ?

Mr. M. S. Aney : I am only speaking on the considerations put forward by my Honourable friend, Sir Cowasji Jehangir. It may be that the amendment before the House does not cover that case. But there is no reason why an amendment like this, with some suitable modifications, should not be accepted by the House. I am not particularly enamoured of this particular amendment. But the principle on which it is based is quite sound and I want my Honourable friends to consider whether the ten years period which they have got in their amendment cannot be properly curtailed and brought down to a reasonable period. By some such compromise, and if the amendment is properly drafted, I am sure the House will find it convenient to consider it and accept the same. I understand the difficulty pointed out by my Honourable friend, Mr. Sham Lal, arising out of allowing even a short period of six months or one year for such concession. But ten years also in my opinion is too long a period. A man might really be robbed of his legitimate dues which he has earned if he does not serve for such a long period as ten years. That ought not to come in the way of his getting whatever is legitimately due to him. I would suggest that there should be some *via media,* some kind of reconciliation between these two extremes. Both these amendments are based on the same principle. I also find that the House is generally reconciled to the principle enunciated there. Make proper exceptions to cover cases of fraud, etc., which I am quite sure will cover the case of a man joining a rival company. But I want that you should definitely lay down the principle in the statute itself without leaving it to the man to fight out his case in a Court of law. Even though there is cause of action, you should not compel the man to recover his legitimate dues only by having recourse to a Court of law. There are many things for which there is a good cause of action and which admit of being recovered through a Court of law. The Courts have to decide matters on such evidence as is put before them in the cases before them. It is always desirable to rely on a Court of law as a last resort. When you make laws, you must, as far as possible, avoid the necessity of recourse to Courts of law by the people for the redress of their legitimate grievances, or make unambiguous provisions to enable the sufferer to get relief in Court if necessary. With that end in view, I suggest there should be some understanding arrived at between my Honourable friend, Syed Ghulam Bhik Nairang, and my Honourable friend, Mr. Mohan Lal Saksena, and we should combine the two amendments in such a way as to make it possible for us all to accept it unanimously.

Mr. Sri Prakasa : Sir, my Honourable and esteemed friend, Sir Cowasji Jehangir, told us to keep quiet so that we may be able to learn something from him. Being brought up in the traditions of ancient Sanskrit learning, I thought that a few pertinent—even if they be impertinent—questions will help us to have more knowledge. But when he asked me to keep quiet so that I may learn, I kept as quiet as a boy of ten at school. But to my misfortune I was not able to learn much; but if he will now keep quiet, he is now going to learn much from me. I should like to assure him that though we have heard from Managing Agents, we have never heard from insurance agents—he may be quite sure that no insurance agent or body of insurance agents have come to me or any other Members of the House to put forward their grievances.

Sir Cowasji Jehangir was at pains to tell us exactly the duties of insurance agents ; and he also gave us an elaborate description of how they

work. Now, Sir,—I hope no one will repeat the story outside this House,—I am going to tell him an experience of my own. I happen to be insured in his company,—the Oriental. I have paid my premium for a number of years. Really I have not seen the insurance agent after the first time when he came to me and asked me to insure myself. Well, Sir, I feel that though the insurance agent has not been very nice to me I should be nice to him, as the Congress law always is to do good to those who do you evil ! Sir, instead of this insurance agent coming to me and telling me when my premium is due, I receive a letter,—it is called a notice,—every three months asking me to pay up ; and each time they give me what they call a month of grace to make the payment. It so happens that in the course of my duties I have to find myself in his Majesty's jails from time to time ; but these notices continue to come. Once it happened that the notice arrived a few days after I myself arrived at the end of one of these experiences of mine ; and in the midst of greetings and meetings with friends the days of grace elapsed. Then I suddenly recollected that I have something to pay to this famous Oriental whcih really should now all call itself Occidental. I sent them a cheque, but they fined me Rs. 2 for delay in payment ; they said that the cheque had arrived so many days later, though I have taken care to pre-date the cheque ! (Laughter.) And I had to pay.

Then let me relate another experience of mine with the said company. They sent me no notice ; but I remembered of my own accord that I had something to pay. I looked up my books, and I found to my dismay that the days of grace had ended, though no notice had come at all and no insurance agent had come either. So I sent them a cheque and wrote to say that I had never received any notice from them, and that thinking the time for payment had come I was sending them a cheque. They said in reply that they were not bound to send a notice ; that it was only a sort of courtesy on their part to send these notices, and that the days of grace having ended I had to pay another Rs. 4 or so as fine. If my Honourable friend will look up the books of his Lucknow agency, he will find that I am not exaggerating the fact at all. So I had to pay an extra amount as fine to revive my policy, simply because I paid the money after the days of grace. And what had happened—as I afterwards discovered—was that the company, which has my registered address and to whom I send my address every three months, because they want the address every three months with their renewal notices, had addressed their notice to ' Benares State ' instead of ' Benares City '. Now Benares State is one of those excrescences on our body politic about which my Honourable friend, the Law Member, refuses to answer questions (Laughter) however much Mr. Satyamurti may press him, because that is a part of the proposed Federation ! ' So the letter addressed to Benares State never reached me ; and I was fined ! ' So much for the Oriental or the Occidental or the Southerner or the Northerner, whatever name the Company may give itself.

Thus we see, Sir, the agent never arrives. From what my Honourable friend has said, I should think that his agents keep themselves perpetually in touch with the insured and see how they are getting along. So at least I might have expected visits from his agent while I was in jail. (Laughter.) The agent might have inquired how I was getting along. Now, Sir, it did happen once that I got very seriously ill in jail and I felt that at last the company would have to pay up, because I was really very ill and His

[Mr. Sri Prakasa.]

Majesty's representatives, members of the I. M. S., jolly well left me to die. Even in those serious circumstances there was no visit from any agent at all. At least so far as the Oriental is concerned, I can assure the House, from long personal experience, that their agents neither care to see that you pay your premium in the time nor are they very careful about your help.

Sir H. P. Mody (Bombay Millowners' Association : Indian Commerce) : He was probably waiting outside for your funeral ! (Laughter.)

Mr. Sri Prakasa : If he was doing that, I did well to disappoint him. However, I fear, the funeral will come long after the maturity of that policy. They have insured such a good life that they will have all their premia all right, I fear. Therefore, Sir, Mr. Sham Lal is quite correct, as the facts are, that the renewal commissions are in the nature of deferred payments and they ought to be made to him. I would personally have supported my friend, Mr. Ghulam Bhik Nairang, if at the last moment, he had not added the clause about fraud, etc. Personally, Sir, I have a great sneaking regard for those who can commit fraud (Laughter), and, whenever anybody tries to check those who are liable to commit fraud, I must say I have no sympathy ! Sir Cowasji Jehangir also said that in case an agent is aggrieved there is always a cause of action by which he means, I take it, that he can go to Courts of law. If he once goes to a Court of law, he will find after checking his expenses that he has much less at the end than at the beginning. It reminds me of a story. A distinguished editor belonging to the city of the Law Member had a visit from some thieves in his house at midnight. This editor said to the thieves, " Well, brothers-in-law,—as you know, that is the most endearing expression used in our languages (Laughter),—" go on thieving ; but tomorrow I will see to you in my paper." (Laughter.) So, by the time the morrow came and he wrote a long leading article against those thieves, all his goods had disappeared ; practically he had no cause of action either at law or in his newspaper office ! It is no use waiting for such things ; we must take the remedy in our own hands at once.

Then, Sir, my Honourable friend, Mr. Chapman-Mortimer, has said some very nice things and I think Government should take full stock of the principles which he has laid down. He says that persons who had served him are not entitled to any pension or any other privileges if they go and serve somebody else. I find that I. C. S. gentlemen who retire from service on pension find shelter on his Bench (Laughter) and get better employment than in the original service. Almost all of them are anxious to get employed elsewhere after they have sucked my country dry and continue to draw pensions. Mr. Chapman-Mortimer must not forget that there may be other folk also in this world who might like to take up some service after they have dispensed with their first service : and I feel, he ought to extend his sympathy to them as well. I, therefore, support the principle of this amendment as well as similar amendments that are on the order paper. My own amendment on this subject is 693. There I say if a man has served for 15 years exclusively he should be given his renewal commission, provided he does not take up another service. I made all these conditions in order to put forward a practical proposition before the House. I know, Sir, that the Law Member is a very strict

individual. We all know, that he believes in astrology. I may give just a little incident of his own life—it was when he was still " muling and pewking in his nurse's arms "—his family astrologer whom his fond parents consulted, said ; " this boy will carry everything before him, nobody will be able to resist him in anything ! " His life is a living proof of the truth of this prophecy.

Mr. S. Satyamurti : Not in the matter of the Communal Award.

Mr. Sri Prakasa : If I may turn myself into an astrologer for the moment, I will say that he is going to get his way there as well.

After considering all possible alternatives I thought that if I appealed to him in the terms of my amendment, he might relent and accept. I am pleasantly surprised, Sir, to find that he is now even willing to accept Mr. Mohan Lal Saksena's suggestion which reduces the minimum of an agent's service from 15 to 10 before enabling him to have all the privileges contemplated by the amendment. Therefore, as a practical proposition I should earnestly suggest that when he is sympathetic to the terms of our amendment and is willing to accept it—at least I hope so, despite the halting manner in which he told Mr. Chapman-Mortimer that he was not yet committing himself—and when he has accepted the principles underlying our amendment,—the House, instead of wasting its time in considering the various other amendments on the order paper, will adhere to Mr. Saksena's amendment and pass it unanimously.

Mr. K. Santhanam (Tanjore *cum* Trichinopoly : Non-Muhammadan Rural) : I rise simply to point out one thing. We are not legislating that the agents should be given any commission or any renewal commission. It all depends upon the terms of the contract : if it says that the renewal commission is payable only on certain conditions or contingencies, that contract will take effect. Unless you provide that any conditions, which prescribe that certain things should be fulfilled for the payment of the renewal commission, should not have effect these conditions will prevail. Therefore, whether we accept this amendment or that of Mr. Saksena the words " notwithstanding anything to the contrary " should be inserted. If they are not inserted these clauses will be futile because the agreement will take effect, and if the agreement says renewal commission will be payable only for so many years and not afterwards, it will hold good. I, therefore, suggest that these words " notwithstanding anything to the contrary " should be inserted. It is only to draw the attention of the House to this that I have risen, and I hope this will be borne in mind.

Dr. Ziauddin Ahmad (United Provinces Southern Divisions : Muhammadan Rural) : I rise to support the amendment of Syed Ghulam Bhik Nairang. My reason is this. If we do not have a provision of this kind the insurance agents will be hardly hit in this way. It is necessary, if an insurance agent wants his name registered, that his application must go through an insurer, and the insurer can simply refuse his application. He will then no longer be eligible for any remuneration, and I am afraid if a provision of this kind is not passed, there will be a good deal of unfairness against agents in future. Suppose a particular agent has collected sufficient policies for an insurer, and has earned permanent income of five thousand a year. Then the insurer will say, here is my one agent who takes so much money for nothing. Perhaps the policy-holders he has secured are honest men like my friend, Mr. Sri Prakasa, who does not need

[Dr. Ziauddin Ahmad.]

any reminder from the agent, but still pays himself the premia. The insurer may refuse to sign his application for the renewal of contract on slight pretence, for instance you have not answered my letter in time, although the letter might have gone astray or gone to a wrong address. Or he might say I have quite a number of agents, I want to limit the number of agents. For any of these reasons he may refuse to forward the application for the renewal of Registration Certificate and thus confiscate the allowance of the agent. He has earned on account of his good work in the past. In that case the insurer will turn out all the persons who have earned a large commission. So if a provision of this kind does not exist, I am afraid that these insurers, after a certain number of years, will dismiss their agents in order to avoid payment of this five per cent. commission on premia which they have earned for the life of the policies and there will be a good deal of distress among insurance agents.

Sardar Sant Singh: I congratulate the Honourable the Law Member for his open-mindedness in telling the House that he is somewhat sympathetic towards the principle underlying the amendment, and for assuring the House that he may accept it though he has not definitely committed himself as to what he will accept. I want to point out that in the amendment, as it has been moved my friend, there are sufficient safeguards to restrict the amendment to the commissions already earned. I will draw the attention of the House to the wording of the amendment which reads :

"No insurance agent who has been employed by an insurer shall be deprived of any commission or renewal commission earned on any policy"

It does not refer to deferred payments as was feared by Sir Cowasji Jehangir and Mr. Chapman-Mortimer. The safeguards are there and this is agreed, that whatever has been earned should be paid to the agent, whether he leaves the service or remains in the service.....

Mr. M. A. Jinnah (Bombay City : Muhammadan Urban) : Notwithstanding an agreement to the contrary ?

Sardar Sant Singh : There are no words like that.....

Mr. M. A. Jinnah : What does it mean ?

Sardar Sant Singh : I have not followed the Honourable Member. It means, in spite of anything in the agreement of agency, whatever has been earned shall not be forfeited. Now it was alleged by Sir Cowasji Jehangir about this that there is no such condition in any terms of agency which makes earned commissions or renewals as forfeitable. I wish to draw his attention to the words occurring in the Standard Life Assurance Company's agency where it is specified :

"All business which stands on the company's books of your introduction and under which commission is being paid to you is all forfeitable under the terms of the agency."

What the amendment wants to protect is that whatever renewals have been earned, the commissions earned should be declared non-forfeitable in spite of any agreement to the contrary except on those conditions. Now, our friend of the European Group said that it does not stand to reason that a person who has left the service of a company should be getting payments.

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

My objection to this sort of argument is that whatever he has done, the services he has rendered, he should get payment for that according to the agreement which holds good. Advantage should not be taken of the fact that because he has left the service, therefore, whatever he has done for the company, whatever service he has rendered to the company, he should be deprived of the benefit of it. The question is not of deferred payments. This amendment does not ask for deferred payment, but only for payment which has become due to the agent on account of services rendered. This is a distinction which has not been kept in view. Now, as regards the amendment of Mr. Mohan Lal Saksena, which seems to find favour with the Honourable the Law Member, I have this objection to make that in this amendment the period of service is specified and it is pretty long. My objection to the principle of the present agreement between the commission agents and the insurers is that they make slaves of their commission agents when once they enter to work for those insurers : I want to do away with this slavery. That is my chief aim ; and this particular amendment of Mr. Mohan Lal Saksena keeps the slavery alive. Therefore, I will not be a party to this amendment. My principle is that whatever has been earned should be paid by the insurer to the person who has earned it, and it is equitable, just and according to the principles of good conscience. I submit that if any period is to be fixed for this service, it should be a nominal period, not a very long period as it is fixed in this amendment. Therefore, I will support the amendment of my friend, Mr. Ghulam Bhik Naraing.

Some Honourable Members : The question may now be put.

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

"That the question be now put."

The motion was adopted.

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

"That after clause 35 of the Bill, the following new clause be inserted and the subsequent clauses be re-numbered accordingly :

'36. No insurance agent who has been employed by an insurer shall be deprived of or forfeit any commission or renewal commission earned on any policy or polies effected through him merely by reason of the termination of his employment by the insurer or by reason of his leaving such employment of his own free will except on the ground of fraud or gross professional misconduct on the part of the agent'."

The motion was negatived.

Mr. President (The Honourable Sir Abdur Rahim) : I understand that there has been one amendment left over—No. 573 in the name of Mr. Satyamurti.....

Mr. S. Satyamurti : The Honourable the Law Member said that it might stand over till today, Sir. If he is ready, we can take it up. We have given him our suggested definition.

The Honourable Sir Nripendra Sircar : I have been shown the suggested definition and I have accepted it, but I do not know whether it has been seen by all sides.

Mr. President (The Honourable Sir Abdur Rahim) : What is the idea ?

The Honourable Sir Nripendra Sircar : The idea is that if we define "insurance agent" in clause 2, then amendment No. 573 is not wanted.

Mr. President (The Honourable Sir Abdur Rahim) : If it is by way of explanation to clause 35, then you must have it now. If you want to put it in the general definitions.....

The Honourable Sir Nripendra Sircar : I want to put it in the general definition : and it can be taken up when you take up clause 2.

Mr. S. Satyamurti : The Honourable the Law Member's idea is to put it in clause 2 : this can be withdrawn now on that understanding.

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

"That clause 35, as amended, stand part of the Bill."

The motion was adopted.

Clause 35, as amended, was added to the Bill.

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

"That clause 36 stand part of the Bill."

Babu Baijnath Bajoria : Sir, I move :

"That clause 36 of the Bill be omitted."

Mr. Akhil Chandra Datta (Chittagong and Rajshahi Divisions : Non-Muhammadan Rural) : Sir, there are so many clauses which refer to Insurance Agents. We have not yet got through the definition of Insurance Agent. My submission, therefore, is we cannot discuss this.

Mr. Bhulabhai J. Desai : Clause 35 has just been passed.

Mr. President (The Honourable Sir Abdur Rahim) : As regards the provisions in respect of Insurance Agents, we are dealing with them now.

Mr. Akhil Chandra Datta : But there are several others too, and until they are disposed of we can't take up the present amendment.

Mr. President (The Honourable Sir Abdur Rahim) : As regards the substantive provisions, there has been a definition of Insurance Agents. There are these provisions also. How will these provisions apply ?

The Honourable Sir Nripendra Sircar : Sir, I have got the definition in my hand, but some of my friends have not yet seen the copies. May I just read it out to the House ? It is not a very long definition ? The definition is this. "Insurance Agent" means an insurance agent licensed under section 37 being an individual who receives or agrees to receive payment from an insurer by way of commission or other remuneration in consideration of his soliciting or procuring insurance business". I am quite prepared to move this.

Mr. President (The Honourable Sir Abdur Rahim) : That will be better, I think.

Mr. M. S. Aney : Sir, I object to the definition being taken up just now. It pre-supposes that we pass clause 37. Supposing the licensing clause is not passed by this House, then the definition will have to be modified. So I think we should take up clause 37, dispose it of and then come to this definition. Let us not have a definition which pre-supposes our consent to clauses which have yet to be discussed by this House.

The Honourable Sir Nripendra Sircar : If there is objection to the definition being taken up now, by all means let it be taken up on the next day, but there is nothing in the point that until this is defined we cannot go on. My Honourable friends have passed clause 35, and that also contains the same wording. Surely if they can pass clause 35, then they can equally pass clause 37 which contains the same language.

Mr. President (The Honourable Sir Abdur Rahim) : We have gone on like that. I must say that it would have been much more satisfactory if the insurance agent had been defined, but since we have gone on like this, let us proceed.

Babu Baijnath Bajoria : Sir, I move :

"That clause 36 of the Bill be omitted."

This is amendment No. 8 on Supplementary List No. 4. Sir, clause 36 forbids payment to any policy holder of any rebate out of the commission either by the insurer or by the insurance agent or anybody acting on their behalf like the Chief Agent or special agent, Branch Managers, etc. The party or the policy holder or the would-be policy holder is precluded by this section to get any commission directly or indirectly as an inducement to take out a policy. I don't understand how this will benefit either the company or the insurance agent or the policy holder. An insurance agent gets a acertain amount of commission for securing an insurance policy. He gets 45 per cent. in the case of a life policy and 30 per cent. maximum in regard to a general insurance policy. Is it a crime on the part of the insurance agent to give a part of his commission, which he is going to earn merely to conclude the business ? It is his money. The company is not robbed or defrauded in any way. If he can get business by giving a part of his commission to the policy holder, I don't understand how anybody suffers. On the other hand, this will mean that the insurance agent will be able to do much more business than he will ordinarily be able to do. I shall explain the position clearly, Sir. The commission of 45 or 50 per cent. of the first year's premium is paid by the company to the insurance agent, but I may inform the House that this 45 or 50 per cent. is not entirely digested by the insurance agent alone. He has to pay a major portion of it, retaining for himself say five or ten per cent., to the policy holder to induce him to take out a policy. An insurance agent has to pay nearly half the premium of the first year to the prospective policy holder. I don't understand again how this is a crime, or how this is detrimental to the interests of anybody. If the policy holder does not get a portion of this commission, let us consider what will be the effect on big companies and small companies. We have, first of all, licensed agents. We have

[Babu Baijnath Bajoria.]

fixed the commission. Supposing an insurance agent of a big company goes to a policy holder and induces him to take out a policy in his company, say, from the Oriental, or British Mercantile, or North British, or any other big company, the policy holder asks, "What are your terms?" The agent says: "The terms are (supposing the policy holder is a man of 30 years of age) you have to pay Rs. 55 per thousand." The policy holder asks, "What do I get?" The reply is, "Here is the Bible, this Act. I cannot give you anything. If I give you anything or if you take anything both of us will be fined". Now, if an insurance agent of a small company, which is a sound company, though not so big as the Oriental or some of the big foreign companies, goes to a policy holder and asks him to take out a policy from his company saying that his company is a sound company, the natural question will be, "What are you going to give me?" "Here is this rate (it may be Rs. 55 or 53, one or two rupees less)". "What shall I get on the first year's premium?" will be the next question. The answer will be, "No commission. I cannot give you anything. Here is this Bible, this Act." Certainly the person will say good bye to the insurance agent of the smaller company, "I do not get any inducement, whatsoever, why I should not go to the bigger company who are so well-known to me and whose assets and life funds are so well-known?" I submit that it will be practically impossible for the smaller insurance agents to effect insurance policies under these circumstances. We have given ten per cent. more under our amendment which we passed yesterday, but that we give to the insurance agent, that does not go at all to the policy holder. The policy holder does not get any inducement whatsoever. I will again say it is not a crime and it should not be prohibited. The insurance agent will not be able to digest this big commission which is provided for him in the first year. I will give you one instance. For a ten thousand rupee policy the premium is Rs. 550. 45 per cent. of this comes to Rs. 247-8-0 and 55 per cent. to Rs. 302-8-0. Do you expect that the insurance agent, even if he gets this, will be able to digest this?

Mr. Bhulabhai J. Desai: Reduce it and have another lesser premium, not this unequal fraud.

Babu Baijnath Bajoria: If you forbid rebate it is just encouraging dishonesty. My Honourable friend, the Leader of the House, in opposing the amendment of Sardar Sant Singh earlier in the day said that that would encourage dishonesty. I say that this clause 36 if passed will lead to corruption, it will lead to dishonesty. Big persons and big policy holders will be able to get their commission one way or the other, but it will be the small policy holders who will be left without any commission. I shall give you one instance. Suppose I want to insure my life for Rs. 50,000. I go to a company and ask for commission. They say, "I cannot give you any commission. The deal should be done through an insurance agent". I reply to him "here is an assistant of mine. You have only to sign an application and he will become an insurance agent on payment of Rs. 3 and the commission will be paid to him and I will get that commission". Do you understand?

Mr. S. Satyamurti: We cannot understand these frauds.

Babu Baijnath Bajoria: You understand everything. If you cannot understand me you cannot understand anybody. The small companies will suffer and insurance business also will suffer. The insurance agent, instead of effecting ten policies, will be able to effect only two policies and this clause is obviously unworkable and will lead to corruption. Let me now come to general insurance business, I mean, fire and marine. My Honourable friends must know that there is a Fire and Marine Insurance Association at Calcutta. They have got a tariff that they will pay so much commission, say, 15 per cent. on the rate, it is 15 per cent. I know because I have to pay it in case of fire and marine accidents. But they pay 35 to 40 per cent. but only they say, do not tell this to others. They tell the same thing to everybody else. But everybody gets it and there it is. I know that the tariff has not got the force of a statute as it will have now, but still I say that this thing will go on. I say that by the licensing of agents, by the limiting of commissions, and, lastly, by forbidding this rebate system to the policy holders the smaller companies will greatly suffer and big companies will gain and the general insurance business also will suffer. Sir, I commend this amendment to the House. I move.

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

"That clause 36 of the Bill be omitted."

Mr. S. Satyamurti: I have heard with astonishment the speech of my Honourable friend, Mr. Bajoria. I hope that the small insurance companies will tell him when they next meet him, "get thee behind me".

Babu Baijnath Bajoria: They never saw me.

Mr. S. Satyamurti: My Honourable friend's suggestion is that small insurance companies can get on only if commissions are unlimited, if unauthorised rebates are allowed, and if agents are unlicensed. God help those companies if they are to follow Mr. Bajoria's advice! It seems to me that his speech today is an incitement to these people to commit fraud in this country; his speech is a justification of the frauds now committed, or hereafter to be committed. His speech is like that of a man, who knows how these frauds can be committed.

Babu Baijnath Bajoria: I take strong exception to these observations.

Mr. S. Satyamurti: You may, but your speech is like that. Clause 36 says:

"No insurer, and no insurance agent acting on behalf of an insurer, shall allow or offer to allow either directly or indirectly as an inducement to any person to take out or renew a policy of insurance any rebate of the whole or part of the commission payable or any rebate of the premium shown on the policy nor shall any person taking out or renewing a policy accept any rebate, except such rebate as may be allowed in accordance with the published prospectuses or tables of the insurer."

I ask, what is there in this clause to which any honest man can take any honest objection?

Babu Baijnath Bajoria: I have told you.

Mr. S. Satyamurti : I am pleading for this that, if an insurer publishes the terms of a policy, and says, if you pay so much premium per year I will pay in an eventuality or at the end of a stated period a certain sum,—that is the published term of the contract between the insurer and the insured. Then we also provide that there shall be a commission payable to the agent. My Honourable friend wants that, outside these terms of contract not mentioned therein, but privately and informally, the agent who gets the commission for securing the policy must get more than he ought to get.

Babu Baijnath Bajoria : You have not understood me. Out of this commission to which he is entitled he will pay to the policy holder.

Mr. S. Satyamurti : I do not propose to give way to these arguments. We have heard them.

Babu Baijnath Bajoria : But you have misquoted me.

Mr. S. Satyamurti : What my Honourable friend wants is that the agent must be free to part, with a part of his commission, to the insurer as an unlawful inducement for him....

Babu Baijnath Bajoria : Not unlawful.

Mr. S. Satyamurti : Yes, unlawful ; I repeat, unlawful inducement for him to take out a policy.

The lawful inducement is this. The "Oriental" is a good company. I pay Rs. 50 a year and in the event of a certain eventuality my wife and children will, after me, get a certain sum. The unlawful inducement is to say : 'Over and above this payment, you need not pay so much. I will give you something from my pocket'. Is this not so ? I want to know what is the honesty of this transaction. What is the business in this transaction ?

Babu Baijnath Bajoria : You don't know business at all.

Mr. S. Satyamurti : I would rather be an honest man having no business, than a dishonest man doing dishonest business. It seems to me that the thing has got to be analysed in all its nakedness. Some of us have become so familiar with these things that the horror of it pales into insignificance before us. The facts are these. There are three parties—the insurer, the agent, and the policy holder. The insurer says: 'Pay me so much per year, and I will pay you so much.' The insured says : ' I will pay so much, please fulfil your contract'. In between, comes the agent and says to the insurer : 'You give me so much money. I won't put the whole thing into my pocket. I will pay some of it to the insured, to come to your company in preference to others not because he thinks your company is better, but because I offer him some unlawful inducement by way of rebate'.

Mr. M. S. Aney : If you want to make it unlawful, you make it unlawful. Otherwise it is not.

Mr. S. Satyamurti : I am sure, my Honourable friend will appreciate the point that when he is wanting a man to do a thing which he is not compelled or willing to do by offering him some inducement that is unlawful : Bribery is a sin, besides being an offence under the Penal Code. My simple point is this. Here is a man who wants to insure his life. He

is offered an inducement outside the terms of the contract. But apart from that let me take the other point. I have two very strong objections to this policy of rebates. My Honourable friend says that the poorer people will suffer, if these rebates are taken away. I differ from him. On the other hand, I believe that, under the present system of rebates, the richer and the more unscrupulous people get more rebates than the poor unsophisticated people who cannot understand the blackguardism of this kind of business. They are people who cannot make equal bargains. The richer people walk away with it. The poorer people don't. But my main arguement is that, if the insurer can allow rebates to be paid to the insured, we have made out an unanswerable case for the reduction of commissions to canvassing agents and of premiums. Instead of giving unequal rebates, and instead of giving impossible commissions, let honest insurers put their heads together and reduce the premiums altogether and commissions also. That the agent's commissions can be limited has been amply proved by my Honourable friend's statement. My friend has admitted that part of the commission goes as rebate. Therefore, the agents will not suffer, and there is no case for the position that commissions cannot be limited.

Then, Sir, so far as the average policy holder is concerned, I submit it is much better for him to get the premiums lowered
4 P.M. all round. It is an open transaction. Everybody knows about it. Nobody can get an undue advantage. If, therefore, insurers can afford these rebates, I suggest there is very good case for the lowering of premiums all round, for which we have always stood in this House. So far as the general business is concerned, I was very pleased to hear, without any contradiction from the European Benches, what was said by my Honourable friend who moved the amendment. He said that every general insurance company offers rebates. Only they tell him : 'Don't tell others'. That is the kind of "fair field and no favour" they want. I am glad that this testimony has come from one who knows them far better than I can ever hope to know.

Babu Baijnath Bajoria : I am glad you admit that.

Mr. S. Satyamurti : I don't do it, and I don't admit it ; but I am glad that this thing has been admitted on the floor of the House without any contradiction from the European Benches. I say that is the most powerful argument against the amendment. I advanced the argument yesterday, and I am glad it has been reinforced today, that general business is being conducted by this process of secret rebates. They ought to go, and the earlier the better. I strongly oppose this amendment.

The Honourable Sir Nripendra Sircar : The matter strikes me in this way. Suppose there are three companies and they all announce, in the tables, that the rate is, say, Rs. 35 per month for a man who is aged 25, the amount being payable at 55, the terms being all equal. The world knows that the rates of the three companies are the same but in fact what will happen if the first company knows and allows a rebate of Rs. 5 to be paid, the second company knows and allows a rebate of Rs. 10 to be paid and the third a rebate of 15. Then, as between the policy holder and the company, really one man is getting his policy by paying Rs. 30, the other by paying 25 and the third by paying Rs. 20. Therefore, there is really a fraud on the public to say that the rates of these companies are

[Sir Nripendra Sircar.]

equal. They are not ; because the policy holder is not paying that rate which is published but is recouping a part of it through the commission which is payable to the agent. That, I submit, should be condemned as a viscious system. I admit that this question is mixed up with the question which we disposed of yesterday, namely, the question of fixing the maximum commission and about maximum commission, with which this is very closely connected, I heard an astounding argument from my Honourable friend, Mr. Akhil Chandra Datta. Mr. Datta is generally of equable temper and of kind language. Probably his visit to the more vigorous climate in the Occident has changed his temperament and he indulged in rather uncalled-for and unjustified personal attack. All the same his main point was this—that the Honourable the Law Member in these questions of maximum commission and licensing of rebates is not proceeding on a sense of justice. He has come to some arrangement with some party.

Mr. Akhil Chandra Datta : I spoke about the limitation of commission and I never mentioned licensing and other things.

The Honourable Sir Nripendra Sircar : I have come to an arrangement on other questions too. One allegation is enough. They all stand on the same footing. What did Mr. Akhil Chandra Datta want for the young companies ? He wanted the chief agent to be excluded. I agreed with Mr. Chapman-Mortimer's amendment, which I accepted, that the chief agents *plus* certain other persons should go out. Where is the question of immorality or expediency if I say : ' Yes '. I believe in restricting commission and in preventing rebates. My friend said that it should not be extended to such and such persons and that an arrangement had been come to. I propose to do it every time it suits me and I do not feel ashamed of what I have done.

Mr. Akhil Chandra Datta : And I will protest every time.

Sir Cowasji Jehangir : What did you say about the effect of the visit to Europe ?

The Honourable Sir Nripendra Sircar : The effect of Europe has been a stiffening of the constitution and hardening of the temper.

Now, Sir, on the question of prevention of rebate, I do not know that, in spite of the very powerful and influential voice of Mr. Bajoria, he will find very many persons here to support him and in that view—I may be right or I may be wrong, but I believe I am right—I do not think I should waste further time of this House. I strongly oppose his amendment. I am very fortunate that he has not moved for the delition of the whole of this Chapter.

Mr. M. S. Aney : Sir, no person in this House will be more delighted than myself if the object which the framers of this clause have in view can be successfully carried out by this clause. It is an attempt to put down the system of rebate which has, unfortunately, grown of late in the insurance world. All that I feel is this. Are you really providing against it any effective remedy by enacting this clause, or will the fraud be continued to be perpetrated in spite of this ? After all, it is a secret transaction between the agent and the insured and even today no insured generally admits that he has received a rebate and no agent also admits that he has given a rebate and yet I am told that the thing goes on merrily. What is the

remedy for the detection of this fraud ? That is what I want to know. Unless you provide some effective method in this Bill to detect frauds of this kind, I am sure the frauds that will be perpetrated by the bigger companies will go undetected and the younger companies will suffer. I, therefore, want my Honourable friend, Mr. Satyamurti, really to suggest something which will prevent these frauds and to find out some other effective remedy by which it shall be possible to detect frauds which are being perpetrated every day. What happens is this. A man who is likely to take out a big policy is approached by several agents who belong to several companies. The only way by which these agents can think of getting that particular customer is by making some offer or inducement to him. There is no other way. Supposing it is known that my Honourable friend, Mr. Hari Rao Nayudu, is likely to insure himself for a lakh of rupees. There will be so many agents of so many companies trying to woo him. He will be the centre of so many wooers. He will naturally say to these agents : " What is there that I should make a choice of you ? " Sir, this practice of rebate or rather this vicious system of rebate has cropped up on account of one man being the centre of attraction for so many agents.

Mr. Bhulabhai J. Desai : Is he a monogamist ?

Mr. M. S. Aney : I do not know, but let us assume that everyone of us is a monogamist. My point is this that the thing grows in this way. Naturally, all the talk about this rebate and everything connected with it is going on in the dark. There is a law in the Indian Penal Code about bribery and there is a section to that effect. We say that the entire system of Bureaucracy is corrupt. The Congress, having accepted office, is trying to find out ways to purge the service of this pernicious habit of corruption or bribery. But, in spite of the law being on the Statute-book, we have not succeeded in getting rid of this bribery to any appreciable extent. We cannot get rid of a thing merely by saying that it is bad. In order to get rid of it, something more effective has to be done. If we find that a particular remedy has not proved successful, then we must think of a better remedy and not merely be contented by repeating the same old thing. According to our present law, both the man who gives the bribe and the man who receives the bribe are offenders and punished. Do you know why the law relating to bribery is not effective ? Because the man who has offered the bribe gets involved also to the same extent as the man who has taken it. So, you make the proof of the bribe impossible by making that law. You make both of them culprits at the same time. Therefore, my point is that the same sort of mistake is being committed in this clause. And if we have learnt anything by our experience in finding out that the law of bribery has been ineffective for so many years in spite of the law being on the Statute-book, then we should try to recast this clause in some other way so as to make it more effective. If we cannot think of any other way, then I think it is futile to protest against it. You may protest as long as you like but I am sure those persons who are interested in this big business will carry on this nefarious trade in spite of the righteous indignation which my friend, Mr. Satyamurti, exhibited here. I am very glad that he has expressed himself strongly and taken up an attitude of opposition to it. All that I have to say in conclusion is that I do not stand for this rebate and I do not want it.

Mr. Sham Lal : Sir, Mr. Bajoria complained yesterday that there was an unholy alliance between the Government and the Congress Benches.

Babu Baijnath Bajoria : I did not say that.

Mr. Sham Lal : You did say that. He said that there was an alliance which he condemned. Does he want our alliance ?

Babu Baijnath Bajoria : I do not want your alliance at all.

Mr. Sham Lal : We are not going to give you our alliance.

Babu Baijnath Bajoria : You have stooped low.

Mr. Sham Lal : We have stooped low and Mr. Bajoria wants to defend fraud and theft. This rebating is nothing short of theft and so far as the Honourable Mr. Aney is concerned, he has also condemned it.

Babu Baijnath Bajoria : Does your own company Bharat give this rebate or not ?

Mr. Sham Lal : The company does not give it and if the insurance agents give it, I condemn it and the practice must be stopped. You yourself are the Managing Agent of so many companies and I think my Honourable friend, Mr. Sri Prakasa, was quite right when he said that you should be taken to the abattoir by the Honourable the Law Member. The Managing Agents who can encourage and can support such frauds are not doing their duty properly. Even my Honourable friend, Mr. Aney, wants that there should be some effective remedy against rebating. Sir, it is a well-known fact that this is a bad practice but it was reserved for the Honourable Mr. Bajoria to commend it and to say in this House that rebating is a desirable practice. Does he want our alliance to support this practice ? He only wants that the Government and the Congress should always be at loggerheads and he should walk arm in arm with the Law Member to the Government lobby. This is what he desires. He only wants to give a demonstration of his loyalty. He only wants the Law Member to walk with him in the Government lobby, but when important interests are at stake, he keeps silent. He walks into the Government lobby when repressive laws are being opposed and when Resolutions with regard to repressive laws are being debated. Then he wants to make a demonstration of his loyalty. But when fraud is to be defended here, he comes forward and says that he is a great business man and that he is a Managing Agent of so many companies.

Mr. T. Chapman-Mortimer : On a point of order, Sir. Is it in order for one Honourable Member to talk in this fashion about another Honourable Member ?

Mr. President (The Honourable Sir Abdur Rahim) : If the Honourable Member has used any unparliamentary language and if my attention is drawn to it, I will certainly take notice of it.

Mr. Sham Lal : I do not want to use harsh language against my Honourable friend, Babu Baijnath Bajoria. He complained against alliance between the Congress and the Government. If the Government wants to stop fraud, the Congress is not ashamed to make common cause with the Government in removing fraud, whether it be on the part of businessmen or on the part of anybody else. I may perhaps remind the House of the advice which Mahatma Gandhi gave to a certain person. That person said : " Well Mahatmaji, I have given an assurance to the Kapurthala State that I would not take part in politics and I have also given security for Rs. 2,000. Now, I want to take part in politics. Can

I do so in spite of the assurance which I gave to Kapurthala State " ? What was the advice which Mahatma Gandhi gave to that person. He said, " You should not break your promise. If you want to break your promise, give an application to the Kapurthala State with a currency note for Rs. 2,000. You cannot break your promise in such a light hearted way ". If Government really want to stop these frauds and these malpractices, whatever may be the experience of my Honourable friend, Mr. Bajoria, we, the Congress, would certainly make an alliance with the Government and root out this evil. We are not ashamed of our conduct. It does not lie in the mouth of my Honourable friend, Mr. Bajoria, to blame us. Now, Sir, he wants to defend rebate. He says that the man who gives the rebate says, ' dont tell it to anybody '. According to my Honourable friend really everybody gets the rebate. If that is the practice then why not lower the premium because it will then be for the benefit of all. There would be no fraud. If in the market, my Honourable friend, Mr. Bajoria, has a shop and if he has got different rates for different people, is it honest business ? In the case of rebate, a clever man might get a rebate, but a poor man or an ignorant man may not get the rebate. My submission is that there cannot be any Honourable Member of this House who could really defend rebate. While people are devising ways and means of stopping this rebate, I am surprised that any Honourable Member should come forward and openly encourage and defend this malpractice. I could never imagine that my Honourable friend, Mr. Bajoria, would descend so low and try to defend the undefendable thing. I now come to understand his position. His position is clause 37 should be omitted, agents should be unlicensed ; rebate should be allowed. These are the sort of amendments which my Honourable friend, Mr. Bajoria, is putting forward. I can liken his position to that of a man who is a perpetual litigant whom we generally find in Courts. When he is shown his promissory note which he executed, he will say : " my signature is a forgery ". If it is proved that the signature is genuine, then he will say, ' no doubt, I executed the promissory note, but no consideration passed for the same ". If it is then proved that he did receive consideration, he will say, " that is an old debt, some deduction should be allowed to me ". If some deduction is allowed, then he will say, " I am a poor man, instalments should be allowed to me ". In this way the litigant would plead. Similar are the pleadings of my Honourable friend, Mr. Bajoria. He is putting up hurdles after hurdles at every step against this insurance law so that this insurance law may not be passed. I thought the Honourable Member gave an extension of three years to Managing Agents. In spite of that my Honourable friend wants that the agents and canvassers should be unlicensed and that they should be let loose upon the poor people giving rebate of premium. This is all my friend wants. I, therefore, submit that we should not listen to the pleadings of Mr. Bajoria. We are not afraid, nor ashamed of any alliance between two parties to put down these frauds whatever Mr. Bajoria might say. I can understand there can be difference of opinion between people ; they can hold different views on various subjects, but with regard to this question of rebate, there can be no two opinions.

Now, Sir, with regard to the position taken up by my Honourable friend, Mr. Aney, the respected Leader of the Congress Nationalist Party, I thoroughly agree with him that there cannot be any effective remedy for any evil. But I submit we should make a beginning and we should try to stop this malpractice. In the case of bribery also people are punished. I

[Mr. Sham Lal.]

want to remind my Honourable friend that businessmen are generally very much afraid of committing any offence. They are afraid of being punished in Courts of law. You can go through their account books. You will find rebates entered in their account books. It is very difficult for them to conceal these malpractices. If there is no law prohibiting these malpractices of rebate, these businessmen would go on merrily just as Mr. Bajoria said just now, " everybody said, don't tell it to any body, don't tell it to anybody ". Does he want this malpractice to continue indefinitely ? I think we should unanimously support the retention of this clause in the Bill. I do not think there is any difference of opinion in the House about this rebate being a malpractice and a fraud upon the people and it is a fraud upon the policy-holders.

Mr. Bhulabhai J. Desai : Mr. President, I am aware of the tribe to which my Honourable friend, Mr. Bajoria, belongs and it is not my desire to examine anything that he said personally, but for the fact that he let fall two or three observations which I think it is my duty to answer and place my views before the House, I should not have thought it right to occupy the time of the House. The position is this : apart from the kind of things which my Honourable friend, Mr. Bajoria, thinks is being done every day and he may take it from me that I know even more than what he has chosen to confess in this House, for I have defended more persons in criminal Courts than perhaps he is aware of, but, none-the-less, I am one of those who believe that efforts should be made by legislation to prevent evasion of the law to the extent to which it is in our power so to do, I am, therefore, not at all deterred from supporting the existence of this clause by the fact that he knows a thing or two how to evade it. But let me remind him that I know two or more things by which to pursue the evader in every way so that there may be no means of evasion. In spite of the fact that he has taken the House into confidence, I do not propose to go to his school to learn some more ways of evasion at all. What we want to do here is this. My Honourable friend yesterday voted against the limitation of commission to the canvasser. I was wondering why he did that. Now I begin to appreciate that because the more the canvasser gets, the more will the insured of the kind that my Honourable friend refers gets. The whole object of not limiting the commission is to get a lion's share of it himself, *i.e.*, insured. May I point out to him that this is a vicious circle. If he is going to be the insured, as he says he is, he will say ' give him the entire 100 per cent., the whole of the first year's premium to the insurance agent '. In that case the insured—in this case my Honourable friend—gets 90 per cent. rebate by saying, " I am a very stiff client, these other fellows are soft people, probably they will be content with 30 per cent. or 40 per cent., but in my case nothing doing ". I will assume for the purpose of argument that he has succeeded in this. What does it indicate ? It indicates that he ought to have voted for ten per cent. instead of 40 per cent. to which he was objecting. For if 40 per cent. is still going to leave a margin to give rebates to my Honourable friend.....

Babu Baijnath Bajoria : On a point of personal explanation, Sir ?

Mr. Bhulabhai J. Desai : Neither do I want a personal explanation from my Honourable friend nor do I have any thing to explain. I propose to expose the whole theory behind all these unlicensed agents leading in

this case to anlicenced amount of rebate. (Hear, hear.) That is what I propose to point out in a moment. You object to voting for 45 per cent. even though that still left you with a margin which you propose to take yourself. Why not be straightforward and say give him 30 per cent. which is due for his labour so that the company will be left with the remaining 15, and let the company then honestly publish another table reducing their premia by Rs. 15, and then I and he will get an equal benefit. But he wants an unequal benefit, the benefit of a man who can beat down and beat down and can get more and more. That sort of unscrupulous inequality we do not want and we shall not stand. I know another thing, that whatever he may say in this House about ways and methods of evading it, many of that class if they are fined one rupee and asked to sit down in Court till the rising of the Court, they are unable to show their face in their own community. And I am quite certain that, if this law is enacted, there will be a conflict between greed on the one hand and *izzat*, formal respectability, on the other, and I have not the smallest doubt that *izzat* will win. The point in short is this that we have done our best to limit the commission. My friend's statement today shows that if he were more honest in the matter of this legislaion,—not personal honesty —of which I am not talking,—what he ought to have done was to move an amendment reducing the 45 per cent. of the rebate which he is now getting and which I do not know. Because, supposing he was getting 20, I think it was up to him to say, " 25 per cent. is a good return for labour, the other 20 comes to me. So I take it the other way about ". After all Rs. 100 start from you as the insured, and it goes to the insurer, then the insurer pays 45 out of it to the agent and then 20 of that finds its way to you. Why should that devious method be allowed in any trade or business I fail to understand. I, therefore, say this, that we believe in the more honest and the more straightforward course ; give to the agents exactly what is due to them for their services and leave no margin for this kind of thing to be done, namely, that he having got 45 gives you 15 if I am a soft client and him 20 if he is a hard one as he is, give perhaps 10 to a still more soft one and gives nothing to the poor. That is a kind of thing which I hope we shall not lend our aid to legislate. Therefore, we have done right and we stand justified today in the eyes of all my friends here against limiting commissions. For, as soon as it is pointed out that the man the insurance agent has got a margin to pay you back his commission is more than his true remuneration for labour. That is the first point. The second point is that if there is any way of preventing that commission being paid back, because the commission is voted for the insured as reward for his labour, it is for the company to see whether he gets more than his labour and the company ought not to let loose people who, out of their supposed remuneration, unequally treat their clients. I think it is a kind of fraud which the insurer should not lend himself to, either as between his own agents and their respective clients, Bajoria and so on, or as between the different companies. And it is time that this House took notice of the method which is going on, because I know that there are men who get more. I know that there are men with their gradation getting less and less until the poor man, the Rs. 500 *policywallah* gets nothing at all. To him a paper is shown and he is told that there can be a contract on no other terms. Nobody wants any evasion of law for getting the benefit of this, and we want to prevent it. Not only that but we want to have

[Mr. Bhulabhai J. Desai.]

licensed agents. We do not want these men being unlicensed without any check upon them who would lend themselves to the kind of device which is put forward before this House ; and I hope and trust that if there is any evasion by any insurance agent of section 36 which is the subject matter of this discussion, it should be and will be one of the disqualifications of his continuing as a licensed agent for the purposes of insurance. So that, he may remember that this House by means of sections 35 to 38 has devised a scheme,—and I commend it to my Honourable friend, Mr. Aney, although it may not be perfect,—which if carried out as I expect they will be carried out notwithstanding the methods known, I have no doubt an attempt to evade it will not be made if there is even a penal provision of Rs. 50 fine. For I am quite certain that as against a fine of Rs. 50 to be paid as condemnation in open Court, very often a rebate would have to be given up reluctantly. I suggest to the House that the scheme in clauses 35 to 38 is an attempt to make business more honest, more straightforward, and if we have not succeeded in evading or avoiding or eradicating all fraud, let us make at least the best effort to do so.

Several Honourable Members : The question may now be put.

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

"That the question may now be put."

The motion was adopted.

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

"That clause 36 of the Bill be omitted."

The motion was negatived.

Mr. S. C. Sen (Government of India : Nominated Official) : Sir, I beg to move :

"That in clause 36 of the Bill, after the word 'insurer', occurring in the first line, the words 'no employer of an insurance agent licensed under section 37' be inserted."

I do not think it is necessary to explain the purpose of this amendment. It only supplies one of the gaps which was in the section. It is really consequential to the amendment of Mr. Chapman-Mortimer which was carried yesterday by the House.

Sir, I move.

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

"That in clause 36 of the Bill, after the word 'insurer', occurring in the first line, the words 'no employer of an insurance agent licensed under section 37' be inserted."

The motion was adopted.

Mr. T. Chapman-Mortimer : Sir, I beg to move :

"That in sub-clause (1) of clause 36 of the Bill, for the words 'take out or renew a policy of' the words 'effect or renew an' be substituted."

This is really a verbal change and the reason for it is this. It may happen that an assured takes out a policy for (say) a thousand rupees and later on he increases it to Rs. 10,000, and thereby, the whole effect of this clause will be evaded. It is for that reason that we suggest that the proper insurance phrase "effect" should be used instead of "take out". If that were done, anyone who first took out a policy for Rs. 1,000 and subsequently increased it to Rs. 10,000 in the hope of evading the section would be prevented from doing so.

Sir, I move.

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

"That in sub-clause (1) of clause 36 of the Bill, for the words 'take out or renew a policy of' the words 'effect or renew an' be substituted."

Mr. S. C. Sen : Sir, we accept the amendment.

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

"That in sub-clause (1) of clause 36 of the Bill, for the words 'take out or renew a policy of' the words 'effect or renew an' be substituted."

The motion was adopted.

Sir H. P. Mody : Sir, I desire to make a verbal alternation in the amendment which stands in my name ; I have already given the amended draft to you. The amendment which I am now moving runs as follows :

"That in sub-clause (1) of clause 36 of the Bill, after the word 'insurance' occurring in the fourth line the words 'in respect of any kind of risk relating to lives or property in British India' be inserted."

I am making this amendment at the suggestion of my Honourable friend, Mr. Sen. My idea is to tighten the provision of the law. The words "take out or renew a policy of insurance", or the other words which have been just adopted, may apply only to policies taken out, effected or renewed in British India, and it might be possible for, say, a company in the United Kingdom to effect a policy in the United Kingdom on risk arising in British India, give a rebate, and, thereby, defeat the provisions of this section. It is the object of my amendment to make it absolutely certain that so long as life or property in British India is insured, then, no matter where the insurance is effected, the provision against rebate would apply. Sir, I move.

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

"That in sub-clause (1) of clause 36 of the Bill, after the word 'insurance' occurring in the fourth line the words 'in respect of any kind of risk relating to lives or property in British India' be inserted."

Mr. S. C. Sen : Sir, we accept.

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

"That in sub-clause (1) of clause 36 of the Bill, after the word 'insurance' occurring in the fourth line the words 'in respect of any kind of risk relating to lives or property in British India' be inserted."

The motion was adopted.

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

" That in sub-clause (*1*) of clause 36 of the Bill, the words ' nor shall any person taking out or renewing a policy accept any rebate ' be omitted."

In moving this particular amendment, I am really restoring the provision of the original Bill which was laid before the House. In the original Bill we provided this only for the agent but nothing for the insured. My friend, Mr. Aney, has just pointed out on the floor of the House that if you make this provision, then the proof will become impossible. Of course, we are all in favour of doing away with fraud altogether, but I think to talk of honesty in relation to the Insurance Bill is itself dishonest. If you make it all one-sided then it is possible to get a proof, and as the Law Member said very clearly in regard to the original draft it ought to be onesided. Suppose an insurance agent took an insured to the theatre, spent Rs. 200 on his entertainment, then I should like to know whether it is really a rebate, and whether it is dishonesty or bribery. Suppose he makes a present or subscribes to a fund in which the insured is interested. Will it be honesty ? It is exceedingly difficult to say whether it is rebate or dishonesty. Suppose an agent gives toys to the children of an insured or a cheque for Rs. 100. It is really a very important thing that we should make it onesided if you really want to remove dishonesty, but the moment you make it punishable in either case, Sir, as was pointed out by Mr. Aney, it is exceedingly difficult to get proof. Therefore, I move.

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

" That in sub-clause (*1*) of clause 36 of the Bill, the words ' nor shall any person taking out or renewing a policy accept any rebate ' be omitted."

Mr. Sri Prakasa : Sir, I wish to take the opportunity of coming to the rescue of my friend, Mr. Bajoria. We all know that he is the most unoffending person ; and he will not hurt a fly even if he can catch it. (Laughter.) We all know that flies go at the rate of 161 miles per hour and have over a thousand eyes ; but my friend can scarcely walk more than two miles an hour and has only two eyes. I must confess that I have much sympathy with his point of view. But I may be permitted to say just one thing of importance, which will probably appeal to him, because he is essentially a religious man. The laws that we are making today are in the nature *Dharma Sastra ;* and just as we honour *Manusmriti* today as laying down the ideal law which we are all breaking, so this law will be regarded as a *smriti* a thousand years hence, only to be broken. The law or *Dharma Sastra*—I may say with such meagre knowledge as I possess—is an expression of the ideal that rules people at a particular age. Today those who are in the position of making laws also lay down the exact ideal to which ordinary human beings should conform. The law is merely laying down that ideal. Of course, there would always be people who can get round the law, there will be people who will help others to get round the law. Our own Leader himself has just now said that he had occasion to defend many criminals in his life. In other words he was able to show these criminals the way to prove that they were not criminals at all. Mr. Bajoria need not have any fear ; he will get plenty of people in Calcutta to help him to get round the law if he should so desire. But so far as the Legislature is concerned, it wants to lay down what it thinks people should do.

So far as the particular amendment of Dr. Ziauddin is concerned, if the amendments on the order paper were to be critically examined, it would be found that I too have a similar amendment ; but I have been informed, Sir, that it is only the rich and powerful folks that are able to get these rebates and ordinary poor people do not even know that a rebate is possible. Therefore, we lay down this particular clause. I have learnt, that persons very high in service, persons who are actually judges or advocates, have tried to get rebates from agents who have gone to them for insurance business. When I found, Sir, that judges can do such things, then I thought it was time that they also had a year or two in prison where they have sent hundreds of others. I was now convinced that this is the proper thing. I hope, therefore, that Mr. Bajoria will have no objection to the Bill standing as it is because he will see that it is only the expression of an ideal : we all know that though there are so many clauses in the Indian Penal Code, we are all always breaking them. Out of 511 sections of the Indian Penal Code, I do not know how many of us are here who can say they have not broken many scores of them at least. But the law only says that persons should behave in a particular way. If they do not behave and they are caught, they are punished, and if they are not caught, the law has nothing further to say to them. Therefore, I think that if we enshrine our own ideal in the form in which this Bill has placed it, it will do good and no harm. Therefore, I oppose the amendment and support the original clause.

Babu Baijnath Bajoria : Sir, I am very sorry that the amendment which I moved with the best of motives should have been taken wrongly by the Congress Party and I am also very sorry.....

Mr. Bhulabhai J. Desai : Sir, that stage has passed : we are now on this amendment and I submit the Honourable Member must address himself to the amendment before the House.

Mr. President (The Honourable Sir Abdur Rahim) : The Honourable Member is merely replying : he has been subjected to very strong criticism and I think he is entitled to reply to it.

Babu Baijnath Bajoria : I am very sorry that the Leader of the Opposition, and the Deputy Leader of the Opposition, the Congress Party, should have spoken in the strain in which they did : I challenge them if they have the courage to repeat what they said here, outside this House and I will take them before a Court of law. Mr. Satyamurti has made an insinuation against me that my speech was made to incite people to commit fraud. If he has the courage to repeat outside the House what he has said in the House, I shall challenge him in a Court of law.....

Mr. President (The Honourable Sir Abdur Rahim) : The Honourable Member cannot issue challenges like that. He will confine himself to the subject under discussion.

Babu Baijnath Bajoria : I was only relating what the practice is, how people will be able to get out of this section ; and if by explaining that I have incurred their displeasure I cannot help it and I do not care a tuppence for it. (Laughter.) I am not accustomed to make seditious speeches like my Honourable friends...

Mr. President (The Honourable Sir Abdur Rahim) : No seditious speeches are allowed now.

Babu Baijnath Bajoria : I still say that taking a rebate is not a fraud at all : it cannot be. If willingly an insurance agent gives a part of it to conclude the business with a policy-holder, how can you call it a fraud ? With all due respect to what I have heard from Mr. Sham Lal and the two leaders who adorn the Congress front benches.....

Mr. F. E. James (Madras : European) : Have you ever got rebate from his company ?

Babu Baijnath Bajoria : I have and without asking ! (Laughter.) Mr. Sham Lal does not know. He was speaking through his hat (Laughter.).....

An Honourable Member : Through his Gandhi cap !

Babu Baijnath Bajoria : They will soon replace it by hats when they come this side.

A motive was attached to me in voting against the amendment of my Honourable friend yesterday, that I wanted more than 45 per cent. That is not the point. The point was this : I do not care whether you made it ten or 110 per cent. My point was that you were making it 45 per cent. for the bigger companies : and 55 only for companies of ten years standing : and for companies of only seven or eight years standing, in a few years they will have to compete on equal terms with the big companies, and that was not possible. It will hurt the young companies. That was the motive with which I resisted the amendment. It was not the fact that I wanted to get more. By God's grace I have got enough. (Laughter.)

An Honourable Member : But you want more !

Babu Baijnath Bajoria : I know how these leading lawyers, when clients like myself or any client goes to them, how many frivolous things they point out how to deceive and how to cheat (Laughter), and I say that without fear of contradiction.....

Mr. President (The Honourable Sir Abdur Rahim) : I think the Honourable Member has said enough about other matters. He will now confine himself to the amendment before the House.

Babu Baijnath Bajoria : You want me to speak to the amendment, Sir, while all the time they were abusing me. This amendment that has been moved by Dr. Ziauddin Ahmad also stands in the name of another Congressman, Mr. B. Das. (Laughter.) I hope that if there has been any misconception on the part of the Congress Party about my motives it has now been cleared up. I have got no personal interest, whatever, in this Insurance Bill and I am always inclined to support young companies and I am always inclined to see that a good Bill is made in the interests

of insurance business in this country. I am not a party, as my Honourable friend, the Leader of the Opposition, is, every day, to pacts : he comes here every now and then with a pact or an agreed thing. I, Sir, want to discuss everything here, frankly. We do not want that a fraud should be perpetrated on this House. (Laughter.) Every day that is being done. All the other parties, these cross and middle benches are being ignored altogether. With these words, I resume my seat.

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

"That in sub-clause (*1*) of clause 36 of the Bill, the words 'nor shall any person taking out or renewing a policy accept any rebate' be omitted."

The motion was negatived.

Mr. T. Chapman-Mortimer : Sir, I move :

"That in sub-clause (*2*) of clause 36 of the Bill, for the words 'taking out or renewing a policy' the words 'effecting or renewing an insurance' be substituted."

This is consequential on amendment No. 601. Sir, I move.

Mr. S. C. Sen : Sir, we accept the amendment.

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

"That in sub-clause (*2*) of clause 36 of the Bill, for the words 'taking out or renewing a policy' the words 'effecting or renewing an insurance' be substituted."

The motion was adopted.

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

"That clause 36, as amended, stand part of the Bill."

The motion was adopted.

Clause 36, as amended, was added to the Bill.

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

"That clause 37 stand part of the Bill."

Mr. Amarendra Nath Chattopadhyaya (Burdwan Division : Non-Muhammadan Rural) : Sir, I move :

"That clause 37 of the Bill be omitted."

When I moved for the omission of clause 35, I had in mind this clause 37, and I made it clear that clauses 35 and 37 should be taken together. In the speech of the Honourable the Law Member, for whom I have the greatest respect, he gave us to understand that the whole clause had only reference to the agents and not to anybody else that is to say neither to the special agent, nor to the organizers or to chief agents.....

The Honourable Sir Nripendra Sircar : May I rise to a point of order, and I want your ruling on this. We have passed clause 35, and in clause 35 we have used the language "licensed under section 37", and the present amendment is that clause 37 be omitted completely.....

Mr. President (The Honourable Sir Abdur Rahim) : What does the Honourable Member say to meet that point ?

Mr. M. S. Aney : Sir, when section 35 was passed there is no doubt a reference was made to clause 37 and to the language "insurance agent

[Mr. M. S. Aney.]

licensed under clause 37 ", but I believe the real effect of passing clause 35 is not that this House has sanctioned or passed clause 37 ; but the real meaning is that if this House rejects clause 37, clause 35 would be consequentially amended. Sir, clause 37 contains several provisions, and as that clause was never before the House for consideration.....

The Honourable Sir Nripendra Sircar : You can modify it.

Mr. M. S. Aney : Modification may go to the extent of complete abolition. Once the Honourable the Law Member concedes that the clauses have to be put to the House before they form part of the statute law, he will have to concede the right to make any amendments in the clauses or even to oppose them entirely. There is nothing to prevent any Member of the House from exercising his right, either to modify the clause by a little amendment here or to modify it by a little amendment there or to oppose the very principle of it. The Honourable the Law Member has already taken some risk by adjusting clause 35 which he should not have taken. As Law Member and as the Leader of the House, I thought he would have asked the President to put this clause first before any other clauses having reference to clause 37 for discussion, but as he did not do it,—I am sure the risk is not very great, and he knows it,—he cannot at any rate now make it a ground for preventing any Member from exercising his legitimate right to oppose the principle of licensing agent. I, therefore, feel that the objection cannot hold water for a moment.

Mr. President (The Honourable Sir Abdur Rahim) : Many of the clauses in the Bill are connected with each other, and it would be very difficult to say that if a clause is passed, it must necessarily have the effect of barring out amendments to other connected clauses that follow. In this case, no doubt the licensing agent or agent licensed under section 37 in clause 35 is mentioned, and the provision therein applies to him, but it is open to the House, when clause 37 is put to the House, to negative it if it so desires ; there is nothing to prevent the House from doing it. I, therefore, rule that the amendment is not barred.

Mr. Bhulabhai J. Desai : Sir, before the House rises today, I understand there is a general feeling in the House that the Bill is not likely to return to the Assembly, assuming any changes are made by the other House, and we intended to sit on Saturday in the hope of achieving the object of getting it through the House and getting it back if necessary. As it now appears that object cannot be achieved, there seems to be a general desire, if you will agree, that tomorrow may be treated as an off day.

5 P.M.

Mr. President (The Honourable Sir Abdur Rahim) : I should like to know what the attitude of the Government is.

The Honourable Sir Nripendra Sircar : Our attitude is one of strict neutrality, Sir. I leave it to the other sections of the House.

Mr. President (The Honourable Sir Abdur Rahim) : I take it that it is the general desire of the House that we should not sit tomorrow, and I take it that the Government really do not want that the Assembly should sit tomorrow.

The Assembly then adjourned till even of the Clock on Monday, the 27th September, 1937.

LEGISLATIVE ASSEMBLY.

Monday, 27th September, 1937.

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

MEMBER SWORN.

Mr. Hugh Dow, C.S.I., C.I.E., M.L.A. (Commerce Secretary).

STARRED QUESTIONS AND ANSWERS.

(a) ORAL ANSWERS.

TERMS OF SETTLEMENT OFFERED TO THE WAZIRISTAN TRIBES.

806. ***Mr. S. Satyamurti** : Will the Foreign Secretary be pleased to state :

(a) whether the terms of settlement offered by the Government of India to the Waziristan tribes, which was announced on the 26th August, 1937, have been accepted by any tribes and, if so, by whom ;

(b) whether these terms contemplate a change in the policy of Government towards these tribes ;

(c) what the reasons are why certain additional areas are now to be treated as protected areas ;

(d) whether Government propose to treat them as parts of the settled districts ;

(e) the reasons why Government do not introduce there the regular administration as in the settled districts ;

(f) whether Government propose to pursue this policy consistently with regard to all the tribes ; and

(g) whether Government have received any evidence of the likely success of this policy in contrast with their past policy ?

Lieut.-Colonel A. E. B. Parsons : (a) The Mahsud and Tori Khel Wazir Jirgas to whom the terms have been so far announced are reported to have accepted them.

(b) The terms do not contemplate any radical change in the policy of Government towards the tribes.

(c) Certain additional areas are now to be treated as protected areas because it is considered that the protection afforded to the inhabitants of these areas will render them more amenable to civilising influences and remove one of the main causes of the existing heavy tribal armament.

(d) No.

(e) Government do not propose to introduce in the protected areas regular administration as in the settled districts because such administration would be incompatible with the existing tribal organisation, would be deeply resented by the tribes, would in many cases involve the breach of our engagements with them, would be very expensive to introduce, and would be more likely to provoke tribal unrest than allay it.

(f) Government have so far only considered this policy as regards Waziristan.

(g) Yes. The policy is not a new one. Protected areas have existed for 40 years or more in the Malakand and Kurram Agencies and in the Lower Tochi Valley. The peace and prosperity which have prevailed in these areas during this time have encouraged Government to extend the system.

Mr. S. Satyamurti : With reference to the answer to clause (a) of the question, may I know if the two tribes whose names my Honourable friend has mentioned are the only two tribes to whom these terms have been offered ?

Lieut.-Colonel A. E. B. Parsons : The answer was that Government have so far only considered this policy with regard to Waziristan. There is also a protected area in the tribal area of the Ahmadzai Wazirs. I did not mention it among the areas into which it has already been introduced. The policy is being considered with reference to the whole of Waziristan.

Mr. Abdul Qaiyum : Is it not a fact that these terms have already been announced to the Waziri tribe ?

Lieut.-Colonel A. E. B. Parsons : I presume the Honourable Member is referring to the Wazirs ?

Mr. Abdul Qaiyum : Yes.

Lieut.-Colonel A. E. B. Parsons : Terms have been announced to the Tori Khel who are Wazirs.

Mr. Abdul Qaiyum : Is it proposed to offer these terms to certain other parts of the Wazir tribe ?

Lieut.-Colonel A. E. B. Parsons : I think that no other section of the Wazirs is having terms offered to it, because it is only the Tori Khel Wazirs who have been in opposition to the Government.

Mr. M. Asaf Ali : May I take it that the difference between the administration of the protected areas and that of the settled districts will be merely in name ; otherwise they would be treated more or less alike ?

Lieut.-Colonel A. E. B. Parsons : The Honourable Member may not take it so. (Laughter.)

Mr. M. Asaf Ali : In that case, with reference to the answers to clauses (d) and (e), the Honourable Member has said that the extension of the treatment of the settled districts to these protected areas would be resented by the tribes. May I take that this treatment on the basis of protection will also be resented by them ?

Lieut.-Colonel A. E. B. Parsons : I do not think so.

Mr. M. Asaf Ali : Why not ?

Lieut.-Colonel A. E. B. Parsons : Because it is entirely a different business.

Mr. M. Asaf Ali : Is it not a fact that the whole trouble in Waziristan has been largely due to the circular road that you are driving through that area, and the circular road is really a forerunner to protection and that is why these tribes are resenting it ?

Lieut.-Colonel A. E. B. Parsons : No.

Mr. Abdul Qaiyum : Certain areas have been treated as protected areas for 40 years. What is the ultimate object of the Government ? How long is it intended to keep them as protected areas ? Why not confer the benefits of settled administration on them ?

Lieut.-Colonel A. E. B. Parsons : I thought that the Honourable Member's Party did not consider that the benefits of settled districts administration were worth having. (Laughter.)

Mr. Abdul Qaiyum : The reason advanced for protection was that the tribes wanted it. Is it not a fact that the tribes prefer an administration like that we have in the settled districts at present, and not what we had before 1935, and this would extend the benefits of self-government to them ?

Lieut.-Colonel A. E. B. Parsons : The question is entirely hypothetical, but I have no doubt that Government would be very pleased but there is no prospect of the tribes asking for it.

Mr. Abdul Qaiyum : Why have not the Government extended the laws of the settled districts to the Kurram agency which has been very peaceful and has been settled for a number of years ?

Lieut.-Colonel A. E. B. Parsons : Most of the laws are already in force in the Kurram agency but they are administered tribally.

Mr. Abdul Qaiyum : I mean the Government of India Act, the benefits of self-government in local areas and all that.

Lieut.-Colonel A. E. B. Parsons : The Government of India Act applies to British India.

Mr. S. Satyamurti : What is the evidence or what are the facts in the possession of the Government, on which they have come to the conclusion, as I read from the answer given by my Honourable friend, that the present system of administration, which neither recognises their independence nor is that of settled districts, is not likely to cause as much resentment on the part of tribes as the suggestion contained in clause (c) of the question, that is, regular administration ? Have Government any information in their possession on which they have come to the conclusion that the present policy they are pursuing, which is neither the one or the other, is not likely to cause resentment among them ?

Lieut.-Colonel A. E. B. Parsons : Naturally Government can only go by the opinions of their most competent advisers.

Mr. S. Satyamurti : May I know, apart from their own advisers, if any representatives on behalf of the tribes themselves have given them any indication that the present system of administration will be likely to meet with their approval ?

Lieut.-Colonel A. E. B. Parsons : The present system of administration probably does not meet with the approval of anybody but the tribes would undoubtedly prefer it to the extension of the system of full administration.

INDIANISATION OF HIGHER POSTS IN THE GOVERNMENT OF INDIA DEPARTMENTS.

807. ***Mr. S. Satyamurti** : Will the Home Secretary be pleased to state :

(a) whether his attention has been drawn to an article entitled " The present policy of Indianisation " by Mr. Sachidananda Sinha, *ex*-Finance Member of the Bihar Government and published in the *Amrita Bazar Patrika* of the 14th July and in several other newspapers ;

(b) whether it is a fact that in the Defence Department there is not a single Indian today down to the post of Under Secretary ;

(c) whether the audit of military expenditure is proposed to be handed to a civilian of British nationality and the post of the Financial Adviser to the Department is to be filled by an imported officer from the War Office of England ;

(d) whether in the Foreign and Political Department there will shortly be no Indian holding any office of Secretary or Deputy or Under Secretary ;

(e) whether it was understood on the Report of the Lee Commission that at least 25 per cent. of the annual recruits to these departments would be Indians ;

(f) whether it is a fact that between 1924 and 1930, of the 47 recruits to these departments, only five were Indians and since 1931 no Indian has been taken ;

(g) whether to the post of Budget Officer which had been held by members of the Indian Audit Service since the period of the Montagu reforms, a member of the Indian Civil Service has been appointed, and if so, why ;

(h) the reason why no Indian has ever been appointed Finance Secretary ;

(i) the reason why in the Home Department there is no Indian today above the rank of Under Secretary ;

(j) whether it is a fact that the new post of Economic Adviser is to be entrusted to a British officer imported from abroad, and if so, why ;

(k) why in the Commerce Department more Indians are not appointed to the higher posts ;

(l) the reason why the only Indian on the Railway Board was sent away and Sir Basil Blackett's promise that there would be an Indian on the Railway Board has been violated ;

(m) why the posts of Secretary and Joint Secretary to the Legislative Department usually go to British officers, except for brief periods ;

(n) why a British journalist has been appointed Director of Public Information and another Britisher has been appointed News Editor of the Delhi Broadcasting Station ; and

(o) whether there is any policy of Europeanising higher offices at the centre as against the coming of Federation ?

Mr. J. A. Thorne : Sir, before replying to the question itself, it is my duty to refer to the suggestion which you made in the course of discussion on the original answer which I gave to this question on the 24th August last. You suggested that the Home Department might help Honourable Members to ascertain the Department to which they should address questions of this kind, by issuing an explanatory circular. Generally speaking, the Home Department is concerned with rules and policy in a matter of this kind—namely, recruitment for the services with which the Government of India are concerned : but the detailed control of services and the application of policy is the responsibility of the administrative Department concerned.

If a Member wishes to obtain particular information from various Departments with a view to addressing a question on general policy to the Department concerned with such policy, there appear to be two possible methods of procedure. The most convenient course is for the Member first to obtain the information by questions addressed to the particular Departments, and then to put his general question to the Department concerned. The alternative is for the Member to address all the particular questions to the Department concerned with general policy. If the latter procedure is adopted, however, it will often be necessary to reply that information is being collected and will be laid on the table later.

I have now collected the material for reply to this question, and lay a statement on the table.

Statement.

(a) and (b). Yes.

(c) As regards the first portion no change is contemplated in the existing arrangements whereby the audit of Military expenditure is conducted by officers of the Indian Audit Department. As regards the second portion the Honourable Member's attention is invited to the reply given on the 24th August, 1937, by the Honourable Sir James Grigg to his starred question No. 52.

(d) No. So far as the External Affairs Department is concerned, there will be one Indian Under Secretary. The Political Department is no longer the concern of the Governor General in Council.

(e) A full explanation of the position as regards Indianisation was given by Mr. H. A. F. Metcalfe during the budget discussion of 1933, *see* Legislative Assembly Debates of March 8, 1933.

(f) No. Between 1924—1930 inclusive, 17 Indian officers were recruited. In 1931 all recruitment (European and Indian) to the Department was suspended. In 1932 recruitment was curtailed by 50 per cent. In 1932—1936 inclusive, five Indian officers have been recruited.

(g) The attention of the Honourable Member is invited to the reply given on the 25th August, 1937, by the Honourable Sir James Grigg to part (e) of Mr. C. N. Muthuranga Mudaliar's starred question No. 107. The post is not reserved for members of any particular service.

(h), (i) and (k). The qualifications of all officers, whether Indian or European, for the posts mentioned, are fully considered. The difficulty in appointing Indian officers of the requisite seniority and experience has been fully explained in the speech of the Honourable Mr. Maxwell in the Council of State on the 15th March, 1937.

(j) An offer of the appointment has been made to a European economist but the Government of India are not yet aware whether it has been accepted.

(l) If the reference in the first part of the question is to Sir Raghavendra Rau, he relinquished charge of the post of Financial Commissioner of Railways as his tenure expired in April last. As regards the second part, presumably the Honourable Member is referring to the speech of the Honourable Sir Basil Blackett recorded on pages 1541 and 1542 of the Legislative Assembly Debates, dated 25th February, 1925. If so, I do not think that the statement amounts to a promise in the terms suggested.

(m) Vacancies in the posts referred to are filled by the selection of the officer conceived to be best fitted for one appointment. Since 1920 there have only been three permanent vacancies in the office of Secretary, three in the office of Joint Secretary and two in the office of Additional Joint Secretary. One of the permanent vacancies in the office of Additional Joint Secretary was filled by an Indian.

(n) So far as the first part of the question is concerned, Government have appointed Mr. Henessy as Director, Public Information, because, having regard to all the qualifications required, they consider him the most suitable selection. As regards the second part, the post of the News Editor, All-India Radio, was simultaneously advertised in England and in India. The Federal Public Service Commission reported that they were disappointed with the quality of candidates who appeared before them and could recommend only two as being possibly suitable for the appointment. The Selection Committee in the High Commissioner's Office interviewed seven candidates and strongly recommended Mr. C. J. Barns. After full consideration the Government of India decided to appoint Mr. Barns to the post.

(o) No.

Mr. S. Satyamurti : May I know what is the answer to part (i) of this question ?

Mr. J. A. Thorne : The reply to parts (h), (i) and (k) is this :

"The qualifications of all officers, whether Indian or European, for the posts mentioned are fully considered. The difficulty in appointing Indian officers of the requisite seniority and experience has been fully explained in the speech of the Honourable Mr. Maxwell in the Council of State on the 15th March 1937."

Mr. S. Satyamurti : May I know what attempts are being made to get over these difficulties, and to secure a more adequate supply of qualified Indians in the various departments of Government ?

Mr. J. A. Thorne : I think the difficulty will remedy itself in a short space of years.

Mr. M. Asaf Ali : Are there any Indians under training now for these posts ?

Mr. J. A. Thorne : There are none under training in the Home Department of the Government of India.

Mr. T. S. Avinashilingam Chettiar : What are the difficulties that Mr. Maxwell expressed ?

Mr. President (The Honourable Sir Abdur Rahim) : The Honourable Member had better read that statement.

REFORMS FOR AJMER-MERWARA.

808. ***Rai Bahadur Seth Bhagchand Soni** : (a) Is the Home Secretary aware that the citizens of Ajmer-Merwara are greatly concerned and agitated over the fact that while other Provinces in British India are enjoying a very large measure of responsible administration they are to remain deprived of any democratic form of Government ?

(b) Will the Home Secretary explain for what sins of omission or commission, if any, are the people of Ajmer-Merwara not being treated on a par with their brethren in other British Indian Provinces ?

Mr. J. A. Thorne : (a) I am not aware of any general concern or agitation.

(b) None, either of omission or commission.

Mr. Abdul Qaiyum : Is it the intention of the Government to force the people of Ajmer-Merwara to follow the example of the Frontier Province ? That is the way whereby Government will become aware of the agitation—to rise in open rebellion, before you grant reforms ?

Mr. J. A. Thorne : I do not understand the question.

Mr. Abdul Qaiyum : The Honourable Member said that he was not aware of any desire on the part of the people in the area for reforms. I want to know whether the object of the Government is to force these people to follow the example of the Frontier and start a new movement like the Red Shirt movement, before they become aware of the agitation ?

Mr. President (The Honourable Sir Abdur Rahim) : That is an argument.

Mr. S. Satyamurti : Is the fact that there are no sins of commission or omission on the part of the people of Ajmer-Merwara the reason why they are not placed on the same footing as other provinces with respect to reforms ?

Mr. J. A. Thorne : Well, Sir, that is a big question to which, I think, an answer cannot easily be given in reply to a supplementary question. But there are later questions the answers to which will throw a light on this subject.

ADMINISTRATION OF AJMER-MERWARA.

809. ***Rai Bahadur Seth Bhagchand Soni** : Will the Home Secretary lay on the table a comprehensive statement of how Ajmer-Merwara is

governed at present in all its various departments and what is the precise significance of its administration having been transferred to the Home Department ?

Mr. J. A. Thorne : I am prepared to give an oral answer. The position is that any particular subject arising in the Province is dealt with in the Government of India Secretariat by the department which is concerned with that subject. Matters of general administration are dealt with by the Home Department. The Foreign and Political Department ceased to have any dealings with the administration of the Province on the introduction of the Government of India Act, 1935, because neither the Political Department nor the External Affairs Department is now concerned with it.

REFORMS FOR AJMER-MERWARA.

810. ***Rai Bahadur Seth Bhagchand Soni** : (a) Is the Home Secretary prepared to consider the question of reforms for the Province of Ajmer-Merwara ?

(b) If so, will he state whether the matter is likely to receive his attention in the near future ?

Mr. J. A. Thorne : With your permission, Sir, I will answer this question and No. 812 together.

As the Government of India Act was passed so recently and the position of Ajmer-Merwara in the new constitution was decided, after careful consideration of all points of view, the Government of India consider that it would be premature to examine the question.

Mr. Abdul Qaiyum : Did the Government consult the people of Ajmer-Merwara before they decided to exclude them from the benefits of this Act ?

Mr. J. A. Thorne : I do not think there was any direct consultation between the Government of India and the people of Ajmer-Merwara but certainly the views of the people were conveyed to them by the Agent to the Governor General.

Mr. Abdul Qaiyum : What in direct methods did the Government of India adopt to ascertain the wishes of the people ?

Mr. J. A. Thorne : The method was through the head of the Local Government.

Sir Cowasji Jehangir : Is the present administration of Ajmer-Merwara in keeping with the recommendations of the Round Table Conference ?

Mr. J. A. Thorne : I must ask for notice.

Mr. S. Satyamurti : Did the Agent to the Governor General recommend that the people of Ajmer-Merwara should not come within the scope of these reforms ?

Mr. J. A. Thorne : He recommended that the position should be as it is under the Government of India Act.

Seth Govind Das : What was the reason for it ?

Mr. J. A. Thorne : One of the reasons was the impracticability of any alternative that had been suggested at the time.

Mr. Lalchand Navalrai : May I know whether the reason is that Ajmer-Merwara is considered a backward province ?

Mr. J. A. Thorne : It is treated exactly like other Chief Commissioners' Provinces.

Mr. M. Asaf Ali : As Delhi happens to be exactly in the same boat as Ajmer-Merwara but slightly more advanced, I think, and not in close proximity to any States, is anything likely to be done to that province ?

Mr. J. A. Thorne : I suggest that the position of Delhi does not arise.

Mr. S. Satyamurti : Is the fact that Ajmer-Merwara has the States of Princes adjoining it, the reason why no progress is being made ?

Mr. J. A. Thorne : I do not think that is correct.

Prof. N. G. Ranga : Have any representations been received from local associations asking for an extension of the reforms to Ajmer-Merwara.

Mr. J. A. Thorne : We received a report of a meeting held, I think, in February last, but the recommendation of that meeting was, to the best of my recollection, that Ajmer-Merwara should be merged in the United Provinces.

Mr. Abdul Qaiyum : Did the Government consult the rulers of the neighbouring States when the question of reforms was being discussed for this province ?

Mr. J. A. Thorne : I must ask for notice.

Mr. S. Satyamurti : Have the Government consulted people of the Ajmer-Merwara about their own political future ?

Mr. J. A. Thorne : I have already answered that.

Seth Govind Das : The Honourable Member has just said that the Government have received representations asking for the amalgamation of Ajmer-Merwara with the United Provinces. Are Government going to do that ?

Mr. J. A. Thorne : I think that will more suitably be asked on an answer which I am giving later.

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

REPORT OF THE ASHWORTH COMMITTEE ABOUT ADMINISTRATIVE AND JUDICIAL REFORMS IN AJMER-MERWARA.

811. ***Rai Bahadur Seth Bhagchand Soni** : (a) Will the Home Secretary please state whether it is a fact that as far back as 1921 a committee under the Chairmanship of Mr. Ashworth was appointed by the Government of India to consider and report about administrative and judicial reforms in Ajmer-Merwara ?

(b) Will the Home Secretary state what action was taken on the recommendations made by the Ashworth Committee ?

Mr. J. A. Thorne : (a) Yes.

(b) The principal proposal of the Committee was that Ajmer-Merwara should be merged in the United Provinces. The Government of India consulted the Government of the United Provinces on this proposal. The latter Government opposed it : and the proposal was dropped.

Mr. S. Satyamurti : Will the Government now consult the United Provinces Government on the proposal of this Committee to include Ajmer-Merwara in the United Provinces ?

Mr. J. A. Thorne : That will be considered.

Pandit Lakshmi Kanta Maitra : May I ask what is the date when the United Provinces Government was consulted as to the amalgamation of Ajmer-Merwara with the United Provinces ?

Mr. J. A. Thorne : The Committee reported in 1921, I think, and the United Provinces Government were consulted shortly after that.

Pandit Lakshmi Kanta Maitra : Was no proposal made to the United Provinces Government after 1921 for the amalgamation of Ajmer-Merwara with that Government ?

Mr. J. A. Thorne : No proposal was made by whom ?

Pandit Lakshmi Kanta Maitra : By the Government of India ?

Mr. J. A. Thorne : I think not, but I am not certain.

Sir Muhammad Yakub : Have the Government considered the scheme of transferring the Benares and Ghazipur Divisions of the United Provinces to Bihar and giving Ajmer-Merwara to the United Provinces Government and will Government consult the Government of the United Provinces on this scheme ?

Mr. J. A. Thorne : I should like to have a notice of that. I am not certain what the answer is.

Mr. Mohan Lal Saksena : Am I to understand that if the United Provinces Government had not opposed the recommendations of the Committee, the Government of India would have given effect to them ?

Mr. J. A. Thorne : I cannot say.

REFORMS FOR AJMER-MERWARA.

†812. ***Rai Bahadur Seth Bhagchand Soni** : Does the Home Secretary propose to consider the advisability of appointing another expert Inquiry Committee to suggest how best Ajmer-Merwara can participate in the reforms granted to other British Indian Provinces under the Government of India Act, 1935 ?

HILLS STATIONS WHERE BRITISH TROOPS GO IN SUMMER.

813. ***Mr. Badri Dutt Pande** : Will the Defence Secretary be pleased to state the name and number of hill stations in India where British troops go during summer ?

Mr. C. M. G. Ogilvie : There are 17 hill stations to which British troops are sent every year, *viz.*:

Cherat.	Chakrata.
Murree Hills Area.	Landour.
Dalhousie.	Ranikhet Area.
Jutogh.	Darjeeling Area.
Solon.	Pachmarhi.
Dagshai.	Purandhar.
Kasauli.	Mount Abu.
Sabathu.	Wellington.
	Kailana.

Seth Govind Das : May I ask how much does it cost for sending the British troops every year to these hill stations ?

Mr. M. Asaf Ali : May I ask if there are no hill stations for the Indian troops ?

Mr. C. M. G. Ogilvie : There are no hill stations specifically set aside for Indian troops.

Mr. K. Santhanam : What is the proportion of the British troops that are stationed in these hill stations ?

Mr. C. M. G. Ogilvie : If the Honourable Member waits till the subsequent question is answered, he will get a reply to his question.

Mr. S. Satyamurti : May I ask if all these hill stations are used every year and if all these British troops go to these hill stations at one time or the other during the year ?

Mr. C. M. G. Ogilvie : No, Sir. Those hill stations are used every year, but all British troops do not go to them by any means.

BRITISH TROOPS GOING TO HILL STATIONS.

814. ***Mr. Badri Dutt Pande** : Will the Defence Secretary please state the number of British troops that went to the hills during the last three years and the cost of movement of troops to those hill stations ?

†For answer to this question, *see* answer to question No. 810.

Mr. C. M. G. Ogilvie : The movement of troops is carried out by Army Headquarters when the number to be moved is over 20. If it is less than that number the movement is made under the orders of the local military authority. Without consulting all local military authorities it is not possible to supply the information asked for. There are no statistics available for 1934-35 as this item was not shown separately in the accounts in that year. The number of British troops moved to the hills by Army Headquarters in the years 1935-36 and 1936-37 were 14,127 and 13,426. These constitute by far the greater part of the movements.

As regards the cost of these moves during the two years the accounts do not show separate figures for troops and families of the troops. The figures for both items altogether in the years 1935-36 and 1936-37 were, respectively, Rs. 4,09,191 and Rs. 3,86,999.

Seth Govind Das : In view of the fact that the Provincial Governments are now thinking of stopping the hill exodus and even a proposal is going on to stop the Simla exodus, will Government think it desirable to stop this movement of military from the plains to the hills and thus stop this useless expenditure ?

Mr. C. M. G. Ogilvie : This matter is not parallel to the example quoted by the Honourable Member.

Seth Govind Das : Is it or is it not a fact that only a small proportion of the British Army is being sent to hill stations and is it not a fact that most of it still remains in the plains ? If it is so, will it not be advisable to stop this exodus of British troops and thus stop this useless expenditure ?

Mr. C. M. G. Ogilvie : No, Sir. The expenditure is not useless.

Mr. Abdul Qaiyum : Will it not be cheaper to send the British troops to England during the summer ?

Mr. C. M. G. Ogilvie : No, Sir.

Pandit Lakshmi Kanta Maitra : May I know from the Honourable Member why a particular portion of the troops is not being sent to the Hills and what is the principle behind it ?

Mr. C. M. G. Ogilvie : There is no selected portion. It depends largely upon whether the cantonments in which British troops are stationed are (a) very hot and (b) fairly close to a hill station.

Sir Cowasji Jehangir : Is it not a fact that these troops are sent to the hills to recoup their health ?

Mr. C. M. G. Ogilvie : Yes, Sir.

Seth Govind Das : Even from these cantonments which the Government consider to be very warm, only a small portion of British troops are sent to the hills and not all. Under those circumstances, will it not be advisable to stop this hill exodus and save the money ?

Mr. C. M. G. Ogilvie : No, Sir.

Mr. President (The Honourable Sir Abdur Rahim) : The Honourable Member had already put that question.

Mr. S. Satyamurti : With regard to the number of British troops who were sent last year and who were, I think, removed under the orders of the Army Headquarters, may I know, if, in addition to them, any other troops were moved to the hill stations under the command of the local Army Commanders and, if so, what is their number ?

Mr. C. M. G. Ogilvie : I have answered that question.

Mr. M. Asaf Ali : These British troops, as my Honourable friend has admitted, were moved to the hill stations on account of health. May I take it, then, that the health of the British forces in India is generally very low and therefore they are unsuitable for staying in India ?

Mr. C. M. G. Ogilvie : No, Sir.

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

CIVILIAN EXECUTIVE OFFICERS IN CANTONMENTS.

815. ***Mr. K. M. Jedhe** : (a) Will the Defence Secretary please state the total number of civilian Executive Officers employed in the Cantonment Department at the present moment with the following particulars in respect of them :

(i) rate of salary ;

(ii) present age ;

(iii) educational qualifications ;

(iv) length of service ;

(v) how many of them were appointed before the Cantonment Amending Bill of 1936 was passed ; and

(vi) names and the cantonment they are attached to ?

(b) Do Government propose to exempt any of the Executive Officers from the next departmental examination who have been appointed as Executive Officer from a subordinate position and have been employed in the Cantonment Department for many years ?

(c) Is it a fact that young graduates related to high Government officials or military contractors are being directly appointed to the post of civilian Executive Officers with a nominal training only ?

(d) Are Government aware that for want of training and intimate knowledge of Cantonment Acts and regulations these Executive Officers are entirely dependent on their staff ?

Mr. C. M. G. Ogilvie : (a) 36.

(i), (ii), (iii), (iv) and (vi). I lay on the table a statement containing the required information.

(v) 29.

(b) No. It is not permissible under rule 8 (1) of the Cantonment Executive Officers Service Rules, 1937.

(c) No, the Honourable Member is misinformed.

(d) In view of reply to part (c), the question does not arise.

Statement.

Serial No.	Name.	Cantonment to which attached.	Rate of salary.	Present age.	Educational qualifications.	Length of service.
			Rs.	Years.		Years.
1	Captain H. R. Wise	Kirkee	500	48	Educated and passed through "Rose Hill" School in England.	11
2	Mr. T. M. Nasar	Abbottabad ..	430	42	Upto Senior Cambridge Examination.	8
3	Mr. Mohd. Subhan	Saugor	310	50	Upto Matriculation standard ..	7½
4	Mr. Shahbaz Khan	Ambala	400	35	M. A.	7
5	Subedar Mela Ram Sondhi ..	Chakrata.. ..	400	43	Matriculate	6
6	Jemadar Attar Singh	(On leave) ..	340	41	Higher Standard English Examination of the Army.	6
7	Mr. Mahesh Prasad Tiwari ..	Shillong	300	46	Matriculate	6
8	Captain H. C. Levitt	Aurangabad ..	400	42	English Architect and chartered surveyor. Has English Public School education.	6
9	Mr. C. Pearce	Belgaum ..	330	51	Army first class certificate of Education.	4½
10	Mr. Mohd. Abdulla Khan ..	Allahabad ..	300	36	Matriculate	4

11	Mr. I. C. Gray	Ahmednagar ..	500	36	Architect and Engineer	1
12	Rai Sahib Risaldar Lakhmi Chand Dutt.	Naini Tal ..	200	54	Matriculate	8½
13	Rai Sahib Mansa Ram	Jutogh	180	53	Non-Matric	7
14	Bakhshi Prailad Singh	Hyderabad (Sind)	250	35	B. A.	7
15	Mr. Manohar Lall	Benares	250	52	Matriculate	6½
16	Mr. Mohd. Zaman Khan	D. I. Khan ..	250	33	B. A., LL.B.	6
17	Mr. M. A. Ahad	Jhelum	300	50	No university qualifications ..	6
18	Mr. Anant Ram	Mardan	200	42	Matriculate	5½
19	Mr. Khushdil Khan	Cherat	200	44	Matriculate	5½
20	Mr. M. M. Shourie	Amritsar ..	200	34	B. A.	5½
21	Mr. Nand Lal Bery	Dalhousie ..	175	47	No university qualification ..	5
22	Mr. Sardar Ali	Risalpur	250	40	Upto Matriculation Standard ..	5
23	Mr. S. L. Uberoy	Bakloh	170	45	B. A.	4
24	Mr. Rawail Singh	Dharamsala ..	165	48	Matriculate	3½
25	Mr. Narottam Singh	Kamptee.. ..	165	31	B.A., LL.B.	3½
26	Mr. M. G. Kaher	Dehra Dun	160	23	B.A.	2
27	Mr. Panna Lal Kumar	Delhi	155	25	B.A., LL.B.	2
28	Mr. Karamatullah	Murree	155	30	B.A., LL.B.	1½

Serial No.	Name.	Cantonment to which attached.	Rate of salary.	Present age.	Educational qualifications.	Length of service.
			Rs.	Years.		Years.
29	Mr. Avtar Singh Puri	Ferozepore	155	26	B.A., LL.B.	1½
30	Mr. Bhagwant Singh Kohli	Kohat	155	26	B.A., LL.B.	1½
31	Mr. Satya Dev Bogra	Bannu	150	22	B.A.	1
32	Mr. Ram Dev Handa	Muttra	150	27	B.A., LL.B.	8 months.
33	Mr. R. Som Dutt	Kasauli	150	28	M.A. (Cantab.)	8 months.
34	Mr. Gajendara Singh	St. Thomas Mount	150	24	M.A.	7 ,,
35	Mr. Masud Ali Khan	Campbellpore	150	26	M.A.	7 ,,
36	Mr. S. K. Rizvi	Shahjahanpur	150	24	M.A., LL.B.	5 ,,

APPOINTMENT OF CIVILIAN EXECUTIVE OFFICERS IN CANTONMENTS AND FEE CHARGED BY THE DOCTOR OF THE CANTONMENT HOSPITAL AT DAGSHAI FROM MILKMEN AND HAWKERS OF FOODSTUFFS.

816. ***Mr. K. M. Jedhe** : (a) Will the Defence Secretary please state if the appointments of civilian Executive Officers are made at present by the Director of Military Lands and Cantonments and whether he is prepared to appoint a selection committee composed of officials and non-officials for the selection of civilian Executive Officers ?

(b) Will Government please state if any additional remuneration is granted to Head Clerks of Cantonment Offices who are training the Executive Officers in their work ?

(c) Will Government please state why the doctor in charge of the Cantonment Dispensary at Dagshai cantonment has been allowed to charge his fee from milkmen and other hawkers of foodstuff, and is it a fact that he draws an allowance from the Cantonment Fund besides his pay as an Indian Subordinate Medical Department officer ?

Mr. C. M. G. Ogilvie : (a) No. I refer the Honourable Member to Rule 5 of the Cantonment Executive Officers Service Rules, 1937, under which appointments to the Service are made by the Central Government by selection from among candidates recommended by the Federal Public Service Commission.

(b) No. The Executive Officers are not trained by their head clerks.

(c) I have called for the required information from the local authorities concerned and will lay it on the table as soon as it is received.

MEAT ALLOWED TO SOLDIERS AND CATTLE KILLED FOR THE PURPOSE.

817. ***Mr. Ram Narayan Singh** : Will the Defence Secretary be pleased to state :

(a) the amount of meat allowed to every soldier, Indian and British, every day ;

(b) the average amount of meat of all sorts required for the army in India every year ;

(c) the average number of animals required to be killed for the purpose mentioned in part (b) above every year and their kinds ; and

(d) the cost required for the purpose ?

Mr. C. M. G. Ogilvie : (a) A British soldier receives one pound of fresh meat per day. The Indian soldier receives a daily ration of two ounces of *ghee* and he is entitled to substitute meat for half of that ration if he so desires.

(b), (c) and (d). Enquiries are being made and the answer will be laid on the table in due course.

Seth Govind Das : Will Government please say how much beef and how much mutton are given to British soldiers ?

Mr. C. M. G. Ogilvie : All beef.

Babu Baijnath Bajoria : Why can it not be replaced by mutton ?

Mr. C. M. G. Ogilvie : It costs twice as much.

Babu Baijnath Bajoria : What is the extra cost ?

Mr. C. M. G. Ogilvie : I want notice.

Mr. Lalchand Navalrai : Are Hindu soldiers also supplied with beef ?

Mr. C. M. G. Ogilvie : No, Sir.

Mr. Lalchand Navalrai : How much mutton is given ?

Mr. C. M. G. Ogilvie : I want notice.

Maulvi Abdur Rasheed Chaudhury : In the case of Indian soldiers, why is *ghee* substituted for mutton ?

Mr. C. M. G. Ogilvie : It is not substituted. The Indian soldier, as the Honourable Member would have heard if he had listened to my answer, has the option of substituting meat for half his ration of *ghee*.

SEPARATION ALLOWANCE ALLOWED TO BRITISH SOLDIERS.

818. ***Mr. Ram Narayan Singh** : Will the Defence Secretary be pleased to state whether separation allowance is allowed to every British soldier serving in this country and also the purpose underlying this allowance ? Does an Indian soldier get this allowance, and if not, why not ?

Mr. C. M. G. Ogilvie : Separation allowance is not granted to every British soldier in India. It is granted only to *married* British other ranks up to and including the rank of sergeant when separated from their families owing to exigencies of military service. It has not been found necessary to make this arrangement in the case of Indian troops.

Mr. M. Asaf Ali : Is it not a fact that no less than 36 lakhs are given away only in the shape of separation allowance ?

Mr. C. M. G. Ogilvie : It is certainly not a fact.

Pandit Lakshmi Kanta Maitra : Will the Honourable Member say how many British soldiers are given this separation allowance ?

Mr. C. M. G. Ogilvie : The number is fairly small. I cannot give the exact figures without notice.

Mr. M. Asaf Ali : Are there other allowances besides separation allowance—some 14 kinds of allowances ?

Mr. C. M. G. Ogilvie : I submit that question does not arise.

Pandit Lakshmi Kanta Maitra : What is the cost of separation allowance given by the Government ?

Mr. C. M. G. Ogilvie : The amount given by way of separation allowance in the case of Lance Corporal is six annas a day, in the case of Corporal and Lance Sergeant 4½ annas and in the case of Sergeant three annas a day.

Mr. S. Satyamurti : What is the principle or purpose underlying this allowance ?

Mr. C. M. G. Ogilvie : It is given when soldiers, who are married on the strength and who ought to have accommodation in barracks, have to find accommodation for their families outside. It so happens that in a number of British barracks there are not as many married quarters as there are married men on the strength, that is to say men who have been officially allowed to marry and keep their families in barracks. When that is the case, they are given this small separation allowance as compensation. They are also given this allowance when they are moved to non-family stations.

Mr. S. Satyamurti : May I know whether the actual allowance paid to each one of them who gets a separation allowance is based on the extra expenditure which the gentleman who gets the allowance has got to incur, because he cannot accommodate his wife and family in the quarters ?

Mr. C. M. G. Ogilvie : I think this must have been the fact.

Mr. S. Satyamurti : What is the fact ? Is the allowance merely a kind of additional payment in addition to the salary and other allowances, or is it based on the actual expenditure he has to incur ?

Mr. C. M. G. Ogilvie : I should say that that question is quite impossible to answer as conditions in different stations vary very greatly indeed. All that I am prepared to say at the moment is that the allowance has obviously been fixed as low as possible.

Mr. Lalchand Navalrai : May I know the reason why Indian soldiers are not being given this separation allowance ?

Mr. C. M. G. Ogilvie : The main reason is that in the lines of Indian regiments, ample accommodation for all those married on the strength exists and also the number of men married on the strength in an Indian regiment is considerably larger than that in a British regiment. The other reason is that when a move takes place to non-family stations, the families of Indian troops are conveyed at Government expense to their homes.

Mr. Mohan Lal Saksena : Is similar allowance given to the army in England ?

Mr. C. M. G. Ogilvie : Yes, Sir.

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

Mr. K. Santhanam : I want to put a supplementary question.

Mr. President (The Honourable Sir Abdur Rahim) : Next question has been called.

Mr. K. Santhanam : It is difficult to catch your attention. I do not get any chance to put supplementary questions.

Mr. President (The Honourable Sir Abdur Rahim) : Every Member is not expected to put supplementary questions. The Honourable Members belonging to the Honourable Member's party put most of these questions. Next question.

PRISONERS WHO DEVELOPED TUBERCULOSIS OR BECAME INVALIDS IN THE CELLULAR JAIL AT PORT BLAIR.

819. *Mr. Mohan Lal Saksena : (a) Will the Home Secretary be pleased to state how many prisoners in the Cellular Jail at Port Blair developed tuberculosis or became invalids during the last three years ?

(b) How many of them were repatriated ?

(c) How many of them are still in jail and what is their present condition ?

(d) Are Government prepared to recommend their release to the Local Governments ?

Mr. J. A. Thorne : (a) Twenty-six, including five who showed signs of tuberculosis.

(b) All.

(c) None in the Andamans.

(d) The question of release is not one in which the Government of India have any right to interfere.

Mr. Mohan Lal Saksena : Are there no prisoners in the centrally administered areas to be released ?

Mr. J. A. Thorne : I do not quite understand what my Honourable friend means.

Mr. Mohan Lal Saksena : The Honourable Member just now said that Government have no voice in the release of these prisoners. Am I to understand that there are no persons among these from the centrally administered areas ?

Mr. J. A. Thorne : I believe that is so.

Pandit Lakshmi Kanta Maitra : Are there no tubercular patients among the prisoners in the Andamans ?

Mr. J. A. Thorne : That is correct.

Pandit Lakshmi Kanta Maitra : Is it not a fact that a few weeks ago there were two such patients ? Have they been repatriated in the meanwhile ?

Mr. J. A. Thorne : That follows from my answer.

GOVERNMENT ADVERTISEMENT GIVEN TO NEWSPAPERS.

820. *Mr. Mohan Lal Saksena : (a) Will the Home Secretary be pleased to state the total amount of money spent by the various departments of Government on advertisement in the year 1936-37 ?

(b) What are the names of the papers to which the advertisements were given ?

(c) How many of the above mentioned papers had a circulation exceeding five thousand copies ?

(d) Which of the aforesaid papers had the lowest circulation ? What is its circulation and how much money was given by Government to it on account of the cost of advertisements ?

Mr. J. A. Thorne : I am collecting the information and will lay it on the table in due course.

Maulvi Abdur Rasheed Chaudhury : When was notice of this question given and when was it received by the Honourable Member ? Why could he not collect information by this time ?

Mr. J. A. Thorne : Because of the physical impossibility of doing so.

CENSORSHIP OF CORRESPONDENCE.

821. *Mr. Mohan Lal Saksena : (a) Will the Honourable the Home Member be pleased to state under what law the correspondence of persons is censored ?

(b) Is it done under the orders of the Government of India or of the Provincial Governments ?

(c) Do the Local Governments order the censoring of the correspondence of any persons without disclosing any reasons to the Government of India ?

(d) What is the total number of persons whose correspondence was under censorship in India in July last and of this how many have been ordered by the Government of India ?

(e) Is it a fact that the correspondence of some of the Congress Ministers is still being censored ? If so, under whose orders ?

Mr. J. A. Thorne : (a) Section 5 of the Indian Telegraph Act : Sections 25, 26, 27A, 27B, 27C and 27D of the Indian Post Office Act and rules 15 and 180 of the Indian Telegraph Rules.

(b) A reference to the provisions I have quoted will show the authorities empowered to take action.

(c) Where Provincial Governments are competent to take action under these provisions, there is no obligation on them to consult the Government of India.

(d) and (e). It is contrary to the public interest to give any information of the kind asked for.

Mr. Mohan Lal Saksena : Am I to understand that the Bombay Government can censor foreign letters that are addressed to the Honourable Members of the Executive Council of the Government of India ?

Mr. J. A. Thorne : I cannot say what the Bombay Government have done, Sir.

Mr. Mohan Lal Saksena : I want to know whether under the Rules, the Bombay Government is entitled to censor all the foreign *dak* that is addressed to the Honourable Sir James Grigg, for instance, without consulting the Government of India.

Mr. President (The Honourable Sir Abdur Rahim) : That is not a question with reference to what happened. It is a hypothetical question.

Mr. Badri Dutt Pande : May I know if the Central Government have deputed some more C. I. D. men to open the letter of political workers ?

Mr. J. A. Thorne : The Central Government have no control whatever over the C. I. D.

Mr. S. Satyamurti : With reference to clause (e), may I know whether my Honourable friend says that it is against public interest either to confirm or to deny the statement made here, namely, that the correspondence of the Congress Ministers is still being censored ?

Mr. J. A. Thorne : My answer was that it is contrary to the public interest to give any information of the kind asked for in clauses (d) and (e).

Mr. S. Satyamurti : May I know, therefore, if the Government refuse to deny that even the correspondence of Congress Ministers is still being censored ?

Mr. President (The Honourable Sir Abdur Rahim) : He has given the answer ; the Honourable Member can form his own conclusions.

Mr. S. Satyamurti : He says he will not answer.

Mr. President (The Honourable Sir Abdur Rahim) : I understood him to say that any person's correspondence is liable to be censored.

Mr. S. Satyamurti : Sir, it is a matter of great public importance, and I want to know and I want your good offices.....

Mr. President (The Honourable Sir Abdur Rahim) : The answer was given ; perhaps the Honourable Member did not follow it.

Mr. S. Satyamurti : The answer was that in the public interest he refuses to answer clauses (d) and (e).

Mr. Bhulabhai J. Desai : I will ask a more direct question with reference to clause (e). Will Government state whether in fact the correspondence of some of the Congress Ministers is being censored ?

Mr. J. A. Thorne : I have said that it is contrary to the public interest to give any information of the kind asked for. It is obvious that if in this House one had to reply to questions about class A, class B, class C, or any other class of the public, by a process of elimination it would be possible to obtain the information which it is not in the public interest to give.

Mr. S. Satyamurti : Are the Congress Ministers only a " section of the public " and do they not occupy a peculiarly strong position ? Does my Honourable friend think they are only ordinary members of the public, and no information can be given ?

Mr. J. A. Thorne : That is a matter of opinion and argument.

Mr. Mohan Lal Saksena : Will Government consider the advisability of issuing instructions that if the correspondence of the Ministers is being censored, it should not be censored any further ?

Mr. J. A. Thorne : That is entirely hypothetical.

Sir Cowasji Jehangir : Will Government consider the advisability of censoring the correspondence of Ministers of the Central Government ? (Laughter.)

BRITISH INDIANS KIDNAPPED BY THE TRIBES ON THE NORTH-WEST FRONTIER PROVINCE.

822. ***Mr. Abdul Qaiyum** : (a) Will the Foreign Secretary please state how many British Indians were kidnapped by the tribes on the North-West Frontier Province ?

(b) How many of those kidnapped were either killed or wounded ?

(c) How many among the kidnapped persons have returned and how many are still in captivity ?

Lieut.-Colonel A. E. B. Parsons : (a), (b) and (c). An up-to-date statement containing the information is laid on the table.

List of Persons kidnapped by the Tribes on the North-West Frontier Province.

Item No.	Date and place of kidnapping.	Names and other particulars.
1	18th February, 1937. Mobali Barakzai—6½ miles S. W. of Bannu on the Mirian Road.	Tehl Ram and Asa Nand, sons of Bhawans Dass—Gold-smith. Asa Nand was returned through the Jani Khel on 19th May, 1937 and Tehl Ram released on 20/21st June, 1937. One Devi Dayal, son of Tehl Ram, was wounded in the course of the struggle with the dacoits.
2	17th March, 1937. Bannu Kohat Road, 6 miles from Bannu near Domel.	Three Muslims named Bahadur Sher, Muhammad Hassan and Muhammad Din and one Hindu Bogha Ram were kidnapped. All three Muslims were subsequently released and Bogha Ram retained. He is still in captivity.
3	19th March, 1937. Bhart, Police Station Saddar, Bannu District.	Parmanand, Hindu, uncle of one Rama Nand, was kidnapped. He was released as a result of military operation on the night of the 20/21st June, 1937, near Baramand Shaktu.
4	19th March, 1937. Lakki Bazar, Bannu District.	Five Hindus named (1) Naubat Rai, Booking clerk, Lakki Station; (2) Sadho Ram; (3) Wishan Dass ; (4) Milap Chand and (5) Khan Chand were kidnapped. Babu Naubat Rai was returned on 19th May, 1937 and Wishan Dass was released in early May. Milap Chand and Sadhu Ram were returned on 24ht May, 1937. Khan Chand is still in captivity.
5	23rd March, 1937. Two miles from Bannu on the Tochi Road. Raid on Mamash Khel Ramnohi village.	Two Hindus Guli Chand and Gopi Chand were kidnapped. Both subsequently escaped.

Item No.	Date and place of kidnapping.	Names and other particulars.
6	6th April, 1937. Two miles north of Razmak, Tochi Agency.	A lorry was looted on the Razmak Road and 2 Hindus named Ganisham and Lorinda and one Sikh Atma Singh were kidnapped. Ganisham and Lorinda were released on 18th June, 1937 and Atma Singh on 10th April, 1937.
7	8th April, 1937. Nikori Khassadar post, Jani Khel, 18 miles S. W. of Bannu.	One Muslim District Board Overseer named M. Abdullah Khan and one Hindu Uttam Chand, Agent of Diwan Jodharam, contractor were kidnapped. Both were returned on 13th May, 1937. The Jani Khel were charged with complicity in this case and on threat of severe action it is understood they themselves paid ransom of Rs. 1,500 for the release of these persons.
8	16th April, 1937. Behram Khel village, near Takori, Lakki Tehsil, Bannu District.	One Hindu Nirmal Dass kidnapped. He was returned on 29th April, 1937.
9	23/24th April, 1937. Gul Imam village, Tank Sub-Division.	Two Hindus Duni Chand *alias* Tala Tam, son of Note Ram and Tara Chand, son of Karam Chand, were kidnapped. They were recovered on 31st May, 1937.
10	26th April, 1937. Nari Wala Narai, Tochi Agency.	Two drivers Harnam Singh, Sikh and Topan Ram, Hindu were kidnapped on 26th April, 1937. They were released on 11th June, 1937
11	2nd May, 1937. Paharpur, D. I. Khan District.	One Hindu Gokal Chand and Harnam Singh were kidnapped. Both were handed over to the Political Agent at Sararogha on 24th May, 1937.
12	19th May, 1937. Umar Tittar Khel, Bannu District. 10 miles east of Bain Pass.	Four Hindu girls daughters of Mussammat Puni Bhai. Names (1) Mst. Lokar Bai, (2) Mst. Bensar Bai, (3) Mst. Makhan Bai, (4) Mst. Gupal Bai were kidnapped. Mst. Bensari Bai returned on 24th May, 1937 and remaining three girls on 20th June, 1937.
13	19th May, 1937. Brogi village, Bannu District.	Eight Muslim boys named (1) Abdul Karim, son of Ghulam Haider; (2) Said Khan, son of Lal Khan; (3) Begu Khan, son of Sher Jangi; (4) Almar Gul, son of Sher Gul; (5) Sardar Khan, son of Akbar Ali; (6) Gul Wali, son of Sarmast; (7) Said Khan, son of Gul Khan; and (8) Ismail Khan, son of Khan Muhammad, were kidnapped. All returned by 15th June, 1937.

Item No.	Date and place of kidnapping.	Names and other particulars.
14	3rd July, 1937. Village Passanai, Bannu District.	One Hindu boy named Devi Dayal was Kidnapped. He was released on the 7th September, 1937.
15	13/14th July, 1937. Darraka Sulaiman Khel, 4 miles North West of Police Station Tajori, Bannu District.	Remaldass, Hindu, was kidnapped. He is still in captivity.
16	1/2nd August, 1937. Village Pai, Tank Sub-Division.	One Hindu woman, wife of Chabil Das and daughter of Tehl Ram was kidnapped. She is still in captivity.
17	10th August, 1937. Near Haved, Bannu District.	One Muslim girl and one Muslim boy names not known were kidnapped. They were returned on 18th August, 1937.
18	13/14th August, 1937. Umar Khel, Tank Sub-Division.	Two Hindus Asa Nand and Kotu Ram and one Hindu girl Mst. Janni were kidnapped. Asa Nand was released on the 7th September, 1937. The two others are still in captivity.
19	11th August, 1937	One Adam Khan of Umar Khel, a tracker, was kidnapped. He has since escaped and returned to his home.
20	16th August, 1937. Sheikh Uttar, Dera Ismail Khan District.	Two girls Tilibai and Lorinidibai, two boys Tarachand and Chetandass and one man Lorindaram, all Hindus, were kidnapped. Lorindaram was released on 7th September, 1937. In an action on 10th September, 1937, khassadars and a village pursuit party from Jandola recovered the two boys, one of whom was slightly wounded and the bodies of the two girls who had been stoned to death.
21	10th September, 1937. 12 miles from Tank.	A lorry was held up on the Dera Ismail Khan road. Four Hindus (1) Sunder, (2) Haru Ram, (3) Nanun Singh and (4) a boy of Bhakkar, were kidnapped and one wounded. One Hindu has since been recovered.

Mr. Abdul Qaiyum: Surely the number is not large. Cannot the Honourable Member give us the number?

Lieut.-Colonel A. E. B. Parsons: Yes, I can. There were 34 Hindus, three Sikhs and seven Muhammadans.

Mr. Abdul Qaiyum: May I have the answer to clause (b)?

Lieut.-Colonel A. E. B. Parsons : That is contained in the statement. To give all the details would take too much time, I am afraid.

Mr. Abdul Qaiyum : How many of those who were kidnapped were either killed or wounded ?

Mr. President (The Honourable Sir Abdur Rahim) : That is a long statement, I understand.

Mr. Abdul Qaiyum : Sir, this is a simple question and the answer has, I submit, been put in the form of a statement simply to avoid supplementaries.

Mr. President (The Honourable Sir Abdur Rahim) : It is a long statement covering about three pages.

Mr. M. Asaf Ali : Sir, I am afraid I must intervene. The question that is being asked is, how many of them were either killed or wounded ? It must be a simple question.

Mr. President (The Honourable Sir Abdur Rahim) : The statement covers 2½ typed pages. It gives the names and dates and all other particulars.

Mr. Bhulabhai J. Desai : You may load it as much as you like, but the simple question is this. What is the number of men who have been either killed or wounded ? It is a simple question and one single word or numeral would be sufficient to answer it.

Mr. President (The Honourable Sir Abdur Rahim) : He has answered it.

Mr. Bhulabhai J. Desai : He did not, Sir.

Lieut.-Colonel A. E. B. Parsons : If you will give me time, Sir, to work it out, I will give the figure.

Mr. Bhulabhai J. Desai : The answer to the question is very short, though you may load it by saying anything. The short question is, out of these 37 how many were either killed or wounded ?

Lieut.-Colonel A. E. B. Parsons : If, I may be given a little time, I will work it out from the statement and give the answer.

Mr. Bhulabhai J. Desai : With reference to item (c),—that does not require much calculation,—how many amongst the kidnapped persons have been returned, so that the balance would be in captivity ?

Lieut.-Colonel A. E. B. Parsons : Full information is given in the statement. Again, if I am given a little time I can work it out.

Mr. Lalchand Navalrai : Out of these 37 how many were men and how many women ?

(No reply.)

Mr. Abdul Qaiyum : Is it proposed that the Honourable Member will give the exact figures with regard to clauses (b) and (c) today ?

(No reply.)

BRITISH INDIANS KIDNAPPED BY THE TRIBES ON THE NORTH-WEST FRONTIER PROVINCE.

823. ***Mr. Abdul Qaiyum** : (a) Will the Foreign Secretary please state whether it is a fact that each of the persons who were kidnapped on the North-West Frontier Province was only released when heavy ransom was paid by relatives or friends ?

(b) If so, what is the total amount thus paid ?

(c) Are Government prepared to consider the desirability of indemnifying all those who have had to pay ransom ? If not, why not ?

Lieut.-Colonel A. E. B. Parsons : (a) and (b). Although, as I stated in answer to starred question No. 69 on the 13th September, 1937, there is reason to believe that ransom has been privately paid in some cases, this has not been the general rule, and many have been released by pressure on the tribes.

(c) No. The acceptance by Government of a general liability to pay ransom, in the negotiation of which they have had no hand, would, they think, only act as an encouragement to kidnapping.

Mr. Abdul Qaiyum : Will the Honourable Member take it as a correct statement of fact that the relatives of each person kidnapped had to pay ransom, and even a Government servant, Maulvi Abdullah, had to pay Rs. 1,600 before he was released by the tribesmen ?

Lieut.-Colonel A. E. B. Parsons : I cannot take it as a statement of fact. I can point out to the Honourable Member for one thing that the troops released two Hindus from the middle of the Khaisora and they certainly did not pay any ransom.

Mr. Abdul Qaiyum : May I know how many persons were released as a result of the benign pressure exercised by Government ?

Lieut.-Colonel A. E. B. Parsons : May I ask, Sir, whether the word "benign" is in order ?

Mr. President (The Honourable Sir Abdur Rahim) : I think the Honourable Member should withdraw that word.

Mr. Abdul Qaiyum : Very well, Sir. I will say,—due to the pressure exercised by Government ?

Lieut.-Colonel A. E. B. Parsons : Again, it can be found in the statement I put on the table with reference to the previous question.

Mr. Abdul Qaiyum : May I know whether Government are considering the desirability of compensating these persons ? Why is it not possible to pay them from the funds collected from the tribesmen ?

Lieut.-Colonel A. E. B. Parsons : I have given the reason in my answer to that part of the question. Government consider that if they were to make themselves responsible for the payment of ransom money to the tribes it would only mean that the tribes would feel quite certain that kidnapping is a paying game.

Mr. Abdul Qaiyum : Is it not a fact that these people would not have been released if their relatives had not paid the ransom with the connivance of the authorities.

Lieut.-Colonel A. E. B. Parsons : There was no connivance on the part of the authorities, but I should say quite a considerable portion would have been eventually turned out as being useless for ransom purposes.

Mr. Abdul Qaiyum : Does the Honourable Member deny that the political authorities were aware of the negotiations about ransom and the actual payment of ransom was made by very poor people who had to go and beg for money to collect it.

Lieut.-Colonel A. E. B. Parsons : I have already said that Government have reason to believe that in certain cases ransom has been privately paid.

PERSONS AND HOUSES LOOTED AFTER THE STARTING OF THE WAZIRISTAN CAMPAIGN.

824. *Mr. Abdul Qaiyum : (a) Will the Foreign Secretary be pleased to state whether it is a fact that a large number of persons and houses in the settled districts were looted after the Waziristan campaign was started ?

(b) Is it a fact that a number of villagers lost their lives, either while defending themselves or while engaged in pursuit ? If so, what is their number ?

(c) Are Government prepared to compensate all those who have thus suffered ? If not, why not ?

Lieut.-Colonel A. E. B. Parsons : (a) A number of raids have occurred in the Bannu and Dera Ismail Khan Districts since the recent disturbances in Waziristan started, and in the course of them a certain amount of property has been looted or destroyed.

(b) So far as is known, six persons have been killed in the settled districts while defending themselves and one in pursuing raiders.

(c) The matter is under consideration.

Mr. Abdul Qaiyum : Will Government consider the desirability of compensating those poor people who have lost all that they had and also those whose relatives lost their lives ?

Lieut.-Colonel A. E. B. Parsons : I have already answered that in answer to (c).

BRITISH OFFICERS WITHOUT RANK AT THE WAZIRISTAN OPERATIONS.

825. *Mr. S. Satyamurti : Will the Defence Secretary be pleased to state :

(a) whether Government are aware of the dissatisfaction amongst the Viceroy's Commissioned Officers regarding " Stepping in " of certain British Warrant Officers in the Royal Indian Army Corps to act as British Officers without rank during the recent Waziristan operations ;

(b) under what authority a Viceroy's Commissioned Officer was placed under the command charge, or supervision of a British Warrant Officer who was " stepped up " to act as a British Officer, without rank and without holding any Commission ;

(c) whether in this connection the attention of Government was invited to Indian Army Order No. 83 of 1932 and the reasons why that order was not complied with in this case ; and

(d) the reasons why this chance of " stepping up " to act as officer was not given to any of the Commissioned Officers of the Royal Indian Army Service Corps Supply Branch ?

Mr. C. M. G. Ogilvie : (a) No.

(b), (c) and (d). Enquiries are being made and the answer will be laid on the table in due course.

Mr. S. Satyamurti : I beg to make a submission. I gave notice of this question long before, at least ten days ago. Officers in the Departments are given five days. These are specific matters on which we ask specific questions, and this question concerns the Army Headquarters. The only way for them to avoid supplementary questions is to say that information is being collected and will be laid on the table, as we are then shut out under the new rules, for the whole Session. I agree that, where the answer is long involving a lot of details and facts, it should be laid on the table, but in this case all the correspondence is in the Army Headquarters, still they say they will collect the information. It seems to me it is becoming fashionable for the Government members to say, 'with regard to this question information is being collected, and will be laid on the table'.

Mr. President (The Honourable Sir Abdur Rahim) : Under the rules now in force Government members have only five days. I have sometimes found that they cannot get all the information which is wanted within these five days. It may have to be considered whether they ought not to have a longer time for answering questions.

Mr. S. Satyamurti : When amending the rules will they kindly consider giving the Departments a longer time, so that we may be able to ask supplementary questions ?

Mr. President (The Honourable Sir Abdur Rahim) : In good many cases it is not practicable to obtain the information within the time available to them : that has struck me in more than one case.

Mr. S. Satyamurti : Will you kindly look at this ? This question concerns the Army Headquarters, they are all in Simla, and they should be able to obtain the information.

Mr. C. M. G. Ogilvie : The Honourable Member is not correct in stating that this information is available in Army Headquarters. At least it has not been available to me, and I have had to make enquiries from Waziristan.

Mr. S. Satyamurti : This 'stepping up' has been going on for months now, since April last. May I know, Sir, why the Army Headquarters have not been kept informed of these matters which took place months before the question was to be answered on the floor of the House ? With

regard to (a) my Honourable friend said 'no' : may I know whether that 'no' means they are not aware, or there is no dissatisfaction at all ?

Mr. C. M. G. Ogilvie : It means that the first time they became aware of any such thing having happened was when the Honourable Member's question was received some four days ago.

Mr. S. Satyamurti : May I know if the question has been sent to the authorities concerned for information being supplied to Army Headquarters ?

Mr. C. M. G. Ogilvie : I have already said so.

Mr. S. Satyamurti : Was the information asked for by telegram ?

Mr. C. M. G. Ogilvie : No.

Mr. S. Satyamurti : Why not ?

Mr. C. M. G. Ogilvie : Because the telegram which this question demands would have cost a considerable amount of Government money.

Seth Govind Das : Is there no telephone connection ?

Mr. C. M. G. Ogilvie : Yes.

Seth Govind Das : Could they not have asked for the answer by telephone ?

Mr. C. M. G. Ogilvie : I think the answer is that the Commands in Waziristan would be otherwise engaged.

SCHEME REGARDING THE INDIAN ARMY CORPS OF CLERKS.

826. ***Mr. S. Satyamurti** : Will the Defence Secretary be pleased to state :

(a) whether it is a fact the scheme regarding the Indian Army Corps of Clerks introduced by the Deputy Secretary (Revision) in Army Headquarters and Royal Air Force Headquarters is in practice benefitting Britishers at the expense of Indians ;

(b) the reasons for the striking difference in the starting pay and allowances of British soldiers and Indians on confirmation or enrolment ;

(c) whether it is a fact that Indians in the Indian Army Corps of Clerks in Army Headquarters on confirmation start on 60 rupees per mensem as against Rs. 325 per mensem approximately paid to a clerk of the British Wing ;

(d) whether the Deputy Secretary (Revision) at the Army Headquarters applied for leave preparatory to retirement and his application was sanctioned ; and

(e) the reasons why that sanction was cancelled and he is retained in service ?

Mr. C. M. G. Ogilvie : (a) No.

(b) A British soldier before appointment to Army Headquarters has had some years of military experience with his unit and also a few years clerical training in a Command, District, or Brigade office. There are certain classes of work which it is not possible for him to deal with adequately without this military experience while his clerical training makes him effective from the day he joins Army Headquarters. The civilian clerk on the other hand has had, on joining, neither military experience nor as a rule any clerical training and in consequence is only capable of routine work for some years.

(c) No. The pay of a civilian clerk, whether Indian, Anglo-Indian or European, in the Indian Army Corps of Clerks is on confirmation, after one year's probation, Rs. 64-13-0 per mensem exclusive of Delhi Moving Allowance or Simla Winter Allowance, as the case may be. A clerk of the British Wing of the Indian Army Corps of Clerks receives the pay of his rank as prescribed for all Departments, *viz.*, Rs. 210 per mensem *plus* compensation in lieu of certain concessions in kind admissible to the soldier which it is not possible to arrange while he is employed at Headquarters.

(d) Yes.

(e) In the interests of the service.

Mr. M. Asaf Ali : May I take it that the technical experience which the Defence Secretary says is necessary for all these clerks must also be required of persons who may be employed in all the Directorates, or is it only in just a few Directorates—there are four of them—that this technical experience is required ?

Mr. C. M. G. Ogilvie : In all.

Mr. M. Asaf Ali : Then what about the Q. M. G. Directorate ? Is that one where technical experience is necessary ?

Mr. C. M. G. Ogilvie : Most certainly.

Mr. M. Asaf Ali : What is the technical experience required ?

Mr. C. M. G. Ogilvie : That would take a long time to state.

Mr. President (The Honourable Sir Abdur Rahim) : You may put it down as a question.

Mr. M. Asaf Ali : I am simply wanting to know whether the Q. M. G. Directorate requires any technical experience, because it only relates to grass farms, rations and things of that sort. It has nothing to do with any technical matter.

Mr. C. M. G. Ogilvie : In answer to the Honourable Member's question, I should say, speaking at random, the Q. M. G. Directorate is in many ways the most technical of all.

Mr. M. Asaf Ali : Is the Honourable Member aware of the fact that his predecessor did not regard in answering a question on the floor of this House that the Q. M. G. Directorate is a technical one ?

Mr C. M. G. Ogilvie : It depends entirely upon what you mean by "technical". I cannot possibly say what the answer of my predecessor referred to, and "technical" is a word capable of many interpretations.

Mr. S. Satyamurti : Are Indian soldiers being trained to take the place of British soldiers for these appointments of clerks ?

Mr. C. M. G. Ogilvie : Government endeavoured at one time to get Indian soldiers, but failed to get any of the requisite educational qualifications.

(b) WRITTEN ANSWERS.

ALLOWANCES PAID TO SIRDARS MUHAMMAD UMAR KHAN AND MUHAMMAD SARWAR KHAN, AFGHAN DETENUS.

827. ***Mr. S. Satyamurti** : Will the Secretary for External Affairs be pleased to state :

(a) whether Sirdar Muhammad Umar Khan and Sirdar Muhammad Sarwar Khan are now detained under Regulation III of 1818 ;

(b) whether they are so detained, and what their allowances are ;

(c) whether the needs of these persons have grown since the allowances were fixed with the increase of their families and whether Government have taken that into consideration ;

(d) whether these two Sirdars have been asking Government to increase their allowances with a view to providing for their increased needs ;

(e) whether these two Sirdars recently broke their parole and were arrested and treated as common criminals ;

(f) whether Government have made any arrangement for the education of the sons and daughters of these Sirdars ;

(g) whether Government are prepared to grant their legitimate requests for increased allowances ; and

(h) if not, why not ?

Lieut.-Colonel A. E. B. Parsons : The attention of the Honourable Member is invited to the answers given by me on the 14th September, 1937, to Mr. Badri Dutt Pande's starred question No. 497 and Maulana Zafar Ali Khan's starred question No. 515 and supplementaries arising from them.

HUNGER-STRIKING DETENUS IN THE DEOLI DETENTION CAMP.

828. ***Mr. Mohan Lal Saksena** : (a) Will the Home Secretary be pleased to state if the detenus in Deoli camp who had lately gone on hunger strike in sympathy with the Andamans hunger strikers have been awarded any punishment ? If so, what ?

(b) Were their allowances or those allowed to their relations for the month of August reduced ? If so, by how much and for what reasons ?

(c) Are Government aware of the assurance given by the Government of Bengal that there will be no victimisation for the hunger strike, and are Government prepared to remit such deductions in allowances as have been made on this account ?

Mr. J. A. Thorne : (a) No detenu was awarded any jail punishment but 17 of the leaders were, during the hunger-strike, prosecuted under section 52 of the Prisons Act and sentenced to four months' rigorous imprisonment.

(b) The monthly and study allowances of the men prosecuted were reduced by Rs. 7-2-6 and Rs. 3-8-0, respectively, from the 16th August to 6th September, 1937. The deductions were not refunded. I have no information regarding the family allowances of these men.

(c) All the sentences were remitted by the Chief Commissioner of Ajmer-Merwara, under section 401 (*1*), Criminal Procedure Code, on the abandonment of the hunger-strike. The deductions made from the allowances were not refunded as those prosecuted are considered to have lost their status as detenus while the sentences were in force.

SUBSISTENCE ALLOWANCE PAID TO THE MOTHER OF SRIJUT PANCHANAN CHAKRAVARTY, A DETENU IN THE DEOLI DETENTION CAMP.

829. ***Mr. Mohan Lal Saksena** : (a) Will the Home Secretary be pleased to state whether it is a fact that Shrimati Sarla Sundari Devi, mother of Shrijut Panchanan Chakravarty, detenu in Deoli camp, has been getting a subsistence allowance from Government ?

(b) Is it a fact that for August, 1937 she has been paid allowance from the 1st to the 14th July ? If so, for what reasons, and was it done at the instance of the Government of India or the Bengal Government ?

Mr. J. A. Thorne : (a) and (b). The granting of family allowances is a matter for the Bengal Government under section 12 of the Bengal Criminal Law Amendment Act, 1930. The Government of India have no information as to the allowances paid.

ALLOWANCES PAID TO SARDARS MUHAMMAD UMAR KHAN AND MUHAMMAD SARWAR KHAN, AFGHAN DETENUS.

830. ***Mr. Mohan Lal Saksena** : (a) Will the Foreign Secretary be pleased to state if it is a fact that pending the orders of the Government of India the local authorities had agreed to supply provisions in lieu of allowances to the Afghan detenus, Sardars Muhammad Umar Khan and Muhammad Sarwar Khan ?

(b) Is it a fact that since 1st September the aforesaid arrangement has been discontinued ? If so, was it done at the instance of the Government of India ?

(c) Is it a fact that the Sardars have become heavily indebted because of inadequate allowances ?

(d) Is it a fact that the Sardars are quite willing to return to their countries ? If so, why do Government not permit them to do so ?

(e) From what funds are the allowances paid to them ? Do the Government of Afghanistan pay any portion thereof ? If not, why not ?

(f) If the reply to part (d) be in the negative, are Government prepared to increase the allowances of the Sardars ?

Lieut.-Colonel A. E. B. Parsons : (a) and (b). It has been ascertained from the Provincial Government that at the request of the Sardars, the local authorities undertook to supply provisions to them out of the balance of their allowances, which they had refused to draw. This arrangement was found unsatisfactory and was discontinued with effect from the 1st September, 1937. The Government of India were not consulted in the matter.

(c) to (f). The attention of the Honourable Member is invited to the answers given by me on the 6th September, 1937, to Mr. Kuladhar Chaliha's starred question No. 325, and on the 14th September to Mr. Badri Dutt Pande's starred question No. 497 and Maulana Zafar Ali Khan's starred question No. 515 and to the supplementaries arising from these questions in which the full facts of the case have been set out. The Government of Afghanistan pay no portion of the allowances.

DISCIPLINARY RULES GOVERNING THE MEMBERS OF THE INDIAN CIVIL SERVICE AND OTHER ALL-INDIA SERVICES.

831. ***Maulvi Syed Murtuza Sahib Bahadur** : Will the Home Secretary be pleased to state :

(a) if there are any statutory disciplinary rules governing the members of the Indian Civil Service and other all-India services ;

(b) if so, whether under such rules it is permissible for a member of such an all-India service to be reduced for good and sufficient reason and by the competent authority to a provincial or subordinate service ;

(c) if the same rules govern the members of the provincial service as well ; and

(d) if so, whether it is permissible for a member of such a provincial service to be similarly reduced to a subordinate service ?

Mr. R. F. Mudie : (a) and (c). Yes.

(b) and (d). Yes. Such reduction would in effect be removal from the higher service and appointment to the lower service.

SITUATION ON THE NORTH-WEST FRONTIER.

832. ***Mr. T. S. Avinashilingam Chettiar** : (a) Will the Foreign Secretary state whether there has again been trouble in the Frontier and any attack has been made by the tribes on the Indian Frontier ?

(b) What is the present situation ?

Mr. C. M. G. Ogilvie : (a) There has been no appreciable change in the military situation. Since the peace terms were issued there have been only small isolated attacks by a few irreconcilables on piquets and detachments.

(b) Peace terms have been announced to both Mahsuds and Tori Khel Wazirs and have been accepted by the jirgas concerned.

FUNDS KEPT UNDER THE DEFENCE DEPARTMENT

833. ***Mr. T. S. Avinashilingam Chettiar** : Will the Defence Secretary state :

(a) how many separate funds are kept under the Defence Department and what they are ;

(b) how money is set apart for those funds ;

(c) whether the matter is brought before the Assembly when money is taken from those funds ; and

(d) if not, who authorises the expenditure of amounts from those funds ?

Mr. C. M. G. Ogilvie : It is presumed that the question refers to funds controlled by the Defence Department Secretariat and on this basis the answers are as follows :

(a) and (b). (*i*) *40th Cavalry Regiment Scholarship Fund.*

This Fund was formed on the disbandment of the 40th Cavalry Regiment and its object is the endowment of scholarships for Jat and Rajput boys at the King George Royal Indian Military School, Ajmer. The capital of the Fund is Rs. 19,400 and is invested in the following securities :

	Rs.
5 per cent. loan 1945-55	16,000
3½ per cent. loan 1900-1901	3,400

in the name of the Secretary, Defence Department. The annual interest is used for the award of two scholarships each year at the rate of Rs. 67-8-0 per annum for the full period of five years which students at that school are required to study.

(*ii*) *Kitchener College Fund.*

Certain Indian Princes started this Fund for the purpose of commemorating Lord Kitchener and erecting a memorial to him. The Fund was handed over to the military authorities, who used it for establishing the Kitchener College at Nowgong. The balance left over of Rs. 29,200 was invested in 5 per cent. loan 1945-55 in the name of the Secretary, Defence Department. The annual income derived from the interest on these securities is used for the upkeep of the College grounds and properties.

(c) No.

(d) Secretary, Defence Department.

INDIANS IN SHANGHAI.

834. ***Mr. T. S. Avinashilingam Chettiar** : Will the Secretary for External Affairs state :

(a) whether Government have made any enquiries and received any replies with regard to the condition of Indians in Shanghai ;

(b) whether there has been loss of lives and property suffered by them as a consequence of the China-Japanese war ; and

(c) what is the latest information ?

Lieut.-Colonel A. E. B. Parsons : The Honourable Member's attention is invited to the reply given by me on the 22nd instant to Mr. M. Ananthasayanam Ayyangar's starred question No. 735. I have no further information to give the House.

ALLEGED INJUSTICE TO MUSLIMS IN THE MATTER OF PROMOTIONS IN THE GOVERNMENT OF INDIA DEPARTMENTS.

835. ***Khan Sahib Nawab Siddique Ali Khan** : Will the Home Secretary please state whether the attention of Government has been drawn to the *Eastern Times*, dated 8th and 17th July, 1937, respectively, and to various other English weeklies, like *the Star* of Allahabad, and vernacular papers, like *Wahdat, Zamindar*, etc., bringing to light the inequitous and unjust treatment meted out to Muslims in the different departments of the Government of India in the matter of departmental promotions to Assistant Secretaries, superintendents, assistants' posts, stenographers and clerks carrying special pay and state what action, if any, has been taken to redress the grievances pointed out therein ?

Mr. J. A. Thorne : I am aware that such articles have been written ; but Government cannot undertake to redress grievances which proceed on an incorrect assumption, namely, that departmental promotions are to be made on a communal basis.

UNSTARRED QUESTIONS AND ANSWERS.

RULES REGARDING ABSCONDING ACCUSED.

174. **Mr. Mohan Lal Saksena** : (a) Will the Home Secretary be pleased to state the rules, if any, regarding absconding accused ?

(b) Is it a fact that in certain cases sentences have been remitted after a certain period of time ?

Mr. J. A. Thorne : (a) I would invite the attention of the Honourable Member to sections 87, 88, 89, 90 and 512 of the Criminal Procedure Code, 1898.

(b) The Government of India have no information.

EXISTENCE OF COMPULSORY OR FORCED LABOUR IN ASSAM.

175. **Mr. Kuladhar Chaliha** : Will the Home Secretary please state :

(a) whether India was a signatory to the International Labour Conference of June, 1930, of the League of Nations ;

(b) whether India was a signatory to the Draft Convention of the said Conference ;

(c) whether the Draft Convention was ratified by the Government of India and whether they undertook to suppress the use of forced or compulsory labour in all its forms within a limited period of five years ;

(d) whether Government are aware of the existence of compulsory or forced labour for transport and other purposes in the Province of Assam ;

(e) whether the Government of Assam still practise the use of forced labour in lieu of taxes in the reserved forest areas of the Province under the Forest Department for building camps, transport and other purposes ;

(f) whether the Government of India have directed the Government of Assam to abolish this practice after issue of their letter, dated the 14th January, 1936, No. F. 187|2|30-Public ; and

(g) whether the impressment for the purpose of transport is still practised in the hills and other districts of Assam with the implied permission of the Government of India ?

Mr. J. A. Thorne : (a) If the Honourable Member means whether India was a party to the International Labour Conference held in June, 1930, the reply is in the affirmative.

(b) No.

(c) to (g). I would invite the Honourable Member to refer to the correspondence relating to the forms of forced labour in the Provinces a copy of which was laid on the table of the House on the 23rd August, 1937. The Government of India have no more information and have nothing to add to the material contained in that correspondence.

MOTIONS FOR ADJOURNMENT.

SINGING OF " BANDE MATARAM " BY MUSLIM MEMBERS OF THE MADRAS LEGISLATIVE ASSEMBLY.

Mr. President (The Honourable Sir Abdur Rahim) : I have received notice of a motion for adjournment from Sir Muhammad Yakub in order to discuss a matter of urgent and important public nature, namely, the failure of the Government of India to exercise their supervisory function in the Presidency of Madras, where the Mussalman Members of the Assembly were forced to join in the singing of the " Bande Mataram " which was an attack against the Mussalman religion and an insult to Islam.

12 NOON.

I should like to know if it is not an affair for the Speaker of the Madras Assembly to regulate the proceedings of the Assembly and, if that is so, whether the matter can be made one for a motion for adjournment in this House.

Sir Muhammad Yakub (Rohilkund and Kumaon Divisions : Muhammadan Rural) : Sir, the matter happened in the Provincial Assembly no doubt, but there are particular instructions in the Government of India Act that the Government of India are also responsible for the protection of the interests of the minorities and they have got to exercise their supervision over such happenings in the provinces.

Mr. President (The Honourable Sir Abdur Rahim) : Where is that power of supervision ? Is there any such power of supervision in the Government of India Act regulating the proceedings of the Provincial Assemblies ?

Sir Muhammad Yakub : In the Instrument of Instructions it is clearly laid down that the Government of India have got supervisionery powers over matters like these.

Mr. President (The Honourable Sir Abdur Rahim) : Under the transitory provisions, the Governor General in Council has no power.

Sir Muhammad Yakub : That is the power which is given to the Governor General in Council and it is his duty to exercise his supervisionery powers.

Mr. President (The Honourable Sir Abdur Rahim) : Are there any powers of supervision left now ?

The Honourable Sir Nripendra Sircar (Leader of the House) : Sir, my Honourable friend, Sir Muhammad Yakub, is entirely out of order in moving this motion, or rather in giving notice of this motion. The matter, as you pointed out, Sir, is a matter for the Speaker of that House. The Governor General in Council has no kind of powers of interference with him. It is no good using the expression " supervisory powers ". Where is the supervisory power to be found ? In what section of the Government of India Act ?

Mr. President (The Honourable Sir Abdur Rahim) : General power of supervision.

The Honourable Sir Nripendra Sircar : That is gone : so that we have no supervisory power at all. I would venture to submit that even if we had such a power, it would be a disgraceful interference with the rights of a Speaker....

Mr. President (The Honourable Sir Abdur Rahim) : That is rather a strong word to use.

The Honourable Sir Nripendra Sircar : I did not use it with reference to the Honourable Member. I said it would be a disgraceful interference on the part of the Governor General in Council to interfere with the Speaker : it is not meant against my friend : it is meant against ourselves.

Then, as regards the argument about protection of minorities, surely, that is a far fetched idea ; my Honourable friend ought to know that that is a matter, in the first instance, for the Governor and then for the Governor General. It has nothing to do with the Governor General in Council.

Mr. President (The Honourable Sir Abdur Rahim) : The only thing that I have to see is that it is a matter of public importance within the meaning of the rules....

The Honourable Sir Nripendra Sircar : It must be the primary concern of the Governor General in Council.

Mr. President (The Honourable Sir Abdur Rahim) : The question I have got to decide is whether it is a matter of public importance within the meaning of this rule, so, far as this motion for adjournment is concerned. It is primarily a matter which has to be decided by the Speaker of the Madras Assembly, and I must hold that it is not a matter

of public concern within the meaning of the rule. I, therefore, rule that the motion is out of order.

REFUSAL BY THE LAW MEMBER TO ANSWER A QUESTION REGARDING AMENDMENTS TO THE GOVERNMENT OF INDIA ACT.

Mr. President (The Honourable Sir Abdur Rahim) : I have received notice of another motion for adjournment from Mr. Mohan Lal Saksena. He wishes to move the adjournment of the Assembly to consider an urgent matter of public importance, namely, the refusal by the Law Member to answer a question on Friday last regarding the proposed amendments to the Government of India Act, 1935. What was the reason for the refusal to answer ?

Mr. Mohan Lal Saksena (Lucknow Division : Non-Muhammadan Rural) : He said it was not in the public interest to answer.

Mr. President (The Honourable Sir Abdur Rahim) : Then, that is quite enough : I must rule it out of order.

STATEMENT LAID ON THE TABLE.

AGREEMENT BETWEEN THE GOVERNOR OF THE NORTH-WEST FRONTIER PROVINCE AND THE RESERVE BANK OF INDIA.

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

Agreement between the Governor of the North-West Frontier Province and the Reserve Bank of India.

AN AGREEMENT made this fourteenth day of April one thousand nine hundred and thirty-seven, BETWEEN THE GOVERNOR OF THE NORTH-WEST FRONTIER PROVINCE of the one part and THE RESERVE BANK OF INDIA (hereinafter called " the Bank ") of the other part WHEREAS the Bank was constituted and incorporated and is regulated by the Reserve Bank of India Act, 1934 (being Act No. II of 1934) as adapted and modified pursuant to the Authority contained in Section 293 of the Government of India Act, 1935, by an Order of His Majesty in Council, dated the eighteenth day of March 1937, cited as the India and Burma (Burma Monetary Arrangements) Order, 1937 (hereinafter called " the Act "), with and subject to the various powers, provisions and restrictions in and by the Act set forth and it was thereby *inter alia* particularly provided as follows, *viz.* :

(1) by Section 20 of the Act that the Bank should undertake to accept monies for account of Provincial Governments and to make payments up to the amount standing to the credit of their accounts and to carry out their exchange, remittance and other banking operations including the management of the public debt and

(2) by Section 21 (1) of the Act that Provincial Governments should entrust the Bank on such conditions as might be agreed upon with all their money, remittance, exchange and banking transactions in India and, in particular, should deposit free of interest all their cash balances with the Bank provided that nothing in that sub-section should prevent Provincial Governments from carrying on money transactions at places where the Bank has no branches or agencies and that Provincial Governments might hold at such places such balances as they may require and

(3) by Section 21 (2) of the Act that Provincial Governments should entrust the Bank, on such conditions as might be agreed upon, with the management of the public debt and with the issue of any new loans.

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

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

2. The general banking business of the Government of the North-West Frontier Province (hereinafter referred to as " the Government "), including the payment,

receipt, collection and remittance of money on behalf of the Government shall be carried on and transacted by the Bank in accordance with and subject to the provisions of this agreement and of the Act and with and to such orders and directions as may from time to time be given to the Bank by the Government through any Government officer or officers authorised by the Government in that behalf and at any of the offices, branches or agencies of the Bank for the time being in existence as may from time to time be so directed and for this purpose such accounts shall be kept in the books of the Bank and at such offices, branches or agencies of the Bank as shall be necessary or convenient or as the Government shall from time to time direct in the manner aforesaid.

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

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

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

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

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

7. The Government shall employ the Bank as its sole agent for investments by Government either of Government funds or of funds managed by the Government and the Bank shall be entitled to charge commission for sales (but not for purchases or conversions) at the rate of 1/16 per cent. in addition to any further charges which the Bank may have to pay by way of brokerage, etc. The Bank shall collect interest and the maturity values of such investments on behalf of the Government without charge.

8. As remuneration to the Bank for the management of the public debt as aforesaid the Bank shall be entitled to charge to the Government half-yearly commission at the rate of Rs. 2,000 per crore per annum on the amount of the public debt as aforesaid at the close of the half-year for which the charge is made. In calculating this charge the following amounts shall be excluded from the amount of public debt, *viz.* :

(*a*) The amounts of loans discharged outstanding after one year from the date of a notice of discharge.

(*b*) The amount of stock certificates for Rs. 50,000 and upwards held by the Government or by any officer or officers of the Government authorised in that behalf, provided that such amount exceeds one crore.

And in addition to the charge of Rs. 2,000 per crore per annum the Bank shall be entitled to charge to the Government a fixed sum of Rs. 2,000 a year on account of the stock certificates referred to in head (*b*) of this clause and the Bank shall be also entitled to charge the public (but not the Government) all such fees and charges as are now or may hereafter from time to time be prescribed by the Governor General under the powers conferred upon him by the Indian Securities Act, 1920 (Act No. X of 1920) for duplicate securities and for the renewal, consolidation, division or otherwise of all Government Securities which the Bank issues.

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

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

10. The Bank shall not be at liberty to close any of its offices or branches except on Sundays, New Year's Day, Christmas Day, Good Friday and on any other day declared to be a public holiday by any notification published in pursuance of the Negotiable Instruments Act (Act XXVI of 1881) subject nevertheless and notwithstanding the provisions of that Act to any special orders or directions which may be issued by the Government and the Bank shall be responsible that no one of its agencies doing Government business for the time being existing shall be closed except on Sundays and on public holidays authorised by the Government within whose jurisdiction such agencies may be respectively situated.

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

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

13. This agreement may be determined by either party giving to the other party one year's notice in writing expiring on the 31st day of March in any year, such notice if given by or on behalf of the Government to be addressed to the Governor of the Bank and to be served by leaving the same with the Head Office of the Bank or addressing the same to him at the Head Office of the Bank by registered post, and if given by the Bank to be served by leaving the same with or addressing the same by registered post to the Secretary to the Government in the Finance Department and immediately upon the expiration of such notice this agreement shall absolutely cease and determine save as to rights or liabilities acquired or incurred prior to such termination.

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

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

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

IN WITNESS WHEREOF Rai Bahadur Chuni Lal, Secretary to the Government of the North-West Frontier Province in the Finance Department by the order and direction of the Governor of the North-West Frontier Province has hereunto set his hand and the common seal of the Reserve Bank of India pursuant to a Resolution of its Central Board has been hereunto affixed in the presence of its subscribing officials the day and year first above written.

Signed by the said Rai Bahadur Chuni Lal, Secretary to the Government of the North-West Frontier Province in the Finance Department for and on behalf of the Governor of the North-West Frontier Province in the presence of—

(Sd.) J. R. L. BRADSHAW,
Secretary to the Government of the North-West Frontier Province, Development Department.

(Sd.) CHUNI LAL,
Secretary to the Government of the North-West Frontier Province, Finance Department.

The Common Seal of the Reserve Bank of India was affixed hereto in the presence of Sir Purushotamdas Thakurdas, Kt., C.I.E., M.B.E., and Sir Homi Mehta, two of its Directors and Sir James Braid Taylor, Kt., C.I.E., its Deputy Governor.—

Common Seal of the Reserve Bank of India.

(Sd.) PURUSHOTAMDAS THAKURDAS,
(Sd.) HOMI MEHTA,
Directors.
(Sd.) J. B. TAYLOR,
Deputy Governor.

THE PATNA UNIVERSITY (AMENDMENT) BILL.

Sir Girja Shankar Bajpai (Secretary, Department of Education, Health and Lands) : Sir, I move for leave to introduce a Bill further to amend the Patna University Act, 1917.

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

"That leave be granted to introduce a Bill further to amend the Patna University Act, 1917."

The motion was adopted.

Sir Girja Shankar Bajpai : Sir, I introduce the Bill.

THE INDIAN COMPANIES (AMENDMENT) BILL.

EXTENSION OF TIME FOR THE PRESENTATION OF THE REPORT OF THE SELECT COMMITTEE.

The Honourable Sir Nripendra Sircar (Law Member) : Sir, I move :

"That the time appointed for the presentation of the Report of the Select Committee on the Bill further to amend the Indian Companies Act, 1913, for certain purposes be extended up to the 5th October, 1937."

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

"That the time appointed for the presentation of the Report of the Select Committee on the Bill further to amend the Indian Companies Act, 1913, for certain purposes be extended up to the 5th October, 1937."

The motion was adopted.

RESOLUTION *RE* REGULATION OF PRODUCTION AND MARKETING OF SUGAR.

The Honourable Sir Saiyid Sultan Ahmad (Member for Commerce and Railways) : Sir, I beg to move the following Resolution :

"That this Assembly recommends to the Governor General in Council that the International Agreement regarding the Regulation of Production and Marketing of Sugar, signed in London on the 6th May, 1937, be ratified by him."

Sir, there are several amendments, and I would like to know the procedure which the Chair intends to adopt.

Mr. President (The Honourable Sir Abdur Rahim) : I will allow the Resolution to be moved first. As regards the amendments, they all practically have the same object. The first and most comprehensive amendment seems to be that of Mr. Ramsay Scott. After the Resolution is moved, Mr. Ramsay Scott will move his amendment, and then there will be a discussion on the Resolution and the amendment. If that amendment is lost, then I will have to consider whether any other amendment can be moved or not. I doubt myself if any of the other amendments would be in order. I should, however, say that there is a point which I will have to point out to Mr. Ramsay Scott ; but I will do it when the amendment is reached.

Mr. T. S. Avinashilingam Chettiar (Salem and Coimbatore *cum* North Arcot : Non-Muhammadan Rural) : May I say, Sir, unless the Honourable Member speaks we will not be in a position to know why the Government want this Resolution to be moved ?

Mr. President (The Honourable Sir Abdur Rahim) : I said the Resolution will be moved, and I take it the Honourable Member in charge will make a speech in support of the Resolution.

The Honourable Sir Saiyid Sultan Ahmad : Sir, I have already moved the Resolution which aims at recommending to the Governor General in Council to ratify the international agreement signed in London on the 6th May, 1937. As the time for making speeches is limited, I would very respectfully beg of the House to show me the indulgence, first of all, by keeping an open mind, and secondly, unless compelled to do so, of allowing me to proceed with my submissions without interruption.

The issue which is involved in this Resolution is one of great complexity and difficulty, and it seems absolutely necessary that the House should have, in some detail, the background of the last few years without which, in my submission, it would be impossible to get a true perspective of the problem which the sugar industry presents to the world today. Sir, the beginning of the difficulties of the world sugar trade can be traced back to the great war of 1914-18 when, owing to other more urgent pre-occupations of the European nations, the production of beet sugar fell down to very insignificant proportions. Before the war, as the House is aware, beet sugar had accounted for about half of the total production of the world. During the war the great deficiency of beet sugar was made good by a tremendous expansion of the sugar industry in the cane growing countries, particularly in Java and Cuba, and in Cuba, a large section of the industry was controlled by the United States of America, and there the cost of production was brought down very considerably by means of technical improvements in crushing and refining machinery and by the introduction of high yielding varietes of cane. If this development could be looked at from a purely economic standpoint, the expansion of the industry, in the low cost countries, might have been regarded with a certain amount of equanimity, for Cuba and Java, in view of the great decline in production of beet sugar and the lowness of their production costs compared with those of the beet producers, would have been able to retain the new markets and to meet the demands of all the world. But the House will remember that in such matters economic policy is, unfortunately, not always guided by economic arguments. The beet countries thought it best and necessary to re-develop their industry, and, under the shelter either of tariff walls and with the aid of generous subsidies, or with both, the production of beet sugar was again rapidly increased. In fact some countries went to the length of subsidising this industry at the expense of the home consumers. The result was that even before the post war depression set in, there was a chronic tendency to over-production. By 1920-21 the proportion of beet sugar to the world's production of raw sugar was about 27 per cent. and ten years later, some time about 1930, as a matter of fact, it had risen to 40 per cent. The difficulties caused by this great expansion in sugar output were, for some years, set off to some extent by expansion

in consumption, but when the world demand took a downward turn during the post war depression, the difficulties of the cane producing countries became very acute.

Another factor in the situation which created difficulties for some of the exporting countries was the policy adopted by the United Kingdom and the United States of America, which countries, between them, normally take half the total quantity of sugar which enters into international trade. Both these countries encouraged production at home by subsidies and at the same time encouraged production in their colonies, and they did so by giving preferential tariffs. Other exporting countries were thus faced with a constantly dwindling free market for their sugar. I should here remind the House that during that period the production of sugar in India was very small, and that India, therefore, constituted a very important part of the free market.

Now, Sir, we come to what I call the first mile post in the discussion. By 1931 the position had been reached that the surplus of export trade amounted, approximately, to one-third of the annual world consumption, and to arrest the still growing disparity between supplies and consumption, an international agreement known as the Chadbourne Plan was concluded in May, 1931. This was a plan for the joint restriction of exports and production with a view to the liquidation of existing stocks over the period of five years. The countries that joined in this agreement were Cuba, Java, Germany, Czecho-Slovakia, Poland, Hungary and Belgium. Unfortunately, the agreement covered only 40 per cent. of the world's total production at the time of its inception, and, although Peru and Jugo-Slavia joined later in the year, there remained very important defections, and the adhesion of even some of the member countries was only obtained by the grant of excessive quotas. It is important to remember, at this stage, that the most important countries holding back from the agreement were the United States and the United Kingdom, and, though the importance of that was not recognised at the time, India.....

An Honourable Member : China ?

The Honourable Sir Saiyid Sultan Ahmad : I don't think so. The result was that although a considerable restriction of exports was achieved. this was largely off-set by increased production in countries outside the agreement and by further reductions of the free market owing to the expansion of the Indian sugar industry, and the House will remember that some time in August, 1935, it was decided that it was impossible to continue the Chadbourne Plan. and. therefore. it was completely abandoned. The sacrifices made by Cuba and Java had failed to stem the downward trend of prices, and the sugar trade was increasingly embarrassed by restrictions and subsidies. The one-half of the world's output of sugar, which normally enters into international trade in the free market, had shrunk last year to about ten per cent.

India, as I have stated already, did not adhere to the Chadbourne Plan, but on the contrary started about this time on the rapid expansion of her sugar industry, and the House will remember that the Sugar Industry Protection Act was passed here in 1932. The point which I have to make here is that the result of this expansion was that she began to make smaller and smaller demands on the free market because the expansion of sugar industry was very rapid in this country, and the

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rapid development of this industry in this country during the past five years explains, therefore, the importance that must be attached to any declaration which may be made by India of her intentions if any further attempt is to be made for the regulation of the world's market in sugar. Therefore, the House will appreciate how important it is for a country like India which expects to have a free market for her export to come in under some international agreement. In spite of their non-adherence to the Chadbourne Plan, His Majesty's Government in the United Kingdom realised that it was necessary to have international co-operation to regulate sugar production. The question was inconclusively discussed at the World Economic and Monetary Conference of 1933, and on breakdown of the Chadbourne Scheme, the members of the International Sugar Council, which had been set up under the scheme, perhaps with the exception of Java, joined to form an International Sugar Committee in order to facilitate efforts to arrive at a new sugar agreement. In August 1936—I think it is just as well to proceed chronologically,—the life of this Committee was extended for another year, and it was announced that a provisional agreement had been concluded between the Committee and the sugar producers of Java and that the Committee were proceeding with the preparation of a new agreement to include, if possible, Great Britain and the United States. The efforts of this Committee have been, in my submission, successful, and have resulted in the calling last April of the International Sugar Conference, and the conclusion of the Agreement which we now have under discussion.

Meanwhile, I should like to say a few words about what was decided by His Majesty's Government. They, after a very careful examination of the whole sugar question, in July, 1935, published the results in the form of a Command Paper called "Sugar Policy—Proposals of His Majesty's Government". Their general conclusion was that with the world price of sugar at its then uneconomic level round about 4*s*. 6*d*. per cwt. it was to the interest of all producers that the supplies of sugar should be adjusted to the requirements of the world market, and that State assistance, in whatever form, should everywhere be diminished. As I have already submitted to the House, in some countries it was in the form of only tariff walls, in other countries, subsidies, in some countries both, and His Majesty's Government thought that State assistance, in whatever form, should everywhere be diminished as market conditions improved and this end could only be achieved by an international agreement. In February, 1936, we communicated our willingness to participate in international discussions.

Mr. Bhulabhai J. Desai (Bombay Northern Division : Non-Muhammadan Rural) : "We" means ?

The Honourable Sir Saiyid Sultan Ahmad : "We" means the Government of India. Everything when I say "we" I mean the Government of India. We, at the same time, made perfectly clear our position with regard to the protection of the Indian sugar industry. We pointed out that we had already passed our Indian Sugar Protection Act under which the policy of protection was given till 1946, of course, subject to revision in 1937-38, and the House is aware that at present a Tariff Board is sitting in pursuance of that. We also pointed out that, as protective duties are usually fixed so as to give the necessary quantum of protection over the period of protection, a disturbance of their level, at an

intermediate stage, would upset the protective scheme and that we could not, therefore, undertake to vary the degree of assistance given by tariffs as market conditions improved. A year later, that is, this year, we were informed that the League of Nations had invited India to participate in the International Conference and in communicating the acceptance of the invitation in March last we informed His Majesty's Government that we would be prepared to participate in this as His Majesty's Government had informed us that they would attach considerable value to any offer that we would make. We stated that as our contribution in order to have a satisfactory settlement we would be prepared to prohibit the export of sugar, except to Burma or Afghanistan, for a period of five years.

Mr. S. Satyamurti (Madras City : Non-Muhammadan Urban) : When was this ?

The Honourable Sir Saiyid Sultan Ahmad : In March, 1937. That is the question which is now before the House,—whether we were wise in having done that or it was necessary for us to do. If the House will bear with me for a short time I hope I shall be able to convince the House.....

An Honourable Member : No.

The Honourable Sir Saiyid Sultan Ahmad : Before hearing me, if you have made up your mind, then you need not listen to me, and that does not matter, but I am hoping that by the time I finish my submission I will be able to convince the House that it was not only desirable but was absolutely necessary in the interest of India that we should do so.

The following are the outstanding features and the House will bear them in mind before they come to any definite conclusion.

Indian sugar is being produced only with the help of high tariff protection. The House is aware, I need not remind the House, that the existing tariff rate is Rs. 9-4-0 per cwt., made up of Rs. 7-4-0 as customs-duty and excise duty being Rs. 2, together Rs. 9-4-0. I am, however, ignoring khandsari or palmyra sugar. That is the first matter which the House will remember when considering this question.

Secondly, the House is aware that a Tariff Board is at present sitting in pursuance to the position taken up in 1932 that there should be a review of the tariff rate some time in 1937-38, and one of the questions on which we expect to get authoritative advice from the Board is the question as to what is the cost price of Indian sugar. It would, therefore, be perhaps improper for me, and I am sure you will all agree with me that I should not attempt to make any definite pronouncement on that question ; but this at least is clear on the evidence that has been placed before Committee publicly that the industry is united in demanding the continuance of protection on a considerable scale for at least the next [illegible] years. We have arrived at a stage where the industry is practically self-sufficient and production can only continue to expand by an expansion of the internal demand or by finding export markets. In the absence of any agreement for international co-operation which will raise the price of sugar in the world's market, what is the chance of India to have successful entry in that market ? This is the second point which I beg the House to remember and consider.

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The third point, which has to be borne in mind, is this. Up to the present time India has not been able to export any sugar except, of course, to Burma which I have already mentioned before, where her sugar enjoys the same degree of protection as in her home market. There is one market in the north of India, that is, Afghanistan, which is difficult of access by other suppliers, and is actually supplied to the extent of 25,000 or 30,000 tons through India. But even to this comparatively sheltered market, India has not yet been able to supply a single ton of her own sugar. The fact is that what is received from Java is really passed on to either Afghanistan or perhaps the frontiers of Persia and Baluchistan. Now this is the third point which you will have to remember.

The fourth point, which I would like to respectfully place before the House for its consideration, is this. The fact is that the gap between the cost of production in India and that of great exporting countries like Java and Cuba is still so wide that there is hardly any possibility of India exporting sugar on a purely economic basis, unless a severe measure of cartelisation or Government control is enforced. Now, the cost of production in India may, of course, be further reduced. I do not say that it will always remain like this but still it is so high that India cannot place her sugar today on the world market at a price less than 50 per cent. above that at which the foreign producer can do so. I must ask the House to remember this very important factor when they come to a final conclusion upon my Resolution.

Pandit Nilakantha Das (Orissa Division : Non-Muhammadan) : How has the cost of production been found out before the Tariff Board has reported ?

The Honourable Sir Saiyid Sultan Ahmad : My fifth point is this. I would like the House to remember that on every side there is a complaint that the price of Indian sugar is already 50 per cent. higher than that prevailing in the world market. Today, there is a complaint against that and it can only be still further reduced by cheapening the price of cane. I hope the House will bear this in mind—far from cheapening, I have seen reports in the papers—and I would like to be confirmed by Honourable Members opposite—that the ministries in some of the provinces, where cane is grown, are very seriously thinking of raising the price of cane from three annas to five annas. If I am wrong, perhaps I may be corrected. Once that happens, it would be futile to think that we will be in a position to send out our sugar within the next five years. Now, as I said before, I do not pretend that this gap between the cost of production between India and other cane growing countries will never be reduced. It may be reduced but I am less hopeful about the expedients, such as large reductions in railway and ocean freights, which have also been suggested in certain quarters but it must be clear to all that there are also powerful influences which tend to work in other directions, some of them working in India and others less amenable to our control in the world at large. To us, the Government of India, five years does not appear too long a time to allow to India for the successful solution of her internal problems of the industry, and, during that time, it is very much to India's interest that the rest of the world should also help to close that wide gap by attempting through international co-operation to raise the price of sugar in the world's market.

Sir, it would be unnecessary for me to impress upon the House not only of our sympathy but of our anxiety to develop an export trade in sugar but the language often used in voicing that aspiration might lead one to suppose that all that India has to do is to produce more sugar than she requires for her own consumption and that the necessity of export market is thereby not only established but their acquisition made possible.

To summarise, the position is this : (1) Indian sugar produced under the encouragement of high tariffs can still be produced only at a price which is 50 per cent. higher than the prices ruling in the world market. (2) Practically the whole world has agreed, and I hope that this House will also agree, that without international co-operation, to restrict supplies, there is no possibility of any improvement in world prices. (3) The whole industry in India is convinced that the maintenance of a high degree of protection to the Indian industry is still necessary. This, I submit, clearly rules out any participation of India in the free market, while current prices prevail. (4) There is, however, in addition to a free market, a sheltered United Kingdom market.

Now, what are India's chances of getting into that market ? I have seen a few suggestions made in the various papers and also in representations sent to us by the Indian Sugar Mills Association and Federation of Indian Chambers of Commerce, but I have got very little time and I would not like to go into details but I submit, with the greatest respect, that if India is to dump her surplus sugar in the world market, it is bound to be at unremunerative prices, with the result that the consumers in India will have to pay. If you want subsidies to be given or if you ask for Colonial Preference, all this will result in the sufferings of the consumers here and I am sure that the House will not allow the adoption of this course and I submit that we know from experience that this game of subsidy can be played by other countries better than ourselves.

An Honourable Member : They are doing it.

The Honourable Sir Saiyid Sultan Ahmad : So, let us not play that game at the cost of the consumers and people in the villages whose claim, I understand, is always before Honourable Members opposite.

Mr. S. Satyamurti : We have heard this story before.

The Honourable Sir Saiyid Sultan Ahmad : Please hear it once again. I submit it is quite certain that the adoption of any such policy of dumping with Government's encouragement and assistance would mean the death-knell of any attempt at international co-operation and the indefinite continuance of over-production and the consequent unremunerative prices in the world market. Assuming a break-down of these negotiations, supposing you do not ratify, supposing that the Government of India decide not to ratify, then the position will be that, even in the next five years, India will not be able to enter the world market on an economic basis. Therefore, my submission, on a long view of things, is that it was exceedingly desirable that India should co-operate in an International scheme designed to bring the world's market into a healthy state and that her own entry into that market should be postponed to a time when, owing to improvement in her own industry and in that of the world market, she will be able to enter it with profit to herself under conditions of fair competition. It was in these circumstances and we were assured of this that

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we decided to go and take part in the Conference and the agreement was signed which is now before the House.

There are so many other matters which I have to discuss but I have got practically no time. I fully know that objections have been taken that the industry was not consulted. We have been told that our delegate, Dr. Meek, let us down and various other matters have been raised. In course of time, as the debate goes on, all these matters will be discussed, but I want to make it perfectly clear that we are not going to throw the burden of responsibility on Dr. Meek or any one else. The responsibility is ours and we, the Government of India, are prepared to face you with this clear position that we gave the undertaking. We asked Dr. Meek to sign the agreement, and he did not exceed any instruction from the Government of India. Apart from these small matters which will be discussed later on as the debate goes on, I should like to say just a few words in conclusion. I would like to assure the House that the Government are as deeply concerned as you are for the well-being of the sugar industry and that it is in the interests of India that they recommend the ratification of the agreement. We believe that it is only by International co-operation that the world's sugar market can be brought to a condition in which India can profitably enter. We think that the promise we have made on her behalf is not too high a price—in fact, it is no price at all—if the submission that I have made is accepted—for India to pay for that co-operation and that India's defection at this stage will endanger the whole scheme and plunge the whole world's sugar industries back into a welter of unrestricted and uneconomic competition in which there can be no hope of permanent advantage to the Indian industry, whether we regard it from the point of view of the Indian grower, manufacturer, exporter or consumer. The agreement before us is by no means perfect. We are not satisfied with the terms of the agreement but that question will be debated later. But it does offer us a hope, and I submit a reasonable hope, that it will lead to some improvement in the condition of the industry, an improvement from which the Indian branch of the industry is bound to benefit. Outside the bounds of the agreement, it seems to me that there is no hope at all of any improvement. I would, therefore, commend my Resolution for the acceptance of the House.

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

"That this Assembly recommends to the Governor General in Council that the International Agreement regarding the Regulation of Production and Marketing of Sugar, signed in London on the 6th May, 1937, be ratified by him."

There are a number of amendments to this Resolution. The first one is by Mr. Ramsay Scott and the last one is by Sir Abdoola Haroon, which is to add a proviso to this Resolution. The other amendments cover the same ground as the one proposed by Mr. Ramsay Scott, which seems to me to be the most comprehensive. But before I ask him to move his amendment, I should like to point out that at the end of it he says : "take such other steps for the purpose of developing export markets, both by land and by sea, for sugar and other Indian products". This would be enlarging the scope of the Resolution and that cannot be allowed in an amendment. I think he should be content to leave out the words "and other Indian products". Does the Honourable Member wish to delete those words ?

Mr. J. Ramsay Scott (United Provinces : European) : I am prepared to delete those words.

The Honourable Sir Saiyid Sultan Ahmad : Sir, before Mr. Ramsay Scott moves his amendment, I should like to make a submission. I submit that his amendment is completely out of order. The first portion of his amendment is really a negation of the Resolution which need not come in at all because he might argue that the agreement should not be ratified at all. If you will kindly just turn to my Resolution, you will see that the two things which are important there are, firstly, "International Agreement" and, secondly, "be ratified". Now, the only thing that is to be done here is whether my recommendation should be accepted or not, or whether it should be ratified or not. Any amendment to that would mean, I submit, a Resolution which may be brought before the House as a substantive Resolution and not an amendment. I say in my Resolution that the Agreement should be ratified and the House may say that it should not be ratified. If the Honourable Mr. Ramsay Scott wants that the Government of India should explore all avenues for the export of sugar, by all means let him bring a Resolution, but that does not arise as an amendment to my Resolution.

Mr. President (The Honourable Sir Abdur Rahim) : So far as the first portion of the amendment is concerned, it is a direct negative, that the agreement should not be ratified, but the amendment goes on to say that the Assembly 'expresses its strong disapproval of the action of the Central Government in agreeing to prohibit the export of sugar by sea, except to Burma, for the next five years, without the knowledge and consent of the Industry. This Assembly further recommends that the Central Government explore all possible avenues for the export of sugar and so on.'. All this is additional recommendation quite relevant to the Resolution that has been moved by the Honourable Member and, therefore, I hold that the amendment is in order.

Mr. J. Ramsay Scott (United Provinces : European) : Sir, I beg to move :

"That for the original resolution, the following be substituted :

'That this Assembly recommends to the Governor General in Council that the International Agreement regarding the Regulation of Production and Marketing of Sugar, signed in London on the 6th May, 1937, be not ratified by him and expresses its strong disapproval of the action of the Central Government in agreeing to prohibit the export of sugar by sea except to Burma for the next five years without the knowledge and consent of the Industry. This Assembly further recommends that the Central Government explore all possible avenues for the export of sugar and take such other steps for the purpose of developing export markets, both by land and by sea for Sugar'."

Sir, before putting my views before the House I would like to point out that under the existing constitution the responsibility for the conducting of all negotiations is that of the Government and the Government alone and that I cannot censure them for the way they have conducted these negotiations, except by an amendment such as I am recommending the House to accept.

My Resolution is based on Resolutions passed by the Fifth Annual General meeting of the Sugar Mills Association held at Lucknow on August 8th, 1937. I may, therefore, inform you that the Resolution represents the views of the sugar industry on the London convention.

[Mr. J. Ramsay Scott.]

The facts are that early in February the Government of India received news of a World Sugar Conference to be held in London in May and on the 13th March, in answer to an unstarred question, stated that Dr. (now Sir) David Meek would represent India and that he would have an unofficial adviser in Mr. Noel Deerr who had retired and was in England. There was, therefore, ample time for the Government to have consulted the industry and to have asked for advice. I find that the industry made several representations to Government to which Government did not even deign to reply. I can find no trace of any signs that Government thought that to consult the industry was the right and proper course to adopt.

For years we have been fighting for the right to have our industries consulted during trade negotiations which concern them and we thought that the principle had been firmly established. Advisers were asked to assist Government during the talks on an Agreement which we hope will take the place of the Ottawa Agreement and Advisers were also asked to assist Government during the negotiation of the Indo-Japanese Agreement recently completed and completed with much credit to them and India. In the negotiations under discussion Government have, if I may use an agricultural term, 'reverted to type' and I would today enter a strong protest and ask Government to state definitely and without reservation that during negotiations such as these, that the industry or industries will in future be consulted. I would ask the House to remember that today the sugar industry has been sacrificed but it may be your pet industry tomorrow so I am, therefore, asking the House to express its condemnation of the action of Government and the manner in which they have conducted these negotiations, in no uncertain manner.

Government signed the convention in London on May 6th and are, therefore, committed to ratify this convention and I feel that whatever we may say will have no effect and that, therefore, in this case our protest will be ignored. The sting of the censure will, however, remain and will, I hope, teach them a lesson.

I would ask my Honourable friend, the Commerce Member, to consider if it is not worth while consulting industries and to quite openly ask for opinions. I feel sure that on behalf of the Indian industries, I can offer him whole-hearted co-operation and every assistance in the future. I also want to see whole-hearted co-operation on behalf of the Government and none of your one-sided arrangements. I want to be able to feel that the Commerce Department is the best friend of our industries and that we can come to it with our troubles and grievances and to know that they will be listened to sympathetically and that every endeavour will be made to put them right. At present I feel that if we have two enemies to fight against, one is the foreign competitor, while the second, and in no way less dangerous, is our own Commerce Department. (Hear, hear.) I want the Government to realise that if India is to take her proper place in the industrial world, it can only be brought about by the very closest co-operation and the best and the friendliest relations between the Government and the industries of India. When Government go down to Delhi there will be a reshuffling of portfolios and I hope that the new Commerce and Industries Department will turn over a new leaf. I want a well-organised department, a department alive to the needs of India of

today and a department that can act and act quickly. One of the reasons for Japan's success in the industrial world is because her Government consults her industries and they work hand in glove.

Now, I come to the second part of my recommendations and I would point out that although the convention precludes the export of sugar by sea, except to Burma, it does not prohibit the export by land over our land borders. Such exports are extremely difficult to carry through and very hard to finance. It is very difficult to estimate the possibilities of our land border markets and there is very little reliable information.

I would like to see industrial surveys made by Government and the possibilities and the ways and means considered to help the development of such markets as I am sure no better method of ensuring peace and tranquillity on our borders could be found than by fostering a healthy export and import trade. My Honourable friend, the Commerce Member, has, I understand, a little knowledge of Baluchistan and Persia as far as Birjand and I know that Colonel Rahman has, for I met him there about 17 years ago. From my own personal experience there I know of some of the difficulties for I can claim that in getting products of Persia and Turkestan from Meshed to Duzdab and that I opened up a camel route. I employed over 6,000 camels. Selling is not such an easy matter and the crux of the problem is finance and here I would suggest that the Honourable the Finance Member might come to our assistance and see if he could not evolve some such scheme as Japan adopts to encourage her exports.

Mr. M. S. Aney (Berar : Non-Muhammadan) : But the Honourable the Finance Member is not even here to listen to your request.

Mr. J. Ramsay Scott : I can hardly expect such generosity from a gentleman who is not even present here.

I do not like the way the Railways of India help our competitors. All exports say from Java to Afghanistan or Bahrin (Persia) are carried over the North Western Railway at a 66 2|3 rebate of freight. I am sure that this means that the railway loses on such freight and I think that I can call this a direct subsidy to enable foreign goods to compete in these markets. The Honourable the Commerce Member might give this matter his attention and see what can be done to help our exporters.

Now, I come to exports by sea. The prohibition of such exports by sea as suggested by this convention has caused widespread indignation. Many of us think that all the white sugar at present produced in India is being consumed in India and many hold the opposite view. Whichever is correct today will not be so tomorrow for in the very near future we shall have a surplus and I would ask you what are we to do with it ? Are we in a position to export ? Are we in a position to export today ? Yes, Sir, we are today able to export, if we had a quota from Great Britain. Our white sugar No. 1 is the equal of Mauritius crystals which sell today *c.i.f.*, London or Liverpool at 12 *sh.* per cwt. White sugar No. 1 is selling in India today at Rs. 6 per maund and I reckon that with a rebate of excise at Rs. 1-8-0 per maund this could be landed *c.i.f.*, the same ports at 12 *sh.* 2½ per cwt. I ask for no favour from the U. K. such as the freedom from paying duty as that would be as likely as India admitting piece-goods from Lancashire free of duty but only that as Lancashire piece-goods are admitted on a five per cent. preference over our usual 25 per cent. tariff so we should be put on the best terms and have our sugar admitted under

[Mr. J. Ramsay Scott.]

the heading : " Preferential Certified Colonial ". This duty, I believe, is about *s.* 2|4½ per cwt., and would give us a preference of *s.* 9|4 per hundredweight over foreign sugars.

Mr. H. Dow (Commerce Secretary) : In other words, you are asking for something like a 75 per cent. preference, not five per cent.

Mr. J. Ramsay Scott : I am afraid I cannot agree. The Honourable Member will have an opportunity of explaining that myth.

1 P.M.

A bounty or a cess is not out of the question, if by taking an excess production of the market we could raise our internal prices to an economic level so as to ensure a reasonable profit to the factory without increasing the price to the consumer unduly. Most continental sugars sell in their own countries at *s.* 10 to 12 and yet all of them export sugar. Russian sugar sells in Russia at *s.* 75 per cwt. and yet she imports into India.

Mr. Noel Deerr, our adviser, who has a world wide reputation as the expert on sugar and to whom the Indian sugar industry owes so much, stated in an article in the *Empire Producer* in June that :

" The most striking contribution to the Conference is the undertaking of the Indian Government not to appear as an exporter except to Burma during the period of the agreement. This should go far to remove an element of uncertainty which must have been present ever since India awoke and became sugar conscious. There are, however, some economists in India who look forward to the time when India will again, after the lapse of many years, appear as a large exporter."

This article was written for Empire consumption and not for India but I know that Mr. Noel Deerr does think it possible today.

We have just heard that there is to be an agreement between India and Ceylon and I would suggest to you that India would feel very foolish if Ceylon should offer a special preference to India's sugar as a *quid pro quo*.

I have no doubt that Government will tell us that this Convention is a great contribution to the stability of world sugar prices.

World sugar prices do not concern us while we have protection and the price of sugar is entirely governed in India today by the internal competition due to weak sellers and the fear of over-production.

At the Conference it was said :

" It is time that sugar ceased to be the sport of politicians and that when Government were unexpectedly faced with the budget deficiency, commodities other than sugar should bear a due portion of the burden. The reduction on the internal taxation of sugar would be a fit subject for the consideration of statesmen and would increase consumption and decrease the cost of production."

If my friend, the Honourable the Finance Member, has doubts as to the effects of his recent taxation policy I would refer him to the results recently published by four companies whose registered offices are in Cawnpore. I would ask him how he will get his 28 lakhs from the income-tax on sugar companies this year.

The policy of Government towards sugar will surely kill this industry. I admit the patient was not well but uninvited first came doctor Sir James Grigg who administered a purge, then comes another kindly soul Sir Sultan Ahmad who administers another purge, with the highest of motives in the cause of the world's stability and I suppose the next

doctor will be Sir Jagdish Prasad on behalf of the cane growers. I fully expect that he will just be in time to administer the final purge which will kill the patient !

Now, Sir, is the ratifying of this Convention in the interests of the agriculturists for whom Government profess so much sympathy ? Any action which tends to depress the price of sugar will, as you know, lower the price of cane which the factory pays.

Mr. President (The Honourable Sir Abdur Rahim) : The Honourable Member's time is up.

Mr. J. Ramsay Scott : I have not yet seen the results of the investigation into the economic cost of the production of cane but I do know that a cane rate of two annas per maund does not pay the grower and I doubt today whether the 80 per cent. of cane which is turned into *gur* returns this much to the grower. Today, only 20 per cent. of the cane grown goes to the factory and if this is paid for at the rate of four annas, then the balance has to be sold at two annas per maund. I would like to see the grower receive five annas per maund from the factory but to do so will mean that the factory will have to get more for its sugar than it is getting today.

If Government prohibits the export of the surplus sugar it will have to devise some scheme to help to raise the internal prices for sugar to enable the factory to make a profit, however small. What is Government going to do about it and is it willing to put forward any suggestions and to help in setting of the industry on its feet ?

The time at my disposal is very short and I have only been able to touch on a few important matters. What I want to see is a few constructive plans put forward and not any more destructive measures like the two which have emanated from Government this year. In my humble opinion Government have blundered and I do not see that they have any right to expect that this Assembly will hold the baby for them.

It gives me no pleasure to criticise the Government and I have tried to put before them a few suggestions to help to mitigate the damage being done.

My Group agree with me on the principles involved but if you can make out a good case for ratification they will probably go into the lobby with you ; but, Sir, I would suggest to the Government that they should, if I have made out a good case, accept this vote of censure on the way they have conducted these negotiations. Sir, I move.

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

" That for the original resolution, the following be substituted :

' That this Assembly recommends to the Governor General in Council that the International Agreement regarding the Regulation of Production and Marketing of Sugar, signed in London on the 6th May, 1937, be not ratified by him and expresses its strong disapproval of the action of the Central Government in agreeing to prohibit the export of sugar by sea except to Burma for the next five years without the knowledge and consent of the Industry. This Assembly further recommends that the Central Government explore all possible avenues for the export of sugar and take such other steps for the purpose of developing export markets, both by land and by sea for Sugar '."

Mr. T. S. Avinashilingam Chettiar : Sir, as I was hearing the Honourable the Commerce Member's speech, I was struck with his anxiety to contribute what India can towards solving the international problem of sugar. Let me tell him, Sir, that we, on this side of the House, are no less anxious to contribute towards any solution of international problems, whether it be sugar or whether it be anything else. But let me also say that contributions towards solution of international problems are not made by committing economic suicides. If we contribute to them we contribute to the solution of the world's problems which will solve our own. We do not contribute towards the solution of other people's problems by creating problems for ourselves. It seemed to me, Sir, that the Honourable the Commerce Member was blowing hot and cold in the same breath. He said, " What is the price of your sugar ? You have got a protection of Rs. 9 and odd. You cannot compete in the outside market ; for your very existence you require protection, and how can you export sugar outside ?" But in the end he said, " Please, for the sake of international peace, do not vote against this agreement, because," he said, " there would be a chaos in the industry and there would be chaos in the sugar international trade if India does not accept this agreement ". May I ask him how these two things go together ?

If what the Honourable the Commerce Member said about the price of Indian sugar is correct, that is, we shall not be able to export sugar to international markets, may I ask how there can be chaos. We cannot export sugar and so we cannot send sugar to the outside markets. He was talking about dumping and may I ask him, Sir, how there can be dumping. There was no plea put forward by anybody, as far as I can see, that India should be subsidised to export to outside markets. I heard him make the suggestion if you want to export it should be at the expense of the consumer and may I know whether what he meant by that was that they would expect subsidies from the Government of India to export of sugar outside. As far as I know, no argument has been put forward that bounties should be given so that India may export sugar. He said you want a good price for your sugar, and unless you get a good price for sugar the industry will not thrive well. He also said attempts are being made by Provincial Governments—United Provinces and Bihar are the chief sugar cane producing provinces—to increase the price of cane, and if that takes place the cost of production will go very high. He suggested as a solution, it was very surprising to me, ' do not export sugar outside '. May I tell him that unless you find a market for sugar outside, the price of sugar is bound to go further down. When the supply exceeds the demand it is economic law that the price of the thing goes down. Today what are the facts ? I read from the " Review of Sugar Industry of India "—it is an official publication—for the official year 1935-36 : it is dated the 23rd January, 1937. This is the conclusion to which the official spokesman who reviews the sugar industry comes :

" The year under review has the distinction of having created two records for the Indian Sugar Industry. Firstly, the total production in India, of all grades of white sugar (that is sugar made directly from cane in modern factories together with that of refined *gur* and the production of indigenous *Khandsari* concerns) for the first time exceeded a million tons, the actual figure being 1,091,700 tons. Secondly, there

was, for the first time, a carry-over of stocks of sugar at the mills when the 1936-37 manufacturing season commenced, the stock with 91 cane factories (out of 137 factories operating during 1935-36) amounting to 95,162 tons, and with 8 refineries to 18,449 tons, as on the 31st October, 1936. In addition to these stocks with the manufacturers, the quantity of sugar (including imported sugars) in stock in the principal markets and ports of India, on that date amounted to 30,073 tons, making a total of 143,684 tons or over 13 per cent. of the previous season's production."

May I ask, Sir, in view of the fact that 13 per cent. of last year's production has not been consumed and has not been sold, a market for that sugar has not been found. To that sugar will be added the produce of this year also. May I know whether that addition will increase or decrease the price. Certainly it will decrease the price as the supply exceeds the demand. If they really wish that the sugar manufacturer should get higher prices and the price of sugar cane should be increased, what should they do ? They should immediately find a market for it.

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

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

Mr. T. S. Avinashilingam Chettiar : Sir, I was telling the House that with 13 per cent. of the annual production still in the market unconsumed, there is little chance of the price of sugar rising, unless some way is found for marketing that produce. Ordinarily, very few people have understood the vast strides that the Indian sugar industry has made within recent years. Today India is by far the biggest sugar producer in the world. I have before me the statistics of production of sugar for the year 1935-36 and they show that the world production of sugar for that year is 27,128,000 metric tons, taking both beet and cane sugar. India in that year produced 3,696,000 metric tons, of which 2,508,000 was *gur* and 1,188,000 factory sugar. In fact she is first and biggest sugar producing country, Java producing 564,000 tons and Cuba producing 2,603,000 tons. But it cannot be said by any means that India has reached the maximum capacity of her production. For if we refer to page 19 of this book " Sugar Industry at glance ", by Mr. M. P. Gandhi, (he is an authority from whom even Viceroys like to quote), he says this :

" In the year 1936-37 the crushing of cane has been only 16.8 per cent. of the whole production of cane in this country. It should also be remembered that the capacity of factories has increased considerably. The capacity of factories in 1934 was 517 tons, while in 1936-37 it was 2,000 tons. Not only that : the maximum duration of the cane crushing season was 184 days in 1932-33, but the average duration of the cane crushing has been only 126 days in the Indian factories."

With these facts before us it will be very plain and can be easily seen that the capacity for production of sugar in India is immense : not only is it immense, but she has already exceeded her capacity to consume. Turning to table IV of the same book, we see that the total consumption of sugar in India is estimated at 11,50,000 tons, and the production of sugar has been estimated to be over 12,000,000 tons in the same period. Already there is an excess of production, and unless ways are found for the marketing of this excess production there will be a slump in the

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market and the result will be a reduction in the prices of sugar. While on this matter, I will refer to the figures of exports of Indian sugar and the possibilities of the Indian market. In page 21 of the "Review of the sugar industry of India" for the year 1935-36, they give figures of sugar already exported to some of the neighbouring countries,—Iraq, Arabia, Iran, Kenya Colony and Zanzibar and Pemba and other countries. The figures of re-export are 2,270 tons—that is, sugar imported into India and again re-exported. The export of sugar by sea, that is of Indian sugar, is 389 tons, while the exports of sugar by land amounted to 25,836 tons. If I can point out to the Honourable Member that there are countries neighbouring to our own, to which we can easily and profitably export sugar, then it will be found how much injustice has been done to our country by this agreement. Ceylon in 1936-37 imported 75,994 tons : Iran 59,932 tons : Arabia 9,000 tons : Aden 12,500 tons : Mesopotamia 7,854 tons : British East Africa 4,000 tons : and Siam 33,000 tons, making up more than 120,000 tons in all. We are already negotiating a trade agreement with Siam.....

The Honourable Sir Saiyid Sultan Ahmad : From where do you get all this ?

Mr. T. S. Avinashilingam Chettiar : These figures are found at page 375 of *Commerce* dated the 4th September, 1937—it is not anybody's opinion but statistics taken out of books showing world trade and commerce.....

The Honourable Sir Saiyid Sultan Ahmad : I thought you said that they were exported from India.

Mr. T. S. Avinashilingam Chettiar : No, no.....

Mr. Deputy President (Mr. Akhil Chandra Datta) : The Honourable Member has got only one minute more.

Mr. T. S. Avinashilingam Chettiar : I have taken only five minutes before lunch and I thought I had ten more minutes.....

Mr. Deputy President (Mr. Akhil Chandra Datta) : If you require it, I shall give you another two minutes.

Mr. T. S. Avinashilingam Chettiar : With such a large market in the neighbourhood of India, it is really an injustice to this great industry that an agreement should have been arrived at behind the back of the industry and without our knowledge that India should not export sugar outside this country. In a few minutes I will examine the articles of this agreement. Article 16 prohibits India from exporting sugar. In article 19 it says :

"It is further provided that 47,500 tons for the free market shall be placed in reserve."

Even if it is reserved, India will not get a share in this. In article 20 they say :

"If the Council shall at any time decide by three-fifths of the votes cast that, having regard to the requirements of the market, additional supplies are desirable, it shall allot additional quotas to all the countries concerned for such period (not exceeding one year) as it may decide, the additional quotas for each country being proportional to the basic quota of that country....."

So that, even if the world consumption of sugar increases and there is a demand for it, India will not get a chance under this agreement ; and so not only is India prohibited from exporting sugar now, she is prohibited for five years, but even if the demand for sugar consumption in the world increases, she cannot export sugar under the terms of this agreement. I, therefore, say, that having regard to the conditions of the industry in this country, having regard to the vast number of cultivators and labourers to whom this industry is giving support, this agreement is bound to cause great hardship to the industry and to the agriculturists of this country, and so I move that this agreement be rejected. I support the Honourable Mr. Ramsay Scott's amendment.

Dr. P. N. Banerjea (Calcutta Suburbs : Non-Muhammadan Urban) : Sir, the first question which arises in connection with the discussion of this subject is—was India properly represented at the International Conference ? The representative of India was Dr. Meek, (now Sir David Meek). I used to know this gentleman when he was in Bengal, and I do not think that he was particularly interested in the sugar industry, nor did he know much about it. Besides that, he left the shores of India some years ago, and he has not perhaps kept himself in intimate touch with the sugar industry in this country. Sir David Meek was, I understand, assisted by Mr. Deerr who was, at one time, connected with a sugar company run by Messrs. Begg Sutherland and Company of Bihar, but he also has retired from service and his interest in the sugar industry has ceased. How was it that these two gentlemen were entrusted with the duty of watching the interests of India ? When the Sugar Mills Association and the Federation of Indian Chambers of Commerce asked for representation at this conference, such representation was denied. It is clear, therefore, that India was not properly represented at this conference, and this Assembly, representing as it does the people of India, cannot accept the Agreement which was arrived at.

Sir, Article XVI of the International Agreement says that India is not to be permitted to export sugar for a period of five years. Now in return for this, is India to gain anything ? Is there any *quid pro quo*, or is this merely a self-denying ordinance on the part of India ? The Honourable the Commerce Member did not make it clear what advantage India was going to get from this bargain. It seems to me, therefore, that it is merely a one-sided arrangement.

Now, Sir, let me examine the ground on which this term was agreed to. The Honourable the Commerce Member says that India does not at the present moment export sugar. This is not strictly correct. The correct statement would be that India does not export sugar by sea to any substantial extent at the present moment. But is there any reason why India will not be able to export sugar to other countries in the course of the next five years ?

Now, let me turn to a review of the history of the sugar industry in recent years. Sir, time was when India did export sugar to other countries. India is the home of sugar cane, but owing to a combination of circumstances into which I need not enter, India not only did not export sugar, but was dependent for her internal supply of sugar on imports from other countries. However, the passing of the Act of 1932 produced

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a great change in the situation. During the last five years there has been a phenomenal development in the sugar industry, and at the present moment India is the largest sugar producing country in the world. Her sugar production is more than one-fifth of the total production of the world. Recent figures show that her production is about 21.8 per cent. of the total sugar production of the world, and her production is almost equal to, if not slightly larger than, her own consumption. Now the time has come when it is necessary for us to consider whether we should put a stop to the further development of the sugar industry or not. Sir, I may point out in this connection that this rapid development of the sugar industry in India, during the last quinquennium, has taken place in spite of the fact that the excise duty was levied a few years ago, and last year this excise duty was substantially increased. The Honourable the Commerce Member seemed to me to suggest that this excise duty was beneficial to the sugar industry in India. I could not follow his argument ; if I am mistaken, I hope he will correct me.....

Mr. B. Das (Orissa Division : Non-Muhammadan) : It was the Finance Member who was benefited.

Dr. P. N. Banerjea : No, it was the Honourable the Commerce Member who said that. However, that argument apart, it is clear that the sugar industry has immense possibilities in the future, and if it has such possibilities, what are we to do ? We cannot stand still. The production is almost equal to the consumption in the country. Now, if there is to be further progress, then India will have to find export markets, and, therefore, it is not desirable that she should be prevented from finding any export markets for the next five years. Would that be an advantage to the country ? I say 'no'; because if we are prevented from finding an export market, there will be unhealthy competition between the sugar manufacturers in this country, and prices will fall below the normal. Now, it has been stated that the cost of production of sugar in India is very high. It was very high, but when ? Sir, there has been steady decrease in this cost of production. As regards the cost of production this can be brought down in various ways ; first of all, by improving the quality of cane so that a greater sugar content may be found ; secondly, by improving the methods of manufacture ; and thirdly, by utilising bye-products and waste products. As a matter of fact, experiments are being made so that the cost of production is steadily decreasing and we may expect a further decrease in the cost of production of sugar in the near future.

This industry has now become a national industry and it has proved a very great benefit not only to the trader and the manufacturer but also to the cultivator. In fact, the cultivator of sugar-cane gains very greatly and, if further progress in the industry is to be checked, the cultivator will lose. The cultivator gets a much higher price from the sugar-cane that is sold to the sugar manufacturer than he would get in the ordinary course. Therefore, it appears to me from all points of view that it is desirable that the sugar industry should be further developed and no effort should be made to check the further development of this industry. If that be so, what is our duty in regard to this international agreement ? Should we accept this agreement ? Should this House, representing the

people of India,—all classes of the people of India, including the poor cultivator,—should this Assembly accept this agreement ? I say, No. This agreement is definitely injurious to the economic interests of the country and we cannot request the Governor General in Council to ratify the agreement. I have much pleasure in supporting the amendment which has been moved by my Honourable friend, Mr. Ramsay Scott.

Seth Govind Das (Central Provinces Hindi Divisions : Non-Muhammadan) : Sir, I rise to oppose the Resolution moved by the Honourable the Commerce Member and support the amendment moved by my Honourable friend, Mr. Ramsay Scott. Sir, the Honourable the Commerce Member said that we should keep an open mind in this respect. As a businessman I did try to keep an open mind, but I want to point out to him that in spite of this I have come to the conclusion that the Resolution which he has moved is not in the interests of India. As far as we are concerned, the Honourable the Commerce Member and other Honourable Members sitting opposite find it very difficult to convince us, but as far as the ratification of this Agreement is concerned, the Commerce Member could not even convince the European Group, which is always behind him for all motions brought before this House. This is the first time that I have seen Members of the European Group move an amendment which is in the interests of this country, and I congratulate them on this. I hope that in future this attitude will be kept up by them. I particularly congratulate my Honourable friend, Mr. Ramsay Scott, on his condemnation of this Government and on his statement, that we have two enemies, one the foreigners and the other the Commerce Department of the Government of India. I hope that he and his colleagues will keep the same view in respect of so many other similar things which are brought before this House.

The Honourable the Commerce Member said that this problem is a difficult and a complicated one. But in my humble opinion, it is a very easy problem and not a complicated one unless he makes it so. The point is very simple and it is this, whether we are ready to bind ourselves for five years not to export our sugar or not. I say that no section of this House is prepared to bind this country for a long period of five years not to export sugar from this country. The Honourable the Commerce Member says that our prices are too high for a free market. If the prices are too high, we won't be able to export, but the question is, why should we bind ourselves not to export ? My Honourable friend admits that the growth of this industry in India has been very rapid. I shall give here a few figures which will show how rapidly this industry has expanded. I quote these figures from the "Review of the Sugar Industry in India, during the Official Year 1935-36." In this report, at page 7, it is said, that in 1931-32 Indian produce has been only 1,58,581 tons while in 1935-36 this figure has gone up to 10,91,700 tons. The Honourable the Commerce Member said that a period of five years is a very small period and when we have not been exporting any sugar during all this time what is the harm if we bind ourselves not to export for another five years ? I feel that he is blowing hot and cold in the same breath. On the one hand he accepts that the development of this industry, within five years, has been very rapid, and on the other hand, he is asking, what is the harm if we do not export our sugar for another five years when we have not been exporting till now ? I say that this industry has expanded to such an extent, during

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the last five years, that we cannot bind ourselves to agree not to export sugar for another five years when I am sure this industry would have developed further by leaps and bounds. There is still a vast field for the development of this industry in our country and that cannot be denied. We grow today sugar cane on 44,31,000 acres of land. Only 18 per cent. of the produce is utilised by the sugar factories. It shows that about 82 per cent. of our sugar cane is being used for preparing *gur*, for juice chewing and other purposes. It proves to the hilt what a vast field we have for further development of this industry. It is in the interests not only of the commercial magnates of this country but also of the poor agriculturists, who grow cane, that more sugar factories should be established. If they sell their sugar cane to the factories they get a better price for it than they get by turning it into *gur*, or other things. But what is the position today? It is estimated that our total consumption of sugar is about 11½ lakhs of tons. If our present factories work to the fullest capacity, they can produce about 14 lakhs of tons of sugar annually. Therefore, Sir, what I would point out is that even for the present output of the industry, the export of our sugar has become inevitable, not to speak of the further development of this industry. My Honourable friend, Mr. Chettiar, pointed out certain countries which are importing sugar. Besides those countries even the United Kingdom is importing about two million tons of sugar every year and the entire quantity of this sugar is being imported not from the Empire countries. Most of it is being imported from non-Empire countries. One-third of her sugar imports, is from Empire countries and two-thirds from non-Empire countries. That is about 13 lakhs of tons. When we are giving preference to her textile goods, to her steel goods and other manufactured articles, is it not fair that she should give preference to our sugar, especially when she is importing sugar from non-Empire countries? It seems that the United Kingdom anticipated this legitimate demand of ours and so they were in a hurry to enter into some kind of agreement by which our legitimate demand may not be put before them and to avoid a retributory obligation they threw this agreement on our heads. Today we have a small surplus of about two or three lakhs of tons, if we are able to export even this much, we shall be able to maintain internal level of our prices. It is necessary to maintain this level of price both in the interests of our industry and in the interests of the agriculturists. About two crores of our people are dependent upon the cultivation of sugar cane and the estimate of what the agriculturists for the current year will get is about 900 lakhs. Sir, the sugar industry is not an industry which can stand on the footing of other industries but it stands entirely on a different footing.

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The Honourable the Commerce Member advanced four arguments against the export of our sugar. Firstly, he said that we have a high tariff duty on the sugar and so we cannot compete in free markets. If we cannot compete in free markets, it does not mean that we should bind ourselves not to export sugar, we shall endeavour to catch some market at least. His second argument was, that for maintaining the prices we must have some kind of international agreement. We are ready to enter into an international agreement but not at our cost. If the interests of India have

to be sacrificed we do not care for the international interests. We have first to look to our own interests and when we feel that by this agreement our own interests are being sacrificed we cannot afford to look upon the international interests with benevolence. Thirdly, he said that India did not export any sugar till now, why should we be anxious to export it immediately and why should we not wait for five years? Sir, till now, there was not sufficient development of our industry in our own land and we had no scope to export any appreciable quantity, but within the last five years we have developed it to such an extent that the time has come when we require to export and it is not in the interest of India that we should agree not to export our sugar for another five years. His fourth and main argument was the high cost of our sugar production. Now, Sir, I want to say a few words on this point, because in my opinion, this is the most important point that he has made. Firstly, I want to point out that our cost of production is going down every day which is accepted even by the Director of Imperial institute of sugar technology and, secondly, the prices do not depend upon the cost of production. While comparing the c. i. f. prices of sugar in different countries in a particular market like the present c. i. f. cost of Indian sugar in that market we should take into consideration that foreign sugar enjoys many special advantages of freight rates. etc., due to an already established large export trade which Indian sugar does not enjoy at present. Apart from this, it must be borne in mind that the actual internal cost of production is not a very important factor, so far as the development of export markets is concerned. This will be apparent from the fact that the internal prices of sugar in the various countries today have little relation to world prices, that is the prices for the exported sugar in the free markets. It will be surprising to find that the retail prices of sugar, in certain countries, are several times higher than the world sugar prices. In most of the countries of Europe retail prices range between Rs. 15 and Rs. 33 per cwt. whereas in the Soviet Russia, the retail price is as high as Rs. 77 per cwt. and yet most of these countries have allotted export quotas in the free world market in the Conference. In India the retail prices of sugar happen to be the lowest in the world, except Java, Cuba and Brazil. Examples may be multiplied to show what little part the cost of production plays in the internal trade which is now-a-days largely regulated by tariffs, quotas and preferences. Therefore, Sir, I want to point out that the cost of production is not the main argument which can be brought against our export of sugar. Sir, the present agreement is against the interests of India and it should not be ratified. I support the amendment moved by the Honourable Mr. Ramsay Scott.

Mr. B. B. Varma (Muzaffarpur *cum* Champaran : Non-Muhammadan) : I am grateful to you, Mr. Deputy President, for giving me an opportunity to speak, just after another Congress Member has spoken. I am just going to attend a sugar conference in Lucknow.

I am more than surprised that the Government should come forward to this Assembly to get this agreement ratified, which has deprived this country to export sugar when and if she can to other countries.

Sugar cane in our country occupies a prominent place in the agricultural economy as being one of the few crops on which a vast number of cultivators of cane rely to meet their cash requirements. This is

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more particularly applicable to the Province of Bihar and U. P., as, unlike other provinces cane is the only cash paying crop. In Bengal, apart from cane, jute is a money crop and in C. P., Bombay and Madras cotton is a cash paying crop. The policy of protection given to the sugar industry has very successfully increased the home production and brought down the imports of white sugar to a very small figure. The time has come when the Government should see that the cultivators reap the benefit of the protection also and this they can do by helping the industry being placed on a sounder footing.

There are 154 sugar mills in India, out of which 108 are situated in Bihar and the United Provinces alone. With the growth of modern sugar factories the acreage has increased considerably. The acreage under cane cultivation in the year 1931-32 was about 31 lakhs and it has reached to over 44 lakhs in the year 1936-37. A little over 27 lakhs acres is under cultivation in Bihar and the United Provinces.

It may be pointed out that the modern factories crushed, during 1936-37, a little over 16 per cent. of the total quantity of cane grown which is 6,73,22,000 tons, and the remaining about 84 per cent. was used either for manufacture of *Gur, Khandsari* and for chewing and planting purposes. It is thus clear that there is vast scope yet for the development of sugar industry in this country. Not only the raw material is available in an abundant quantity, but in view of the cane crushing season happening with the less busy season of cultivation, the labourers get employment when they are mostly out of employment. A fuller development of sugar industry would thus certainly be a welcome measure for the amelioration of the condition of a vast number of cultivators.

During the last season great difficulty was experienced in the disposal of the entire quantity of cane and the cultivators were put to considerable distress and loss. Due to the cut-throat competition of the millowners, the cultivators were paid only 2½ annas per maund as the price of their cane, including cartage. As a result of this, the cultivation has greatly gone down. Sugar cane being a cash crop, a large number of cultivators will be deprived of the benefit which they get from the sugar cane crop. This could be avoided if an outlet for at least a certain quantity of Indian sugar is assured. The development of an export market for Indian sugar is in the interest of all connected with the industry. The question, therefore, is : Are there possible avenues for the export of Indian sugar ? Though the avenues are limited, there are still some avenues in which export market for Indian sugar cane be developed. There are, for example, Ceylon, Nepal, Iran, Aden and Siam, which depend for their sugar supply on foreign countries to the extent of 1,65,000 tons.

In addition to these neighbouring markets, the surplus production of Indian sugar can find a market in the United Kingdom inasmuch as she imports about two million tons of sugar every year, of which more than two-thirds are imported from foreign countries, while slightly less than one-third from the Empire countries. This being so, it would not be unreasonable for India to expect that she would receive some Tariff preference from the United Kingdom and thus be able to export

her surplus production, whatever the quantity, to the United Kingdom to whom she grants large preferences in Tariff in several manufactured articles like cotton textiles and steel, etc. Unless, of course, the United Kingdom prohibits import of Indian sugar, a step which would be rather unjust and unfair for her to take if she is really anxious to maintain friendly commercial relations with India.

The main argument so far advanced against the export of sugar from India is that the cost of production in this country is higher than in any other great sugar producing countries of the world. But during the last five years the cost of production of sugar has been considerably brought down. The efficiency of Indian factories has also been improving every year, as testified by the periodical reports issued by the Director of the Imperial Institute of Sugar Technology. It is true that any appreciable reduction in the present cost of production of sugar depends greatly upon improved quality and reduction in the cost of sugar cane. There is no reason why the combined efforts of Agricultural Departments, Industry and the Government of India should not make it possible for the factories owners to bring down, in due time, the cost of production. The utilisation of their bye-products, which are practically of no value at present, will also help the factories in a short time in reducing the cost of production. If Indian sugar is given the same preferential treatment as is given to Colonial sugar, in the United Kingdom, India would be able to export sugar to the United Kingdom. In the interests of a vast number of agricultural population as well as in the interests of the stability of an important national industry, it should be the duty of the Government of India to secure a proper share of Indian sugar in the United Kingdom market. It is regrettable that the attitude of the Government of India on the question of export of sugar from India has not been very helpful. This is exemplified by the light-hearted manner in which they have handled the situation with regard to the recent International Sugar Conference held in London. Although an opportunity for considering the possibility of export of sugar from India to other countries presented itself, and India was also, as the largest sugar producing country of the world, invited to nominate a representative, the Government of India, without consulting any commercial bodies in the country or the Legislature, nominated Dr. Sir Meek as the representative of India according to their own choice and in utter disregard of public opinon and commercial and industrial bodies. Dr. Sir Meek may be all right as a statistician but what concern had he to fight for India's cause or put up a strong case on behalf of the Indian sugar industry. The Indian sugar industry was thus deprived of representing their full case in the light of actual conditions obtaining in the industry before the International Conference. The indignation has become so serious that the representative of the Government of India at this Conference agreed to commit India not to export sugar by sea to any country except Burma for a period of five years. Five years is not a short period and many important developments so far as this industry is concerned may happen during this period. If within this long period of five years the world's capacity to consume sugar goes up, as is likely owing to the new and greater steps being taken for improving the dietary of the masses, India, being classed as an importing country, is deprived of taking advantage of that greater demand. Similarly, if one of the exporting countries fails, for

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some reason, to fulfil her quota of supply, India, even then, is prevented by this agreement to fill in the gap and benefit therefrom. Is it just to India or to the consuming world ? Therefore, this, our second largest industry, cannot have such restriction placed on it. The country will never agree to it. Luckily, one redeeming feature of this International Agreement is that it is 'subject to ratification by the Legislatures of the countries concerned'. Even this was not achieved by the Government of India but the other countries which participated in the Conference reserved to themselves the right to get the agreement ratified by their respective Governments and hence, we have also been offered an opportunity and we must express our disapproval to the agreement arrived at in London. Whether we agree upon the arguments about protection, consumption and export of sugar or not, there is one objection to the agreement which is absolutely unanswerable. India has got absolutely no *quid pro quo*. If at least imports of sugar into India had been prohibited for five years, there might have been a little justification. As it stands, the freedom to dump into India is given while prevening exports from India. This extraordinary arrangement can be explained only by the fact that India is used as a pawn in the Imperial game and this Assembly must most emphatically repudiate this role. I, therefore, appeal to the House to refuse ratification of this agreement.

Sir Leslie Hudson (Bombay : European) : Sir, I am afraid that the Group which I represent cannot go quite so far as my Honourable friend, Mr. Ramsay Scott, went this morning.

Voices : Very sorry.

Sir Leslie Hudson : We are in general agreement as to the advisability of consulting the interests of industry, trade and commerce in any fundamentally important trade or other negotiations which may affect them. But we do not agree that the sugar industry has been so badly treated by Government, having regard to the history of its protection. On the contrary, we consider that it was the over-generous treatment originally given to it by Government that has led to its present troubles. I am not referring to the agreement now but the troubles in which the sugar industry has found itself in the last year or 18 months.

Pandit Lakshmi Kanta Maitra (Presidency Division : Non-Muhammadan Rural) : What is the trouble ?

Sir Leslie Hudson : Well, I have always understood that the sugar industry has been complaining that there has been a multiplication of factories which has rendered the economical production of the smaller factories definitely impossible.

Well, Sir, there are four or five Members of the Group, apart from Mr. Ramsay Scott, whose constituents are vitally interested in the sugar industry and they are definitely in favour of the ratification of the Agreement.

Mr. S. Satyamurti : Who are they ?

Sir Leslie Hudson : Since the Honourable the Commerce Member spoke this morning, I have taken the opportunity of turning up the answer to the unstarred question which was asked on the 12th March

last, to which the Government in reply stated that : " India will be represented at the Conference by Dr. Meek, Indian Trade Commissioner in London, as sole delegate, with Mr. Noel Doerr of Messrs. Begg, Sutherland & Co., of Cawnpore, as technical adviser ". My Honourable friend, Mr. Ramsay Scott, has himself admitted that Noel Doerr, as the Adviser of the sugar interests in Cawnpore, has done a very great deal for the Indian sugar industry. I think he said that he had done more than any other person for that industry. It seems, therefore, a little unnecessary to be so vehement in his denunciation of Government for not consulting the industry when the technical adviser of the very interests he represents in this House was the technical Adviser to India's sole delegate at the International Conference.

Mr. J. Ramsay Scott : But that is not quite right. Mr. Noel Doerr had retired to England over a year ago.

Sir Leslie Hudson : I am merely quoting from the answer given by the Honourable the Commerce Member last March.

As far as this agreement is concerned, we think it should be looked at as a whole and not merely from the one aspect which the Amendments to this Resolution have been framed to emphasize. The chief objects of the Agreement, as I see them are :

(a) control of production,

(b) increase of consumption, and

(c) raising of prices.

All these three objects are of course closely inter-related. Control of production is most desirable in order to assure consumers an adequate supply of sugar at a reasonable price. Quoting from the report of the International Agreement itself,—

" the contracting Governments agree that it is their policy so to direct arrangements made under the present agreement as always to assure consumers of an adequate supply of sugar on the world market at a reasonable price to consumers, such price not to exceed the cost of production including a reasonable profit to efficient producers."

Further, the agreement sets up the machinery for international consultation, research and co-operation. We have already seen the benefits to the interests concerned of somewhat similar Agreements in the tea, rubber and tin industries.

The two important factors in India are its large, potentially even larger, production combined with a vast and annually increasing population. I consider that at the present time, it is doubtful whether India would be in a position to export sugar. I, personally, would have preferred that the door should have been kept open for reconsideration during the five years covered by the agreement. On balance, however, we believe that the Agreement is in India's interests.

Mr. S. Satyamurti : How do you know ?

Sir Leslie Hudson : I did not say, I *knew*. I only said I believe. I am not quite so omniscient as my Honourable friend opposite. I would remind the House that every sugar producing country, in this Agreement, has expressed its preparedness to make considerable sacrifices in the

[Sir Leslie Hudson..]

matter of production in order to maintain regulation of the world price of sugar. India, however, is asked to make no such sacrifice but is permitted, without interference, to maintain her production which has so greatly increased in recent years. Therefore, Sir, whilst I do agree that Government should consult industries of this nature, this large and important nature, when any trade agreements are about to be entered into, I am at the same time not in favour of the amendment which has been moved by my Honourable friend behind me and we advise ratification of the Agreement.

Seth Haji Sir Abdoola Haroon (Sind : Muhammadan Rural) : Sir, may I move the amendment that stands in my name ?

Mr. Deputy President (Mr. Akhil Chandra Datta) : At all events not now. The amendment of Mr. Ramsay Scott is now before the House for discussion.

Seth Haji Sir Abdoola Haroon : Sir, this morning I heard very carefully what the Honourable the Commerce Member was saying about this Agreement. Unfortunately, I did not hear the speech of my Honourable friend, Mr. Ramsay Scott. I may at once submit that the Government, in view of their past conduct towards this industry, cannot expect this House to ratify this Sugar Agreement. (Hear, hear.) The Government sent only an official as Adviser to the International Convention. They did not consult this Assembly, nor did they consult the industry. Without taking any of these steps, the Government simply entered into an agreement and they now ask us to ratify the same. On account of the previous treatment which the Government meted out to the sugar industry, a great suspicion is created in the mind of this House and in the mind of the public. The Government cannot, with any show of reason, ask this House to support them in ratifying the agreement. The Government have done nothing till now to improve the sugar industry in this country. If you look at the international agreement, you will find that every country is bound to regulate the production of sugar.

During the last four or five months, Government have taken no steps to organise the industry in this country, nor have I any hopes that Government can regulate and support the sugar industry. It is generally said in this Assembly that Government have given protection to the sugar industry, but really you will find that only the revenue duty is the protective duty. If you look to the import duty all over the world, you will find that even today in India with the protection the import duty is less than in any other country in the world. So I must say that they have given protection only in name, but in reality they have given no protection. They only want to help the industry when there is shortage in the budget and put an excise duty on sugar. Even in last year's speech, the Finance Member said :

> " The sugar industry is disorganised and therefore I want to put this new excise duty. The smaller ones will crash and the sugar industry itself will become organised."

And what was the result ? On account of this excise duty, the prices of sugarcane went down so much that I am afraid that, if this continues, people will stop growing cane in future. Considering all these things, I do not think this side of the House can support this

Resolution. But I want to place some facts before the House for consideration. This international agreement has been signed by all the nations ; and if we do not ratify it, what will be the effect on the sugar industry in India and the sugar market of the world ? I will remind the House of the fact that some two years ago the Java price of sugar *c. i. f.* India was more than Rs. 2-12-0 per maund at Calcutta, Karachi or Bombay ; and if this international agreement " goes phut ", what will be the effect on the sugar market of the world and on the sugar industry in India ? We have to consider this point very seriously.

In the best interests of this country, I will suggest that if Government ratify this agreement, it must come forward to organise the industry in India. And what organisation do I want ? I want only this that, as at present, all the nations have agreed to control the sugar market, and the same thing should be done in India also. And how can that be done ? At present the production of sugar has become equal or slightly more than the consumption. New factories all round may be erected in future and the existing factories may be extended. Therefore, Government, considering the state of this country, have to control the production or at least see that the production is not in excess of the requirements. Another thing is this. Although we have already reached a stage when we are not importing any sugar from outside, still, on account of internal competition, the prices of sugar have gone down to such a level that it is not remunerative either to the manufacturers or to the cultivators.

Mr. M. S. Aney : What is your last dividend return ?

Seth Haji Sir Abdoola Haroon : If you look at the balance-sheets of some established factories, you will find that they all lost last year.

Mr. B. Das : But how much did you gain last year ?

Seth Haji Sir Abdoola Haroon : I am willing to place my papers before Mr. Das and he can then find out and tell the House.

Sir, I was saying that the sugar prices went down very much, and, therefore, a marketing board is essential in India as in Java they have established in Newas with the help of Government and the law of the land. I suggest that here also Government should take steps to establish a marketing board for sugar. If these steps are not taken, the cultivators, owing to there being already cut-throat competition resulting in low prices, will not find any profit in this line and they may stop altogether the cultivation of sugar cane, and the country will suffer very heavily.

Sir, I will not at present deal in detail with the marketing and controlling of production of sugar, but I will address a few words to my friends here so that, before deciding on the matter of this agreement, they may consider what its effect will be on the sugar industry of this country. Sir, at present I have figures and literature to show that sugar can be exported from India to England, but with the price of cane at 3 annas, 6 pies to 4 annas, we can only export to England if we can get the colonial preference, which means about 6 shillings, 4 pence per cwt. If we can get the preference, then we can export, but, Sir, how can we get it unless we can give some return from the Indian side ?

[Seth Haji Sir Abdoola Haroon.]

Whether we can give any return to get this preference can be considered by Honourable Members on this side.

An Honourable Member : We are giving them much more than they deserve.

Seth Haji Sir Abdoola Haroon : You can place your views before the Trade Delegation who are considering the terms of an agreement between the Board of Trade and India. We are the next neighbour to Ceylon, but I can assure you that today I am unable to export to that place unless I get at least Rs. 2 per maund of preference from Ceylon. If I get it, I can compete in the Ceylon market with Java sugar. I do not know what to do. One side, I think, is refusing to ratify the agreement, and, if I consider the Government's attitude, I have to follow this side. I find the other side are not sympathetic to the sugar industry, and are not giving any assurance to sugar industry on the floor of the House that they will organise it in future. With these words, I sit down.

Sir Muhammad Yamin Khan (Agra Division : Muhammadan Rural) : Sir, there are three interests, three classes of people who are interested in the sugar industry : the first is the most important, the cane grower ; the second is not so important, the consumer ; and the third interest is the producer of sugar. They are not all equally important, but come in these three categories in order of merit. As far as the interests of the cane grower are concerned, they ought to be uppermost in the minds of this House. We find, Sir, that these interests have been hopelessly destroyed by the imposition by Government of excise duty. I said at that time on the floor of the House that the excise duty will act adversely on the cane producers, and not on the consumer or the sugar producer. But my Honourable friends, on the Treasury Benches, would not believe it. Not one of the advisers of the Finance Member, people who have got book or paper knowledge and not knowledge of the world as it is, gave him the correct advice. They gave him the advice that the duty would not affect the cane producer, but what was the result within two months ? We found that the poor cane grower had to sell his cane at half the price of what he should have received if the excise duty had not been introduced. The price of cane was fixed by United Provinces Government at five annas per maund, but the effect of the excise duty was that sugar manufacturers stopped purchasing sugar cane. The cane began to dry, from one maund it came to 30 seers, having remained in the field for more than a month, and the sugar factory owners were wanting to force the cane grower to sell at a cheaper price so that they might not have to pay anything from their pocket. The result was the sugar manufacturer did not get back the duty from the consumer, because the prices were just the same as they were at the beginning. That was what I foretold. One maund became 30 seers, and the sugar manufacturer purchased cane at 3 annas 6 pies instead of at five annas. This was the direct result of the introduction of sugar excise duty at a time when harvests had not been reaped and before sowing had taken place. This was the greatest blunder which Government committed at that time this year. On the floor of the House I deplore the action of Government, I deplore equally the action

of sugar producers who tried to take all that they could from the poor cane producer who could not afford to keep the cane in his hands for a number of days without ruining himself. They took all the advantage that they could until the Minister of Industries and Agriculture in the United Provinces had to travel about and induce them to purchase at a low price because he knew the calamity that was coming.

Mr. Deputy President (Mr. Akhil Chandra Datta) : We are now discussing this convention, not what was done last year.

Sir Muhammad Yamin Khan : I am coming to that ; we have to safeguard all these three interests. The cane grower has been ruined on the one hand by the Government and on the other by the sugar manufacturer ; and unless the sugar manufacturer mends his ways, he cannot have any sympathy from this House : they are not patriotic and they have been filling up their pockets at the expense of the poor people, the teeming millions of this country. We cannot show sympathy to a mere handful—about 100 people who are the manufacturers, over-riding the interests of the 37 crores of people in this country.

Now remains the consumer. He is suffering. The cane grower has suffered and the consumer has suffered for the benefit of the manufacturer for whose benefit the high tariff duty of 7½ per cent. has been imposed. It all comes out of the consumer's pocket, just to allow the sugar manufacturer to develop the industry in this country. We want to see India self-supporting in this matter at least.....

Bhai Parma Nand (West Punjab : Non-Muhammadan) : Has the price of sugar increased ? How does the consumer suffer if the price is lower ?

Sir Muhammad Yamin Khan : The price is lowered in respect of Java sugar alone on account of high Tariff.

Bhai Parma Nand : No, no.

Mr. Deputy President (Mr. Akhil Chandra Datta) : I am sorry I must repeat that the Honourable Member is not speaking to the Resolution.

Sir Muhammad Yamin Khan : I was obliged to answer a side question. (Interruptions.) I am not going to give way.....

Dr. G. V. Deshmukh (Bombay City : Non-Muhammadan Urban) : How are you going to vote ?

Sir Muhammad Yamin Khan : I will show you soon how I am going to vote. As I said, I have no sympathy for the sugar manufacturer. I would have done so if there had been some sympathy for the cane grower. As a cane grower and as a consumer, I was ready to give facilities to the manufacturer ; but not now since they do not show any sympathy to the cane grower or the consumer. I know that all my friends over there are representatives of the capitalists and they have no sympathy for the cane grower, but I challenge them to stand for election on this issue whether the cane grower should be helped or the manufacturer should be helped.....

Mr. Deputy President (Mr. Akhil Chandra Datta) : I think really that the Honourable Member should now come to the point and speak on the International Convention.

Sir Muhammad Yamin Khan : My point is this : I am developing my argument that there are three interests in this country which are vitally concerned with this convention : the Honourable the President allowed the Member in charge of the Resolution to trace the history and so I must be allowed.....

Mr. Deputy President (Mr. Akhil Chandra Datta) : I am afraid the Honourable Member is not quite in order in making these remarks : he must confine himself to the agreement.

Sir Muhammad Yamin Khan : I bow to your ruling, Sir. India is mostly a cane growing country : the majority of the people are the growers and we have to see whether their interest is adversely affected by this convention or not.

Mr. Deputy President (Mr. Akhil Chandra Datta) : The Honourable Member has got one minute more. (Laughter.)

Sir Muhammad Yamin Khan : This being the condition, I must say that all the speeches I have heard so far are in favour of the manufacturers—I have not found a single speech in favour of safeguarding the interests of the cane grower. I say the country is not going to gain unless the interests of the latter are safeguarded ; and as the cane growers will not lose by this convention, until the sugar manufacturers say that they will purchase cane at five annas a maund, the country will not lose anything. Therefore, I support the Resolution.

Mr. H. Dow : Sir, I must admit that I have been struck with the general feeling on the part of Members opposite that we have not in this matter made adequate consultation of the sugar industry.

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

They also appear to think that they were not properly represented at the convention. I am free to admit that it would have been better if we had consulted the industry in some more formal fashion than we have done, but I should like to say something in extenuation of that. Although the question of calling this sugar conference had been under discussion for a very long time, there had been, up till the very end, very great difficulties in getting the conference together, and it was not until the month of February last that we heard that the conference was definitely going to be called at the beginning of April, and an invitation was extended to us by the League of Nations. On the 12th March, as has been already said, Government in reply to a question by Seth Haji Sir Abdoola Haroon, announced the name of their delegate, and also the fact that Mr. Doerr, a man who, I understand, is undisputedly one of the greatest sugar experts in this country and has the confidence of everybody in the industry would be his technical adviser. I may say that the fact that this was an unstarred question, although it was asked by a man like Seth Haji Sir Abdoola Haroon, who is himself, a sugar magnate, is in itself some indication that at that time there was not a great deal of public importance attached to it, and during the rest of the time that the House was in Session, which was several weeks, no further reference was made to the point. Moreover, Sir, we have not entirely sprung a surprise on this House in the attitude that we have taken at the conference. On the 30th of March

last Seth Govind Das asked a question as to our general line of policy at this conference, and Sir Muhammad Zafrullah Khan replied as follows :

"In India the cost of production is considerably higher than in other great sugar countries of the world, and no great reduction in such cost is possible until the quality of Indian sugar cane has been further improved and the cost of its production reduced, a process that must take several years. In the meantime, Government do not think it would be feasible for Indian sugar to compete on the export market....."

4 P.M.

Seth Govind Das : Has there been no reduction in the cost of production in the last five years ?

Mr. H. Dow : There is another point which, I think, Honourable Members have not fully realised, and that is that, in having an official delegation, India was in exactly the same position as the other 21 countries represented at this conference.

Several Honourable Members : No, no.

Mr. H. Dow : It was a conference of Governments, and what it was necessary to elucidate was not what this section or that section of the industry thought ought to be done, but what Governments intended to be done.....

Mr. M. S. Aney : For whom ?

Mr. H. Dow : Sir, in the past the sugar trade has been frequently upset by the unco-ordinated intervention of different Governments, and the object of this conference was to get Governments to agree on a line which would improve the general situation in the world market, and, therefore, as I have said, it was necessary that should be in the same position as others, and be represented by an official delegation.

An Honourable Member : Both Englishmen.

Mr. H. Dow : Sir, I listened with a great deal of interest to the speech of Seth Haji Sir Abdoola Haroon, because he is one of the men who is vitally interested in the industry and is most directly concerned in it. I was very surprised to find that he spent most of his time in speaking against the amendment which, I understand, he still proposes to move later on. He said that he was not prepared to advise the House to agree to the ratification of this Resolution. Now his own Resolution starts by accepting Government's Resolution and tacking to it a proviso, and I suggest that if he could define his position more clearly, he would find it to be this. We must have international regulation, and so he thinks it is a good thing that we should ratify, but he is not prepared to do this, unless we extend the same principle within India. He says, as you are treating the whole world as a unit in order to get a certain amount of co-ordination, you must extend the same principles in India, because India is a little chaos in itself. That is perfectly intelligible attitude except for this, that the ratification of this Agreement and the improvement of conditions in the world market is obviously a prior step. From the point of view of India's entry into the world market, it is no use getting your house in order here if you are going to allow chaos to continue in the trade of the world.

There is one point that Seth Govind Das made. I think he was intending to show that we could reduce prices and we had a hope of

[Mr. H. Dow.]

doing so, and he said that retail prices in this country were already the lowest in the world except, I think, Java and Cuba. That was the general tone of his remarks. Now, Sir, I believe that is more or less true, but what does it prove ? The retail prices in other countries include all the taxation which those countries choose to put on sugar,—and in so far as it is true that the retail price of sugar in this country is very low indeed,—it would tend to show that there is a large possibility of further taxation on sugar being levied without any very great harm being done.

Some Honourable Members : Oh, oh.

Mr. H. Dow : That is the natural inference from his argument.

Some Honourable Members : No.

Mr. H. Dow : The retail price of sugar in the Soviet Union, for example, is round about Rs. 77 a cwt.....

Dr. G. V. Deshmukh : Is everything like Soviet here ?

Mr. H. Dow : .....And yet Soviet is prepared to export sugar.

Seth Govind Das : And, therefore, we can do it.

Mr. H. Dow : Similarly, take the Netherlands. In the Netherlands also the retail price of sugar is in the neighbourhood of Rs. 26 a cwt. That is not going to prevent.....

Seth Govind Das : And, therefore, they are exporting.

Mr. H. Dow : The point I am trying to make is that the retail price of sugar has nothing to do with the ability of a country to export under present conditions.

Now, Sir, I had hoped to be able to deal with a larger number of arguments which would be produced in the course of the debate, but really, Sir, there have been so few of them, and I must try and put forward some of the Opposition's arguments in a better way than they have themselves. We have had various references to the possibilities of exporting sugar to the United Kingdom, and we have been asked why we should not get the Colonial certificated preference ? Taking sugar of a polarisation of 95 degs. to 96 degs. (the rates of duty vary according to polarisation) the full duty in the United Kingdom is about 8*sh.* 1½*d.* per cwt. The Colonial certificated rate is 2*sh.* 4½*d.*, in other words, you are asking for a reduction of about 75 per cent. of the United Kingdom duty. Now you have not the slighest hope of getting that.....

Mr. Bhulabhai J. Desai : So long as you negotiate yourself.

Mr. H. Dow : The Colonial certificated rate is a special rate to certain of the sugar growing colonies to whom really sugar is their very life blood, and if they were not given assistance in this way, I have not the slighest doubt that His Majesty's Government would have to come to the assistance of these colonies to meet the cost of their administration in some other way. There is really no reason at all why this rate should be granted to Indian sugar, and there is not the slighest possibility that it will ever be given. Then it has been suggested that we should dump our sugar in the world's market.

An Honourable Member : Who made that suggestion ?

Mr. H. Dow : It has not been quite as nakedly as that, but I had perhaps better put it in the way in which the Federation of Indian Chambers of Commerce put it. They had written to us that India should be left free " to seek greater markets abroad by adjusting export prices to enable Indian sugar to compete on equal terms with non-Indian sugar ".

Mr. B. Das : That is quite a different thing.

Mr. H. Dow : I can only interpret this somewhat vague phrase, at any rate, as implying that India should dump her sugar in the world's market at unremunerative prices and make the Indian consumer pay the piper.

An Honourable Member : Nobody suggested that.

Mr. H. Dow : I cannot see any justification for that course, and certainly it is a game which more than one can play.

An Honourable Member : It does not mean that.

Mr. H. Dow : I am always told that it does not mean that. What I want to find out is what it does mean. Nobody will tell me what it does mean.

Mr. B. Das : You ought to have written to the Federation and they would have explained.

Mr. H. Dow : The Indian Sugar Mills' Association have also written to us on the subject. They say :

" It is, therefore, essential that Indian sugar should be admitted free of duty into Great Britain."

Sugar, as you know, all over the world, is regarded as a suitable subject for a fairly heavy consumption tax, and when the Indian Sugar Mills' Association comes forward as a responsible body and that is the sort of argument that they produce, well, I think it is rather a hopeless case.

[At this stage, Seth Govind Das rose in his seat to interrupt the speaker.]

Mr. President (The Honourable Sir Abdur Rahim) : The Honourable Member has very little time left, and he ought to be allowed to go on with his speech.

Mr. H. Dow : There is, I think, one argument which has weighed with a good many Members, and that is this. You say in effect that the Government takes the view that India will not be able to export sugar in five years. If that is so, why is so much importance attached to a declaration that India will not export ? If the other countries really think that we cannot export sugar, why should they be so keen to get from us a promise ? That I think is a very reasonable argument. The answer is this. The Chadbourne Plan was very largely upset by India coming into the world market—or rather, not coming into the world market, but becoming a great manufacturer of sugar. You cannot expect other nations to understand the internal situation of India to the extent that we are able to understand it, and, therefore, they must attach very great importance to a definite and unequivocable expression

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of India's opinion. The danger is that, if we drop out, other countries also will drop out and it is almost certain that some of the other important sugar countries will not be prepared to ratify, in which case you will be thrown back upon unrestricted world competition, and at the end of five years there will be a market which it will not be the slightest use India getting into at all.

Mr. President (The Honourable Sir Abdur Rahim) : The Honourable Member's time is up.

Mr. H. Dow : Just one moment, Sir. Therefore, I do hope that you will not deal with this in any spirit of *amour propre*, but really look to the benefit of the Indian industry. We are not, as somebody said, trying to get you hold the baby for the Government—I think my Honourable friend, Mr. Ramsay Scott, used that phrase. Personally I can't imagine any one allowing Mr. Ramsay Scott to hold a baby unless it was required to be dropped or smothered ! (Laughter.) But it is not a question of that, and I hope you will look to the interest of the industry at large. We are trying to get to a position where, in five years' time, there will be a market which India will be able to enter with some prospects of real profit to herself. Apart from this Agreement, there is no hope of any improvement.

Babu Baijnath Bajoria (Marwari Association : Indian Commerce) : I have listened with great attention to the Honourable the Commerce Member's speech and that of Mr. Dow, but, unfortunately, I am not convinced by their arugments about the desirability of entering into this sort of agreement with other countries. The sugar industry has grown apace during the last few years, indeed the phenomenal rise of the sugar industry has fully justified the protection that has been given to this industry.

Within a space of five years India, which has been a great importer of sugar, has now become self-sufficient. India at the present moment produces as much sugar as she can consume and it is to be hoped if this rate of expansion goes on—I know that this rate will not go on on account of the excise duty which has been levied,—but still there is a great room for expansion and we have every reason to believe that given sufficient encouragement we will be able to export sugar in the course of two or three years. I will not say anything about the representation at the International Conference as my Honourable friend, Mr. Dow, has, himself, admitted the mistake of not consulting the industry and its representative not being at the International Conference, to represent this country. There is one very important factor which prohibits the export of sugar from this country to foreign countries and that is the cost of production. I admit that at the present moment the cost of production in this country is much higher than that of Java or Cuba which are the two great exporting sugar countries in the world. Cuba supplies the United States of America. The United Kingdom is another very big importer of sugar and her net import is about 18 lakhs of tons of sugar annually and we can reasonably expect to get some share in this big import into the United Kingdom.

I will give some instances or some concrete suggestions as to how the cost of production of sugar in this country can be reduced so as

to enable us to compete favourably with other sugar exporting countries of the world. At the present time the price of Indian sugar is about Rs. 6 per maund, and Government has kindly allowed a rebate of the excise duty of Rs. 1-8-0 per maund for sugar which is exported outside India. That means that the cost comes to Rs. 4-8-0 per maund. The price of Java sugar is about Rs. 3 per maund. There is a difference of Rs. 1-8-0 which we shall have to tide over before we can expect to export, on equal terms, to foreign countries. I suggest that the cost of production can be reduced in these ways. First, sugar manufacturers must get a fair price for molasses. That is by far the most important. The second is, that better varieties of cane must be produced in this country so that the yield of sugar from cane becomes more. At the present moment, as far as I know, the yield of sugar from sugar cane in this country is on an average about nine per cent., whereas, in Java, it is about twelve per cent. This makes a very great difference. Another thing is about better transport facilities. I will deal with these three points separately. Molasses are at present being sold for a song, for about four or eight annas a maund and some throw it away for nothing. As far as I know, if permission is given by the Government to manufacture power alcohol then it can be mixed with petrol for running our motor cars in this country.

Then, I think they will get a fair price from power alcohol and that will enable them to reduce the price of sugar correspondingly. Take the case of oil mills. At the present moment the oil mills can get a fair price for their oil cakes and that is why they can reduce the price of their oil. At the present moment no price is obtained for molasses or by-products. So, all the value has to be fixed on sugar. Again molasses can be used as fertilisers, after treatment. I understand that the Agricultural Research Department are making researches to this effect and if they are successful and if molasses can be used for fertilising purposes, then the manufacturer as well as the country, both will benefit greatly, because the fertility of the soil will increase and the manufacturer will get some price for molasses and that will go towards the reduction of the cost of sugar. If we grow better varieties of cane, then the yield of sugar from cane will be more and, in this instance also, the manufacturer will be able to pay more for cane and still they will be in an advantageous position. Then, another important thing is better facilities of transport. Here, the railways can help us a good deal. Sugar cane is not like other raw materials which can be stored in godowns. Sugar cane has to be crushed immediately it is brought to the mills. Otherwise, it dries up and becomes waste and it is a fact that the yield of sugar from sugar cane, which is cut in the months of December, January and February, is more than that which is cut in the months of March, April and May.

I think it is a general grievance that the supply of wagons for the carrying of sugar cane is not so systematic and regular as it should be and so, in my opinion, railways should give better facilities for transporting sugar cane, so that it may be cut and transported with the least possible delay from the field to the factory. In my opinion, if these things are done, the price of sugar will be reduced considerably in this country and we shall be in a position to compete with foreign sugar.

[Babu Baijnath Bajoria.]

The efficiency in our sugar mills is increasing day by day. They have not abused the protection which has been given to them. Since the date of protection, the price of sugar has been constantly going down and the mills are also making every effort to increase their efficiency, to improve the quality and reduce the cost of production. There are possibilities of India exporting, besides to the United Kingdom, to countries like Ceylon, Iran and Siam. I think, Sir, negotiations are being conducted between the Indian Government and the Ceylon Government for a trade agreement and I hope this matter will also receive the consideration of the Government of India. I do not want to ratify this agreement. Otherwise, we shall be prevented from negotiating with Ceylon or any other countries. India is the greatest sugar cane producing country in the world. At the present moment, we are only milling 16 per cent. of our sugar cane and the rest, 84 per cent., is being turned into *gur*, which I say is a wasteful method and the cultivators lose much thereby, because they get much less by turning their sugar cane into *gur* than they do by selling it to factories at five annas a maund. As regards the suggestion of my Honourable friend, the Commerce Member, that the ministries in some provinces are contemplating increasing the price of sugar cane from three annas to five annas, I may inform him that the price of sugar cane originally fixed was five annas and 4½ annas and he has to thank his Colleague, the Honourable the Finance Member, for this reduction to three annas. The fact is that the factories were not able to manufacture sugar after the 31st March last on account of the low rate of sugar and the high excise duty levied, at that time, and it was the Bihar Government and the United Provinces Government who called the manufacturers and asked them to continue to manufacture sugar, so that all the cane which was lying in the fields may not go to waste and the cultivators may not lose the value of the standing crop.

Mr. President (The Honourable Sir Abdur Rahim) : The Honourable Member's time is up.

Babu Baijnath Bajoria : Very well. With these few words, I strongly support the amendment moved by Mr. Ramsay Scott.

Mr. Akhil Chandra Datta (Chittagong and Rajshahi Divisions : Non-Muhammadan Rural) : Sir, I rise to speak for one moment only in reply to a certain statement made by Mr. Dow. He told us that the world effects of non-ratification of this agreement will be that other Governments will drop out. May I reply to his argument and invite his attention to Article 48 of the Agreement which says this :

> " (*a*) The present agreement shall come into force on the 1st September, 1937, if at that date it has been ratified by all the signatory Governments.
>
> (*b*) If by the above-mentioned date the instruments of ratification of all the signatories have not been deposited, the Governments which have ratified the agreement may decide to put it into force among themselves."

Mr. N. V. Gadgil (Bombay Central Division : Non-Muhammadan Rural) : I thank you for giving me an opportunity to speak on the Resolution that has been moved by the Honourable the Commerce Member. Really, so far, our experience has been that such agreements have never been subject to the ratification of this House. In this particular case, if the House is asked to ratify this agreement, it is not that the Government of India is very anxious or is doing it on principle but because those countries who have put their signatures to this agreement insist that it shall not be brought into operation unless it is ratified by the Legislatures of the countries concerned. Our usual experience has been that we are asked to discuss merely pacts already operative. Sir, I do not propose to look at this question from any political point of view, although I am confident that that point of view was not entirely absent when this agreement was entered into. I shall not refer to the fact that this agreement has prejudiced, in fact, short-circuited, the trade negotiations that are going on between India and England. If this bargaining power had been in the hands of the Government of India, I am sure it was not impossible that sugar export from India should not have found some market in the United Kingdom. But I wish to consider this from the purely economic point of view and I will formulate the question whether this agreement has benefited the industry or whether this agreement is likely to benefit the industry in the future ? If I am able to convince that this agreement has not only not benefited the industry as it stands today but that it is full of mischief so far as the future growth and expansion of Indian sugar industry is concerned, I think the House will be perfectly justified in not ratifying this agreement.

Now, what was it that was argued by the Honourable the Mover of the Resolution ? He argued that this agreement was entered into on the assumption that India was not in a position to produce sugar sufficiently for its own consumption and in the near future, namely, for five years, the Indian industry is not likely to produce more in quantity which would be sufficient for its own consumption and also to export it to other countries. We have heard statistics quoted about the cost price and the Honourable the Commerce Member told us that the cost price per cwt. was something like Rs. 9 and a few annas. But he has included in it the excise duty. The cost price really works out to Rs. 7-14-6 per cwt. and that should be the guiding figure so far as the cost price is concerned. His argument was that in the near future there is no possibility of this cost going down. The Honourable Member who moved this Resolution ought to have known by this time that in the provinces where sugar cane is cultivated in very large quantities, it is the Congress Ministries that are ruling and one of the plans in their programme is the reduction of the rent and the reduction of irrigation dues. I may be permitted to refer to the policy of the Bombay Government where up till now the irrigation rates were charged on the assumption of securing six per cent. interest on the cost incurred in building the irrigation schemes. That was a commercial proposition. But the attitude of the present Bombay Government is not to look upon all irrigation schemes as commercial propositions but as schemes undertaken to prevent famine and to help progressive cultivation. If, from that point of view, irrigation dues are reduced and rents are reduced, as, I understand, they are going to be in Bihar, there would be considerable decrease in the cost price and the manufacture of sugar. Take, for example, another factor which is going to work in the near future. Is it not the case that the percentage of recovery from cane has increased during the last five years ? If you refer to the figures, you will find that five years before

[Mr. N. V. Gadgil.]

the percentage was considerably low and now it has increased on an average to 11.54, which is quite in keeping with what is available so far as the percentages in other countries are concerned.

Another factor that we should reasonably take into consideration is that the research work that is going on in several provinces and also under the auspices of the Central Government is bound to help the industry in reducing the cost of the manufacture of sugar in India. All those factors ought to have been present to the mind of those who were in charge of these negotiations. But, as I said before, the political atmosphere was not entirely absent. It is not merely that the industry has been asked to stagnate at the present position today, but its future for five years has been mortgaged without any hope of redemption. The Leader of the European Group stated, and quite rightly, that there should have been some opening within this agreement. If you were to see the agreement, you will find from Articles 11 and 14 that they give a combined effect under which the United Kingdom has reserved the right to demand change if circumstances justify. In the same agreement, the delegate on behalf of the U. S. S. R. has reserved to his country the liberty of action. He claimed this on the ground that U. S. S. R. followed a policy of planned economics, but there is no hope of having planned economics here in India. But even these factors, which appeal to a layman like me, perhaps did not appeal to an expert, to whom reference was made in the course of the discussion. Canada has refused to be a party to this agreement. But India accepted it without reservation ! But I shall only confine myself to the economic aspect, as I stated in the beginning, namely, the cost. It was pointed out again and again that India will not be in a position to manufacture sugar which will compete in the ' free market '. But is it really a ' free market ' ? Are the world prices in real relation with the actual cost of production ? If it was a free market, then we must understand it, not in terms of preferences, subsidies or quotas, but a free market in which there is absolutely no ban, and no tariff wall. But that is not the position. Why single out India and say that the cost of production is higher although it is working behind the shell of protection ? It is the same case in many other countries. I shall refer to a passage which appeared in the leading article of the *Times of India* of the 29th July, 1937. I draw particular attention to this passage because it is from an Anglo-Indian paper, which is supposed to be very sober and level-headed and which always backs the Government action. In connection with this, the article says :

" As to the question of price level, detailed information now to hand shows that several of these countries which have been allotted export quotas, particularly those engaged in beet sugar production, have elaborate systems of subsidy or special regulations to bolster up internal prices, leaving a surplus over for dumping in the free market at much lower rates."

It says, further, that in view of these considerations it behoves India to preserve freedom of action. This can be done by declining to ratify the convention and instead negotiating with the International Sugar Council for the grant of an export quota.

Therefore, it is no good merely singling out India and saying that the cost price is so high that at least in the five years to come the cost price will not decrease. By imposing the excise duty and with the additional

increase that we saw last March, the industry has been stabbed in the front and by this agreement the industry is now being stabbed in the back. If there is sufficient stock today in the country, enough for the consumption of the people of the land and taking into consideration the *tempo* with which this industry has progressed during the last five years of protection, I do not think the Honourable the Mover of the Resolution can say, like King Canute of old, ' thus far and no further '. He cannot say that the industry cannot progress any further. It is bound to progress. If he really wants the progress of the industry not merely in an isolated attempt but as a part of the general economic reconstruction of the land, he has to take into consideration what will be the reactions if this agreement is ratified. The manufacturers and those industrialists who have invested crores of rupees in this industry cannot stop its progress. They cannot stop further cultivation. The result will be, as has been well pointed out by my esteemed friend, Mr. Varma, that the cultivators will have to suffer. If there is any industry which has very vital connections with the agricultural economy of India, it is the sugar industry, next to the cotton industry. Therefore, I submit, that when you have to take into consideration the question whether we have to ratify this or not to ratify this, we have to think not in any isolated position of this industry alone, although in that position also there is no justification for ratifying it, but you have to take into consideration what will be the effect on the general economic position in India. It has been pointed out, quite correctly, that two crores of people live on cane plantations, leaving aside those people belonging to the middle classes who are engaged in the industry, as scientists, as clerks, as workers and labourers also. If all these factors are taken into consideration, I humbly submit that, view it from any point of view, by ratifying the Agreement we will have to lose every thing and we gain nothing. On the other hand if we do not ratify it, we have to lose nothing, but we have every bright future for this industry, and a brighter future for the general economy of the land. With these words, I support the amendment of my Honourable friend, Mr. Ramsay Scott.

Some Honourable Members : The question may now be put.

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

" That the question be now put."

The motion was adopted.

The Honourable Sir Saiyid Sultan Ahmad : Sir, we have had a full discussion on the Resolution and the amendment of Mr. Ramsay Scott. I will be very very short in my reply, at this late stage of the proceedings. Sir, the one question that has been very rightly put by the last speaker was whether this agreement is for the benefit of India. If it is for the benefit of India, it must be ratified ; if not, I have no objection if this agreement is rejected. Now, Sir, I shall be very brief in my submissions, but I will have to go step by step. A number of speakers today have tried to establish that it is possible for India to increase her production as quickly as possible. But nobody has for a moment suggested that it was not possible for India to increase the production. The question is whether there would be a surplus which

[Sir Saiyid Sultan Ahmad.]

could find a place in the world free market. You can increase the production by having more factories if you like, by having more cane grown on land and other expedients. It must not be assumed that the problem is solved the moment you have a very large production of cane. That is not the solution of the problem. The question at issue is whether you will have sufficient surplus for the free markets of the world. In order to get entry into that market, you must be prepared to compete with other cane growing countries which will send their sugar to that market. If you are not in a position to compete with them, it is no good increasing your sugar production in your country because that will mean that you will only have all the surplus which will be of no use to anybody. In order to compete, you must apply the ordinary rule whether the sugar you export there will be on an economic basis or on an uneconomic basis. The price must be lower than the price which the other countries will charge for their sugar in the world market. Now, if your price will be higher, nobody would look at your sugar for purchase. In order to have a correct idea of the price of sugar, the first element which you have to consider is the cost of production. I have not yet heard in this House any good data upon which it could be suggested that the price of sugar from India would, in the near future, be lower than the price of sugar from the other parts of the world in the free market. The cost price, as I submitted, when I opened the debate this morning, is at least 50 per cent. higher than the price of sugar of other countries, particularly Cuba and Java. Nothing has been suggested here to show that the figure I gave was not correct. That being the position, how do you expect for a moment that our sugar will have a real and effective entry into the free market ?

Mr. M. S. Aney : My Honourable friend, Mr. Bajoria, proved to this House, particularly on this point that the cost of production could be reduced if certain concessions are given.

Sir H. P. Mody (Bombay Millowners' Association : Indian Commerce) : The present position is no different from that of several other countries.

The Honourable Sir Saiyid Sultan Ahmad : The only thing which is possible is this that if we get colonial certificate preference, then in that case, perhaps, it may be possible.

Mr. S. Satyamurti : Then why not get it ?

The Honourable Sir Saiyid Sultan Ahmad : Because you will have to give some *quid pro quo*. For everything you turn to Sir Zafrullah Khan and say, 'you do this and do that ; get this and that for us but don't give back anything in return'. Your point is that you must have everything, you must have preference for your sugar, for your jute and raw cotton and every time you say, 'I will give you nothing but you must allow me into the free market'. I submit this is a proposal which is perhaps not acceptable unless some better grounds are given for getting this colonial preference. This colonial preference is not likely to be given unless the price that we have to pay is very high. I submit there is no escape from accepting the recommendation

that I have put forward. One can very easily see this advantage. Abstention from international co-operation by India, I submit, would perpetuate unremunerative conditions prevailing in the world for entry in the free market and the only hope that India has in getting entry into the free market is by joining the convention where it would be possible for her to enter the free market on economic conditions. I submit, Sir, that the House will consider very seriously before finally coming to a decision on this point because, apart from the fact that if we refuse to ratify, the whole of the market of sugar will be thrown into chaos—apart from that—in my submission the only hope that India will have to enter the free market will have gone for ever.

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

"That for the original resolution, the following be substituted :

'That this Assembly recommends to the Governor General in Council that the International Agreement regarding the Regulation of Production and Marketing of Sugar, signed in London on the 6th May, 1937, be not ratified by him and expresses its strong disapproval of the action of the Central Government in agreeing to prohibit the export of sugar by sea except to Burma for the next five years without the knowledge and consent of the Industry. This Assembly further recommends that the Central Government explore all possible avenues for the export of sugar and take such other steps for the purpose of developing export markets, both by land and by sea for Sugar'."

The Assembly divided :

AYES—66.

Abdul Ghani, Maulvi Muhammad.
Abdul Qaiyum, Mr.
Abdur Rasheed Chaudhury, Maulvi.
Aney, Mr. M. S.
Anwar-ul-Azim, Mr. Muhammad.
Asaf Ali, Mr. M.
Ayyangar, Mr. M. Ananthasayanam.
Azhar Ali, Mr. Muhammad.
Bajoria, Babu Baijnath.
Banerjea, Dr. P. N.
Bhagavan Das, Dr.
Bhagchand Soni, Rai Bahadur Seth.
Chaliha, Mr. Kuladhar.
Chattopadhyaya, Mr. Amarendra Nath.
Chaudhury, Mr. Brojendra Narayan.
Chettiar, Mr. T. S. Avinashilingam.
Chunder, Mr. N. C.
Das, Mr. B.
Das, Pandit Nilakantha.
Datta, Mr. Akhil Chandra.
Desai, Mr. Bhulabhai J.
Deshmukh, Dr. G. V.
Deshmukh, Mr. G. V.
DeSouza, Dr. F. X.
Essak Sait, Mr. H. A. Sathar H.
Gadgil, Mr. N. V.
Ghiasuddin, Mr. M.
Bhulam Bhik Nairang, Syed.
Govind Das, Seth.
Gupta, Mr. K. S.
Hosmani, Mr. S. K.
Jedhe, Mr. K. M.
Jehangir, Sir Cowasji.
Jogendra Singh, Sirdar.
Joseph, Mr. George.
Kailash Behari Lal, Babu.
Lalchand Navalrai, Mr.
Maitra, Pandit Lakshmi Kanta.
Malaviya, Pandit Krishna Kant.
Mangal Singh, Sardar.
Misra, Pandit Shambhu Dayal.
Mody, Sir H. P.
Mudaliar, Mr. C. N. Muthuranga.
Muhammad Ahmad Kazmi, Qazi.
Murtuza Sahib Bahadur, Maulvi Syed.
Paliwal, Pandit Sri Krishna Dutta.
Pande, Mr. Badri Dutt.
Parma Nand. Bhai.
Raghubir Narayan Singh, Choudhri.
Ramayan Prasad, Mr.
Ranga, Prof. N. G.
Rao, Mr. Thirumala.
Saksena, Mr. Mohan Lal.
Santhanam, Mr. K.
Satyamurti, Mr. S.
Scott, Mr. J. Ramsay.
Sham Lal, Mr.
Sheodass Daga, Seth.
Siddique Ali Khan, Khan Sahib Nawab.
Sikandar Ali Choudhury, Maulvi.
Singh, Maharaja Bahadur Ram Rar Vijai Prasad.
Singh, Mr. Gauri Shankar.
Singh, Mr. Ram Narayan.
Sinha, Mr. Satya Narayan.
Som, Mr. Suryya Kumar.
Sri Prakasa, Mr.

NOES—52.

Abdul Hamid, Khan Bahadur Sir.
Ahmad Nawaz Khan, Major Nawab Sir.
Aikman, Mr. A.
Asghar Ali, Sheikh.
Bajpai, Sir Girja Shankar.
Boyle, Mr. J. D.
Buss, Mr. L. C.
Chanda, Mr. A. K.
Chapman-Mortimer, Mr. T.
Dalal, Dr. R. D.
Dalpat Singh, Sardar Bahadur Captain.
Dow, Mr. H.
Fazl-i-Haq Piracha, Khan Bahadur Shaikh.
Fazl-i-Ilahi, Khan Sahib Shaikh.
Ghulam Muhammad, Mr.
Gidney, Mr. C. W. A.
Griffiths, Mr. P. J.
Grigg, The Honourable Sir James.
Hudson, Sir Leslie.
Ismail Khan, Haji Chaudhury Muhammad.
James, Mr. F. E.
Jawahar Singh, Sardar Bahadur Sardar Sir.
Kamaluddin Ahmed, Shams-ul-Ulema.
Kushalpal Singh, Raja Bahadur.
Lang, Mr. J. C.
Lloyd, Mr. A. H.
Mackeown, Mr. J. A.
Manavedan Raja, Rao Bahadur K. C.
Mani, Mr. R. S.
Mehr Shah, Nawab Sahibzada Sir Sayad Muhammad.
Mehta, Mr. S. L.
Nagarkar, Mr. C. B.
Nayudu, Diwan Bahadur B. V. Sri Hari Rao.
Ogilvie, Mr. C. M. G.
Parsons, Lieut.-Colonel A. E. B.
Purssell, Mr. R. S.
Rahman, Lieut.-Colonel M. A.
Roy, Mr. S. N.
Sen, Mr. S. C.
Shahban, Mr. Ghulam Kadir Muhammad.
Sher Muhammad Khan, Captain Sardar Sir.
Sircar, The Honourable Sir Nripendra.
Spence, Mr. G. H.
Staig, Mr. B. M.
Stewart, The Honourable Sir Thomas.
Sukthankar, Mr. Y. N.
Sultan Ahmad, The Honourable Sir Saiyid.
Thorne, Mr. J. A.
Tylden-Pattenson, Mr. A. E.
Yakub, Sir Muhammad.
Yamin Khan, Sir Muhammad.
Ziauddin Ahmad, Dr.

The motion was adopted.

The Assembly then adjourned till Eleven of the Clock on Tuesday, the 28th September, 1937.

LEGISLATIVE ASSEMBLY.

Tuesday, 28th September, 1937.

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

MEMBER SWORN.

Mr. Robert Francis Mudie, C.I.E., O.B.E., M.L.A. (Government of India : Nominated Official).

STARRED QUESTIONS AND ANSWERS.

(a) ORAL ANSWERS.

IMPLEMENTING OF THE RECOMMENDATIONS OF INCOME-TAX EXPERTS.

836. ***Mr. S. Satyamurti** : Will the Honourable the Finance Member be pleased to state :

(a) whether Government have now received the opinions of the bodies consulted and of the Provincial Governments on the income-tax experts report ;

(b) whether Government propose to give legislative effect to these proposals and, if so, when ;

(c) whether administrative action is proposed to be taken on those proposals which do not involve legislation ;

(d) whether the contemplated legislation will include all proposals involving legislation, or whether they will be split up ; and

(e) what, according to the calculations of Government are the increased returns from income-tax as a result of implementing the recommendations of the experts ?

The Honourable Sir James Grigg : (a) Opinions of most of the commercial bodies consulted have now been received but the views of some of the Provincial Governments are still awaited.

(b) Yes, legislation will be introduced in the next Budget Session of the Legislative Assembly.

(c) Yes, on such proposals as are approved by Government.

(d) The legislation will include all proposals involving legislation which are approved by Government.

(e) As I have already said, if the recommendations are adopted in full I have very little doubt that they will produce from two to three crores of extra income-tax and possibly considerably more.

Mr. S. Satyamurti : With reference to clause (e) of the question, may I know, whether according to the present intention of the Government, 50 per cent. of this increased income-tax will go to the Provincial Governments ?

The Honourable Sir James Grigg : Government have no option in the matter ; under the Niemeyer Order in Council, 50 per cent. of the divisible pool of income-tax—and I imagine a large part of this increase will fall into the divisible pool—will automatically go to the provinces.

Mr. S. Satyamurti : With reference to the answer to clause (a), may I know which of the Provincial Governments have not yet replied to the reference by the Central Government ?

The Honourable Sir James Grigg : I am sorry, but I have not got the information with me here : I can let the Honourable Member have it later.

Mr. S. Satyamurti : With reference again to clause (e), may I know if it is the intention of the Government to complete this legislation before the present Assembly is dissolved as at present advised, on 1st October, 1938 ?

The Honourable Sir James Grigg : I can only express hopes. With regard to at least one of the Houses of the Legislature, we are not free agents.

Mr. S. Satyamurti : I am asking about the intentions of the Government. Is it the intention of Government at present to finish all stages on this legislation before the end of the present age of this House, which according to the Viceregal Order is the 1st of October, 1938 ?

The Honourable Sir James Grigg : That is the hope.

Mr. S. Satyamurti : With reference to the answer to clause (c), may I know whether administrative action has been taken on any of these proposals so far ?

The Honourable Sir James Grigg : Yes.

Mr. S. Satyamurti : May I know whether Government propose to take administrative action such as commends itself to the Governments on all these proposals before the end of the financial year ?

The Honourable Sir James Grigg : I cannot say that. We are certainly taking action on the administrative proposals in turn, and I cannot say exactly when they will all come into operation.

Mr. S. Satyamurti : Will Government place on the table of the House the opinions of all the commercial bodies and Provincial Governments, as and when they are received ?

The Honourable Sir James Grigg : I will consider that ; but I wish to make it clear that it is not a promise : I do not want to commit myself to anything now.

Mr. S. Satyamurti : May I know whether, before the Bill is referred to Select Committee, if it is introduced, all the opinions relevant on the matters sought to be covered by legislation and referred to Select Committee will be placed on the table of the House ?

The Honourable Sir James Grigg : That is covered by my answer : I will consider the suggestion.

Mr. Ram Narayan Singh : May I ask whether, in the proposed legislation, Government have considered the advisability of separating the revenue side from the judicial side ?

The Honourable Sir James Grigg : I do not know what the Honourable Member means. I think what he means is the separation of the appellate from the inspecting functions of Assistant Commissioners of Income-tax. If that is so, to the best of my belief, that does not require legislation.

Mr. K. Santhanam : May I know whether the Provincial Governments will be consulted as to the actual level of income-tax ?

The Honourable Sir James Grigg : Certainly not.

Mr. S. Satyamurti : Are the opinions of Local Governments generally in favour of the recommendations of the income-tax inquiry experts ?

The Honourable Sir James Grigg : They are divided.

Mr. S. Satyamurti : May I know, for my information, if the Honourable Member can give me now or later any idea of how the Congress Provincial Governments have given their opinions on this report of the income-tax inquiry experts ?

The Honourable Sir James Grigg : I will consider that too.

PROTECTION OF INDIANS IN PORT MAURITIUS.

837. ***Mr. S. Satyamurti** : Will the Secretary for Education, Health and Lands be pleased to state :

(a) whether the attention of Government has been drawn to the cablegram received by the President of the Indian National Congress from Port Mauritius to the effect " the Indian community intimating that on August 13th unarmed labourers of Indian-owned factory were fired on and four have been killed and several injured. The strikes are general. A hundred incarcerated labourers have demanded enforcement of the Minimum Wage Bill. Small planters demand better condition in respect of the sale of canes. Labourers have resumed work at Kattial and the Government Inquiry Commission is sitting. There is no Indian represented in the Commission " ;

(b) whether Government have received any information and are pursuing inquiries, and what the result of those enquiries is ; and

(c) whether Government propose to take steps to protect the Indian community ; and, if so, what those steps are ?

Sir Girja Shankar Bajpai : (a) Yes.

(b) On seeing reports in the Press of the disturbance, the Government of India cabled for information. A summary account of its causes and extent has been received but fuller details have been asked for. The Government of India have also requested that they should be supplied with a copy of the report of the Commission which has been appointed to enquire into the disturbances.

(c) On receipt of the Commission's report the Government of India will take such action to protect Indian interests as may appear necessary.

Mr. S. Satyamurti : Will Government place on the table of the House the report they have received from the Government of Port Mauritius ?

Sir Girja Shankar Bajpai : It is a very short report. I can communicate that to my Honourable friend if he likes.

Mr. S. Satyamurti : I suggest, if my Honourable friend has no objection,—place it on the table of the House.

Sir Girja Shankar Bajpai : The communication is marked Confidential : therefore I have to obtain the approval of the Government of Mauritius before I can place it on the table ; but I will consider the suggestion.

Mr. S. Satyamurti : May I know if Government have made any representation on the last sentence of my question, clause (a)—" There is no Indian represented in the Commission ? " Have Government approached the Government of Mauritius, and asked them for an Indian representative on this Commission ?

Sir Girja Shankar Bajpai : The position is that the disturbances took place on the 13th of last month and the Commission was appointed on the 18th, the very date we saw anything about it in the press here ; and if we made suggestions to the effect suggested by my Honourable friend, it would have meant putting back the inquiry, because the Commission had already started work ; therefore we are really waiting for the report.

Mr. S. Satyamurti : May I know whether Government have taken or will take any steps to see the Indian point of view laid before the Commission, apart from representation on the Commission itself ?

Sir Girja Shankar Bajpai : I have no reason to assume that the Indian community in Mauritius will not put its case before the Commission.

Mr. Badri Dutt Pande : What is the total number of casualties in these disturbances ?

Sir Girja Shankar Bajpai : My Honourable friend might refresh his memory from the report : I believe four people were killed.

Mr. Badri Dutt Pande : And how many injured ?

Sir Girja Shankar Bajpai : I could not say.

RECOGNITION OF INDIAN MEDICAL DEGREES IN FOREIGN COUNTRIES.

838. ***Mr. S. Satyamurti** : Will the Secretary for Education, Health and Lands be pleased to state :

(a) whether medical degrees granted by Indian Universities in India are now recognised in other countries, especially in the Dominions of the British Commonwealth on the basis of the Government of India Act, 1935, whereby the recognition could be refused only on grounds of inefficiency of standards ;

(b) what the position is with regard to such recognition in foreign countries ;

(c) whether it is a fact that Indian degrees recognised in Italy are only those recognised by the General Council in the United Kingdom while India is under obligation to allow Italian doctors with recognised degrees to practise in India ; and

(d) whether Government are pursuing this matter, and when they hope to come to a satisfactory conclusion between India and Italy on the strict basis of reciprocity ?

Sir Girja Shankar Bajpai : (a) Section 120 of the Government of India Act applies to the United Kingdom alone and with certain modifications to Burma.

(b) Japan and Italy recognise those Indian qualifications which are recognised by the General Medical Council of Great Britain. Other foreign countries have not been approached.

(c) As regards the first part, the answer is in the affirmative. As regards the second, the present position is that there is no bar against the practice of medicine by any person in India.

(d) Yes. Negotiations are proceeding, but it is not possible, at this stage, to say when they will be concluded.

Mr. S. Satyamurti : With reference to clause (c) of the question, may I know whether Government will pursue the matter of providing that, so far as India is concerned, we shall be under no obligation to allow Italian doctors, unless they are recognised by us, that is by our Medical Council, to practise in this country ?

Sir Girja Shankar Bajpai : As I have explained the position on previous occasions also, there is no legislation in India which prohibits practice ; there is legislation which regulates registration, registration carrying with it certain privileges, and it is certainly our intention that, if the response of the Italian Government is not favourable to the representation that has been made, then Italian doctors will be under the same disabilities as regards registration in this country as Indians may be in Italy.

Mr. S. Satyamurti : With regard to *practice*, will Government consider the proposal to introduce legislation as early as possible, with a view to introducing the principle of reciprocity in recognition both for practice and registration, that is to say, he shall allow them to practise here only if our people are allowed to practise in their country.

Sir Girja Shankar Bajpai : That point has already been considered before, and the conclusion which Government reached was that there were difficulties in the way of enforcing prohibition of practice in this country.

Mr. S. Satyamurti : When did they consider this last ?

Sir Girja Shankar Bajpai : I think, Sir, some three or four years ago.

Mr. S. Satyamurti : In view of the later developments, will Government reconsider the whole position ?

Sir Girja Shankar Bajpai : Merely because of some disabilities with regard to Italian doctors, I don't think that the practical difficulties can be said to have been eliminated.

Dr. G. V. Deshmukh : Did I hear the Honourable Member say that there is no restriction on the practice of medicine in this country ? What medicine did he mean by it ?

Sir Girja Shankar Bajpai : I meant both descriptions of medicine, occidental and the oriental.

Dr. G. V. Deshmukh : Is there a restriction on the practice of occidental medicine by members who are not on the General Medical Council of Great Britain ?

Sir Girja Shankar Bajpai : I have already answered that question : the question of regulation of practice presents practical difficulties.

Mr. S. Satyamurti : With reference to clause (b) of the question, I thought my friend's reply referred only to two countries, but may I know whether the Government will ascertain and inform this House as regards the position with regard to the recognition of our degrees in other countries than the two he mentioned ?

Sir Girja Shankar Bajpai : The position as regards other foreign countries than those which I have mentioned is that they require foreign nationals either to be naturalised or that they should pursue their studies in the country before they are entitled to registration, so the position is that they will have no registration here and our people won't have registration there.

Dr. G. V. Deshmukh : Do I understand that foreign doctors who are not on the register of the General Medical Council of Great Britain will be allowed to practise unhindered in this country ?

Sir Girja Shankar Bajpai : I have already explained that there is a difference is this country between registration and practice. Registration is regulated by legislation ; practice is not regulated by legislation, practice is not forbidden, and anybody can practise any system of medicine he likes without regulation.

Dr. G. V. Deshmukh : Is there not going to be any restriction on those who practice allopathic medicine if they are not on the register of the Indian Medical Council or the Provincial register ?

Sir Girja Shankar Bajpai : I have already said twice that the question of regulation of practice has been considered by Government and they have decided not to undertake any legislation because of the practical difficulties involved.

Dr. G. V. Deshmukh : What are the practical difficulties ?

Sir Girja Shankar Bajpai : I have already said that you cannot regulate only one system of medicine or the practice of it. Why should we regulate the practice of the western system and not also undertake regulation of the Ayurvedic or the Unani systems, and we have no machinery for that purpose.

Dr. G. V. Deshmukh : Have you not started regulating the practice of western system of medicine in this country by registration ?

Mr. President (The Honourable Sir Abdur Rahim) : We have had enough supplementaries on this. Next question.....

Mr. S. Satyamurti : Only one more question, Sir. What is the position of German doctors,—I want to know if German doctors are allowed freely to practise in this country, and if our Indian doctors are allowed equally to practise in Germany ?

Sir Girja Shankar Bajpai : Questions on that subject have been asked in previous years, and I would refer my Honourable friend to the answers I gave then.

ARTICLE ENTITLED "CO-ORDINATION OF RESEARCH" PUBLISHED IN THE *Hindu*.

839. ***Mr. S. Satyamurti** : Will the Secretary for Education, Health and Lands be pleased to state :

(a) whether the attention of Government has been drawn to the leading article in the *Hindu* of the 18th August, 1937, entitled "Co-ordination of Research" ;

(b) whether Government have addressed or propose to address the new autonomous Provincial Governments on the question of the co-ordination of activities on subjects of common interest like agriculture, education, public health and irrigation ;

(c) whether Government have any proposals to enable the Central Board of Irrigation to carry on research in river physics including problems of river control, water locking and generally the study of economics of particular irrigation projects ; and

(d) whether Government propose to take steps to see that in all these common matters machinery is devised and set to work to use the maximum beneficial results for the country as a whole ?

The Honourable Sir Thomas Stewart : (a) Yes.

(b) and (d). As regards agriculture and public health the article itself refers to the machinery for co-ordination which the Government of India have set up. The Central Advisory Board of Education was established two years ago to perform similar functions in respect of education. As regards irrigation, the requisite machinery already exists in the Central Board of Irrigation. It is not, therefore, necessary to address the new Provincial Governments in respect of these matters.

(c) The question of the establishment of a Central Irrigation and Hydro-dynamic Research Station on a contributory basis is under the consideration of the Government of India.

Mr. S. Satyamurti : With reference to clause (b) of the question, in view of the altered state introduced by the Government of India Act of 1935 since the 1st April last with regard to all these subjects, may I know if the Government will consult the autonomous Provincial Governments with regard to the composition, the powers and the scope of work of these all-India bodies ?

The Honourable Sir Thomas Stewart : If the Honourable Member will permit me to answer in respect of the Central Board of Irrigation, I can do so. My Honourable colleague, the Secretary to the Department of Education, Health and Lands, will, I think, answer in respect of the other matters.

The new constitutional dispensation has not, I think, altered in any way the relation of the Central Board of Irrigation to the Provincial Governments.

Mr. S. Satyamurti : I am asking whether the Government, in view of the new state of provincial autonomy,—I am not suggesting any alteration,—will consult the Provincial Governments with regard to the composition, the scope and the functions of all these all-India bodies.

The Honourable Sir Thomas Stewart : The consultation or communication between the Provincial Governments and the Central Government is an automatic matter. The constitution of this Board is that of representatives from the Local Governments who put forward in the meetings of the Board the view points of the Governments they represent.

Mr. S. Satyamurti : May I know, Sir, from the Secretary to the Department of Education, Health and Lands whether they also adopt a similar procedure, that is to say, automatically providing for the expression of views of Local Governments on subjects concerning that department ?

Sir Girja Shankar Bajpai : On all the Boards with which we are concerned, we have not merely official representatives of Local Governments, but actually the Ministers concerned are members. It is open to them to raise any points they like as regards the scope of work, composition and functions.

Mr. S. Satyamurti : With regard to clause (c), may I know if the answer covers the study of the economics of particular irrigation projects ?

The Honourable Sir Thomas Stewart : The study of the economics of particular irrigation projects is a matter that comes within the purview of the Central Board of Irrigation.

Prof. N. G. Ranga : Are the Local Governments represented on the Central Board of Irrigation ?

The Honourable Sir Thomas Stewart : Yes, Sir.

CONTRACT FOR ADVERTISEMENTS ON TELEGRAPH AND TELEPHONE POSTS.

840. ***Mr. Mohan Lal Saksena** : (a) With reference to his answer to question No. 332 of the 7th September, 1937, will the Honourable Member for Industries and Labour be pleased to lay on the table a copy of the agreement between the Government and the advertising company ?

(b) Is the company Indian or foreign ?

(c) While giving the contract, was any advertisement made ? If so, did Government receive any offer ?

(d) Are Government prepared to consider the desirability of advertisement contract for various circles being given in the future separately to the highest bidders ?

The Honourable Sir Thomas Stewart : (a) The attention of the Honourable Member is invited to the action taken on part (d) of starred question of Mr. T. S. Avinashilingam Chettiar, No. 760, dated the 23rd September, 1937.

(b) The Company is an Indian Company.

(c) Yes. Only one offer was received in response.

(d) Does not arise at present pending the termination of the existing contract in 1947.

Mr. Sri Prakasa : Is it not a fact, Sir, that though these Kiosks are attached to one end of the poles, they actually hang on municipal and other lands at the other end ?

Mr. President (The Honourable Sir Abdur Rahim) : The Honourable Member had already asked that question ?

Mr. Sri Prakasa : Yes, Sir, but this supplementary question was crowded out.

The Honourable Sir Thomas Stewart : Does the Honourable Member wish me to answer it ?

Mr. Sri Prakasa : Yes, Sir, because I feel that the Government are abetting trespass.

Mr. President (The Honourable Sir Abdur Rahim) : I think the Honourable Member raised that question before.

Mr. Sri Prakasa : Yes, Sir, but my question had unfortunately no influence on the Honourable Member opposite.

Mr. Mohan Lal Saksena : May I know in what paper this advertisement was inserted ?

The Honourable Sir Thomas Stewart : The papers in which the advertisement appeared were the *Statesman*, *the Times of India*, the *Hindu* and the *Hindustan Times*.

OPTICAL GOODS IMPORTED INTO INDIA AND DEVELOPMENT OF LENSE INDUSTRY.

841. ***Mr. Mohan Lal Saksena** : (a) Will the Honourable Member for Industries and Labour be pleased to state the total value of optical goods, particularly lenses, imported annually by India and from the countries from which they were imported ?

(b) How many factories, if any, are there in India manufacturing lenses ? If none, why not ?

(c) Is it a fact that glass manufactured in India, though not spectacle glass, can still be used for manufacturing lenses of the quality imported from Japan ?

(d) What duty, if any, is levied on optical goods ?

(e) Do Government propose to investigate the possibilities of the development of this industry in the country ?

The Honourable Sir Thomas Stewart : (a) The Honourable Member is referred to pages 174-175 of the Annual Statement of the Seaborne Trade of British India with the British Empire and Foreign countries for the year ending 31st March, 1936, Volume I, which gives the required information regarding optical goods. A copy of the Statement is in the Library of the Legislature. Imports of optical lenses are not recorded separately.

(b) So far as I am aware, there are no factories in India regularly engaged in the manufacture of lenses. This industry requires high-quality glass, special equipment, and specially skilled and experienced personnel which are probably not available in India at present.

(c) I am not aware of the characteristics or quality of Japanese lenses but my information is that the usual quality of glass at present manufactured in India is unsuitable for lenses of a satisfactory quality.

(d) A revenue duty of 25 per cent. *ad valorem*.

(e) The attention of the Industrial Research Bureau is at present concentrated on effecting technical improvements of a general character in the glass industry. It is possible that special subjects such as the production of optical glasses may receive consideration in due course.

Mr. Sri Prakasa : Is it a fact that short-sightedness is growing in the country, politically on that side, and physically on this ? (Laughter.)

(No reply.)

†842*.

SAFEGUARDING OF THE INTERESTS OF INDIAN CLOVE GROWERS IN ZANZIBAR.

843. ***Mr. Mohan Lal Saksena** : (a) Will the Secretary for Education, Health and Lands be pleased to state if the attention of Government has been drawn to the reply to the Government *communiqué*, issued by the Indian National Association, Zanzibar, and published in the *Hindustan Times*, dated the 3rd September, 1937 ?

(b) Is it correct that under the Agricultural Marketing Act, 1933 of Great Britain only when an industry demanded Governmental action by a sufficient majority it had to be taken and not otherwise ? If so, did the Zanzibar Government have any such demand from the clove growers in Zanzibar ?

†This question will be answered on the 1st October, 1937.

(c) Is it a fact that the Honourable Mr. Tyab Ali H. A. Karimjee made a statement in the Zanzibar Legislative Council to the effect that a considerable proportion of clove growers were opposed to the clove legislation and the Zanzibar Government did not refute the statement ?

(d) Is it a fact that Mr. H. Binder has recommended a complete monopoly for the Clove Growers Association in his report in the following terms :

"A complete and continuous monopoly of supplies is necessary to assure the Clove Growers' Association full and effective control with a minimum of risk to the funds employed by it and therefore its present operations should be continued but on a wider basis and with more extended powers."

If so, will Government state how the analogy of a Marketing Board applies to the Clove Growers' Association ?

(e) Can Government cite any instance of an organisation set up by Government on the lines of the Clove Growers' Association ?

Sir Girja Shankar Bajpai : (a) Yes.

(b) There is no such provision in the 1933 Act. The second part does not arise.

(c) Yes.

(d) and (e). The Honourable Member has quoted correctly from Mr. Binder's Report. The analogy of Marketing Boards and similar organisations elsewhere was explained in the course of the debate on the adjournment motion in this House on the 23rd August, 1937.

SAFEGUARDING OF THE INTERESTS OF INDIAN CLOVE GROWERS IN ZANZIBAR.

844. ***Mr. Mohan Lal Saksena** : (a) Will the Secretary for Education, Health and Lands be pleased to state if it is a fact that in a circular the Clove Growers' Association has offered to grant licences as purchasers for a period ending 30th June, 1938 ? If so, what guarantee have Government obtained for the future ?

(b) Were Government aware of the difficulties and complications involved in the proposed system as described in the statement referred to in the preceding question ? If so, what solution, if any, can they suggest to overcome them ?

(c) Will Government state the provisions of law regarding the export of cloves ?

(d) Is it a fact that the following paragraph appears on page 27 in Mr. Binder's report :

"The present policy of the Clove Growers' Association Board is gradually to secure complete control of the clove industry. They hope to increase the Clove Growers' Association's proportions of purchases and sales until ultimately it will be able to acquire the whole of each year's crop direct from the growers and sell direct to the consumers and merchants overseas."

If so, has not this policy been incorporated in the clove law ?

(e) Will Government state how the inclusion of one or two Indians in the Board and the Advisory Committee will safeguard Indian interests in the clove trade ?

(f) What other interests are represented on the Clove Growers' Association ? Are there any Africans or Arabs ?

(g) Is it not a fact that the Indian Association, Zanzibar, has conceded that the interests of clove growers should be safeguarded by any scheme such as that of fixing a minimum price to be paid to the clove growers like the sugarcane control scheme in India ? If so, did Government try to persuade the Colonial Office to accept the suggestion ?

(h) Are Government aware of the deeply laid conspiracy of eliminating Indians from Zanzibar referred to in the statement ? If not, are Government prepared to make necessary enquiries ?

(i) Have Government obtained any guarantee or assurance that once the Clove Growers Association's monopoly is established in the clove trade it will not pass into British hands ? If not, why not ?

Sir Girja Shankar Bajpai : (a) and (b). Licences are renewable annually. The assurances received by the Government of India were stated in the Press Communique, dated the 23rd July, 1937.

(c) I would refer the Honourable Member to the relevant provisions of the Agricultural Produce Export Decree, 1934, and the Clove (Purchase and Exportation) Decree, 1937, copies of which are available in the Library.

(d) and (e). The quotation is correct. The nature of the monopoly granted to the Clove Growers' Association and of the safeguards proposed for Indian interests have been explained in the Press Communiqué, dated the 23rd July, 1937, as well as in the debate on the adjournment motion in this House on the 23rd August, 1937.

(f) The members of the Board of Management of the Clove Growers' Association are appointed by the Resident under section 4 (1) of the Clove Growers' Association Decree, 1934. There is no statutory provision for the representation of specific interests. There are no Arab or African members.

(g) The answer to the first part is in the affirmative. The steps taken by the Government of India were explained by the Honourable Kunwar Sir Jagdish Prasad and Mr. Hydari in the debate on the adjournment motion on the 23rd August, 1937.

(h) The answer to both parts is in the negative.

(i) As stated by the Government spokesmen in the course of the debate no British interests are involved. The need for an assurance has not, therefore, arisen.

APPOINTMENT OF MR. WADDINGTON AS ASSISTANT SUPERINTENDENT OF ARCHAEOLOGY.

845. ***Mr. Mohan Lal Saksena** : (a) Will the Secretary for Education, Health and Lands state whether it is a fact that in addition to Mr. Waddington another Assistant Superintendent of Archæology is going to be appointed ? If so, what is the grade of this post and for what reasons has it been created ?

(b) How do Government propose to fill up the post ?

(c) Do Government propose to consider the desirability of not appointing any European in the department for a period exceeding five years ?

(d) For what period has Mr. Waddington been appointed ?

(e) What were the qualifications required for the post to which Mr. Waddington has been appointed ?

(f) In what papers was the post advertised in India and how many applications, if any, were received in response to the advertisement ?

Sir Girja Shankar Bajpai : (a) The reply to the first part is in the affirmative. The officer will be recruited to an existing vacancy on the ordinary scale of pay, *i.e.*, Rs. 350—25—600—40—680 per mensem.

(b) By recruitment through the Federal Public Service Commission.

(c) Ordinarily only Indians are appointed to the Archæological Department but, in exceptional cases when Indians with suitable qualifications are not available, it may be necessary to resort to recruitment from outside. The duration for which such appointment should be made must be determined separately in each case according to the circumstances.

(d) Mr. Waddington has been appointed to a permanent post but is on probation for two years.

(e) I would invite the Honourable Member's attention to my reply to parts (a) to (h) of Mr. Muthuranga Mudaliar's starred question No. 447 asked in this House on the 10th September, 1937.

(f) A list of the papers, etc., in which the advertisement was published is laid on the table. Twenty-two applications were received for the post.

List of Papers and Local Governments' Gazettes in which the Post of Assistant Superintendent, Archaeological Survey (Architecture), was advertised.

Papers :

1. The Statesman, Calcutta.
2. The Leader, Allahabad.
3. The Civil and Military Gazette, Lahore.
4. The Times of India, Bombay.
5. The Madras Mail, Madras.
6. The Rangoon Gazette, Rangoon.
7. The Hindu, Madras.
8. The Hitavada, Craddock Town, Nagpur.

Local Governments' Gazettes published by :

1. The Superintendent, Government Press, Madras.
2. The Superintendent, Government Press, U. P., Allahabad.
3. The Superintendent, Government Press, Assam, Shillong.
4. The Superintendent, Government Printing, Bengal, Calcutta.
5. The Superintendent, Government Printing, Punjab, Lahore.
6. The Superintendent, Government Printing, B. and O., Gulzarbagh.
7. The Manager, Government Central Press, Bombay.
8. The Superintendent, Government Printing and Stationery, Burma, Rangoon.
9. The Manager, Commissioner's Printing Press, Karachi.
10. The Superintendent, Government Printing, C. P., Nagpur.

Seth Govind Das : Is it not generally the case that people who are appointed on probation are so appointed for six months only, and what is the reason of this gentleman being appointed for two years on probation ?

Sir Girja Shankar Bajpai : He is not the only one who has been appointed for two years on probation. Every one appointed to the Achæological Survey of India has to render a probation of two years.

Seth Govind Das : How many Europeans are working in that Department ?

Sir Girja Shankar Bajpai : When this gentleman joins, he will be the one and only European in the Archæological Survey of India.

Pandit Lakshmi Kanta Maitra : What are the qualifications of this gentleman ? I could not follow the Honourable Member.

Sir Girja Shankar Bajpai : The qualifications of Mr. Waddington were explained to this House in answer to Mr. Muthuranga Mudaliar's question.

Pandit Lakshmi Kanta Matira : I want to know the qualifications for this post,—the post to which this gentleman has been appointed.

Sir Girja Shankar Bajpai : Those are the qualifications which I explained in answer to Mr. Muthuranga Mudaliar's question.

Mr. S. Satyamurti : With reference to the answer to clause (c) of the question, may I know whether Government will consider, wherever they appoint non-Indians, that the period for which they are appointed should not exceed five years, and that the contract of appointment should stipulate that they should train Indians to take their places, before the expiry of the period of five years ?

Sir Girja Shankar Bajpai : My Honourable friend asked a question on that point some time ago and I told him that in regard to technical posts in specialist departments such as the Forest Research Institute that was our practice.

Mr. S. Satyamurti : I am asking with regard to the Archæological Department, whether the same rule will apply.

Sir Girja Shankar Bajpai : I cannot say that that would apply to the ordinary cadre of the Archæological Survey of India, but if any special work arises for which we cannot get an Indian and we have to import an outsider that particular procedure may be followed.

Pandit Lakshmi Kanta Maitra : How long has this gentleman been in India ?

Sir Girja Shankar Bajpai : As far as I know, he has not even joined the department yet.

Mr. Mohan Lal Saksena : Am I to understand that Mr. Waddington was appointed because no Indian with similar qualifications was available ?

Sir Girja Shankar Bajpai : I submit to the House that this question of the qualifications of Mr. Waddington and why he was appointed has been discussed on two occasions and I cannot add anything to what I have already said.

Seth Govind Das : Is it not a fact that no Indian was available with that qualification ?

Sir Girja Shankar Bajpai : If my Honourable friend wishes me to repeat what I have said before, I shall say Yes.

Mr. President (The Honourable Sir Abdur Rahim) : The Honourable Member need not repeat the answer. Next question.

BIO-CHEMISTRY DEPARTMENT OF THE INDIAN INSTITUTE OF SCIENCE, BANGALORE.

846. ***Mr. C. N. Muthuranga Mudaliar** : Will the Secretary for Education, Health and Lands please state whether the Government of India have considered the remarks of the Sewell Committee regarding the Bio-Chemistry Department of the Indian Institute of Science, Bangalore, and if so, what action has been taken ?

Sir Girja Shankar Bajpai : The only recommendation of the Sewell Committee regarding the Bio-chemistry Department, on which the Government of India could take action, was that the Professor of Bio-chemistry should be appointed a member of the Imperial Council of Agricultural Research. This recommendation was not accepted as the Institute is already represented on the Imperial Council of Agricultural Research by the Director. The other recommendations of the Committee were communicated for the very careful consideration of the Council of the Institute.

Mr. C. N. Muthuranga Mudaliar : Is it not a fact that the Irvine Committee also recommended that a competent professor of international reputation should be appointed to the Bio-chemistry Department ?

Sir Girja Shankar Bajpai : I do not think that the Irvine Committee specifically referred to the bio-chemistry post. They referred to the post of Professor of Chemistry which is different.

Mr. C. N. Muthuranga Mudaliar : Is it a fact that this is sought to be filled up without calling for applications ?

Sir Girja Shankar Bajpai : Not that I am aware of.

RESEARCH ACTIVITIES OF THE INDIAN INSTITUTE OF SCIENCE, BANGALORE.

847. ***Mr. C. N. Muthuranga Mudaliar** : (a) Will the Secretary for Education, Health and Lands please state whether it is a fact that since Sir C. V. Raman went to the Indian Institute of Science, Bangalore, research activities have extended in all the Departments (*vide* the January and February issues of *The Current Science*) ? If so, how do Government justify the charge against him of having curtailed the activities of departments other than his own ?

(b) Did Sir C. V. Raman at any time invite the attention of the Governing Council of the Institute to the very unsatisfactory conditions prevailing in the Institute ? If so, what action did the competent authorities take thereon ?

(c) Are Government aware that there is grave indiscipline among the members of the staff ? Is it a fact that Sir C. V. Raman received in November last anonymous letters threatening his life ? Were Government aware of these, and if so, what action did they take ?

(d) Are Government aware of a publication entitled " Science and Industry " by one Mr. Kulkarni Jatar, in charge of a section of the department of Chemistry ?

(e) Is it a fact that that publication contains attacks against Sir C. V. Raman, his associates and their work ?

(f) Is it not a fact that Mr. Kulkarni sent the publication to many prominent scientists abroad ?

(g) Was any action taken against Mr. Kulkarni in the interests of the discipline of the Institute ?

Sir Girja Shankar Bajpai : (a) The point in the first part of the question is one for argument. Government have made no charge against Sir Venkata Raman in this matter.

(b) So far as Government are aware Sir C. V. Raman referred to certain unsatisfactory features of the work of the Institute after the Irvine Committee had reported and his comments were carefully considered by the Council.

(c) to (g). The Government of India have no information.

Mr. C. N. Muthuranga Mudaliar : Will Government kindly seek the information asked for ?

Sir Girja Shankar Bajpai : The Council of the Institute of Science at Bangalore is an autonomous body which is responsible for the day to day administration of the Institute and they do not think that these matters are of sufficient importance to justify their asking for any information.

Mr. S. Satyamurti : In view of the allegations contained in clauses (d) to (g) of the question, and in view of the danger to discipline of the Institute if a member of the staff is allowed publicly to attack the head of the Institute, will Government enquire into these allegations and find out how far they are true ?

Sir Girja Shankar Bajpai : I do not for a moment admit that the Council which is a responsible body is not as jealous of the discipline of the Institute as any of us here, and I am quite sure that any action that was desirable in order to maintain discipline at the Institute would have been taken by the Council.

Mr. S. Satyamurti : Will Government then be good enough to ascertain from the Council, whether, as a matter of fact, the head of a department of the Institute made a public attack in a scientific publication on the head of the Institute, and, if so, whether the Council took suitable action in the matter ?

Sir Girja Shankar Bajpai : So far as I am aware Mr. Kulkarni is not the head of any department.

Mr. S. Satyamurti : He is in charge of a section of the department of Chemistry, and the allegation is that he, in a scientific publication, attacked Sir C. V. Raman and his associates and their work. I am asking whether Government—I take the answer that they will not interfere directly—will be good enough to ascertain from the Council whether this matter was investigated and suitable action was taken.

Sir Girja Shankar Bajpai : I have no objection to finding out from the Council whether they have considered this point.

QUALIFICATIONS OF MEMBERS OF THE GOVERNING BODY OF THE INDIAN INSTITUTE OF SCIENCE, BANGALORE.

848. ***Mr. C. N. Muthuranga Mudaliar** : (a) Will the Secretary for Education, Health and Lands please state the scientific qualifications of each of the members of the Governing Council of the Indian Institute of Science, Bangalore ? How many of them are scientists of international repute ?

(b) What are the functions of the Resident, Mysore, in so far as the Institute is concerned ? What part did he play in the recent events in the Institute which culminated in the orders relegating Sir C. V. Raman to the Professorship of Physics ?

Sir Girja Shankar Bajpai : (a) I lay on the table a statement showing the names and academic qualifications of the members of the Council of the Indian Institute of Science, Bangalore. I leave it to the Honourable Member to judge which of them are scientists of international repute, as this is a matter of opinion. I may add that, according to the Regulations of the Institute, members of the Council, with the exception of one of the two nominees of the Government of India and the Director, need not be scientists.

(b) The Honourable the Resident in Mysore is a nominee of the Government of India on the Council. He is also its elected Chairman and discharged the duties of that office when the Council considered the matter referred to by the Honourable Member.

Statement showing the Names and Qualifications of Members of the Council of the Indian Institute of Science, Bangalore.

The Honourable the Resident in Mysore.—(Honourable Lieutenant-Colonel C. T. C. Plowden, C.I.E.), *Chairman.*

J. H. Bhabha, Esquire, M.A. (Oxon.), Bar.-at-Law.

V. N. Chandavarkar, Esquire, B.A., Bar.-at-Law.

Dr. G. V. Deshmukh, L.M.&S., F.R.C.S., M.C.

Professor Gilbert J. Fowler, D.Sc., F.I.C.

Dr. E. P. Metcalfe, D.Sc.

Syama Prasad Mokeerjee, Esquire, M.A., B.L., Bar.-at-Law.

J. A. D. Naoroji, Esquire, B.A., Bar.-at-Law.

Dr. C. W. B. Normand, M.A., D.Sc.

S. P. Rajagopalachari, Esquire, B.A., B.L.

Sir P. C. Ray, Kt., C.I.E., D.Sc.

Dr. Bawa Kartar Singh, M.A., Sc.D.

Rao Bahadur B. Venkatesachar, M.A., F.Inst.P.

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Mr. C. N. Muthuranga Mudaliar : Is the Resident also a scientist ?

Sir Girja Shankar Bajpai : All are not scientists, as far as I know.

DEFICIT IN THE WATER SUPPLY DEPARTMENT OF THE DELHI MUNICIPAL COMMITTEE.

849. ***Mr. Badri Dutt Pande** : (a) Will the Secretary for Education, Health and Lands kindly state whether the Water Supply Department of the Delhi Municipal Committee is running at a considerable loss, and if so, what is the extent of deficit in that department every year for the last three years ?

(b) Is it not a fact that in order to make good the loss on the Water Supply Department the Municipal Committee of Delhi has recently decided to instal meters on all water connections and has been revising its terminal tax schedule ?

(c) Are Government prepared to appoint a committee of enquiry forthwith to recommend (i) equitable and scientific methods of taxation for the Delhi Municipal Committee, keeping in mind particularly the principle of 'Ability to Pay' and (ii) a democratic constitution for the committee ?

Sir Girja Shankar Bajpai : With your permission, I shall answer questions Nos. 849 and 850 together. I have called for information and will furnish a reply to the House in due course.

DEFICIT IN THE WATER SUPPLY DEPARTMENT OF THE DELHI MUNICIPAL COMMITTEE.

†850. ***Mr. Badri Dutt Pande** : (a) Will the Secretary for Education, Health and Lands state whether the attention of Government has been drawn to the proceedings of the Delhi Municipal Committee published in the *Hindustan Times* of the 4th September, 1937, and particularly to the remarks of the Congress member of the Committee, Lala Desraj, that it was a shame for certain interested members of the Committee to go about in the open house canvassing support for the proposal, namely, (i) the giving of cheaper water supply to the Delhi factories, and (ii) the laying in of a separate water main to the Delhi cloth mills at an estimated cost of Rs. 54,250 ?

(b) In view of the fact that the Water Supply Department of the Delhi Municipal Committee is running at a loss, do Government propose to make enquiries why the Secretary of the Delhi Municipal Committee placed these two items on the agenda paper, knowing full well that these two proposals would result in further loss to the Municipal Committee ? Is it a fact that the Secretary of the Delhi Municipal Committee had been repeatedly urging upon the Committee that the only method of balancing the municipal budget was to place that department on a sound self-supporting basis ?

(c) Are Government prepared to urge upon the Chief Commissioner of Delhi to veto the proposal of the Municipal Committee which was adopted by a margin of only two votes ? Are Government aware that this is obviously designed to benefit a certain class of people at the expense of a large body of the Delhi tax-payers ?

†For answer to this question, *see* answer to question No. 849.

DIAMONDS FOUND IN THE POSSESSION OF A BOMBAY MERCHANT.

851. ***Mr. S. Satyamurti** : Will the Honourable the Finance Member be pleased to state whether investigations in the recent case where a Bombay diamond merchant was found in possession of three lakhs of rupees worth of diamonds imported from Europe are complete and whether the mystery of how the diamonds came to be in the Maharani's car has been solved ?

Mr. A. H. Lloyd : The investigations are still proceeding and I am, therefore, unable to make any statement in the matter.

Mr. S. Satyamurti : May I know if the fact that a Bombay diamond merchant was found in possession of three lakhs of rupees worth of diamonds is correct ?

Mr. A. H. Lloyd : No, Sir.

Mr. S. Satyamurti : No such diamonds were found ?

Mr. A. H. Lloyd : Yes, Sir, but not in the possession of the diamond merchant.

Mr. S. Satyamurti : Where were they found ?

Mr. A. H. Lloyd : In an attaché case.

Mr. S. Satyamurti : With regard to the examination of the luggage of people coming from abroad, are there any exemptions granted, with regard to their quantum and their nature, by the customs authorities ?

Mr. A. H. Lloyd : I do not think it is possible to say that there are any definite regulations controlling the discretion of the officers.

Mr. S. Satyamurti : I want to know whether there is any uniform rule either of law or of practice, with regard to the examination of luggage, personal or otherwise, brought by visitors or people who come to India or whether there is any exemption with regard to the actual law or the actual administration of the law.

Mr. A. H. Lloyd : In certain circumstances distinguished persons are exempted from having their luggage liable to examination. In the case of other persons, the amount of examination is a matter for the discretion of the officials on the spot according to the circumstances of the case, as in every other country in the world.

Mr. S. Satyamurti : With regard to the distinguished persons, is that left to the examining authorities, or is there any law or convention, or are there any general principles laid down as to who are distinguished persons ?

Mr. A. H. Lloyd : I do not think it is possible to say that any general principle is laid down. Certainly no discretion is given to officers on the spot and orders come from here.

Mr. S. Satyamurti : Then, is it the case that as each ship arrives, telegrams are sent from here as to who are the distinguished persons and who are not ? May I know what are the general principles laid down by the Government of India for the guidance of the customs officers ?

Mr. A. H. Lloyd : No general principles have been laid down.

Mr. S. Satyamurti : Then, how is the law worked out ? I am on the horns of a dilemma. I want to know where we stand in this matter. Either A is distinguished, or X is not distinguished. I want to know whether the customs authorities get some kind of general direction from headquarters as to who are to be treated as distinguished passengers and who are not, for instance as between the Honourable the Finance Member and myself.

Mr. A. H. Lloyd : Exemptions to distinguished personages are very exceptional—they are always granted by specific orders from headquarters applying to particular cases. Orders are issued in advance of a vessel's arrival. For instance, our delegates to the League of Nations are usually given this courtesy.

Mr. S. Satyamurti : Is there any list of such persons ? Are the rulers and Indian princes automatically put in that list ?

Mr. A. H. Lloyd : No.

Mr. S. Satyamurti : With regard to the last part of the question as to how the diamonds came to be found in the Maharani's car, may I know whether any investigation has been made, and if so, with what result ?

Mr. A. H. Lloyd : I am not in a position to give any information. The facts of the case are still under adjudication.

Mr. Sri Prakasa : Will you abolish the distinction between distinguished and non-distinguished persons ?

(No reply.)

REMOVAL OF THE POSTAL SEALS AND STAMPS OFFICE FROM ALIGARH TO ALIPORE WORKSHOP.

852. ***Pandit Sri Krishna Dutta Paliwal** : Will the Honourable Member for Industries and Labour be pleased to state :

(a) whether it is intended to discontinue or remove the work of postal seals and stamps from Aligarh ;

(b) if so, when and why ;

(c) whether it is a fact that the idea of the manufacture was generated first in the then Government Workshop, Aligarh, which was established in the year 1842 about a century ago ; and

(d) whether it is also a fact that since then the work of manufacture and engraving of seals has been conducted and continued there under the supervision of the authorities of the Government Workshop, now known as postal seals, Aligarh ?

The Honourable Sir Thomas Stewart : With your permission, Sir, I propose to reply to questions Nos. 852, 853 and 854 together.

The manufacture of postal stamps and seals has been established at Aligarh for nearly a hundred years, and has been carried out satisfactorily.

The question of whether the work of the manufacture of postal seals and stamps should be removed from Aligarh to the Telegraph Workshops in Calcutta, with a view to obtaining greater efficiency and economy, is under the consideration of Government, and, before coming to a decision, Government will give all the aspects of the case the fullest consideration.

Government do not think that the removal of the manufacture of postal stamps and seals from Aligarh will interfere with the lock industry or increase unemployment to any material extent. It must be remembered that the lock industry, which came into being to meet Post Office requirements, has now expanded so greatly as to be independent of Post Office demands.

Mr. Mohan Lal Saksena : What is the total cost of the seals that are manufactured in Aligarh annually ?

The Honourable Sir Thomas Stewart : Seals and locks together were valued last year at Rs. 35,000.

Pandit Lakshmi Kanta Maitra : Is that the only factory in India for the manufacture of postal seals ?

The Honourable Sir Thomas Stewart : Yes.

Dr. Ziauddin Ahmad : Have any complaints been received about the efficiency of the work ?

The Honourable Sir Thomas Stewart : No, Sir.

REMOVAL OF THE POSTAL SEALS AND STAMPS OFFICE FROM ALIGARH TO ALIPORE WORKSHOP.

†853. ***Pandit Sri Krishna Dutta Paliwal** : Will the Honourable Member for Industries and Labour be pleased to state :

(a) if it is a fact that the work of postal seals has been carried on by the present contractors for generations ; and

(b) whether the work of Aligarh Workshop has always been carried on peacefully without any disturbance, industrial or communal ?

REMOVAL OF THE POSTAL SEALS AND STAMPS OFFICE FROM ALIGARH TO ALIPORE WORKSHOP.

†854. ***Pandit Sri Krishna Dutta Paliwal** : Will the Honourable Member for Industries and Labour state :

(a) whether Government are aware that the removal from or discontinuance of the postal seals work, Aligarh, will deal a heavy blow to the Aligarh industries specially the seals and the locks industries ;

(b) whether Government have ever had any cause for complaint about the quality or any other thing regarding the work of these contractors ;

†For answer to this question, *see* answer to question No. 852.

(c) whether Government are aware that the removal or discontinuance of the said work will increase unemployment greatly ; and

(d) whether Government are prepared to assure the contractors that it is not intended to remove or discontinue the above work ?

ACTIVITIES REGARDING THE GRADING OF AGRICULTURAL PRODUCTS.

855. *Dr. Ziauddin Ahmad : (a) Will the Secretary for Education, Health and Lands please state whether it is a fact that the department opened by the Government of India for grading agricultural products has extended its activities to grading hides and skins ?

(b) What have Government done in Delhi and Agra ?

(c) Is it not a fact that Government have employed a butcher, Beiju, on a salary of Rs. 250 per mensem to grade hides in Calcutta ?

(d) Is it not a fact that Beiju himself is one of the buyers of the hides ?

(e) For whose benefit have Government undertaken this expenditure of grading hides ?

(f) Is it not a fact that Government are paying one anna per piece to the butchers in order to have their hides graded ?

(g) Are Government aware that the local officers in Calcutta have only arranged with the buyers to bring their pieces to them and they are paid for this trouble ?

Sir Girja Shankar Bajpai : (a) Yes.

(b) Experimental hide grading stations were started at Agra and Delhi in November, 1936, and up to the 16th September, 1937, over half a lakh of hides had been graded. A skin grading station was started at Delhi in March last but had to be closed down owing to the opposition of certain middlemen.

(c) One Ahmad Jan *alias* Bechu Mia has been appointed at the Tangra Hide Grading Station (Calcutta) on Rs. 125 per mensem.

(d) Yes, if the reference is to Bechu Mia whose name I have just mentioned.

(e) In order to effect a general improvement in the marketing of hides for the benefit of all concerned.

(f) No.

(g) No payments are made to the buyers for bringing their hides to be graded.

Dr. Ziauddin Ahmad : May I ask whether the Government have considered the recommendations of the Hide Cess Committee ?

Sir Girja Shankar Bajpai : My Honourable friend has got the next question on that subject.

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

Mr. Lalchand Navalrai : With regard to clause (b).....

Sir Girja Shankar Bajpai : I thought the next question had been called.

Mr. Lalchand Navalrai : The Honourable Member never feels shy in answering any question ?

Sir Girja Shankar Bajpai : Certainly not, when I am answering my Honourable friend.

Mr. Lalchand Navalrai : With regard to clause (b), is this gentleman who has been appointed also purchasing hides himself ?

Sir Girja Shankar Bajpai : He has been in the hide business. I do not know if he has been actually doing business independently of this.

Mr. Lalchand Navalrai : Do the Government propose to find out that fact and stop him from purchasing himself ?

Sir Girja Shankar Bajpai : I have no reason to assume that he carries on the work of purchasing besides the work of grading. If my Honourable friend has any particulars to the contrary, I shall certainly look into the matter.

Dr. Ziauddin Ahmad : May I ask whether this business has done any good to the primary producers or middlemen. I think it is standing in the way of the trade ?

Sir Girja Shankar Bajpai : If it had been standing in the way of the trade, there would not have been as many as five million hides passing through the stations of Agra and Delhi.

Mr. M. S. Aney : Will the Honourable Member think it worth his while to make an inquiry as to whether this person is a purchaser of hides or not ?

Sir Girja Shankar Bajpai : It is on the basis of information supplied to me that I stated to the House that this gentleman was in the hide trade but now that he has been appointed a grader, so far as we know he is not engaged in the trade himself.

GRADING OF HIDES.

856. *Dr. Ziauddin Ahmad : (a) Will the Secretary for Education, Health and Lands please state whether the attention of Government has been drawn to the recommendations of the Hide Cess Committee for the improvement of the quality of hides ?

(b) Was the grading of hides recommended by the Hide Cess Committee ?

(c) Are Government prepared to concentrate their limited resources in teaching the village *chamars* the improved method of skinning and curing the hide of animals which die a natural death ?

Sir Girja Shankar Bajpai : (a) and (b). Yes.

(c) This is a matter for Local Governments.

Dr. Ziauddin Ahmad : This question of the grading of hides is no doubt in the charge of the Central Government but the question of the improvement of hides is in the charge of Local Governments, I think ?

Sir Girja Shankar Bajpai : Well, Sir, the fact of the matter is that the whole business, except with the consent or concurrence of Local Governments, is the concern of Local Governments.

Dr. Ziauddin Ahmad : I refer to the question of the improvement of the quality of the hides ; this I think is not under the Central Government ?

Sir Girja Shankar Bajpai : No, Sir. The field covered by the recommendations of the Hide Committee is mostly under the control of Local Governments.

Prof. N. G. Ranga : What are the relations between the Central Government and the Local Governments in regard to the establishment as well as the proper gradation of these hides ?

Sir Girja Shankar Bajpai : It is more a matter between the marketing organisation and the trade than one between the Government at the centre and Governments in the provinces.

Dr. Ziauddin Ahmad : What is the answer to part (b) of the question ?

Sir Girja Shankar Bajpai : I have said, Yes.

Dr. Ziauddin Ahmad : And the grading is to be done by the Central or the Provincial Government ?

Sir Girja Shankar Bajpai : My Honourable friend would have seen from my answer to his previous question that the Central Government have taken up grading but they have not taken up all the recommendations of the Hides Committee.

DIRECT RECRUITMENT IN THE HIGHER POSTS OF THE INCOME-TAX DEPARTMENT, BOMBAY.

857. ***Mr. N. V. Gadgil** : (a) Will the Honourable the Finance Member be pleased to state the number of persons directly recruited to the executive line in the Income-tax Department by the Commissioner of Income-tax, Bombay ?

(b) Will Government state whether they have received any complaints by persons already in the department against this policy of direct recruitment ?

(c) Will Government state whether persons with equal qualifications and experience, although available among the existing staff, were not taken up in the higher appointments ?

Mr. A. H. Lloyd : (a) and (c). The information is being obtained and will be laid on the table in due course.

(b) Yes.

DELAY IN THE NANKUM *Dak* FOR JAMSHEDPUR.

858. ***Mr. Ram Narayan Singh** : (a) Is the Honourable Member for Industries and Labour aware of the fact that the mail (*dak*) from Nankum in the Ranchi district, intended for Jamshedpur, is first delayed for a day at Ranchi and thence conveyed *via* Jamshedpur to Calcutta and then again re-taken from Calcutta to Jamshedpur for delivery at Jamshedpur ?

(b) If the answer to part (a) be in the affirmative, does the Honourable Member propose to stop this dilatory and circuitous way of carrying and delivering the *dak* and to see that the Nankum *dak* for Jamshedpur is directly and without any unreasonable delay delivered at Jamshedpur ?

The Honourable Sir Thomas Stewart : (a) The facts are not as stated by the Honourable Member. There are three despatches from Nankum for Jamshedpur during the day. The first two ensure delivery on the following day at Jamshedpur. The volume of mails in the third despatch *via* Howrah Railway Mail Service does not justify a direct special despatch to Jamshedpur.

(b) The present arrangements are probably the best which can be devised for the mails as a whole but the matter is one which lies entirely within the competence of the Postmaster-General, Bihar and Orissa Circle, to whom a copy of the question and the reply has been forwarded for such further action as is called for.

†859*—860*.

BILL PROVIDING FOR THE PURCHASE OF INTEREST OF MORTGAGEES, ETC., IN ZANZIBAR.

861. ***Mr. T. S. Avinashilingam Chettiar** : Will the Secretary for Education, Health and Lands state :

(a) whether a Bill has been published in the *Zanzibar Gazette* providing for the purchase by Government of the interest of mortgagees and other creditors in lands owned by Arabs and Africans, etc.;

(b) whether they have received particulars of the Bill ; and

(c) if so, what will be its effects on the Indians in Zanzibar ?

Sir Girja Shankar Bajpai : (a) and (b). Yes.

(c) The Bill is now under examination.

Mr. T. S. Avinashilingam Chettiar : When do the Government of India expect to finish the consideration and to come to a conclusion in this matter ?

Sir Girja Shankar Bajpai : We hope to address the Government of Zanzibar in the course of the next few days.

†For these questions and replies thereto, *see* pages 2575-76 of these debates.

FUNDS KEPT UNDER THE FINANCE DEPARTMENT.

862. *Mr. T. S. Avinashilingam Chettiar : Will the Honourable the Finance Member state :

(a) how many separate funds are kept by the Government of India under the Finance Department to which lump grants are given ;

(b) when money is taken from those funds for actual expenditure, whether the sanction of the Legislature is taken ; and

(c) what is the exact amount in the beginning of the year in each of these funds ?

The Honourable Sir James Grigg : (a) and (c). A statement is laid on the table.

(b) Yes, in cases where the expenditure is votable.

Statement.

List of special funds.	Balances held by the Central Government on the 31st of March, 1936.†
	Rs.
(1) Road Development Fund	6,28,855
(2) Fund for the Development of Broadcasting	16,06,712
(3) Fund for Sind and Orissa Buildings	42,70,951
(4) Fund for the Development of Civil Aviation ..	79,34,208
(5) Fund for the Economic Development and Improvement of Rural Areas	1,87,37,419
(6) Fund for special Frontier expenditure	30,00,000

†Figures for the 31st of March, 1937, are not yet available.

Mr. S. Satyamurti : In cases where the expenditure is not votable, is it open to the Departments concerned to incur the expenditure themselves, or have they to obtain the sanction of the Finance Department, before the expenditure is actually incurred ?

The Honourable Sir James Grigg : The sanction of the Finance Department is always required.

Mr. T. S. Avinashilingam Chettiar : May I ask whether the sanction of the Standing Finance Committee is taken, or that is not taken, in the case where the expenditure is not votable ?

The Honourable Sir James Grigg : No, Sir, the Standing Finance Committee has nothing to do with non-votable expenditure.

Mr. S. Satyamurti : May I ask whether the answer of the Finance Member covers all lump sum grants which have been sanctioned by the this House,—that is to say, that the sanction of the House will be obtained for all votable expenditure incurred out of the funds originally sanctioned by this House ?

The Honourable Sir James Grigg : The Honourable Member may or may not be—and I do not know which—using the words "lump sum grant" in the formal, technical sense. To the best of my belief, in all these cases where the expenditure is votable, the expenditure out of the Fund is subject to the sanction of the Legislature.

Prof. N. G. Ranga : Is an annual or periodical report published about the administration of these funds ?

The Honourable Sir James Grigg : The Honourable Member, as a member of the Public Accounts Committee, ought to know all about that because it is discussed in connection with last year's accounts.

PROFITS ON COINAGE.

863. *Mr. T. S. Avinashilingam Chettiar : Will the Honourable the Finance Member state :

(a) what were the profits on coinage in the last financial year ;

(b) how it has been invested ; and

(c) till now what is the total amount of the profits of coinage ?

The Honourable Sir James Grigg : (a) The accounts for 1936-37 have not been finally closed but the revised estimate of profits on coinage is 32 lakhs.

(b) It is not invested, but forms part of general revenues.

(c) The Honourable Member has not indicated the period for which he desires to know the profits. If he means the whole period since Government began coinage operations, the answer could not be furnished without extensive research.

DEBTS PAYABLE IN THE CURRENT FINANCIAL YEAR.

864. *Mr. T. S. Avinashilingam Chettiar : Will the Honourable the Finance Member state :

(a) for what debts Government have the option of paying in the course of this financial year ;

(b) what is the interest paid on those debts ;

(c) whether Government have any idea of converting those loans ?

The Honourable Sir James Grigg : (a) None of the existing terminable loans fall due for re-payment during the current financial year.

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

PASSIVE RESISTANCE BY INDIANS IN ZANZIBAR AGAINST THE CLOVE TRADE DECREE.

865. *Mr. Ram Narayan Singh : Will the Secretary for Education, Health and Lands be pleased to state :

(a) the latest development of the passive resistance movement resorted to by the Indians in the Zanzibar Island against the Clove Trade Decree of the Zanzibar Government ;

(b) if he is in constant touch and correspondence with the British Government, the Zanzibar Government and the Indians in the Zanzibar Island on the subject of the passive resistance movement at present going on in the Zanzibar Island as mentioned in part (a), and if so, with what result and if not, why not ; and

(c) if he is prepared to consider the advisability of having a full day's debate on the question of Indians overseas at least once during every Session of the Assembly ?

Sir Girja Shankar Bajpai : (a) There has been no change in the situation.

(b) Yes.

(c) Government do not consider any such definite arrangement to be necessary.

Mr. S. Satyamurti : Has the attention of the Government been drawn to a statement referred to the statement of Mr. C. F. Andrews in this morning's *Hindustan Times* in regard to the situation in Zanzibar ?

Sir Girja Shankar Bajpai : Yes, Sir, I have read that statement this morning.

Mr. Ram Narayan Singh : May I know whether the Government are thinking of any steps to bring about the settlement of this question ?

Sir Girja Shankar Bajpai : They are watching the situation ; if a suitable opportunity offers for this, they will take such action as is necessary.

Mr. T. S. Avinashilingam Chettiar : Are the Government aware of the latest situation in Zanzibar about the passive resistance movement there ?

Sir Girja Shankar Bajpai : The latest is no different from the earliest.

Mr. S. Satyamurti : Are Government aware of the organisation set up by Pandit Jawahar Lal Nehru, the President of the Indian National Congress, for an organised boycott of all import of Zanzibar cloves into this country ?

Sir Girja Shankar Bajpai : Yes, Sir.

Mr. S. Satyamurti : Have the Government of India brought that fact to the notice of the Zanzibar Government and the Clove Growers' Association ?

Sir Girja Shankar Bajpai : I think the Government of Zanzibar and the Clove Growers' Association are both aware of the activities of this organisation.

Mr. S. Satyamurti : May I ask whether the Government of India have brought to the notice of the Zanzibar Government and of the Clove Growers' Association this fact that this boycott is bound to succeed, being organised by no less a person than Pandit Jawahar Lal Nehru, the President of the Indian National Congress ?

Sir Girja Shankar Bajpai : Sir, the Government of India know that the Government of Zanzibar are aware of the auspices under which the boycott of Zanzibar cloves is being organised.

Mr. S. Satyamurti : Will the Government themselves press upon the Government of Zanzibar to consider the full effect of this boycott movement which is bound to be effective, so that the latter may revise their notions of dealing with the Indians engaged in the clove trade ?

Sir Girja Shankar Bajpai : So far as that is concerned, it is for the Government of Zanzibar to appreciate the effect of the boycott upon the clove industry in Zanzibar.

Mr. Lalchand Navalrai : How long are the Government of India going to wait ? Will they wait until it gets too late ?

Sir Girja Shankar Bajpai : The issue now really is between the Indians in Zanzibar and the Government of Zanzibar. At the present moment the Government see no indication of either party being prepared for a compromise. Therefore, there is no option but to wait.

ACHIEVEMENTS OBTAINED BY THE LAC CESS COMMITTEE AND THE LAC CESS RESEARCH INSTITUTE AT NANKUM.

866. ***Mr. Ram Narayan Singh** : Will the Secretary for Education, Health and Lands be pleased to make a full statement with regard to achievements hitherto obtained by the Lac Cess Committee and the Lac Cess Research Institute at Nankum and their future utility to the lac industry ?

Sir Girja Shankar Bajpai : A statement will be found in the Report of the Indian Lac Cess Committee for the period 1st August, 1931, to 31st March, 1936, a copy of which is available in the Library of the House. The work undertaken has been designed to improve the cultivation, manufacture and marketing of lac.

Mr. S. Satyamurti : Is this Committee pursuing the matter of meeting synthetic competition against lac ?

Sir Girja Shankar Bajpai : Yes, Sir.

Mr. Ram Narayan Singh : Are the Government satisfied with the work of the Committee ?

Sir Girja Shankar Bajpai : Government have no reason to be dissatisfied.

ALLOTMENT FROM THE ROAD FUND TO BIHAR AND CONSTRUCTION OF A BRIDGE AT DEHRI.

867. ***Mr. Ramayan Prasad** : Will the Honourable Member for Industries and Labour be pleased to state :

(a) how much money has been allotted from the Road Fund to the Bihar Province up till now ;

(b) what schemes the Bihar Government have forwarded to the Road Committee for sanction and what is the amount proposed for these schemes ; and

(c) whether there is any proposal to construct a bridge on the Grand Trunk Road at Dehri (Behar) over the Sone river or to reconstruct the existing railway bridge in such a way that it may become passable for motors and other vehicles ?

The Honourable Sir Thomas Stewart : (a) Rs. 35.08 lakhs.

(b) I am placing a list of the schemes on the table.

(c) No.

List of Schemes submitted by the Government of Bihar for being financed from the Road Fund.

Name of work.	Cost.	Remarks.
	Rs. (lakhs)	
1. Improvements to the Patna-Nawadah Road ..	4·55	
2. Converting village track into bridged and drained metalled road from Rajauli to Debour (7 miles)	2·00	
3. Improvements to Debour-Koderma-Burhi road (38 miles)	1·63	
4. Bridging, draining and improving gravelled section of the Gumla-Palkot road ..	1·20	
5. Bridging, draining and improving gravelled section of the Palkot-Kolibera road ..	1·42	
6. Bridging, draining and improving gravelled section of the road from Simdega-Sunk River	3·50	Abandoned.
7. Bridging, draining and improving gravelled section of the Jarsaguda-Samaspur road ..	3·56	Do.
8. Replacing temporary bridge by permanent one on Sunk River	6·60	Do.
9. Replacing temporary bridge by permanent one on Bonum River	3·56	Do.
10. River Replacing existing causeway on Monagura	3·00	Do.

Name of work.	Cost.	Remarks.
	Rs. (lakhs).	
11. Re-constructing two bridges on the Grand Trunk Road over canals at Barun and Dehri	0·68	Proposal rejected for a grant from the Reserve. Not proposed to be financed from provincial allocation.
12. Construction of a bridge over the Gandak river at Sonepur	14·00	Held in abeyance.
13. Construction of a metalled road from Patna to Arrah	9·15	
14. Widening and improving the road from Koderma to Debour	0·80	
15. Improvements to the road from Koderma to Singrawan	1·89	
16. Construction of a bridge over the Guly river on the Chatra-Champaran road	0·87	
17. Construction of a bridge over the Jamunia river on the Dumri-Bermo road	1·04	
18. Construction of a bridge between Latehar and Latehar Railway Station	1·40	
19. Metalling 7½ miles of, and constructing a bridge over the Batane river on, the Aurangabad-Hariharganj road	1·57	
20. Bridging the Daltonganj-Hariharganj road ..	5·16	
21. Bridging the North Koel River at Garhwa Road Station	4·03	
22. Constructing link road from Daltonganj-Hariharganj road to the bridge over North Koel River	1·54	
23. Constructing and bridging a road from Motihari to Sitamarhi *via* Dhaka excluding the bridge over Bhagmati river at Dheng	6·26	Under reference to the Standing Committee for Roads.
24. Muzaffarpur Sitamarhi road (Stone metalling the first six miles from Muzaffarpur and three miles leading to Sitamarhi)	1·28	Do.

Name of work.	Cost.	Remarks.
	Rs. (lakhs).	
25. Extension of the existing pontoon bridges at Magadahi and Jutmalpur Ghats on the Samastipur-Darbhanga road	0·25	Under reference to the Standing Committee for Roads.
26. Construction of Chitauni Ghat bridge on the Darbhanga-Madhubani road	0·12	Do.
27. Chapra-Sonepur road (construction of an additional bridge over the Mehura channel)	0·15	Do.
28. Chapra-Sonepur road-metalling ..	0·67	Do.
29. Reconstruction of the existing bridge over Kiul river on the Jamsi-Barianpur road ..	0·65	Do.
30. *Bhagalpur-Nawada Trunk Road*:—Construction of the section from Sikandra to Arha road	1·99	Do.
31. Arha to Pakribarawan	0·41	Do.
32. Metalling the road from Saraiya to Rewaghat	0·19	Do.
33. Metalling the road from Rawaghat to Chapra	0·48	Do.
34. Construction of a road from Dumka to Jamtara	3·80	Do.
35. Metalling Monghyr Ghat-Rashidpur road ..	0·59	Do.
36. Construction of a bridge at Suleimanghat, 6 miles north of Kamtaul on the Kamtaul-Madhwapur road	0·30	Do.
37. Improvement of the Arwal-Jehanabad feeder road	1·80	Do.
38. Construction of a bridge over Gumani river on the Barharwa-Burhait Road	0·52	Do.
39. Construction of minor bridges on the Latipara-Burhait road	0·43	Do.
40. Bridging and metalling the Saiba-Sonua-Banskatta road	1·20	Do.

Name of work.	Cost.	Remarks.
	Rs. (lakhs).	
41. Bridging and gravelling the Koderma-Domchanch-Arkhango-Juama road	0·61	Under reference to the Standing Committee for Roads.
42. Bihar-Sheikhpura road-Improvements ..	2·21	Do.
43. Completion of the bridge over the Koel river at Gare in the Palamau district	1·00	Do.

AMOUNT OF THE PAPER CURRENCY RESERVE.

868. ***Mr. T. S. Avinashilingam Chettiar**: Will the Honourable the Finance Member state :

(a) what the amount was of the Paper Currency Reserve at the end of the last financial year ;

(b) how and where it is invested ; and

(c) whether interest is earned by this fund, and how it is used ?

The Honourable Sir James Grigg: (a) and (b). The reserve formerly maintained by Government under the name of the Paper Currency Reserve has ceased to exist. I presume the Honourable Member has in mind the assets now held in the Issue Department of the Reserve Bank of India as cover for the note issue. If so, I invite his attention to the accounts of the Reserve Bank which are published weekly in the Gazette of India in accordance with section 53 of the Reserve Bank of India Act. The total assets of the Issue Department on the 26th March, 1937, amounted to Rs. 208 crores odd.

(c) A portion of the assets of the Issue Department consists of sterling and rupee securities on which interest accrues. This interest forms part of the gross earnings of the Bank.

Mr. T. S. Avinashilingam Chettiar: May I ask what is the amount of currency in circulation in this country ?

The Honourable Sir James Grigg: Rs. 208 crores.

Mr. S. Satyamurti: How is this amount invested ?

The Honourable Sir James Grigg: It is invested in gold coin and bullion, rupee coin, sterling, rupee securities.

Mr. S. Satyamurti: Why should they not also be made to earn interest ?

The Honourable Sir James Grigg: I can refer the Honourable Member to any book on central banking where, I think, it is normally regarded as advisable and necessary to hold a considerable part of the reserves in immediately liquid assets.

Mr. Bhulabhai J. Desai : What is the proportion of the gold reserve against the issue of paper ?

The Honourable Sir James Grigg : The gold coin and bullion is shown in the accounts at roughly 44½ crores.

Mr. Bhulabhai J. Desai : Out of a total of last week or what ?

The Honourable Sir James Grigg : I am giving the figures of 31st March, 1937. Gold coin and bullion are valued at 44½ crores out of a total of Rs. 208 crores.

Pandit Lakshmi Kanta Maitra : What is the total amount of interest earned by the fund.

The Honourable Sir James Grigg : There is no fund.

Pandit Lakshmi Kanta Maitra : I mean interest from the securities ?

The Honourable Sir James Grigg : I cannot tell you that.

RETIREMENT AGE OF INDIAN MEDICAL SERVICE MEN.

869. ***Mr. Sham Lal** : (a) Will the Secretary for Education, Health and Lands be pleased to state if there is any proposal that all Indian Medical Service men should retire at the age of 57 instead of 55 ?

(b) Is there any proposal that Inspectors General of Hospitals, Prisons and Directors General of Health should retire at the age of 57 instead of 55 ?

(c) What is the attitude of Government towards this proposal ?

(d) Were the Local Governments consulted in this matter ?

(e) Are Government aware that there is a general feeling in the country that the age of retirement in the case of Government servants should be reduced and not increased ?

(f) What are the special reasons justifying the increase of the age of retirement in the case of the Indian Medical Service and Inspectors General and Directors General above-mentioned ?

(g) Are Government aware that the acceptance of these proposals would involve an extra burden on the tax-payers ?

Sir Girja Shankar Bajpai : (a) No.

(b) Inspectors General of Civil Hospitals being Colonels can serve upto the age of 57 under existing rules. Inspectors General of Prisons and Directors of Public Health being Lieutenant-Colonels can only serve upto the age of 55 years.

(c) to (g). Do not arise.

Mr. S. Satyamurti : Will Government consider the advisability of reducing the age of retirement of the first class officers ?

Sir Girja Shankar Bajpai : The existing age-limit has worked well and Government see no reason to revise it.

Mr. S. Satyamurti : Have Government considered that there is a general feeling throughout the provinces that the retiring age should be reduced even below 55, in view of the large unemployment of qualified men, and also the need for retired men doing some public work after retiring from Government service ?

Sir Girja Shankar Bajpai : I am not in a position to express any views on the general question of early retirement. All that I can tell my Honourable friend is that as regards the retiring age of Colonels in the I. M. S. no representation has yet been received from any Local Government by the Government of India.

Mr. S. Satyamurti : What is the answer to clause (f) of the question ?

Sir Girja Shankar Bajpai : I have said that there is no proposal in contemplation to raise the age of retirement of officers of the classes mentioned, other than Colonels, who serve up to the age of 57 under a rule which has been in force for years.

Mr. S. Satyamurti : Have Government examined the need for revising that rule in view of the change of public opinion in the country in favour of early retirement ?

Sir Girja Shankar Bajpai : My answer to that has already been given, namely, that the Local Governments have made no representation as regards the reduction of the retiring age of Colonels.

Mr. Sri Prakasa : Is it not a fact that during the last few years of their service these good Colonels do no work and only draw their salary and it is only in that particular that this system has worked well ?

Sir Girja Shankar Bajpai : I am quite sure that no head of civil department will plead guilty to that charge.

REDUCTION OF IMPORT DUTY ON NEWSPRINT.

870. ***Mr. G. V. Deshmukh** : Will the Honourable the Finance Member state whether the import duty on newsprint in reels has recently been reduced ? If so, to what extent ?

Mr. A. H. Lloyd : Yes, the import duty on newsprint in reels has been reduced from 25 per cent. *ad valorem* to Rs. 1|8|- per cwt. for unglazed and Rs. 1|12|- per cwt. for other sorts, from the 10th of July, 1937.

Mr. G. V. Deshmukh : May I ask what were the reasons for this reduction ?

Mr. A. H. Lloyd : The reasons were fully explained in a press note which was isued through the kind services of the Director of Public Information on the 8th July, 1937. It would be rather lengthy to give the details, but the main reason was that there has been an abrupt and very violent rise in the price of newsprint throughout the world and it was decided that it was desirable to keep the import duty on practically the same level as had been in force in the previous year. That was achieved by the Notification which I have just described although in form it turned the duty from an *ad valorem* one into a specific one.

Mr. T. S. Avinashilingam Chettiar : Do Government expect a loss of revenue because of this reduction in duty ?

Mr. A. H. Lloyd : It is impossible to calculate whether there will be a loss of revenue because it is not certain what quantity would have been imported if we had not reduced the duty.

REDUCTION OF IMPORT DUTY ON NEWSPRINT.

871. ***Mr. G. V. Deshmukh** : Is the Honourable the Finance Member aware that paper in sheets or in reams is used generally by vernacular presses ? Will the import duty on such paper be reduced ? If not, why not ?

Mr. A. H. Lloyd : The reduction was calculated to restore the import duty on newsprint in reels to its average level in 1936. Newsprint in sheets was already assessed on a tariff valuation based on the 1936 prices, and the two kinds of newspaper are accordingly receiving similar treatment. For this reason, it is not considered that any action is called for in regard to newsprint in sheets.

Prof. N. G. Ranga : Are Government aware that newsprint in reels is used mostly by the English daily press ?

Mr. A. H. Lloyd : I am prepared to take that from the Honourable Member.

Seth Govind Das : In these circumstances, will it not be advisable to reduce the duty on the paper which is used by the vernacular press ?

Mr. A. H. Lloyd : I have already explained that there is no necessity for that because what was done with newsprint in reels was to reduce the duty so as to have the same effect as assessing on prices at last year's level and the duty on newsprint in sheets is also based on last year's prices.

Mr. S. Satyamurti : Have Government considered the rise in the price of paper in sheets or reams outside, and are Government satisfied that the same relief has been given to all those newspapers which use imported newspaper sheets and reels ?

Mr. A. H. Lloyd : Yes, for the reasons I have just given. Newsprint in sheets is assessed on a tariff valuation, that is to say, to all intents and purposes it is a specific duty. It is 25 per cent. of the 1936 values and not of 1937 values.

PUBLIC ACCOUNTS COMMITTEE OF THE INDIAN LEGISLATIVE ASSEMBLY.

872. ***Mr. Sri Prakasa** : Will the Honourable the Finance Member state :

(a) if it is a fact that the Public Accounts Committee is a committee elected by the Legislative Assembly and that only such persons can function on it as have been so elected ; and

(b) if it is a fact that Mr. Nixon recently presided over the meetings of the Public Accounts Committee without taking the oath of office ; if so, under what rule he did so ?

The Honourable Sir James Grigg : (a) No. Under sub-rule (2) of rule 51 of the Indian Legislative Rules the Public Accounts Committee consists of not more than 12 Members of whom not less than two-thirds

are elected by the Assembly, and the remainder nominated by the Governor General.

(b) Under sub-rule (5) of rule 51 which requires the Finance Member to be Chairman of the Public Accounts Committee.

(a) WRITTEN ANSWERS.

LEVY OF MINIMUM CHARGE ON ELECTRICITY IN NEW DELHI.

859. ***Maulana Shaukat Ali** : (a) Will the Secretary for Education, Health and Lands please state whether the New Delhi Municipal Committee has decided to levy a minimum charge on electricity ? If so, will he please state :

(i) whether the fans will be included during the winter in calculating the total watts of consumption from the moving staff of the Government of India who occupy the Government quarters for less than six months in the year, if the fans are not actually used by them ? If so, what is the justification for doing this ; and

(ii) whether the minimum charge for the moving staff of the Government of India will be at the monthly rates or for the actual period of residence of individuals arrived at on the basis of annual rates ?

(b) Is the Honourable Member aware of the great discontent prevailing amongst the staff of the Government of India on account of this levy of minimum charge ?

(c) Is the Honourable Member prepared to consider the desirability of asking the Municipal Committee to cancel its previous decision, or, if that is not possible, to charge the minimum from the Government of India staff, who are compelled to leave New Delhi for a considerable period of the year owing to exigencies of service, *not* on the monthly rates but for the actual period of their residence in Government quarters calculated on the basis of annual rates ? If not, why not ?

Sir Girja Shankar Bajpai : Government have asked for information regarding parts (a) and (b) of the question and, on receipt of it, will consider whether any action on their part is called for. A complete reply to the question will be furnished in due course.

FIXATION OF WAVE-LENGTHS OF THE NEW SHORT WAVE BROADCASTING STATIONS.

860. ***Maulana Shaukat Ali** : With reference to the statement laid on the table in answer to parts (a) and (b) of starred question No. 356 on the 7th September, 1937, will the Honourable Member for Industries

and Labour please state when it is proposed to fix the wave-lengths of the new short wave broadcasting stations ? Does he propose to consider the desirability of fixing and announcing the wave-lengths at an early date so that the prospective purchasers of radio sets may not have to repent their choice of particular sets bought by them ? If not, why not ?

The Honourable Sir Thomas Stewart : The new short wave stations in India will operate within the 25, 31, 49, 60 and 90 meter broadcast bands and ample publicity has been given to this fact by publication in the *Indian Listener* and communications to dealers and manufacturers. This information is all that is required by prospective purchasers of radio sets. Precise wave lengths, on which each short wave station will operate within these bands, cannot be given now, as they are generally different at day and night and at different seasons of the year. These are not required by prospective purchasers of radio sets.

UNSTARRED QUESTIONS AND ANSWERS.

EXPENDITURE ON MUSLIM PUPILS IN SCHOOLS.

176. **Mr. Muhammad Abdul Ghani** : Will the Secretary for Education, Health and Lands be pleased to state the amount of total expenditure on Muslim pupils in aided, managed or stipendiary schools either under Government or local bodies, as borne by the local bodies and Provincial Governments, during the year 1934-35, as reported to the Central Government and reviewed by the Educational Commissioner with the Government of India ?

Sir Girja Shankar Bajpai : A statement giving available information in respect of expenditure on institutions specially meant for Muslims as borne by Government and local bodies during the year 1934-35, is placed on the table of the House.

As Muslim pupils attend Government and other non-Muslim institutions along with pupils of other communities, it is not possible to give the exact amount spent on them. By, however, calculating the cost per scholar and multiplying it by the number of Muslim pupils, the figures of expenditure for British India as a whole are the following :

	Rs.
(1) Expenditure on Muslim pupils in all recognised institutions, except Colleges and University Departments, borne by Government, in British India, during the year 1934-35	2,01,10,238
(2) Expenditure on Muslim pupils in all recognised institutions, except Colleges and University Departments, borne by Local Bodies, in British India, during the year 1934-35	93,29,293

Statement showing Expenditure on Institutions specially meant for Muhammadans as borne by Governments and Local Bodies, during 1934-35, as far as is available.*

Province.	Expenditure on Special Institutions for Muhammadans from	
	Government funds.	Board funds.
	Rs.	Rs.
Bombay	12,47,124	10,11,724
Bengal	7,53,207	3,55,522
Bihar and Orissa	57,259	3,71,964
Assam	94,328	36,669
Delhi	57,146	25,018

*Some provincial reports on education do not contain the above information.

COAL MINES IN ASSAM.

177. **Mr. Kuladhar Chaliha** : Will the Honourable Member for Industries and Labour be pleased to state :

(a) the number of coal mines in the province of Assam ;

(b) the number of labourers engaged in these coal mines in 1934-35 and 1935-36 ;

(c) the number of men, women and children engaged in 1934-35 and 1935-36 ;

(d) the number of accidents to men, women and children in 1934-35 and 1935-36 ;

(e) the number of underground labourers and surface labourers ; and

(f) the amount of compensation paid to sufferers of the accidents ?

The Honourable Sir Thomas Stewart : The particulars required are not collected for financial years and the information given in the answers to parts (a) to (e) below relates to calendar years. Figures for 1936 are not yet available.

(a) Seven (in 1935).

(b) 1934—1,695.
1935—1,828.

(c)

Year.	*Men.*	*Women.*
1934	1,591	104
1935	1,722	106

Women are not employed underground and children, *i.e.*, persons below 15 years of age, are not permitted to be employed in mines.

(d) 1934—53.

1935—93.

(e) Figures for 1935 are as follows :

Underground workers	..	1,302
Surface workers	..	526

(f) The Government of India are not in possession of this information.

LABOURERS IN THE DIGBOI OILFIELDS IN ASSAM.

178. **Mr. Kuladhar Chaliha** : Will the Honourable Member for Industries and Labour please state :

(a) the number of labourers engaged in the Digboi oilfields in Assam by the Burma Oil Company ;

(b) the number of men, women and children engaged ;

(c) the number of accidents in the years 1930-31 to 1935-36 ; and

(d) the amount of compensation paid to the injured ?

The Honourable Sir Thomas Stewart : (a) and (b). The information is being collected and a reply will be laid on the table of the House in due course.

(c) and (d). The information is not available.

THE INSURANCE BILL.

Mr. President (The Honourable Sir Abdur Rahim) : The House will now resume discussion of the Insurance Bill. The question is : 12 NOON.

" That clause 37 of the Bill be omitted."

Mr. Amarendra Nath Chattopadhyaya (Burdwan Division : Non-Muhammadan Rural) : Sir, on the last occasion, I referred to clause 35 which relates to non-payment of any remuneration or reward by way of commission or otherwise for soliciting or procuring business to any person except to an insurance agent licensed under clause 37. In dealing with that clause, I said that this clause 37 should have been taken first. In that case I would not have been required to deal with this clause today. Sub-clause (*1*) of clause 37 deals with licensing of agents. By this amendment, I move for its deletion, as I believe that this licensing of agents will be harmful to the future expansion of insurance industry in India. In support of my argument, I shall quote from the *Insurance and Finance Journal* which writes as follows with reference to the Insurance Bill.

Mr. President (The Honourable Sir Abdur Rahim) : I would remind the Honourable Member that it is for him to advance arguments, and this House is not expected to listen to arguments of other people here.

Mr. Amarendra Nath Chattopadhyaya : These are my arguments which have been supported by various societies who have discussed this Insurance Bill outside this Honourable House. The Bengal National Chamber apprehend that licensing of agents will retard business seriously Particularly in the interior of Bengal there are respectable part time agents and they will all be deprived of their future commission and income. In this way, every society and association has spoken vehemently against this licensing clause. Just when this industry is developing, this Bill has been introduced and is being discussed here with various clauses amongst which this clause seems to be very reactionary. It seems to me that clause 37 is the most harmful clause and, therefore, I propose its deletion. For over thirty years—I shall take 30 years only—the agents have worked without any licence and, if anybody is to be thanked for building up this industry during the past thirty years, it is these agents. They were so long undefined bodies and we are getting today a definition of ' Agents ' on the floor of the House which only adds the words " licence under clause 37 ". This addition of a definition of " Agent " will certainly create great confusion.

Sir Cowasji Jehangir (Bombay City : Non-Muhammadan Urban) : The definition of " Agent " is not before the House now. It will come later on.

Mr. Amarendra Nath Chattopadhyaya : Licensing of agents has been recommended by my Honourable friend, Mr. Sen, in his report to protect the public from the vagaries of persons who pose and act as agents of insurance companies. It has been said that various sorts of misrepresentations are made by persons purporting to act as agents for procuring business with the result that innocent persons are very often victimised. I do not think that for the vagaries of persons who are not agents we are justified in going to put some impediment in the way of persons who have honestly built up the industry and who will be hindered in that in future. Sir, I believe this industry has a bright future before it. I do not think that licensing will prevent any wicked and unscrupulous person from posing as agent and cheating innocent persons in the villages. Generally, it is the village folk who are cheated by a person posing as agent. In the towns, almost all the agents of different companies are known and they cannot possibly cheat those people who are educated. Can this licensing really prevent anybody who is not an agent from posing as agent and cheating innocent people ? I do not think it can.

Sir, no case has been made out with regard to the dishonesty of agents which might have justified the authors of this Bill in bringing a licensing clause. An industry which has thrived without any such licensing should be allowed to go on to further success. In ten years' time the monopoly of foreign insurance institutions has been broken and 73 per cent. of the business has come into the hands of the Indian life insurance companies. I believe that if no hinderance is created by any such law, if these insurance agents are allowed to go on in their own way, in the course of another ten years the whole life insurance business will come to India. Simply on that account I shall appeal to the authors of this clause to wait and see the result of the freedom given to the agents. Sir, vagaries cannot be stopped by any sort of licence. We have seen vagaries amongst lawyers, solicitors, and all sorts of licensed people ; and

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that justifies my contention that this licensing will not stop vagaries. In connection with this clause, which only refers to agents, I will refer to the achievements of these agents. If these insurers have achieved any success it is not due to Managing Agents or chief agents but to these poor agents who have simply, for their grub, exerted their utmost to bring the policy holders to the insurers ; and today we see, that in the course of ten years, the business has increased from 37 crores to 119 crores. That, Sir, is not a mean achievement for the agent. Every bit of income which the insurers have made has been the creation of these agents. Sir, in all our professions licensing is only called for after a period of training. Here the agents get no training and no education for the profession. They come only through advertisements in the papers and start life as agents. They are derided, they are not trusted, and they build up their business only through honesty and honest labour, and they do not deserve to be treated so lightly as we are treating them today. Sir, I am advocating the cause of these poor agents.....

An Honourable Member : Poor agents !

Mr. Amarendra Nath Chattopadhyaya : .....yes, agents are all poor, they are not Managing Agents,—and about these agents I beg to read a few words which were spoken here by the Honourable the Leader of the Opposition.

Mr. President (The Honourable Sir Abdur Rahim) : Honourable Members have all heard that. I do not think the Honourable Member need repeat them.

Mr. Amarendra Nath Chattopadhyaya : I will not take more time than is necessary. He says.....

Mr. President (The Honourable Sir Abdur Rahim) : The Honourable Member need not read that. Everybody has heard what the Leader of the Opposition said.

Mr. Amarendra Nath Chattopadhyaya : It is better to remind the House once again.

Mr. President (The Honourable Sir Abdur Rahim) : It is not necessary.

Mr. Amarendra Nath Chattopadhyaya : If those, Sir, are the views of the Leader of the Opposition, I am extremely diffident about the result of my defence of the agents.

Mr. Bhulabhai J. Desai (Bombay Northern Division : Non-Muhammadan Rural) : Sir, on a point of personal explanation, my Honourable friend ought to read the exact words which I used, instead of misinterpreting me.

Mr. Amarendra Nath Chattopadhyaya : Then, with the permission of the President, I will read it. He says on licensing :

"If you distinguish between useful employment and perhaps a dangerous employment, you will easily see the distinction and the necessity of having a licensing agent. But I think my Honourable friend Mr. Jinnah will confirm me that in many earlier parts of cross-examination, whenever a man had no employment and we asked him what he was, he said he was an estate agent or that he was an insurance agent, which was another word for saying that when he could get hold of a gull he managed to get hold of his money."

Sir, if that be the opinion of the Leader of the Opposition about the insurance agent, I do not know where I stand. Sir, it is not the profession of an insurance agent to go to a person and take his money and put it into his own pocket. He goes like a postal peon with proposal forms from the Managing Agents. He presses the proposer to save his money by insuring his life and this he does for his grub only : he does not get more than his grub. You do not know, Sir, how poor these agents are ; when they get nothing to fall back upon, they come to be insurance agents ; but they do not know how to cheat people ; they do not go to innocent people to befool them.....

The Honourable Sir Nripendra Sircar (Law Member) : They sometimes try : that is all.

Mr. Amarendra Nath Chattopadhyaya : If they had been dishonest, this industry would not have grown to this height. It is only on account of their honesty that 73 per cent. of the business has been brought to India ; and if my Honourable friends, who are legislating, take care to respect these people who are poor, who struggle from day to day for a mere existence, I believe they will be able to build up this industry and cent per cent. of it will belong to India in another ten years time.

I do not want to detain this House longer on a question which is very clear, which is simple and well known to everybody who has got anything to do with insurance. I believe my Honourable friend, Mr. Sham Lal, who is connected with a big insurance company knows all these agents who work for them. They may be paying more to their Chief Agents and more to their organisers ; but the money they pay to the agents is not really commensurate with the service they render. I, therefore, move this amendment No. 610 and request the House to accept this and save these poor agents from the matter of taking out licences.

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

"That clause 37 of the Bill be omitted."

Mr. Abdul Qaiyum (North-West Frontier Province : General) : Sir, I rise to oppose this amendment because I think that the object which this Honourable House should aim at is the protection of the general public and by allowing so many people to act as insurance agents, without absolutely any control, we are setting a premium on fraud, dishonesty and all the doubtful practices which go with it. It has been said that the passing of this clause 37 into law will not prevent personation and the bad practices which exist. I submit that it might equally well be argued that section 302 of the Indian Penal Code should be repealed because, so far, it has not succeeded in preventing murders. If lawyers are to be licensed, if all other classes who carry on various professions have to be licensed—I think even doctors have to get themselves registered, which is a kind of licensing—there is absolutely no reason why insurance agents, who go about collecting premia and transacting insurance business, should be allowed to go off scot free. There is only one thing which I would like to see inserted in this clause—a matter which I would suggest to the Honourable the Leader of the House and to the Honourable the Leader of my own Party. It is this : that if, in the

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matter of licensing, the Superintendent is allowed very wide powers, there is a great risk that it may lead to some sort of political victimisation.....

The Honourable Sir Nripendra Sircar : May I give an assurance to my Honourable friend, that we are willing to accept, on general lines, the amendment moved by Mr. N. C. Chunder, the result of which will be that the Superintendent will have no option of any kind to refuse, unless the person is a minor or convicted of a criminal offence and so on.

Mr. Abdul Qaiyum : If that is done, we will be quite satisfied.

Babu Baijnath Bajoria (Marwari Association : Indian Commerce) : Sir, I rise to support this amendment. My views about licensing of agents and questions connected therewith are too well known to the House and I need not repeat them. I beg to draw the attention of this House to the fact that this very amendment also stands in the name of Mr. Kuladhar Chaliha of the Congress Party, of Mr. Essak Sait and Mr. Ghiasuddin of the Independent Party : and Mr. Sri Prakasa in his amendments Nos. 611, 629, 641 and 647 wants deletion of this clause, part by part. I do not know what his views are today. But I will leave the matter there. I have said before that the licensing of agents will hit hard the smaller and younger insurance companies ; and I am defending them from the onslaughts which I am afraid will come from the bigger companies, both Indian and foreign. The policy should be to live and let live. That should have been our motto ; but, unfortunately, we have not been following that policy here in this House. Though we may be in a minority here in this House, still I have the satisfaction that all Members coming from Bengal, my Bengali brethren both of the Congress Nationalist Party and non-Congress Party, Hindus and Moslems, are all united in this demand, excepting my poor friend, Mr. N. C. Chunder, who is a detenu in the Congress camp. (Laughter.) I will not import any heat or passion into this debate. I will try to speak as sweetly as I possibly can.....

An Honourable Member : What about the Law Member ? He is also a Bengali.

Babu Baijnath Bajoria : He is sitting on the Treasury Benches : if he had been on this side of the House, I am sure that both he and his able assistant, Mr. Susil Sen, would have championed our cause much more successfully and much more ably than we have been able to do.....

Sir Cowasji Jehangir : What has this proposition specially to do with a Bengali ?

Babu Baijnath Bajoria : I can answer my friend, Sir Cowasji Jehangir. It has to do with a Bengali because, in Bengal, unfortunately, we have got many small companies : there is only one big life insurance company—Hindustan Assurance : all the other big life insurance companies are generally, fortunately or unfortunately, the monopoly of the province from which the Baronet comes. Now, the only remedy for us, in Bengal, is to amalgamate and to strengthen our companies ; and we should amalgamate and form an United Bengal Insurance Company

Limited, in which we should get several of the small companies so that we may be able to hold our own in the insurance business : and I can assure my Bengali brethern here and outside this House that my humble services will be at their disposal. (Laughter.) I agree with the Honourable the Leader of the Opposition when he said that if by prohibiting the system of rebates we have decided not to give rebates to the policy holders, we should reduce the rate of commission which has been proposed to the insurance agents. That will, I think, Sir, check dishonesty and fraud. They should only be paid so much commission that they should not be able to part with any portion of it.

Now, Sir, I should like to have information on one or two points with reference to section 37 from the Honourable the Leader of the House. I am making these observations now so that I may not repeat them again, and I may not move amendments which stand in my name. In sub-clause (*3*) it is stated that : " a licence issued under this section shall entitle the holder to act as an insurance agent for any registered insurer by whom he may be employed ". I don't exactly understand what is meant by it. Has an insurance agent to take out separate licences if he acts for separate insurance companies, or is it intended that he shall not act for more than one company ? I may inform the House that the practice which obtains at present is that an insurance agent serves under one or more companies. He takes the prospectus and information concerning two or three companies and places all that information before the prospective policy-holder and leaves it to the discretion of the prospective policy-holder to choose any company with which he likes to insure himself. Are we going to prohibit this ? Or the insurance agent will have to take out a separate licence and pay a separate fee and send a separate application countersigned by each of the insurers ? I want that elucidation from the Honourable the Leader of the House.

Another point is this. I don't understand why renewal of licences is necessary.

Then the third point is this. In sub-clause (*5*) (*b*) it is mentioned that the Superintendent of Insurance may cancel the licence of an insurance agent if he has knowingly contravened any provisions of this Act. As far as I have understood this Bill, the only provision which relates to the insurance agent is section 36 in which he is prohibited from giving any rebate, and there is also a penalty provided in sub-section (*2*). Therefore, I don't understand why this provision has again been put in here. Is it the intention that he should be penalised as well as his licence should also be cancelled ? If it is so I would respectfully disagree with those who hold this view. Sir, I support this amendment.

The Honourable Sir Nripendra Sircar : Sir, I oppose this amendment.....

Pandit Lakshmi Kanta Maitra (Presidency Division : Non-Muhammadan Rural) : Quite right.

The Honourable Sir Nripendra Sircar : Quite right, without encouragement from my friend, Pandit Maitra, I shall be able to go on.

Pandit Lakshmi Kanta Maitra : Do you require any encouragement ?

The Honourable Sir Nripendra Sircar: I hope, Sir, that the strength of my opposition will not be judged by the brevity of my speech. I did not exactly understand why Bengal was brought in here. As regards the depredations committed, I am told that the Bengal tiger is more powerful than other tigers, but why Bengal agents should have more scope for mischief than agents of other provinces I do not know. The attitude of the young companies is easy to understand,—they want no licensing, they do not want to fix the maximum commission, they don't want us to fix the working capital, but they want us to allow them to spend 150 per cent. for their working expenses. That is the attitude which the Bengal Group is taking.....

Pandit Lakshmi Kanta Maitra: They have never taken up that attitude.

The Honourable Sir Nripendra Sircar: Then, Sir, my friend, Mr. Bajoria, asked me a question which, I think, is absolutely free from doubt, namely, an agent is not required by sub-clause (*3*) to take out a separate licence for each insurance company. If the law provides that a lawyer who has taken out a licence shall be authorised to act for anybody who employs him, it does not mean that he has got to take out a licence for every client who goes to him. I don't see the slightest difficulty in interpreting sub-clause (*3*).

Then, my friend asked me if a person convicted of a criminal offence can do the work of an insurance agent, and he asked what offences can he commit, and he gave only one example. For instance, it is provided that a life company shall not carry on business in fire for which no deposit is made. Supposing an insurance agent, having got the licence on behalf of a life company, procures a fire policy, why should he not be liable? That is the reason why we have put in general words. Sir, I oppose this amendment.

Sir Cowasji Jehangir: Sir, my friend, Mr. Bajoria has assured all his Bengali brethren that he is out to champion their cause. I don't think it is necessary for every one of us to shout from housetops that we are here to protect the interests of all our brethern in India, and we don't take a provincial view on any subject.

Some Honourable Members: Sir, the question may now be put.

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

"That the question be now put."

The motion was adopted.

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

"That clause 37 of the Bill be omitted."

The motion was negatived.

Mr. President (The Honourable Sir Abdur Rahim): Then we come to amendment No. 612, No. 613, No. 614, No. 615, No. 616.

(The Honourable Member, Mr. Suryya Kumar Som, did not get up to move his amendment.)

No. 617, No. 618, No. 619.....

Mr. Suryya Kumar Som (Dacca Division: Non-Muhammadan Rural): Sir, I want to move my amendment No. 616.

Mr. President (The Honourable Sir Abdur Rahim): The Honourable Member did not get up in time.

Mr. Suryya Kumar Som: Sir, your voice is not audible at this place. So, I did not get up.

Mr. President (The Honourable Sir Abdur Rahim): I understand the Honourable Member was not here.

Some Honourable Members: He was here.

Mr. President (The Honourable Sir Abdur Rahim): The Honourable Member said he did not hear when his amendment was called out. Very well, which one do you want to move?

Mr. Suryya Kumar Som: I want to move No. 616, Sir.

Mr. President (The Honourable Sir Abdur Rahim): I may again remind the House that the Honourable Member, who has got any amendment in the list, must rise in his seat, when his amendment is called out.

Mr. Suryya Kumar Som: Sir, I beg to move....

The Honourable Sir Nripendra Sircar: May I make a statement, Sir, which may shorten the matter. My friend not only did not listen to the numbers which were being called out, but he did not also listen to what I said in the House. That is to say, I said that there is a far more satisfactory amendment in the name of Mr. Chunder to the same effect and that I am going to take.

Mr. Suryya Kumar Som: Which number is that?

The Honourable Sir Nripendra Sircar: No. 624.

Mr. Suryya Kumar Som: I shall move mine.

Mr. President (The Honourable Sir Abdur Rahim): The Honourable Member said his amendment is covered by the one which stands in the name of Mr. Chunder.

Mr. Suryya Kumar Som: That is a different point, Sir. Sir, I move:

"That in sub-clause (*1*) of clause 37 of the Bill, for the word 'may' the words 'shall unless the applicant comes under sub-section (*5*) (*a*) of this section' be substituted."

I have been asked by the Honourable the Leader of the House that my amendment is covered by Amendment No. 624 of Mr. Chunder, but that is not my point.

Mr. N. C. Chunder (Calcutta: Non-Muhammadan Urban): May I explain? I sent in an amendment incorporating all these amendments together, but they have been split up, and, unfortunately, my amendment where I wanted the word 'may' to be changed to 'shall' has been omitted. I left a copy with the Government and I hope they will accept it if I move that 'may' be changed into 'shall'.

Mr. Bhulabhai J. Desai (Bombay Northern Division : Non-Muhammadan Rural) : What really happened was this. One amendment was sent in covering what has now been split up into different parts, that is Nos. 624, 662, 668 and 669. The office split up that amendment into a number of amendments as appertaining to each sub-clause. I am not quarrelling with it, but the point is that if all of them were read together the scheme will be clearly understood. When my Honourable friend reaches No. 624 he will be able to explain it.

Mr. Suryya Kumar Som : If the Leader of the House gives an assurance that the word ' may ' shall be changed into ' shall ' and that the condition proposed in the amendment of Mr. Chunder will be accepted, I shall withdraw mine. The Leader of the House says I am in the wrong. No. Now it appears that he is in the wrong.

Mr. President (The Honourable Sir Abdur Rahim) : Has the Honourable Member, Mr. Som, leave of the House to withdraw his amendment ?

Some Honourable Members : Yes.

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

Mr. H. A. Sathar H. Essak Sait (West Coast and Nilgiris : Muhammadan) : I beg to move :

" That in sub-clause (*1*) of clause 37 of the Bill, for the words ' three rupees ' the words ' one rupee ' be substituted."

The meaning behind this amendment is very clear. The Bill provides that an amount of Rs. 3 should be paid for taking out a licence I am thinking of those agents in the mofussil who work for life insurance companies in the rural parts of India, and I think that Rs. 3 will be a great hardship on them. Even one rupee is a big amount, but as our amendment to drop out the licence clause is not acceptable to the House and the House insists upon having licensed agents, I think the least that we can do for our poor people is to levy the minimum possible charge. I, therefore, plead on their behalf that this amendment may be accepted and that a nominal fee of one rupee may be charged. Sir, I move.

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

" That in sub-clause (*1*) of clause 37 of the Bill, for the words ' three rupees ' the words ' one rupee ' be substituted."

Mr. Sri Prakasa (Allahabad and Jhansi Divisions : Non-Muhammadan Rural) : Sir, Honourable Members will see that I have an alternative amendment also, so that, in case this amendment should go to the abattoir, then No. 620 may be saved. I do not know exactly the mind of the Government on the subject, but the amendments are there ; and it would be best in any case to reduce the fee from three rupees to one or at most two rupees.

Mr. President (The Honourable Sir Abdur Rahim) : The Honourable Member has not moved his amendment yet.

Mr. Sri Prakasa : No. I am supporting No. 619. In case it does not go through, I shall move mine. My Honourable friend, Mr. Bajoria, said that I had amendments on the Order Paper taking away the whole clause piecemeal. I should like to explain lest he should think, I have changed my opinion, that I had an amendment No. 612 which substituted various

other clauses for the clauses in the Bill ; but as Mr. Chunder's amendment came on and as I always feel that detenus, whether of the Government or of the Congress, are always in the right, (Laughter) I felt I should support his amendment instead. I hope that Government will agree to the amendment that has just been proposed. The only consideration in this connection that is relevant is that it is naturally the desire of all sections of the House to make this department of Government self-supporting so to say. It was represented to me that this department of Government, as all other departments of Government, is going to be very expensive ; and it would be best that no part of that expense should fall on the general taxpayer. Therefore, I feel that it will be better if Government itself would tell the House what exactly its own computation is as regards the expenses of this department, so that in case the expenses can possibly be met by a licence fee of one rupee only, we may move only this amendment and the Government will accept it. But if it should think that that is not possible we may go on to the other amendment. For the present, Sir, I support the amendment just moved that the licence fee for the insurance agent be reduced to rupee one.

Dr. P. N. Banerjea (Calcutta Suburbs : Non-Muhammadan Urban) : There is no reason why the burden should fall on the poor insurance agent.

The Honourable Sir Nripendra Sircar : I agree with the general principle which my Honourable friends who have spoken before me have put before the House. It is not the desire that Government should make a profit out of this department. It is very difficult to calculate now whether Rs. 2 or 2-4-0 or 1-8-0 will meet the ends of the case, but as the nearest approximation that I could make, which must be more or less guess work, it seems to me that Rs. 2 is a reasonable amount. No actuary has yet been appointed and I do not know whether he can give me an exact figure. So far as my Honourable friend wanted to know as to what we are going to do, I may inform the House that we have not the slightest objection to taking No. 620 which is in the name of Mr. Sri Prakasa, but we think that one rupee will be too small and we oppose No. 619.

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

" That in sub-clause (*1*) of clause 37 of the Bill, for the words ' three rupees ' the words ' one rupee ' be substituted."

The motion was adopted.

Mr. Bhulabhai J. Desai : In view of the fact that ' one rupee ' has been substituted for ' three rupees ', the words should be ' on payment of a fee of one rupee ', etc. There is no question of a prescribed fee which shall not exceed one rupee.

The Honourable Sir Nripendra Sircar : To regularise the thing, you had better move that amendment formally.

Mr. President (The Honourable Sir Abdur Rahim) : The Honourable Member had better put that in writing. Amendment No. 621 by Sir H. P. Mody.

Sir H. P. Mody (Bombay Millowners' Association : Indian Commerce) : Sir, I move :

"That in sub-clause (*1*) of clause 37 of the Bill, for all the words, occurring after the words 'more than three rupees, issue,' the following be substituted :

'to any person in the case of all classes of business of insurance other than life, and to any individual in the case of life insurance business upon such person or individual making an application under this section a license to act as an insurance agent for the purpose of soliciting or procuring insurance business '."

I am afraid I realise the fate of this amendment. I have discussed it with my Honourable friend, the Law Member, and I have found him unmoved, unreasonable, unaccommodating and unresponsive ! I must put forward my point of view all the same. In the case of companies which are non-life companies, that is, transacting fire, accident or marine business, it is the usual thing to have firms acting as agents. Now, as the section is worded, firms would be precluded from acting as agents, and only individuals would be allowed. That, Sir, would disorganise business, and I do not see for what reason that is sought to be done. If it is contended that a firm means an undefined agglomeration of people, then, under the rule-making powers which the Government have, they can easily lay down that every single member of the firm must take out a license before he can be allowed to act as an Agent ; Government ought not to disturb without any special reason the existing practice by which firms are acting as agents of non-life companies, and it is to emphasise that that I am moving this amendment.

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

"That in sub-clause (*1*) of clause 37 of the Bill, for all the words, occurring after the words 'more than three rupees, issue,' the following be substituted :

'to any person in the case of all classes of business of insurance other than life, and to any individual in the case of life insurance business upon such person or individual making an application under this section a license to act as an insurance agent for the purpose of soliciting or procuring insurance business '."

The Honourable Sir Nripendra Sircar : I oppose this amendment. My Honourable friend said that I was unresponsive and unmoved but I regret to say that during the discussion I found my Honourable friend to be unreasonable, unintelligent and unaccommodating. The point which he has put forward is : 'why should not firms be allowed to act '. He concedes that every one of the firm should take out a licence. Very well, if that is so and if A. B. C. D. each take out a licence and firm means A, B. C. D, is there anything to prevent Sir Homi Mody describing that firm as entitled to carry on business of non-life agents but what my friend will not, in his unreasoning obstinacy, see is that when he uses the word 'person' it includes also a company. It includes also an unincorporated body of individuals.

Sir H. P. Mody : I said any firm registered under the Indian Partnership Act. I made that suggestion before.

The Honourable Sir Nripendra Sircar : There are thousand and one suggestions made during the course of an hour every day. I cannot attend to them but I can oppose this amendment on the ground that it is unintelligible and unworkable.

Sir Cowasji Jehangir : I think, there is something in what Sir Homi Mody said. Some inconvenience will be caused in fire insurance business. I understand that firms are now commission agents. I will put this to my Honourable friend. He has given us a draft of a definition of an agent. If he will add to that draft definition, two words I think it will meet the point of view of.....

Mr. President (The Honourable Sir Abdur Rahim) : I cannot allow any amendment without notice.

Sir Cowasji Jehangir : I am not giving notice of any amendment. I am merely suggesting to my Honourable friend, the Law Member, for his consideration in the future.....

Mr. President (The Honourable Sir Abdur Rahim) : Not in connection with this amendment ?

Sir Cowasji Jehangir : In order to meet the point of view of the Mover of this amendment.

Mr. President (The Honourable Sir Abdur Rahim) : There is an amendment before the House and that is the only amendment that can be considered. If the Honourable Member has any suggestion to make he can make it privately or if he wants to move any amendment he must give notice.

Sir Cowasji Jehangir : I am not moving any amendment. Let me repeat what I was just saying. I think the Honourable Member will meet the point of view of those who feel, as Sir Homi Mody has felt, if he will add the word 'firm', qualified by any other words that he may choose to the definition of insurance agents. If he will consider that, there will be no harm done. The point is that there are firms at present doing this sort of work.

The Honourable Sir Nripendra Sircar : They are not restricted by this amendment.

Sir Cowasji Jehangir : Why disturb the present practice, unless there is very good reason to do so. If A, B, C, D, have been doing business, allow them to do so. It does no harm. It infringes no principle of the Bill. Therefore, I would respectfully submit for the consideration of the Leader of the House that the same point of view can be met by a little amendment to the draft amendment which has been already circulated for the definition of an insurance agent.

Mr. Bhulabhai J. Desai : May I point out this, Sir. I think the point was made by the Honourable the Leader of the House,
1 P.M. but I may explain it in view of the difficulty which appears to my Honourable friend, Sir Cowasji Jehangir. The point is this. If A, B, C and D are members of a firm, and if A, B, C and D all of them take out licences, there is not the smallest objection, either in law or morality, to describing it that X. and Co. are agents of so and so. But if D is displaced by Sir Homi Mody, then it would be an incorrect description. So if he is added there, then he has also to take out two licences and then the partners will be A, B, C and Sir Homi Mody who is also a licensed agent. There will again be no difficulty in describing it. The point is that inasmuch as the name of a partnership is a mere label in law, it is not a legal entity. If there is a fluctuation among the members, all that the

[Mr. Bhulabhai J. Desai.]

section requires is that anybody who comes in as a new member should take out a licence and the description of X & Co. as agents, chief agents, principal agents, great agents, small agents, will still be applicable to them, and, therefore, there is no practical difficulty in complying with this provision.

Sir H. P. Mody : Sir, I am thoroughly unconvinced, but I shall withdraw my amendment, if I may.

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

Mr. N. C. Chunder : Sir, I crave your permission to move Nos. 624, 662, 668 and 669 together.....

Mr. President (The Honourable Sir Abdur Rahim) : I think you had better move No. 624, and then you can move the others.

Mr. N. C. Chunder : I move, Sir :

" That in sub-clause (*1*) of clause 37 of the Bill, after the words ' under this section ' the words ' and not suffering from any of the disqualifications hereinafter mentioned ' be inserted."

My scheme is this,—that the licensing should be automatic, and in order that it may be automatic, I desire that instead of having qualifications prescribed, we should have disqualifications mentioned in the clause itself so that anybody who suffers from the disqualifications mentioned in the clause itself will not be entitled to the licence, and if he gets the licence, the licence will be liable to be cancelled. That is the scheme, Sir, and that is why in amendment No. 662 that scheme is embodied, and, similarly, in sub-clause (*4*) which deals with renewal I put down, " if the applicant does not suffer from any such disqualification ". Similarly in 668 I set out the disqualifications and in 669 I set out the grounds on which the licence may be cancelled, so that if all these amendments are taken together, it might be more convenient.

Mr. President (The Honourable Sir Abdur Rahim) : It is a matter of procedure. The Honourable Member can move the first amendment and can explain the effect of his other amendments of which he has given notice.

Mr. N. C. Chunder : That will be the effect if all these amendments are carried. So, just as a first instalment, I have moved amendment No. 624 above. Then, if this amendment is carried, I should like to move with your permission—and I hope the Honourable Member will also agree to it—that the word " may " in line 1 of clause 37, sub-clause (*1*), shall also be changed into " shall ".

Mr. President (The Honourable Sir Abdur Rahim) : Is there an amendment to that effect ?

Mr. N. C. Chunder : If my amendment is carried and if the word " may " is retained, then it will have no meaning ; it is only a verbal amendment.

Mr. President (The Honourable Sir Abdur Rahim) : Is there any other amendment to that effect ?

Mr. N. C. Chunder : Mr. Som had an amendment to that effect and he withdrew it on that condition, that if my amendment is carried, the word " may " shall have to be changed into " shall " as a consequential amendment. I shall put it down in writing now.

Mr. President (The Honourable Sir Abdur Rahim) : You can move it as a consequential amendment afterwards.

Amendment moved :

" That in sub-clause (*1*) of clause 37 of the Bill, after the words ' under this section ' the words ' and not suffering from any of the disqualifications hereinafter mentioned ' be inserted."

Mr. T. Chapman-Mortimer (Bengal : European) : May I just ask a question ? I, unfortunately, did not quite hear you when you gave your ruling as to the other amendments which were part of Mr. Chunder's scheme. I did not quite hear you.....

Mr. President (The Honourable Sir Abdur Rahim) : They will be moved in their order.

Mr. Akhil Chandra Datta (Chittagong and Rajshahi Divisions : Non-Muhammadan Rural) : Sir, it appears to me that there will be some difficulty. If the subsequent amendments laying down the disqualifications are not accepted by the House, what will happen ? It will lead to an anomaly. I am not speaking either for or against the amendment ; I am only pointing out an anomalous result if all the amendments laying down disqualifications are not taken together.

Mr. President (The Honourable Sir Abdur Rahim) : The House, I take it, will bear in mind that this is part of a scheme which is set out in the other amendments.

The Honourable Sir Nripendra Sircar : May I make a suggestion, Sir ? Under the rules of procedure there is nothing to prevent you from allowing these amendments to be moved although they relate to different clauses. This House has very often considered an amendment to a subsequent clause before the previous one has been disposed of. This is a very peculiar position and as a special case, unless there is something in the rules which absolutely debars the Chair, I would suggest that he may be allowed to move Amendments Nos. 624, 662, 668 and 669 together. But if there is a rule against it, I shall follow whatever you decide.

Mr. President (The Honourable Sir Abdur Rahim) : The difficulty is that this is an amendment to sub-clause (*1*), and there are other amendments to sub-clause (*1*). The other amendments which Mr. Chunder wants to move now relate to sub-clauses (*2*), (*3*), (*4*) and (*5*) which come afterwards. I do not see what difficulty there can be in disposing of the amendment to sub-clause (*1*). I think the Leader of the House, who is in charge of the Bill, will advise the House as to the effect of the other amendments.

The question is :

" That in sub-clause (*1*) of clause 37 of the Bill, after the words ' under this section ' the words ' and not suffering from any of the disqualifications hereinafter mentioned ' be inserted."

The motion was adopted.

Mr. N. C. Chunder : May I, Sir, now move the consequential amendment. I beg to move :

"That in sub-clause (*1*) of clause 37 of the Bill, for the word 'may', in the first line, the word 'shall' be substituted."

Sir, I move.

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

"That in sub-clause (*1*) of clause 37 of the Bill, for the word 'may', in the first line, the word 'shall' be substituted."

The motion was adopted.

Mr. T. Chapman-Mortimer : Sir, I beg to move :

"That in sub-clause (*1*) of clause 37 of the Bill, the words 'and collecting insurance premiums', occurring in the seventh line, be omitted."

This amendment is consequential to the amendment I moved to clause 35 of the Bill to provide for the case of Banks and others to collect premiums on behalf of insurers. Sir, I move.

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

"That in sub-clause (*1*) of clause 37 of the Bill, the words 'and collecting insurance premiums', occurring in the seventh line, be omitted."

Mr. Bhulabhai J. Desai : I think my Honourable friend, Mr. Chapman-Mortimer, has a point of view in mind which can be met if you only reduce the clause as it stands now. What he desires—and I appreciate what he wants—is that individuals who merely collect premiums need not be treated as licensed agents and that is met by the clause as it stands because it is only a person who solicits or procures and also collects who is hit by the section. Therefore, the person who merely collects is not hit by the section and I think the amendment is unnecessary to achieve the purpose which he wants.

The Honourable Sir Nripendra Sircar : So far as we are concerned, we accept the construction put.....

Mr. Bhulabhai J. Desai : I have explained the position, but I have no objection to the amendment.

The Honourable Sir Nripendra Sircar : I would like to know from Mr. Chapman-Mortimer whether, after hearing Mr. Bhulabhai Desai, he really wants it because the language, as pointed out by my Honourable friend, Mr. Bhulabhai Desai, is that there is the word 'and', which is conjunctive, and by mere collection he does not come under clause 37 (*1*). So, we are all of one mind as to what is intended and I see no reason why this amendment is really necessary. I would ask my friend to think about it.

Mr. Bhulabhai J. Desai : There is one point of view which I omitted to mention and in view of that consideration I think the Honourable the Law Member will accept the amendment. It may easily happen that a man may want to act merely as soliciting or procuring business, without collecting and we do not want to bar such a man also. So, the best course would be to omit the words 'and collecting insurance premiums'.

The Honourable Sir Nripendra Sircar : Sir, I have no objection.

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

"That in sub-clause (*1*) of clause 37 of the Bill, the words 'and collecting insurance premiums', occurring in the seventh line, be omitted."

The motion was adopted.

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

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

Mr. H. A. Sathar H. Essak Sait : Sir, I beg to move :

"That in sub-clause (*2*) of clause 37 of the Bill, after the words 'registered under this Act' the words 'or by the President of the Brokers' or Agents' Association registered in accordance with rules prescribed under this Act' be inserted."

Sir, sub-clause (*2*) of clause 37 says :

"An application under this section shall be countersigned by at least one insurer registered under this Act."

Sir, this restriction is one that many of us do not like to have. We would rather like that the Superintendent of Insurance should be authorised to grant licence on applications made directly to him. But the Select Committee decided to have it this way and until the Select Committee's report was out, many of us agreed in thinking that this was a salutary provision. But certain developments that have taken place after this make it difficult for us to agree to have this provision in the Bill as it has emerged from the Select Committee. Either that provision has to be deleted altogether or amended in such a way that this power of counter-signature may be given to more persons than the insurer alone. Sir, I am reliably informed that in Bombay the Association of Fire Insurance Companies have already a proposal to amend their rules in such a way as to make it difficult for applicants for endorsement to get that endorsement or counter-signature as required by this clause. The very first of their proposed rules says that such counter-signature can be given only on the approval of a sub-committee which will be in charge of this business of granting counter-signature to applicants. This is creating unnecessary restrictions which the Bill itself does not contemplate.

The Honourable Sir Nripendra Sircar : May I intervene at this stage and say that my Honourable friend suggests that either his amendment should be accepted or that the condition that the application should be counter-signed by the insurer may be omitted. I really have no objection to delete that, but to have the Brokers' Association also is very difficult, because it is an outside body. I do not know what their qualifications or rules will be. There is no amendment for the deletion of that.

Mr. H. A. Sathar H. Essak Sait : I think there is an amendment to that effect in the name of Mr. Sri Prakasa and others.

The Honourable Sir Nripendra Sircar : If that is so, I can accept that when it comes.

An Honourable Member : But it has been passed over already.

The Honourable Sir Nripendra Sircar : If, with the permission of the Chair, my Honourable friend will move it, I have no objection. The position, Sir, seems to be this. There is an amendment No. 629 in the name of Mr. Sri Prakasa and others, to the effect that sub-clause (*2*) of clause 37 be omitted. That was not moved. My Honourable friend, Mr. Essak Sait is now moving that the power for counter-signature be given also to Brokers' Association and so on. Well, I am prepared to offer to my friend that I would rather have the deletion of sub-clause (*2*) altogether than give power to Brokers' Association, etc. But, as that amendment has been passed over, may I request you, Sir, that in the special circumstances you will allow that to be moved. If you allow that to be moved, the difficulty will be solved.

Mr. Deputy President (Mr. Akhil Chandra Datta) : If that is the wish of the House, I have no objection to amendment No. 629 being moved now.

Mr. Sri Prakasa : Sir, I beg to move :

"That sub-clause (*2*) of clause 37 of the Bill be omitted."

Mr. Deputy President (Mr. Akhil Chandra Datta) : Amendment moved :

"That sub-clause (*2*) of clause 37 of the Bill be omitted."

Mr. T. Chapman-Mortimer : Sir, I should just like to ask the Honourable the Law Member what he has in his mind while supporting the deletion of sub-clause (*2*) of clause 37. How does he propose that applications should be made, simply by an individual without any authority ?

The Honourable Sir Nripendra Sircar : So long as he is not under any of the disqualifications. The amendment of Mr. Sri Prakasa states the specific grounds for disqualification like minority, conviction for a criminal offence and so on and so long as those disqualifications are not there, he will have *his* licence just as today any broker can take out a licence without counter-signature from anybody.

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

"That sub-clause (*2*) of clause 37 of the Bill be omitted."

The motion was adopted.

Mr. T. Chapman-Mortimer : Sir, I have given notice of an amendment which runs thus :

"That in sub-clause (*3*) of clause 37 of the Bill, all the words after the words 'any registered insurer' be omitted."

While I was discussing this point with my Honourable friend, Mr. Sen, we were discussing the question of whether or not our Group's amendment for the deletion of the words 'by whom he may be employed' and the subsitution of the word 'appointed' would meet the case of certain individuals who had approached him earlier in the morning. And then afterwards I suggested to him that possibly it would be easier to delete these words altogether, and it would probably save complications. But I am in the hands of the House in this matter and I will not press it if the House does not wish it.

The Honourable Sir Nripendra Sircar : Sir, I may explain the position. I have received notice of the amendment just now. My Honourable friend wants the deletion of the words "by whom he may be employed". As a matter of fact I do not see that any useful purpose is served by keeping those words. After all it does not require any counter-signature by the insurer and, in that view of the case, the words may be deleted. No man can act for another unless he is employed by him.

Mr. M. Ananthasayanam Ayyangar (Madras ceded Districts and Chittoor : Non-Muhammadan Rural) : Sir, there is one thing to be considered. The words are, "by whom he may be employed". He may not be employed by the insurer at all. He may be employed by a middleman. The chief agent, for instance, enters into a contract with the insurer that he should supply so much business during the course of the year and he employs his own agents. The terms of the contract are such that the insurer is not responsible for the conduct of the agent and it is the middleman or the chief agent who is responsible.

The Honourable Sir Nripendra Sircar : I am afraid I do not quite follow. What is gained by keeping those words, "by whom he may be employed" ? If he is employed by the Chief Agent, he is under the insurer and, surely, he is acting for the insurer.

Mr. K. Santhanam (Tanjore *cum* Trichinopoly : Non-Muhammadan Rural) : His point is that the insurer should take responsibility for every agent whether appointed by himself or by the Chief Agent.

The Honourable Sir Nripendra Sircar : That is now gone, as a result of the amendment which has been accepted by the House that counter-signature is not wanted.

Mr. M. Ananthasayanam Ayyangar : That counter-signature is only a formal affair. One insurer may countersign and another insurer may take him. Whether clause 2 is there or not does not affect the question. My point is this that the middleman is directly the agent under the insurer for all purposes. He enters into a contract with the insurer that he will procure for him a certain amount of business every year. Then this middleman employs an agent to do this work for him, and, as between the insurer and this agent, there is no privity of contract. I want a direct relationship to be established between the field worker on the one hand and the insurer on the other.

The Honourable Sir Nripendra Sircar : I will not argue it any further. It is the option of the House to accept it or not.

Mr. T. Chapman-Mortimer : Sir, I will now move it formally. I move :

"That in sub-clause (*3*) of clause 37 of the Bill, all the words after the words 'any registered insurer' be omitted."

I quite appreciate the point which has just been made by my Honourable friend, Mr. Ayyangar, and I think there is substance in it, but as a matter of fact we in this Group have an amendment to sub-clause (*2*) of clause 38 which will, I think, fix the responsibility with the insurer for doing any kind of business with some one who is not a proper licensed agent. That I think will clear away the difficulty that is present in his mind. I entirely agree with my Honourable friend,

[Mr. T. Chapman-Mortimer.]

the Law Member, that now that sub-clause (*2*) has been taken out, these words " by whom he may be employed " are no longer of any use. But quite apart from that, there is the question to which I had occasion to refer the other day, namely, that an agent is not an employee of the company ; and we, ourselves, in actual fact, had an amendment to substitute another word for that. But owing to various amendments that have been now carried to the earlier clauses 35 to 37, it was going to be a very complicated matter to insert the word " appointed " instead of " employed " ; because you may have agents who are "employed " and agents who are " appointed ". I think, therefore, that this solution of deleting these words is really the simplest, and the point to which my Honourable friend, Mr. Ayyangar, has drawn the attention of the House can, as I said, be met by our amendment to sub-clause (*2*) of clause 38.

Sir, I move.

Mr. Deputy President (Mr. Akhil Chandra Datta) : Amendment moved :

" That in sub-clause (*3*) of clause 37 of the Bill, all the words after the words ' any registered insurer ' be omitted."

Mr. S. Satyamurti (Madras City : Non-Muhammadan Urban) : Sir, if the contention of the Honourable the Law Member and the Mover of the amendment is that these words : " by whom he may be employed " are a surplusage, I would plead for their being left as they are, if really there is no harm done by these words, I am rather in favour of leaving there ; and I will give one reason. Sub-clause (*1*) of clause 38 says :

" Every insurer shall maintain a register showing the name and address of every licensed insurance agent appointed by him and the date on which his appointment began and the date, if any, on which his appointment ceased."

This, undoubtedly, contemplates every insurer having a register of all the agents employed or appointed by him, whichever word the House may presently decide on. The scheme of the Bill contemplates not insurance agents acting in the air, as it were, for all the insurers in the world, but only agents on the register of either one or more insurers. It seems to me, therefore, that while the words may be a surplusage,—and I will not quarrel with the Honourable the Law Member on his point that no man can act for another unless he is employed,—the utmost that can be said is that they are a surplusage, and I would rather leave them as they are.

The other point is this. I do not like to contemplate a large number of insurance agents who are not employed by anybody in particular but hover about the whole of geographical India or outside, and go about saying that they are licensed agents and, therefore, they can represent all the insurance companies in the world. I think it will introduce confusion in the insurance business ; it will serve no one's interest. It will not serve the interest of the insurer, or of the agents, or of the policy-holders. In these circumstances, I would ask the Law Member to reconsider his attitude in the matter, and rather let the words stand there, and not accept the amendment. In

any case, I would plead with the House that, if the utmost that can be said against these words is that they are a surplusage, I am rather in favour of keeping them as they are.

Mr. M. S. Aney (Berar : Non-Muhammadan) : Sir, I do not think there is any virtue in retaining the words because their retention does not really help to make the clause more intelligible than it is already. I do not realise that there is going to be that anarchical state of things which Mr. Satyamurti has referred to if these words are taken out. What we have been doing in clause 37 is this : on certain conditions a man can get a licence and call himself an agent : but he is not entitled to act as agent of any other company unless that company gives that man authority to act for it. So, because a man has been allowed to take out a licence of an agent, I do not think there is any possibility of that man passing himself as an agent of all the insurance companies in this country. If he wants to pose himself off like that, he will expose himself, in no time, in my opinion, and no man will take that risk. So there is not that danger. I do not think that by the deletion of these words " by whom he may be employed " we are in any way creating any difficulty as regards the relation that may exist between that man and any supposed company. No relation can exist between an agent and a company unless there is some kind of agreement. It virtually and necessarily implies that. Before any man can pose as an agent of a company there will be some kind of contract and the agent will have to show it. No man will take the risk of passing off as an agent of any company unless he shows that his name is entered on the register of that very company as its registered agent. That alone can give that man the authority to pass as an agent. Therefore, these words in section 38 which require the entry of the name of that man on the register do not necessarily make it incumbent upon us that the words " by whom he may be employed " in clause 37 should also be retained. I, therefore, support the amendment moved by Mr Chapman-Mortimer.

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

" That in sub-clause (*3*) of clause 37 of the Bill, all the words after the words ' any registered insurer ' be omitted."

The motion was adopted.

Dr. P. N. Banerjea : Sir, I beg to move :

" That sub-clause (*4*) of clause 37 of the Bill be omitted."

This sub-clause provides that a licence issued to an agent has to expire on the 31st day of March every year, and he is obliged to take out a licence once every year. Now, the omission of this sub-clause will mean that once an agent has obtained a licence he will continue to act as an agent until his licence is cancelled by the Superintendent of Insurance. It need not be pointed out that it is very difficult for an agent, who may live in a mofussil village, to go to a town, perhaps a presidency town, to obtain the renewal of his licence. Therefore, I urge that once he obtains a licence let him continue to be a licensee until his licence is cancelled, that it to say, until he does something which will entitle the Superintendent to cancel his licence. I hope, therefore, that this amendment will be accepted by the House.

Mr. Deputy President (Mr. Akhil Chandra Datta) : Amendment moved :

"That sub-clause (*4*) of clause 37 of the Bill be omitted."

Mr. K. Santhanam : Sir, I rise to oppose this amendment because if it is accepted the whole list of agents will become useless : there will be persons who have ceased to act as agents : there will be persons who are dead and until their death is notified, nobody will know whether they continue as agents or not. We want to have a live list to which we can refer and see whether a man is an agent or not : this live list can be maintained only if it is renewed periodically. We have made the getting of licences very easy : we have reduced the licence fee to one rupee and there will be no counter-signature by an insurer. As for the argument that the agent will have to go to a town, the licence can be sent by post for renewal every year. If we allow this amendment we shall be nullifying the licensing section. Either we have a licence renewed periodically with all its implications, or we do not have any licence : Sir, I oppose the amendment.

Mr. Bhulabhai J. Desai : Sir, if the Honourable House will remember that in the scheme of my Honourable friend, Mr. Chunder, this part is covered by his amendment No. 662—" that for the word ' may ' the words ' if the applicant does not suffer from any such disqualifications ' be substituted "—that will meet the point, and further that in view of the reduction of the fee to one rupee in clause 37 there will be a similar reduction in sub-clause (*4*).....

Pandit Lakshmi Kanta Maitra : This is about renewal.

Mr. Bhulabhai J. Desai : I know it : I was, I thought, pointing out a fair middle course which may be adopted.

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

"That sub-clause (*4*) of clause 37 of the Bill be omitted."

The motion was negatived.

Dr. P. N. Banerjea : Sir, I beg to move :

"That in sub-clause (*4*) of clause 37 of the Bill, for the words ' each year ', occurring in the second line, the words ' at the end of every period of three years ' be substituted."

Sir, I have already pointed out the difficulty which every insurance agent will be put to if he is asked to renew his licence every year. Therefore, I suggest that provision may be made to enable him to renew his licence once in every three years. This will mitigate the hardship to some extent.

3 P.M.

Mr. Deputy President (Mr. Akhil Chandra Datta) : Amendment moved :

"That in sub-clause (*4*) of clause 37 of the Bill, for the words ' each year ', occurring in the second line, the words ' at the end of every period of three years ' be substituted."

Mr. Abdul Qaiyum : Sir, I oppose this amendment. If Rs. 3 had been retained, we could have accepted this amendment but the fee having been reduced to Re. 1 only, the whole thing will become a farce if we accept this amendment.

Mr. H. A. Sathar H. Essak Sait : Sir, I support this amendment. The reasons are obvious. I should have preferred to suggest that once a licence is issued, it need not be renewed at all, but if you permit that it should be renewed once in every three years it will mitigate the difficulties of insurance agents to some extent.

Mr. M. S. Aney : Sir, the question of a fee has no relation to the question of period. The point is whether a licensee should be called upon to renew his licence every year, whether it will cause harassment to the agent and whether one year's period for renewing the licence is not a very short period. If the licence is allowed to remain in force for three years, the suggestion is certainly reasonable. Then the difficulty pointed out by Mr. Santhanam will arise, because we were anxious to fix some reasonable period and the register of the companies agents will be periodically revised up-to-date. So, unless the object of my friend is to secure Rs. 2 more to the Government Treasury from the pockets of each agent, there is no meaning in the opposition. The amendment proposed is quite reasonable, and I commend it.

The Honourable Sir Nripendra Sircar : Sir, I oppose this amendment, and I shall add only one sentence. We are continually hearing of harassment, but licences are renewed every year by lawyers, by taxi-drivers, by motor car owners and by many others. Therefore, the question of harassment cannot come in when we ask the insurance agents to renew their licences every year.

Mr. Lalchand Navalrai (Sind : Non-Muhammadan Rural) : Sir, I support this amendment. I think it is wrong to say that lawyers have to renew their licences every year, because, in the Bombay Presidency, lawyers have to renew their licence once every three years, and we have got an example here which might well be copied in this case. One can imagine the inconveniences and harassment to which insurance agents will be put. They will have to go to the office of the Superintendent of Insurance, wait there until it pleases him to call them by turn, then fill in certain forms and fulfil certain formalities, and all these would mean so much delay and time lost. And these things will have to be done every year which is rather hard.

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

"That in sub-clause (*4*) of clause 37 of the Bill, for the words ' each year ', occurring in the second line, the words ' at the end of every period of three years ' be substituted."

The Assembly divided :

AYES—11.

Abdul Ghani, Maulvi Muhammad.	Lalchand Navalrai, Mr.
Aney, Mr. M. S.	Maitra, Pandit Lakshmi Kanta.
Ashar Ali, Mr. Muhammad.	Malaviya, Pandit Krishna Kant.
Banerjea, Dr. P. N.	Murtuza Sahib Bahadur, Maulvi Syed.
Chattopadhyaya, Mr. Amarendra Nath.	Som, Mr. Suryya Kumar.
Essak Sait, Mr. H. A. Sathar H.	

NOES—44.

Abdul Hamid, Khan Bahadur Sir.
Abdul Qaiyum, Mr.
Abdullah, Mr. H. M.
Ahmad Nawaz Khan, Major Nawab Sir.
Aikman, Mr. A.
Asaf Ali, Mr. M.
Asghar Ali, Sheikh.
Ayyangar, Mr. M. Ananthasayanam.
Bajpai, Sir Girja Shankar.
Boyle, Mr. J. D.
Chaliha, Mr. Kuladhar.
Chanda, Mr. A. K.
Chaudhury, Mr. Brojendra Narayan.
Chettiar, Mr. T. S. Avinashilingam.
Chunder, Mr. N. C.
Dalal, Dr. R. D.
Dalpat Singh, Sardar Bahadur Captain.
Das, Mr. B.
Das, Pandit Nilakantha.
Desai, Mr. Bhulabhai J.
Deshmukh, Mr. G. V.
Fazl-i-Haq Piracha, Khan Bahadur Shaikh.
Fazl-i-Ilahi, Khan Sahib Shaikh.
Gadgil, Mr. N. V.
Ghiasuddin, Mr. M.
Ghulam Muhammad, Mr.
Gidney, Mr. C. W. A.
Govind Das, Seth.
Gupta, Mr. K. S.
Hosmani, Mr. S. K.
Ismail Khan, Haji Chaudhury Muhammad.
Jawahar Singh, Sardar Bahadur Sardar Sir.
Jedhe, Mr. K. M.
Jehangir, Sir Cowasji.
Jogendra Singh, Sirdar.
Joseph, Mr. George.
Kailash Behari Lal, Babu.
Kamaluddin Ahmad, Shams-ul-Ulema.
Kushalpal Singh, Raja Bahadur.
Lang, Mr. J. C.
Lloyd, Mr. A. H.
Mackeown, Mr. J. A.
Manavedan Raja, Rao Bahadur K. C.
Mangal Singh, Sardar.
Mani, Mr. R. S.
Mehr Shah, Nawab Sahibzada Sir Sayad Muhammad.
Mehta, Mr. S. L.
Misra, Pandit Shambhu Dayal.
Mody, Sir H. P.
Mudaliar, Mr. C. N. Muthuranga.
Mudie, Mr. R. F.
Muhammad Ahmad Kazmi, Qazi.
Nagarkar, Mr. C. B.
Nayudu, Diwan Bahadur B. V. Sri Hari Rao.
Ogilvie, Mr. C. M. G.
Paliwal, Pandit Sri Krishna Dutta.
Pande, Mr. Badri Dutt.
Parsons, Lieut.-Colonel A. E. B.
Pursell, Mr. R. S.
Raghubir Narayan Singh, Choudhri.
Rahman, Lieut.-Colonel M. A.
Ramayan Prasad, Mr.
Ranga, Prof. N. G.
Rao, Mr. Thirumala.
Roy, Mr. S. N.
Saksena, Mr. Mohan Lal.
Santhanam, Mr. K.
Satyamurti, Mr. S.
Scott, Mr. J. Ramsay.
Sen, Mr. S. C.
Sham Lal, Mr.
Sheodass Daga, Seth.
Sher Muhammad Khan, Captain Sardar Sir.
Singh, Mr. Gauri Shankar.
Singh, Mr. Ram Narayan.
Sinha, Mr. Satya Narayan.
Sircar, The Honourable Sir Nripendra.
Spence, Mr. G. H.
Sri Prakasa, Mr.
Staig, Mr. B. M.
Stewart, The Honourable Sir Thomas.
Sukthankar, Mr. Y. N.
Thorne, Mr. J. A.
Tylden-Pattenson, Mr. A. E.

The motion was negatived.

Mr. N. C. Chunder : I beg to move :

" That in sub-clause (*4*) of clause 37 of the Bill, for the word ' may ' the words ' if the applicant does not suffer from any such disqualifications ' be substituted."

With these words substituted, the clause would read thus :

" A licence issued under this section shall expire on the 31st day of March in each year, but if the applicant does not suffer from any such disqualifications be renewed from year to year....."

The word " shall " in the words " shall expire " will govern also the words " be renewed ", so that it will be like this, " shall be renewed ". Sir, I move.

Mr. Deputy President (Mr. Akhil Chandra Datta) : Amendment moved :

" That in sub-clause (*4*) of clause 37 of the Bill, for the word ' may ' the words ' if the applicant does not suffer from any such disqualifications ' be substituted."

Mr. M. S. Aney : The word " such " in " such disqualifications " does not seem to be appropriate. What are " such disqualifications " ? They have to be mentioned in some subsequent part of the clause. Even if these disqualifications now come in before, in any other clause then the word " such " will have some meaning.

Mr. N. C. Chunder : Just as " licence " comes in clause 35 though licence is dealt with in clause 37.

Mr. T. Chapman-Mortimer : The point raised by Mr. Aney I think is a correct point. No doubt, it is a drafting matter, but I think it should be, " from any disqualifications specified in clause (*4*) ".

Mr. N. C. Chunder : May I point out that in sub-clause (*1*) as it has gone in we have, " does not suffer from any of the disqualifications hereinafter mentioned ". When you talk of " such disqualifications " you mean " disqualifications hereinafter mentioned ".

Mr. M. S. Aney : It is only a question of language.

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

" That in sub-clause (*4*) of clause 37 of the Bill, for the word ' may ' the words ' if the applicant does not suffer from any such disqualifications ' be substituted."

The motion was adopted.

Dr. Ziauddin Ahmad (United Provinces Southern Divisions : Muhammadan Rural) : I beg to move amendment No. 666 in a slightly amended form, with your permission. It is a consequential amendment. As the original fee is one rupee, the renewal fee should also be one rupee.

Mr. Bhulabhai J. Desai : In view of the decision of the House on sub-clause (*1*) with regard to the fee, I have formally given notice of an amendment to the following effect :

" For the words ' the prescribed fee which shall not be more than three rupees ' substitute ' a fee of one rupee '."

This is the correct way of describing it.

Dr. Ziauddin Ahmad : Very well. I move, Sir :

" That in sub-clause (*4*) of clause 37 of the Bill, for the words ' the prescribed fee which shall not be more than three rupees ' the words ' a fee of one rupee ' be substituted."

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

" That in sub-clause (*4*) of clause 37 of the Bill, for the words ' the prescribed fee which shall not be more than three rupees ' the words ' a fee of one rupee ' be substituted."

The motion was adopted.

Mr. N. C. Chunder : With your permission, Sir, I should like to move your amendment No. 12 on List No. 2 in place of my amendment No. 668. I hope the House will have no objection. Sir, before moving it, I should like to have your permission to make a change in the language

[Mr. N. C. Chunder.]

of (*d*). The word "convicted" has a technical meaning. Instead of that, I shall change it into 'he shall have been found guilty of having knowingly participated in' and so on. Sir, I move :

"That after sub-clause (*d*) of clause 37 of the Bill, the following clause be inserted and the subsequent clause be re-numbered accordingly :

'(*5*) An agent shall be deemed to be disqualified :

(*a*) if he is a minor ;

(*b*) if he is found to be of unsound mind by a court of competent jurisdiction ;

(*c*) if he has been convicted for criminal misappropriation or criminal breach of trust or of cheating by a court of competent jurisdiction ; and

(*d*) if in the course of any judicial proceeding relating to any policy of insurance or the winding up of an insurance company or in the course of investigation of the affairs of an insurer he shall have been found guilty of having knowingly participated in or connived at any fraud, dishonesty or misrepresentation against the insurer or the assured '."

Mr. Bhulabhai J. Desai : This does not fit in with what has gone before. The proper words were in the original amendment which my friend unnecessarily disowned. 'The disqualification above referred to shall be the following'. That is the only proper way in which the section will fit in.

Mr. N. C. Chunder : Then I withdraw this amendment and move my own amendment.

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

Mr. N. C. Chunder : Sir, I move :

"That after sub-clause (*d*) of clause 37 of the Bill, the following new sub-clause be inserted and the subsequent clause be renumbered accordingly :

'(*5*) The disqualifications above referred to shall be the following—

(*a*) if the person is a minor ;

(*b*) if he is found to be of unsound mind by a court of competent jurisdiction ;

(*c*) if he has been found guilty of criminal misappropriation or criminal breach of trust, or cheating by a court of competent jurisdiction ;

(*d*) if in the course of any judicial proceeding relating to any policy of insurance or the winding up of an insurance company or in the course of an investigation of the affairs of an insurer it shall appear that he has been found guilty of or has knowingly participated in or connived at any fraud, dishonesty or misrepresentation against the insurer or the assured '."

Mr. Deputy President (Mr. Akhil Chandra Datta) : Amendment moved :

"That after sub-clause (*4*) of clause 37 of the Bill, the following new sub-clause be inserted and the subsequent clause be renumbered accordingly :

'(*5*) The disqualifications above referred to shall be the following—

(*a*) if the person is a minor ;

(*b*) if he is found to be of unsound mind by a court of competent jurisdiction ;

(*c*) if he has been found guilty of criminal misappropriation or criminal breach of trust, or cheating by a court of competent jurisdiction ;

(*d*) if in the course of any judicial proceeding relating to any policy of insurance or the winding up of an insurance company or in the course of an investigation of the affairs of an insurer it shall appear that he has been found guilty of or has knowingly participated in or connived at any fraud, dishonesty or misrepresentation against the insurer or the assured '."

Mr. M. Ananthasayanam Ayyangar : Sir, I suggest one slight modification for the acceptance of the Mover as also of the House, only to make it a little more accurate. For the word "if", occurring at the beginning of sub-clauses (*a*) to (*d*), I suggest that the word "that" be substituted.

Mr. N. C. Chunder : Sir, I accept it.

Mr. T. Chapman-Mortimer : Sir, I am not a lawyer, but it seems to me that these two amendments are not strictly speaking the same. They are both, on the face of it, the same, but looking at them, one says, "it shall *appear* that he has been found guilty of or has knowingly participated in, etc."—and the other says, "he shall have been convicted or found guilty on account of having knowingly participated in, etc." There is a difference in the two wordings.

An Honourable Member : The other one has been withdrawn.

Mr. T. Chapman-Mortimer : Sir, I think the words "it shall appear" are vague for this particular purpose.

Mr. Deputy President (Mr. Akhil Chandra Datta) : Is it the desire of the House that the words "it shall appear" should go ?

Voices : No, no.

Mr. S. Satyamurti : Those words must remain there. It says,

"or in the course of investigation of the affairs of an insurer it shall appear to the investigator that the man has been found guilty of or has knowingly participated in fraud, dishonesty, etc."

The investigation shows that the man has been guilty. There can be no conviction, in any of these cases. Therefore, the words "it shall appear" must remain, as a disqualification for a person continuing to be or becoming an insurance agent. We cannot, therefore, accept Mr. Chapman-Mortimer's suggestion.

Mr. M. S. Aney : Sir, what my friend, Mr. Satyamurti, has stated is perfectly correct. There can be no question of a conviction. At that stage you can only say, "it shall appear" in the course of an investigation. That shall be the proper line. But I have to make one more suggestion. In clause (c) with your permission I suggest a little modification for the consideration of the House. There are three offences mentioned

[Mr. M. S. Aney.]

here. "If he has been found guilty of criminal misappropriation, criminal breach of trust or cheating". I believe if he is found guilty of forgery, that will also be included. If a man is found guilty of an offence of forgery, he is guilty of an offence as heinous as any mentioned here and that should also operate as a disqualification.

Mr. Deputy President (Mr. Akhil Chandra Datta) : Does the Honourable the Mover accept it ?

Mr. N. C. Chunder : Sir, I have taken this from the wording of the clause as it emerged out of the Select Committee ; so I would rather like to put it as it is there.

Mr. Deputy President (Mr. Akhil Chandra Datta) : I take it that the suggestion is not accepted.

Mr. N. C. Chunder : Yes.

The Honourable Sir Nripendra Sircar : May I point out to the House that under sub-clause (*4*) the license will be taken away if he is guilty of criminal misappropriation or criminal breach of trust or cheating. You have not added there " forgery, adultery, etc." (Laughter.) Why have it here ? Why have one class of offences for taking away his license and another class of offences for preventing him from getting out a license ? I do not know whether the amendment which is now before the House has the word " forgery ", or not.

Mr. N. C. Chunder : No, Sir, I have not accepted it.

Mr. Deputy President (Mr. Akhil Chandra Datta) : There is another suggestion, that in place of the word " if " the word " that " be substituted.

Mr. N. C. Chunder : I have accepted that.

Mr. Deputy President (Mr. Akhil Chandra Datta) : That is the only suggestion that has been accepted by the Honourable the Mover. I think I can put the question now.

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

" That after sub-clause (*4*) of clause 37 of the Bill, the following new sub-clause be inserted and the subsequent clause be re-numbered accordingly :

' (*5*) The disqualifications above referred to shall be the following :

(*a*) that the person is a minor ;

(*b*) that he is found to be of unsound mind by a court of competent jurisdiction ;

(*c*) that he has been found guilty of criminal misappropriation or criminal breach of trust, or cheating by a court of competent jurisdiction ;

(*d*) that in the course of any judicial proceeding relating to any policy of insurance or the winding up of an insurance company or in the course of an investigation of the affairs of an insurer it shall appear that he has been found guilty of or has knowingly participated in or connived at any fraud, dishonesty or misrepresentation against the insurer or the assured '."

The motion was adopted.

Mr. N. C. Chunder : Sir, I move :

" That for sub-clause (*5*) of clause 37 of the Bill, the following be substituted :

' (*5*) If it be found that an insurance agent suffers from any of the foregoing disqualifications, without prejudice to any other penalty to which he may be liable, the Superintendent of Insurance shall and if the agent has knowingly contravened any provision of this Act may cancel the license issued to the agent under this section '."

Mr. Deputy President (Mr. Akhil Chandra Datta) : Amendment moved :

" That for sub-clause (*5*) of clause 37 of the Bill, the following be substituted :

' (*5*) If it be found that an insurance agent suffers from any of the foregoing disqualifications, without prejudice to any other penalty to which he may be liable, the Superintendent of Insurance shall and if the agent has knowingly contravened any provision of this Act may cancel the license issued to the agent under this section '."

The Honourable Sir Nripendra Sircar : Sir, I desire only to point out that the " five " should now be " six ".

Mr. N. C. Chunder : Two has been deleted, so that five will remain as five.

The Honourable Sir Nripendra Sircar : I shall have to move a motion at the end for re-numbering the clauses.

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

" That for sub-clause (*5*) of clause 37 of the Bill, the following be substituted :

' (*5*) If it be found that an insurance agent suffers from any of the foregoing disqualifications, without prejudice to any other penalty to which he may be liable, the Superintendent of Insurance shall and if the agent has knowingly contravened any provision of this Act may cancel the license issued to the agent under this section '."

The motion was adopted.

Mr. Suryya Kumar Som : Sir, I beg to move :

" That to clause 37 of the Bill, the following proviso be added :

' Provided that the provisions of this section shall not apply to the chief or special agents who organise insurance business for any insurer in any defined area but the chief or special agents shall not receive more than sixty per cent. of the first year's premium and seven per cent. of the renewals and in the case of chief or special agents of an insurer of less than ten years' standing seven per cent. of the first year's premium and nine per cent. of the renewals of the policies procured by them for the insurer '."

The Honourable Sir Nripendra Sircar : Sir, I desire to raise a point of order. The question of the maximum commission has been disposed of by the previous section and if my Honourable friend wanted to say anything about the maximum commission to chief agents, that was the place. Section 37 deals only with licensing. Therefore, it is a complete misfit. I submit that on the question of licensing you cannot go back again on the question of remuneration to be paid to the chief agents. Further, I may point out to my Honourable friend that, as a matter of fact, the chief agents have now been kept out. So, on the question of licensing, the chief agents are not being hit and, therefore, the amendment is wholly unnecessary. The real object is to fix the

[Sir Nripendra Sircar.]

maximum commission at 60 per cent. I object to that because that matter is finished by section 35 and this relates to licensing and not to maximum commission.

Mr. Suryya Kumar Som : Sir, I find that we have discussed and decided about the limit of commission, etc., to agents and Managing Agents and also about the remuneration to the Managing Agents, managers and other officers. But it is curious—and I do not think this was the intention of the House—that a middleman, who has been introduced at a subsequent stage as a chief agent, has been given the position of an insurer, but no limitation to his commission or pay has been provided for. I cannot imagine that it can be the intention of the Leader of the House or of this House that the chief agents will occupy a better position than the Managing Agents or managers.

Mr. Deputy President (Mr. Akhil Chandra Datta) : The Honourable Member is not discussing the point of order.

Mr. Suryya Kumar Som : That point was left untouched. Only the definition of the chief agent was given. But this point was not considered at that time. I knew that a point of order will be raised but I want to get rid of it in this way. Moreover, my intention is to bring to the notice of the House and to the notice of the Leader of the House that there has been an inexcusable omission, which was not the intention of the House. Therefore, I appeal to the Leader of the House and to the House also to make some provision like this.

Mr. Deputy President (Mr. Akhil Chandra Datta) : I do not think that the amendment relating to the commission is in order because clause 37 has got nothing to do with commission. As regards the other part, it has been pointed out by the Leader of the House that it is unnecessary because the chief agents have gone out. In view of that statement, it is for the Honourable the Mover to consider whether it is any good moving the earlier part of this amendment.

Mr. M. S. Aney : Sir, I would like to have one point clear. So far as the amendment to this particular clause is concerned, which relates to licensing, your ruling is to the effect that it is out of order and I can understand it. But is your ruling also intended to mean that the question of the remuneration of the chief agents is altogether barred and cannot be raised at all ? I would just like you to clear this point.

Mr. Deputy President (Mr. Akhil Chandra Datta) : For the present I need not go further than this that it cannot be an amendment to clause 37.

Mr. Suryya Kumar Som : All right, Sir. I will take an opportunity of saying what I wish to say when we come to miscellaneous clauses.

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

"That clause 37, as amended, stand part of the Bill."

The motion was adopted.

Clause 37, as amended, was added to the Bill.

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

"That clause 38 stand part of the Bill."

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

Mr. T. Chapman-Mortimer : Sir, I beg to move :

"That for sub-clause (*2*) of clause 38 of the Bill, the following be substituted :

'38. (*2*) Any insurer who appoints as an insurance agent any individual not licensed under section 37 or who transacts any insurance business through any such individual shall be punishable with fine which may extend to one hundred rupees '."

In the amendment, as it appears in the agenda, there is a slight typing error. I want to substitute this amendment for sub-clause (*2*) of clause 38 of the Bill which is a very wide clause. It extends not merely to the insurer but to any person who transacts business through any individual without holding any license issued under this section and he is punishable with fine. That is a very wide phrase, though if it were confined to receiving payment for acting as an insurance agent, it would be a different matter. But as it is it might be easily held to include possibly a director of an insurance company or some one like that who is not an agent and, presumably, would not have a license, but who may, in conversation, influence an assured to take out a policy which one of his agents, properly licensed, was already negotiating. For that reason, I think it is not desirable that such a wide phraseology should be used as is used in sub-clause (*2*) of clause 38 of the Bill. It is absolutely necessary that the responsibility should be fixed on the insurer and he should be heavily punished if he under-writes any business that is being introduced to him through a person who is not a properly licensed agent. That is very right and proper. There is also a further aspect, that you might put on a somewhat ignorant person who is a canvasser a liability to fine or punishment which might in certain circumstances not be fair. I suggest, Sir, that the amendment now before the House should be accepted.

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

"That for sub-clause (*2*) of clause 38 of the Bill, the following be substituted :

'38. (*2*) Any insurer who appoints as an insurance agent any individual not licensed under section 37 or who transacts any insurance business through any such individual shall be punishable with fine which may extend to one hundred rupees '."

Mr. S. Satyamurti : Sir, I oppose this amendment. Of course, if I were following the footsteps of the Honourable Members of the European Group, I should have objected even to amending the amendment. I want them to understand our charity and tolerance.

Mr. T. Chapman-Mortimer : I was pointing out that it was a typing error which I wanted to be rectified. I was not giving any fresh amendment.

Mr. S. Satyamurti : But that so-called typing error makes all the difference in the world. The amendment of which notice was originally given suggests the substitution of this clause for the entire clause 38.

Mr. President (The Honourable Sir Abdur Rahim) : But he has just amended it. He says it is only a typing error.

Mr. S. Satyamurti : It may be a typing error, but my Honourable friends, of the European Group object even to slight errors on our side, being rectified. They raise all sorts of objection. I am not quarrelling with you, Mr. President, but I am quarrelling with them. I am telling my Honourable friends, of the European Group that, if they want us to excuse such errors on their part, they must also practise the same kind of charity towards us, when we want some slight modification of any amendment which we might have given notice of.

Mr. President (The Honourable Sir Abdur Rahim) : There is no question of charity here. Everyone must conform to the rules.

Mr. S. Satyamurti : I leave that point. I want to know what my Honourable friend is really aiming at. I want the House to realise the full mischief of this amendment. Sir, clause 38 (*2*) as it is in the Bill reads :

"Any individual not holding a license issued under section 37 who acts as an insurance agent for any insurer shall be punishable with fine which may extend to fifty rupees."

Therefore, this is the natural consequence of the enactment of this House, so far as its vote on clause 37 of the Bill is concerned. We had a continuous fight on that clause, line after line, almost word after word; and ultimately, the House has decided to retain clause 37, with one or two slight amendments. Now, Sir, the verdict of the House means that agents ought to be licensed, and, therefore, clause 38 (*2*) provides that, once you have now provided for the licensing of agents under certain conditions automatically given, unless disqualified under the amendment of my Honourable friend, Mr. Chunder, which has been accepted by the House, nobody else can act as agent, unless he is licensed according to the provisions of clause 37. My Honourable friend, Mr. Chapman-Mortimer, now wants quietly that all the words which I have just now read out, namely, the liability of the person who acts as agent without taking out a license should go out altogether. May I know why ? Any individual who acts as agent without holding a license shall be punishable. Why should he not be punishable ? I see the Honourable the Mover of the amendment has left the House after moving his amendment. I want to know why he asks the House to accept his amendment. It is really special pleading for the man who acts as agent without taking out a license. But my Honourable friend is getting hold of the wrong end of the stick, when he says :

"Any insurer who appoints as an insurance agent any individual not licensed under section 37 or who transacts any insurance business through any such individual shall be punishable with fine which may extend to one hundred rupees."

The Honourable Sir Nripendra Sircar : If it will shorten further discussion, I may say that the Government are opposing this amendment.

Mr. S. Satyamurti : I want to tell the European Group that we find out these amendments and have strong objections.....

The Honourable Sir Nripendra Sircar : The Mover is not here.

Mr. S. Satyamurti : That shows want of courtesy to the House. I submit that, when an Honourable Member moves an amendment, he must be in his place until the fate of that amendment is decided.

4 P.M.

The Honourable Sir Nripendra Sircar : That shows he is not pressing the amendment.

Mr. S. Satyamurti : If that is so, he ought not to have moved the amendment. Sir, I oppose the amendment.

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

"That for sub-clause (*2*) of clause 38 of the Bill, the following be substituted :

'38. (*2*) Any insurer who appoints as an insurance agent any individual not licensed under section 37 or who transacts any insurance business through any such individual shall be punishable with fine which may extend to one hundred rupees'."

The motion was negatived.

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

"That clause 38 stand part of the Bill."

The motion was adopted.

Clause 38 was added to the Bill.

Prof. N. G. Ranga (Guntur *cum* Nellore : Non-Muhammadan Rural) : Sir, I beg to move the amendment of which I gave notice this morning.

Mr. President (The Honourable Sir Abdur Rahim) : I am afraid I cannot allow that as it was not circulated to all the Members.

Prof. N. G. Ranga : I gave a copy to all the Party Leaders.

Mr. President (The Honourable Sir Abdur Rahim) : That will not do. It must be circulated to all the Members before it can be moved. I, therefore, cannot allow the Honourable Member to move that amendment.

Prof. N. G. Ranga : Very well, Sir. Then, I will move :

"That after clause 38 of the Bill, the following new clause be inserted :

'38A. Within two years after the commencement of this Act, every insurer shall constitute and maintain a provident fund for the benefit of his employees and the said fund shall be governed by the provisions of Act 29 of 1925 (Indian Provident Fund Act), provided there is no other fund for the benefit of the said employees'."

Sir, after having given notice of this I happened to have discussed this question with the Honourable the Law Member and Mr. Sen and on their advice I thought it better to ask your permission and the permission of the House to alter it in a way which would make it non-contentious.....

Mr. President (The Honourable Sir Abdur Rahim) : I have already ruled that it cannot be moved.

Prof. N. G. Ranga : In obedience to your ruling I am now moving this amendment. After all, it is a very moderate demand and we in this House have tried to protect the interests of everybody else except of the employees of insurance companies. I, therefore, desire to protect the workers to a very moderate extent. I seek the indulgence of the House

[Prof. N. G. Ranga.]

and hope that the House will accept this amendment. I feel sure that the Government will also see their way to accommodate us and accept this very harmless and moderate amendment.

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

"That after clause 38 of the Bill, the following new clause be inserted :

'38A. Within two years after the commencement of this Act, every insurer shall constitute and maintain a provident fund for the benefit of his employees and the said fund shall be governed by the provisions of Act 29 of 1925 (Indian Provident Fund Act), provided there is no other fund for the benefit of the said employees'."

Pandit Lakshmi Kanta Maitra : Sir, I rise to support the amendment moved by my friend, Professor Ranga. With the spirit and purpose of this amendment I am in perfect agreement. In this Bill we have made provision for all manner of people and it is only reasonable that after all we should do something for the people who are employed in the business itself. It is a very reasonable and moderate demand and I think it will meet with the approval of the House.

Mr. S. C. Sen (Government of India : Nominated Official) : Sir, I am sorry there has been some misunderstanding in this matter. My Honourable friend, Professor Ranga, when he approached me agreed to a different draft ; and if that draft had been permitted by you to be put to the House, we might have considered that favourably. But as it is, the draft amendment that has been moved is objectionable on the grounds, first of all, that it singles out only the insurance companies for forcing the provident fund upon them—there are other classes of companies which have not been provided for—and secondly, in a Bill for providing for insurance, this appears to be wholly out of place. For these reasons, Sir, we oppose the amendment.

Mr. M. Ananthasayanam Ayyangar : Sir, I have got the draft of what my Honourable friend, Prof. Ranga, wanted to move in connection with this amendment. It is not that I want to move it, because, Sir, you have ruled it out. I will merely read it so that Honourable Members may have an idea of what it is :

"That after clause 38 of the Bill, the following new clause be inserted :

'38A. That the Local Government may, by notification in the local official gazette, direct that every insurer shall establish and maintain a provident fund for the benefit of his employees and the said fund shall be governed by the provisions of Act 29 of 1925 (Provident Fund Act, 1925) provided there is no other fund for the benefit of the said employees'."

Mr. President (The Honourable Sir Abdur Rahim) : You cannot discuss it.

Mr. M. Ananthasayanam Ayyangar : No, Sir. I am not arguing. As I have read, except that there is some extra provision of the first few words, what follows is practically the original amendment itself.....

Some Honourable Members : No, no.

Mr. M. Ananthasayanam Ayyangar : Please allow me to explain: I will try to persuade you. Except for these extra words, there is absolutely no difference in substance, for this reason, that in the Provident Fund Societies Act.....

Mr. President (The Honourable Sir Abdur Rahim) : Does the Honourable Member want me to put this amendment to the vote ?

Mr. M. Ananthasayanam Ayyangar : If you accept my amendment, I will have no objection.

Mr. President (The Honourable Sir Abdur Rahim) : I really think the Honourable Member must not waste the time of the House in this way. I have ruled more than once that a new draft cannot be moved.....

Mr. Mohan Lal Saksena : May I suggest that this might be adjourned ?

Mr. M. Ananthasayanam Ayyangar : I am really sorry, Sir, I have been misunderstood. If you have ruled already, there is no question of my putting in another amendment.....

Mr. President (The Honourable Sir Abdur Rahim) : The Honourable Member read it, and I thought he was arguing on it.....

Mr. M. Ananthasayanam Ayyangar : I cannot do so. Therefore, a subsequent suggestion made.....

Mr. President (The Honourable Sir Abdur Rahim) : As this amendment might be of some importance, I will allow the matter to stand over. I suppose it will suit the convenience of the House if we take it up tomorrow.

Honourable Members : Yes, yes.

Mr. President (The Honourable Sir Abdur Rahim) : This will then stand over till tomorrow.

Mr. Mohan Lal Saksena : Sir, I move :

"That after clause 38 of the Bill, the following new clause be inserted :

'38A. Notwithstanding anything to the contrary in a contract between an insurer and an insurance agent licensed under section 37 of the Act, forfeiting or stopping payment of renewal commission no insurer carrying on the business of life insurance in British India shall refuse payments of commission on renewal premia due to an insurance agent under the agreement between them by reason only of the termination of his agreement, except for fraud, provided such agent has served the insurer continually and exclusively for at least ten years and provided further that after his ceasing to act as agent he does not directly or indirectly solicit or procure insurance business for any other insurer'."

I need not say much on this amendment, the object of which is to provide for those insurance agents who have worked for over ten years continuously and exclusively for an insurer, and who cease to work for some reason or other, and still do not solicit business directly or indirectly for any other insurer. I think the consensus of opinion in this House is that something has to be done for all such agents. In this connection certain friends have pointed out to me that unscrupulous insurers might take advantage of this clause and after eight years or nine years they might, on some pretext or other, dismiss the insurance agents. I know that there might be some unscrupulous insurance companies which may do it. But I know that no insurance company which is worth its name will resort to such tactics in the case of agents who have worked faithfully for a period of ten years and after that period, do not work for another company. With these words, I move.

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

" That after clause 38 of the Bill, the following new clause be inserted :

' 38A. Notwithstanding anything to the contrary in a contract between an insurer and an insurance agent licensed under section 37 of the Act, forfeiting or stopping payment of renewal commission no insurer carrying on the business of life insurance in British India shall refuse payments of commission on renewal premia due to an insurance agent under the agreement between them by reason only of the termination of his agreement, except for fraud, provided such agent has served the insurer continually and exclusively for at least ten years and provided further that after his ceasing to act as agent he does not directly or indirectly solicit or procure insurance business for any other insurer '."

Mr. Sri Prakasa : Sir, I rise to support this amendment. We have hedged in the insurance agent from all sides. He has to be licensed ; his commissions are fixed ; and now, Sir, we have to protect his *Izzat*. Sir, *Izzat*, Lord Baden Powell notwithstanding, is one of those words which has no equivalent in the English language. In all other professions after a certain number of years of service, a man is entitled to some consideration. In the Indian Civil Service, for instance, even after a man leaves that service and goes not into quiet retirement but actually to a hostile camp and a rival concern, he is entitled to his pension. Though I acknowledge that the Government of India is a child of British business in this country, now they are rival concerns as can be proved by the fact that Mr. Griffiths.....

Mr. President (The Honourable Sir Abdur Rahim) : I think the Honourable Member should confine himself to the amendment before the House. We have got a lot of amendments to get through yet.

Mr. Sri Prakasa : I will not take more than a minute, Sir. I was only referring to that part of the amendment which says that an insurance agent would be entitled to the renewal of such commission if he does not go to a rival concern. I was just pointing out that a man should either continue to be attached to his old company or not do any other business before he will be entitled to renewal premia which is a harder condition than in other services. I was also pointing out that in other lines of work, even when people take up another service and that in a rival concern too, they are still entitled to their pension. In that connection I was giving the example of my friend, Mr. Griffiths, and which will come home to every Member of this House. I was saying, Sir, that though the Government of India is a child of British business in this country, they are now rival concerns ; and that while Mr. Griffiths was, for some time, an expert in repression, he has now become an expert in insurance and has been opposing Government on more than one occasion and continues to draw his pension.

Mr. M. S. Aney : Because they are a rival concern.

Mr. Sri Prakasa : Yes, they are a rival concern. So, Sir, I am sure the House will accept this amendment which is a very modest one. As matters stand, the poor insurance agent is in the same position as that of a girl who went and complained to her father that her husband had slapped her. The father was naturally angry and asked the girl on what cheek did her husband give her a slap. The girl said that he slapped her on the right cheek. Then, the father gave the girl a thundering slap on the left saying : ' Go and tell your husband, I have had my revenge. He slapped my daughter and I have slapped his wife.' (Laughter.) The poor insurance agent has always a bad time. He is the man who has to go to people for securing business ; and when he gets kicked about by those whom he had approached, he comes back to the insurer ; and he kicks him back again and sends him to the gutter. Therefore, Sir, we must really save the poor insurance agent who is the foundation-stone, so to say, of all sound insurance business. It is he who works the hardest, it is he who really builds up the whole business ; but he suffers the most, and it is but right that after he has served for a certain number of years, he should be given what is his due. Of course, my friend, Mr. Bajoria, may say that this would not be a practicable law and can never be enforced. All businessmen know and he also knows most of all, that we have always to leave some loopholes, some weakness in the things we produce so that the consumer may come back to us again and again. Every blacksmith, every goldsmith, every shoe-maker and persons in every other trade always leave some weakness in their goods, otherwise the trade itself will stop. Therefore, Sir, as a legislative body we have also to leave some lacuna, so that we may have occasions to amend our own laws. After such a lot of trouble, the Indian Companies Act was passed last year, and we have already an amending Bill. If such amendments do not come forward from year to year, the work of the Legislature would stop. So it is in our own interest that some weaknesses must be left in the law ; and we must have such laws that may be capable of being interpreted in different ways. I therefore, strongly support the amendment in the interests of both law and equity. I hope the House will carry this amendment.

Babu Baijnath Bajoria : Sir, I rise to support this amendment. It is only reasonable that insurance agents who have worked for a company for a certain number of years should be given some consideration even after they have ceased to work for that company after a certain period. I would request the Mover of this amendment to make a slight alteration ; if he accepts it.....

Mr. President (The Honourable Sir Abdur Rahim) : No more amendments.

Babu Baijnath Bajoria : If the words ' and exclusively ' had been retained, it would have been better.....

The Honourable Sir Nripendra Sircar : There is no such amendment before the House.

Babu Baijnath Bajoria : Even if it is not acceptable to him, I still support him.

An Honourable Member : Sir, the question may now be put.

Mr. K. Santhanam : Sir, I wish to draw the attention of the House to one point, and it is this. In the last sentence, it is said :

" Provided, further, that after his ceasing to act as an agent for the insurer, he does not, directly or indirectly solicit or procure life insurance business in British India for any other insurer."

[Mr. K. Santhanam.]

Now, this prevents an insurance agent to do any other work, even with the consent of the original insurer. There may be a subsidiary company of the original insurer, and I don't see why if the original insurer himself allows it, he should be prevented from doing business for it. And I want to know.....

The Honourable Sir Nripendra Sircar : From whom ?

Mr. K. Santhanam : From you.

The Honourable Sir Nripendra Sircar : Ask the Mover.

Mr. K. Santhanam : Sir, I am supporting this amendment. Are we not to make things clear ? We are here to make laws for the good of the country. Why should my Honourable friend, the Law Member, refuse to take responsibility ? I don't see how he is right in making that interruption. He is there appointed by the Government to see that good laws are made.....

Mr. President (The Honourable Sir Abdur Rahim) : The Honourable Member had better go on with his speech on the amendment before the House.

Mr. K. Santhanam : Very well, Sir, I submit that it is a point to be considered ; either it is covered by the section or it is not. If it is not, then, I want the House to rectify it. I think it is one of the main functions for which a Member comes here, and it is our duty, to point out mistakes so that the House may rectify them.

An Honourable Member : Sir, the question be now put.

Mr. President (The Honourable Sir Abdur Rahim) : I do not know yet the attitude of the Government.

The question is :

"That after clause 38 of the Bill, the following new clause be inserted :

'38A. Notwithstanding anything to the contrary in a contract between an insurer and an insurance agent licensed under section 37 of the Act, forfeiting or stopping payment of renewal commission no insurer carrying on the business of life insurance in British India shall refuse payments of commission on renewal premia due to an insurance agent under the agreement between them by reason only of the termination of his agreement, except for fraud, provided such agent has served the insurer continually and exclusively for at least ten years and provided further that after his ceasing to act as agent he does not directly or indirectly solicit or procure insurance business for any other insurer'."

The motion was adopted.

New clause 38-A was added to the Bill.

Mr. S. C. Sen : I beg to move the second part of my amendment which stands in my name in No. 763.

"That after clause 43A of the Bill, the following new clause be inserted :

'43B. Every insurer shall, on application by a policyholder and on payment of a fee not exceeding one rupee, supply to the policyholder certified copies of the questions and answers contained in his proposal for insurance and in the medical report supplied in connection therewith'."

I do not move the first part ; we shall move it as clause 93A and we have given notice of an amendment to that effect. As the House will remember, during the course of the general discussion my Honourable friend, Dr. Deshmukh, made a point about the supply of copies of medical reports and other questions and answers on which the policy is based to be supplied to an insured if necessary and from this side of the House we assured him that we would comply with it. It is in consonance with that assurance that this amendment is being moved.

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

"That after clause 43A of the Bill, the following new clause be inserted :

'43B. Every insurer shall, on application by a policyholder and on payment of a fee not exceeding one rupee, supply to the policyholder certified copies of the questions and answers contained in his proposal for insurance and in the medical report supplied in connection therewith'."

Mr. Lalchand Navalrai : My Honourable friend, Mr. Sen, says that he does not now move the first portion of his amendment No. 763. There are three amendments of mine on the same subject as a proviso. Shall I be allowed to move them when he moves his amendment under another clause, or shall I have to give fresh notice of those amendments ?

Mr. President (The Honourable Sir Abdur Rahim) : The Honourable Member can move them later on.

Dr. G. V. Deshmukh : I strongly support the amendment moved by my Honourable friend, Mr. Sen.

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

"That after clause 43A of the Bill, the following new clause be inserted :

'43B. Every insurer shall, on application by a policyholder and on payment of a fee not exceeding one rupee, supply to the policyholder certified copies of the questions and answers contained in his proposal for insurance and in the medical report supplied in connection therewith'."

The motion was adopted.

Mr. President (The Honourable Sir Abdur Rahim) : What was originally clause 43A in Mr. Sen's amendment will be moved as an amendment under what clause ?

The Honourable Sir Nripendra Sircar : Under clause 93. No. 14 on Supplementary List No. 4. But let there be no misunderstanding. I undertake to move it provided before I reach clause 93 a similar amendment is not carried by somebody because I find any number of amendments all directed to the same end, namely, that the dividing principle should be abolished. It is quite possible that some one will move and it will be carried, in which case I will not move.

Mr. President (The Honourable Sir Abdur Rahim) : There is a difficulty. Mr. Lalchand Navalrai's amendments are to Mr. Sen's original amendment 43A. Then, how will they fit in into any other amendment ? I do not know.

The Honourable Sir Nripendra Sircar : Nor do I know.

Mr. Bhulabhai J. Desai : There is No. 770, for instance, that proposes to substitute clause 43A so far as the first part of the amendment is concerned in terms nearly similar to Mr. Sen's amendment in substance.

The Honourable Sir Nripendra Sircar : No. 768 is exactly the same as ours.

Mr. Bhulabhai J. Desai : Yes. As for No. 770, so far as the proviso is concerned, that alone is really the material part, and if the Honourable the Law Member so desires that when he moves clause 93A we may be allowed to move the proviso I do not press the matter.

The Honourable Sir Nripendra Sircar : I would rather that amendment No. 770 is moved when it is reached.

Mr. President (The Honourable Sir Abdur Rahim) : The position seems to be this. If the identical amendment clause 43A in Mr. Sen's original amendment is not moved, then Mr. Lalchand Navalrai's amendments go.

Mr. Lalchand Navalrai : Even if No. 770 is moved, I can move my amendments as provisos to No. 770.

Mr. President (The Honourable Sir Abdur Rahim) : The Honourable Member will have to modify his amendments.

Mr. Lalchand Navalrai : Yes, but the wordings will remain the same. It is only a proviso, and this proviso should be attached to any amendment which is raised on this subject.

The Honourable Sir Nripendra Sircar : It won't fit in with No. 770.

Mr. President (The Honourable Sir Abdur Rahim) : I will decide when the amendment is reached.

Mr. M. Ananthasayanam Ayyangar : Sir, before I move my amendment, I should like to point out that in view of the previous amendments, my new clause will be 43-C. I move :

> " That after clause 43B of the Bill, the following be inserted :
>
> ' 43C. No insurer shall after the commencement of this Act begin or after three years thereof continue to carry on any business of insurance upon the dividing principle, that is to say, on the principle that the benefit secured by a policy is not fixed but depends either wholly or partly on the results of a distribution amongst policies maturing for payment within certain time-limits of certain sums :
>
> Provided that in the case of an insurer who continues to carry on insurance business on dividing principle after the commencement of this Act, he shall withhold from distribution a sum of not less than forty per cent. of the premia received during that year in three years so as to make up the amount required for investment under section 26 of this Act '."

Sir, so far as putting an end to the system of carrying on insurance business, on the dividing principle, is concerned, all of us are agreed. The Government itself has provided for putting a stop to such a practice. So far as provident societies are concerned, there is a substantial clause. Mr. Sen has given notice of a new clause 43-A which will come up later. In the place of that provision I have moved this amendment. The first portion of my amendment is that the business of insurance on the dividing principle ought to be discouraged but that the provision ought not to come into force immediately because there are many societies which carry on business on the dividing principle. With regard to existing companies they will be allowed to carry on business, for three years and no insurer shall, after the commencement of the Act, begin the principle of insurance on the dividing principle. To that extent, we are agreed. As regards the proviso, we want to have it stated that during this period of three years, when we are changing from one system to the other, there may be a regular and natural adjustment, so that the insurer shall withhold, from distribution, a sum of not less than 40 per cent. of the premia received during that year in three years so as to make up the amount required for investment under section 26 of the Act, for meeting the claims and also to act as a reserve liability for the purpose of investment. The object is that the transition may be easy. I only want a period of grace of three years. As regards the latter portion, ample provision is made to ensure that the transition takes place smoothly. Sir, I move.

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

> " That after clause 43B of the Bill, the following be inserted :
>
> ' 43C. No insurer shall after the commencement of this Act begin or after three years thereof continue to carry on any business of insurance upon the dividing principle, that is to say, on the principle that the benefit secured by a policy is not fixed but depends either wholly or partly on the results of a distribution amongst policies maturing for payment within certain time-limits of certain sums :
>
> Provided that in the case of an insurer who continues to carry on insurance business on dividing principle after the commencement of this Act, he shall withhold from distribution a sum of not less than forty per cent. of the premia received during that year in three years so as to make up the amount required for investment under section 26 of this Act '."

Mr. Lalchand Navalrai : May I move my amendment ?

Mr. President (The Honourable Sir Abdur Rahim) : I do not know what the amendment is.

Mr. Lalchand Navalrai : It is an amendment to this: I will explain.

Mr. President (The Honourable Sir Abdur Rahim) : The Honourable Member was taken by surprise because 43-A was not moved by Mr. Sen. But the question is, can he move his amendment as to 770 ?

The Honourable Sir Nripendra Sircar : I do not know what the ruling of the Chair is.

Mr. President (The Honourable Sir Abdur Rahim) : I am entitled to expect some assistance from the Leader of the House as to what the effect of Mr. Lalchand Navalrai's amendment is.

The Honourable Sir Nripendra Sircar : Certainly, Sir, what Mr. Sen wanted to move was 43-A. It simply meant this, that there will be no life insurance business carried on, on what is called the dividing principle. 770 which has been moved just now, in the first paragraph, is practically the same as Mr. Sen's, except that under 770 no insurer shall, after the commencement of this Act, begin or after three years continue, and so on. That was not in Mr. Sen's amendemnt at all. Three years was not mentioned there. A further difference is this. If you will kindly

[Sir Nripendra Sircar.]

look at the proviso—Provided that in the case of an insurer who continues to carry on insurance business on dividing principle after the commencement of this Act, he shall withhold from distribution a sum of not less than forty per cent. of the premia received during that year in three years so as to make up the amount required for investment under section 26 of this Act—that was also absent from Mr. Sen's amendment. Therefore, the scheme of 770 is altogether different from the scheme of Mr. Sen's amendment and if we prefer the scheme of 770, we have got to abandon our own scheme which was indicated in the amendment of Mr. Sen. As a consequence of that, Mr. Navalrai cannot move his amendment. That is a matter for which I am not responsible because I am quite entitled to make up my mind and say that I shall accept No. 770 and not adhere to the scheme which I had put forward when I gave notice of an amendment.

Mr. President (The Honourable Sir Abdur Rahim) : You are going to accept this amendment ?

The Honourable Sir Nripendra Sircar : Yes. I beg to point out that in no sense can 764 or 765 form an amendment to 770. That is my whole point.

Mr. Bhulabhai J. Desai : 764 attempts at perpetuating the dividing principle as regards all companies which have hitherto been carrying on business and 770 which has been moved now seeks to do away with it after the commencement of the Act and so far as existing companies are concerned give them a three year period to reorganise, if they can.

Mr. Lalchand Navalrai : My amendment No. 765 says that this system can go on for five years. It arises from the same amendment that my friend has put in.

Mr. President (The Honourable Sir Abdur Rahim) : How can that come on as an amendment to 770 ? The difficulty of the Honourable Member is that his amendment is to Mr. Sen's amendment and not an independent amendment. As Mr. Sen's amendment, 43-A, has not been moved, your amendments must go. You cannot move them. Strictly speaking, these amendments would have fallen at once, but as the Honourable Member was taken by surprise and as the Government said at the time that they might move that amendment as an amendment at a subsequent stage to another clause, I thought the Honourable Member might be able to move these amendments to Mr. Sen's amendment, but as apparently Government is now inclined to accept No. 770, I do not see how Mr. Lalchand's amendment can be moved.

Mr. M. S. Aney : So far as amendment No. 770 is concerned, the first part, 43-A, is practically the same. Mr. Lalchand Navalrai's second amendment No. 765 deals also with the same principle ; for example, he only wants for the three years' period a period not exceeding five years from the date of such permission. So I believe that is an amendment which can be allowed to be moved as an amendment to No. 770. His amendment will come in as a substitute for the proviso in No. 770 and to that extent it can be a proper amendment. It is for the House to choose one or the other. The principle is the same ; and considering the fact that a difficulty has arisen on account of the attitude taken up by the Government with regard to their own amendment, I think that a little concession will have to be made, because the question is a very important one and concerns a number of bodies and I hope that in the interests of substantial justice you will be pleased to allow him to move his amendment.

Mr. President (The Honourable Sir Abdur Rahim) : Even the language of this amendment, the first part, was the same, leaving out the proviso, as that of Mr. Sen's I am afraid it cannot be moved.

The question is :

"That after clause 43B of the Bill, the following be inserted :

'43C. No insurer shall after the commencement of this Act begin or after three years thereof continue to carry on any business of insurance upon the dividing principle, that is to say, on the principle that the benefit secured by a policy is not fixed but depends either wholly or partly on the results of a distribution amongst policies maturing for payment within certain time-limits of certain sums :

Provided that in the case of an insurer who continues to carry on insurance business on dividing principle after the commencement of this Act, he shall withhold from distribution a sum of not less than forty per cent. of the premia received during that year in three years so as to make up the amount required for investment under section 26 of this Act'."

The motion was adopted.

New clause 43-C was added to the Bill.

Clauses 44 to 50 were added to the Bill.

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

"That clause 51 stand part of the Bill."

Mr. T. Chapman-Mortimer : Sir, I move :

"That in clause 51 of the Bill, after the word 'company', occurring in the first line, the words 'for the purpose of a cash distribution of the assets' be inserted."

Sir, as this is an extremely complicated amendment to argue before this House, I had hoped to be prepared for it coming up the first thing tomorrow morning, because I should like to have the opportunity, before I speak on the floor of the House, to discuss it with one or two Honourable Members in the lobbies. It is a very technical amendment to argue.

Mr. President (The Honourable Sir Abdur Rahim) : Does that meet with the convenience of the House ?

Voices : Yes.

STATEMENT OF BUSINESS.

The Honourable Sir Nripendra Sircar (Leader of the House) : Honourable Members may desire me to give them an estimate of the probable duration of the Session. In addition to the items of business included in the current list and the Companies Amendment Bill on which the Select Committee will report shortly we have also to bring up a Resolution regarding the railway

5 P.M.

[Sir Nripendra Sircar.]

depreciation reserve fund, a motion for the constitution of the Standing Finance Committee, the discussion of the reports of the Public Accounts Committee for two years and excess grants. Finally, we are pledged, if the House so desires, to allow a further day after the completion of all official business for the discussion of the motion relating to the Wedgwood Report. It will clearly be impossible to complete the whole of this business by Friday, the 1st October, which is the last day hitherto appointed for the holding of a meeting. I, therefore, request you, Sir, to be pleased to direct meetings to be held on so many of the following days as may be necessary, namely, Saturday, the 2nd October, Tuesday, the 5th, Wednesday, the 6th and Thursday, the 7th October. I have not suggested a meeting on Monday, the 4th October, as that is the date of a Hindu festival of Mahalaya. I would add that the volume of outstanding business will to our regret render it impossible for us to find time, as we had hoped to do, for the consideration and passing of two private Bills, namely, Dr. Ziauddin Ahmad's Bill to amend the Durgah Khwaja Saheb Act and Dewan Lalchand Navalrai's Bill to amend the Child Marriage Restraint Act.

Mr. President (The Honourable Sir Abdur Rahim) : I take it that, as explained by the Leader of the House, it will be necessary that the House would sit on the days specified in the statement by the Leader of the House.

Mr. Bhulabhai J. Desai : It does not mean that the House must sit on these days if the business can be finished earlier.

The Honourable Sir Nripendra Sircar : Certainly not ; we will welcome it.

The Assembly then adjourned till Eleven of the Clock on Wednesday, the 29th September, 1937.

LEGISLATIVE ASSEMBLY.

Wednesday, 29th September, 1937.

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

STARRED QUESTIONS AND ANSWERS.

(a) ORAL ANSWERS.

ADJUSTMENT OF LUGGAGE RATES BETWEEN BENARES CANTONMENT AND ALLAHABAD ON THE EAST INDIAN RAILWAY.

873. ***Mr. Sri Prakasa** : Will the Honourable Member for Commerce and Railways state :

(a) if there is a system of specially adjusted railway fares between Benares Cantonment and Allahabad on the East Indian Railway ;

(b) if the luggage rates are not similarly adjusted ;

(c) if Government propose to consider the desirability of recommending to the railway administration to have specially adjusted rates for luggage also ; and

(d) if it is a fact that a bicycle carried between Benares Cantonment and Allahabad costs more than a third class fare between the two stations ?

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

(b) and (c). Passenger fares between Benares Cantonment and Allahabad by the East Indian Railway route have been equalised with those applicable by the Bengal and North Western Railway route. Rates for luggage are the same by the two alternative routes and, therefore, need no adjustment.

(d) Yes, but this would have been so, even if the passenger fares had not been adjusted.

Mr. Sri Prakasa : With reference to part (d), will the Government consider whether it is certainly not unreasonable to charge more for a twenty-seer bicycle than for a three-maund man ?

The Honourable Sir Saiyid Sultan Ahmad : The fare on both sides would be the same as on the B. N. W. Railway and the East Indian Railway and therefore it is difficult to make any further adjustment.

Mr. Sri Prakasa : I have no objection if the B. N. W. Railway also will reduce its fare ?

The Honourable Sir Saiyid Sultan Ahmad: If the Honourable Member will put down another question, I will see what can be done.

BOOKING OF LUGGAGE ON THE EAST INDIAN RAILWAY.

874. ***Mr. Sri Prakasa**: Will the Honourable Member for Commerce and Railways state:

(a) if it is a fact that on the East Indian Railway luggage can only be booked from the station of departure to the station of destination for which the ticket is purchased;

(b) if Government are aware of the inconvenience caused to passengers when they carry luggage which is to be left where they break journey on the way or to take more luggage from such places; and

(c) whether Government are prepared to recommend to the authorities concerned to facilitate the booking of luggage from any station to any station on the route for which a passenger holds a ticket?

The Honourable Sir Saiyid Sultan Ahmad: (a) and (b). No. Passengers who intend to break journey at one or more stations *en route* on the East Indian Railway may book their luggage to the intermediate stations. I am laying on the table a copy of the rule relating to booking of luggage when breaking journey, appearing on page 219 of the East Indian Railway current time table.

(c) Does not arise.

Booking of luggage when breaking journey.

(1) Passengers who intend to break journey at one or more stations *en route* may either book their luggage to accompany them throughout, or book a portion of their luggage, or the whole, direct to the station for which they have taken tickets.

(2) Passengers who intend to break journey, and who require their luggage to accompany them should, when they book their luggage, inform the luggage clerk at which station or stations they wish to break their journey, in order that the names of such stations may be entered on the back of their luggage tickets.

(3) Before passengers start from such halting places, any luggage found in excess of the quantity entered on the luggage ticket issued at the commencement of the journey will be weighed and charged for.

Mr. Sri Prakasa: May I know if it is possible for a passenger who breaks journey on the way, to take some more luggage and get this booked for the rest of the journey?

The Honourable Sir Saiyid Sultan Ahmad: I cannot answer that without notice. If the Honourable Member wants an answer, I shall certainly make enquiries.

APPOINTMENT OF INDIAN AGENTS OR TRADE COMMISSIONERS IN CERTAIN COUNTRIES.

875. ***Mr. S. Satyamurti**: Will the Honourable Member for Commerce and Railways be pleased to state:

(a) all the countries to which Trade Commissioners or Agents on behalf of the Government of India have been appointed;

(b) the reasons why there are no Indian Agents or Trade Commissioners in the United States of America, Canada, Australia, New Zealand, Trinidad, Fiji, British Guiana, Dutch Guiana, Egypt, Kenya, and China;

(c) the number of Indians resident in those countries; and

(d) whether they propose to consider the appointment of Agents or Trade Commissioners to all these countries?

Mr. Y. N. Sukthankar: (a), (b) and (d). Indian Trade Commissioners have so far been appointed in England, Germany, Italy and Japan. An officer for the post of Indian Trade Commissioner in East Africa, which will include Kenya, has already been selected and is at present undergoing preliminary training. The question of appointing Trade Commissioners in the United States of America and Egypt is now under the consideration of the Central Government. Government do not consider it necessary at present to appoint separate Indian Trade Commissioners in the other countries mentioned.

The question of the appointment of Agents in other parts of the Empire is the concern of the Education, Health and Lands Department, and outside the Empire, of the External Affairs Department.

(c) I lay on the table a statement giving the required information as far as it is available.

Statement showing the Number of Indians resident in Certain Countries.

	Estimated Indian population.
Empire countries:	
1. Canada	1,599
2. Australia	2,404
3. New Zealand	1,166
4. Trinidad	1,51,076
5. Fiji	85,002
6. British Guiana	1,38,834
7. Kenya	34,955
Foreign countries:	
1. United States of America	5,850
2. Dutch Guiana	36,150
3. Egypt	1,025
4. China	4,000 (approximately).

Mr. S. Satyamurti: With reference to the reply to part (b) of the question, may I know if the Government of India are absolutely free in the matter of appointing Trade Commissioners or Agents, as and when they think it necessary or desirable, or have they got to get the consent of the Colonial Office in Great Britain?

Mr. Y. N. Sukthankar: As regards Agents, I would suggest the Honourable Member to put that question to the appropriate department.

Mr. S. Satyamurti: With regard to Trade Commissioners, may I know if the Government of India are free to appoint them to all countries where they consider the appointment desirable or necessary, or have they got to take orders or consult the Colonial Office in Great Britain ?

Mr. Y. N. Sukthankar: The Colonial Office has nothing to do with the appointment of Trade Commissioners.

Mr. S. Satyamurti: With reference to the appointment of Trade Commissioners, is the matter settled between the Commerce Department and the Education, Health and Lands Department or is each question decided by each department without reference to the other ?

Mr. Y. N. Sukthankar: As far as I am aware the selection of Trade Commissioners is always made by the Government of India.

Mr. S. Satyamurti: May I know whether, in deciding the question with regard to a particular country or colony, whether a Trade Commissioner or Agent is to be appointed, the decision is arrived at by the Department of my Honourable friend or whether the matter is decided in consultation between his Department and the Department of Education, Health and Lands ?

Mr. Y. N. Sukthankar: Some consultation always takes place in such questions which concern more than one department.

Mr. S. Satyamurti: What are the considerations on which the Government come to the conclusion either to appoint a Trade Commissioner or an Agent ?

Mr. Y. N. Sukthankar: A suitable man is appointed as Trade Commissioner if a Trade Commissioner is required, or if an Agent is required, a suitable Agent is appointed.

Mr. S. Satyamurti: I am not asking about the personality of the Trade Commissioners or of Agents. I am asking what are the considerations which enable the Government to come to the conclusion with respect to a particular country or a British colony, that the appointment should be that of a Trade Commissioner or of an Agent ?

Mr. Y. N. Sukthankar: I want notice of the question.

Mr. K. Santhanam: With reference to part (b) of the question, may I know what are the present channels by which trade contacts can be established between Indian merchants in India and the merchants in these countries for export and import ?

Mr. Y. N. Sukthankar: Where there are no Trade Commissioners, naturally we avail of the services of the British consuls in establishing trade contact.

Mr. S. Satyamurti: With reference to part (b), except in the countries which my Honourable friend mentioned, namely, the United States of America, Egypt and East Africa, with regard to other countries, are Government considering the appointment of Trade Commissioners or of Agents in those other countries ?

Mr. Y. N. Sukthankar: The answer has already been given, *viz.*, we do not consider it necessary to appoint any Trade Commissioner in other countries at present. As regards Agents, the question may be addressed as suggested earlier, to the appropriate department.

Mr. S. Satyamurti: Has my Honourable friend given the answer on behalf of his department, that is with reference to Trade Commissioners, or has he given the answer on behalf of the Department of Education, Health and Lands also ?

Mr. Y. N. Sukthankar: Only with reference to our own department, that is the Commerce Department.

Mr. S. Satyamurti: In view of the fact that this question refers both to the Commerce Department and the Department of Education, Health and Lands, may I know why my Honourable friend has not been able to get the answer from the department concerned and give the answer in this House ?

Mr. President (The Honourable Sir Abdur Rahim): Because it concerns another department, he cannot give the answer. The question must be addressed to the appropriate department.

Mr. S. Satyamurti: I am asking then—how are the interests of Indians in those countries, especially Fiji, British Guiana and Trinidad being protected or looked after ? Is there any machinery, to the knowledge of the Government of India, to watch the interests of Indians there, apart from trade relations, to make suitable representations either to the Government of India or to the Government of those countries ?

Sir Girja Shankar Bajpai: If the question is addressed to me, and you like, Sir, I can deal with it.

Mr. President (The Honourable Sir Abdur Rahim): Very well.

Sir Girja Shankar Bajpai: As regards the colonies mentioned by my Honourable friend, I think I have already said that the question of appointment of Agents is under consideration.

Mr. S. Satyamurti: In all those countries ?

Sir Girja Shankar Bajpai: In the territories which I described to him before.

Mr. S. Satyamurti: May I know whether the Government of India are free to appoint Agents, without reference to Colonial Office of Great Britain ?

Sir Girja Shankar Bajpai: We have to consult the Colonial Office before appointments can be made.

Mr. S. Satyamurti: Is there any provision of the Government of India Act, 1919 or 1935, which requires the Government of India to consult the Colonial Office of Great Britain with respect to appointment of Agents in other countries where Indians are settled whose interests in the judgment of the Government of India deserve the appointment of an Indian Agent ? If there are no provisions in the Government of India Act, is there any convention to the effect that permission of the Colonial Office should be taken before making such appointments ?

Sir Girja Shankar Bajpai: It is the universal convention that before you appoint Agents in other countries, you have to consult the Government of the countries concerned. As regards the Colonies, if the Government of India want to appoint an Agent, they have to consult the Colonial Office.

FINAL REGISTERED ACCOUNTANTS EXAMINATION.

876. *Mr. S. Satyamurti : (a) Will the Honourable Member for Commerce be pleased to state the total number of candidates who appeared for Final Registered Accountants Examination in 1935, 1936 and 1937 and the number of passes each year and percentage thereof ?

(b) Will Government be pleased to state the reason for the low percentage of passes ?

(c) Is it not a fact that the candidates appearing for this examination are not new entrants but those who have been appearing over and again and that they are also practical men belonging to audit profession ?

(d) What is the percentage of passes in highest professional examinations in the United Kingdom, *i.e.*, Chartered and Incorporated Accountants Examination (Official figures : 40 to 45 per cent.) ?

(e) Are Government prepared to give some more chances to failed Registered Accountants candidates with or without articles in view of changed rules to appear for Final Registered Accountants Examination by amending the rules ? If not, why not ?

(f) Have Government received any memorial from the Registered Accountant Students' Union, Madras, through the Local Government, and what do Government propose to do in this matter ?

(g) Do Government propose to consider the advisability of publishing a Blue Book on the working of the Indian Accountancy Board in order to provide the public authentic information ?

The Honourable Sir Saiyid Sultan Ahmad : (a)

Year.	No. appeared.	No passed.	Percentage.
1935	178	11	6·2
1936	174	26	14·9
1937	191	19	9·9

(b) Obviously the candidates were not up to the requisite standard.

(c) Most of the candidates who appeared at the Final Examination, during these years, were persons who had failed at the Government Diploma Examination in Accountancy held by the Accountancy Diploma Board, Bombay, in the years 1932, 1933 and 1934. Government have no information as to whether these candidates are actively engaged in the audit profession.

(d) Government have no information.

(e) No ; in the interests of the profession no further relaxation of the Rules is considered justified.

(f) No, but a representation was addressed direct to the Central Government. It was carefully considered but as stated, in reply to (e), no further relaxtion of the Rules was considered justified.

(g) Government will consider the suggestion. Last year a Press note was issued giving information about the working of the Indian Accountancy Board.

SPECIAL TAX ON INDIAN REFRESHMENT ROOMS ON THE NORTH WESTERN RAILWAY.

877. *Dr. Ziauddin Ahmad : (a) Will the Honourable Member for Commerce and Railways please state whether it is a fact that the North Western Railway Administration is contemplating charging a special tax on Indian refreshment rooms ?

(b) Will the tax be levied on all the contractors of refreshment rooms, vendors and ice-vendors ?

(c) Is it not contrary to the undertakings given by the Railway Member on the floor of this House, and in the Central Advisory Committee ?

The Honourable Sir Saiyid Sultan Ahmad : (a) and (b). The charging of a special tax is not contemplated. It is possible, however, that the Honourable Member is referring to a proposal which is under consideration to call for tenders from approved contractors for the platform vending rights at stations on the North Western Railway. On the assumption that the Honourable Member is referring to this matter, I am laying on the table an extract from the proceedings of the North Western Railway Advisory Committee held on the 9th October, 1936, when this proposal was considered by the Committee.

(c) Not that I have been able to trace.

Extract from the Proceedings of the 152nd Meeting of the North Western Railway Advisory Committee held on the 9th October, 1936.

SUPPLEMENTARY AGENDA.

12. Subject No. I.—Settlement of vending contracts by the tender system. (By the chairman).

The chairman asked the committee to give their views on the suggestion that vending contracts at stations should be sold or that the railway should levy a tax for vending facilities provided at stations. He explained that in addition to allotting vending contracts free of charge, certain accommodation is also given free of rent or on nominal rent and that such contracts which are of the nature of monopolies in railway station premises can be considered to have an appreciable revenue value to the railway without detriment to the public. The members considered that the railway should take steps to sell these contracts by tender in future ; that lists of approved contractors should be maintained and that the call for tenders should be limited strictly to those contractors on the approved list or lists. The committee further considered that the interests of the public could be safeguarded by terms in the contract on the lines of the present contract terms. They expressed the opinion that individual contractors are required at large stations but that for smaller stations divisions can be

The Honourable Sir Nripendra Sircar: The reasons are given in answer to part (c).

Mr. S. Satyamurti: No reasons are given there, but a reference is only made to a speech in the course of the debate. I am asking with regard to events which happened subsequently, *i.e.*, why in coming to the conclusion that they need make no rule at present they did not consult the Honourable the President from whom the suggestion originated in the course of the debate in this House.

Mr. President (The Honourable Sir Abdur Rahim): I do not think that can be asked. In the course of the debate on Sardar Sant Singh's motion I threw out certain suggestions for the Government to consider them. When the matter was brought up in the form of a Resolution the House would not accept the proposals made by Government and they wanted modifications which Government did not agree to. The position now is, as I understand from the Leader of the House, that Government are not now agreeable to lay down any rule relating to the discussion of questions of privilege, their original proposals having been negatived.

Mr. S. Satyamurti: I am only asking why, in coming to their conclusion not to make any rules, Government did not consult the Honourable the President.

The Honourable Sir Nripendra Sircar: From the amendments which were carried in the House we know that nothing but a change of rules in the terms of those amendments will satisfy the House; and I gave reasons in my speech as to why they were not acceptable to Government. It is no good consulting any further.

APPOINTMENT OF A PERMANENT TARIFF BOARD.

879. ***Mr. S. Satyamurti**: Will the Honourable Member for Commerce and Railways be pleased to state:

(a) the number of *ad hoc* Tariff Boards appointed during the last five official years, the subjects referred to them, the personnel of these Tariff Boards, the results of their enquiry and the action taken thereon; and

(b) whether Government propose to appoint a permanent Tariff Board consisting of persons of the status of Judges of High Court with a view to inspire public confidence, and if not, why not?

The Honourable Sir Saiyid Sultan Ahmad: (a) I lay on the table a statement giving the information asked for. Detailed recommendations of the Tariff Board on each enquiry are set out in the Reports, copies of which are in the Library.

(b) No, Sir. Government have no reason to believe that the personnel selected for the Tariff Boards in the past has not inspired public confidence. In this connection I would invite attention to the debate on the adjournment motion moved and withdrawn by the Honourable Member on the 1st of September, 1936, in this House.

Statement showing the enquiries made by the Tariff Board during the past 5 years and the action taken by the Government of India thereon.

No. of *ad hoc* Tariff Boards appointed during the 5 years ending March, 1937.	Subject of Enquiry.	Personnel.	Recommendation made by the Tariff Board and the action taken by the Government of India thereon.
1	2	3	4
11	1. Additional protection to the Cotton Textile Industry. (1932).	Dr. J. Matthai, President. Mr. Fazal Ibrahim Rahimtoola and Mr. G. T. Boag, C.I.E., I.C.S. Members.	Recommended grant of additional protection. Import duties were increased by Notification No. 341-T.(164), dated the 30th August, 1932.
	2. Protection to the Glass Industry (1932).	President and Members as above. Mr. G. S. Bozman, Secretary. Mr. F. W. Hodkin, B. Sc., F.I.C., Technical Adviser.	Recommended protective duties on certain glass manufactures. The Board's investigation however showed that the industry is dependent on imported Soda ash which represents over 70 per cent of the cost of raw materials. The Government of India were not therefore satisfied that the conditions laid down by the Fiscal Commission for the grant of protection were fulfilled by the industry. Pending development of indigenous sources of soda ash a rebate of import duty was however granted in respect of soda ash required by glass factories. Resolution No. 458-T.(14), dated the 22nd June, 1935.

divided into sections and each section let to a single contractor. It was suggested that proceedings of the Vending Sub-Committee of the Advisory Committee, which sat about two years ago, should be examined in this connection.

The chairman explained that no decision had been reached but he had put this subject on the agenda for unofficial discussion in order to obtain their views.

Mr. Lalchand Navalrai : Is the Honourable Member aware that the Central Advisory Council decided that there will be only nominal rent on the refreshment rooms and reasonable fees on stalls ?

The Honourable Sir Saiyid Sultan Ahmad : I have come to know about it only this morning from the Honourable Member.

Mr. Lalchand Navalrai : Is the Honourable Member also aware that in view of that Resolution, the charges that are now proposed are too exorbitant and unequal ?

The Honourable Sir Saiyid Sultan Ahmad : That I cannot say.

Dr. Ziauddin Ahmad : Are Government aware that the North Western Railway administration is now looking into the accounts of the refreshment rooms with a view to charging them a percentage on the profits ?

The Honourable Sir Saiyid Sultan Ahmad : I have no information.

Mr. Lalchand Navalrai : Is the Honourable Member aware that the assessment of this rent and stall fees should be levied by the Agents with the concurrence of the Advisory Committees ?

The Honourable Sir Saiyid Sultan Ahmad : I can give no final assurance on that point, but the Central Advisory Council is meeting on the 2nd October, and the Honourable Member may bring up that matter before it.

Mr. S. Satyamurti : Will Government consider the desirability of having no discrimination between Indians and Europeans in the matter of refreshment rooms and charging rents for them ?

The Honourable Sir Saiyid Sultan Ahmad : Certainly, Sir.

Pandit Lakshmi Kanta Maitra : What did the Honourable Member mean by the phrase " approved contractors " ?

The Honourable Sir Saiyid Sultan Ahmad : Approved contractors are those who are approved by the administration.

Pandit Lakshmi Kanta Maitra : Is it a fact that for these vending contracts tenders were called for over the whole of the North Western Railway ? If so, what is exactly meant by saying that contracts are called for from approved contractors ?

The Honourable Sir Saiyid Sultan Ahmad : Those who are considered reliable by the administration and those who will be able to perform their part of the contract.

PROPOSED AMENDMENT OF THE RULES TO ENABLE THE LEGISLATIVE ASSEMBLY TO DISCUSS MATTERS OF PRIVILEGE.

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

(a) whether Government have considered the result of the voting of the House on the proposed amendment of the rules to enable the House to discuss matters of privilege with precedence over other business ;

(b) whether Government propose to carry out the vote of the House as expressed on Sardar Sant Singh's amendment ; and

(c) if not, why not ?

The Honourable Sir Nripendra Sircar : (a) Yes.

(b) No.

(c) For the reasons indicated by me in the course of the debate on the Resolution and on Sardar Sant Singh's amendment thereto.

Mr. S. Satyamurti : May I know whether Government propose to make any rule on this matter, with regard to the discussion of questions of privilege on the floor of this House ?

The Honourable Sir Nripendra Sircar : As at present advised, the answer is in the negative.

Mr. S. Satyamurti : May I know whether the result of it is that the position will remain exactly as it is today, that is to say, giving no opportunity to the House to discuss questions of privilege ?

The Honourable Sir Nripendra Sircar : I do not admit the last part of the statement in the question but, as I have said, I cannot add anything further. At the present moment there is no desire to move any Resolution or to change any rules.

Mr. S. Satyamurti : In view of the fact that the suggestion was thrown out by the Chair in the course of the discussion on Sardar Sant Singh's motion, may I know whether in coming to the conclusion to make no rules at present on the matter, Government consulted the Honourable the President of this Assembly ?

The Honourable Sir Nripendra Sircar : No, Sir. Before we moved our Resolution there were certain consultations.

Mr. S. Satyamurti : I am asking with regard to events after the passing of that Resolution by this House.

The Honourable Sir Nripendra Sircar : I have answered that in the negative.

Mr. S. Satyamurti : May I know why Government came to the conclusion to make no rules without consulting the Honourable the President of the Assembly ?

No. of *ad hoc* Tariff Boards appointed during the 5 years ending March, 1937.	Subject of Enquiry.	Personnel.	Recommendation made by the Tariff Board and the action taken by the Government of India thereon.
1	2	3	4
	3. Continuance of protection to the Cotton (Textile) Industry (1932).	Dr. J. Matthai, President. Mr. Fazal I. Rahimtoola, Mr. G. T. Boag, C.I.E., I.C.S. Members.	Protection recommended and granted. Indian Tariff (Textile Protection) Amendment Act, 1934.
	4. Protection to the Sericultural Industry (1933).	Mr. Fazal I. Rahimtoola, President. Mr. G. T. Boag, C.I.E., I.C.S., Mr. H.R. Batheja, I.E.S. Members.	
	5. Continuance of protection to the Iron and Steel Industry (1934).	Dr. J. Matthai, President. Mr. G. Wiles, C.S.I., C.I.E., I.C.S., Mr. G. A. Natesan Members.	Continuance of protection recommended and granted. Indian Iron and Steel Duties Act, 1934.
	6. Removal of tariff inequality in respect of Carbon Brushes and Healds and Reeds (1934).	Dr. J. Matthai, President. Mr. G. Wiles, C.S.I., C.I.E., I.C.S., Mr. G. A. Natesan Members.	The Board recommended a reduction in the duty on Carbon blocks from 25% to 15% *ad val.* This was done by a notification issued under section 23 of the Sea Customs Act. In respect of healds the Board recommended an increase in the import duty. Its calculations were however based on the assumption that imported yarn was used by Indian manufacturers while the evidence showed that suitable and cheaper yarn can be supplied by Indian mills. Moreover the representations of the applicant firms were aimed at securing substantial protection rather than the removal of tariff inequality and on the evidence before them Government were unable to accept the Board's finding. For reasons similar to the last one Government were also unable to accept the recommendation of the Tariff Board for an increase in the customs duty an imported reeds :—Resolution No. 38-T.(10), dated the 23rd March, 1935.
	7. Removal of tariff inequality in respect of shuttles (1935).	Mr. G. Wiles, C.S.I., C.I.E., I.C.S., President. Mr. Fazal I. Rahimtoola, Mr. H. R. Batheja Members.	The Board found that the claim was not substantiated. This finding was accepted by Government.
	8. Protection to the Woollen Textile Industry (1935).	President and Members as above. Mr. J. Addyman, Technical Adviser.	Protective duties were recommended on certain woollen manufactures. The Board's analysis however showed that the industry was divided into two main branches, *viz.*, worsted and woollen. The former was handicapped by the comparative smallness of the home market and was dependent for the most part on imported raw material. Government therefore decided that this Branch did not satisfy the most important condition laid down by the Fiscal Commission for the grant of protection.

Mr. S. Satyamurti : With reference to clause (b), may I know whether, apart from the personnel, Government have considered the desirability of having a permanent Tariff Board, so that there may not be necessity each time for taking *ad hoc* men from time to time ?

The Honourable Sir Saiyid Sultan Ahmad : I would invite attention to the debate on the adjournment motion moved and withdrawn by the Honourable Member on the 1st September, 1936, in this House, in which this very point was discussed.

Mr. S. Satyamurti : Have Government reconsidered the question, since that date ?

The Honourable Sir Saiyid Sultan Ahmad : No, Sir.

Mr. S. Satyamurti : Are Government aware of the dissatisfaction in the country over the recommendations of what is known as the Murray Committee ?

The Honourable Sir Saiyid Sultan Ahmad : No, Sir.

Mr. S. Satyamurti : May I know whether Government have examined the question from the point of view suggested in clause (b) of the question, since September, 1936 ?

The Honourable Sir Saiyid Sultan Ahmad : No, Sir.

Mr. S. Satyamurti : May I know why they have not re-examined the question ?

The Honourable Sir Saiyid Sultan Ahmad : We have examined the point of view and we have found that there is no dissatisfaction.

NEGOTIATIONS FOR AN INDO-BRITISH TRADE AGREEMENT.

880. ***Mr. S. Satyamurti** : Will the Honourable Member for Commerce and Railways be pleased to state :

(a) whether his attention has been drawn to a message published in the *Hindustan Times*, dated the 11th September on page 1 entitled " Indo-British Trade Talks " ;

(b) whether it is a fact that before the Indo-British Trade talks were postponed in August last, little or no progress had been made in the settlement of important issues ;

(c) whether it is a fact that the non-official advisers desire to return to India as early as possible as the negotiations are yielding no results ;

(d) whether it is a fact that the main hitch in these negotiations hitherto has been in regard to jute and cotton piece-goods ;

(e) whether the British Delegation desires to commit Indian advisers to voluntary reduction in exports of jute and especially of jute manufacturers, as the Dundee interests have been clamouring for an import duty on Indian jute manufactures ;

(f) whether the Government of India have been consulted on this matter, and have given any instructions to the Indian Delegation, and if so, what they are ;

(g) whether the British textile interests incidentally demand a complete abolition of duty of Lancashire imports of textiles into India or in the alternative a substantial reduction in the duty which has been already reduced from 25 to 20 per cent. last year in pursurance of the Murray Report ;

(h) whether the Indian advisers have definitely refused to agree to this demand and whether Government have given them any definite instructions on this matter ;

(i) when Government expect the negotiations to be over ; and

(j) whether before concluding any agreement with Great Britain on this and other allied matters the Government will fulfil their pledges to the House and take the verdict of the House and act accordingly ; and if not, why not ?

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

(b) to (h). Government are not prepared during the course of the negotiations to make public details relating to progress, the nature of the proposals put forward by either party, their instructions to their delegate, or the advice tendered by the non-official advisers, etc., etc.

(i) The Honourable Member is referred to the reply given by me to part (a) of Mr. Mohan Lal Saksena's starred question No. 225 in this Session.

(j) The Honourable Member is referred to the replies given by me to part (e) of his own starred question No. 15 and its supplementaries in this Session. Government have given no pledges whatsoever.

Mr. S. Satyamurti : With reference to the answer to clause (i) of the question, may I know whether Government expect to be in a position to make at least an *interim* statement to this House, before the Session concludes ?

The Honourable Sir Saiyid Sultan Ahmad : No.

Mr. S. Satyamurti : With reference to the answer to clause (j) of the question and the information that he gave that Government have given no pledges whatever—I will not pursue the matter now as it is not proper at question time—I am asking whether Government definitely refuse now to commit themselves to take the verdict of the House, before they come to any agreement with Great Britain ?

The Honourable Sir Saiyid Sultan Ahmad : Government have not come to any conclusion whether they will consult or abstain from consulting the Assembly.

Mr. S. Satyamurti : Since we are drawing to the close of the Session, I am asking in the terms of the question whether Government definitely refuse to give an undertaking to this House that, before they come to any conclusion, they will consult and take the verdict of the House, and abide by it.

The Honourable Sir Saiyid Sultan Ahmad : I am afraid I must repeat my answer—I can give no further information. Government have not come to any conclusion whether they will consult or abstain from consulting the Assembly.

No. of *ad hoc* Tariff Boards appointed during the 4 years ending March 1937.	Subject of Enquiry.	Personnel.	Recommendation made by the Tariff Board and the action taken by the Government of India thereon.
1	2	3	4
			As regards the woollen branch a very important section representing at least 50% of its production did not place its case before the Tariff Board. Government therefore decided to defer action on this part and to give an opportunity to the interests concerned to substantiate their case if they so desired. In the meantime a grant of Rs. 5 lakhs spread over 5 years was sanctioned for the benefit of the Cottage and small scale woollen industries. Resolution No. 9-T.(7)/35, dated the 23rd January, 1936.
	9. Classification of paper (1936) ..	Mr. Fazal I. Rahimtoola President.	
		Mr. H. R. Batheja ..Member	The Board's recommendations in connection with the re-classification of certain varieties of paper were accepted by Government and given effect to by the issue of executive instructions to Customs Officers. Resolution No. 202-T.(3)/35, dated the 28rd May, 1936.
	10. Level of duties necessary to provide adequate protection to the Indian Cotton Textile Industry against imports from the United Kingdom (1936).	Sir Alexander Murray, Kt., C.B.E., President. Mr. Fazal I. Rahimtoola, Dewan Bahadur A. Ramaswamy Mudaliar. Members. Rai Bahadur H. Mookerjee, A.M.C.T. (Manchester), Technical Adviser. Mr. C. M. Ker, I.C.S., Secretary.	The Board recommended a reduction in the protective duties on certain varieties of piece-goods of United Kingdom origin. The recommendations were accepted by Government and effect was given to them by the issue of a notification under section 4 of the Indian Tariff Act. Resolution No. 341-T.(10)/36, dated 25th June, 1936.
	11. Enquiry to ascertain the extent of protection required by the Indian sugar industry from 31st March. 1938 to 31st March, 1946.	Sir Geoffrey Bracken, K.C.I.E., C.S.I., I.C.S., President. Mr. Fazal I. Rahimtoola, Dr. L.C. Jain, M.A., Ph. D., D.Sc., Econ. (London) Members. Mr. K. B. Bhatia, I.C.S., Secretary.	The enquiry is in progress.

Mr. S. Satyamurti : May I know, in view of the fact that the Session is concluding in a week or so, and we shall not meet again till the third week in January or thereabouts, whether Government propose to postpone any decision of this question till the Assembly meets ?

The Honourable Sir Saiyid Sultan Ahmad : I regret I cannot add to my answer already given.

Seth Govind Das : Have Government received any further information as to when this agreement is going to be concluded ?

The Honourable Sir Saiyid Sultan Ahmad : No.

Seth Govind Das : May I take it that Government propose to come to conclusions without consulting this House ?

The Honourable Sir Saiyid Sultan Ahmad : I cannot add to the answer already given.

Mr. K. Santhanam : With reference to the answer to part (c), have the Government now ascertained the reasons why Dr. Subbarayan has not proceeded to England ? We were told some days ago that they had not ascertained. I want to know now whether they have now ascertained.

The Honourable Sir Saiyid Sultan Ahmad : The question here is as regards non-official advisers desiring to return to India : there is no question with respect to any one going from India.

INCONVENIENCE DUE TO THE CLOSING OF THE LEVEL CROSSING GATES TO THE WEST OF PATNA JUNCTION RAILWAY STATION.

881. ***Mr. S. Satyamurti** (on behalf of Mr. Satya Narayan Sinha) : (a) Is the Honourable Member for Commerce and Railways aware of the serious trouble which is caused to the general public of Mithapur area in Patna town on account of the long closings of the gates of the railway level crossing just to the west of the Patna junction railway station ?

(b) Have Government taken any action to remove that trouble ? If not, do they propose to take any action now ?

The Honourable Sir Saiyid Sultan Ahmad : (a) and (b). As a result of a meeting between the Director of Industries, Bihar, East Indian Railway officials and some members of the public on June, 23rd, 1937, orders have been issued which, it is hoped, will reduce detention to road traffic at this crossing.

GRIEVANCES OF OWNERS OF *Ekkas* AND TONGAS AT LUCKNOW JUNCTION AND BENARES CANTONMENT STATIONS.

882. ***Mr. Mohan Lal Saksena** : (a) Will the Honourable Member for Commerce and Railways be pleased to state whether it is a fact that at Lucknow junction and Benares Cantonment stations the *ekka* and *tonga-wallas* have to pay the police-men on duty a pice or so each time that they get a hire in addition to the payment to the railway contractor ? If so, do Government propose to take necessary steps so that the practice may be stopped ?

(b) Are Government prepared to draw the attention of the station superintendents to this grievance of the *ekka* and *tonga-wallas* and to see that they are not unnecessarily harassed ?

The Honourable Sir Saiyid Sultan Ahmad : (a) and (b). The Honourable Member's attention is invited to the reply I gave on the 13th instant to part (d) of Mr. Sri Prakasa's starred question No. 464. The matter will be considered on receipt of the information which has been called for.

QUARTERS PROVIDED FOR THE MEMBERS OF THE INDIAN LEGISLATIVE ASSEMBLY IN SIMLA.

883. ***Babu Kailash Behari Lal** : (a) Will the Honourable the Leader of the House be pleased to state if it is not a fact that the number of quarters provided for the Members of the Assembly in Simla is less than what is required having regard to the actual number of Members ?

(b) Are Government aware that on account of the paucity of accommodation in Simla even on rent the Members are put to much inconvenience ?

(c) Are Government aware that Members coming with their families are allotted accommodation in barracks like that of Longwood Range which are not suitable for Indian families at all ?

(d) Are Government aware that the so called orthodox quarters at Longwood Range have got latrines adjacent to the bed rooms which no orthodox Indian tolerates ?

(e) Are Government aware that commodes of the so-called European style are provided in the quarters at Longwood which are classed as orthodox type of quarters ?

The Honourable Sir Nripendra Sircar : (a) Yes.

(b) No.

(c) The quarters set apart for Members are allotted by ballot and the Longwood Range quarters are regarded for this purpose as orthodox quarters. Government are not aware that Longwood Range quarters are unsuitable for Indian families, as Members with families have lived there in the past and no complaint has ever been received. No separate quarters are set apart for Members bringing their families but such Members are given preference in the ballot over joint or single applicants and it is for the Member who is allotted a quarter to accept it or not.

(d) A furnished bathroom is attached to each quarter. Hitherto no objection has been raised to this.

(e) Yes.

Seth Govind Das : Since Government accept that the number of quarters in Simla is less than the number of Members, do Government think it proper not to hold any more Sessions of the Assembly in Simla but hold both the Sessions in Delhi ?

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

Seth Govind Das : It arises out of this question, Sir, as there is a deficiency of quarters.

Babu Kailash Behari Lal : To whom has a Member to complain regarding any inconvenience in the matter of accommodation ?

The Honourable Sir Nripendra Sircar : I have said that we have received no complaints.

Mr. Badri Dutt Pande : Is it the intention of the Government to introduce the flushing system, as this commode system is both unscientific and unsuitable for orthodox people ?

The Honourable Sir Nripendra Sircar : I cannot say.

Mr. Lalchand Navalrai : May I know if it is a fact that the bath rooms are very near the sitting rooms and if so, will the Honourable Member make some arrangement by which this may be improved ?

The Honourable Sir Nripendra Sircar : Perhaps then the complaint may be that the bath rooms are too far off.

Babu Kailash Behari Lal : Do I understand that a Member has to complain to the Honourable the Leader of the House regarding inconvenience of accommodation ?

The Honourable Sir Nripendra Sircar : That is a complete misunderstanding.

Babu Kailash Behari Lal : I personally made a complaint to the President of the House Committee and I put a question whether the House Committee sat last year or not, and that question was rejected. May I know whether my petition was forwarded to the Leader of the House ?

The Honourable Sir Nripendra Sircar : No petition has been forwarded.

†884*—885*.

RUNNING OF DIRECT TRAINS BETWEEN PATNA AND JAMSHEDPUR.

886. ***Mr. Ram Narayan Singh** : Is the Honourable Member for Commerce and Railways aware of the fact that railway journey from Jamshedpur to Patna and from Patna to Jamshedpur takes a lot of time and requires several changes at several junctions, and if so, is he prepared to ask the Railway authorities concerned to make an immediate arrangement for running a train or two directly between Patna and Jamshedpur every day ?

The Honourable Sir Saiyid Sultan Ahmad : Yes, but the running of particular services is a matter primarily for consideration of Railway Administration, taking into account the needs of the traffic offering. I am, however, sending a copy of this question and of my reply to the Agents of the East Indian and Bengal Nagpur Railways for consideration.

†For these questions and replies thereto, *see* pages 2661-62 of these Debates.

Mr. Ram Narayan Singh : May I know whether the Honourable Member will send his own recommendation for this purpose along with the question ?

The Honourable Sir Saiyid Sultan Ahmad : I have given the answer. I will send the question with my reply.

PERCENTAGE OF MUSLIMS IN VARIOUS BRANCHES OF RAILWAY SERVICES.

887. ***Maulvi Muhammad Abdul Ghani** : (a) Will the Honourable Member for Commerce and Railways be pleased to state whether he has seen the statement I regarding the communal composition of superior and subordinate Railway services for the periods ending 31st March, 1935, 1936 and 1937 submitted by the various Railway Companies under the Government of India, Home Department, Resolution No. F. 14|17-B.|33, dated the 4th July, 1934, and also the Railway Board Resolution No. E.-34-C.M.|113, dated the 12th December, 1934 ?

(b) If so, will he please state the percentage of Muslims in various branches of the said services during the said periods ?

The Honourable Sir Saiyid Sultan Ahmad : (a) I have seen statement No. I, regarding the communal composition of superior and subordinate Railway services for the period ending 31st March, 1935, prepared under the Resolutions referred to by the Honourable Member. A statement for the period ending 31st March, 1936, is under compilation. Figures for a statement for the period ending 31st March, 1937, are being obtained.

(b) I would refer the Honourable Member to my reply to his unstarred question No. 120 asked by him on the 21st September, 1937, in this House, which gives the available information with Government.

TOLLS REALISED ON THE SONEPORE RAILWAY BRIDGE.

888. ***Maulvi Muhammad Abdul Ghani** : Will the Honourable Member for Commerce and Railways please state :

(a) the total expenditure on the Sonepore Railway Bridge over Bengal and North Western Railway ;

(b) the proportionate expenditure for the foot paths on either side of the said bridge ;

(c) the total amount of tolls realised by the Bengal and North Western Railway Company till 31st April, 1937 ; and

(d) whether any resolution regarding the abolition of tolls on the said bridge was passed by the Bihar and Orissa Legislative Council ; if so, the result of the said resolution ?

The Honourable Sir Saiyid Sultan Ahmad : (a), (b) and (c). The attention of the Honourable Member is invited to the answer given in this House on the 15th September, 1924, to parts (b) and (c) of Mr. Gaya Prasad Singh's starred question No. 1907. Information collected by Government for the purpose of a memorandum prepared in 1934 showed that the average annual receipts from tolls amounted to Rs. 15,425. The exact amount recovered up to 30th April, 1937, is not known.

(d) Government have no information. Attention is invited to letter No. 826-C. Ry./V.T.-1 of 1924, dated the 30th September, 1924, from the Government of Bihar and Orissa, a copy of which was placed on the table on 22nd January, 1925, in reply to Mr. Gaya Prasad Singh's question No. 4. No further reference on the subject has since been received from that Government.

APPOINTMENT TO THE POST OF SUPERINTENDENT OF INSURANCE.

889. ***Mr. G. V. Deshmukh**: Will the Honourable Member for Commerce and Railways be pleased to state :

(a) how many Indians have acquired qualifications as Actuaries ;

(b) how many of them are Associates and how many of them are Fellows, either of the Institute of Actuaries (England), or the Faculty of Actuaries (Scotland) ;

(c) if Government will give preference to such of the Indian Actuaries as are Fellows of either of the two bodies in the matter of the appointment of the Superintendent of Insurance ; and

(d) if Government are prepared to accept the principle that no person who is a Fellow of either of the two Associations will be eligible for the post of the Superintendent of Insurance ?

The Honourable Sir Saiyid Sultan Ahmad: (a) and (b). As far as Government are aware there are—

five Fellows of the Institute of Actuaries, London,

one Fellow of the Faculty of Actuaries in Scotland, and

fifteen Associates of the Institute of Actuaries, London.

(c) and (d). The Honourable Member is referred to the speeches of the Honourable the Law Member and Mr. S. C. Sen on page 903 of the debates of this House, dated the 31st August, 1937, and to my replies to question No. 364 asked by Mr. Badri Dutt Pande on the 8th September, 1937, and its supplementaries.

ATTEMPT TO DERAIL THE GAYA-MONGHYR PASSENGER TRAIN.

890. ***Babu Kailash Behari Lal**: Will the Honourable Member for Commerce and Railways be pleased to state :

(a) if it is a fact that on the morning of 13th September, 1937, an attempt was made to derail the Gaya-Monghyr passenger train and the situation was saved by the pluck of the driver ;

(b) if the authorities have been able to find out the culprit ; and

(c) if the authorities have instituted any enquiry into this incident ?

The Honourable Sir Saiyid Sultan Ahmad: (a) From enquiries which I have made, I learn that the Railway Administration have no knowledge of any such accident.

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

EMPLOYMENT OF INDIANS IN THE LEAGUE OF NATIONS OFFICES.

891. ***Mr. C. N. Muthuranga Mudaliar** : (a) Will the Honourable the Leader of the House be pleased to state if any action has been taken on previous questions and Resolutions in the Assembly with reference to the increased employment of Indians in the League of Nations offices and the International Labour office in Geneva, as well as any other offices to the upkeep of which India contributes in any way ?

(b) Will the Honourable Member please lay on the table of the House a copy of the Establishment List of the League and the International Labour offices in Geneva and state how many Indians are employed there at present and on what pay ?

(c) Are Government prepared to consider the advisability of taking steps to see that retired Indian officials who express a desire to serve in the League offices are given every facility for such employment there ? If not, why not ?

The Honourable Sir Nripendra Sircar: (a) If the Honourable Member had studied the answers given to the previous questions to which he refers, he would have been aware that the answer is in the affirmative.

(b) The staff list of the League Secretariat, International Labour Office and other allied organisations is published annually in the official journal of the League, copies of every issue of which are placed in the Library immediately on their receipt. The staff list for 1937 has not yet been published. The Honourable Member will find the staff list for 1936 on pages 1098 to 1130 of the official journal for October, 1936.

The number of Indian employees has increased since the staff list for 1936 was issued and the latest information available was given in detail in my reply to part (b) of Mr. Satyamurti's starred question No. 210 on the 31st August, 1937. The pay of all ranks of the League establishment will be found in the staff list but I am unable to state the pay of Indians entertained since the list for 1936 was issued.

(c) In any suitable case Government would be glad to bring an application of this nature to the notice of the appropriate authority.

Sir H. P. Mody: In view of the fact that Sir Frank Noyce and I had recently a discussion with the Director of the International Labour Office on the question of the larger employment of Indians in the League and the International Labour Secretariat and favourable consideration was promised to our representations, will the Government of India be pleased to pursue the matter further ?

The Honourable Sir Nripendra Sircar: In answer to previous answers given in the regrettable absence of Sir Homi Mody, I replied that we have pursued that matter, and we have done all that is possible.

RE-EMPLOYMENT OF EUROPEAN INDIAN CIVIL SERVICE OFFICERS AFTER RETIREMENT.

892. ***Mr. C. N. Muthuranga Mudaliar** : Will the Honourable the Leader of the House be pleased to state if it is a fact that many European Indian Civil Service officers after retirement are re-employed in Indian States and elsewhere ?

The Honourable Sir Nripendra Sircar : The question should have been addressed to the representative of the Home Department.

CONSTRUCTION OF THE PATNA JUNCTION RAILWAY STATION.

893. ***Babu Kailash Behari Lal** : Will the Honourable Member for Commerce and Railways be pleased to state :

(a) with reference to the answer given by Government during the last Delhi Session regarding the construction of the Patna junction Railway station, as to how far the construction of the building has progressed ;

(b) if it is not a fact that the building is not likely to be completed during the current year as given out by Government ; and

(c) if the building is being constructed through a contractor, who is the contractor ?

The Honourable Sir Saiyid Sultan Ahmad : (a) Brickwork is approaching completion on two out of the four masonry blocks. Work cannot be started on the two remaining blocks till the first two blocks are finished.

(b) Probable date of completion is expected to be July, 1938.

(c) Udham Das.

Babu Kailash Behari Lal : What is the answer to part (c) of the question ?

The Honourable Sir Saiyid Sultan Ahmad : Udham Das.

Babu Kailash Behari Lal : From which province he comes ?

The Honourable Sir Saiyid Sultan Ahmad : I do not know.

Babu Kailash Behari Lal : The Honourable Member has given his answer with reference to part (c), but I want to know from which province the contractor comes ?

The Honourable Sir Saiyid Sultan Ahmad : I cannot say.

ASSAULT OF AN INDIAN GOVERNMENT SERVANT IN THE VIZAGAPATAM PORT.

894. ***Mr. K. S. Gupta** : Will the Honourable Member for Commerce and Railways state :

(a) whether an Indian servant of Government was assaulted recently by the agents' representative of a ship in the Port of Vizagapatam who is an Englishman and a guest of the Traffic Manager of the Port of Vizagapatam ;

(b) whether the matter was reported to the Traffic Manager, who in turn instead of safeguarding the interests of his subordinate said that the aggressor was justified in taking the law into his own hands ;

(c) whether the aggrieved person demanded an enquiry and whether the Traffic Manager threatened the aggrieved with dismissal in case of further pressure for enquiry ; and

(d) whether the Honourable Member propose to give necessary instructions to safeguard the interests of the subordinate staff (outdoor) who go to the moorings even at nights ?

The Honourable Sir Saiyid Sultan Ahmad : With your permission, Sir, I propose to answer questions bearing serial Nos. 894, 895 and 896 together.

The information is being called for, and a reply will be laid on the table in due course.

RACIAL DISCRIMINATION IN THE SUPERVISORY CADRE IN THE VIZAGAPATAM PORT.

†895. ***Mr. K. S. Gupta** : Will the Honourable Member for Commerce and Railways state :

(a) whether appointments are being made to the supervising cadre in the Port of Vizagapatam on the principle of racial preference or on the principle of efficiency coupled with seniority ;

(b) whether it is a fact that one Mr. J. A. D'Costa—a typist in the Traffic Manager's office is appointed to officiate as a Junior Assistant Quay Foreman, while there are many Indian subordinates of the outdoor section who are qualified for the job ;

(c) what are the educational or technical qualifications of the supervising staff of the Port of Vizagapatam—(i) Quay Foreman, (ii) Assistant Quay Foreman, and (iii) Boat overseer ;

(d) what are the educational qualifications of the Indian Tally Clerks :

(e) whether it is a fact that the whole responsible outdoor work is done by Tally Clerks only ;

(f) whether the Honourable Member is aware that Indian employees in Supervising Cadre and in sheds were not allowed to draw their salaries according to the approved scales of pay ;

(g) whether it is a fact that the claims of Tally Clerks are always overlooked when vacancies occur in the Supervising staff of the outdoor work ; and

(h) whether Government are aware that there is differential treatment by the traffic authorities with regard to distribution of work, giving leave, and giving time compensation off, between the Anglo-Indians and Indians of the outdoor section ; if so, the reason why there should be any differential treatment ?

†For answer to this question, *see* answer to question No. 894.

DENIAL OF PROVIDENT FUND BENEFITS TO WORKERS IN THE VIZAGAPATAM PORT.

†896. ***Mr. K. S. Gupta** : Will the Honourable Member for Railways and Commerce state whether he is aware that the benefits of the Provident Fund are denied to several workers in the employment of the Vizagapatam Port ?

BENEFITS OF PROVIDENT FUND TO THE TRAIN LIGHTING STAFF ON THE NORTH WESTERN RAILWAY.

897. ***Mr. Sham Lal** : Will the Honourable Member for Commerce and Railways be pleased to state :

(a) whether it is a fact that the train lighting inferior staff on line of the North Western Railway is monthly rated and the train lighting workshop staff is daily rated ;

(b) whether the train lighting inferior staff on line is not allowed to enjoy the benefit of provident fund, whereas the train lighting workshop staff are entitled to the benefit of provident fund ;

(c) whether it is a fact that in 1936 the Honourable Member for Commerce and Railways replying to a question in the Assembly said that the question of allowing the train lighting inferior staff on line the benefit of provident fund could not be considered then as there was a deficit in the railway budget ; and

(d) if the reply to the preceding part be in the affirmative, whether Government are now prepared to consider the question when the earnings of the railways have considerably gone up ?

The Honourable Sir Saiyid Sultan Ahmad : (a) I would refer the Honourable Member to Schedules 'B' and 'C' of the North Western Railway's Gazette Extraordinary, dated the 6th August, 1934, a copy of which is in the Library of the House, which gives the information available with Government.

(b) I would refer the Honourable Member to the reply given to part (e) of starred question No. 1148, asked by Bhai Parma Nand on the 12th March, 1936, in this House. I would also refer the Honourable Member to rule 6 (d) of the State Railway Provident Fund Rules, a copy of which is in the Library of the House.

(c) Presumably the Honourable Member is referring to the Honourable Sir Muhammad Zafrullah Khan's reply to parts (b) and (c) of starred question No. 1148 asked by Bhai Parma Nand on the 12th March, 1936, in this House. If so, I would inform the Honourable Member that the extension of benefits of Provident Fund to the inferior staff, who are not entitled to it under the present rules, was postponed not because of a deficit in the railway budget, but on financial grounds.

(d) In view of the reply to part (c) above, this does not arise.

†For answer to this question, *see* answer to question No. 894.

Mr. Sham Lal : May I know, Sir, why, when provident fund is being provided for staff employed in insurance companies, no attempt is being made to provide provident fund for train lighting inferior staff ?

The Honourable Sir Saiyid Sultan Ahmad : I should like to have notice of that question.

RETRENCHMENT OF CERTAIN PERSONS OF THE TRAIN LIGHTING STAFF ON THE NORTH WESTERN RAILWAY.

898. ***Mr. Sham Lal** : Will the Honourable Member for Commerce and Railways be pleased to state :

(a) whether it is a fact that in 1935 thirty-six men of the train lighting staff on line of the North Western Railway were retrenched on the ground that they were inefficient ;

(b) whether it is a fact that the retrenched persons were given twenty-eight months' leave, out of which twenty-four months was on half salary and four months on full salary ;

(c) whether Government are aware that after they had drawn their full salaries for three or four months the Agent issued a circular to the effect that their whole leave should be considered without pay ;

(d) whether it is a fact that the full salaries drawn by these persons for the three or four months were deducted from their gratuities ;

(e) whether it is a fact that two of the employees who were retrenched on account of being inefficient were re-employed on less salaries ; and

(f) if the reply to the preceding part be in the affirmative, why those persons who were considered inefficient were again employed ?

The Honourable Sir Saiyid Sultan Ahmad : I am obtaining information and will lay a reply on the table of the House in due course.

RETRENCHMENT ON THE NORTH WESTERN RAILWAY.

899. ***Mr. Sham Lal** : (a) Will the Honourable Member for Commerce and Railways be pleased to state if it is a fact that retrenchment was made on the North Western Railway in 1931 ?

(b) Is it a fact that the Railway Board wired to stop reduction after 9th July, 1931 ?

(c) Is it a fact that persons were brought under reduction even after that date ?

(d) Is it a fact that some of the members of retrenchment staff were re-appointed in old scale on the same pay which they were drawing at the time of their discharge ?

(e) Is it a fact that no mention was made while appointing them and the offers made to them were clear that they were given old pay and scale ?

(f) Is it a fact that they were brought into new scale in 1935 from the date of their re-appointment and even the confirmed hands in old scales were not spared ?

(g) If so, what led to this action and is it in accordance with rules ?

(h) Is it a fact that the recoveries of over-payments received by them in old scales of pay were from 18th November, 1935 and onwards ?

(i) Is it a fact that the employees concerned on appeal against this order were re-assured that no recovery on account of over-payments relating to the period prior to 18th November, 1935, will be made ?

(j) Is it a fact that in spite of the above assurance a circular letter has recently been issued ordering to recover the over-payments from 1st October, 1934 ?

(k) Have similar recoveries been made on other State-managed Railways ?

(l) If the answer to the above be in the affirmative, will Government be pleased to state whether the Agents were authorised to recover the over-payments received by the retrenched staff in good faith and whether Government are prepared to consider their case and replace them in old scales refunding the amount recovered ?

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

(b) and (c). Instructions were issued by the Railway Board to the Agents of State-managed Railways, in a telegram, dated the 8th July, 1931, that discharge of employees should be suspended with immediate effect and until the following October, it being pointed out to them that the orders did not apply to :

(i) men already under notice of discharge ;

(ii) men engaged for purely temporary purposes ;

(iii) gazetted officers.

(d) to (l). Gooovernment have no information. I would, however, refer the Honourable Member to Railway Board's letter No. 807-E.G.|II, dated the 31st August, 1934, on the subject, a copy of which is in the Library of the House. Government have no reason to believe that the orders contained in the letter referred to have not been observed by Railway Administrations. I am, however, sending a copy of this question to the Agent, North-Western Railway, for such action as he may consider necessary.

POST OF DRIVERS HELD IN ABEYANCE ON THE NORTH WESTERN RAILWAY.

900. ***Mr. Sham Lal** : (a) Will the Honourable Member for Commerce and Railways be pleased to state whether it is a fact that a few posts (about 33) of drivers grade III on the North Western Railway have been held in abeyance (some in 1934 and the rest in 1936) to allow automatic promotion to the Loco. Running Staff, Grade IV ?

(b) If the reply to part (a) be in the affirmative, will Government state the number of Indians, Anglo-Indians and Europeans thus deprived of their promotions ?

(c) Is it also a fact that those thus affected are mostly Indians ?

(d) Are Government aware of the fact that supernumerary posts were sanctioned in grade IV against the vacancies of grade III, *vide* North Western Railway Agent's letters No. 755-E.|157-II, dated the 7th November, 1934, and the 14th March, 1936, thus usurping the rights of grade III people and putting a deadlock on their further promotion for a considerably long period ?

(e) If so, what action did Government take against the North Western Railway Administration in withholding the vacancies of grade III ?

(f) If no action has so far been taken, are Government prepared to make necessary arrangements to release the above mentioned vacancies in grade III ?

(g) Will Government also state if the allotment of Loco. Running staff, grade III, has from time to time been reduced ? If so, why and under what circumstances ?

(h) Is it not a fact that the above mentioned reduction has affected mostly the Indians ?

The Honourable Sir Saiyid Sultan Ahmad : (a) to (h). Government have no information. These are matters of detailed administration within the competence of the Agent, North Western Railway, to deal with. Government have no reason to believe that there has been any racial discrimination in this matter as alleged by the Honourable Member. I am, however, sending a copy of the question to the Agent, North Western Railway, for such action as he may consider necessary.

DENIAL OF FACILITIES TO MR. V. V. NARASIMHAN TO ATTEND THE SITTINGS OF THE MADRAS LEGISLATIVE ASSEMBLY.

901. ***Mr. C. N. Muthuranga Mudaliar** : (a) Will the Honourable Member for Commerce and Railways be pleased to state whether the attention of Government has been drawn to the following report of a Resolution passed at a meeting held under the auspices of the Madras Government Press Workers' Union under the Chairmanship of the Honourable Minister for Agriculture, Madras Government, reported in the *Hindu*, dated the 9th September, 1937 (page 15) :

"Mr. P. R. K. Sarma moved another resolution condemning the attitude of the Madras and Southern Mahratta Railway management who would not permit Mr. V. V. Narasimham, M.L.A., (Provincial) to attend the Assembly sittings. Mr. Narasimham was a railway employee and represented labourers in Guntur, etc., districts in the Assembly (Madras)" ?

(b) Are Government prepared to call for a report from the Agent, Madras and Southern Mahratta Railway as to the correctness or otherwise of the above report ?

(c) If the report is correct, do Governmnet propose to consider the advisability of instructing the Agent, Madras and Southern Mahratta Railway to give necessary facilities to Mr. Narasimham to attend the Madras Assembly sittings ?

(d) In view of the fact that the Assembly (Madras) is now in session, is the Honourable Member prepared to expedite the matter ?

The Honourable Sir Saiyid Sultan Ahmed : (a) to (d). The matter, which has just been brought to the notice of Government by the Honourable Member's question, is at present under consideration. A reply will be laid on the table of the House in due course.

Mr. C. N. Muthuranga Mudaliar : May I know, Sir, if the Honourable Member referred to is now attending the session in the Madras Assembly ?

The Honourable Sir Saiyid Sultan Ahmad : I have no information.

Mr. Mohan Lal Saksena : Will the Honourable Member issue instructions that he should be allowed to attend ?

The Honourable Sir Saiyid Sultan Ahmad : No. The matter is under consideration.

†902* to 906*.

GRATUITY WITHHELD FROM CERTAIN EMPLOYEES IN THE JAMALPUR RAILWAY WORKSHOP.

907. ***Mr. Mohan Lal Saksena** : (a) Will the Honourable Member for Commerce and Railways be pleased to state whether any employees in Jamalpur Workshop, East Indian Railway, have been granted only 50 per cent. of their gratuity during the last two years ? If so, will Government lay a statement giving their names and the reasons for which the gratuity has been withheld ?

(b) How many employees, if any, were not granted gratuity simply because the strike-period was not included in their service for purposes of gratuity while it was counted for purposes of retirement ? Are Government prepared to consider their cases and grant the gratuity ?

(c) How many women employees of the Jamalpur Engineering, if any, discharged on medical grounds have not been granted gratuity and why ?

The Honourable Sir Saiyid Sultan Ahmad : I am obtaining certain information and will lay a reply on the table of the House in due course.

PROSECUTION OF EMPLOYEES OF JAMALPUR RUNNING SHED AND STOPPAGE OF ALLOWANCE OF PERMANENT WAY STAFF AT JAMALPUR.

908. ***Mr. Mohan Lal Saksena** : (a) Will the Honourable Member for Commerce and Railways be pleased to state how many employees of Jamalpur Running Shed have been prosecuted under Railway Act during the last two years and with what results and whether they have been compensated on acquittal ? If not, why not ?

(b) How many of those convicted have been discharged and how many retained ? Will Government state the reasons for this differentiation ?

(c) Has the allowance of Permanent Way staff, Jamalpur, been stopped ? If so, why ? Why are they not allowed overtime when they are made to work after the fixed hours ?

The Honourable Sir Saiyid Sultan Ahmad : (a) to (c). I am obtaining information and will lay a reply on the table of the House in due course.

†For these questions and replies thereto, *see* pages 2661-62 of these Debates.

NON-STOPPAGE OF PUNJAB EXPRESS TRAINS AT JASIDIH JUNCTION.

909. ***Pandit Lakshmi Kanta Maitra** (on behalf of Dr. P. N. Banerjea) : (a) Is the Honourable Member for Commerce and Railways aware that Jasidih junction is an important station on the East Indian Railway where large numbers of passengers catch the trains or alight from them every day ?

(b) Is it a fact that since October, 1936, the Punjab Express trains (17-Up and 18-Down) have ceased to stop at this station ?

(c) Are Government aware that Jasidih and the adjacent town of Baidyanathdham are important places of health resort besides being famous places of pilgrimage ?

(d) Are Government aware that the non-stoppage of these Express trains has deprived large numbers of passengers from and to Calcutta and other places in Bengal of the advantage of a very convenient train ?

(e) Are Government aware that the loss of this convenience has diverted to some extent the passenger traffic to stations on the Bengal Nagpur Railway ?

(f) Is it a fact that the earnings of the East Indian Railway at this station have decreased owing to the non-stoppage of these Express trains ?

(g) Are Government prepared to consider the desirability of advising the East Indian Railway authorities to reconsider their decision in regard to this matter ?

The Honourable Sir Saiyid Sultan Ahmad : (a), (b) and (c). Yes.

(d) Representations to this effect have been made.

(e) and (f). Government have no information.

(g) No. Nos. 17-Up and 18-Down are long distance Express trains intended mainly for passengers travelling to destinations beyond Jasidih. Such trains cannot be stopped at intermediate stations which they are not intended to serve without seriously inconveniencing long distance passengers and causing overcrowding of the trains. There are six Up trains (from Howrah) and six Down trains (from Moghal Sarai) which stop at Jasidih. I understand, moreover, that, in order to meat the wishes of passengers to and from the sanatoria stations in Bihar, the East Indian Railway authorities have altered the timings of 21-Up Howrah-Gaya-Mokameh fast passenger.

Pandit Lakshmi Kanta Maitra : Do I understand, Sir, that the Punjab Express is not stopping even now at this station ? And in view of the fact that this is an important pilgrim station, is it not desirable that the Government should allow this train to stop at this station ?

The Honourable Sir Saiyid Sultan Ahmad : The Howrah-Gaya-Mokameh fast passenger will stop at that station.

Pandit Lakshmi Kanta Maitra : And not the Punjab Express ?

The Honourable Sir Saiyid Sultan Ahmad : No.

NON-STOPPAGE OF PUNJAB EXPRESS TRAINS AT JASIDIH JUNCTION.

910. *Pandit Lakshmi Kanta Maitra (on behalf of Dr. P. N. Banerjea) : (a) Will the Honourable Member for Commerce and Railways state if it is a fact that Jasidih junction is a more important station than Jhajha from the point of view of passenger traffic ?

(b) If the answer to part (a) be in the affirmative, will the Honourable Member be pleased to state why the Punjab Express trains (17-Up and 18-Down) stop at Jhajha but do not stop at Jasidih junction ?

The Honourable Sir Saiyid Sultan Ahmad : (a) Government are not in possession of the passanger traffic statistics of individual stations, and are not, therefore, in a position to express an opinion on the matter.

(b) I understand that the trains referred to are required to stop at Jhajha for engine watering purposes.

Pandit Lakshmi Kanta Maitra : May I ask the Honourable Member to send down these questions to the Agent for such action as he may consider necessary ?

The Honourable Sir Saiyid Sultan Ahmad : Yes.

INTERPRETATION OF THE WORD "JANGAD" BY THE BOMBAY HIGH COURT.

311. *Dr. G. V. Deshmukh : Will the Honourable the Law Member please state :

(a) whether he received a representation from the jewellery merchants of India regarding the necessity of removing the difficulty in the jewellery trade caused by the interpretation of the word "*jangad*" by the Bombay High Court ;

(b) whether any inquiry was made in connection with it and any decision has been arrived at ; and

(c) whether it is intended to introduce any legislation in respect of this subject ; if so, when ?

Mr. Y. N. Sukthankar : (a) Yes.

(b) and (c). The Provincial Governments concerned have been consulted regarding the practice followed in the jewellery trade relating to *Jangad* transactions, and the desirability of undertaking legislation on the subject. Their views are now under the consideration of the Central Government.

Mr. Badri Dutt Pande : What is this "jangad" ?

Dr. G. V. Deshmukh : I will explain it privately.

Mr. Bhulabhai J. Desai : Is it intended to undertake legislation at an early date ?

Mr. Y. N. Sukthankar : No. The position is this. The very Diamond Merchants' Association who applied to us in the beginning and pointed out the urgency of legislation have now come with a request that we should postpone it as there is an exactly similar case before the High Court of Bombay and they want to await the decision of the High Court.

Mr. Badri Dutt Pande : What does this word "jangad" mean ?

Dr. G. V. Deshmukh : It is not my duty to explain ; otherwise I would have done it.

The Honourable Sir Nripendra Sircar : "Jangad" means an *amanat* or deposit. That is what the representation says.

Mr. Bhulabhai J. Desai : The decision of the High Court was that in the event of a broker being entrusted with goods on *jangad* he is not treated as a trustee but he is entitled to sell them to himself. The position in the Bombay market throughout has been that unless it is held to be a trust it will be impossible to carry on business entrusting goods of large value to ordinary brokers. Is the view of Government this that they expect the decision to be reversed, and that is why they are waiting ?

The Honourable Sir Saiyid Sultan Ahmad : The position really is this. When we received representations from the merchants individually and through associations we consulted all the Provincial Governments and the last Provincial Government which took a long time to reply was the Bombay Government, perhaps because of the change of Ministry there. Therefore, we had to wait for the opinion of the new Ministry. We have now received the reply and we are considering as to what should be done.

Mr. Bhulabhai J. Desai : Is there any difference of opinion on the question that in order to facilitate and protect business it is necessary to create such transactions as trusts ?

The Honourable Sir Saiyid Sultan Ahmad : There is a slight difference of opinion but not very great.

Mr. Bhulabhai J. Desai : If the decision of the Bombay High Court is not received in a similar case at an early date reversing this, will Government then undertake legislation at an early date ?

The Honourable Sir Saiyid Sultan Ahmad : That will be considered independently of the decision of the High Court if it is not received earlier.

APPOINTMENT OF THE CHIEF MEDICAL OFFICER OF THE EAST INDIAN RAILWAY.

912. *Pandit Sri Krishna Dutta Paliwal : Will the Honourable Member for Commerce and Railways state :

(a) if Sir Hassan Suhrawardy has resigned his post as a Chief Medical Officer of the East Indian Railway ;

(b) what arrangements have been or are being made to fill up the vacancy caused by this resignation ; and

(c) if Government propose to take into consideration the claims of senior Indian Medical Officers when filling up the vacancy ?

The Honourable Sir Saiyid Sultan Ahmad :-(a) No. The nature of the arrangement between the Government of India and the Government of Bengal in regard to his services is still under consideration.

(b) and (c). I would refer the Honourable Member to my reply to parts (c) and (d) of starred question No. 884 asked by Seth Govind Das on the 8th September, 1937, in this House.

Mr. Sham Lal : May I ask who is officiating for Sir Hassan Suhrawardy ?

The Honourable Sir Saiyid Sultan Ahmad : The answer was given in my reply to the question referred to.

Mr. Mohan Lal Saksena : Is it not a fact that the person who is officiating is not the seniormost person ?

The Honourable Sir Saiyid Sultan Ahmad : That also was given in my reply.

Mr. Mohan Lal Saksena : Is it not a fact that he has been appointed because he happens to be a European ?

The Honourable Sir Saiyid Sultan Ahmad : No.

Seth Govind Das : Was no Indian with that qualification available for that appointment ?

The Honourable Sir Saiyid Sultan Ahmad : If the Honourable Member will refer to my replies to his very question No. 384 he will get the answer there.

STANDARDISATION OF WEIGHTS AND MEASURES.

913. ***Prof. N. G. Ranga** : Will the Honourable the Commerce Member be pleased to state :

(a) if it is a fact that the Eighth Industries Conference held on the 7th and 8th December, 1936, recommended that weights should be standardised, and that the weights recognised by the Bombay Act of 1932 should be adopted for use all over India ;

(b) that representatives of several provinces and States have complained that there was still confusion between provinces, and urged the Government of India to undertake legislation fixing standards leaving the Provincial Governments to pass laws for enforcing the report on the marketing of wheat, which has also complained of the confusion now prevailing in the weights of different provinces and districts ; and

(c) what action Government propose to take to help the peasants by standardising the weights and measures all over India to avoid confusion between those of different provinces ?

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

(b) Some representatives at the last Industries Conference drew attention to the confusion caused by the use of different weights but the proceedings of the Conference do not show that any such suggestion as is referred to in the latter portion of this part of the question was made at the Conference.

(c) Under the new constitution the Provincial Governments are competent to legislate with regard to weights and measures and the Federal Government have power to legislate only for the establishment of standards of weight. The recommendation regarding the standardisation of weights and measures contained in the report on the marketing of wheat in India is at present under the consideration of Government.

Prof. N. G. Ranga : What do Government propose to do in regard to the establishment of standardisation of weights and measures all over India ?

The Honourable Sir Saiyid Sultan Ahmad : I said we are considering the question.

Seth Govind Das : Are Government aware that this consideration is going on for years now and that on account of there not being a uniform weights system the traders and the consumers are being put to the greatest possible inconvenience ?

The Honourable Sir Saiyid Sultan Ahmad : Without admitting all the statements made in the question it must be remembered that under the new constitution the Provincial Governments are competent to legislate with regard to weights and measures and we have power to legislate for the establishment of standards of weight only. The matter is being considered as to what should be done as quickly as possible.

Seth Govind Das : Under the circumstances will it not be advisable for the Central Government to have negotiations with all the Provincial Governments so that as far as possible there may be one sort of weight in the whole country ?

The Honourable Sir Saiyid Sultan Ahmad : We will consider that.

Mr. S. Satyamurti : Do Government expect to be in a position to bring up legislation on the standardisation of weights, in the ensuing Delhi session ?

The Honourable Sir Saiyid Sultan Ahmad : We can give no definite undertaking, but the matter is being pursued as far as we can.

Mr. S. Satyamurti : Will the Government of India, considering this as an all-India matter, address all the Provincial Governments on the desirability of having uniform weights and measures ?

The Honourable Sir Saiyid Sultan Ahmad : I have already said in answer to Seth Govind Das's question that this matter will be considered.

†914*—915*.

†These questions were withdrawn by the questioner.

SELECTION OF ALLAHABAD AS THE VENUE FOR THE ENQUIRY OF THE BIHTA RAILWAY DISASTER.

916. *Mr. Ram Narayan Singh : Will the Honourable Member for Commerce and Railways be pleased to state :

(a) their reasons in full for selecting Allahabad as the venue for the enquiry of the recent Bihta railway disaster in preference to Bihta or Patna ;

(b) whether his attention has been drawn to the editorial comments of the *Search Light*, dated Patna, the 15th September, 1937, and the *Hindustan Times*, dated Delhi, the 18th September, 1937, on the question of the venue for the enquiry referred to in part (a) above ; and

(c) if so, in view of the strong public protest from all sides of the country against their choice of the venue for the enquiry referred to in parts (a) and (b) above, whether he is prepared to consider the desirability of reconsidering the question and of selecting Bihta or Patna as the venue for the said enquiry in preference to Allahabad ?

The Honourable Sir Saiyid Sultan Ahmad : (a) Allahabad was selected to suit the convenience of the Honourable the Chief Justice of the Allahabad High Court who has been entrusted with the holding of the enquiry.

(b) Yes.

(c) The suggestion has been considered but it is regretted that it is not thought feasible to change the venue.

Mr. Mohan Lal Saksena : May I know whether the witnesses who will go to Allahabad will be allowed passes or given travelling allowance ?

The Honourable Sir Saiyid Sultan Ahmad : Yes.

Mr. S. Satyamurti : May I know whether the Chief Justice of the High Court will be performing the duties of Chief Justice, while he is conducting the enquiry ?

The Honourable Sir Saiyid Sultan Ahmad : I have no definite information except what I have seen in the press, that at that time there will be another Chief Justice acting in his place.

Mr. S. Satyamurti : In view of that, what are the considerations of convenience which prevent him from sitting at the scene of the disaster, if he is not performing the duties of Chief Justice also ?

The Honourable Sir Saiyid Sultan Ahmad : We have to look to his convenience.

Mr. Mohan Lal Saksena : What is the procedure for the selection of witnesses ?

The Honourable Sir Saiyid Sultan Ahmad : That will have to be left, first of all, to the Judge himself—as to the form in which the enquiry should be held.

Mr. Mohan Lal Saksena : Surely there must be some authority to advise the Honourable Judge, and may I know what suggestion the Government are making in that behalf ?

The Honourable Sir Saiyid Sultan Ahmad : As a matter of fact, what has been suggested is that counsel will appear on both sides, on behalf of the public also, at the expense of the Government, and they will find out what sort of witnesses would be required and what evidence should be given.

Mr. Mohan Lal Saksena : May I know if any public association or any other persons are taking interest on behalf of the public ?

The Honourable Sir Saiyid Sultan Ahmad : These are matters of detail. We can come to no decision here as to how it should be done.

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

IMPORT OF TWISTED SILK FROM JAPAN.

917. *Mr. N. V. Gadgil : (a) Will the Honourable the Commerce Member state whether Government are aware of the fact that during the last 12 months, there has been an abnormal increase in the import of twisted silk in India from Japan ?

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

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

The Honourable Sir Saiyid Sultan Ahmad : (a) Imports of twisted silk are not separately recorded in the Trade Returns. I lay on the table, however, a statement showing imports from Japan of yarn made from silk other than waste or noils which include twisted silk.

(b) Government have received no specific complaints in the matter from silk manufacturers in India.

(c) The claim of the silk industry as a whole for further assistance against Japanese competition is being examined at present.

Statement showing the Imports of Yarn made from Silk other than waste or noils from Japan into India.

Year.	Quantity.	Value.
	Lbs.	Rs.
1934-35	126,426	4,86,419
1935-36	112,636	4,83,488
1936-37	174,435	7,03,260
Five months April—August of 1937	113,008	4,76,142

NOTE.—Figures for April—August of 1937 relate to British India excluding Burma

Mr. S. Satyamurti : By whom ?

The Honourable Sir Saiyid Sultan Ahmad : By our officer on special duty.

Mr. S. Satyamurti : Do Government propose to appoint an *ad hoc* Tariff Board for the purpose ?

The Honourable Sir Saiyid Sultan Ahmad : No.

Mr. S. Satyamurti : May I know whether Government are aware that there is a great deal of silk weaving in Mysore and Madras and that it is suffering owing to ruinous Japanese competition which is not giving any adequate scope for the indigenous silk industry ?

The Honourable Sir Saiyid Sultan Ahmad : As I have said, we have received no specific complaint in this matter from the silk manufacturers in India.

Mr. S. Satyaumrti : May I know if this gentleman who is in charge of this inquiry will get into touch with the manufacturers of silk in Southern India, particularly in Mysore, to find out whether there is this ruinous competition ?

The Honourable Sir Saiyid Sultan Ahmad : As a matter of fact, they have got to get into touch with him but I would consider the suggestion and see if we cannot get into touch with them.

Mr. N. V. Gadgil : Will Government move in the matter if complaints are received ?

The Honourable Sir Saiyid Sultan Ahmad : I have answered that question just now.

(b) WRITTEN ANSWERS.

GRIEVANCES OF THIRD CLASS MATRICULATES EMPLOYED ON THE NORTH WESTERN RAILWAY.

884. ***Maulana Zafar Ali Khan** : (a) Will the Honourable Member for Commerce and Railways please state whether :

(i) it is a fact that the minimum standard of educational qualification as fixed by the Railway Board *vide* its letter No. E.-35-R.R.-81, dated the 28th August, 1936—paragraph 53—regarding the recruitment and training of subordinate staff on State-managed Railways is simply matriculation without any distinction of the division in which a candidate has passed that examination ;

(ii) it is also a fact that the third division matriculates of recognised universities are not allowed to compete in the various competitive examinations for clerical posts in the North Western Railway ,

(iii) it is further a fact that third division matriculates who have put in some eight or nine years service in lower grades and as typists have been refused promotion—or transfer in the case of typists—in the clerical line for no other reason than that they are third division matriculates ;

(iv) it is still further a fact that third division matriculate number-takers on the North Western Railway in the grade Rs. 31—3—40 are eligible for promotion in the clerical line under the Agent's letter No. 753-E./201, dated the 30th September, 1935, to all divisions on the North Western Railway while the same concession has been refused in the case of typists in the grade Rs. 39—3—60 and store distributors and challandars in the grade Rs. 36—2—46 ; and

(v) it is likewise a fact that no such bar of division stands in the way of candidates for posts in the North Western Railway Accounts Department and third division matriculates are allowed to sit at the competitive examinations held by the Railway Accounts Department ?

(b) If the answer to sub-clauses (a) (i), (ii), (iii) and (iv) be in the affirmative, how will the Honourable Member for Commerce and Railways explain the obvious discrepancy between (i), (ii), (iii) and (iv) and how does the Honourable Member propose to reconcile them ?

(c) If the answer to sub-clause (a) (v) be also in the affirmative, how is it that the Railway Accounts Department is permitted to deviate from the practice followed under sub-clauses (a) (ii) and (iii) ?

The Honourable Sir Saiyid Sultan Ahmad : With your permission, Sir, I propose to reply to questions Nos. 884 and 885 together.

As regards question No. 884 (a) (i), the reply is in the affirmative.

As regards question No. 884 (a) (ii), I would refer the Honourable Member to paragraph 64 of the Rules for the recruitment and training of subordinate staff of State-managed Railways, a copy of which is in the Library of the House. Under this paragraph an Agent of a State-managed Railway has the power to make subsidiary rules to suit conditions on his railway.

As regards other parts of questions Nos. 884 and 885, I am making enquiries and will lay a reply on the table of the House in due course.

GRIEVANCES OF THIRD CLASS MATRICULATES EMPLOYED ON THE NORTH WESTERN RAILWAY.

†885. ***Maulana Zafar Ali Khan** ; Is the Honourable Member for Commerce and Railways prepared to take early and effective steps to redress the crying grievance of third class matriculates employed on the North Western Railway and uphold the uniform principle that the minimum qualification for candidates for all subordinate posts in the Railway shall be the matriculation examination without any bar of division ?

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†For answer to this question, *see* answer to question No. 884.

OFFICERS IN THE REFORMS OFFICE.

902. *Maulana Zafar Ali Khan : Will the Honourable the Leader of the House please state whether it is a fact :

(a) that in the Reforms Office of the Government of India there are at present five officers (above the rank of Superintendent and Chief Superintendent) ; and

(b) that of these four are Hindus (three Madrasis), one Christian (English), and there is *no Muslim* ?

The Honourable Sir Nripendra Sircar : The reply to both parts of the Honourable Member's question is in the affirmative.

STENOGRAPHERS IN THE REFORMS OFFICE.

903. *Maulana Zafar Ali Khan : Will the Honourable the Leader of the House please state whether it is a fact :

(a) that there are at present three stenographers in the Reforms Office ; and

(b) that all of them are Madrasi Hindus ?

The Honourable Sir Nripendra Sircar : The reply to both parts of the Honourable Member's question is in the affirmative, but it may be stated that one other stenographer, who is a Muslim, is at present on deputation and likely to return shortly.

SALARY OF RAO BAHADUR V. P. MENON.

904. *Maulana Zafar Ali Khan : Will the Honourable the Leader of the House please state :

(a) whether it is a fact that the present salary of Rao Bahadur V. P. Menon is Rs. 3,000 a month ;

(b) whether it is a fact that his salary on the 1st January, 1930 was about Rs. 300 a month ; and

(c) if so, in what respects his ability and efficiency have so considerably increased during the last seven years as to justify an increase of ten times in his emoluments ?

The Honourable Sir Nripendra Sircar : (a) Mr. Menon holds the post of Deputy Secretary in the Reforms Office on a pay of Rs. 1,750 a month, but is at present officiating as Joint Secretary on a pay of Rs. 3,000 a month in place of Mr. Conran-Smith who will return at the end of October.

(b) The facts are not correctly stated in the question. In January, 1930, Mr. Menon was drawing pay at the rate of Rs. 425 a month.

(c) The exceptional ability of this officer fully justifies the promotion accorded to him.

MUSLIM CLERKS IN THE OFFICE OF THE LOCO. SUPERINTENDENT, AJMER.

905. *Khan Sahib Nawab Siddique Ali Khan : (a) Will the Honourable Member for Commerce and Railways be pleased to state whether :

(i) it is a fact that the number of Muslim clerks in the office of the Loco. Superintendent, Ajmer, was about 16 against a total of 129 clerks, in the year 1932, whereas, it now (in 1937) stands at 12 only, thus reducing the ratio of the Muslim clerks in the above named office from 12½ per cent. in 1932 to about 9½ per cent. in 1937 ; and

(ii) it is a fact that in the above named office there was at least one Muslim head of section (head-typist) in the year 1932, out of a total of eight heads of sections belonging to different communities, whereas in 1937 there is not a single Muslim head of section, thus bringing the ratio of the Muslims in that category from 12½ per cent. in 1932 to zero per cent. in 1937 ?

(b) If the reply to the last part be in the affirmative, will the Honourable Member for Commerce and Railways be pleased to state why the percentage of the Muslim clerks in general and that of heads of sections in particular in the office of the Loco. Superintendent, Ajmer, has been reduced to these unjustifiable figures specially in view of the orders of the Government of India issued from time to time for increased representation of the Muslim community in the railway services ?

(c) Are Government prepared to direct the Bombay, Baroda and Central India Railway Administration to redress the grievances of the Muslim community ? If not, why not ?

The Honourable Sir Saiyid Sultan Ahmed : With your permission, Sir, I propose to reply to questions Nos. 905 and 906 together.

Government have no information. The staff referred to by the Honourable Member are not Government servants, but are the servants of the Bombay, Baroda and Central India Railway. I may add that, in making direct recruitment to their services the Bombay, Baroda and Central India Railway have agreed to follow the communal percentage laid down by Government. I am, however, sending a copy of the question to the Agent, Bombay, Baroda and Central India Railway, for such action as he may consider necessary.

GRIEVANCES OF MUSLIM APPRENTICES IN THE LOCO. AND CARRIAGE SHOPS AT AJMER.

†906. *Khan Sahib Nawab Siddique Ali Khan : Will the Honourable Member for Commerce and Railways be pleased to state :

(a) the respective numbers of Muslim, Hindu and Anglo-Indian 'A' grade apprentices in the Loco. and Carriage Shops at Ajmer who passed their course of apprenticeship since 1921, and the number of such passed apprentices fixed on monthly wages from each community upto 1937 ;

†For answer to this question, *see* answer to question No. 905.

(b) whether it is a fact that since 1921, 13 Muslim 'A' grade apprentices have passed their course in the Loco. and Carriage Shops, Ajmer, but with the exception of Muslim apprentices all are still unfixed and on the daily rate of pay, whereas, almost all the non-Muslim 'A' grade apprentices have been fixed on lucrative monthly wages in some cases superseding the senior Muslim apprentices ;

(c) if the reply to part (b) be in the affirmative, the reason for this sort of treatment of the Muslim community ;

(d) whether Government are prepared to direct the Bombay, Baroda and Central India Railway Administration to redress the grievances of the Muslim community in this respect, if not, why not ; and

(e) whether the Rajputana and Central India Muslim League sent any representation about the grievances referred to in this and the preceding question to the Agent of the Bombay, Baroda and Central India Railway in or about June, 1937, and if so, what action the Agent has taken on the said representation ?

UNSTARRED QUESTIONS AND ANSWERS.

ABSENCE OF A SHED FOR *Ekkas* AND *Tongas* AT THE ETAWAH RAILWAY STATION.

179. **Dr. Ziauddin Ahmad** : (a) Will the Honourable Member for Commerce and Railways please state whether it is not a fact that there are no *ekkas* and *tongas* shed and no water troughs for the ponies at the railway station at Etawah, East Indian Railway ?

(b) Is it not a fact that the Divisional Superintendent, Allahabad, is now levying a small tax on *tongas* and *ekkas* with the object of providing amenities to the ponies and *ekka* and *tonga* drivers ?

The Honourable Sir Saiyid Sultan Ahmad : (a) and (b). Government have no information, but this is being called for and a reply will be laid on the table in due course.

POLICY OF NOT GIVING RETROSPECTIVE EFFECT TO ANY MEASURE.

180. **Mr. Muhammad Azhar Ali** : Will the Honourable Member for Commerce and Railways please inquire and state :

(a) whether it is the policy of the Government of India in the Railway Department not to give any measure a retrospective effect ;

(b) whether the Railway Administrations are bound to carry out the policy of the Government of India in the Railway Department ;

(c) whether the circular letter No. 396-E.|31, dated the 20th October, 1936, defied the instructions given in Railway Board's letter No. 1339-E.-17, dated the 13th September, 1925 ; and

(d) whether the Honourable Member is prepared to reverse the said circular ; if not, why not ?

The Honourable Sir Saiyid Sultan Ahmad : (a) It is not clear what sort of "measure" the Honourable Member's question contemplates. If he has in mind orders affecting the privileges of establishments, Government do not ordinarily give retrospective effect. In special circumstances, this may be warranted and cases are considered on the merits.

(b) The State-owned Railways are required to comply with any general or particular orders relevant to the case.

(c) and (d). In the absence of particulars as to the authority who issued the circular letter quoted, I am unable to trace it.

CLASSIFICATION OF THE STAFF IN THE RAILWAY BOARD.

181. **Mr. Muhammad Azhar Ali** : Will the Honourable Member for Commerce and Railways please state :

(a) the Service (Classification, Control and Appeal) Rules under which the pensionable staff of the Imperial Secretariat Services serving with the Government of India, Railway Department (Railway Board) are governed ;

(b) whether the staff of the Imperial Secretariat Services with the Government of India, Railway Department (Railway Board) are classified as railway servants within the definition of section 3 (7) of Act IX of 1890 ; if so, under what authority ;

(c) the administrations within the definition of section 3 (6) of Act IX of 1890 which employ the staff of the Imperial Secretariat Services as Railway servants within the definition of section 3 (7) of Act IX of 1890 ;

(d) whether the Government of India, Railway Department (Railway Board) is a Railway Administration within the definition of section 3 (5) and (6) of Act IX of 1890, and the difference between the Government of India, Railway Department (Railway Board) and the Railway Administrations and whether these two administrations are parallel to each other or subordinate ; if so, to whom ; and

(e) whether the Railway Board is the governing and controlling body of the Government of India, Railway Department ?

The Honourable Sir Saiyid Sultan Ahmad : (a) to (e). I would refer the Honourable Member to my reply to unstarred question No. 173 asked by Mr. Ram Narayan Singh on the 24th September, 1937, in this House.

ACKNOWLEDGMENT OF COMMUNICATIONS FROM ASSOCIATIONS, COMMERCIAL BODIES, ETC., BY THE RAILWAY BOARD AND ADMINISTRATIONS.

182. **Mr. Muhammad Azhar Ali** : Will the Honourable Member for Commerce and Railways please state :

(a) whether the policy declared in reply to unstarred question No. 398 asked in this House on the 20th March, 1936 regarding the acknowledgment of communications from Associations, commercial bodies, etc., is applicable to the Railway Department (Railway Board) and is to be observed by Railway Administrations ; if not, why not ; and

(b) whether he will lay a statement of the complaints received by (i) the Secretary to the Governor General, and (ii) the Honourable Member for Commerce and Railways and the Honourable the Home Member from Associations of Railway Workers against the defiance of the said policy by the Railway Board and by the Railway Administrations since 20th March, 1936, together with the actions taken thereon ?

The Honourable Sir Saiyid Sultan Ahmad : (a) The policy referred to is applicable generally to the Railway Department. I may, however, add that Departments of Government do not ordinarily enter into correspondence of any kind with unrecognised trade unions or associations, except in regard to their applications for recognition or appeals to the Railway Board against the decisions of Agents of State-managed Railways refusing to grant recognition.

(b) The information asked for is not readily available and the Government do not consider that the labour and cost involved in its compilation will be justified by the results to be obtained.

COMMUNICATION OF OFFICIAL DOCUMENTS, ETC., TO SERVICE UNIONS OR ASSOCIATIONS, ETC.

183. **Mr. Muhammad Azhar Ali** : (a) Will the Honourable Member for Commerce and Railways please state whether the policy declared in the second part of the reply to unstarred question No. 162 asked in this House on the 16th October, 1936, *viz.*, ' It is open to the Union to ask for copies of *any communication* affecting the service the Union represents ' is applicable to the Railway Department (Railway Board) and is to be obeyed by Railway Administration ; if not, why not ?

(b) Will the Honourable Member lay a statement of the applications received from Trade Unions of Railway Workers for the supply of publications and communications to them by the Railway Department (Railway Board) since 1934 ?

The Honourable Sir Saiyid Sultan Ahmad : (a) The reply quoted by the Honourable Member, in the first part, does not refer to any policy but merely mentions a course of action. As regards the second part I would refer the Honourable Member to the reply given to part (a) of question No. 182 asked by him on even date.

(b) The information asked for is not readily available and the Government of India do not consider that the labour and cost involved in its compilation will be justified by the results to be obtained.

RULES EMPOWERING THE RAILWAY BOARD AND ADMINISTRATIONS TO MODIFY, AMEND OR ANNUL THEIR ORDERS.

184. **Mr. Muhammad Azhar Ali** : Will the Honourable Member for Commerce and Railways please inquire and state the rule under which the Railway Department (Railway Board) and the Railway Administrations are empowered to modify, amend or annul their orders after a period of over a year and to give such modifications, amendments or cancellations the retrospective effect ?

Mr. B. M. Staig : There is no rule on the subject. An authority empowered to issue an order is competent to determine the date from which it should have effect. The Honourable Member may rest assured that the merits of the case are fully considered before an order is given retrospective effect.

ENQUIRY CLERKS ON THE NORTH WESTERN RAILWAY.

185. **Mr. Muhammad Azhar Ali** : Will the Honourable Member for Commerce and Railways please state :

(a) the qualifications required for the post of an enquiry clerk on the North Western Railway ;

(b) whether a ticket collector on Rs. 60 per mensem is eligible for appointment as an enquiry clerk ;

(c) whether the scale of the post of an enquiry clerk at Simla is Rs. 105—5—140 ;

(d) whether a booking clerk drawing Rs. 90 is eligible for the post of an enquiry clerk ;

(e) whether it is necessary for the post of an enquiry clerk to qualify in coaching and goods duties ; and

(f) whether there is any enquiry clerk on the North Western Railway who is holding the post and has not qualified himself for the post ; if so, under what circumstances ?

The Honourable Sir Saiyid Sultan Ahmad : (a) to (f). These are matters of detailed administration within the competence of the Agent, North Western Railway, to deal with. I am, however, sending a copy of the question to the Agent, for such action as he may consider necessary.

ACKNOWLEDGMENT OF COMMUNICATIONS FROM ASSOCIATIONS, COMMERCIAL BODIES, ETC., BY THE RAILWAY BOARD AND ADMINISTRATIONS.

186. **Mr. Ram Narayan Singh** : (a) Will the Honourable the Railway Member please state whether the policy declared in reply to unstarred question No. 398 asked in this House on the 20th March, 1936, regarding the acknowledgment of communications from Associations, commercial bodies, etc., is applicable to the Railway Department (Railway Board) and is to be observed by Railway Administrations ? If not, why not ?

(b) What punishment is prescribed for its defiance by the Railway Department (Railway Board) and by the Railway Administrations ? If none, why not ?

The Honourable Sir Saiyid Sultan Ahmad : (a) I would refer the Honourable Member to the reply which I have just given to part (a) of question No. 182, asked by Mr. Muhammad Azhar Ali.

(b) Does not arise.

COMMUNICATION OF OFFICIAL DOCUMENTS, ETC., TO SERVICE UNIONS OR ASSOCIATIONS, ETC.

187. **Mr. Ram Narayan Singh** : (a) Will the Honourable the Railway Member please state whether the policy declared in the second part of the reply to unstarred question No. 162 asked in this House on the 16th October, 1936, *viz.* : ' It is open to the Union to ask for copies of *any communication* affecting the service the Union represents ' is applicable to the Railway Department (Railway Board) and is to be obeyed by Railway Administration ? If not, why not ?

(b) What punishment is prescribed for its defiance by the Railway Department (Railway Board) and by the Railway Administrations ; if none, why not ?

The Honourable Sir Saiyid Sultan Ahmad : (a) I would refer the Honourable Member to the reply which I have just given to part (a) of question No. 183, asked by Mr. Muhammad Azhar Ali.

(b) Does not arise.

STATEMENTS LAID ON THE TABLE.

Information promised in reply to parts (b) and (c) of unstarred question No. 22 asked by Mr. N. M. Joshi on the 19th February, 1937.

SENDING OF UNREGISTERED LETTER MAIL BAG TO DABHOL IN CHARGE OF THE CAPTAIN OF FERRY STEAMER.

(b) and (c). Arrangements have been made with the Bombay Steam Navigation Company whereby, with effect from the ensuing fair weather season, the Bombay-Dabhol ferry service will be utilised for the conveyance of the mails of Dabhol and Guhagar as a regular measure. The question of sending the mails under the weighment system does not, therefore, arise.

Information promised in reply to starred questions Nos. 16, 17 and 18 asked by Mr. Sham Lal on the 23rd August, 1937.

REFUSAL TO ALLOW THE SEVA SAMITI TO SUPPLY WATER TO PASSENGERS AT THE HISSAR RAILWAY STATION.

Question No. 16.—(a) to (d). Yes.

(e) The existing facilities consist of two water huts, one for Hindu and one for Muhammadan passengers, which are provided with earthenware receptacles for the storage of cool drinking water. Water taps are also provided on the platforms. There are three watermen employed at this station, one being on duty throughout the day, assisted by a second man during a part of that period, and the third is employed at night. With the exception of three trains, all the trains at this station are dealt with either in the early morning or after sunset.

(f) and (g). The Agent, Bombay, Baroda and Central India Railway, reports that the District Traffic Superintendent, Delhi, has been instructed to continue to permit the Seva Samiti to supply drinking water to passengers, until such time as the general examination of the question of the adequacy of the Railway's arrangements in regard to this facility at all stations has been completed and a decision arrived at on the results of such examination.

REFUSAL TO ALLOW THE SEVA SAMITI TO SUPPLY WATER TO PASSENGERS AT THE HISSAR RAILWAY STATION.

Question No. 17.—(a) The Agent, Bombay, Baroda and Central India Railway, reports that there have been no complaints against this Association.

(b) On receipt of a representation, the Railway Administration restored the permission previously granted to the Association, which had been withdrawn.

REFUSAL TO ALLOW THE SEVA SAMITI TO SUPPLY WATER TO PASSENGERS AT THE HISSAR RAILWAY STATION.

Question No. 18.—A reference is invited to the reply to parts (f) and (g) of question No. 16.

Information promised in reply to starred question No. 373 asked by Mr. Mathuradas Vissanji on the 8th September, 1937.

SALE OF A BUILDING OF THE BOMBAY PORT TRUST.

(a) A temporary building consisting of two blocks of 24 rooms each was constructed in 1920-21 at the Ballard Pier for use as a hostel by ocean-going passengers at a total cost of Rs. 1,91,567. It was originally anticipated that the hostel would only be required for three years, after which it would be demolished. The demolition value of the materials was then estimated at Rs. 32,400 only. The East Wing was actually demolished in 1926 and Rs. 3,665 nett was realised ; the West Wing was demolished in 1936 and Rs. 3,010 was realised, after paying for the cost of demolition. The Cook House which was included in the total cost is still in use for the restaurant at Ballard Pier Station. The revenue earned from this hostel during 1921—35 amounted to Rs. 1,80,081 and the cost of maintenance to Rs. 35,075. The total net receipts including receipts from sale of materials have so far amounted to Rs. 1,51,681.

(b) Jungle wood, brick panelling and asbestos cement sheets.

The rates for the various building materials were then extremely high ; the price of much of the materials being more than double the prices today.

It must be remembered too that the building was intended to be only of a temporary nature ; and its depreciation was naturally rapid.

(c) Bombay Port Trust Engineering Department.

(d) The Tata Construction Company, Limited.

(e) No.

(f) The proposals for demolition of the building were unanimously approved by the Board of Trustees. The resolution, in the case of demolition of the East Wing, read " Sanctioned " ; and, in the case of the remaining wing of the building, " The Committee's recommendation is sanctioned ".

(g) None of the Trustees dissented from either of the resolutions.

Information promised in reply to starred question No. 407 asked by Seth Haji Sir Abdoola Haroon on the 9th September, 1937.

DISABILITY PENSIONS. CLAIMS FOR.

(a), (c), (d), (e) and (g). In the absence of a concrete case, it is not possible to give accurate information. The reference to recommendation No. 9 of the War Pensions Committee in part (a) is not relevant.

(f) Yes, under Article 24 (3) of the Royal Warrant, dated the 6th December, 1919.

Information promised in reply to parts (a) and (b) of starred question No. 538 asked by Mr. Amarendra Nath Chattopadhyaya on the 15th September, 1937.

PURCHASE OF METAL POLISH BY THE INDIAN STORES DEPARTMENT.

(a) The following purchases of "Brasso" and "Glasso" metal polishes were made by the Indian Stores Department during the years 1935-36 and 1936-37, and during the first four months of the current financial year :

	"Brasso".		"Glasso".	
	No. of tins of assorted sizes.	Value.	No. of tins of assorted sizes.	Value.
		Rs.	Rs.	Rs.
1935-36	21,116	14,012	444	190
1936-36	15,678	10,160	6,526	3,050
1937-378 (April to July	9,876	6,340	2,842	1,156

(b) The following purchases of various brands of Indian metal polish were made by the Indian Stores Department during the same period :

	"Lotus" brand.		"Hutchies" brand.		"Brytol" brand.		"Red Seal" brand.	
	No. of tins of assorted sizes.	Value. Rs.	No. of tins of assorted sizes.	Value. Rs.	No. of tins of assorted sizes.	Valeu. Rs.	No. of tins of assorted sizes.	Value. Rs.
		Rs.		Rs.		Rs.		Rs.
1935-36	5,886	2,995	3,230	1,406	1,454	358	5,197	3,654
1936-37	3,321	1,865	..	..	6,752	2,006	588	159
1937-38 (April—July) ..	455	243	835	348	2,133	632	189	473

Information promised in reply to starred question No. 713, asked by Mr. Sham Lal on the 22nd September, 1937.

DEATH OF ONE KAPURIA, SWEEPER, EMPLOYED IN THE MOUNTAIN ARTILLERY TRAINING CENTRE AT THE AMBALA CANTONMENT.

(a) Kapuria, aged 28, was placed under arrest in the unit guard room in the ordinary way on a charge of theft in the quarter of a Jemadar. He confessed to the theft.

(b) Government have no information.

(c) No.

(d) Yes.

(e) Yes, with the consent of his relatives. There were no signs of any abrasions, bruises, etc., or any organic defects, except of the heart.

(f) The medical diagnosis was heart failure.

(g) Does not arise.

Information promised in reply to starred question No. 727, asked by Mr. K. M. Jedhe on the 22nd September, 1937.

PROPOSAL TO INCREASE THE WATER TAX IN THE JUTOGH CANTONMENT AND INSPECTION OF SIMLA HILL CANTONMENTS.

(a) Yes.

(b) The answer to the first part is in the affirmative, and to the second in the negative.

(c) Yes, but the statement that the Deputy Director, Military Lands and Cantonments, did not visit any of the bazar areas in the Simla Hill Cantonments is incorrect.

(d) The Deputy Director, Military Lands and Cantonments, inspects Cantonments under section 47 of the Cantonments Act, 1924, which does not require him to make enquiries from the residents of Cantonments. The public may, however, represent to him their grievances or difficulties, if any, either direct or through their elected representatives on the Boards.

Information promised in reply to parts (b), (c) and (d) of starred question No. 817 asked by Mr. Ram Narayan Singh on the 27th September, 1937.

MEAT ALLOWED TO SOLDIERS AND CATTLE KILLED FOR THE PURPOSE.

(b), (c) and (d). The approximate annual requirements of meat, the number of animals required and the cost of the meat are as under :

Kind of meat.	Quantity of meat.	Number of animals.	Cost.
	Tons.		Rs.
Beef	7,680	75,000 cattle	13,76,000
Mutton	400	36,000 Sheep and goats.	1,78,000
Total ..	8,080	1,11,000	15,54,000

*Includes requirements for hospitals as well as for issues on payment.

MOTION FOR ADJOURNMENT.

INDISCRIMINATE ASSAULTS AND OUTRAGES MADE BY BRITISH SOLDIERS AT DAGSHAI.

Mr. President (The Honourable Sir Abdur Rahim) : I have received notice of a motion for adjournment of the business of the House from Mr. Avinashilingam Chettiar, as follows :

"I propose to move the adjournment of the business of the Assembly for the purpose of discussing a definite and specific matter of urgent public importance of recent occurrence, namely, the indiscriminate assaults and outrages made by British soldiers stationed at Dagshai in the Punjab and the refusal of the military authorities to help to bring the offenders to book."

What is this ? Is it a riot ?

Mr. T. S. Avinashilingam Chettiar (Salem and Coimbatore *cum* North Arcot : Non-Muhammadan Rural) : The statement in the papers is to the effect that several people have been assaulted and that one has been murdered.

Mr. President (The Honourable Sir Abdur Rahim) : Are not the courts open ?

The Honourable Sir Nripendra Sircar (Leader of the House) : We have now received information which says that an officer is investigating the matter. Two Privates of the Royal Scots have been arrested and formally placed before the Simla magistrate for trial. The matter is there *sub judice* now.

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

THE INSURANCE BILL.

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

Mr. Chapman-Mortimer, Amendment No. 785.

Mr. T. Chapman-Mortimer (Bengal : European) : Sir, the amendment* which I moved just before the House adjourned last night is a somewhat technical matter and difficult also to explain. I ought perhaps to remind Honourable Members that in the case of the winding up of insurance companies you have two types of valuation,—what is known as the *gross premium valuation* and what is known as the *net premium valuation*. Provision is made for these two different types of valuation in the Sixth Schedule. If Honourable Members will turn for one moment to the Sixth Schedule on page 70, they will see there that the basis is to be determined by an actuary approved by the Court and the Actuary so approved shall, in determining as aforesaid, take into account (a) the purpose for which such valuation is to be made, and so on.

Now, Sir, the *gross premium valuation* is used in a case where an amalgamation between two companies is to take place and the *net premium valuation* is used where a cash distribution of the company's

*"That in clause 51 of the Bill, after the word 'company', occurring in the first line, the words 'for the purpose of a cash distribution of the assets' be inserted."

assets is to take place. Now, in the case of a gross premium valuation, it may and certainly would happen in very many cases that the policy showed a negative value, that is to say, it would appear as an asset in the balance-sheet of the company. It is obviously not the intention of an amalgamation that policy-holders should have to pay out of their own pockets to enable the amalgamating companies to proceed with the amalgamation. So, as I have said, in the case of amalgamation, since you use the gross premium valuation, it is not desirable,—it may be misleading in fact,—that the notice of the exact value of the policy should be circulated as is proposed here to every policy-holder. I would in this connection remind the House of the provisions of the Companies Act in regard to amalgamations which of course would hold good in the case of insurance companies as in any other case. Now, Sir, one difficulty is this. If you have a policy-holder who sees that, when he gets a notice, his policy shows a negative value and if he thinks that, therefore, he is expected to pay up, he will say 'I do not want this amalgamation'. Now, it is obviously in the interests of every policy-holder of a weak company that you should have an amalgamation, because if you amalgamate there is some chance that the wretched policy-holder will get something. It may also easily happen that a strong company absorbing a small and weak company would see to it that they would guarantee the liabilities under the policies or at the worst they would only write them down to a small extent, whereas if there was a cash distribution to be made for the purpose of liquidation and complete winding up of the company, in that case obviously the policy-holder would get far less. That, Sir, is really the purpose underlying our amendment. If the amendment is not carried, the effect will be to render nugatory to a very large extent the provision which I have just referred to in the Sixth Schedule. I should also like to point out to the House that if they read clause 51, they will see from the wording that the intention of those who framed the clause was that it should really apply only in the case of a winding up for the purpose of a cash distribution of the assets. Now, Sir, I think that if our amendment is accepted, it will go far to facilitate amalgamations and I trust that the House has been sufficiently persuaded of the soundness of my argument that it is the right course to adopt. Sir, I move.

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

"That in clause 51 of the Bill, after the word 'company', occurring in the first line, the words 'for the purpose of a cash distribution of the assets' be inserted."

Mr. Bhulabhai J. Desai (Bombay Northern Division : Non-Muhammadan Rural) : If I understand the Honourable the Mover of this amendment correctly the reason why he wishes to limit the section to the case of a cash distribution of assets is that in that case it would facilitate matters in case a dispute is raised. If that is not so, I do not understand that there is any other object. It is perfectly true that, for purposes of mutual amalgamations, the insolvent company and the other company with which it amalgamates must show the policy-holders the relative rights that they are going to have in the amalgamated company, and, therefore, if the intention merely is to leave those rights unaffected and confine the question of valuation to a case of cash distribution, I would have no objection, but if it is to serve any larger purpose, then I object to it.

Mr. T. Chapman-Mortimer : It is not to serve any larger purpose.

Mr. S. C. Sen (Government of India : Nominated Official) : Sir, I am sorry to have to oppose this amendment. In the first place I do not quite understand why my friend, Mr. Chapman-Mortimer, says that it will, in any way, affect the putting through of amalgamations. If I have read the section aright, Sir, it only means that the liquidator, in the case of winding-up, has got to ascertain the values of the respective policy-holders in respect of their policies. I have been told by my Honourable friend that this will hamper amalgamations, but I do not know whether his attention has been drawn to the fact that since the last twenty-five years this very same rule has been in existence and has not worked any hardship. If the Honourable Members will look at the Sixth Schedule of the existing Act they will find that what clause 51 is, only the last paragraph of the Sixth Schedule of the existing Act. I daresay that if during the last twenty-five years this has worked without any injustice, then it is likely to work without any injustice in the future.

12 NOON.

Mr. L. C. Buss (Nominated Non-Official) : Have there been any amalgamations during that period ?

Mr. S. C. Sen : Sir, I am not quite sure. Sir, the position is this. So far as clause 51 is concerned, let us for one minute turn to what it means. It says :

" In the winding up of an insurance company and in the insolvency of any other insurer the liquidator or assignee as the case may be in the case of all persons appearing by the books of the company to be entitled to or interested in the policies granted by the company shall ascertain the value of the liability of the company to each person and shall give notice of such value to those persons in such manner as the Court may direct."

Let us take the case of an ordinary winding-up first. The liquidator has got to ascertain the liabilities on the one hand and the assets on the other hand and then distribute it either *pro rata* or in full. For the purpose of finding out liabilities, whether for amalgamation or otherwise the valuation is essentially necessary and all that this section gives is a right to the policy-holder, in case he does not agree with the liquidator's valuation, to go to court and say, " I do not agree ". And why should he be limited only to the case of cash distribution and not generally ? That is a matter which we have not been able to follow. Besides this provision has been in existence from 1912 and apparently has not worked any injustice, and my friend has not been able to cite any cases where it has, in practice, worked any injustice ; we feel inclined, Sir, in view of these considerations, to oppose this.

Mr. F. E. James (Madras : European) : Sir, I would like to point out to my Honourable friend, Mr. Sen, that it is true that there may not have been amalgamations in the past and that, therefore, this provision has not operated as a hardship. But this provision, which is suggested in the Clauson Bill, is now considered to operate to the detriment of amalgamations in the United Kingdom, and I understand that they are trying to have this particular provision amended in the sense which we have suggested. I may also point out to my Honourable friend, Mr. Sen, that amalgamations of insurance companies, after this Bill comes into force, will be inevitable, and that, therefore, the argument from past experience will not apply. We apprehend very definitely, from our experience of the position in England and of the apprehension there that amalgamations may be thwarted in that country by reason of this provision, that the same difficulty will be found in India after this Bill comes into force.

Mr. K. Santhanam (Tanjore *cum* Trichinopoly : Non-Muhammadan Rural) : Sir, I do not rise either to oppose the amendment or to support it but simply to state what I understand the position to be. As I understand it, the ascertainment of liability will have to depend upon the object for which the ascertainment is made. If it is for the purpose of an amalgamation, we have to do it in a particular manner ; if it is for the purpose of a cash distribution, we have to do it in a different manner. Similarly, in the case of amalgamations, it should be largely a case of negotiations between one company and another, between one actuary and another. I, therefore, suggest to the Government that they may consider the amendment. I am not an actuary but that is how it strikes me and I would suggest to the Government that they may consider and see if they cannot accept it. I do not see any harm in it.

Sir Cowasji Jehangir (Bombay City : Non-Muhammadan Urban) : Sir, I am quite in agreement with what my Honourable friend has just said. Amalgamations have not taken place in the past because there was no new insurance Act but, after this Bill becomes an Act, it is more than possible that there may be many amalgamations. The old Act will then have been tested ; it may not have been tested up till now. So far as I can see the position, it is this ; there are two kinds of liquidation. One is a liquidation where the assets have to be distributed and the company goes out of existence and the policy-holder is given what is due to him. The other kind of liquidation is a voluntary liquidation to enable amalgamation. In the latter case there is no necessity really to ascertain what the assets are in the case of each policy-holder because the company that will take over the liquidating company will take over the responsibility of discharging all the obligations of the liquidating company. Then why go to the trouble of ascertaining what each policy-holder is entitled to, when the main company is being taken over completely by another company ?

Mr. S. C. Sen : May I ask my Honourable friend a question ? Does he suggest that for the purposes of amalgamation the ascertainment of liabilities on the policies is not necessary ?

Sir Cowasji Jehangir : I do not think that when one big company is going to take over another small company it assures itself of what it is doing, and if you put companies to the trouble of having to work out what is due to each policy-holder, it may hinder such amalgamations. As the matter is still in doubt in the minds of the Government, I would respectfully suggest that they may take time to consider it and not oppose it completely and throw it out, because I do believe that there is a great deal in what Mr. Chapman-Mortimer has said and if the Bill is left as it is, it will hinder amalgamations in the future, which is not the object of any Honourable Member in this House. I support my Honourable friend on the Congress Benches, who has made the suggestion for a little delay if the Government are not able to make up their minds immediately, or, if they feel that they are not on certain ground and will not accept the amendment straightaway, I do not think there can be any harm in a little consideration.

The Honourable Sir Nripendra Sircar (Law Member) : Sir, I want to add only a few words. Clause 51 to which the amendment has been moved has been taken *verbatim* from the Clauson Committee's Report. That Committee had, as its members, most eminent men, including representatives of most insurance interests and we have taken it from that ; and I am informed by my friend, Mr. Chapman-Mortimer, that although this is what they reported, subsequently, the Board of Trade or some other people came to the conclusion that this is not quite good and not quite workable ; but, on the arguments which have been advanced by my friend, Mr. Chapman-Mortimer, I am not at the present moment at all convinced, that the policy-holder should not have the right to know as to what his policy has been valued at. I should have thought that that is a matter of primary importance. I have got a policy in one company that is going to be amalgamated with another, and should I not know what is going to be the amount of the valuation of my policy ? My friend, Sir Cowasji Jehangir's suggestion is that we should take time. Well, Sir, if, at the end of a year they have not been able to make up their mind—we have made up our mind all right—then I do not think a day's adjournment or a night's reflection will advance us any further. I oppose the amendment.

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

"That in clause 51 of the Bill, after the word 'company', occurring in the first line, the words 'for the purpose of a cash distribution of the assets' be inserted."

The motion was negatived.

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

"That clause 51 stand part of the Bill."

The motion was adopted.

Clause 51 was added to the Bill.

Clause 52 was added to the Bill.

Mr. President (The Honourable Sir Abdur Rahim) : Before I put clause 53, I would like to dispose of the matter which stood over yesterday. It is the amendment of Prof. Ranga. I understand that it is going to be withdrawn.

Prof. N. G. Ranga (Guntur *cum* Nellore : Non-Muhammadan Rural) : Sir, I beg leave of the House to withdraw my amendment No. 2 on Supplementary List No. 6, which runs as follows :

"That after sub-clause (*5*) of clause 37 of the Bill, the following new sub-clause be inserted :

'(*6*) The provisions of this section shall not apply to the chief agent or special agent who organise insurance business for any insurer in some defined area but the chief agent or special agent shall not receive more than sixty per cent. of the first year's premium and seven per cent. of the renewals of the policies procured by them through their organisation, from the insurer'."

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

Prof. N. G. Ranga : Sir, I move :

"That after clause 38 of the Bill, the following new clause be added :

'38A. That the Local Government may, by notification in the local official gazette, direct that every insurer shall establish and maintain a provident fund for the benefit of his employees and the said fund shall be governed by the provisions of Act 29 of 1925 (Provident Fund Act, 1925), provided there is no other provision for the benefit of the said employees'."

Mr. F. E. James : Sir, I rise on a point of order. I want to submit to the Chair that this amendment is out of order because it extends the scope of the Bill. It has been ruled, on more than one occasion in this House, that the scope of the Bill is contained in the preamble to the Bill and in the clauses as introduced to this House.

Mr President (The Honourable Sir Abdur Rahim) : There are 106 clauses in this Bill.

Mr. F. E. James : My point is that for the first time an amendment is sought to be made which brings in the question of the establishment of provident funds for the benefit of the employees. The purpose of this Bill is to consolidate and amend the law relating to insurance and I submit that that does not cover provisions, however admirable they may be, for establishing provident or other schemes for the employees of insurance companies.

Mr. President (The Honourable Sir Abdur Rahim) : In the existing law, is there no such provision as this ?

Mr. F. E. James : No, Sir, and I would remind you that on several occasions, during last year's debate on the Companies Bill, provisions were sought to be moved which were very much in line with this provision, making it compulsory upon certain companies, registered under the Companies Act, to provide provident funds for their employees. When objection was taken on these amendments, the Chair was pleased to rule that they were beyond the scope of the Bill. There have been a large number of rulings in previous years relating to this particular matter and it is very largely due to the course of these rulings that I felt it my duty to raise this point at this stage. I submit that this amendment is out of order, because it is beyond the scope of the Bill.

Mr S. Satyamurti (Madras City : Non-Muhammadan Urban) : Sir, with regard to the scope of the Bill, you will notice that the Preamble says :

"Whereas it is expedient to consolidate and amend the law relating to the business of insurance."

Mr. President (The Honourable Sir Abdur Rahim) : I want to know if there is any provision in the existing law which is analogous to this amendment.

Mr. S. Satyamurti : My Honourable friend, Mr. James, gave the analogy of the ruling which you gave last year, with regard to the Companies Bill, and to which I shall presently refer. But that was an amending Bill. This is not merely an amending Bill, but this is a consolidating and amending measure.

Mr. President (The Honourable Sir Abdur Rahim) : That makes the Honourable Member's position worse. It means that there are provisions in the present law which are sought to be consolidated by this Bill.

Mr. S. Satyamurti : So long as the business of insurance includes this, the amendment is in order. The scope of the Bill is governed by the preamble which says : ' to consolidate and amend the law relating to the business of insurance '. Unless my Honourable friend goes to the extent of contending that regulating the conditions of employees of all insurers—even the Local Governments directing insurers, provide provident funds for their employees—is outside the scope of the business of insurance, I submit the amendment is in order. The ruling which you gave last year was a limited one. The reference is to the Assembly Debates, Vol. VI, page 878. The matter was argued, and you said :

" The point of order raised is whether the amendments No. 7 and No. 9, and other amendments of that kind which deal with what are called key industry companies and public utility companies are in order. The objection is that the amending Bill is limited to certain purposes, (*that was the reason given*), and the purposes of the amending Bill are to be gathered, as has been pointed out before, from the Preamble read with the clauses and the Schedules. My attention has not been drawn to any clause of the amending Bill or even in the main Act, VII of 1913, which deals specifically with key industries or public utility companies. Now, I am asked to decide whether the clauses dealing with these companies mentioned in amendment No. 7 and also amendment No. 9 and other similar amendments, if any, are within the scope of the Bill or not. I have no doubt whatever that having regard to the scope of the Companies Act as well as the amending Bill now before the House, these amendments are beyond the scope of this Bill."

I submit that that Ruling does not cover the case of the amendment now before the House.

I want to invite your attention, if I may, to the Ruling reported in the " Decisions from the Chair ", Vol. II. It is Ruling No. 579 which says :

" In discussing the admissibility or otherwise of Mr. Thampan's amendment, the Chair has first to decide the scope and purpose of the Bill. The Chair agrees with the Leader of the Opposition that this Bill must be construed as being primarily intended for affording protection to certain industries. The amendment of the Indian Tariff Act is the means by which that object is achieved. Therefore, the primary scope and purpose of the Bill is to afford protection for certain industries. That being the scope and purpose of the Bill, the Chair has now to decide whether, in view of that the amendment is in order. The opinion of the Chair is that when the Indian Legislature agrees to give protection to a certain industry, it is entitled to say that the industry shall enjoy that protection only if it satisfies certain conditions laid down by the House. Viewed from that point of view, the Chair has no hesitation in holding that the amendment is in order. The ruling is supported also by a previous ruling given by the Chair. On the 4th June, 1924, when the Steel (Protection) Bill was being discussed, Mr. V. J. Patel wanted to move a clause to this effect :

> ' Provided that nothing in this section shall apply to any company, firm or other person who starts the business of manufacturing steel after the passing of this Act, except to the extent and in the manner to be determined by a Resolution of the Legislative Assembly in that behalf ',

and the Chair ruled on that occasion :

" I have heard sufficiently on the point of order. In the light of the discussions that have taken place, I have now come to the conclusion that as pointed out by Pandit Motilal Nehru, this amendment really circumscribes the scope of the Bill and limits it to companies of a particular kind, and that being the case, I am now of the view that it is not out of order."

The Chair therefore holds that the amendment of Mr. Thampan is in order."

Then, Sir, you will kindly see Ruling No. 580.

Mr. President (The Honourable Sir Abdur Rahim) : The amendment referred to in the Ruling, just now read, did not tend to widen the scope of the amending Bill.

Mr. S. Satyamurti : I just now read out the amendment which was sought to be moved then :

" Provided that nothing in this section shall apply to any company, firm or other person who starts the business of manufacturing steel after passing of this Act, except to the extent and in the manner to be determined by a Resolution of the Legislative Assembly in that behalf."

That is to say, it was really trying to exempt from the scope of the Bill certain classes of business which started later on. You will also kindly look at Ruling No. 580 which is more or less *ad idem* with the amendment which my Honourable friend, Prof. Ranga, now seeks to move. That Ruling says :

" Mr. Joshi sought to move an amendment protecting conditions of labour in the industries concerned, when objection was taken that the amendments to protect labour were not in order in a Tariff Bill and that such amendments had been ruled out before :

The President pointing out that the ruling had been revised, observed :

The ruling pointed out by the Honourable the Legislative Secretary certainly makes the position difficult, because, according to that ruling, the Chair definitely ruled out of order amendments trying to regulate labour conditions in an industry ; but the Chair now finds that the President on that occasion—perhaps at a later stage—gave the ruling to which the Chair drew the attention of the House just now. From this the Chair has to conclude that the President changed his mind, and in the opinion of the Chair his later ruling is more equitable than the first ruling, especially in view of the fact that Mr. Joshi has drawn attention to a ruling in 1928 on a similar amendment. Chair must, therefore, hold that the amendment of Mr. Joshi is in order. At the same time, the Chair would point out that while it holds that Mr. Joshi's amendment is in order, an elaborate discussion on labour conditions will be out of place on this amendment."

I say, Sir, the present amendment is on a much stronger footing. On the former occasion that was a purely tariff protection Bill in which Mr. Joshi sought to move an amendment to protect the conditions of labour, and it was held to be in order. In this case, this Bill is to consolidate and amend the law relating to business of insurance altogether. My Honourable friend, Prof. Ranga, merely wants an amendment which gives power to the Local Governments to provide for provident funds in insurer's offices, where no other provision exists. I submit, therefore, that this amendment is within the scope of the Bill, as defined here, and my Honourable friend, Prof. Ranga's amendment merely seeks to regulate the business of insurance, so far as it concerns the employees of insurance, and I submit it is in order.

The Honourable Sir Nripendra Sircar : Sir, I did not intend to take any point of order in connection with this particular amendment, but I did want and I shall want to take this point in connection with some other amendments. But as the point has been raised and as the matter has been discussed, I should like to draw your attention to what has

[Sir Nripendra Sircar.]

been referred to by my Honourable friend, Mr. Satyamurti, and I would request you to have in your hand, Vol. VI—Legislative Assembly Debates, page 875. The discussion really starts from page 871.

" *Prof. N. G. Ranga* : Sir, I beg to move the following amendment : "

Then, you will find, Sir, that the amendment moved on that occasion covered four pages of close print. Speaking generally, the amendment sought to give certain amount of privileges for labour employed in companies and things of that kind. I then took objection and I wish to draw your attention to the arguments of Mr. Satyamurti reported at page 875 :

" *Mr. S. Satyamurti* : I should like to submit first of all that the title of the Bill is ' A Bill further to amend the Indian Companies Act, 1913, for certain purposes '. I speak subject to correction, there is no purpose of the Companies Act, which is not within the scope of the present amending Bill, starting from the definition section leading to the winding up of companies, including banking companies, foreign companies, private companies, and various other items, balance sheets, and what not, are all dealt with in this amending Bill. In fact every Chapter of the old Act is touched upon in this amending Bill.

Mr. President : In the original Act, is there any provision relating to key industries and public utility companies, and all that.

Mr. S. Satyamurti : I submit that is not the point at issue.

Mr. President : This is an amending Bill to the original Act.

Mr. S. Satyamurti : The original Act itself does not deal with these classes of companies ; it deals with certain classes of companies, as also this amending Bill, *viz.*, private companies, banking companies, foreign companies. It is not, as if either the original Act itself or the amending Bill deals only with one class of companies. Both the original Act and the amending Bill, to my knowledge, just now deal with three classes of companies, besides ordinary joint stock companies, namely, foreign companies, banking companies and private companies. I submit therefore that my Honourable friend's amendment which seeks to bring within the scope of the Companies Act a new class of companies is undoubtedly within the scope of the Bill.

Mr. President : How undoubtedly ?

Mr. S. Satyamurti : Because it is open to the Companies Act normally speaking to define and lay down provisions with regard to different classes of companies. The Companies Act, original as well as this Bill both deal with different classes of companies.

Mr. President : The Chair has got to decide what is the scope of the Bill, that is the narrow issue before the House.

Mr. S. Satyamurti : The scope of the Bill is to amend the Indian Companies Act for certain purposes.

The Honourable Sir Nripendra Sircar : Hereinafter appearing.

Mr. S. Satyamurti : All the purposes of the Companies Act appear here, from birth to death and funeral ceremonies and the Bill deals with winding up, prospectus directors, managing agents, and in fact everything is there in this amending Bill.

The Honourable Sir Nripendra Sircar : What about Part VIII ? You say every Chapter is included.

Mr. S. Satyamurti : I want to draw your attention to some relevant passages in May's Parliamentary Practice. The practice in the House of Commons is summarised at page 404 :

> ' Amendments are out of order, if they are irrelvant, to the Bill or beyond the scope of the Bill or of the clause under consideration.'

I submit that the scope of this Bill undoubtedly is to deal with companies of various kinds.

Mr. President : The Chair wants to draw attention to the Ruling appearing in Volume V of Legislative Assembly Debates, Part III :

> ' The scope of the Bill is defined in the preamble read with the clauses and the schedules '."

I rely, Sir, on this, that is to say the scope of this Bill is to be found in the Preamble and read with the clauses and the schedules. I mean that is where you find the scope of the Bill. To continue the quotation :

" *Mr. S. Satyamurti* : I submit, Sir, that the scope of the Bill taking it in the light of the ruling which you have just now read out, is reading the title, the preamble, the clauses and the schedules together and undoubtedly this amending Bill deals with different classes of companies."

" *Mr. President* : Can the Honourable Member put in another class of companies ?

Mr. S. Satyamurti : Why not, Sir ?

Mr. President : Only because they are joint stock companies ?

Mr. S. Satyamurti : The company proposed in the amendment of Prof. Ranga is going to deal with a particular class of joint stock companies. The Act deals with joint stock companies, and my Honourable friend wants to persuade the House to agree to putting certain provisions with regard to a particular class of joint stock companies. You will notice, Sir, from the same set of Rulings which my Honourable friend read out, there is another ruling.

Mr. President : The Honourable Member's contention is that he has given notice of an amendment containing suggestions or proposals as to how to deal with these companies.

Mr. S. Satyamurti : That is the next point. I submit the amendment really attempts to deal with one class of joint stock companies in a particular manner, whatever the House may think of it. I submit such an amendment is within the scope of the Bill. I want you to refer to ruling No. 138 on page 104 where the Deputy President ruled : "

Then, he sets out the ruling and goes on to say :

" I am relying in this ruling on the words : ' as it is intimately connected with other sections which are being amended.'

My submission to you, Sir, is that, after all, this Bill and the original Act deal with various classes of joint stock companies. The amendment of Prof. Ranga deals with one class of joint stock companies. Lastly, I will draw your attention to the House of Commons Standing Orders which are printed as an Appendix to May's Parliamentary Practice. Standing Order 34 says :....."

Mr. President (The Honourable Sir Abdur Rahim) : Is it necessary to read all that ?

The Honourable Sir Nripendra Sircar : My friend may say that I am doing him an injustice by giving quotations from his speech ; and, when you have endured so much, there is only one more paragraph left. This is at the bottom of page 877 :

" *Mr. President* : It really means within the scope of the Bill.

Mr. S. Satyamurti : The word ' scope ' is a very big word. What is the scope of the present Bill ; to amend the law with regard to joint stock companies, and to lay down different provisions.

Mr. President : For the purpose hereinafter appearing."

[Sir Nripendra Sircar.]

Now, Sir, I come to the final argument of Mr. Satyamurti and your ruling :

"*Mr. S. Satyamurti* : You will notice, Sir, that the proposed amendment of Prof. Ranga merely suggests the various restrictions that are to be placed before these companies are registered. He merely wants to restrict the application of this Act to these companies in a particular manner. I am not speaking on the merits of the amendment at all.", etc.

Then, I come to your ruling which is at the middle of page 878.

Mr. President (The Honourable Sir Abdur Rahim) : You need not read it.

The Honourable Sir Nropendra Sircar : Now, if you come to the Preamble, I submit that the word "consolidate" makes no difference. If you will kindly turn to the Preamable of this Bill, you will find :

"Whereas it is expedient to consolidate and amend",.....

Mr. President (The Honourable Sir Abdur Rahim) : What is the meaning of the word "consolidate" ?

The Honourable Sir Nripendra Sircar : I am coming to that.

"and amend the law relating to the business of insurance."

That is to say, there are certain laws already in existence relating to insurance,—the Act of 1912, the Act of 1928 and the Provident Societies Act. The object is to consolidate all these three Acts together in one Bill and also to make extensive changes in those Acts. But, when we apply the test which you yourself pointed out, the scope of this Bill is to be found from what ? From the clauses which are appearing here *plus*, if it is a consolidating Bill, turn to these three Acts, that is to say, as if the scope has got to be found from those three Acts.

Mr. President (The Honourable Sir Abdur Rahim) : There is no such provision in any of those Acts,—is that so ?

The Honourable Sir Nripendra Sircar : That is my point ; there is no such provision in any of those Acts in connection with Provident Fund Societies. And I shall advance one more argument before there is any reply to mine, and that is this. If we proceed in this way, then because we are consolidating the insurance law, first of all we lay down that there should be a provident fund for the workers ; next, that the Managing Agents should be supplied with fire arms and you must amend the Arms Act, because the Managing Agents are detested and they may be shot down. (Laughter.) Next it will be said that we should now arrange for labour ; that will be done under this Act. And why not excise ? That is to say, free entry for certain kinds of *ganja* and other things for the workers. If you persist on that footing you can, in the guise of having an insurance law, practically legislate on everything. But your ruling is quite clear and I submit.....

Mr. President : This is a new clause sought to be added after clause 38,—is it not so ?

The Honourable Sir Nripendra Sircar : Yes, Sir ; a new clause nothing like which appears in either of those Acts.

Mr. President (The Honourable Sir Abdur Rahim) : I do not see that it has any particular affinity to clause 38.

The Honourable Sir Nripendra Sircar : No, Sir ; but it has got to be placed somewhere. (Laughter.) That, Sir, is my submission.

Mr. M. S. Aney (Berar : Non-Muhammadan) : Sir, I beg to submit that this is not really a consolidating measure in the sense that it only brings together the existing law which is contained in three different statutes. It adds something more and for that reason those words "and amend the law relating to the business of insurance" have been inserted there. These amendments are not merely for the purpose of making a consolidating measure only but also to improve the insurance business which exists today, in some other way. For that reason, there have been certain new principles added in this measure, principles which do not find any place in any of those three statutes to which reference was made by the Honourable the Law Member. For example, there is the principle of licensing of agents ; there is no reference to that in the old Acts. The only thing for you to see is whether the amendment which my Honourable friend, Prof. Ranga, wants to make has got any relation to the business of insurance or not. I cannot imagine that the business of insurance can be done without any consideration to those through whom that business is to be carried on. The employees are as much a part of the business as the employers ; and, as we have made rules regarding insurers and the insured, we have to conclude that any rules that will affect those through whom this business of insurance is to be carried on are entirely within the scope of the words "business of insurance". Therefore, I believe, an amendment which relates to provident fund relates to the condition of service of the employees, and, therefore, that amendment cannot be ruled out as being beyond the scope of the business of insurance which it is the object of this Bill to amend and improve.

Mr. Bhulabhai J. Desai : Sir, I must ask you to endure me for a few minutes notwithstanding the long reading of the dissertation from past speeches on this occasion. I respectfully agree that the ruling on the occasion when an amendment was sought to be moved to the amending Bill to the Indian Companies Act would have very little guidance in this matter. It is no use borrowing words which were used on that occasion for the purpose of judging this. In a matter like this, I quite agree that the line is always difficult to draw, and it is more a matter of first impression, more a matter of principle, than a matter of being guided by rules or what was said on previous occasions in specific instances of amendments sought to be moved.

The points I wish to make are these : the first is what my Honourable friend, Mr. Aney, has already made, that it is not consolidating in the sense merely of bringing together in one place provisions of different Statutes : if that were so, most of the provisions in this Bill would not be in existence—for instance, the provisions in the last chapter we were dealing with, licensing of agents up to the penalties provided for doing business except through them. Secondly it would not have opened up the question of limiting their commission. Here, the most relevant point is this : and I wish to remind the House and you, Sir, that the question of limitation of commissions had to be dealt with as only one part of what it was possible to do scientifically—the expense ratio of running the insurance business. If that expense ratio had to be considered, I respectfully submit and I defy any man here to say that

[Mr. Bhulabhai J. Desai.]

the consideration of a provident fund or similar item of expenditure in an insurance business would not be a necessary item in arriving at the expense ratio : so that, though we have had to omit the provisions relating to expense ratio for other reasons, namely, the difficulty of a scientific basis to arrive at, the fact still remains that it was admitted that, if we could have arrived at that scientific basis, a scientific solution of that question, it would have properly found its place in this Bill. If that had been so, it goes without saying that a part of the expenditure of the company, to wit, subscription to provident fund for its servants, would have been one of the items of expenditure. It is, therefore, not a mere consolidating Bill in the sense of bringing the law together : it is not merely an amending Bill, amending the existing law : it is both consolidating and amending, that is, it puts the whole law together and extends it in all directions in order that the insurance business may be covered by it. I submit that is the sole object of the Bill. Otherwise, as was pointed out by my friend, Mr. Sham Lal, just now, we would not have the provision that was passed yesterday with reference to contracts between the employer and the employee as regards renewal premium. The House may feel that, on an occasion of this kind, we need not insist on the question of a provident fund—that is a different issue. But have we not got in this Bill provisions like these in clause 53, the question of reciprocity of treatment of Indian insurance companies with reference to those of foreigners who trade in our country ?

The Honourable Sir Nripendra Sircar : That is in the Bill.

Mr. Bhulabhai J. Desai : Yes ; but what I am trying to point out is that the scope of the Bill cannot be determined by what is put into it by those who have introduced the draft Bill. I think it is a misconception. It is an entire misconception to imagine like that. Supposing there is a matter entirely foreign to the Bill. Suppose, for instance, to take my Honourable friend's own illustration—the matter of *ganja*—he generally very astutely undoubtedly takes off the attention of the House to some ridiculous subject which could not possibly come within the scope of the Bill, and thereby hopes to prove that a particular thing is not within the Bill—I quite agree that it is one of the methods of astute advocacy, but at the same time we must also guard against it. Supposing, for example, this particular provision about *ganja* had been put in, the mere fact that it was brought in by the Government would not have prevented me from raising the point that it is not within the scope of the Bill : so that, it is not conclusive at all—the fact that a particular provision is brought in in the Bill. That being so, the matter has to be dealt with not necessarily by what there is in the Bill.....

Mr. President (The Honourable Sir Abdur Rahim) : Is not that the rule ? If the Government bring in a Bill and any amendment to any clause is brought in, then we must judge whether the amendment is or is not within the scope of the Bill, as introduced by the Government.

Mr. Bhulabhai J. Desai : That is a different point. If I seek to add a provision, as my Honourable friend said, say, under Miscellaneous—the place is not the issue at all—it is no amendment to any of the clauses, it is admittedly an addition. The point seems to be that what they have brought in stands on a quite different footing to an item which we submit is within the scope of the Bill.

Mr. President (The Honourable Sir Abdur Rahim) : This is really a new item.

Mr. Bhulabhai J. Desai : That is not disputed : I am admitting it for the purpose of my argument.

Mr. President (The Honourable Sir Abdur Rahim) : It does not even purport to be an amendment to an existing clause.

Mr. Bhulabhai J. Desai : I admit that. I say, any addition brought in here is within the scope of the Bill so long as it is relevant : the fact that it is an addition does not make any difference. We are dealing with an extension of the law as it existed in scattered places : the question is what are the final limits of this extension : that is the only issue, because it goes without saying that they have extended it. Supposing it was possible to have arrived at a scientific solution, it would have been open to this House to say that no insurance company shall have, as its expenditure, more than so much percentage of its annual premia.....

Mr. President (The Honourable Sir Abdur Rahim) : Is not that to ensure the soundness of the insurance business—the limitation to be put on commissions and all that ?

Mr. Bhulabhai J. Dessai : That is so. That, again, is putting the wrong question for this reason : you may say, the soundness of the business is within the Act, but you have proved nothing by it, that something else in addition to soundness is not within the scope of the Act.....

Mr. President (The Honourable Sir Abdur Rahim) : Apart from the illustration of *ganja*, take the question of finding house accommodation for employés and things like that.

Mr. Bhulabhai J. Desai : I submit with very great deference that that is not the same thing : if provision were made in terms of house accommodation, then it could be taken up. Let me put it this way : supposing a Bill came up relating to the textile industry : it is well known that in all western countries at any rate, part of that business includes provision for house accommodation, old age pension and every other kind of amenity, for the purpose of the soundness and the efficiency of the business. In fact, it is put on that very ground : if it did not contribute to the efficiency of the business, it would be entirely out of the scope of the Bill.....

Mr. President (The Honourable Sir Abdur Rahim) : You mean if a Bill dealing with the question of the textile business was introduced, then such an amendment would be in order ?

Mr. Bhulabhai J. Desai : Supposing a Bill was introduced for the purpose of regulating the textile business.....

Mr. President (The Honourable Sir Abdur Rahim) : Yes, but it depends on the clauses of the Bill.

Mr. Bhulabhai J. Desai : I am only trying to follow up your idea of the soundness of insurance business. Therefore, I was taking another allied business, textiles. I think efficiency and soundness require this. My friends on the other side say : " If you do not give us so much salaries and so much accommodation and these occasional passages and rest, the business of the administration will suffer ". How is that within the Act ? I submit with very great deference,—here is a business for which we are legislating.....

Mr. President (The Honourable Sir Abdur Rahim) : Supposing you add a provision like this, and similar other provisions for the employés. Then, is it not fair to the House that full opportunity should be given to Honourable Member to consider all such provisions and bring in amendments ? In that case, where will be the end ?

Mr. Bhulabhai J. Desai : The answer to that is this, Sir. Supposing, no part of the House desired it necessary or useful to make further provisions, that is no answer.....

Mr. President (The Honourable Sir Abdur Rahim) : It has been laid down that it must be within the scope of the Bill.

Mr. Bhulabhai J. Desai : I am not disputing it at all. It is common ground between the Chair.....

Mr. President (The Honourable Sir Abdur Rahim) : I said it must come within the scope of the Bill.

Mr. Bhulabhai J. Desai : The question would still remain that you cannot bring it within the scope of the Bill. Now, Prof. Ranga, has given his amendment in time as required by rules, and the question is, if the matter is within the scope of the Bill meaning thereby if it can be said to relate to the business of insurance. That is the short way in which the question must be answered ultimately. I submit, with great deference, it does relate to the insurance business. Who dares say that it is entirely unrelated to insurance business ? If it relates to insurance business, then it does come within the scope of the Bill.

Mr. President (The Honourable Sir Abdur Rahim) : Objection has been raised to this amendment on the ground that it purports to widen the scope of the Bill. The amendment is that provision should be made for a provident fund for the benefit of employés of an insurance company or rather an insurer. The scope of the Bill, as has been more than once laid down by the Chair, is to be judged from the preamble, the Title, the clauses of the Bill and the Schedules. You must take the whole Bill into consideration in order to ascertain what is the scope of the Bill. The Honourable the Leader of the Opposition very rightly points out that the Bill is not only a Consolidating Bill but an Amending Bill, which includes within its scope additions to the Bill which are relevant to the clauses of the Bill and which are not outside the scope of the Bill. The Bill in the first instance is a consolidating one, and I understand,—at any rate it is not disputed,—that the existing laws relating to the business of insurance do not contain any sort of provisions for instituting provident funds for the benefit of employés of an insurer. But it is argued that it is justifiable to have a clause in the Bill by way of amendment for that purpose. Now, there are more than 100 clauses to this Bill, and my attention has not been drawn to a single clause

which can be said to bear any affinity to the amendment now before the House. The amendment which is sought to be made is in the form of a new clause to be inserted after clause 38 of the Bill which deals with the licensing of agents, and neither that nor have I been able to find a single other clause throughout the Bill which deals with or relates to the subject of provident fund for the employés of an insurance company.

As for the rulings, I have gone through most of the rulings, but in a matter like this uniformity cannot be expected ; each case has to be considered with reference to the nature of the Bill before the House, and, as I have pointed out, and as is quite clear, this Bill refers to the carrying on of insurance business. I don't say that provident fund for the benefit of employees of insurance companies has not got some sort of connection with the carrying on of insurance business or any other business of that character, but that sort of relation is a very remote one, and it cannot by any means be said that an amendment like this comes within the scope of the Bill. I, therefore, rule that the amendment is out of order.

We now take up clause 53.

The question is :

" That clause 53 stand part of the Bill."

Mr. F. E. James : Sir, I beg to move :

" That in clause 53 of the Bill, the words ' or otherwise ', occurring in the eighth line, be omitted."

I would ask Honourable Members to turn to that clause which deals with the power of the Central Government to impose reciprocal disabilities on non-Indian companies. I submit that this clause is part of a general scheme. I would invite the attention of the House to clause 3 (*2*) (*e*) which provides for an insurer, having his principal place of business or domicile outside British India, to supply a statement verified by an affidavit made by the principal officer of the insurer, setting forth the requirements (if any) not applicable to nationals of the country in which such insurer is constituted, incorporated or domiciled, which are imposed by the laws or practice of that country upon Indian nationals as a condition of carrying on insurance business in that country. That is a requirement which has to be fulfilled by an insurer desiring to carry on insurance business in this country. If the House will turn to sub-clause (*3*) of clause 3 they will see a very stringent provision laid down there. A non-Indian insurer cannot register, or, if registered, his registration is liable to be cancelled if the Superintendent is satisfied that Indian nationals are debarred by the law or practice of his country from carrying on the business of insurance there or that any requirement imposed upon him by clause 53 is not satisfied.

I would remind the House that in this connection the Superintendent has no discretion whatsoever ; he has no option. If he is satisfied as to these things, he must either withhold registration in the case of an application for registration, or cancel a registration already made if an insurer is doing business in this country. With those clauses in mind I would now ask

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[Mr. F. E. James.]

the House to turn to clause 53 which is now under consideration. This clause consists of 3 or 4 different parts to which I will presently draw the attention of the House. The first lays down that where any " special requirement " is imposed upon an Indian insurer as a condition of carrying on insurance business,—" Special requirement " is not defined ; it is not easy to understand what exactly a " special requirement " would mean. It is a requirement which may apply not only to an Indian insurer wishing to do business in that country, but to all foreign insurers doing business in that country. In other words, that special requirement may not be discriminatory as far as India alone is concerned ; it may be some special requirement which is imposed for reasons of internal administration upon all foreign insurers, whether Indian or not, doing business in that particular country. In other words, it is really a comparison of legislation which is the basis of the wording of that part of the clause. It is not so much the extent of discrimination which is in question ; it is a comparison of the laws in that country with the law in this country. That is the first point. The second point is this, " ....any special requirement whether as to the keeping of deposits or assets in that country or otherwise.... ". I suggest that these words " or otherwise " give a meaning to the application of this clause which I do not think is the intention of this House to give, if I understood the Bill as it has emerged from the Select Committee. The words " or otherwise " would include all kinds of comparatively minor requirements which foreign companies operating in that country might be required to fulfil,—which might be requirements with no object of discriminating against foreign countries but merely for administrative purposes. Take an extreme case,—there may be a special requirement in a country that all foreign companies doing the business of insurance in that country should submit certain returns on a pink form. Obviously, I am sure that the House does not wish to import into this clause the application of that extreme meaning or interpretation. Therefore, our suggestion is that the words " or otherwise " should be deleted, a suggestion made with a view to assisting to interpret more clearly what I believe to be the real desire of the House. There is a third part of this clause to which I would draw attention, and that is where it lays down that :

" The Central Government shall, if satisfied of the existence of such special requirement, by notification in the Official Gazette, direct that the same requirement, or requirements as similar thereto as may be, shall be imposed upon insurers of that country as a condition of carrying on the business of insurance in British India."

It is not the Superintendent in this case, it is the Central Government, —presumably under the existing constitution,—the Governor General in Council ; and he has no option whatsoever. When an obligation is placed upon the Government of the day by a Statute, it is not enough to say that the Government need not pay particular care in regard to that obligation. A statutory obligation is placed upon Government by this clause. What will be the result ? It is true, that in regard to an insurer from abroad wishing to do business in this country for the first time, Government have an opportunity of ascertaining the laws of the country from which he comes, because of the requirement in clause 3 to file an affidavit stating whether there are any special requirements

by law in his country which do not apply to the nationals of his own country. But what about insurers from other countries already doing business here ? An obligation is clearly laid upon the Central Government to keep in the closest possible touch with all amendments of the laws in other countries where Indian insurers may be doing business, whatever those amendments may be, if they relate to or if they impose an obligation upon foreign insurers in those countries. Whatever they may be, immediately the Central Government must, by notification—it has no option—direct that the same requirement or requirements as similar thereto as may be, shall be imposed upon insurers of that country doing business here. I suggest that that is an onerous obligation which will be very difficult for the Central Government to carry out adequately. Allow me to direct the attention of the House to our own amendment. We propose the deletion of the words " or otherwise ". We have later on the Order Paper an amendment which is an alternative to this, which gives the Central Government some discretion in the matter by changing the word " shall " into " may ". That is an alternative, but we suggest that the deletion of the words " or otherwise " would remove some of the difficulties which I have enumerated. What will be the effect of the removal of those words ? The effect will be this, that where there is any special requirement imposed upon Indian insurers wishing to do business in any other country as to deposits or assets action must be taken in India. I am quite aware that it may be argued that the operation of this clause may be severely restricted by this amendment. I may assure the House that it is not our intention, in any way, to take away from India weapons which are suitable and necessary for her in the defence of her own interests. But our point is this : that the special requirements that are likely to be asked of an Indian insurer in any other country, substantial requirements in which there may be discrimination, will almost invariably relate either to deposits or to assets. That is really the substantial matter in which discrimination is likely to take place. If there are other matters, and there are a large number of matters which may occur to the minds of Honourable Members of this House, I suggest that they will be covered completely and entirely by the provisions of sub-section (*3*) of section 3. As far as this particular clause is concerned, we consider it is much more satisfactory if this wide provision ' or otherwise ' is removed and that the test of discrimination as far as legislation is concerned, having in mind the fact that the Central Government has no option in the matter, should be limited to the question of deposits or assets. In other words, our amendment, if it is accepted by the House, will remove what we believe to be a very real danger, as the clause now stands, of unnecessary or harassing restrictions on foreign companies doing business here, while at the same time perserving in essence, in substance, the principle of reciprocity in those material matters on which discrimination against Indian companies doing business in other countries is likely to be made. To put it shortly, we do attempt, while preserving what is essential in this clause, to remove what may be petty. Sir, I move.

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

" That in clause 53 of the Bill, the words ' or otherwise ', occurring in the eighth line, be omitted."

The Honourable Sir Nripendra Sircar : I am not entitled to speak on behalf of the Select Committee nor to disclose what happened in the Select Committee but I think I should tell the House what is in my mind as a Member of the Select Committee. We want to keep full powers of retaliation. I do not think there will be any disagreement as to that. On the other hand, I really intend, that it should be confined not merely to deposits or assets, because by confining it to merely deposits or assets, we may be omitting certain matters which are cognate to those two things. (Hear, hear.) On the other hand, if you put it "or otherwise", I quite see it may be said that the Government of India have got to keep themselves acquainted with the amendments of insurance law of every part of the world. What I do suggest is this. Possibly my Honourable friend, Mr. James, will be able to think, during the mid-day adjournment, of some words which will come to my rescue. I shall be grateful if he will be able to think of some other words which may be added to make it perfectly clear that what is wanted by section 53 is retaliation in the matter of keeping of deposits or assets and any matter, if I may use the technical expression, which is *eujesdum generis* with it, that is, of the same kind, type or genus. I am quite willing, if the House will agree to make it perfectly clear that the Government of India is not taking upon itself the duty of finding out minute changes in trivial matters in connection with the laws of the whole world. On the other hand, I object to the deletion of the words ' or otherwise ', unless some words are added which will make it clear that our power is not limited to merely the two items which we have mentioned but there may be similar items which are cognate to it. That is my suggestion. If any of my friends, in any part of the House, will suggest a suitable form of words, I shall be quite willing to accept it and in that case and in that case alone I would agree to the words ' or otherwise ' being deleted but if that is not done, then I shall have to oppose it.

Sir Cowasji Jehangir : What happens in this case. Suppose a country has a law or regulation whereby while allowing Indian insurance companies to transact business in their countries prevents nationals from India being employed by them in those countries ?

The Honourable Sir Nripendra Sircar : That is covered by sub-clause (*3*) of clause 3.

Sir Cowasji Jehangir : If the country absolutely refuses to allow India to have a branch in their country. If they have a regulation of this sort, it is not covered.

The Honourable Sir Nripendra Sircar : How can we possibly be acquainted with the laws of the whole world in connection with matters which are not important. What I suggest is a middle course—that we should not confine ourselves merely to deposits or assets. There may be other matters which are of equal importance and of the same nature. That is my suggestion and I would ask Honourable Members to kindly think over the matter during the interval. I have nothing further to add. I have finished.

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

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

Mr. T. S. Avinashilingam Chettiar (Salem and Coimbatore *cum* North Arcot : Non-Muhammadan Rural) : Sir, I am rather surprised at the way in which the European Group moves these amendments.....

The Honourable Sir Nripendra Sircar : Sir, I was having a talk with the Leader of the Opposition and there is every chance of our being able to settle a formula, and, if the House has no objection you may be pleased to take it first thing tomorrow morning. It will give us a little time. The matter is of great importance and I do not want to be rushed.

Mr. Deputy President (Mr. Akhil Chandra Datta) : That is certainly very desirable and I hope the House will agree to it. Does the House agree to its standing over till tomorrow morning ? (*Voices* : Yes.) Very well, it will stand over. No. 787.

Mr. F. E. James : I take it that that amendment will also stand over till we have discussed the previous one.

The Honourable Sir Nripendra Sircar : That is connected.

Mr. Deputy President (Mr. Akhil Chandra Datta) : Very well. This may also stand over along with No. 786.

The Honourable Sir Nripendra Sircar : Yes, Sir.

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

"That clause 54 stand part of the Bill."

No. 793. Mr. Satyamurti.

Mr. S. Satyamurti : Sir, I beg to move :

"That in clause 54 of the Bill, after the words ' referred to ', in last but two lines, the words ' or in the matters specified in (*f*) above ' be inserted."

Sir, with those words, it will cast on the insurer the duty to report to the Government the changes in the special requirements, if any, of the nature specified in clause 53, imposed in the country of origin of the insurer on Indian nationals. It will meet one of the objections urged this morning, and I think that, whatever the decision of the House may be on clause 53, the working of that clause should be made smooth and easy for everybody concerned. I move, Sir.

Mr. Deputy President (Mr. Akhil Chandra Datta) : Amendment moved :

"That in clause 54 of the Bill, after the words ' referred to ', in last but two lines, the words ' or in the matters specified in (*f*) above ' be inserted."

The Honourable Sir Nripendra Sircar : Sir, I accept the amendment.

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

"That in clause 54 of the Bill, after the words ' referred to ', in last but two lines, the words ' or in the matters specified in (*f*) above ' be inserted."

The motion was adopted.

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

"That clause 54, as amended, stand part of the Bill."

The motion was adopted.

Clause 54, as amended, was added to the Bill.

Clause 55 was added to the Bill.

The Honourable Sir Nripendra Sircar : Sir, before you come to the Provident Societies, there are three matters which have been left over,—clauses 10, 12 and 2. I do not want the Schedules to be taken now, they may be taken in their proper turn, but these three matters which were left over may be finished now. They won't take a very long time. One, I may remind the House, is the question of the definitions in clause 2. I moved an amendment that was debated at great length. That may be disposed of now. We understand there is no very serious objection, but if there is, that can be finished now.

Mr. Deputy President (Mr. Akhil Chandra Datta) : I am told by the Secretary that they have not got the amendments here. They may be held over.

The Honourable Sir Nripendra Sircar : We can proceed in the meantime.

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

"That clause 56 stand part of the Bill."

Pandit Lakshmi Kanta Maitra (Presidency Division : Non-Muhammadan Rural) : Sir, I move :

"That for sub-clauses (*a*) to (*g*) of clause 56 of the Bill, the following be substituted :

'(*a*) Life assurance business—the survival by a person of a stated age or a number of years and for death.

(*b*) Social and ceremonial insurance—birth, failure of issue, marriage or other social, religious or ceremonial contingencies.

(*c*) Unemployment insurance—loss of or retirement from employment.

(*d*) Accident or sickness insurance—disablement in consequence of sickness or accident '."

Sir, this is a very simple amendment. It aims at a better classification than what is to be found in this clause. The merit of a classification I believe rests mainly on its simplicity and clarity. In this particular case the House will note that the classes of insurable contingencies have been grouped together in such a manner that it lends itself to some confusion and also gives rise to practical difficulties in the working of provident insurance societies. Sir, if the House will turn to clause 74 (*1*) as also sub-clause (*2*) it will see that after this Bill is passed into law provident insurance societies will be required to maintain separate accounts for all the classes of business they transact, and in that connection it will be noticed that for life insurance as also for endowment policies they will have to keep separate accounts. Life policies and endowment policies can all be grouped under one head, life business. It is a common practice in insurance business transactions that wherever any premia are received by these Provident Societies, they group them under the head 'premia' and whenever expenses are incurred under the head of 'commission' they put them down as commission accounts. It will be extremely difficult for these provident societies to find out what particular percentage of the premia has come under the head of life policies and what portion has come under the head of endowment policies, also what particular portion has been spent for commission in respect of life policies and what portion has been spent for commission in respect of endowment policies. The present classification, as it stands, introduces some amount of confusion. I, therefore, submit that if we adopt the classification which has been proposed in the amendment, which clearly describes the class of workable contingencies under different groups and heads, I believe it will help the provident societies to work out in a far more efficient and better way than under the clause as it stands now. Moreover, it will be noticed that it is practically impossible to earmark the amount of commission in respect of these different classes of business. Besides, according to sub-clause 6 (*1*), which has already been passed, life insurance business means and includes whole life insurance business as well as life endowment business, and for actuarial purposes any actuary will have them classified into one type of life business and not two. So, instead of having this rather confused classification as proposed in clause 56, I suggest a simpler one and that for the better working of the companies concerned and for giving better facilities for keeping proper accounts and for running their business on practical business lines.

Sir, I move.

Mr. Deputy President (Mr. Akhil Chandra Datta) : Amendment moved :

"That for sub-clauses (*a*) to (*g*) of clause 56 of the Bill, the following be substituted :

'(*a*) Life assurance business—the survival by a person of a stated age or a number of years and for death.

(*b*) Social and ceremonial insurance—birth, failure of issue, marriage or other social, religious or ceremonial contingencies.

(*c*) Unemployment insurance—loss of or retirement from employment.

(*d*) Accident or sickness insurance—disablement in consequence of sickness or accident '."

Prof. N. G. Ranga : Sir, I am certainly in favour of the principle underlying this amendment. I am glad my Honourable friend, Pandit Lakshmi Kanta Maitra, has thought of including some of these very important things for which people like me in this country stand. It is a pity that, when this clause 56 was being framed or when it was being considered at the Select Committee, some of the important things that are mentioned in this amendment, such as social and ceremonial insurance, unemployment insurance, etc., were not included in it. I do not know whether Government have considered this particular amendment given notice of by my Honourable friend, Pandit Lakshmi Kanta Maitra, but I am sure, if Government were to pay any attention to it, it will not be impossible for them to include some of these items in clause 56 and thus improve it. In view of the fact that Government have already included sub-clause (*h*) by which the scope of this clause will be extended by Provincial Governments, I hope Government will see the justice in including part (*c*) of this amendment also. They will thus extend the scope of the

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clause and leave no room for any doubt later on. I, therefore, support this amendment and appeal to Government to extend the scope of this clause.

Mr. M. Ananthasayanam Ayyangar (Madras ceded Districts and Chittoor : Non-Muhammadan Rural) : Sir, I am really unable to see what this amendment seeks to include except that there are some headings given. On the other hand, I am sorry to see that some of the important matters have been left out.

The Honourable Sir Nripendra Sircar : Education has been left out.

Mr. M. Ananthasayanam Ayyangar : Education has been left out and other subjects are left out. Please refer to clause 56 as it stands. Sub-clause (*b*) says :

"the survival by a person of a stated age or contingency."

It is a comprehensive thing, as it stands. It may be a death policy or it may be an endowment policy. Various other matters may be brought in that category. That comprehensive expression has been left out in this amendment. Then, education, which is provided for under clause (*g*), has been left out and other social and ceremonial functions are included. Thus, the most important matters, which ordinarily the provident societies cater for, have been left out. Barring a few head lines, there is nothing new in this amendment. I therefore see no necessity for substituting the present clause by any other clause. The clause, as it stands, is all-comprehensive and may be left alone.

The Honourable Sir Nripendra Sircar : Sir, not only is there any improvement but Honourable Members will see that the most important sub-section (*h*) is taken away, that is, 'any other contingency which may be prescribed or authorised by the Provincial Government'.

Some Honourable Members : It is not taken away.

The Honourable Sir Nripendra Sircar : I beg your pardon. Then, what about the education ? That goes. I am now talking of the amendment as it stands. Then, Sir, it is a complete misfit if you accept the amendment. Let us see how the clause reads by incorporating the amendment :

"56. In this part 'Provident society' means a person.....receives premiums or contributions for insuring money to be paid on the happening of any of the following contingencies, namely :

(*a*) A life assurance business."

Surely, 'life assurance business' is not a contingency. The amendment really requires a lot of change. I am now more on the matter of substance than these technicalities. I submit the amendment is no improvement at all in any way and I particularly object to this arrangement which is in clause 56 being disturbed. The onus is on my Honourable friend to show that there is improvement. I submit there is none.

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

"That for sub-clauses (*a*) to (*g*) of clause 56 of the Bill, the following be substituted :

'(*a*) Life assurance business—the survival by a person of a stated age or a number of years and for death.

(*b*) Social and ceremonial insurance—birth, failure of issue, marriage or other social, religious or ceremonial contingencies.

(*c*) Unemployment insurance—loss of or retirement from employment.

(*d*) Accident or sickness insurance—disablement in consequence of sickness or accident'."

The motion was negatived.

Mr. Lalchand Navalrai (Sind : Non-Muhammadan Rural) : Sir I beg to move :

"That in clause 56 (*h*) of the Bill, for the word 'Provincial' the word 'Central' be substituted."

Sir, the Government never intended that Provincial Governments should come into the picture. In the Bill, as originally introduced, the word 'provincial' is not there. This clause 56 refers to provident societies and the clause provides that premiums and contributions should be paid for certain contingencies. Now those contingencies are described from (*a*) to (*g*) and the House knows the description. The last sub-clause (*h*) says :

"any other contingency which may be perscribed or authorised by the Provincial Government,"

That means that the Central Government are not laying down contingencies other than specific contingencies for which premiums have to be paid and they are leaving the authorisation or the prescription of these contingencies to the Provincial Governments. I do not understand why this power should be left to the Provincial Governments. At any rate, I find that when the original Bill was introduced there was no such power given to the Provincial Governments. We find in clause 51—that was the clause in the old Bill corresponding to the present clause 56—sub-clause (*h*) merely stated :

"Any other contingency which may be prescribed."

Under that no contingency was left to the Provincial Governments to be prescribed. I submit, therefore, presumably the original intention of the Government was to leave this to the Central Government. The whole Bill that is being now enacted into an Act is being made by the Central Government and every function that is to be provided for is by the Central Government. There is no reason, whatsoever, why this power should be given to the Provincial Governments. At any rate, I find no reason for doing so. What do we find in the Select Committee's report under clause 51 :

"We have supplied an obvious omission relating to one of the common activities of Provident societies and we have empowered the Provincial Government to add to the insurable contingencies."

I do not see any reason why this power is given to the Provincial Governments. The whole framework of this Bill is to keep the powers in the hands of the Central Government and when it is a Central subject, these other contingencies referred to in sub-clause (*h*) should also

[Mr. Lalchand Navalrai.]

be prescribed by the Central Government. I do not know what reason there will be for the Government to accept the Select Committee's report. It may be said, however, that the contingencies that may arise in each Province may vary from Province to Province but the contingencies which arise should be similar. That is the reason why I say that the Central Government should have the power to prescribe these contingencies instead of leaving them to the various Provincial Governments. I would appeal to the House to consider this point and leave this question also in the hands of the Central Government. Sir, I move.

Mr. Deputy President (Mr. Akhil Chandra Datta) : Amendment moved :

" That in clause 56 (*h*) of the Bill, for the word ' Provincial ' the word ' Central ' be substituted."

Mr. S. C. Sen : Sir, I have to oppose this amendment. The Honourable the Mover said that there was no reason given for introducing the word ' Provincial ' in the Bill. If I may draw the attention of the Honourable Member to the portion of the report upon which this provision is based, he will find that the original recommendation was for the use of the words ' Local Government '. I refer the Honourable Member to paragraph 333 of the recommendations upon which this Bill is based. But apart from that, under the existing Act under section 24, the Local Governments have been delegated the power of fixing the contingencies and that for a very good reason, namely, because in the different provinces there are different contingencies which have got to be provided for and under the existing Act they have been provided for in the rules framed by the different Local Governments. As must be obvious to the House the Local Ministries are likely to be more alive to the needs of their Provinces than the Central Government. For this reason, an obvious omission in the Bill as introduced was really supplied as it has emerged from the Select Committee. Sir, I oppose the amendment.

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

" That in clause 56 (*h*) of the Bill, for the word ' Provincial ' the word ' Central ' be substituted."

The motion was negatived.

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

" That clause 56 stand part of the Bill."

The motion was adopted.

Clause 56 was added to the Bill.

Mr. Deputy President (Mr. Akhil Chandra Datta) : As regards the proposed amendments which were held over in regard to clauses 2 and 4, may I point out that, if these amendments are taken up before the Honourable the President resumes the Chair, one Member will be put to some disadvantage and inconvenience. I do not think it will make any difference if it is taken up tomorrow or today. If the House so desires, those amendments might stand over till tomorrow morning.

The Honourable Sir Nripendra Sircar : They may be taken up after the President comes back to the Chair. In the meanwhile, other amendments might be proceeded with.

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

" That clause 57 stand part of the Bill."

Mr. Amarendra Nath Chattopadhaya (Burdwan Division : Non-Muhammadan Rural) : Sir, I beg to move :

" That in clause 57 of the Bill, after the word ' rupees ', occurring in the fourth line, the following be added :

' excluding bonuses, but a society on completion of the full deposit of Rs. 50,000 as per clause 63 following, shall be entitled to issue policy or a series of policies on a single life up to and not exceeding Rs. 1,000 '."

Clause 57 allows the provident societies to issue a policy or series of policies of Rs. 500 and deprives the policy holders of anything more than Rs. 500 in the shape of bonuses which are allowed in higher insurance companies. The question is that if the provident society completes the quota of deposit of Rs. 50,000, I think it will be justified in claiming the privilege of issuing policies up to Rs. 1,000. In the higher insurance companies, when a company deposits Rs. 50,000, it is allowed to issue policies up to any amount. In this case, it is rather an injustice if the provident societies are not allowed to issue policies up to Rs. 1,000 when they have completed the deposit of Rs. 50,000.

3 P.M.

Sir, I move.

Mr. Deputy President (Mr. Akhil Chandra Datta) : Amendment moved :

" That in clause 57 of the Bill, after the word ' rupees ', occurring in the fourth line, the following be added :

' excluding bonuses, but a society on completion of the full deposit of Rs. 50,000 as per clause 63 following, shall be entitled to issue policy or a series of policies on a single life up to and not exceeding Rs. 1,000 '."

Pandit Lakshmi Kanta Maitra : Sir, I rise to support the amendment. After the clauses we have so far passed an insurance company can after completing its initial deposit of Rs. 50,000 issue a policy to the extent of 2 or 3 lakhs ; there is no bar to that, there is no restriction of any amount. All that is sought in this amendment is that so long as the provident societies do not complete their quota of statutory deposit, let the amount be restricted to Rs. 500 ; but when these societies have completed their quota of Rs. 50,000, it is only reasonable that they should be permitted to issue a policy or a series of policies on any single life up to Rs. 1,000. Besides this, there is another point. Why should we by legislation stop these companies from paying any bonuses that might accrue on these policies ? We ought not to do it ; that would be very unfair as the interest of the policy holders will be affected thereby. If any profit is earned, if after actuarial valuation it is found that really the company is in a position to pay more than Rs. 500, why should that benefit be denied to the policy holders ? After the passing of this Bill the provident societies would be placed on an actuarially sound basis, as sound as any other ordinary insurance companies. There would be

[Pandit Lakshmi Kanta Maitra.]

the supervision of the Insurance Superintendent, there would be the actuarial valuation every five years. So I submit that if the policy-holders can earn anything by way of profit on their policies and if the companies can allow that and if the actuary finds that it is feasible and permissible on the part of the companies to allow that bonus, legislation should not stand in the way. Sir, I support the amendment.

Mr. S. C. Sen : Sir, there are two parts of this amendment. With regard to the first part, namely, the question of excluding bonuses, we quite admit that there is a good deal to be said and as a matter of fact the matter will come up for discussion in the next amendment. But as regards the question of allowing an increment of policies to the extent of Rs. 1,000, we oppose it and on this principle, *viz.*, that the majority of the Indian life insurance companies issue policies of about Rs. 1,000. And directly you allow the provident societies to cut into it, there will be competition which it is not the intention of the Legislature to allow. Apart from that, my Honourable friend will also realise that the limitations which we are putting by this legislation upon life insurance companies are entirely different from those which are being put upon Provident Insurance Societies, and they cannot possibly be put on a par as regards these policies of Rs. 1,000. I would, therefore, oppose the last part of the amendment but as they are rolled up into one the whole amendment has got to be opposed. The first part may be brought up when we discuss the next amendment. Sir, I oppose.

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

"That in clause 57 of the Bill, after the word 'rupees', occurring in the fourth line, the following be added :

'excluding bonuses, but a society on completion of the full deposit of Rs. 50,000 as per clause 63 following, shall be entitled to issue policy or a series of policies on a single life up to and not exceeding Rs. 1,000'."

The motion was negatived.

Mr. M. Ananthasayanam Ayyangar : Sir, I move :

"That to clause 57 of the Bill, the words 'exclusive of any profit or bonus' be added at the end."

This amendment speaks for itself. There is a prohibition against provident societies paying more than Rs. 500 on any policy or policies. Now at the time the policy is issued, what the bonus will be it will not be possible for any insurer to know with any accuracy. I adopt in their entirety the arguments that my Honourable friend, Pandit Maitra, addressed to the House on the previous amendment, so far as the first portion is concerned. I hope Government will see its way to accept the amendment.

Mr. Deputy President (Mr. Akhil Chandra Datta) : Amendment moved :

"That to clause 57 of the Bill, the words 'exclusive of any profit or bonus' be added at the end."

Mr. S. C. Sen : Sir, we accept the amendment.

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

"That to clause 57 of the Bill, the words 'exclusive of any profit or bonus' be added at the end."

The motion was adopted.

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

"That clause 57, as amended, stand part of the Bill."

The motion was adopted.

Clause 57, as amended, was added to the Bill.

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

"That clause 58 stand part of the Bill."

Pandit Lakshmi Kanta Maitra : Sir, I move :

"That in clause 58 of the Bill, all the words beginning with the words 'and no provident society' and ending with the words 'as its name' be omitted."

The object is simply to allow existing companies to retain their names and not to allow new companies which might be established hereafter to use the name of 'life insurance'. I know that if the existing companies are forced to drop the words "life insurance" from the names of their companies, it would create a sense of distrust in the minds of those who insure with these companies ; for after all these provident societies have generally to deal with uneducated illiterate people in the countryside, and the result of the forced deletion of the words "life Insurance" from these will have great repercussions on the business itself. Therefore, I suggest in this amendment that so far as the existing companies are concerned they should be allowed to retain their present name and future companies only will come under the operation of this clause.

Sir, I move.

Mr. Deputy President (Mr. Akhil Chandra Datta) : Amendment moved :

"That in clause 58 of the Bill, all the words beginning with the words 'and no provident society' and ending with the words 'as its name' be omitted."

Mr. S. C. Sen : Sir, I am afraid I have got to oppose this amendment. The idea of clause 58 is to prevent confusion between the two classes of companies and if we accept the amendment the whole idea underlying the clause will be lost.....

Pandit Lakshmi Kanta Maitra : But the business will be protected !

Mr. S. C. Sen : I do not think my Honourable friend is right in saying that. All that we want is that any company carrying on provident insurance business must have the word "provident" in it in order to make it clear that it carries on the business of provident insurance as distinguished from life insurance. That whole object will be lost if the amendment is accepted. Sir, I oppose.

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

"That in clause 58 of the Bill, all the words beginning with the words 'and no provident society' and ending with the words 'as its name' be omitted."

The motion was negatived.

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

"That clause 58 stand part of the Bill."

The motion was adopted.

Clause 58 was added to the Bill.

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

"That clause 59 stand part of the Bill."

Mr. K. Santhanam : Sir, I move :

"That in clause 59 of the Bill, after the word 'child' the words 'grand-child' be inserted."

No speech is necessary. I do not know how this escaped the vigilance of the Honourable Mr. Sri Prakasa in the Select Committee ; perhaps he was relating some story then !

Mr. Deputy President (Mr. Akhil Chandra Datta) : Amendment moved :

"That in clause 59 of the Bill, after the word 'child' the words 'grand-child' be inserted."

Mr. S. C. Sen : Sir, we accept the amendment.

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

"That in clause 59 of the Bill, after the word 'child' the words 'grand-child' be inserted."

The motion was adopted.

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

"That clause 59, as amended, stand part of the Bill."

The motion was adopted.

Clause 59, as amended, was added to the Bill.

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

"That clause 60 stand part of the Bill."

Mr. Lalchand Navalrai : Sir, I move :

"That in the proviso to sub-clause (*2*) of clause 60 of the Bill, for the words 'one year' the words 'three years' be substituted."

Clause 60 refers to the dividing principle with regard to provident funds. It has been provided that the dividing system in the provident funds is going to be abolished. But some grace is going to be allowed by a proviso which has been added to clause 60 that if the insurer applies, within three months, to the Superintendent, after the commencement of

this Act, that the business of the provident fund will be continued on the revival system, the Superintendent can allow it for one year. One year is too little time and, therefore, amendments have been proposed, and I see that there is an amendment No. 807 of Mr. Sri Prakasa asking that the period of one year might be extended to ten years : but that has not been moved : then I had another amendment No. 808, asking for five years. But I find that when this same question arose yesterday with regard to insurance companies, the Government and the Congress more or less virtually joined hands in saying that it should not be more than three years ; thus, Mr. Ayyangar's amendment was carried yesterday, that the insurance companies may carry on, on the dividing principle, for three years. Sir, I take that precedent and hope today I will see that the Government and the Congress join again and keep to that precedent they set up yesterday. I find that one year is too little : even two years is too little : but three years may give at least breathing time to them to reorganise their old business. Three years is not much and I do not see that there should be any objection to three years being granted. Therefore, Sir, I move.

Mr. Deputy President (Mr. Akhil Chandra Datta) : Amendment moved :

"That in the proviso to sub-clause (*2*) of clause 60 of the Bill, for the words 'one year' the words 'three years' be substituted."

The Honourable Sir Nripendra Sircar : Sir, my friend, Mr. Lalchand Navalrai, pointed out that I had joined hands and accepted No. 770. He however, failed to point out to the House the material difference between No. 770 and his amendment. Amendment No. 770, which was accepted in case of life assurance, is hedged in with this condition—'provided that in the case of an insurer who continues to carry on insurance business on dividing principle after the commencement of this Act he shall withhold the distribution, etc. etc.'.....

Mr. Lalchand Navalrai : The whole thing will be left to the Superintendent.

The Honourable Sir Nripendra Sircar : The Superintendent has no power of any kind under my friend's amendment, and I hope that my friend will see that what he wants is that the dividing principle which the House has condemned should go on for three years without restriction of any kind. That is the essential difference between what I accepted and what I refuse to accept. I know I have joined hands with the Congress Party for downing the European Group, I have joined hand with Europeans for downing Congress Party and if I join hands with the Nationalist Party I may be able to down everybody. (Laughter.)

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

"That in the proviso to sub-clause (*2*) of clause 60 of the Bill, for the words 'one year' the words 'three years' be substituted."

The motion was negatived.

Mr. S. Satyamurti : Sir, I move :

"That in the proviso to sub-clause (*2*) of clause 60 of the Bill, for the words 'one year' the words 'two years' be substituted."

[Mr. S. Satyamurti.]

I do not want to argue the position, but if the Government extend their hands in favour of this amendemnt, I shall grasp them.

Mr. Deputy President (Mr. Akhil Chandra Datta) : Amendment moved :

" That in the proviso to sub-clause (*2*) of clause 60 of the Bill, for the words ' one year ' the words ' two years ' be substituted."

Mr. S. C. Sen : Sir, we accept it.

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

" That in the proviso to sub-clause (*2*) of clause 60 of the Bill, for the words ' one year ' the words ' two years ' be substituted."

The motion was adopted.

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

" That clause 60, as amended, stand part of the Bill."

The motion was adopted.

Clause 60, as amended, was added to the Bill.

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

" That clause 61 stand part of the Bill."

Pandit Lakshmi Kanta Maitra : Sir, I move :

" That in sub-clause (*4*) of clause 61 of the Bill, for the words ' cancel a registration ', in line 5, the following be substituted :

' apply to the Court and obtain sanction for cancellation of the registration '."

Sir, the amendment is quite clear and speaks for itself. But, as it has been my painful experience in this House that no speech, no argument however strong or reasonably advanced by us, will carry conviction on the other side, it is no use wasting my breath or the time of the House by making a speech in support of the amendment. At the same time, I am extremely pained to see that no assistance, no relief, no sympathetic consideration of any kind has been given to the body of small insurance companies known as Provident Insurance Societies which have been doing tremendous service to this country by giving the benefit of insurance to the poor and illiterate people on the countryside, and the pity is that this portion of the Bill has not at all received the attention it deserves. Sir, I don't see the slightest chance of any of my amendments relating to this subject being carried, and so I simply move this amendment and place it before the House. I know I am fighting a lonely battle, but I will continue to do it till the end as the forlorn champion of a lost cause. I shall then have, at least, the satisfaction of having tried to do my humble bit to these much maligned yet eminently useful bodies. Sir, I move.

Mr. Deputy President (Mr. Akhil Chandra Datta) : Amendment moved :

" That in sub-clause (*4*) of clause 61 of the Bill, for the words ' cancel a registration ', in line 5, the following be substituted :

' apply to the Court and obtain sanction for cancellation of the registration '."

The Honourable Sir Nripendra Sircar : Sir, as my Honourable friend has deviated from his usual course and he has put up a proposition which is reasonable, I shall join hands with the Nationalist Group of the Congress in this matter and accept the amendment.

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

" That in sub-clause (*4*) of clause 61 of the Bill, for the words ' cancel a registration ', in line 5, the following be substituted :

' apply to the Court and obtain sanction for cancellation of the registration '."

The motion was adopted.

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

" That clause 61, as amended, stand part of the Bill."

Mr. S. C. Sen : Sir, may I say that there is a consequential amendment which it is necessary to make in the proviso as a result of the acceptance of this amendment. You will find that in the proviso it is stated " Provided that the Superintendent of Insurance may, if he thinks fit, instead of cancelling a registration under sub-clause (*i*) of clause (*a*) of this sub-section, etc." But instead of the words " cancelling a registration " the words " applying for cancellation of the registration " should be substituted.

Mr. Deputy President (Mr. Akhil Chandra Datta) : With the consent of the House I accept this amendment for consideration. The question is :

" That in the proviso to clause 61, for the words ' cancelling a registration ' the words ' applying for cancellation of the registration ' be substituted."

The motion was adopted.

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

" That clause 61, as amended, stand part of the Bill."

The motion was adopted.

Clause 61, as amended, was added to the Bill.

Clauses 62 and 63 were added to the Bill.

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

"That clause 64 stand part of the Bill."

Pandit Lakshmi Kanta Maitra : Sir, I move :

"That part (*k*) of sub-clause (*1*) of clause 64 of the Bill be omitted."

If Honourable Members will turn to the body of section 64 itself, they will find that there is an exhaustive list which should be complied with in framing the rules after the commencement of this Act. In this list occurs (*k*) which runs thus—Every Provident Fund Society established after the commencement of this Act shall in its rules set forth *inter alia*— 'the proportion of the annual income of the society which may be disbursed on and the provisions to be made for meeting the expenses of the management of the society".

I believe, Sir, it is absolutely unnecessary. We have never fixed statutorily any expense ratio. In paragraph 362 Mr. Sen has definitely stated that in this country it is not possible to fix any expense ratio. What you are not going to do by a Statute I would not allow you to do by the rules ; how can you fix it ?

An Honourable Member : The society can fix it.

The Honourable Sir Nripendra Sircar : The society is quite free. It can fix 50 per cent. today and change it to 60 per cent. tomorrow. There is no compulsion on the societies that they must fix it at something.

Pandit Lakshmi Kanta Maitra : Do I understand from the Honourable the Leader of the House that these companies can from time to time change the ratio as they like ?

The Honourable Sir Nripendra Sircar : Yes.

Pandit Lakhsmi Kanta Maitra : In that case, I beg leave of the House to withdraw my amendment.

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

Pandit Lakshmi Kanta Maitra : I beg to move :

"That in sub-clause (*2*) of clause 64 of the Bill, for the word 'six', in line 4, the word 'twelve' be substituted."

I only want a little more time to allow the companies to adjust themselves to the changed conditions. Sir, I move.

Mr. S. C. Sen : I will join hands once more with the Nationalist Party and accept it.

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

"That in sub-clause (*2*) of clause 64 of the Bill, for the word 'six', in line 4, the word 'twelve' be substituted."

The motion was adopted.

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

"That clause 64, as amended, stand part of the Bill."

The motion was adopted.

Clause 64, as amended, was added to the Bill.

Clauses 65 and 66 were added to the Bill.

Clause 67 was added to the Bill.

Clauses 68 and 69 were added to the Bill.

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

"That clause 70 stand part of the Bill."

I have received just now notice of an amendemnt to clause 70 from Mr. Ayyangar.

Mr. M. Ananthasayanam Ayyangar : It is only a consequential amendment.

Mr. Deputy President (Mr. Akhil Chandra Datta) : Will the Honourable Member explain his amendment.

Mr. M. Ananthasayanam Ayyangar : My amendment is to this effect :

"That in clause 70 of the Bill, for the word 'and', occurring in the ninth line, a comma be substituted, and, after the word 'duties', occurring in the tenth line, the words 'and be subject to the liabilities' be inserted."

What I want is that in addition to clothing the auditor with rights and privileges he should also be subject to the liabilities which are imposed upon an auditor by section 145 of the Indian Companies Act.

Mr. F. E. James : We have not been supplied with a copy of the amendment, and we object to the amendment being moved.

Mr. M. Ananthasayanam Ayyangar : We have made a similar change with regard to life insurance and general insurance business at an earlier stage and I want that that should also be incorporated here.

The Honourable Sir Nripendra Sircar : Before you rule on this, may I point out to the House and to Mr. James that what is happening is not hurting anybody, but the amendemnt makes it clear that the auditor will not only discharge the duties, but it corrects an omisison, namely, that he will also be subject to the liabilities of an auditor. I would welcome this as correcting a mistake we have made and I hope my Honourable friend, Mr. James, will not press his objection.

Mr. Deputy President (Mr. Akhil Chandra Datta) : I take it that there is no objection. The Honourable Member can move his amendment.

Mr. M. Ananthasayanam Ayyangar : I move ;

"That in clause 70 of the Bill, for the word 'and', occurring in the ninth line, a comma be substituted, and, after the word 'duties', occurring in the tenth line, the words 'and be subject to the liabilities' be inserted."

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

"That in clause 70 of the Bill, for the word 'and', occurring in the ninth line, a comma be substituted, and, after the word 'duties', occurring in the tenth line, the words 'and be subject to the liabilities' be inserted."

The motion was adopted.

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

" That clause 70, as amended, stand part of the Bill."

The motion was adopted.

Clause 70, as amended, was added to the Bill.

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

" That clause 71 stand part of the Bill."

Pandit Lakshmi Kanta Maitra : Sir, I move :

" That in sub-clause (*3*) of clause 71 of the Bill, all the words beginning with the words ' if the actuary finds ' and ending with the word ' and ', in the 6th line, the following be substituted :

' If, as a result of an actuarial valuation, a deficit is disclosed, the Actuary shall state in his report '."

This is a very simple amendment. I need not explain it. Sir, I move.

Mr. Deputy President (Mr. Akhil Chandra Datta) : Amendment moved :

" That in sub-clause (*3*) of clause 71 of the Bill, all the words beginning with the words ' if the actuary finds ' and ending with the word ' and ', in the 6th line, the following be substituted :

' If, as a result of an actuarial valuation, a deficit is disclosed, the Actuary shall state in his report '."

Mr. S. C. Sen : We are prepared to accept the amendment, but I would suggest that only the words up to " if so " in the fifth line, should go.

The Honourable Sir Nripendra Sircar : I would inform the Honourable Member that if his amendment is accepted, the whole clause would not make grammar.

Mr. F. E. James : The actual wording of the clause would be this :

" If, as the result of an actuarial valuation, a deficit is disclosed, the Actuary shall state in his report the extent to which, in his opinion, existing contracts should be modified."

I think it is a reasonable amendment and Government ought to accept it.

Mr. S. Satyamurti : If, I understand the scope of the amendment, the clause, as amended, will read like this :

" If, as the result of an actuarial valuation, a deficit is disclosed, the Actuary shall state in his report the extent to which, in his opinion, existing contracts should be modified or existing rates of premium should be adjusted to make good the deficiency in the assets."

At present, as the clause is worded, the Actuary can state whether the society is insolvent. That goes. Secondly, he can say whether the society should be wound up or not. That also goes. The only thing that remains is the extent to which existing contracts should be modified. I think this amendment takes away the whole scheme of safeguards in the proviso. I strongly oppose the amendment.

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

Pandit Lakshmi Kanta Maitra : I beg leave of the House to withdraw my amendment.

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

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

" That clause 71 stand part of the Bill."

The motion was adopted.

Clause 71 was added to the Bill.

Clause 72 was added to the Bill.

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

" That clause 73 stand part of the Bill."

Pandit Lakshmi Kanta Maitra : Sir, I move :

" That after sub-clause (*3*) of clause 73 of the Bill, the following be added :

' But this sub-section shall not apply to a society established before the commencement of this Act which has undergone actuarial valuation within two years before or one year after the commencement of this Act, and as the result of which a surplus has been disclosed '."

The idea is that existing societies should not be compelled to submit their schemes already in operation for actuarial examination unless as a result of the usual actuarial examination some deficit is disclosed. I propose actuarial examination for all new schemes, not for existing schemes, because there will be periodical actuarial examination by the actuaries. If after actuarial examination, the actuaries do not take any objection to existing schemes, why should they be again dragged out and submitted to an examination. Sir, I move.

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

" That after sub-clause (*3*) of clause 73 of the Bill, the following be added :

' But this sub-section shall not apply to a society established before the commencement of this Act which has undergone actuarial valuation within two years before or one year after the commencement of this Act, and as the result of which a surplus has been disclosed '."

Mr. S. C. Sen : Sir, I oppose this amendment. This provision is made for the purpose of putting an end to the abuse which is at present prevalent, namely, of working unscientific schemes. The actuarial valuation will show the net result of the business and find out whether there is a surplus or not and the fact that there may be a surplus will be no guarantee that all the schemes worked are actuarially sound. The acceptance of this amendment will mean going against the whole scheme and I oppose the amendment on that ground.

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

"That after sub-clause (*3*) of clause 73 of the Bill, the following be added :

'But this sub-section shall not apply to a society established before the commencement of this Act which has undergone actuarial valuation within two years before or one year after the commencement of this Act, and as the result of which a surplus has been disclosed '."

The motion was negatived.

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

"That clause 73 stand part of the Bill."

The motion was adopted.

Clause 73 was added to the Bill.

Clause 74 was added to the Bill.

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

"That clause 75 stand part of the Bill."

Pandit Lakshmi Kanta Maitra : Sir, I move :

"That in sub-clause (*1*) of clause 75 of the Bill, for the words 'fifty per cent.', wherever they occur, the figures and words '33⅓ per cent.' be substituted."

Sir, we discussed the principle of it at great length in connection with the general insurance companies, and I will not repeat the arguments here again. Sir, I move.

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

"That in sub-clause (*1*) of clause 75 of the Bill, for the words 'fifty per cent' wherever they occur, the figures and words '33⅓ per cent.' be substituted."

Mr. S. C. Sen : Sir, the principles underlying these things have been so often agitated in this House that I need not repeat them and I oppose.

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

"That in sub-clause (*1*) of clause 75 of the Bill, for the words 'fifty per cent.', wherever they occur, the figures and words '33⅓ per cent.' be substituted."

The motion was negatived.

Dr. P. N. Banerjea (Calcutta Suburbs : Non-Muhammadan Urban) : Sir, I beg to move :

"That in sub-clause (*1*) of clause 75 of the Bill, for the word 'fifty', wherever it occurs, the word 'forty' be substituted."

Sir, the object of this amendment is to allow a somewhat greater latitude in the matter of investments to provident fund societies than is allowed in the case of other insurance companies. The reason for which we have moved this amendment is that these provident fund societies are very small concerns, and, if they are able, consistently with safety, to invest their assets in profitable investments, then that will be beneficial to the shareholders as well as to the policy holders. Sir, the most surprising thing which we have noticed in connection with the discussion

on this Bill is the attitude of the Honourable the Law Member. He began the discussion of the Bill by pouring ridicule on big business, but so subtle is the method employed by big business in winning over people as its adherents that before the Bill had made any substantial progress the Honourable the Law Member himself, in spite of his best efforts to save himself, fell an easy prey to its machinations. (Hear, hear.) Sir, a slight change in his attitude is noticeable just at the present moment, but what is the reason for this ? The reason is that there is no rivalry between big business and the provident fund societies which carry on business on a very small scale. Big business has perhaps released its stranglehold on the Honourable the Law Member to a very slight extent.

An Honourable Member : What about the Congress ?

Dr. P. N. Banerjea : Sir, in regard to my amendment I hope big business will again release its stranglehold on the Honourable the Law Member and allow him to accept the amendment. Sir, my amendment is a very modest one and I hope it will commend itself to the House.

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

"That in sub-clause (*1*) of clause 75 of the Bill, for the word 'fifty', wherever it occurs, the word 'forty' be substituted."

The Honourable Sir Nripendra Sircar : Sir, my Honourable friend, Dr. Banerjea, being a professor of economics, has shown an economy of reason and commonsense in this matter. We have been hearing so much about the young lives but the House will remember that I quoted to them case after case where the young companies have brought their life fund to a negative condition and still more cases where the life fund is in a wholly unsatisfactory condition,—less than one year's premium ! All these gallant champions of young lives,—have they contradicted me ? Have they contradicted any of my facts ? What do they want ? No prevention of rebate, no limitation of maximum commission, nothing doing, putting no restrictions. (*Interruptions, and Voices of "No, no".*)

Mr. S. Satyamurti : And all this out of the policy holders' money !

The Honourable Sir Nripendra Sircar : Have they realized what a negative life fund means ? My friend, Pandit Lakshmi Kanta Maitra, must realize that it means that they have been spending—whose money ? They have been spending, in the first place, the whole of the life premium and then they have been spending the shareholders' money, part of the capital.

An Honourable Member : We are not contradicting.

The Honourable Sir Nripendra Sircar : It is no good saying, "we are not contradicting". (Interruptions.) I am not giving way. Let me have my stranglehold on the 40 per cent. (Laughter.) Sir, I do not think I should take much more time over the 40 per cent. My friend talked about my kindness for big business when we put down 55 per cent. and when I did that he was one of the gentlemen who vociferously shouted for lowering it.

Pandit Lakshmi Kanta Maitra : We said we want 50 per cent. by way of investment in Government securities.

The Honourable Sir Nripendra Sircar : That is what my friend meant but what was expressed by his Leader was just the opposite.

Pandit Lakshmi Kanta Maitra : My speech is there ; we have made that very clear.

The Honourable Sir Nripendra Sircar : I am glad that in spite of so many interruptions my friend has not got up interrupting me in my statement that these life funds are in a negative condition and in many more cases they are in a most deplorable condition. I am giving him a chance to interrupt me half a dozen times but he cannot do it. Sir, I oppose this amendment.

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

" That in sub-clause (*1*) of clause 75 of the Bill, for the word ' fifty ', wherever it occurs, the word ' forty ' be substituted."

The motion was negatived.

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

" That clause 75 stand part of the Bill."

The motion was adopted.

Clause 75 was added to the Bill.

Clauses 76 to 79 were added to the Bill.

Clauses 80 to 84 were added to the Bill.

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

" That clause 85 stand part of the Bill."

Mr. S. C. Sen : Sir, I move :

" That clause 85 of the Bill be omitted."

If Honourable Members will look at amendment No. 893, they will see that it is our intention to have a comprehensive clause giving rights of appeal in many more cases than are contained in clause 85 only. Sir, I move.

4 P.M.

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

" That clause 85 of the Bill be omitted."

The motion was adopted.

Mr. F. E. James : Sir, before you go on to Part IV, may I make a submission ? Before we dealt with provident societies, it was suggested that we might go back to those clauses which had been left over ; but, unfortunately, the papers had not yet been distributed. They have now been distributed, and I suggest it would be convenient to take them up now before we take up Part IV.

Mr. President (The Honourable Sir Abdur Rahim) : It has been suggested that it would be more convenient to dispose of those clauses which have been left over before going to Part IV.

The Honourable Sir Nripendra Sircar : I suggest that we had better finish Part IV first. It will not take very long.

Mr. President (The Honourable Sir Abdur Rahim) : Is that the general desire of the House ?

Honourable Members : Yes.

Mr. Lalchand Navalrai : Sir, I beg to move :

" That after clause 85 of the Bill, in the Heading of Part IV, after the words ' Mutual Insurance Companies ' a comma and the words ' Mutual Insurance Societies ' be inserted."

Sir, I will explain my amendment. Part IV refers to Mutual Insurance Companies and Co-operative Insurance Societies. This Part gives some conveniences and some facilities and also some concessions in the sections which follow, beginning from section 86 to section 92. But these concessions would be availed of only by Mutual Insurance Companies and Co-operative Insurance Societies. There is a section of insurers which is called ' Mutual Insurance Societies '.

Mr. B. Das (Orissa Division : Non-Muhammadan) : Are they to be found in your province ?

Mr. Lalchand Navalrai : They are to be found in my province also. Sir, I referred to these Societies the other day and I brought it to the notice of the House that these Mutual Insurance Societies are carrying on their business like the Mutual Insurance Companies. But there is some difference between these two bodies and, on that account, I do not like the idea of excluding these Societies from the provisions of Part IV. Now, I would like to explain the difference between these two bodies. Part IV provides for Mutual Insurance Companies, which are defined in clause 86 (*a*) as follows :

" Mutual Insurance Company means an insurer, being a company incorporated under the provisions of the Indian Companies Act, 1913, which has no share capital and of which by its constitution only policy-holders are members."

Now, a Mutual Insurance Society has also no share capital but the only difference is this that these Societies are not incorporated under the Companies Act, otherwise they are on the same level as the Mutual Insurance Companies. My submission is that when there are such Societies in existence, why the same provisions should not be applied to them. There are several Mutual Insurance Societies in India, for example, the Mutual Insurance Society, Hyderabad, Mutual Insurance Society, Karachi and I think there is one in the Punjab also. My submission is that nothing is being lost by giving the same convenience to a Society which is not incorporated under the Companies Act. Under this Bill you say that an insurer is required to be registered. Therefore, what does it matter if they are not registered under the Companies Act. My point is that the same convenience should be given to Mutual Insurance Societies as is given to Mutual Insurance Companies. Therefore, I ask that in this Chapter there should be a definition of the Mutual Insurance Society and those words may be

[Mr. Lalchand Navalrai.]

inserted between the words 'Mutual Insurance Companies' and 'Co-operative Insurance Societies'. I have given an amendment with regard to this definition also which may be moved hereafter, but I may just inform the House what I mean by these Mutual Insurance Societies. A Mutual Insurance Society means an unincorporated body of individual insurers which has no share capital and of which, by its constitution only. policy-holders are members.

Babu Baijnath Bajoria (Marwari Association : Indian Commerce) : Is there any difficulty in getting these Societies incorporated ?

Mr. Lalchand Navalrai : They have been getting along like this for a long time. The point is why these Co-operative Societies are being given this concession ? They are not registered under the Companies Act. These Mutual Insurance Societies have worked all along without being incorporated and without any complaint being brought against them. I am only submitting that to the consistent, we should have all these insurers on the same basis. If you are going to give some concessions to mutual companies, why not to societies ? Sir, I move.

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

"That after clause 85 of the Bill, in the Heading of Part IV, after the words 'Mutual Insurance Companies' a comma and the words 'Mutual Insurance Societies' be inserted."

The Honourable Sir Nripendra Sircar : Sir, if what my Honourable friend has said in this House is true, I see an avenue of fresh income for my Colleague, the Honourable the Finance Member. Mutual Insurance Society of which my Honourable friend has given us some idea is tried to be defined by him in a later amendment as :

"an unincorporated body of individual insurers which has no share capital and of which by its constitution only policy-holders are members."

I wonder how they can go on if they are not incorporated. Either they must be incorporated under the Companies Act or they must be incorporated under the Co-operative Societies Act. If my Honourable friend will only hand me over the names I shall be able to get Rs. 1,000 from each of them under the amendment to the Company Law, section 4. I shall be only too glad to have their names. Under the Company law,—

"no company, association or partnership consisting of more than ten persons shall be formed for the purpose of carrying on the business of banking unless it is registered as a company under this Act. No company, association, or partnership consisting of more than 20 persons shall be formed.....unless it is registered....."

Let us see what is the position. These are insurers unincorporated with no share capital, they make profits by investment and they divide the profits. They are doing it for profits, not for love and, therefore, they come under section 4 of the Companies Act. I submit we are not going to encourage this illegal thing which I understand is being carried on in Sind—in Karachi and other places, I am not at all surprised at the mention of the names of those places. That surely cannot be done. If Honourable Members will see Part IV, it will be observed that from clause 86, right down to section 92, there is no mention of any mutual insurance society. My Honourable friend's idea is to define mutual insurance society and bring

it in Part IV. What is a mutual insurance society. For that we have to go back to the definition. My Honourable friend, Mr. Lalchand Navalrai, when he was interrupted by an Honourable Member from his side, I think it was Babu Baijnath Bajoria, and asked how they are going on without incorporation he said : 'I admit there are difficulties'. But what are those difficulties ? How are they going on without being incorporated ?

Mr. Lalchand Navalrai : They have been going on in the sense of receiving premiums.

The Honourable Sir Nripendra Sircar : My Honourable friend's contention amounts to this : that theft and dacoity have been going on for a number of years, therefore, let us legalise it. This can't be done. I oppose the amendment.

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

"That after clause 85 of the Bill, in the Heading of Part IV, after the words 'Mutual Insurance Companies' a comma and the words 'Mutual Insurance Societies' be inserted."

The motion was negatived.

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

"That clause 86 stand part of the Bill."

Mr. K. Santhanam : Sir, I beg to move :

"That in clause 86 (*a*) of the Bill, after the word 'only' the words 'and all' be inserted."

The object of this amendment is that every policy-holder of a mutual society should be a member. There are many mutual societies which, by rules, take away the right of being a member from among the policy-holders. They say that only those who take out policies for a certain sum, say, Rs. 3,000 or over are eligible to be members. Many of these societies issue small money policies ranging from Rs. 500 and above. By the rules many of these small policy-holders are shut off from being members. Thus, these mutual societies get out of the rules governing shareholders societies and they have also the privileges of mutual societies. I want mutual societies to be pure and simple mutual societies and necessarily by statute to give the right of membership and the power of voting to every policy-holder. Sir, I move.

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

"That in clause 86 (*a*) of the Bill, after the word 'only' the words 'and all' be inserted."

Dr. P. N. Banerjea : Is this good grammer, "and all" the policy-holders ?

Mr. Bhulabhai J. Desai : At any rate it carries good sense.

Dr. P. N. Banerjea : Please put it in proper form before the House adopts it.

The Honourable Sir Nripendra Sircar : You can put it.

Dr. P. N. Banerjea : Only policy-holders are members and all policy-holders are members.

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

" That in clause 86 (*a*) of the Bill, after the word ' only ' the words ' and all ' be inserted."

The motion was adopted.

Mr. Thirumala Rao (East Godavari and West Godavari *cum* Kistna : Non-Muhammadan Rural) : Sir, I beg to move :

" That in clause 86 (*b*) of the Bill, after the figures ' 1912 ' the words ' or under an Act of a Provincial Legislature governing the registration of Co-operative Societies ' be inserted."

This is self-evident. That Act has been replaced by other Acts. Sir, I move.

Mr. S. C. Sen : Sir, we accept it.

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

" That in clause 86 (*b*) of the Bill, after the figures ' 1912 ' the words ' or under an Act of a Provincial Legislature governing the registration of Co-operative Societies ' be inserted."

The motion was adopted.

Mr. Thirumala Rao : Sir, I beg to move :

" That in clause 86 (*b*) of the Bill, after the words ' share capital ' the words ' on which dividend is payable ' be inserted."

Sir, after the incorporation of the amendment, the clause will read thus :

" Co-operative Insurance Society " means an insurer being a society registered under the Co-operative Societies Act.....which has no share capital on which dividend is payable."

For the registration of co-operative societies a nominal share capital is charged by the Act itself and, therefore, in this amendment it says : ' no dividend is payable ' on that nominal capital. If these words are inserted, it will be all right. Sir, I move.

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

" That in clause 86 (*b*) of the Bill, after the words ' share capital ' the words ' on which dividend is payable ' be inserted."

Mr. T. Chapman-Mortimer : Sir, I oppose this amendment. I do not understand what the Honourable the Mover means when he says " on which dividend is payable ". Does he mean that dividends must be payable ? Obviously when there are no profits there can be no dividends ; and I do not see what else it can mean in this context. " Share capital " has a very definite meaning in company law and company management, and it seems to me to be unnecessary to change the clause from what it is at present. I oppose the amendment.

Mr. M. Ananthasayanam Ayyangar : Sir, my Honourable friend, Mr. Chapman-Mortimer, has unfortunately not understood the scope of this amendment. Under the definition of " insurance society ", it has been made obligatory that there should be no share capital. The Co-operative Societies Act of 1912 passed by the Central Legislature as also the Co-operative Societies Acts passed in Madras and other provinces which have superseded this Act of 1912 so far as the provinces are concerned, insist that there should be shares and shareholders before a society can be registered. The policy-holder comes into the company after the company comes into existence. Therefore it will be absolutely useless to include in part IV co-operative insurance societies, when as a matter of fact you restrict these insurance societies only to such societies as have no share capital. Because, under the Co-operative Societies Act no society can be registered and come into existence unless they have shares and share capital. This we have provided by this amendment. We have kept in view the spirit of the definition. The shareholders ought not to be able to draw dividends on their shares because if they draw dividends the societies become ordinary proprietary societies. The difference between a proprietary society on the one hand and mutual or co-operative societies on the other is that there is no proprietary interest, no shareholders whose interests conflict with those of the policy-holders. That is why special provisions are made for mutual and co-operative societies, but by the very constitution of the co-operative society it is impossible to bring a co-operative society into existence either for the purpose of carrying on insurance business or for the purpose of giving loans or as a stores purchase business without other shareholders at the outset. For any business to be carried on by a co-operative society it must first start with shares and share capital, although that may be only nominal. Before a society is registered let each policy-holder take one-rupee share and become a shareholder. Thereafter he would not be given any dividend on the amount of the shares which he holds. It is only for the purpose of making him eligible as a member that he should hold a nominal share. Otherwise the chapter on co-operative societies will be useless because no co-operative society can come into existence without share capital.

Mr. M. S. Aney : Have you got any society like that today which has got policy-holders as nominal shareholders ?

Mr. M. Ananthasayanam Ayyangar : Yes, there are not only policy-holders with nominal shares but others also. But now under this definition we exclude those others who are not policy-holders. But it is necessary that policy-holders must be nominal shareholders. In Madras there is a society with large business and my friend Mr. Ramadas Pantulu is one of the directors. It is at his instance that we proposed this amendment. Therefore to bring a co-operative society into existence and to enable it to function as an insurance society share capital is necessary. To avoid its becoming a proprietary concern we have added the words " on which no dividend is payable ". Therefore, the mischief of a proprietary concern will be avoided, and this amendment will enable co-operative societies to function as insurance societies.

The Honourable Sir Nripendra Sircar : Sir, I do not know if it is too much to ask the House and the Chair to let the matter stand over till tomorrow. Possibly my Honourable friend explained it in a very lucid manner, but at half past four anything more than 300 words per minute is rather difficult to follow. (Laughter.) I understand my Honourable friend is on safe ground, because Mr. Pantulu has said something and that must be correct, but I had no opportunity of looking up these Acts.

Mr. Bhulabhai J. Desai : Section 5 clearly says that.

The Honourable Sir Nripendra Sircar : I am sure my friend is right, but I want to be convinced that he is not wrong (Laughter), and if the House does not mind, I would like this to stand over till tomorrow.

Mr. President (The Honourable Sir Abdur Rahim) : Then we will proceed to the other amendments.

Mr. M. Ananthasayanam Ayyangar : Sir, I beg to move :

"That in clause 86 (*b*) of the Bill, after the word 'only' the words 'and all' be inserted."

This amendment follows the other amendment that we passed in relation to mutual companies where we said that in mutual companies all policy holders must be shareholders and members. Now, as far as co-operative societies are concerned, only policyholders can be members, but it is also necessary to say that all policy holders should also be members because whoever is in charge of a mutual society or a co-operative society generally tries to convert it practically into a shareholders' concern restricting the right of policy holders to take part in the proceedings by fixing a very high minimum that the policy holder should have at least a policy of Rs. 10,000 in his favour thus reducing the number of qualified members considerably. The House accepted this amendment with respect to mutual insurance societies and I want the same amendment to be adopted with respect to co-operative societies also.

Sir, I move.

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

"That in clause 86 (*b*) of the Bill, after the word 'only' the words 'and all' be inserted."

Babu Baijnath Bajoria : Sir, I think the proper words should be 'all policy holders only' and not 'only and all'.

The Honourable Sir Nripendra Sircar : Sir, I should very much like clause 86 to stand over till tomorrow. In any case, half of it is going to stand over and the other half may stand over as well.

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

"That clause 87 stand part of the Bill."

Mr. Mohan Lal Saksena (Lucknow Division : Non-Muhammadan Rural) : Sir, I move :

"That clause 87 of the Bill be re-numbered as clause 87 (*1*), and, after the clause so re-numbered, the following new sub-clause be added :

'(*2*) A mutual insurance company or a co-operative insurance society may issue debentures or raise secured loans on the security of its assets, including statutory deposit for an amount not exceeding twenty-five thousand rupees to be redeemed within a period of not more than five years from the date it commences business'."

As Honourable Members are aware, under clause 7 of the Bill, the deposits made by an insurer cannot be charged except for the benefit of policy holders. We know that in the case of mutual life companies there is no share capital. How is the deposit money to be found ? At present the practice is that the money is raised on the security of the deposits. So I propose by this amendment that an opportunity should be given to mutual companies to raise money and charge the security money for a period of not more than five years to the extent of Rs. 25,000. If this amendment is not passed, the difficulty is that mutual companies cannot come into existence. After all, how is the money to be raised ? There is no share capital. Those persons who decide upon starting a mutual company have to pool some money : but that money is not secured. Unless, therefore, the House decides that mutual companies should not come into existence henceforth, this provision is necessary. Sir, I move.

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

"That clause 87 of the Bill be re-numbered as clause 87 (*1*), and, after the clause so re-numbered, the following new sub-clause be added :

'(*2*) A mutual insurance company or a co-operative insurance society may issue debentures or raise secured loans on the security of its assets, including statutory deposit for an amount not exceeding twenty-five thousand rupees to be redeemed within a period of not more than five years from the date it commences business'."

Mr. S. C. Sen : Sir, I am sorry to oppose this amendment. While realising that there may be certain difficulties in the way of mutual societies, I cannot overlook the fact that under section 9 (*3*) we have made the life insurance fund, as also statutory deposits (which are the best part of the assets), the security of the policy holders : therefore, if we accept this amendment we will be really giving the go-by to this security which we have already created for the benefit of the policy holders. In these circumstances I would ask my Honourable friend to withdraw his amendment.

Mr. Bhulabhai J. Desai : Sir, I would like to say a few words, so that my friends on the other side may appreciate the position. I am not easily moved in this matter as regards security ; but I do not think it has been realised that an initial debt has got to come into existence if a mutual society has got to satisfy the conditions in the Bill. If my friends will please turn to clause 89—the deposit clause—it says :

"Every Mutual Insurance Company and every Co-operative Insurance Society shall in respect of the life insurance business carried on by it in British India deposit and keep deposited with one of the offices in India of the Reserve Bank of India, for and on behalf of the Central Government, a sum of two hundred thousand rupees in cash or in approved securities estimated at the market value of the securities on the day of deposit.

The deposits referred to may be made in instalments, etc., etc."

My friends must, therefore, remember that there is no share capital : there must be some source from which the fund is to come, and if they desire that no mutual society should ever come into existence, they can then, with a clear conscience, oppose this amendment. What is intended to be provided is this, that for the first instalment—as it has happened in the case of other mutual companies in their origin, four or five or ten people put up a sufficient sum of money just to begin—none the less they are the creditors of that society. It may be that the societies have grown like that in the hope of paying off that debt after it flourishes, and most

[Mr. Bhulabhai J. Desai.]

of such debts have been paid off hitherto ; but for the coming into existence of any mutual society in future, supposing it was difficult to find the first deposit—and that is why I have taken care to restrict the 50 to 25, and to be redeemed within a period of five years.....

The Honourable Sir Nripendra Sircar : What will happen if it is not redeemed ?

Mr. Bhulabhai J. Desai : Then, the charge will cease to exist.....

The Honourable Sir Nripendra Sircar : How ?

Mr. Bhulabhai J. Desai : Because the only charge that is allowed by the Act is a charge to be redeemed within five years.

The Honourable Sir Nripendra Sircar : I know that : that will mean that if there is no redemption, the debenture holder will come down.

Mr. Bhulabhai J. Desai : Then, the society will die as it deserves to die. We have thought out the point. Let me put it in this way. Either a society flourishes in which event the debt will be redeemed ; or if the society does not get membership, and so on, then there is no objection to the debenture holder killing it. After all, killing is a wrong word in this connection. The debenture holder has got the 25, and he only gets it back : there is no question of killing anything. There is no question of taking anything which belongs to another. I, therefore, respectfully submit that this is a little assistance intended to be afforded for the initiation in its origin to mutual insurance companies, and I hope that will not be grudged by the House.

The Honourable Sir Nripendra Sircar : Sir, I have listened with great care to my Honourable friend ; but the position which the House has got to consider is this : money is raised on debenture to the tune of Rs. 25,000. The company goes on working with the assets remaining charged in favour of the debenture holders for five years. In the meantime, a fairly large number of policy holders have come in. They have paid their premiums. If the company does not flourish, then the debenture holder comes down—on whom ? The policy holders will be destroyed. That is the whole thing. If the company is unable to redeem, within five years, if that expectation is not carried out and if the debenture holder comes down, then my Honourable friend said that they will be destroyed as they deserve ; but who will be destroyed ?

Mr. Bhulabhai J. Desai : No one.

The Honourable Sir Nripendra Sircar : The policy holders will be destroyed. Where is their security ? The debenture holders will sell up their assets.....

Mr. Mohan Lal Saksena : In addition to the deposit, they will be paying 33 per cent. of their premia : that is not charged.

Mr. Bhulabhai J. Desai : What will happen is this : the first 25,000, which does not come from the policy holders' monies at all, will be deposited : then, in due course of time, if the members do come in, a proportion of their premium is also being deposited in order to take it up to Rs. 2 lakhs, so that the contingency that will arise will be this : that no

money is available for any further deposit at all, because if further monies can be deposited there can be no question that the first 25,000 will be paid off. Then whatever remains, assuming that the society comes to grief, will be governed by the provisions for winding up. There is no question about anybody taking anybody else's money. The first 25,000 that is provided by the demand for deposit is all that he will get in any event.....

The Honourable Sir Nripendra Sircar : I am sorry I remain unconvinced. It is all very well to say that as the premiums come in a portion of them will be going on deposited and so on : but here is the debenture holder in whose favour charges have been created.....

Qazi Muhammad Ahmad Kazmi (Meerut Division : Muhammadan Rural) : On his own money : he has advanced the money and the charge is on his own money.

Mr. N C. Chunder : The more honest course is to do away with the deposit.

The Honourable Sir Nripendra Sircar : I think that in one word sums up the situation. I do not think I can add anything further ; and I oppose the amendment.

Dr. P. N. Banerjea : Sir, the difficulties which have been pointed out in the case of Mutual Companies are even greater in the case of Co-operative Insurance Societies. I have some knowledge of the working of the Co-operative movement, and I may tell the House that the deposit which the Co-operative Insurance Societies have been asked to make has been found in the past by issuing debentures. What will be the position at the present day ? These debenture holders will have no security, because the deposit will no longer form the basis of such security. Therefore, debenture holders will ask for their money back, and when they demand it, how will the Co-operative Societies pay ? They will have to go into liquidation, and that would be a great calamity. Sir, co-operation has not made much progress in this country,—at least it has not made so much progress as it ought to have made,—and if we stifle the Co-operative movement by the provisions of this Act, it will be a great misfortune. The Honourable the Law Member pointed out the difficulty in the way of policy holders, but the policy holders are the same as shareholders in the case of Mutual Companies and Co-operative Societies. Therefore, Sir, the only straightforward course is to do away with deposits altogether, as has been suggested by Mr. Chunder. If you retain the provisions relating to deposits, then it will be impossible to allow these mutual companies and co-operative societies to carry on their work. They will have to be closed down.

An Honourable Member : The question may now be put.

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

"That clause 87 of the Bill be re-numbered as clause 87 (*1*), and, after the clause so re-numbered, the following new sub-clause be added :

'(*2*) A mutual insurance company or a co-operative insurance society may issue debentures or raise secured loans on the security of its assets, including statutory deposit for an amount not exceeding twenty-five thousand rupees to be redeemed within a period of not more than five years from the date it commences business'."

The Assembly divided :

AYES—41.

Abdul Qaiyum, Mr.	Lalchand Navalrai, Mr.
Aney, Mr. M. S.	Maitra, Pandit Lakshmi Kanta.
Ayyangar, Mr. M. Ananthasayanam.	Mangal Singh, Sardar.
Banerjea, Dr. P. N.	Misra, Pandit Shambhu Dayal.
Bhagavan Das, Dr.	Mudaliar, Mr. C. N. Muthuranga.
Chaliha, Mr. Kuladhar.	Muhammad Ahmad Kazmi, Qazi.
Chattopadhyaya, Mr. Amarendra Nath.	Pande, Mr. Badri Dutt.
Chaudhury, Mr. Brojendra Narayan.	Raghubir Narayan Singh, Choudhri.
Chettiar, Mr. T. S. Avinashilingam.	Ramayan Prasad, Mr.
Das, Mr. B.	Ranga, Prof. N. G.
Datta, Mr. Akhil Chandra.	Rao, Mr. Thirumala.
Desai, Mr. Bhulabhai J.	Saksena, Mr. Mohan Lal.
Deshmukh, Dr. G. V.	Santhanam, Mr. K.
Gadgil, Mr. N. V.	Satyamurti, Mr. S.
Gupta, Mr. K. S.	Sham Lal, Mr.
Hans Raj, Raizada.	Sheodass Daga, Seth.
Hosmani, Mr. S. K.	Singh, Mr. Gauri Shankar.
Jedhe, Mr. K. M.	Singh, Mr. Ram Narayan.
Jogendra Singh, Sirdar.	Sinha, Mr. Satya Narayan.
Joseph, Mr. George.	Sri Prakasa, Mr.
Kailash Behari Lal, Babu.	

NOES—49.

Abdul Ghani, Maulvi Muhammad.	Lloyd, Mr. A. H.
Abdul Hamid, Khan Bahadur Sir.	Mackeown, Mr. J. A.
Abdullah, Mr. H. M.	Manavedan Raja, Rao Bahadur K. C.
Ahmad Nawaz Khan, Major Nawab Sir.	Mani, Mr. R. S.
Aikman, Mr. A.	Mehta, Mr. S. L.
Asghar Ali, Sheikh.	Mody, Sir H. P.
Bajpai, Sir Girja Shankar.	Mudie, Mr. R. F.
Boyle, Mr. J. D.	Nagarkar, Mr. C. B.
Buss, Mr. L. C.	Nayudu, Diwan Bahadur B. V. Sri Hari Rao.
Chapman-Mortimer, Mr. T.	Ogilvie, Mr. C. M. G.
Dalal, Dr. R. D.	Parsons, Lieut.-Colonel A. E. B.
Dalpat Singh, Sardar Bahadur Captain.	Pursell, Mr. R. S.
DeSouza, Dr. F. X.	Rahman, Lieut.-Colonel M. A.
Fazl-i-Ilahi, Khan Sahib Shaikh.	Roy, Mr. S. N.
Ghiasuddin, Mr. M.	Scott, Mr. J. Ramsay.
Ghulam Muhammad, Mr.	Sen, Mr. S. C.
Gidney, Mr. C. W. A.	Sher Muhammad Khan, Captain Sardar Sir.
Griffiths, Mr. P. J.	Sircar, The Honourable Sir Nripendra.
Grigg, The Honourable Sir James.	Spence, Mr. G. H.
Hudson, Sir Leslie.	Staig, Mr. B. M.
James, Mr. F. E.	Stewart, The Honourable Sir Thomas.
Jawahar Singh, Sardar Bahadur Sardar Sir.	Sukthankar, Mr. Y. N.
Kamaluddin Ahmed, Shams-ul-Ulema.	Thorne, Mr. J. A.
Kushalpal Singh, Raja Bahadur.	Tylden-Pattenson, Mr. A. E.
Lang, Mr. J. C.	

The motion was negatived.

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

"That clause 87 stand part of the Bill."

The motion was adopted.

Clause 87 was added to the Bill.

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

"That clause 88 stand part of the Bill."

Mr. Sri Prakasa : Sir, I move :

"That in clause 88 of the Bill, for the words and figures '31st day of December, 1936' the words and figures '26th day of January, 1937' be substituted."

This is only a consequential amendment. Sir, I move.

The Honourable Sir Nripendra Sircar : I do not object.

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

"That in clause 88 of the Bill, for the words and figures '31st day of December, 1936' the words and figures '26th day of January, 1937' be substituted."

The motion was adopted.

Dr. P. N. Banerjea : I beg to move :

"That in clause 88 of the Bill, for the words 'twenty-five thousand rupees' the words 'fifteen thousand rupees' be substituted."

It has just been pointed out that the difficulty to which mutual companies and co-operative societies will be put by insisting on deposits and not allowing them to issue debentures will be very great. The Government have, for the moment, carried the day. They have won against us, but it is up to them to point out how the deposit will have to be made,—where the funds will come from for making the deposit. That will be the honest and straightforward course for them to adopt. In this connection I should like to point out that there are other amendments on the agenda paper and these amendments should be moved along with this amendment. If the amendment of which notice has been given by my Honourable friend, Mr. Amarendra Nath Chattopadhyaya, amendment No. 855, is moved by him, then I will withdraw my amendment in his favour.

Some Honourable Members : Go on with yours.

Dr. P. N. Banerjea : I will go on, but I wish to point out to the House the effect of this amendment. Here are some amendments for the reduction of the amount of the working capital and Mr. Amarendra Nath Chattopadhyaya proposes to do away with the deposit altogether and that should come first.

Mr. President (The Honourable Sir Abdur Rahim) : Then the Honourable Member can withdraw his amendment.

Dr. P. N. Banerjea : I do not withdraw.

Mr. President (The Honourable Sir Abdur Rahim) : Mr. Amarendra Nath Chattopadhyaya's amendment No. 855 refers to another clause.

Dr. P. N. Banerjea : My amendment relates to the working capital and it has been said by Government actuaries that the mutual companies can carry on their work without much working capital. If you refer to the report of these actuaries you will find that in 1915 the actuary made that remark, and again in 1929 that was the remark made and Mr. Sen in his report points out that these mutual companies do very good work and their working expenses are very low. The Registrar of Joint-stock Companies in the United Provinces has pointed out that an exception should be made in the case of mutual companies, and Co-operative Insurance Societies practically stand on the same footing. As regards working capital these concerns are very small. Their establishment is not large. They do not hire big

[Dr. P. N. Banerjea.]

buildings for their offices and they can manage to get on with a small working capital. Rs. 15,000 in their case is quite large, and the amendment which stood in the names of three Members of the Congress Party, namely, Messrs. Santhanam, Ananthasayanam Ayyangar and Venkatachelam Chetty suggested Rs. 10,000. In my opinion, Rs. 10,000 would have been quite all right, but in order to be modest in my demand I ask for Rs. 15,000. I hope the Government will see their way to accept this amendment.

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

"That in clause 88 of the Bill, for the words 'twenty-five thousand rupees' the words 'fifteen thousand rupees' be substituted."

The Honourable Sir Nripendra Sircar : May I just make a statement before the House disperses ? As I intimated to some Members of the Opposition, I have been quite willing to reduce some of the amounts, but the difficulty of dealing with individual amendments is this. If I agree to the first amendment to reduce from Rs. 50,000 to Rs. 25,000, in the belief that it will be the only reduction, but the next one is called and I may be expected to agree to another reduction of the amount. I am, therefore, suggesting to the parties who are pressing for reduction of these amounts in connection with mutual assurance companies that they might meet us tomorrow morning before the matter is taken up again, and then we will be able to come to some arrangement.

5 P.M.

The Assembly then adjourned till Eleven of the Clock on Thursday, the 30th September, 1937.