

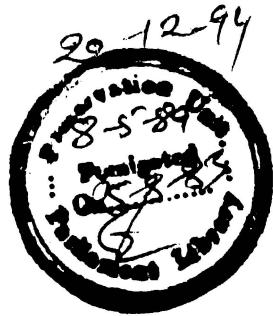
Saturday, 15th April, 1950



PARLIAMENTARY DEBATES

(PART I—QUESTIONS AND ANSWERS)

OFFICIAL REPORT



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PARLIAMENTARY DEBATES
(PART I—QUESTIONS AND ANSWERS)

Saturday, 15th April, 1950

The House met at a Quarter to Eleven of the Clock

[MR. SPEAKER in the Chair]

ORAL ANSWERS TO QUESTIONS

BORDER ATTACKS ON JAISALMER AND BIKANER

*1708. **Shri Sidhva:** (a) Will the **Prime Minister** be pleased to state how many attacks have been made on the border areas of Jaisalmer and Bikaner from April 1949 upto date?

(b) How many have been killed on either side in these attacks?

The Deputy Minister of External Affairs (Dr. Keskar): (a) 41—26 on Bikaner-Pakistan border, and 15 on Jaisalmer-Pakistan border.

(b) 16 on our side. The exact number of casualties among the raiders are not known but it is believed that at least 18 were killed.

सेठ गोविन्द दास : जहां तक इन रेड्स का मामला है क्या माननीय मंत्री जी को यह बात मालूम है कि पहले भी इस तरह की रेड्स हुई थीं और इन रेड्स और उन रेड्स में जिन लोगों की हानि हुई है उनको कम्पेंसेशन देने की बाबत क्या हुआ है ? क्या पाकिस्तान को इस सम्बन्ध में लिखा गया है और लिखा गया है तो उनका क्या जवाब है ?

Seth Govind Das: So far as these raids are concerned, is the Deputy Minister aware of the fact that similar raids had also been made in the past, and may I know what action has been taken to give compensation to those persons who have suffered as a result of the previous and present raids? Was this matter taken up with the Pakistan Government, and if so, what is the reply given by them?

Dr. Keskar: I am quite aware that there were raids before. In fact, Sir, sometime ago a question was put about these raids on the floor of this House and we gave the number of raids that took place. I said also at that time that we have brought these incidents to the notice of the Pakistan Government. Up till now no reply has been received.

सेठ गोविन्द दास : तो क्या मैं यह मानलूँ कि पहली रेड्स की बाबत भी जो कम्पेन्सेशन की बात लिखी गई थी उसका अब तक कोई उत्तर नहीं आया ?

Seth Govind Das: So, should I take it that no reply has upto now been received to the question of compensation taken up with them with regard to the previous raids?

Dr. Keskar: We have not written specially about compensation, but we have drawn the attention of the Pakistan Government to these incidents and asked them to explain the incidents, and also that they should take care that such incidents do not occur again. The question of compensation would have been taken up later, but as no reply has yet been received, we have not been able to do it.

Shri A. P. Jain: May I know whether any compensation was paid to the claimants from the Indian Exchequer?

Dr. Keskar: Some claims have been put to the local Provincial Governments and they are under consideration.

Shri Raj Bahadur: May I know when did the last of these raids occur?

Dr. Keskar: I am sorry, I have not got the detailed dates.

Shri Raj Bahadur: What was the loss in property and livestock?

Dr. Keskar: There was no loss of property. There was a loss of a few camels and some cattle; I have not got the exact number.

Shri Tyagi: May I know if any raids from this side on the Pakistan population have come to the notice, or have been reported to the Government?

Dr. Keskar: The Pakistan Government have protested to us and have alleged that a certain number of raids from this side have taken place. For finding out the truth of these allegations on both sides, we have proposed to the Pakistan Government that the Police on both sides shall meet regularly and try to find out the truth about these raids and if it is the fault of any one State, then the State concerned should be asked to take necessary action, so that the people who have suffered may be compensated.

Shri Deshbandhu Gupta: I only want to know what is the counter-claim made by the Pakistan Government in respect of this border raid, in figures of killed and in amount claimed by them.

Dr. Keskar: They have not claimed compensation but they have protested that such raids have taken place. We have promised that we will investigate and let them know.

Babu Ramnarayan Singh rose—

Mr. Speaker: I have given five minutes and still I find half a dozen Members anxious to put questions. It becomes impossible. Next question.

REFERENDUM IN FRENCH SETTLEMENTS

*1709. **Shri Kamath:** Will the Prime Minister be pleased to state:

(a) whether it is a fact that the French National Assembly has enacted a law empowering the French Government to fix the date and organization of the referendum in the French Settlements in India;

(b) whether the procedure and other details of the proposed referendum have been communicated to Government; and

(c) what is the attitude of Government to the proposed referendum?

The Deputy Minister of External Affairs (Dr. Keskar): (a) Yes, Sir.

(b) Attention is drawn to the reply given to Question No. 164 by Shri R. K. Sidhva on February 9, 1950.

(c) The Government of India are agreeable to a referendum for determining the future of the French settlements in India, provided that the modalities of the referendum are such as to ensure a free and fair referendum.

Shri Kamath: Have any talks been held so far at Governmental or other level about stationing of Indian, French observers or neutral observers, and for the referendum?

Dr. Keskar: In principle it has been decided between the Government of France and India that the referendum shall be under the supervision of neutral observers. In fact, neutral observers were appointed or nominated both with the consent of the Government of India and France, but as the Government of India were not satisfied that the modalities of the referendum were such as to ensure a fair and free referendum, we brought it to the notice of the French Government, and the negotiations with regard to that being prolonged too far, the question of the observers coming here did not arise.

Shri Kamath: Have Government suggested to the French Government that even from the time of the preparation of the electoral rolls for the referendum these observers must be stationed?

Dr. Keskar: Yes, Sir.

Shri Hanumanthaiya: When is the Government of India taking possession of Chandernagore? It was decided nearly a year ago.

Dr. Keskar: The Treaty with regard to Chandernagore is on the point of being passed by the French Parliament. The discussions between the Government of India and the Government of France have finished and we are agreed on the terms of the Treaty.

Shri Hanumanthaiya: Does the legislation that is being passed by the French Parliament include provisions regarding the other settlements also, when the referendum question is settled?

Dr. Keskar: No, Sir.

Shri Kamath: Has the work of preparation of electoral rolls been so far taken in hand and if not, has Government any information as to when it will be taken up?

Dr. Keskar: Some preliminary preparation of rolls has been taken up there but we have objected that even the preparation of rolls must be under the supervision of neutral observers.

WAGONS OF COTTON SEEDS FROM PAKISTAN

*1710. **Shri Sidhva:** Will the Minister of Commerce be pleased to state:

(a) whether it is a fact that certain number of wagons of cotton seeds despatched from stations in Bahawalpur State (Pakistan) arrived at Abohar, a town on Indo-Pakistan Border;

(b) If so, under what conditions was the despatch of these wagons permitted; and

(c) what is the price of cotton in Pakistan and in India?

The Minister of Works, Mines and Power (Shri Gadgil): (a) Yes.

(b) Clearance was allowed on production by the importer of import licences which were granted after a full examination of all aspects of the matter.

(c) I presume the hon. Member means cotton seed. If so, a statement giving the information is placed on the Table of the House. [See *Appendix VII, annexure No. 24.*]

Shri Hossain Imam: Is it the policy of the Government of India to allow the import of cotton seed into India from Pakistan?

Shri Gadgil: The policy of the Government of India is perfectly well known to the hon. Member.

Shri Tyagi: In what currency was the payment made? Was it in the de-valuated currency of India or in the Pakistan currency?

Shri Gadgil: The question can be more properly answered by the hon. the Finance Minister

Pandit Balkrishna Sharma: Will the hon. Minister be pleased to state the names of the firms who were permitted to import cotton seeds from Pakistan?

Shri Gadgil: I require notice for that question.

Shri Hossain Imam: Was the price paid in terms of the Indian Rupee or in terms of the Pakistan Rupee?

Mr. Speaker: That question was already put.

Shri Tyagi: What is the total amount sanctioned for the import of cotton seeds from Pakistan?

Shri Gadgil: I require notice for that question.

DISPLACED HARIJAN BOARD

*1711. **Shri Balmiki:** Will the Minister of Rehabilitation be pleased to state:

(a) whether it is a fact that a Displaced Harijan Board has been formed under the aegis of the Harijan Sewak Sangh;

(b) if so, what its functions are; and

(c) who are the members of the Board?

The Minister of State for Rehabilitation (Shri Mohan Lal Saxena): (a) Yes.

(b) The Board is to formulate and execute schemes of rehabilitation for Displaced Harijans in co-operation with the State Governments.

(c) (i) Shrimati Rameshwari Nehru Chairman.

(ii) Shri A. V. Thakkar General Secretary and Treasurer.

(iii) Shri Sevakram Karamchand Working Secretary.

(iv) Shri Manmohan Kishan Representative of the Ministry of Rehabilitation.

- | | |
|----------------------------------|---|
| (v) Shri Viyogi Hari | Representative of the Delhi Region. |
| (vi) Shri Tulsj Ram | } Representatives of the Bengal Region. |
| (vii) Shrimati Amar Kumari Verma | |
| (viii) Shri Parixatlal Majumdar | } Representatives of the Bombay Region. |
| (ix) Shri Jiwandas | |
| (x) Shri K. V. Datey | Representative of the Rajasthan Region. |
| (xi) Shri Mohan Lal | } Representatives of the Punjab Region. |
| (xii) Shri A. S. Satyarathi | |

Shri Rathnaswamy: What are the reasons that prompted the Ministry to constitute a separate Board for Harijans?

Shri Mohan Lal Saksena: We had constituted a Harijan Section in the Ministry but later on it was felt that it would be much better to entrust the work to the Harijan Sewak Sangh and in consultation with the Harijan Sewak Sangh this Board was constituted. Because of the special conditions under which the displaced Harijans have to live, it was felt that special arrangements should be made for looking after their accommodation and providing them with employment.

श्री बाल्मीकी : क्या इस बोर्ड में कोई हरिजन भी हैं ?

Shri Balmiki: Is there any Harijan member also on this Board?

श्री मोहन लाल सक्सेना : मैं तो यह नहीं जानता कि इसमें हरिजन मेम्बर कौन साहब हैं । लेकिन मैं नाम पढ़ सकता हूँ ।

Shri Mohan Lal Saksena: I do not know which one is the Harijan member. But I can read out the names.

Shri Kesava Rao: What is the amount put at the disposal of this Board?

Shri Mohan Lal Saksena: A sum of one lakh of rupees was placed at the disposal of this Board for the organization. As regards the cost of the schemes, they were to be submitted to the State Governments and financed out of grants made to them.

Shri Kesava Rao: How the funds are used?

Shri Mohan Lal Saksena: The sum of one lakh will be used for setting up the organization throughout the country by this Board. As for the schemes, they will be formulated and submitted through the State Governments and funds will be made available through the State Governments.

श्री बाल्मीकी : इस बोर्ड को अपने काम में कहां तक सफलता मिली है और अगर सफलता प्राप्त हुई है तो क्या उससे हरिजन संतुष्ट हैं ? और क्या यह बात गवर्नमेंट की जानकारी में है ?

Shri Balmiki: How far has this Board succeeded in its mission? Are the Harijans satisfied with the success achieved by it and, are the Government aware of this?

श्री मोहन लाल सक्सेना : बहरहाल अभी तक तो मुझे कोई शिकायत नहीं मिली है। और अगर हरिजन सेवक संघ से कोई हरिजन संतुष्ट नहीं है तो यह जिम्मेदारी उसकी है, और मैं समझता हूँ कि उससे बढ़कर और कोई संस्था नहीं है जोकि हरिजनों का उससे ज्यादा अच्छा काम कर सके।

Shri Mohan Lal Saksena: In any case I have not received any complaint so far. If any Harijan is not satisfied with the Harijan Sewak Sangh, he is himself responsible for this, and I think there is no other institution which can do better work for the Harijans than this.

STATUES OF NATIONAL LEADERS IN KARACHI

*1714. **Shri Kannamwar:** Will the **Prime Minister** be pleased to state how many statues of National leaders in Karachi have been damaged after the partition?

The Deputy Minister of External Affairs (Dr. Keskar): Only one statue, viz., that of Mahatma Gandhi, has been damaged.

सेठ गोविन्द दास : जहाँ तक महात्मा गांधी की मूर्ति का सम्बन्ध है वहाँ तक क्या इस बात का पूरा पता लग चुका है, खासकर हमारे रिप्रेजेंटेटिव के द्वारा, कि वह मूर्ति केवल आंधी या अन्य मौसमी कारणों से गिरी थी या और कोई कारण उसके गिरने का था ?

Seth Govind Das: So far as the Statue of Mahatma Gandhi is concerned, has it been fully ascertained especially through our Representative that that statue fell as a result of storm or other weather conditions or was there any other reason for that?

(प्रधान मंत्री श्री जवाहर लाल नहरू) : यह वाक्या ऐसे वक्त हुआ था कि किसी ने देखा नहीं। इस लिए कोई जाती इल्म तो है नहीं। एक तरफ यह ब्यान दिया गया है कि तेज हवा के झोंके से यह गिर पड़ा था, और दूसरी तरफ से यह ब्यान दिया जाता है कि यह मुश्किल है जब तक कि कोई उसको धकेले नहीं। यह वाक्यात हैं। किसी ने देखा तो है नहीं।

The Prime Minister (Shri Jawaharlal Nehru): This incident occurred at such a time that nobody could see it. Therefore, nobody has got any personal knowledge about this. On the one hand it had been stated that it fell on account of a gust of wind, and on the other it was said that it was not possible unless somebody had pushed it. These are the facts. Nobody has seen it.

सेठ गोविन्द दास : अब उस मूर्ति की क्या अवस्था है ? क्या उसकी मरम्मत हो गई है और वह लगा दी गई है ?

Seth Govind Das: What is the present condition of this statue? Has it been repaired and re-installed?

श्री जवाहर लाल नेहरू : पाकिस्तान की हुकूमत ने कहा है कि पूरी मरम्मत करके उसको वहाँ लगायेंगे ।

Shri Jawaharlal Nehru: The Government of Pakistan have assured that it will be fixed up there after carrying out complete repairs.

Shri Kamath: Is it a fact that sometime after the Partition—I think early in 1948 or so—this statue of Mahatma Gandhi in Karachi was found blackened or otherwise disfigured?

Mr. Speaker: Order, order.

Shri S. O. Samanta: How many statues of national leaders are there in Karachi that have been damaged?

Mr. Speaker: He said only one.

NON-MUSLIM PROPERTIES DESTROYED IN PAKISTAN

*1715. **Sardar Hukam Singh:** Will the **Prime Minister** be pleased to state:

(a) whether the question of properties of displaced persons burnt or destroyed in Pakistan was ever taken up and considered in any of the conferences with Pakistan; and

(b) if so, with what result?

The Minister of Transport and Railways (Shri Gopalaswami): (a) and (b). This question was discussed by the Joint Official Committee at Lahore on March 22nd-25th, 1948 and the following recommendation was made:

“Each Dominion shall levy a cess at the rate of two per cent. *ad valorem* on transfers of urban property within its territory. The proceeds of this cess shall be funded and shared equally by the two Dominions at six monthly intervals. Each Dominion will utilise its share of the cess for paying compensation to persons whose property has been damaged or destroyed in the other Dominion in the disturbances”.

The recommendation was not, however, embodied in the Minister-level Conferences in July and December 1948 and January 1949.

Sardar Hukam Singh: Was any attempt made to assess losses on this account?

Shri Gopalaswami: I do not think that has been done though it was agreed at the discussions that some attempt should be made.

Sardar Hukam Singh: Has any cess been collected?

Shri Gopalaswami: The cess has not been agreed to be levied at all.

CENTRAL HAJ COMMITTEE

*1716. **Shri Obaidullah:** (a) Will the **Prime Minister** be pleased to state whether there is a Committee called ‘The Central Haj Committee’ to look after the interest and welfare of the Haj Pilgrims?

(b) When was this Committee appointed and who are its present Members?

(c) For how many years do these Members hold office?

(d) Have Government received any complaint about the Committee or its Members?

(e) Is there any proposal to appoint Muslim Members of Parliament on the Committee?

The Deputy Minister of External Affairs (Dr. Keskar): (a) Yes. A Committee called the Central Haj Committee has been constituted to advise Government on matters relating to Haj pilgrimage.

(b) and (c). The Central Haj Committee was constituted on the 26th April, 1948 for a period of one year in the first instance, and its term was extended by another year from the 26th April, 1949. The following are the members of the Committee:

Chairman:

Maulana Ahmed Saeed.

Members:

(i) Begum Aizaz Rasul, M.L.C.

(ii) Mr. Mohammad Ismail Khan, M.P.

(iii) Shri Mohan Lal Gautam, M.P.

(iv) Maulana Hifz-ur-Rehman, M.P.

(v) Maulana Mohd. Mian Faruqi.

(vi) Joint Secretary, Ministry of External Affairs, in charge of Haj.

Secretary:

Officer on Special Duty in charge of Haj in the Ministry of External Affairs.

(d) No.

(e) Does not arise, as there are already Muslim Members of Parliament on the Committee.

Maulvi Wajed Ali: There is also a Provincial Haj Committee in Calcutta to look after the pilgrims from Assam and West Bengal. Is it working under the Provincial Government or under the Central Government?

Dr. Keskar: There are Port Haj Committees both in Calcutta and Bombay. They are working under the Central Government's supervision.

श्री जांगरे: क्या माननीय प्रधान मंत्री यह बतलावेंगे कि इस वक्त भारत से हज के लिए जाने वालों की संख्या पाकिस्तान से हज को जाने वालों की संख्या से कहीं अधिक है ?

Shri Zangre: Will the Prime Minister please state whether the number of Haj pilgrims at present proceeding from India is far greater than those from Pakistan?

Dr. Keskar: That is very difficult for me to say. In another reply the number was given before.

Shri Karmarkar: What is the amount of allowance permissible to the Members?

Dr. Koskar: I will require notice of that. It is probably the same allowance as for M.Ps. because most of them are M.Ps.

Shri Hossain Imam: Is there any Committee at the moment in existence and when will its time expire?

The Prime Minister (Shri Jawaharlal Nehru): About a fortnight.

خواجہ عداہت الہ : کیا بیگم اعجاز رسول پارلیمنٹ کی ممبر ہونے کی وجہ سے اس کمیٹی کی ممبر بنائی گئیں تھیں ؟

Khwaja Inait Ullah: Was Begum Aizaz Rasul appointed as a member of this Committee by virtue of her being a Member of Parliament?

श्री जवाहर लाल नेहरू : जब मेम्बर हुई थीं तब पार्लियामेंट की मेम्बर थीं । अब नहीं रही हैं ।

Shri Jawaharlal Nehru: She was appointed as a member when she was a Member of Parliament. Now she has ceased to be a member.

कोसा के रेशों से वस्त्र निर्माण

*१७१७ श्री जांगरे : (ए) क्या उद्योग तथा रसद मंत्री यह बतलावेंगे कि क्या वह कोसा के रेशों से वस्त्र निर्माण करने के व्यवसाय को पुनर्जीवित करेंगे ?

(बी) क्या सरकार ने कोसा की वृद्धि के लिये लाख की तरह कोई अनुसंधान किया है, यदि नहीं तो क्या सरकार अब इस सम्बन्ध में अनुसंधान करेगी ?

CLOTH MANUFACTURE FROM *Kosa* FIBRE

*1717. **Shri Zangre:** (a) Will the Minister of **Industry and Supply** be pleased to state whether Government propose to take any steps for the revival of the cloth-manufacturing industry from *Kosa* fibre?

(b) Have Government conducted any research with regard to the development of *Kosa* as was done in the case of *Lac* and if not, do Government propose to undertake this research now?

The Minister of Works, Mines and Power (Shri Gadgil): (a) No such scheme is under consideration.

(b) No.

श्री जांगरे : क्या माननीय मंत्री महोदय को मालूम है कि कोसा के व्यवसाय करने वाले लाखों व्यवसायियों का व्यवसाय मारा गया है ?

Shri Zangre: Is the Minister aware of the fact that the business of lakhs of traders dealing in *Kosa* fibre has been ruined?

श्री गाडगिल : ऐसा तो नहीं होना चाहिए क्योंकि सन् १९४९ में कोसा की पैदावार २७७५१२ पाऊंड थी और इस साल भी उतनी ही पैदावार का अन्दाजा लगाया जा रहा है ।

Shri Gadgil: This should not be so, because in the year 1949, the total produce of *Kosa* amounted to 2,77,512 lbs. and this year also the same quantity is expected to be produced.

श्री जांगरे : क्या माननीय मंत्री यह बतलावेंगे कि क्या कोसा से खादी का कपड़ा बनाया जा सकता है, और इसके लिए गवर्नमेंट ने क्या किया है?

Shri Zangre: Will the Minister be pleased to state whether 'Khadi' cloth can be manufactured from *Kosa* fibre, and what steps have the Government taken in this direction?

श्री गाडगिल : केंद्रीय गवर्नमेंट ने इसके लिए कुछ नहीं किया है । जहां तक मुझे मालूम है बिहार गवर्नमेंट मानभू डिस्ट्रिक्ट में टसर के कुछ फार्म रघूनाथपुर में खोलने का इरादा कर रही है ।

Shri Gadgil: The Central Government have not taken any action in this matter. So far as I am aware, the Bihar Government are contemplating to open some *Kosa* farms at Raghunathpur in Manbhum District.

CASES REFERRED TO UNION GOVERNMENT INDUSTRIAL DISPUTES TRIBUNAL

*1718. **Prof. S. N. Mishra:** Will the Minister of Labour be pleased to state the number of cases referred to the Union Government Industrial Disputes Tribunal by the Calcutta Bank Employees Unions?

The Minister of Labour (Shri Jagjivan Ram): 190 cases have been filed before the All-India Industrial Tribunal (Bank Disputes), Bombay, and 114 cases before the Central Government Industrial Tribunal, Calcutta, by the Unions and elected representatives of Bank Employees at Calcutta.

Prof. S. N. Mishra: May I know whether some cases have been disposed of, and if so how many cases have been decided in favour of the employees?

Shri Jagjivan Ram: I have not got the figures as to how many cases have been decided in favour of the employees. I can give him this figure: out of 170 cases relating to alleged victimisation of employees in Banks, 133 cases have been disposed of while in the remaining 37 cases hearing is continuing. Out of 144, 114 applications relate to cases of alleged victimisation of employees in Banks and hearing in these cases has not yet commenced.

Prof. S. N. Mishra: In view of the large number of cases that are pending, what do Government propose to do for expediting their trial and may I know whether any representation has been made to that effect?

Shri Jagjivan Ram: No. These latter cases have been delayed at the instance of the Unions themselves. As they are appearing before the Banks Tribunal in Bombay, they have requested for more time and it has been delayed at their own instance.

Shri Kesava Rao: Is Government aware that most of the decisions taken by the Tribunal were dishonoured by the employers?

Shri Jagjivan Ram: No.

خواجہ عنایت اللہ : کہا گورنمنٹ کو معلوم ہے کہ بہار کے بینک امپلائے ایسوسی ایشن نے ٹریبونل سے یہ درخواست کی تھی کہ بمبئی بہت دور جگہ ہے ہم اپنے کیس وہاں نہیں لے جا سکتے کیس پتلہ یا بہار میں سنے جائیں؟

Khwaja Inait Ullah: Are Government aware that the Bihar Bank Employees' Association submitted a representation to the Tribunal to the effect that Bombay being situated at a very distant place, they could not file their cases there and these should be heard at Patna or anywhere in Bihar?

श्री जगजीवन राम : यह भी मालूम होना चाहिये कि बैंक ट्रिब्यूनल तो हर जगह गयी थी, पटना भी गई थी और हर जगह घूम कर ट्रिब्यूनल ने जो एम्पलाई लोगों की तकलीफों वा ग्रीवेन्सेज थे उनको सुना है ।

Shri Jagjivan Ram: The hon. Member should know that the Bank Tribunal visited every place. It visited Patna also. Touring from place to place the Tribunal listened to the grievances of the employees.

خواجہ عنایت اللہ : مجھے معلوم ہے کہ پتلہ میں کہا تھا اور پتلہ میں اس نے کہا تھا کہ یہ کیس بمبئی میں کریں گے یہاں نہیں کرینگے اسلئے وہاں کے فریب آدمیوں نے وہاں اپنا ڈیپوٹیشن بھیجئے میں دقت متحسوس کی۔

Khwaja Inait Ullah: I know that the Tribunal visited Patna and they told them that they would hear the cases at Bombay and not at that place and as a result of this the poor people there felt some difficulty in sending their deputation to Bombay.

Mr. Speaker: He is giving information, more or less.

Shri Satish Chandra: Is it a fact that in some of the cases of Delhi Bank employees which were referred to Industrial Disputes Tribunal at Bombay, hearings were first held in Bombay, and after several hearings there, the cases have now been transferred to Calcutta Tribunal and the Bank employees had to go to Bombay and have to proceed now to Calcutta every now and then?

Shri Jagjivan Ram: It is not a fact. As I said, the original dispute was referred to the Special Bank Tribunal. During the pendency of the case before the Banks Tribunal, certain disputes have arisen in respect of victimisation. These fresh cases have been referred to the Calcutta Tribunal. In connection with these fresh references, the employees may have to go to Calcutta. But I have asked the Adjudicator to come to Delhi itself. So, the employees will not have to go to Calcutta. I am afraid my hon. friend is speaking under some misapprehension.

INDIA'S CONTRIBUTION TOWARDS ASSISTANCE TO UNDER-DEVELOPED AREAS

*1719. **Shri Buragohain:** Will the **Prime Minister** be pleased to state:

(a) the amount of India's contribution to the Scheme for Assistance to the Under-developed Areas sponsored by the Social and Economic Council of the United Nations Organisation; and

(b) whether the Tribal Areas of India can be brought within the scope of the said Scheme?

The Deputy Minister of External Affairs (Dr. Keskar): (a) No final decision has yet been taken.

(b) There is nothing to prevent the Government of India from considering any such proposal but it is yet too early to define the scope of the scheme.

Shri Buragohain: May I know the nature of assistance of the types of services that are contemplated in the scheme?

Dr. Keskar: It is difficult to give in details the nature of the technical assistance. They will provide technical experts for the development of these areas. The detailed scheme has not yet been worked out. In fact the Technical Assistance Conference which will decide in detail and plan out a scheme is going to meet next month.

Shri Buragohain: Has not this Government been informed by the United Nations authorities about the total cost of the scheme?

Dr. Keskar: As the plan of the scheme itself is not yet fully developed, I think it is not possible for the United Nations Organisation to give the total amount that would be necessary. The United Nations Organisation have informed all the countries whom they want to contribute that they should contribute as large a sum as possible.

Shri Kamath: So far as the under-developed areas in Asia are concerned, what exactly is the role of the ECAFE *vis-a-vis* the Social and Economic Council of the United Nations Organisation?

Dr. Keskar: Does it arise out of this?

Shri Kamath: As the ECAFE is also concerned with the development of under-developed areas, what exactly is its relation to the other body?

Mr. Speaker: The question is restricted to technical assistance.

Shri Kamath: ECAFE is also concerned.

Mr. Speaker: It may be connected; but it does not arise out of this.

Shri Karmarkar: May I ask whether Government have considered as to how best this scheme of the United Nations may be utilised in the interests of India?

Dr. Keskar: This particular scheme?

Shri Karmarkar: Yes.

Dr. Keskar: Yes. Government have a tentative plan. As the Technical Assistance Conference has not yet developed its plan, we have not yet finalised our scheme.

Shri Kamath: Besides the Economic and Social Council of the United Nations, is there any other body inter-Asian or international which is concerned with the development of under-developed areas in Asia?

Dr. Keskar: Concerned generally?

Shri Kamath: Concerned with the development of under-developed areas in Asia.

Dr. Keskar: Many of the Committees of the United Nations deal also with the under-developed areas. I do not think there is any other special body.

Shri Tyagi: May I know what precisely is the work expected to be done by this Social and Economic Council of the United Nations? Are they only to suggest schemes or will they also shoulder the expenses on account of the schemes?

Dr. Keskar: This is not a programme of the United Nations Social and Economic Council. This is a particular scheme of technical assistance to the under-developed areas.

Shri Tyagi: I am anxious to know whether they will shoulder the expenses or they will only give us schemes.

Dr. Keskar: About this particular scheme, the money that will be spent will be contributed by the countries of the region concerned. They have been asked to contribute as I said as large an amount as possible. From the pool that would be gathered in this way, money will be distributed for technical assistance.

Shri Tyagi: I want to know whether we can get back by way of some service or help some advantage out of the contribution that we are called upon to make.

Mr. Speaker: That is what is implied in what he says. All the concerned countries will contribute as best as they can and expenses will be incurred from this pool.

Shri Tyagi: This is a contribution to the United Nations Organisation. I want to know whether they come to serve us.

Mr. Speaker: I do not think the question really arises. The answer is very clear. Next question.

MYSORE PLASTICS FACTORY

*1720. **Shri Thimmappa Gowda:** Will the Minister of Industry and Supply be pleased to state:

- (a) the places where the various plastic factories in India are located;
- (b) the various articles manufactured in the plastic factory started by the Government of Mysore and the total capacity of the factory; and
- (c) what was the total import of plastics into India during the year 1949 including imports for defence purposes also?

The Minister of Works, Mines and Power (Shri Gadgil): (a) There are 55 factories manufacturing plastic articles the more important being located in Bombay, Calcutta, Kanpur, Bangalore and Kapurthala.

(b) Articles manufactured:

P.V.C. insulated wires, slavings of different diameters, tapes of different sizes, rigid conduits, filaments, etc.

Annual manufacturing capacity:

144 lakhs yards of wires of various gauges and 84 lakhs of slavings.

(c) Import statistics are not readily available. Imports were, however, greatly restricted during 1949.

Shri Thimmappa Gowda: What is the total cost of imported plastic articles?

Shri Gadgil: For which year?

Shri Thimmappa Gowda: For 1949.

Shri Gadgil: Moulding powder worth Rs. 31 lakhs were allowed in the half year July to December 1949.

Shri Thimmappa Gowda: Is any protection given to this industry?

Shri Gadgil: That has been decided yesterday. If the hon. Member was present in the House, he ought to have known it.

Shri T. N. Singh: May I know if any of these concerns manufactures moulding powder also or do they only manufacture plastic goods out of moulding powder?

Shri Gadgil: I think I have made it clear that there are certain firms which manufacture moulding powder and for their benefit protection has been granted by the Bill passed yesterday by the House.

Shri Shankaraiya: What is the quantity of plastic sheets produced in India?

Shri Gadgil: I require notice.

APPOINTMENT OF JOURNALISTS FOR EXTERNAL PUBLICITY

*1722. **Shri Tyagi:** (a) Will the **Prime Minister** be pleased to state whether it is a fact that Government have appointed or are contemplating to appoint a number of journalists for external publicity?

(b) Have they been approved by the Union Public Service Commission?

(c) Have any persons who were once rejected by the Federal Public Service Commission been appointed?

The Deputy Minister of External Affairs (Dr. Keskar): (a) There are a number of journalists amongst the Information Officers who are serving abroad; and some more appointments are contemplated in the near future.

(b) Of those already appointed except for seven Information Officers and one Assistant Information Officer, all the others have been approved by the Union Public Service Commission.

(c) Yes. During the last selection of Information Officers held in January and February this year, the Commission were able to select only seven candidates as against the thirteen officers required by the Ministry. Pending selection of further candidates, and to avoid a breakdown in publicity work abroad, five of the existing incumbents not approved by the Commission are being continued in foreign posts temporarily. The Commission have approved the continuance of three of the unapproved candidates as a temporary measure. Their approval for continuing the other two candidates temporarily is being sought.

One post of Assistant Information Officer is being held by a candidate rejected by the Commission, pending suitable replacement at their next selection, shortly.

सेठ गोविन्द दास : जहाँ तक नये अपाईटमेंट्स का ताल्लुक है क्या कोई नये आदमी अमेरिका में और रूस में मर्करर किये जाने वाले हैं ? और अगर किये जाने वाले हैं तो उनकी क्या योग्यताएं हैं ?

Seth Govind Das: So far as fresh appointments are concerned, may I know whether any new persons are likely to be appointed in America and Russia, and if so, what are their qualifications?

डाक्टर केसकर : रूस और अमेरिका में पहले ही से हमारे आदमी काम कर रहे हैं। कोई नये आदमी मुकर्रर करने का सवाल नहीं उठता।

Dr. Keskar: Our men are already working in Russia and America. The question of making any new appointments, therefore, does not arise.

Shri Kesava Rao: May I know whether the journalists were appointed in consultation with the Indian Newspapers Editors' Conference?

Dr. Keskar: No, Sir.

Shri Tyagi: May I know if the unapproved candidates who are continued in service came on the list immediately after the approved candidates or were they taken from the bottom of the list?

Dr. Keskar: The fact is that the 13 foreign posts of Information Officers were filled by *ad hoc* appointments for a temporary period. When the period was about to expire the candidates according to rule were required to appear before the Union Public Service Commission. The Union Public Service Commission selected seven out of them and rejected the others. To avoid a breakdown in publicity work abroad, in the absence of any Information Officers holding the posts, we asked the Commission to allow us to continue the other six existing incumbents in their posts until the Commission is able to select suitable candidates.

Shri Deshbandhu Gupta: What was the expenditure incurred on the interviews by the Union Public Service Commission of these thirteen persons?

Dr. Keskar: I would require notice of that question.

Shri Kamath: With a view to reorientating and reorganising India's external publicity, to which the Prime Minister referred the other day in the House, is it a fact that Government have appointed a Committee or sub-Committee to inquire into the matter and report to Government? If so, may I know whether the Committee has submitted its report to Government on this matter?

The Prime Minister (Shri Jawaharlal Nehru): It is a fact that a kind of Committee has been somewhat informally appointed and we are consulting them at every stage.

Shri A. O. Guha: How many of those persons who have been appointed were from the open market and how many from those who are already in service in the Ministry?

Mr. Speaker: They have all been from outside.

Shri Jawaharlal Nehru: It is a little difficult to give an immediate precise answer. Speaking from memory I think nearly all of them were outsiders.

Shri A. P. Jain: In view of the fact that a sufficiently large number of experienced candidates is not available, is it the intention of the Government to set up a regular cadre for these Information Officers?

Dr. Keskar: Yes, Sir.

Shri Rathnaswamy: Is it the view of the Government that persons capable of external publicity are available only from among journalists and not from outside that circle?

Dr. Keskar: This question relates to the appointment of journalists for external publicity. With regard to external publicity one of the qualifications.

for an officer should be that he should have some journalistic experience. But it is not required that a candidate should necessarily be a journalist. It is the Union Public Service Commission which judges their qualifications.

PROTEST AGAINST ASSAM GOVERNMENT'S REHABILITATION MEASURES

***1723. Dr. M. M. Das:** Will the Minister of Rehabilitation be pleased to state whether the attention of the Government has been drawn to a piece of news published in the 'Assam Tribune' of Assam dated 21st February, 1950 in which it was reported that a meeting of the Asom Jatiya Mahasava was held on 20th February, 1950 in the Curzon Hall, Gauhati, to protest against the Assam Government's reported plan of rehabilitating 1,20,000 Eastern Bengal displaced persons and building a township for 500 such families in Gauhati?

The Minister of State for Rehabilitation (Shri Mohan Lal Saksena): Yes.

Dr. M. M. Das: May I know whether it is a fact that a certain influential section of the people of Assam, whose ideologies are different from those of the Congress, are working in antagonism to the rehabilitation schemes of the Government?

Shri Mohan Lal Saksena: I have received representations from a section of the people represented by the Assam Jatiya Mahasava protesting against the allotment of land to the displaced persons who had arrived recently in preference to the landless local population.

Dr. M. M. Das: Is it a fact that this Asom Jatiya Mahasava has been carrying on propaganda and holding meetings in towns and cities against the rehabilitation programme of the Government?

Shri Mohan Lal Saksena: Yes, it is so.

Dr. M. M. Das: May I know whether the attention of the Assam State Government has been invited to this?

Shri Mohan Lal Saksena: As a matter of fact the press cutting to which the hon. Member has drawn my attention itself points out that the Assam Government is opposed to their policy.

Shri B. K. Das: May I know whether the Assam Government is carrying out the wishes of the Central Government with respect to their relief and rehabilitation programme?

Shri Mohan Lal Saksena: I hope they are carrying out our policy.

The Prime Minister (Shri Jawaharlal Nehru): We have sent some special officers to Assam, both in regard to relief and rehabilitation and in regard to other matters connected therewith. For instance, lands lying untilled and how they should be tilled is an important matter and they are cooperating with the Assam Government fully in regard to this work.

Dr. M. M. Das: What steps have been taken or are proposed to be taken by Government to counteract the propaganda of the Asom Jatiya Mahasava?

Shri Mohan Lal Saksena: By which Government?

Dr. M. M. Das: By the Central Government.

Shri Mohan Lal Saksena: It is not for the Central Government. The Central Government have given certain directions to the Provincial Government to follow a certain policy. I believe that policy is being followed.

Shri Buragohain: Is it a fact that this Asom Jatiya Mahasava is not represented either in the State Assembly or in any of the local bodies in Assam?

Shri Mohan Lal Saksena: I have no information.

Shri Borooah: Has the attention of the hon. Minister been drawn to the statement of the Finance Minister of Assam, made on the 9th April, that the Assam Government have provided Rs. 10 lakhs for the relief of the refugees and that they have also taken all possible measures for their rehabilitation, including employment in the P.W.D. and the forest department?

Shri Mohan Lal Saksena: I have seen that statement.

Shri Buragohain: Has the attention of Government been drawn to a statement said to have been made by the Chief Minister of Assam to the Rehabilitation Council, to the effect that if the lands vacated by the minorities in Assam are not immediately settled with the refugees from East Bengal, then the jute crop on the land will be affected by half?

Shri Mohan Lal Saksena: I have not seen that particular statement. But certain directions have been issued and I believe they are being followed by the Assam Government.

Mr. Speaker: We are entering into the details of the Assam Administration. Let us proceed to the next question.

EXPENDITURE ON BAGGE TRIBUNAL

*1724. **Dr. M. M. Das:** Will the **Prime Minister** be pleased to state:

(a) the total expenditure in connection with the Boundary Dispute Tribunal in which the services of Justice Bagge of Sweden were called for; and

(b) the respective contribution of the Pakistan Government and the Government of India to the total expenditure?

The Deputy Minister of External Affairs (Dr. Keskar): (a) Final figures are not yet available, but it is estimated that the total expenditure on our side will be about Rs. 1,35,000.

(b) The total expenditure exclusive of the fees of advocates, etc., is to be borne equally by the Governments of India and Pakistan.

Dr. M. M. Das: May I know the total expenditure that has been incurred on Justice Bagge alone?

Dr. Keskar: I require notice for that.

Dr. M. M. Das: May I know whether the judgment delivered by Justice Bagge has been implemented by both the parties?

The Prime Minister (Shri Jawaharlal Nehru): Both have accepted that award. Again some difficulties have arisen about the precise boundary which has to be demarcated. That process has to be gone through now.

Dr. M. M. Das: May I know whether there is any other boundary dispute left?

Shri Jawaharlal Nehru: They are all quite petty, but there are a large number of petty disputes. No large area is concerned, but a mile this way or that way.

Shri B. K. Das: May I know whether the expenditure is to be met from the exchequer of India and will be adjusted by Pakistan later, or whether both the Governments will disburse separately?

Dr. Keskar: It will be disbursed separately.

RETRENCHMENT IN TECHNICAL TRAINING SCHEMES

*1725. **Shri V. K. Reddi:** (a) Will the Minister of Labour be pleased to state whether it is a fact that there is a proposal to retrench a number of persons employed in the Technical Training Schemes working in the various States?

(b) If the answer to part (a) above be in the affirmative, what alternative steps do Government propose to take to use the services of these technical personnel?

The Minister of Labour (Shri Jagjivan Ram): (a) It is a fact that for reasons of economy and as a result of re-organization of the Technical and Vocational Training Schemes a number of technical personnel employed under the schemes has been retrenched in the various States.

(b) The following steps are being taken to find alternative employment for the retrenched personnel:

(i) Instructors who have become surplus in their region are being transferred to Training Centres in other parts of the country where posts can be found for them.

(ii) The names of Instructors for whom no posts can be found immediately are being recommended to the Ministry of Rehabilitation with a request to make use of their services, as far as possible, in the Work Centres run by that Ministry.

(iii) Every endeavour will also be made by the Employment Exchanges to place the retrenched persons in suitable employment.

Shri V. K. Reddi: What is the number of technical personnel retrenched so far?

Shri Jagjivan Ram: Five hundred and seven.

Shri V. K. Reddi: In the States as well as the Centrally Administered Areas?

Shri Jagjivan Ram: Yes, in all.

श्री बाल्मीकी : इन निकाले जाने वालों में से कितने हरिजन हैं ?

Shri Balmiki: What is the number of Harijans amongst these retrenched personnel?

श्री जगजीवन राम : एक या दो हरिजन होंगे ।

Shri Jagjivan Ram: There may be one or two Harijans.

Shri Rathnaswamy: How many are likely to be affected in Madras State alone?

Shri Jagjivan Ram: I have not got the figures separately.

Shri Kesava Rao: May I know whether it is a fact that there is a proposal to hand over the technical training schemes to State Governments?

Shri Jagjivan Ram: I am not aware of that.

Shri Kishorimohan Tripathi: Is it a fact that as a measure of economy there has been very drastic retrenchment in the training centre at Koni and that as a result the very functioning of the centre has become difficult?

Shri Jagjivan Ram: That is not so. I have said that there has been considerable retrenchment and instruction in certain trades will have to be closed down. I will not agree that the centre is likely to be adversely affected.

Shri Iyyanni: May I know how many out of these retrenched persons have been re-employed in any other Department?

Shri Jagjivan Ram: Ninety-two are being absorbed in training centres in various parts of the country. It will also be possible to absorb another 194 instructors and supervisors for the training of displaced persons. It will thus be possible to absorb a total of 286 instructors and supervisors out of the 507 that have been retrenched.

SALARY AND ALLOWANCES OF MEMBERS OF PARLIAMENT

*1726. **Maulvi Wajed Ali:** Will the Minister of Law be pleased to state whether in view of Article 106 of the Constitution, Government propose to bring forward a Bill to provide for the salary and allowances of the Members of Parliament in the near future?

The Minister of Law (Dr. Ambedkar): No, Sir. In view of the latter half of the article referred to by the hon. Member, Government do not see any need for bringing forward a Bill to provide for the salary and allowances of Members of Parliament. The existing position appears to be satisfactory.

Maulvi Wajed Ali: Is it not a fact that the article does not specify anything about the present Parliament? My question is also about the future House of the People which the hon. Minister contemplates in his proposed Bill.

Dr. Ambedkar: I have not seen any formal expression from this House that the present practice is unsatisfactory.

Shri Brajeshwar Prasad: Is there any proposal before the Government to substitute I class railway pass for the present railway travelling allowance?

Dr. Ambedkar: It is a suggestion which may be considered.

INDIANS IN REBEL-HELD AREAS OF BURMA

*1728. **Dr. E. S. Singh:** (a) Will the Prime Minister be pleased to state whether any Indians have been marooned in the rebel-held areas of Burma?

(b) If so, what is their number?

(c) Do Government propose to take any steps to ascertain the conditions in which those Indians are living?

The Deputy Minister of External Affairs (Dr. Keskar): (a) Rebel-held areas in Burma contain a number of Indians.

(b) It is difficult to make an estimate.

(c) Officers of the Indian Embassy in Burma who have frequently visited the rebel-held areas to ascertain living conditions of Indians there have reported that Indians are generally safe and have suffered no serious losses in life or property.

Dr. R. S. Singh: May I know whether the Government of India have given any advice to the Indians in Burma in regard to the policy which they should pursue in political matters over there?

Dr. Keskar: Generally, the policy is that they should not try to interfere in political matters, unless some of the Indians are naturalized citizens of Burma.

Dr. R. S. Singh: May I know whether any Indians have returned from Burma on account of the political disturbances there?

Dr. Keskar: Quite a number. I think we have from time to time given the numbers on the floor of the House.

Dr. R. S. Singh: May I know whether any help has been rendered to them by the Government of India?

Dr. Keskar: The Government of India try to help them as much as possible to reach their homes in India in whichever State they might be.

Shri Kamath: During the last two years, how many Indians in Burma Government employ have been removed from service?

Mr. Speaker: I don't think that question really arises.

COURSES OF STUDY FOR PROBATIONERS IN INDIAN FOREIGN SERVICE

*1729. **Dr. R. S. Singh:** Will the Prime Minister be pleased to refer to the reply given to one of my supplementaries on my Starred Question No. 1280 asked on 30th March 1950, and state the specific courses which the selected candidates for the Indian Foreign Service who have been sent for training in foreign institutions are desired to study and the approximate length of their study period?

The Deputy Minister of External Affairs (Dr. Keskar): The candidates selected for the Indian Foreign Service through the competitive examination are sent abroad for training for a period of about 18 months. The first part (about nine months) of this period is to be spent in a University in the United Kingdom or the United States of America, where a candidate has to take special courses in Modern History and Economics. The Probationers would at the same time start studying the foreign language which they have chosen to learn and in which they should be proficient before they can be confirmed. On completion of the course in the University the Probationers are attached to the office of the High Commissioner for India in London for a period of about three months with a view to train them in diplomatic practice and procedure. After this, each of them is required to proceed for six months to a country in which the language selected by him is the modern and common medium of expression. For this purpose arrangements are made, if possible, for the Probationer concerned to live with a family in that country and to perfect his knowledge of the language.

Dr. R. S. Singh: In view of the fact that the selected candidates of the Indian Foreign Service are required to study so much prescribed courses and spend so much time in foreign institutions, may I know why they are not desired to appear in examinations of those institutions?

Dr. Keskar: As my hon. friend would have seen from the reply, the candidates do not stay in any country for more than six to nine months. It is not therefore possible for them to appear in examinations.

Dr. R. S. Singh: Is it a fact that in England examinations are held practically every week and fortnight?

Dr. Keskar: We give practical training and consider that experience is more useful than examination.

Shri Kamath: Are there any tutors in the Indian High Commissioner's office in London—that is what I heard; I do not know if I heard him aright—to train these candidates or appointees in diplomacy?

Dr. Keskar: What I said was that they work there for about three months in order to learn diplomatic practice and procedure. This is not taught by giving them lectures. They are actually made to work there, so that they learn these things.

Shri Kamath: As apprentices?

Shri Tyagi: Have Government considered the advisability of sending these candidates to various Embassies to learn work for a few months as apprentices before they are actually appointed?

Dr. Keskar: As I said, the candidates who have taken certain languages are sent to the country concerned and after the course (lasting eighteen months) is finished, they go and work for a certain period in any one of our Embassies.

Shri Kamath: What are the reasons for selecting London as the best venue for imparting training in diplomacy?

Dr. Keskar: Convenience.

Dr. R. S. Singh: May I know what is the attitude of the professors under whom these trainees work in regard to their appearing in the examinations?

Mr. Speaker: How does it arise?

The Prime Minister (Shri Jawaharlal Nehru): The hon. Member has asked some questions about examinations. But as has been pointed out, the examination period as such is over when they are appointed, that is to say, by the time at which they are chosen. They may subsequently, of course, appear or not. The training is of special types, for which there may or there may not be examinations. There may be an examination in one particular subject, but these people have taken six subjects. They remain in one of the Universities for about nine months and at the conclusion of that they are put to a certain test as to whether they have profited by the training or not. If they do not survive that test, there they remain. If they survive that test, then they go ahead. But even that test is not a test of the normal literary examination type. It consists of various types including language.

Dr. R. S. Singh: May I know whether Indian students who have passed examinations of all these six subjects of the foreign institutions can be enlisted in the Indian Foreign Service?

Dr. Keskar: That is for the U.P.S.C. to consider.

Dr. R. S. Singh: What I mean is this: whether students who have passed all these six examinations of the foreign institutions for which the selected candidates are sent abroad would be enlisted in our Indian Foreign Service.

Dr. Keskar: The candidates are selected by the U.P.S.C. and only after they have been selected formally, they take up these courses. My hon. friend who posed this question will appreciate that the candidates are quite at liberty to appear before the U.P.S.C. and if the U.P.S.C. accepts them, then Government have absolutely no objection to their being taken in the Indian Foreign Service.

HIMALAYAN EXPEDITION

***1780. Shri Jnan Ram:** (a) Will the **Prime Minister** be pleased to state whether an expedition to the Himalayas is going to be undertaken this year?

(b) If so, what are the nationalities of the members of the expedition?

(c) Are Indians joining the expedition?

(d) What is the estimated cost of the expedition?

(e) What portion of the cost is India going to contribute?

The Deputy Minister of External Affairs (Dr. Keskar): (a) According to present information, the following Himalayan expeditions are proposed to be undertaken this year:

(i) Expedition to Mt. Chombu and Mt. Pandim in Sikkim by certain members of the Italian Alpine Club.

(ii) Expedition to the Panhaunri Peak area in Sikkim by Mr. and Mrs. Robert Walter under the patronage of the 'Federation Francaise de la Montagne'.

(iii) Mr. Tilman's expedition to Anapurna Himal in Central Nepal under the auspices of the Royal Geographical Society of London.

(iv) Expedition to Garhwal (Uttar Pradesh) by Mr. W. R. Murnay and his three companions, all members of the Scottish Mountaineering Club and of the Himalayan Club.

(b) Italian, French and British.

(c) Not in any responsible capacity.

(d) Not known.

(e) Nil.

Shri Kamath: With reference to the answer to part (c) of the question, is it Government's view that there are no competent Himalayan climbers in our country?

Mr. Speaker: How does it arise?

Shri Kamath: The answer is "Not in any responsible capacity". So I want to know if there are no Indians who are capable.

Dr. Keskar: This is purely a non-official expedition.

Shri Kamath: Are Government going to send anybody?

Dr. Keskar: These are not official expeditions. They are organised by private bodies.

Shri Tyagi: On what condition have the parties been permitted to proceed to Himalayas and other places? Are they to submit their reports to us also, or are they to take their reports home?

The Prime Minister (Shri Jawaharlal Nehru): There is no question of conditions. If competent mountaineers apply for permission, we allow them to go and also give them normal facilities of travel. It does not cost us anything. If any hon. Member wants to lead an expedition to the Himalayas and he is experienced, we can help him.

Shri Kamath: Is it not a fact (*Interruption*)

Mr. Speaker: I am going to the next question.

IMPLEMENTATION OF CENTRAL PAY COMMISSION'S AWARD IN STATE COLLIERIES

*1731. **Shri Jnani Ram:** (a) Will the Minister of **Industry and Supply** be pleased to state what was the date of the implementation of the Central Pay Commission's Award in State collieries?

(b) Was there any delay in its implementation and if so, what were the reasons therefor?

The Minister of Works, Mines and Power (Shri Gadgil): (a) At different dates beginning from September, 1947.

(b) None, beyond the time required for examination of the pay scales of a large number of categories of posts by the Coal Commissioner and by the Ministries of Industry and Supply, Railways and Finance.

Shri Jnani Ram: Are Government proposing to compensate the employees for delay in implementation of the Award?

Shri Gadgil: The position is that the delay did not in any way affect the staff, and whatever benefit accrued to the staff on account of the implementation of the Award was allowed with retrospective effect, and the excess amounts, if any, that had been drawn by the staff during the interim period were all waived.

ACCUMULATION OF RUBBER

*1732. **Shri Sivan Pillay:** Will the Minister of **Industry and Supply** be pleased to refer to the answer to Starred Question No. 725, asked on 8th March 1950 and state:

(a) whether Government are aware that accumulation of stock has affected the production of raw rubber in the estates; and

(b) what further steps have been taken by Government to ease the position as a result of the review made by the Indian Rubber Board on 8th March, 1950?

The Minister of Works, Mines and Power (Shri Gadgil): (a) No.

(b) Government have decided to allow a further export of 500 tons of raw rubber out of India.

Shri Sivan Pillay: May I know whether there is any accumulation of raw rubber at present?

Shri Gadgil: I require notice for that.

Shri Sivan Pillay: May I know what quantity of raw rubber was produced in 1949?

Shri Gadgil: 15,587 tons.

GOLD AND SILVER AS EVACUEE PROPERTY

*1733. **Kaka Bhagwant Roy:** (a) Will the Minister of **Rehabilitation** be pleased to state whether it is a fact that several maunds of gold and silver were taken as Muslim evacuee property in 1947 and 1948 in PEPSU?

(b) If so, what use has that gold and silver been put to?

The Minister of State for Rehabilitation (Shri Mohan Lal Saxena): (a) and (b). Information is being collected and will be placed on the Table of the House, in due course.

PERMITS FOR IMPORT OF TORCH LIGHT CASES

***1734. Shri Kamath:** Will the Minister of **Commerce** be pleased to state:

(a) how many permits and to which different applicants, together with the value of each, were issued for the import of torch light cases for the week ending 30th April 1949;

(b) whether it is a fact that a single applicant firm was given permit to the tune of Rs. 42,00,000; and

(c) the reasons for the issue of such a large value permit to one importer alone?

The Minister of Works, Mines and Power (Shri Gadgil): (a) A statement giving the information is placed on the Table of the House. [See *Appendix VII, annexure No. 25.*]

(b) and (c). Yes. Licences for torch light cases were granted liberally during the licensing period January—June, 1949. Licences were granted to all applicants for the full amount covered by their applications.

Shri Kamath: Is it a fact that a licence to the tune of Rs. 42 lakhs was granted to one single firm, Messrs. Champak Lal and Sons, China Bazar, Calcutta, and if so, what are the reasons for allowing this large import to one firm?

Shri Gadgil: Yes. As I have said in my answer, the licences were given to whosoever applied.

Shri Kamath: How many applied in all?

Shri Gadgil: Shall I read the whole list? If you want, I have no objection.

Mr. Speaker: Order, order.

Shri Kamath: What is the name of the applicant who got the licence next in value to that of Champak Lal and Sons?

Mr. Speaker: I disallow that question. It is no use pursuing individual questions.

Shri Tyagi: May I know whether torch light cases for which import licence to the tune of Rs. 42 lakhs was granted to one man are not made in India?

Shri Gadgil: The very fact that a licence was issued goes to show that there is not enough of this commodity in this country.

Shri Tyagi: May I know if any attempt has been made to survey the possibility of manufacturing these small parts, when motor car parts are being manufactured here?

Mr. Speaker: Order, order.

Shri Tyagi: Is it not to be manufactured in India?

Khwaja Inait Ullah: May I know the number of applications that were rejected?

Mr. Speaker: He said 'none'.

WRITTEN ANSWERS TO QUESTIONS

REHABILITATION OF DISPLACED PERSONS IN BARODA

*1712. **Shri P. T. Munshi:** (a) Will the Minister of **Rehabilitation** be pleased to state whether any arrangements are being made to rehabilitate the displaced persons now in Baroda and if so, what are these arrangements?

(b) Is it a fact that the question of acquisition of land for these displaced persons has been pending for the last one year and a half?

(c) What is the exact position regarding this matter?

The Minister of State for Rehabilitation (Shri Mohan Lal Saksena): (a) and (b). A Colony for about 10,000 to 12,000 displaced persons is being built near Baroda City. Work Centres have also been set up and loans and business facilities are being given.

(c) A site at Subhanpura near Baroda was originally proposed for a housing Colony. The land being agricultural could not be used until the removal of last crop. It has since had to be abandoned owing to persistent opposition from the local agriculturists. A new site at Ajhwa near Baroda City has now been selected and the State Government propose to take up the acquisition proceedings and construction.

SHOPS BUILT FOR DISPLACED PERSONS REMAINING UNUSED

*1713. **Lala Achint Ram:** Will the Minister of **Rehabilitation** be pleased to state the number of shops built in the Centrally Administered Areas for the use of displaced persons which still remain unused and the reasons for their remaining unused?

The Minister of State for Rehabilitation (Shri Mohan Lal Saksena): 4,192 shops have been constructed by Government and the Municipal bodies in the Centrally Administered Areas.

Only 20 shops are lying unused and steps are being taken by the Delhi Municipal Committee to allot them.

IMPORT OF RAW FILM

*1735. **Shri Sanjivayya:** (a) Will the Minister of **Commerce** be pleased to state whether Government are considering the question of issuing additional licences for importing raw film in view of the acute shortage of the same?

(b) Was any representation made in this behalf by the Motion Picture Society of India?

(c) If so, what is the action taken by Government on that?

The Minister of Works, Mines and Power (Shri Gadgil): (a) to (c). Yes. The matter is receiving consideration.

MEETING OF CONSULTATIVE COMMITTEE OF COMMONWEALTH MINISTERS

*1736. **Shri Sanjivayya:** Will the **Prime Minister** be pleased to state:

(a) whether it is a fact that there will be a meeting of the Consultative Committee of Commonwealth Ministers on 15th May, 1950 in Sydney; and

(b) if so, what is the purpose of such a meeting?

The Deputy Minister of External Affairs (Dr. Keskar): (a) Yes, Sir.

(b) To explore ways and means of furthering the economic development of countries in South and South East Asia.

DISPLACED PERSONS FROM EAST BENGAL

***1737. Shri Sanjivayya:** Will the Minister of **Rehabilitation** be pleased to state:

(a) whether Government are intending to distribute the East Bengal displaced persons to various States; and

(b) if so, how many are allotted to the Madras State?

The Minister of State for Rehabilitation (Shri Mohan Lal Saxena): (a) Yes.

(b) No allotment has been made to Madras Government; but they have voluntarily offered to take 10,000 displaced persons on a temporary basis.

VALUE OF EVACUEE PROPERTY TAKEN OVER BY GOVERNMENT

***1738. Shri Sidhya:** (a) Will the Minister of **Rehabilitation** be pleased to refer to the statement laid on the Table in answer to my Unstarred Question No. 151 asked on 3rd April 1950, regarding evacuee property taken over by Government and state what is the value of properties shown in columns 3 and 4 thereof, viz., number taken over and number released?

(b) What is the monthly rent realised from these properties?

The Minister of State for Rehabilitation (Shri Mohan Lal Saxena): (a) The information in regard to valuation will take sometime to collect. Instructions are now under issue to evaluate the Evacuee Property, for purposes of the quasi-permanent allotment scheme.

(b) A statement giving information so far received in respect of monthly rents realized from the properties taken over as evacuee property upto 31st December, 1949 is placed on the Table of the House. [See *Appendix VII, annexure No. 26.*]

Information regarding monthly rents realized on properties since released, is not available.

COAL DEPOSITS IN VINDHYA PRADESH

***1739. Shri Dwivedi:** (a) Will the Minister of **Industry and Supply** be pleased to state what is the total area of coal deposits in Vindhya Pradesh, and what is the total quantity in tons that can be made available for use if these deposits are worked out?

(b) What is the total number of coal mines in Vindhya Pradesh which are being worked out and which are not?

(c) Have Government any proposal to tap these resources?

The Minister of Works, Mines and Power (Shri Gadgil): (a) 2,130 sq. miles.

The reserves of coal are estimated at 4,000 million tons.

- (b) Seven coal mines are being worked at present in this area.
- (c) None at present.

CASE OF SAMBASIVAM, INDIAN TRADE UNIONIST IN MALAYA

***1740. Dr. Deshmukh:** (a) Will the **Prime Minister** be pleased to state whether Government have taken any steps in the case of Sambasivam, an Indian Trade Unionist in Malaya after his rearrest and if so, what are they?

(b) Is there any possibility of Sambasivam being permitted to return to India in view of his acquittal by the Privy Council?

(c) Are Government aware that Sambasivam wants to come to India?

The Deputy Minister of External Affairs (Dr. Keskar): (a) Yes. The Representative of the Government of India in Malaya is making the necessary enquiries from the Malayan authorities.

(b) The Government of India are not so far aware of the intentions of the Federal Government in the matter.

(c) Yes.

IMPORT OF NEWSPRINT

***1741. Shri Gopinath Singh:** (a) Will the Minister of **Commerce** be pleased to state whether it is a fact that lately the holders of newsprint import licence have been experiencing difficulty in getting supplies from the Sterling Area?

(b) What steps have Government taken to ease this situation?

(c) Are Government allowing import of newsprint from Canada?

(d) If so, what is the quantity of newsprint imported from Canada during the financial year 1949-50?

(e) What are the terms and conditions for getting newsprint from Norway?

The Minister of Works, Mines and Power (Shri Gadgil): (a) Yes.

(b) and (c). Government have liberalised licensing of imports of newsprint from soft currency countries and have made the licences valid for one year from the date of issue so that the importers may be able to make forward commitments. It has also been decided to grant licences for import of newsprint during January—June 1950, from Canada.

(d) The total quantity of newsprint imported from Canada during the period April 1949 to February 1950 is 2,25,017 cwt. Statistics of importation made in March 1950 is not yet available.

(e) Newsprint from Norway is permitted to be imported through commercial channels. The usual terms and conditions in regard to commercial transactions apply.

AMENDMENT OF INDIAN COMPANIES ACT

185. Shri Sidhva: (a) Will the Minister of **Commerce** be pleased to state whether Government have any proposal to amend the Indian Companies Act?

(b) Has any representation been received to repeal the provisions relating to the Managing Agency System from the Companies Act?

(c) What is Government's intention in this respect?

The Minister of Works, Mines and Power (Shri Gadgil): (a) Yes, Sir. It is proposed to amend the Indian Companies Act and a Memorandum containing some tentative proposals relating to amendments of various provisions of the Act has been circulated for eliciting opinion. After such opinions have been received, it is intended to set up an Expert Committee to examine them.

(b) Yes. Some suggestions have been received for abolition of the Managing Agency System.

(c) The final views of Government about the modifications necessary to the existing provisions relating to Managing Agents will be formulated after the Expert Committee submits its report.

DELEGATION TO BURMA

186. Shri Sanjivayya: Will the **Prime Minister** be pleased to state:

(a) whether the Southern India Chamber of Commerce have sent a telegram to the External Affairs Ministry requesting them to make arrangements to send the proposed Indian delegation to Burma immediately to discuss matters relating to the grant of compensation under the Burma Land Nationalisation Act, as applied to Indians; and

(b) what are the reasons for the delay in sending the delegation?

The Prime Minister (Shri Jawaharlal Nehru): (a) Yes.

(b) Owing to the difficult conditions prevailing in some parts of Burma and the pre-occupations of the Burma Government the visit of the delegation was postponed.

LICENSE FOR IMPORT OF PAPER

187. Shri Sidhva: Will the Minister of Commerce be pleased to state what was the single largest amount of license for import of paper from foreign country granted to an individual during the years 1948 and 1949, each year separately?

The Minister of Works, Mines and Power (Shri Gadgil): The value of the largest licence for import of paper from foreign country granted to an individual during the years 1948 and 1949 is Rs. 10 lakhs and Rs. 6,02,887 respectively, if the description 'paper' does not cover newsprint. If, however, newsprint is also included, the value of the single largest licence granted during those years is Rs. 10 lakhs and Rs. 20 lakhs respectively.

Saturday, 15th April, 1950



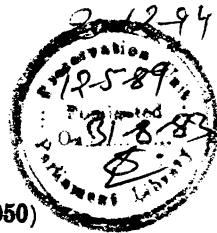
PARLIAMENTARY DEBATES

(Part II—Proceedings other than Questions and Answers)

OFFICIAL REPORT

VOLUME IV, 1950

(1st April, 1950 to 20th April, 1950)



First Session

of the

PARLIAMENT OF INDIA

1950

CORRIGENDA

to

the Parliamentary Debates (Part II—Other than Questions and Answers), 1st Session, 1950,—
In Volume IV,—

1. No. 3, dated the 4th April, 1950,—
Page 2507, line 19 from bottom for "tribal and other backward areas" read "scheduled castes".
2. No. 4, dated the 5th April, 1950,—
Page 2561, line one under clause 182, for "—ssion" read "submission".
3. No. 6, dated the 8th April, 1950,—
(i) Page 2647, line 11 from bottom for "so" read "to".
(ii) Page 2648, line 9 after "far" read "so".
(iii) Page 2670, line 11 from bottom for "coutry" read "country".
4. No. 7, dated the 10th April, 1950,—
Page 2710, line 13 from bottom for "its" read "to", and in last line for last word "we read "were".
5. No. 9, dated the 12th April, 1950,—
(i) Page 2810, line 6 from bottom for "act" read "Act".
(ii) Page 2822, for existing line 19 from bottom read "into effect on 19th October, 1949 certain actions had been taken under the old".
6. No. 10, dated the 14th April, 1950,—
Page 2832, for existing line 19 from bottom read "(Occupancy or tenancy rights not to be extinguished)".
7. No. 11, dated the 15th April, 1950,—
(i) Page 2896, line 24 after "not" insert "go".
(ii) Page 2900, line 7 for "express" read "expenses".
8. No. 12, dated the 17th April, 1950,—
(i) Page 2922, line 12 for "Shri Hussain Iman" read "Shri Hussain Imam".
(ii) Page 2923, line 4 for "all the said" read "all is said".

(iii) صفحہ ۲۹۲۶ لائن ۴ میں -دمزاورہ کی جگہ دھڑارہ پڑھیں -
- (iv) Page 2930, between lines 10 and 11 from bottom insert "[MR. DEPUTY-SPEAKER in the Chair]".
- (v) Page 2934, line 1 for "49, 5000" read "49, 500".
9. No. 14, dated the 19th April, 1950,—
(i) Page 3020, line 9 from bottom for "re-established" read "re-establish".
(ii) Page 3022, line 19 for "away" read "way".
(iii) Page 3024, line 12 for "members" read "numbers".
(iv) Page 3025, line 18 for "placed" read "displaced".
(v) Page 3026, line 19 from bottom for "by 375" read "be 375".
(vi) Page 3029, line 28 for "by" read "ly".
(vii) Page 3031, line 12 after "Notified" insert "Area".
- (viii) पृष्ठ ३०३९, पंक्ति १२ में "जातना" के स्थान पर "जानता" पढ़ें और पंक्ति २२ में "जिस को की कि" के स्थान पर "जिस को कि" पढ़ें ।
- (ix) Page 3044, line 20 for "Mr. Speaker" read "Mr. Deputy-Speaker".

10. No. 15, dated the 20th April, 1950,—

- (i) Page 3059, line 16 for "Article any" read "Article 327".
 - (ii) Page 3084, line 11 from bottom for "effected" read "effete".
 - (iii) Page 3087, line 26 against "9. Tripura" for "6" read "2".
 - (iv) Page 3104, line 8 for "Formaula" read "Formula".
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Demand No. 110—Interest-Free and Interest Bearing Advances	2952—2970
Appropriation (No. 2) Bill—Introduced	2970—2971

TUESDAY, 18TH APRIL, 1950—

Statement <i>re</i> Bill relating to Fair Wages	2973—2974
Statement <i>re</i> Observations made during Debate on Appropriation (Railways) Bill	2974
Papers laid on the Table—	
Constitution (Removal of Difficulties) Order No. II (Amendment) Order	2974
Election to Committee—	
Standing Committee for Roads	2974—2975
Appropriation (No. 2) Bill—Passed	2975—2989
Insurance (Amendment) Bill—Passed as amended	2989—2999
Inland Steam Vessels (Amendment) Bill—Passed	2999—3000
Representation of the People Bill—Discussion on motion to consider—not concluded	3000—3009
Supply of U. P. rice to Madras	3009—3015

WEDNESDAY, 19TH APRIL, 1950—

Statement by Dr. S. P. Mookerjee on his resignation as Minister of Industry and Supply	3017—3022
Papers laid on the Table—	
General Report of Geological Survey of India for 1948	3022
Report on issue of Import Licence in favour of Messrs. K. Ramen & Co., Madras	3022
Vacation of Seats	3023
Elections to Committees—	
Court of University of Delhi	3024—3035
Standing Committee for Roads	3024
Reserve Bank of India (Amendment) Bill—Introduced	3024
Representation of the People Bill—Discussion on motion to consider—not concluded	3024—3035
	3035—3036

THURSDAY, 20TH APRIL, 1950—

Representation of the People Bill—Passed as amended	3057—3099
Displaced Persons (Claims) Bill—Passed as amended	3099—3105

PARLIAMENTARY DEBATES

(PART II—PROCEEDINGS OTHER THAN QUESTIONS AND ANSWERS)

Saturday, 15th April, 1950.

The House met at a Quarter to Eleven of the Clock.

(Mr. SPEAKER in the Chair)

QUESTIONS AND ANSWERS

(See Part I)

11-45 A.M.

PAPERS LAID ON THE TABLE

STATEMENT OF CASES IN WHICH LOWER TENDERS HAVE NOT BEEN ACCEPTED BY INDIA STORE DEPARTMENT, LONDON.

The Minister of Works, Mines and Power (Shri Gadgil): I lay on the table a copy of the half-yearly statement of cases in which the lowest tenders have not been accepted by the India Store Department, London. [See Appendix VIII, annexure No. 2].

RESIGNATION OF SHRI S. H. PRATER

Mr. Speaker: I have to inform hon. Members that under clause 3(b) of article 101 of the Constitution, Shri S. H. Prater has sent to me his resignation of his seat in Parliament.

ELECTIONS TO COMMITTEES

STANDING COMMITTEES FOR MINISTRIES OF AGRICULTURE, COMMUNICATIONS, REHABILITATION AND WORKS, MINES AND POWER

Mr. Speaker: I have to inform the House that upto the time fixed for receiving nominations for election of a Member in each of the Standing Committees for the Ministries of Agriculture, Communications, Rehabilitation and Works, Mines and Power, one nomination in the case of each of these Committees was received. As the number of candidates is equal to the number of vacancies in each of these Committees, I declare the following Members to be duly elected:

- I. *Standing Committee for the Ministry of Agriculture.*—Dr. Mono Mohon Das.
- II. *Standing Committee for the Ministry of Communications.*—Shri Muhammad Hifzur Rahman.
- III. *Standing Committee for the Ministry of Rehabilitation.*—Prof. K. K. Bhattacharya.
- IV. *Standing Committee for the Ministry of Works, Mines and Power.*—Sardar Ranjit Singh.

BHOPAL AND VINDHYA PRADESH (COURTS) BILL

The Minister of Home Affairs and the States (Sardar Patel): I beg to move:

"That the Bill to provide for the establishment of Judicial Commissioners' Courts and other courts in Bhopal and Vindhya Pradesh, be taken into consideration."

As the House is aware, in regard to Part C States, the position about the highest Court of civil and criminal jurisdiction is as follows. So far as Delhi is concerned, it comes under the jurisdiction of the East Punjab High Court. Similarly Coorg comes under the Madras High Court. Ajmer-Merwara has a Judicial Commissioner of its own. This leaves only the areas which were recently brought under Central administration, namely, Himachal Pradesh, Cutch, Tripura, Manipur, Bilaspur, Bhopal and Vindhya Pradesh. In the case of Himachal Pradesh, Cutch, Tripura, Manipur and Bilaspur, Judicial Commissioners' Courts were constituted by orders under the Extra Provincial Jurisdiction Act. These orders are continuing in force under article 372 of the Constitution. Bhopal was constituted into a Chief Commissioner's Province with effect from 1st August 1949. Vindhya Pradesh was similarly constituted into a Chief Commissioner's Province with effect from 1st January 1950. In both these areas, however, old High Courts of these States continued to function. From the point of view of area and requirements of these territories we felt that the High Courts would be a costly luxury and, therefore, decided in favour of Judicial Commissioners' Courts. Accordingly, on the 25th of January 1950, we issued two Ordinances constituting such Courts for Vindhya Pradesh and Bhopal. These Ordinances will expire in July and have, therefore, to be replaced by an Act of Parliament.

I do not think it is necessary for me to justify at this stage the creation of Judicial Commissioners' Courts in these two States as opposed to High Courts. The point was raised during the debate on the demands for grants for the Home Affairs and States Ministries last month and I had dealt with the position fully in that connection. I shall only say this that I feel on the basis of experience of similar Courts in the past that the Courts of Judicial Commissioners are fully competent to administer justice within their areas. No inferiority need attach to the quality of justice, more especially when we know that the new Constitution provides for an appeal even from these courts to the Supreme Court.

I shall now deal with the contents of the Bill. Clause 4 states the qualifications for appointments as Judicial Commissioners. Here we had to make allowance for the special circumstances of these areas, and taking these factors into consideration we have provided that the persons concerned should not only be qualified to be appointed as a Judge of a High Court but alternatively should also have been a Chief Justice or a Judge in a former High Court of either of these States or should have been for five years a District Judge in the State or for ten years a Subordinate Judge, or should have acted as Legal Remembrancer of the State or have been a pleader for ten years of either of the two High Courts. These provisions will give ample opportunities for local talent to attain the highest post in the Judiciary. The provisions relating to Registrar and other officers follow the provisions in relation to the various High Courts. On the point of procedure, the provision enables the existing procedure for recording evidence and judgments to continue for the time being. It corresponds to the provisions in the Sind Courts Act, 1916 and the Oudh Courts Act, 1925.

Clause 12 provides for the admission and removal of advocates, *vakils* and pleaders. I appreciate that there is a demand that the Bar Councils Act should be made applicable to Judicial Commissioners' Courts. However, until the Bar in these areas is sufficiently developed and the legal conscience is also sufficiently alert, it will be pointless to extend such an Act to these areas. The House will recollect that it has been extended to High Courts discriminately.

We have, therefore, decided to make provision for these matters in the rules which should be framed by the Judicial Commissioner with the sanction of the Chief Commissioner.

The provisions relating to the Subordinate Courts more or less follow the corresponding provisions in the Provincial Courts Acts and should be of a non-controversial nature. In Vindhya Pradesh there are only Judges and *Munsiffs* and no Subordinate Judges. Nevertheless we might find it expedient at a later date to have Courts of Subordinate Judges also and for this contingency we have retained powers to establish such Courts by notification subsequent to the enforcement of the provisions of this Act. There are other ancillary provisions which would generally be found in the Civil Courts Acts of the Provinces and States and I do not think I need worry the House with these details.

Mr. Speaker: Motion moved:

"That the Bill to provide for the establishment of Judicial Commissioners' Courts and other courts in Bhopal and Vindhya Pradesh, be taken into consideration."

Shri Hyder Husain (Uttar Pradesh): May I enquire whether there is any difficulty in creating a full-fledged High Court in this region on the lines of what we have in other States?

Sardar Patel: As I have already stated, this is too small an area. Apart from the future possibility of this region being merged in the adjoining areas, High Court in these areas would be very expensive and would be unnecessary.

Shri Iyyunni (Travancore-Cochin): In regard to this Bill there is one matter which I should like to bring to the notice of the hon. Minister—that is clause 30 which deals with appeals from original decrees. The proviso to this clause reads:

"Provided that the Judicial Commissioner, with the previous sanction of the Chief Commissioner, may, by notification in the Official Gazette, direct that appeals lying to the court of the district judge from all or any of the decrees passed by a *munsiff* or by a subordinate judge in a small cause suit the value of which does not exceed five hundred rupees or in any unclassified suit the value of which does not exceed one hundred rupees shall be preferred to such other subordinate judge as may be mentioned in the notification, and the appeals shall thereupon be preferred accordingly, and the court of such other subordinate judge shall be deemed to be the court of the district judge for the purposes of all appeals so preferred."

What I think is that in a matter like this it will not be fair that the decree of a subordinate judge should be appealed to another subordinate judge, probably of the same cadre or of the same status as the judge who has passed the decree. On the other hand I would suggest that the appeal may be, not to the subordinate judge but to the additional district judge; or if that is not acceptable my next suggestion would be that the words "or by a subordinate judge in a small cause suit the value of which does not exceed five hundred rupees" in the proviso may be deleted. Any one of the suggestions may be accepted. Otherwise there would be impropriety with regard to this matter, because over the decree by a subordinate judge another subordinate judge will be sitting in appeal. That does not appear to be a proper thing for this Parliament to pass. That is one of my suggestions.

There are other matters also but they are all verbal changes to be effected, probably it is only a matter of drafting.

Mr. Speaker: The hon. Member may make general remarks at this stage. If he has to say anything either by way of changes in drafting or make any comments on a particular clause he may do so when the clause is before the House.

Shri Iyyunni: I have absolutely nothing else to say except on the clause relating to appeals in which there is the principle involved that an appeal should lie from a smaller court to a higher court. That is the principle underlying the suggestion that I have made.

Sardar Patel: This question may be considered when we actually come to the clause.

Mr. Speaker: The question is:

“That the Bill to provide for the establishment of Judicial Commissioners’ Courts and other courts in Bhopal and Vindhya Pradesh, be taken into consideration.”

The motion was adopted.

Mr. Speaker: We will now take the Bill clause by clause. I am taking collectively those clauses in which there are no amendments, but if any hon. Member wishes to have any particular clause to be taken independently I have no objection to do so.

Clauses 2 to 10

Prof. K. K. Bhattacharya (Uttar Pradesh): May I submit that in regard to qualifications for appointment of Judicial Commissioners or Additional Judicial Commissioners, I would like sub-clause (a) of clause 4 alone to stand and the other sub-clauses (b), (c), (d), (e) and (f) to be deleted? I am in favour of the principle that only persons who are entitled to be Judges of the High Court should occupy the position of Judicial Commissioners in Bhopal and Vindhya Pradesh, but not persons who were occupying positions of Judges or subordinate judges before the enactment of the Bill. I do not mean any reflection upon any judge, but I am strongly of the opinion that in order to strengthen the judiciary it is a fundamental proposition that the best talents fitted for judicial service should be recruited. As such, if we retain the services of those mentioned in sub-clauses (b), (c), (d), (e) and (f) we may not get the proper material who might be fit enough for occupying the high and exalted position of Judicial Commissioners. Here in sub-clause (a) we have got the provision that persons must be qualified to be appointed under article 217 of the Constitution as Judges. I therefore want that only sub-clause (a) of clause 4 may be retained and the other sub-clauses from (b) to (f) may be deleted.

कैप्टन ए० पी० सिंह : मैं माननीय मट्टाचार्य जी की खिलाफत करने के लिये खड़ा हुआ हूँ। बहुत पहले से हाईकोर्ट विन्ध्यप्रदेश में काम कर रहा था और करता चला आ रहा था। विन्ध्यप्रदेश जब चीफ कमिशनर प्रोविन्स हुआ उस समय में हाईकोर्ट वहां का अलाहिदा किया गया और जूडीशल कमीशनर वहां के लिये बनाया गया। वहां पर जो लोग वकालत करते थे, या जो हाईकोर्ट के जज होते थे, वह प्रायः वही हुआ करते थे, या कम से कम उस स्टैंडर्ड के हुआ करते थे जो इलाहाबाद हाईकोर्ट इत्यादि में जज होते थे, या वहां पर प्रैक्टिस कर लीगल रिम्बेरेनसर (Legal Remembrancer) की पोजीशन (position) रखते थे जैसे कि मिस्टर मोघा थे। वहां पर भी उसी तरह से क्लानन लाग थे, जैसे कि ब्रिटिश इंडिया में थे। वहां के लोग अगर वहां के हाईकोर्ट में प्रैक्टिस करते रहे हैं, तो उन्होंने कोई पाप का कार्य नहीं किया जब कि वहां के जजमेंट (judgements) भी उसी तरह से अच्छे समझे जाते थे जैसे कि ब्रिटिश इंडिया के। और जिनके सम्बन्ध में श्री तेजबहादुर सप्रू इत्यादि की ओपीनियन (opinion) थी कि वहां के चीफ जस्टिस दूसरे प्रान्तों के चीफ जस्टिसों से किसी प्रकार कम नहीं थे। वहां के जो प्रैक्टिस (practice) करने वाले हैं, वह भी किसी पोजीशन (position) में हो सकते

हैं, उसी तरह से जैसे कि बाहर के प्रैक्टिस करने वाले हो सकते हैं। दूसरी जगहों में या राजनीतिक क्षेत्रों में जाते हैं, तो वहां उसी तरीके पर समझे जाते हैं जैसे दूसरे प्राविन्स के लोग। तो मैं कोई कारण नहीं समझता कि यह बी० (b), सी० (c), डी० (d) क्लॉजेज़ (Clauses) जो इसके हैं, वह सब क्लॉजेज़ डिलीट (delete) कर दिया जायें।

जैसा कि माननीय मिनिस्टर महोदय ने कहा है कि यह इसलिये भी आवश्यक है कि जो जोगल टैलेंट (legal talent) वहां का है उसके लिये एक समय मिलना चाहिये कि वह लोग भी अपने को इनफ़ीरियरटी कम्प्लेक्स (inferiority complex) न फील (feel) करें। एक तो यही बात वहां के लोगों को अच्छी नहीं मालूम हो रही है कि हाईकोर्ट के बजाय वहां पर जुडीशियल कमिशनर बनाया गया। वहां के लोग अपने को किसी तरह से इंडिया के आदमियों से कम नहीं समझते, पोलिटिकली (politically) अपने को कम नहीं समझते और किसी तरीके पर भी कम नहीं समझते। जितने आन्दोलन हुए हैं उनमें भी उन लोगों का भाग किसी से कम नहीं था। ब्रिटिश इंडिया में जहां पर १४, १४ ज़िलों में मिलाकर जितने आदमी सैक्रिफ़ाईस (sacrifice) करने के लिये जेल में जाते थे उतने-अकेले विन्ध्यप्रदेश की एक रियासत से जेल में जाते थे। वहां के लोग अपने को किसी तरह पर भी यह नहीं समझ रहे हैं कि वह ब्रिटिश इंडिया के लोगों से कम हैं और न वहां के वकील लोग अपने को ब्रिटिश इन्डिया के वकीलों से जिसको कि अब इनडिपेन्डेंट इंडिया (Independent India) कहते हैं, नाम का परिवर्तन हो गया है, पहले रियासतें ही इनडिपेन्डेंट इंडिया कहलाती थीं और यह प्राविन्स कहलाते थे। अब टर्मिनोलॉजी (terminology) ऐसी हो गयी है कि प्राविन्स को इनडिपेन्डेंट इंडिया में स्टेट (State) कहा जा रहा है। खैर चाहे जिस नाम से पुकारा जाय, मेरे कहने का प्रयोजन यह है कि वहां के लोगों के साथ यह एक बहुत बड़ी सख्ती हुई है जो वहां से हाईकोर्ट हटाकर वह लोग चीफ़ कमिशनर की मातहतता में रखे जा रहे हैं। वह लोग उतना ही न्याय पाने के हकदार हैं जितने कि दूसरे सबों के लोग और यह ठीक उसी प्रकार से रहना चाहते हैं जिस तरह से और जगहों के लोग हैं। अध्यक्ष महोदय, आपको मालूम है कि वहां पर काफ़ी आंदोलन हो रहा है, वहां की जनता काफ़ी मडभड़ाई हुई है और वहां पर गोलियां चलने की नौबत भी आ चुकी है। ऐसी परिस्थिति में फिर भी उन लोगों के साथ सख्ती करना और उन लोगों के लिये यह कहना कि तुम पिछड़े हुए हो, तुम्हारे यहां के जो जजेज़ होते थे, वह उस कॅलीबर (Calibre) के नहीं होते थे, और तुम्हारे यहां के वकील उस कॅलीबर के नहीं होते चाहे उन लोगों ने लगातार दस दस और बीस बीस वर्ष तक वहां के हाईकोर्ट में प्रैक्टिस

[कैप्टन ए० पी० सिंह]

की हो और यह कहना तुम्हारा चीफ कमिश्नर प्राविन्स है इन कारणों से तुमको वही हक नहीं दिये जा सकते हैं जो इन्डिपेन्डेंट इंडिया को मिलते हैं। मेरी समझ में नहीं आता है कि इस तरीके की बातें करना कहां तक न्यायसंगत होगा। जैसा कि माननीय मिनिस्टर महोदय ने ठीक ही कहा है कि वहां रहने वालों को भी हम किसी तरह से नीचा नहीं करना चाहते और उन लोगों को भी बराबर मौका देना चाहते हैं कि वह भी दूसरे प्रान्तों के लोगों के मुक़ाबिले आगे आगे चल सकें। इस लिये इन सब कारणों से मैं माननीय मंत्री महोदय की बात का समर्थन करता हूँ और माननीय भट्टाचार्य की बातों को मुख़ालिफ़्त करता हूँ।

(English translation of the above speech)

Capt. A. P. Singh (Vindhya Pradesh): I rise to oppose the views expressed by my hon. friend Prof. Bhattacharya. A High Court had been functioning in Vindhya Pradesh since long. When Vindhya Pradesh became Chief Commissioner's Province, the High Court there was separated and a Court of the Judicial Commissioner was established. The people who practised law there or those who acted as Judges of the High Court had the same calibre or at least were of the same standard as that of the Judges in the Allahabad High Court or those practising lawyers who held the position equivalent to that

2 NOON of a Legal Remembrancer like Mr. Mogha. The very same laws which existed in British India were in force there. If the people of that place had been practising in the High Court there, they did not commit any sin when the judgements delivered there were considered as good as those in the British India and with regard to which even men like Shri Tej Bahadur Sapru held the opinion that the Chief Justice there was in no way less able than the Chief Justices in other Provinces. The lawyers practising there can also be in the same position as others practising outside. When they go to other places or move in political circles they are regarded in the same manner as the persons from other Provinces are. So, I fail to understand why these sub-clauses (b), (c) and (d) in clause 4 should be deleted.

Just as the hon. Minister has stated that it is essential for this reason also that the legal talent there should be given some time so that they may not feel any inferiority complex. One thing which the people there do not like is that instead of a High Court, there should be a Judicial Commissioner's Court. The people there do not in any way consider themselves inferior to those living in India either politically or otherwise. Those people played no less part than others in all the movements that were launched. The number of persons going to jail from the State of Vindhya Pradesh alone would equal the number of persons courting imprisonment and making sacrifices in 14 districts in British India taken together. The people there do not in any way consider themselves as inferior to those in the British India nor the lawyers there consider themselves as less capable than their counterparts in the British India which is now called 'Independent India'. There has been a change in the nomenclature, formerly states alone were termed as 'Independent India' and others were called 'Provinces'. Now the terminology has been so changed that a Province in Independent India is being described as a 'State'. It may be called by any name. What I mean to say is that a great hardship has been inflicted upon the people living there by abolishing the High Court and subjecting them to the control of a Judicial Commissioner. Those persons are

entitled to get as much justice as the people in other places are. Sir, you are aware that a lot of agitation is already going on and the people there are very much discontented; so much so that firing had to be resorted to. Under such circumstances, I do not think it is reasonable to tell those people that they are backward, that the judges and lawyers there are not of the same calibre though they may have practised in the High Court there continuously for ten, twenty and twenty-five years, and that for these reasons they cannot be given the same rights as are granted in Independent India. I fail to understand how far will it be justified to talk in such a manner. The hon. Minister has rightly stated that he did not desire to degrade the people living there in any manner but, on the contrary, he was anxious to afford them every possible opportunity so that they would not lag behind the people in other Provinces. Therefore, in view of all these reasons, I support the hon. Minister and oppose the views expressed by my hon. friend Prof. Bhattacharya.

Shri Dwivedi (Vindhya Pradesh): I wish to make only two observations in connection with this Bill and those are firstly in connection with the independence of the judiciary. Vindhya Pradesh might have been backward in any other sphere of activity but certainly on the judicial side of the administration, the State was much forward and there the judiciary was quite independent and was not mixed up with the administration.

So far as the provisions of this Bill are concerned, they are quite all right. Since this Pradesh becomes a Chief Commissioner's province, there must be Judicial Commissioner's Court. As regards the independence of the judiciary, I think that some provisions should be made in this Bill so that the Judicial Commissioner may not be subordinate in matters of judicial functions to the Chief Commissioner.

Secondly, in the last part of the Bill, i.e., in clause 35 it is stated:

"The court-fees payable on applications to the Court of the Judicial Commissioner for the exercise of its jurisdiction under section 34 shall be the same as those for the time being payable on like applications to the High Court of Judicature at Nagpur."

My submission is this: Allahabad is near to the Vindhya Pradesh. From Rewa it is only 60 miles and Nagpur is very far off, and therefore the court fees of Allahabad would have been quite suitable in this court also. If these two alterations are made, this Bill will be quite all right.

Shri Hyder Husein: I rise to oppose certain suggestions which have been made with regard to sub-clauses of clause 4. I beg to submit that clause 4 only lays down the qualifications for appointment of Judicial Commissioners. Clause (a) refers to some classes of persons as are referred to in the Constitution. Clause (b) provides for persons who are already working as Judges of the High Courts in these States and clauses (c) to (f) make a provision for local talent, which may be either the subordinate judiciary or the bar. There may be some competent local men and it may be argued that that talent was not available on account of the fact that they were not qualified to be High Court Judges because there was no High Court there in the sense in which we understand it and, therefore, this is a special provision made for the local talent of those places. I do not think there is any real objection or any fault to be found with the various classes of persons from whom the recruitment is to be made.

श्री एस० एन० शुक्ला : मैं क्लॉज ४ के बाबत कुछ कहना चाहता हूँ। चौथा क्लॉज जो इस बिल में रखा गया है वह बहुत उचित है। मेरे लायक दोस्त भट्टाचार्य जी ने कहा कि इसमें सिर्फ सब क्लॉज ए रखा जाय और बाकी सब-क्लॉजेज हटा दिये जायें। मैं तो यह कहूंगा कि इसमें से

[श्री एस० एन० शुक्ला]

सब-क्लाज़ ए को ही हटा दिया जाय और बाकी सब-क्लाज़ रखे जाय । क्योंकि आम तौर पर प्राविसेज़ में, जिनको कि चाहे ग़लती से कहिये या वाई चान्स (by chance) कहिये हमने पार्ट ए स्टेट्स (Part A States) कह दिया है, यह ख्याल है कि वे लोग बी० स्टेट्स वाले जो आदमी हैं उनसे ज्यादा दिमाग़ वाले हैं और सी० वालों से तो बहुत ही ज्यादा दिमाग़ के आदमी हैं । इसलिए वह कहते हैं कि अगर सी० स्टेट में कोई ज्युडीशियल कमिश्नर या चीफ़ कमिश्नर हो तो वह ए स्टेट का ही होना चाहिये और इसलिये वह सिर्फ़ ए सब-क्लाज़ को रखना चाहते हैं । इसमें जो बी०, सी० और डी० सब-क्लाज़ रखे गये हैं उनसे मेरे दोस्त भड़क उठे हैं । मैं आपसे बहुत नम्रता से कहूंगा कि यह वह रियासतें हैं जिन्होंने अपनी हस्ती और अपनी आज़ादी किसी न किसी रूप में सैकड़ों और हज़ारों वर्षों से कायम रखी है । उनके यहां भी हमेशा जज (Judges) हुए, वकील हुए, अंग्रेज़ी ज़माने में और इससे पहले मुसलमानी ज़माने में, और उसके भी पहले हिन्दू राजाओं के ज़माने में भी । वहां बराबर न्याय का काम चलता रहा और मैं समझता हूँ कि वहां के लोगों को फांसी तक के देने का अधिकार था । मेरे ख्याल में कोई ऐसी ग़लती वहां नहीं हुई है जिससे यह कहा जा सके कि वहां के लोग न्याय करने में असमर्थ हुए हों । इसलिये वहां केवल उन्हीं को न्याय करने के अधिकार दिये जाय जो कि पार्ट ए स्टेट्स के हैं यह मेरी समझ में उचित नहीं है ।

मेरा वहां का अनुभव भी है, कम से कम रीवा स्टेट का । वहां एक अदालत ज्युडीशियल एडवाइज़र (Judicial Adviser) की हुआ करती थी । उसमें अक्सर वे लोग जज रखे जाते थे जो हाई कोर्ट के रिटायर्ड जज होते थे, जैसे कि डाक्टर सेन, इलाहाबाद हाई कोर्ट के, श्री डब्ल्यू० नार० पुराणिक, नागपुर हाई कोर्ट के रिटायर्ड जज और सर बी० एस० नियोगी इत्यादि लोग ज्युडीशियल एडवाइज़र के पद पर काम करते थे । मुझे भी उनकी अदालतों में बहस करने का और मुकद्दमों में जानने का मौक़ा मिला है और यह मेरी आप अनम्रता न समझें यदि मैं यह कहूँ कि मैंने वहां के ज्युडीशियल एडवाइज़रों में और चीफ़ जस्टिस में कोई विशेष अन्तर नहीं पाया । इसलिये यह भेद समझना तो बिल्कुल ग़लत है और यह जितनी दफ़ाएं रखी गयी हैं, ए०, बी०, सी०, डी० यह सब रखी जाय, यह वाजबी है । जो दफ़ा ए० है वह भी रखी जाय, मुझे इसमें कोई विशेष ऐतराज़ नहीं है क्योंकि अगर मैं ऐसा कहूंगा तो मुमकिन है कि यह समझा जाय कि जो पार्ट ए स्टेट्स के लोग हैं उनको हम बाने ही

नहीं देना चाहते । हमारा दरवाजा खुला हुआ है, इसके लिये तो वही विचार कर सकेंगे जिन्हें इसका अधिकार है । तो जो चौथा क्लॉज इस बिल में है यह बहुत उचित है और मैं इसका हार्दिक समर्थन करता हूँ और यह मंजूर होना चाहिये ।

(English translation of the above speech)

Shri S. N. Shukla (Vindhya Pradesh): I would like to say a few words with regard to clause 4. Clause 4 which has been provided in this Bill is very appropriate. My hon. friend Prof. Bhattacharya suggested that sub-clause (a) should only be retained and the other sub-clauses be deleted. I would even say that sub-clause (a) only should be deleted from this and the remaining sub-clauses allowed to remain. Because, generally there is an impression prevalent among the people living in the Provinces, whom we have either wrongly or by chance called Part A States, that they are more talented than those in the Part B States and far more talented than the residents of Part C States. It is, therefore, that they say that if any Judicial Commissioner or Chief Commissioner is to be appointed in Part C States, he should come from the Part A State alone and it is because of this that they want to retain sub-clause (a) only. My hon. friends have been perturbed over sub-clauses (b), (c) and (d). With all due respects, I would submit that these are the very states which have maintained their existence and independence in one form or the other for the past hundreds and thousands of years. There had always been judges and lawyers there during the British rule and even before that during the period of the Muslim rule and also of the Hindu kings. Justice had all along been administered there and I understand that the judges had even got the power to pass death sentence. According to my mind, no such mistake seems to have been committed which may lead one to the conclusion that the people there have proved incompetent in administering justice. I do not, therefore, think that it would be proper that power to administer justice should only be vested in those persons who come from Part A States. I have also got some experience of that place, at least of Rewa State. There used to be a Judicial Adviser's Court there. Usually, only those persons were appointed to that post who had retired as Judges of the High Court. Persons like Dr. Sen of the Allahabad High Court, Shri W. R. Puranik a retired judge of the Nagpur High Court and Sir B. S. Neogi etc. had held the appointment of Judicial Adviser. I have had also opportunities to argue cases in their courts and you will excuse me, if I venture to say, that I did not find any appreciable difference between the Judicial Advisers there and the Chief Justice. Therefore, it is absolutely wrong to make this differentiation, and all these sub-clauses *viz.*, (a), (b), (c), (d) are in order and should be allowed to stand. Sub-clause (a) should also be retained. I have got no particular objection to it; because if I say so, it is possible that it may be construed that I want the persons from Part A States to be precluded from appointment. Our doors are open. Only those who are competent, can think of this. Thus, this sub-clause (4) which has been provided in the Bill is quite in order and I heartily support this and would urge that it should be adopted.

Sardar Patel: As I explained in my opening speech the sub-clauses of clause 4 are intended to cover all classes of people from whom recruitment can properly be made. The objection raised has practically no meaning because for all High Courts, the recruitments are made from the services as well as from the practising lawyers; selections are made from District Judges, from the subordinate judges of certain standing and from practising lawyers who have certain status or have a certain period of service. Therefore, there is no reason to suppose that Rewa or Vindhya Pradesh is going to be treated differently.

[Sardar Patel];

As we had already High Courts existing there and as those who were in office were functioning properly and doing their work properly, there is no reason why they should be excluded nor is there any reason why the Rewa Bar or the Vindhya Pradesh Bar should be treated differently. If their representatives are qualified enough to be M.P.s and represent their people and they have a bar there and have the same qualifications, why should they be excluded? When they take the degree they go to Allahabad or Lucknow University and get their qualification and they also sometimes go and practice there and they have a fairly good reputation. I do not see any reason to exclude them.

Clauses 2 to 10 were added to the Bill.

Clauses 11 to 19.

Shri Shiv Charan Lal (Uttar Pradesh): According to the Constitution of India there ought to be one similar Civil Procedure Code for the whole country. Article 44 says:

"The State shall endeavour to secure for the citizens a uniform civil code throughout the territory of India."

And there are other articles also which show that there ought to be similar laws for the country. Clause 11 of this Bill gives a different procedure where the C.P.C. is not to apply for certain procedure. Will it be legal?

Shri T. T. Krishnamachari (Madras): The hon. Member is referring to the Directive Principles which are not binding.

Shri Shiv Charan Lal: Civil Code includes civil procedure also. This question might arise.

Sardar Patel: Many questions will arise in the Supreme Court and it will add to our laws. We have considered this.

Clauses 11 to 19 were added to the Bill.

Clause 20

(Original jurisdiction of subordinate judges and munsiffs.)

Shri Iyyunni: I beg to move:

For existing clause substitute:

"20. The pecuniary jurisdiction of the courts of the subordinate Judge and the *Munsiff* shall be determined by the Chief Commissioner after consulting the Judicial Commissioner thereon."

The object must be that the meaning of the clause should be clear to anybody who reads it. Here the clause is so clumsily worded and written in an involved style. It is only with a view to make the idea clear and intelligible to the ordinary man that I have moved this amendment. I hope the hon. Minister will have no objection to accept the amendment.

Sardar Patel: This is a drafting amendment and the draftsmen advise against accepting this amendment. I don't therefore accept the amendment.

Mr. Speaker: Does the hon. Member press the amendment?

Shri Iyyunni: I don't press it.

Shri Hyder Hussain: I want to say something with regard to clause 20. As pointed out by Mr. Iyyunni the amendment is certainly couched in better language than the original clause 20. I endorse what has been said that the original clause 20 is clumsily drafted and the amendment has better brought out the sense. The language is certainly superior to that of the original

clause 20. There is no reason why the draftsmen should not accept it because the jurisdiction to be exercised in original suits as regards the value by any person appointed to be subordinate judge or *Munsiff* shall be determined by the Judicial Commissioner.

Sardar Patel: The draft follows the other acts in force.

Mr. Speaker: The language of the clause in the Bill follows the language in similar legislation.

Shri Hyder Husein: I think the language of the Code of Civil Procedure has been employed in this amendment. I have not got the Code here.

Mr. Speaker: I think I should not be very sure about it. But I feel that the amendment as proposed covers cases other than those which the clause seeks to cover. It is not merely a question of the jurisdiction being pecuniary.

Shri Iyyunni: If I may be allowed an opportunity to explain what I have to say, the clause says:

"The Jurisdiction to be exercised in original civil suits as regards the value....."

Therefore, it is confined to value only which means pecuniary jurisdiction and nothing else.

Mr. Speaker: But, the amendment suggested will cover even appellate jurisdiction. I am thankful to the hon. Member for inviting my attention to the word 'value'. Of course, there, the hon. Member is right. It means pecuniary jurisdiction. Will this amendment not cover appellate jurisdiction also?

Shri Iyyunni: This clause only refers to original suits.

Mr. Speaker: Therefore, it seems to be wider. Any way, the amendment is more or less of a drafting nature. So, I will place the clause before the House.

Shri Iyyunni: I leave it to the House.

Clause was added to the Bill

Clauses 21 and 22.

Mr. Speaker: Does Mr. Sinha move his amendment to clause 23?

Shri B. K. P. Sinha (Bihar): If the hon. Minister is prepared to accept it, I shall move it. I would like to know if it is acceptable to the hon. Minister.

Mr. Speaker: If he is not going to move it, I shall put the clauses together. If he chooses to speak, I shall put clause 23 separately.

Shri B. K. P. Sinha: I would like to know whether the amendment is acceptable.

Clauses 21 and 22 were added to the Bill.

Clauses 23 to 27

Sardar Patel: As regards clause 23, I can give an assurance to my hon. friend that in making future appointments, we shall take his objection into consideration and make appointments from people who are qualified, as far as possible. We shall take care to appoint retired *Munsiffs*, District Judges, etc. There are similar courts functioning now in Bhopal.

Shri B. K. P. Sinha: I do not move the amendment.

Clauses 23 to 27 were added to the Bill.

Clause 28 and 29

Shri Iyyunni: It is only a small thing; all the same, it would read better. Clause 28 as it stands reads as follows:

(1) The ministerial officers of the district court shall be appointed by the district judge.

(2) The ministerial officers of civil courts under the control of the district judge shall be appointed by the district judge."

I am clubbing these two things together. My amendment is to this effect:

"The ministerial officers of the district court and of the civil courts under the control of the district judge shall be appointed by the district judge."

Instead of having two sub-clauses, I am clubbing the two and bringing them under one sub-clause. There is absolutely no need to have these sub-clauses separately. It is only of a verbal or drafting nature.

Mr. Speaker: The suggestion is that instead of having two sub-clauses, he is trying to combine them in one.

Sardar Patel: Does it make any difference?

Mr. Speaker: It is of a drafting nature.

Sardar Patel: I will stand by the draft as it is. It might create other complications.

Shri Iyyunni: I do not press my amendment.

Clauses 28 and 29 were added to the Bill.

Clause 30

(Appeals from original decrees)

Shri Iyyunni: There is an amendment to clause 30. I would like to move this amendment with a small change. As I have explained before, from a decree of a subordinate judge, there should not be an appeal to another subordinate judge. If that position is accepted, what I beg to submit is, instead of the other subordinate judge, it may be an additional district judge. If that is not acceptable, it is better to take away the appeal from one subordinate judge to another. Any one of the suggestions may be accepted. Otherwise, there will be this difficulty. There will be a decree passed by a subordinate judge and another subordinate judge with equal jurisdiction and status will be hearing the appeal. On the very face of it, this is improper and unnatural.

Sardar Patel: I think, the amendment in its present form may not be accepted. The words "or by a subordinate judge" occurring in line 4 and the word "other" occurring in lines 6 and 8 in the proviso may be deleted. I think that will serve your purpose.

Mr. Speaker: Will he move the amendment as suggested?

Amendment made:

In the proviso, omit—

(i) 'or by a subordinate judge in a small cause suit the value of which does not exceed five hundred rupees or',

(ii) 'other', wherever it occurs.

—[*Shri Iyyunni*]

Clause, as amended, was added to the Bill

Clauses 31 to 35.

Clauses 31 to 35 were added to the Bill.

Clause 36*(Temporary Vacancies in office of district judge)*

Shri B. K. P. Sinha: Sir, with your permission, I would move my amendment to clause 36 in a slightly revised form. I beg to move:

In line 4.—

- (i) after 'in the district' insert 'or if there are more than one the first in rank among them'; and
- (ii) omit 'such'.

In one district there may be more than one additional district judge and clause 16 visualises that Government may make more than one appointment. This amendment brings this clause more into line with this intention.

Mr. Speaker: The idea seems to be that where there are temporary vacancies and appointments are to be made, the senior-most person should be appointed.

Sardar Patel: I have no objection to the amendment.

Mr. Speaker: The wording will have to be examined. I am putting the amendment to the House subject to the reservation that the draftsman will see how it suits the clause.

The question is:

In line 4.—

- (i) after 'in the district' insert 'or if there are more than one the first in rank among them'; and
- (ii) omit 'such'.

The motion was adopted.

Clause, as amended, was added to the Bill.

Shri Dwevedi: Sir, I had an amendment to clause 35.

Mr. Speaker: That clause has already been adopted by the House.

Clause 37*(Delegation of powers of district judge)*

Shri B. K. P. Sinha: I beg to move:

In clause 37, in line 3,—

- (i) for "the" substitute "an"; and
- (ii) omit "if any".

Sardar Patel: I have no objection to the amendment.

Shri T. T. Krishnamachari: As regards the omission of the words "if any", I might point out that the subsequent sentence hangs on that phrase.

Mr. Speaker: I shall put the amendment to the House as moved.

The question is:

In clause 37, in line 3,—

- (i) for "the" substitute "an"; and
- (ii) omit "if any".

The motion was adopted.

Clause, as amended, was added to the Bill.

Clauses 38 to 44

Clauses 38 to 44 were added to the Bill.

Clause 1

Clause 1 was added to the Bill.

The Title and the Enacting Formula were added to the Bill.

Sardar Patel: I beg to move:

“That the Bill, as amended, be passed.”

Mr. Speaker: Motion Moved:

“That the Bill, as amended, be passed.”

[MR. DEPUTY-SPEAKER *in the Chair.*]

Shri Hossain Imam (Bihar): There is a difficulty which has to be solved. Under the Constitution there is no provision for having a judicial court in any Part C State. Article 241 of the Constitution says:

“Parliament may by law constitute a High Court for a State specified in Part C of the First Schedule or declare any court in any such State to be a High Court for all or any of the purposes of this Constitution.”

So the constitution of a judicial court is not contemplated in the Constitution. Perhaps it is my ignorance. I have been trying to find the relevant provision for the constitution of a judicial court but I have not been able to find it.

The second difficulty is that matters of criminal jurisdiction are not specifically mentioned in this Bill. In regard to appeals from sessions courts or revision cases how are they to be dealt with. The scheme as contemplated for High Courts is a very complete and definite scheme. Under the provisions relating to Part C States there is no bar to having the salary of the High Court judges at a lesser amount than that of High Court judges in Part A States. The salary which can be paid to the High Court judges in Part A States is mentioned in the Constitution but nothing has been stated as regards the salary of High Court judges in Parts B and C States. The Constitution has left Parliament free to fix such salary as it deems proper. The Constitution also contemplates that the existing courts in Part C States may continue to function and enjoy the title of a high court. Clause 3 of article 241 of the Constitution says:

“Subject to the provisions of this Constitution and to the provisions of any law of the appropriate Legislature made by virtue of powers conferred on that Legislature by or under this Constitution, every High Court exercising jurisdiction immediately before the commencement of this Constitution in relation to any State specified in Part C of the First Schedule or any area included therein shall continue to exercise such jurisdiction in relation to that State or area after such commencement.”

I think there were High Courts in Bhopal and Vindhya Pradesh. I am not positive about Vindhya Pradesh but in Bhopal there was a Court functioning as the High Court.

Shri T. T. Krishnamachari: It was not a High Court functioning as in a Part A State.

Shri Hossain Imam: But article 241(3) makes the position clear. Although Bhopal was formerly placed in Part B, before the commencement of the Constitution it was placed in Part C.

Sardar Patel: But that High Court ceased to function on the 25th January and we passed an Ordinance by which the Judicial Commissioner's Court was created. We have already passed a Bill treating the Judicial Commissioners Courts as High Courts for certain purposes.

Shri Hossain Imam: What I am suggesting is that the name should be changed from the Judicial Commissioner's Court to a High Court as it is a Part C State and under the Constitution we have to create a High Court for Part C States. The passing of the Bill was with a view to facilitate the appeals from the decisions of those Courts to the Supreme Court—otherwise

there would have been no provision under the Constitution for appeals to the Supreme Court on decisions of those Courts. It was for that reason that we passed that Bill. The very fact that you are constituting a Court of Appeal and naming it other than as a High Court is, in my humble opinion, not justified and I should like some light to be thrown as to why this procedure has been followed.

Shri T. T. Krishnamachari: My hon. friend has a little confusion in regard to interpreting article 241. If he reads article 214(1), he will find that it says: "There shall be a High Court for each State."

Mark the word "*shall*". But, article 241(1) says:

"Parliament may by law constitute a High Court for a State specified in Part C of the First Schedule or declare any court in any such State to be a High Court....."

"Parliament may"—it is merely permissive for Parliament to enact legislation for the purpose. Since the High Courts are mentioned in article 214 and the subsequent articles, the permission for Parliament to create a High Court for a Part C State is given by article 241, and if Parliament does not choose to exercise that particular right that it has, it means that the Government will have to arrange for other methods by which the judicial administration of these areas shall be carried on. Article 239 is comprehensive enough to permit the Central Government to decide what type of judicial administration should be established.

The other clauses of article 241 which my hon. friend has quoted do not really apply for the reason that clauses (3) and (4) do not really apply when article 241(1) itself becomes a permissive factor and Government do not choose to exercise that permission by placing before Parliament a Bill for the creation of a High Court for the area. Government is perfectly entitled to do what it is now doing because article 239 gives them the right to do so. So long as it is not called the High Court there is no need for Parliamentary sanction under article 241(1). The difference between articles 214 and 241 is very clear: one is an obligatory thing, the other is a permissive thing.

Shri Hossain Imam: How does article 239 apply to Judicial Courts?

Shri T. T. Krishnamachari: Article 239 deals with administration generally and unless there is a specific provision in regard to judicial administration, and unless it is mandatory, what is to happen to judicial administration in these areas. As article 241 is only permissive then the whole question of judicial administration must hang on article 239, which covers the entire administration, which means legislative, administrative and, for that matter, judicial aspects.

Mr. Deputy-Speaker: The question is:

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

The motion was adopted.

INSURANCE (AMENDMENT) BILL

The Minister of Works, Mines and Power (Shri Gadgil): I beg to move:

"That the Bill further to amend the Insurance Act, 1938, as reported by the Select Committee, be taken into consideration."

The history of this Bill is a long and chequered one. Sir, you are aware that in the year 1937 a Bill to consolidate the entire law as regards insurance was brought before the Central Legislative Assembly, and after a good deal of discussion extending over more than two sessions that Bill was passed. Most of us naturally thought that that being a consolidating measure, amendments

[Shri Gadgil]

would not be necessary all too soon. However, it was found out in the course of the very few years that some changes, in the light of experience gained in the working of that Act, became necessary, and therefore in the year 1945 a Committee under the chairmanship of Sir Cowasjee Jehangir was appointed by the Government of India to enquire into certain trends and tendencies which were *prima facie* considered to be undesirable. The report of that Committee was available and with a view to implement most of the recommendations made by that Committee, a Bill was introduced in the Legislative Assembly in 1946. That Bill was later on referred to a Select Committee, and it was expected that in the month of March 1947 the Bill as reported by the Select Committee would be considered by the House, namely the Central Legislative Assembly. But somehow or other as it was thought that it was exactly a point of time when it would not be very discreet to proceed with the Bill, the consideration of the same was adjourned. In January 1948, the decision of the Government of India was that in view of the political circumstances that were available as a result of partition, it was not desirable to proceed with the Bill as it was. It was then withdrawn. At that time the Government of India made it clear that it was their intention to bring forward a comprehensive Bill embodying the suggestions made in the Select Committee as well as the recommendations originally made in the report of the Jehangir Committee. That Bill was introduced in the month of November 1949. But before that Bill was introduced, the whole subject, so to say, was referred to the Insurance Advisory Committee composed of representatives of insurance management, which advises the Commerce Ministry on the subject. At the instance of this Advisory Committee, an informal conference was called where all sorts of interests were represented, and as a result of discussion and debate, certain conclusions were arrived at and those conclusions were embodied in the Bill which was introduced in the month of November 1949. That Bill was referred to a Select Committee and the Report of the Select Committee is now for this House to consider. If discussion and debate constitute the soul of a democracy, I should say that in this particular matter, at any rate, we have proceeded in the most democratic manner. The Bill, as reported by the Select Committee, is almost unanimous except for the fact that my hon. friend Mr. Masani, differs in certain—I cannot say minor, but important—respects from the recommendations of the Select Committee. Although there are minutes of dissent attached to the Report of the Select Committee, the note that is signed by Mr. Gautam, Mr. A. P. Jain, Mr. Mahavir Tyagi, Mr. Ranganam Chettiar and Mr. Goenka is really not a minute of dissent. They say:

“The Bill regulates capital structure, investments and management of Insurance Companies with a view to avoid their inter-locking with banking, investment and other companies and rule out bad investments. It also control expenses and gives wider power of investigation. It rationalises the insurance business by organising it in the form of Insurance Association of India, Life Insurance and General Insurance Councils and their executive, tariff and other committees. We hope that the present Bill will not only safeguard the interests of the policy holders and place the insurance business on a sound footing, but by giving larger powers of control to the State, it will add to the experience of the public administration in handling insurance business and habituate the private enterprise to accept public control in the larger interests of the community and thus pave the way for nationalisation.”

As against this approach to the whole Bill, the approach of my hon. friend Mr. Masani is very different. As I read his minute of dissent, it seems to me that he is not only against nationalisation but that he is even against control of the industry in a large measure by Government. He has raised two points in his minute of dissent. Firstly, somehow or other, he thinks that the provisions of the Bill are such as to combine the functions of the executive and the judiciary in one. I regret to say that that is not my view and that is not

the view of those who were members of the Select Committee. He also expresses a fear that if these provisions are accepted by the House, it will mean the beginning of an authoritarian era. The same thing can be looked upon from two different points of view. A regulatory economy is, from one point of view, in the larger interests of the consumer, and from the other point of view the capitalists with justification—strong enough according to Mr. Masani—can say that this is an authoritarian doctrine. But so far as the economy of this country is concerned, it is evident that we have accepted a sort of regulation in the matter of industry and business and it is now no longer valid to raise this question either in the sphere of insurance business or any other. The fact must be accepted that the progress of this country is on the lines of regulation. The stages by which ultimately the capitalist economy can be turned into an economy of the people may be slowed down or quickened according to colour of the Government that may be in power at that particular time. But as far as I am able to see, there cannot be any reversal of that policy and as long as that policy stands I submit that although Mr. Masani may have his full say and probably have my sympathy to some extent, he will certainly not have the support of the Government.

Now, he has also stated that if the provisions of this Bill are accepted, there will be a tremendous growth of bureaucracy and centralisation of economic power. I think the House has agreed and has expressed itself very often to the effect that the need of the country today above anything else is that of a planned economy. (*An Hon. Member: And more bureaucracy!*). If I understand planned economy aright, the main mechanism through which it functions is control, and unless we know what our resources and what our demands are and allocate them according to a scheme of priority, there is not the slightest possibility of our country making any progress. As a matter of fact, the demand for the nationalisation and complete control of this industry has been there in the field for a long time and if you try to bring back to your memory, Sir, the discussions that took place in the year 1937 when the Consolidating Bill was on the anvil of the then Legislative Assembly, a powerful plea was advanced by some of us that at least in certain sections to begin with this industry should be nationalised, and when an industry is nationalised the management is bound to be with the permanent service and whether you call it 'bureaucracy' or something else, the fact remains that that economy works for the benefit of the people—not for the benefit of the few capitalists.

Mr. Deputy-Speaker: Is the hon. Minister likely to take long?

Shri Gadgil: Obviously, Sir.

Mr. Deputy-Speaker: He may resume after Lunch, then.

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

The House re-assembled after Lunch at Half Past Two of the Clock.

[MR. DEPUTY-SPEAKER in the Chair.]

Shri Gadgil: Before we adjourned for Lunch I was referring to the Report of the Select Committee which, as I stated, was almost unanimous. I will now briefly refer to the changes that have been effected in the course of the Select Committee meetings.

It was originally proposed that the officer in charge of the Insurance Department should be designated as "Controller-General of Insurance". The Select Committee, however, were of the opinion that the designation should be simply "Controller of Insurance".

In the Bill as introduced there was no mention of the qualifications which the person to be appointed as Controller of Insurance should have, which meant

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that full discretion was given to Government in choosing a proper person with suitable qualifications and experience. However, now a provision has been added to the Bill that in choosing the proper person Government should take into account whether he has had experience in industrial, commercial or insurance matters and whether he has actuarial qualifications. Though this provision will have the effect of restricting the number of persons out of whom a choice will have to be made, such a mention in the Statute itself has one advantage, *viz.*, the Legislature ensures that the Controller will be a person able to administer ensures that the Controller will be a person able to administer the provisions of the Bill in the interests of the industry and of the country at large.

Then, in connection with restrictions on holding of shares and voting rights, certain amendments have been incorporated. It was proposed in the Bill as introduced that life insurance companies should have only one class of shares and a time limit of one year was mentioned for all companies to fall in line with such a requirement. While the requirement that a life insurance company should have only one class of shares has been retained it is proposed to give a period of three years for the existing insurers to conform to this requirement. However, the voting rights are to be proportionate to the paid-up amount on the shares right from the commencement of this Act, even though there may be different classes of shares in any company.

In cases where banking companies and other companies hold shares of a life insurance company belonging to other persons merely as custodians or for the purpose of collection of dividends or as trustees the beneficial owners of the shares will be the persons who only will be entitled to vote on the strength of those shares and not the banking or other companies which hold the shares.

In the Bill as introduced it was proposed that no person should hold more than five per cent. of the shares of a life insurance company and in the case of a banking or investment company this limit was further reduced to 2½ per cent. A time-limit of only one year was prescribed for persons holding more than the allowed limit to dispose of the excess holding of shares. The proposal now is that the limit should be raised to ten per cent. and five per cent., *i.e.*, no person will be able to hold more than ten per cent. of the shares of a life insurance company which limit will be reduced to five per cent. for banking and investment companies. However, no voting rights in excess of the five per cent. and 2½ per cent. originally proposed will be allowed. The time-limit of one year has been extended to three years and even after three years if there is still any excess holding over the permitted limit it is provided that the shares shall vest in the Administrator-General of the State concerned and it will be the duty of the Administrator-General to dispose of those shares as early as possible. He will be able to exercise the voting rights within the limits as if he were himself a holder of those shares.

Clause 27 in the Bill as introduced does not take into account that there are certain assets which may not be invested, *e.g.*, cash, furniture, fitting, stationery, advances to agents. There are also certain investments outside India, *e.g.*, Pakistan, held by Indian insurers. The present market value of such assets may be too low and in view of the temporary nature of the present conditions it may be a hardship to Indian insurance companies to require such assets to be written down to that value. In the Bill as amended by the Select Committee suitable provision has been made for taking all such items into account for the purposes of equating assets to the liabilities to policyholders in India.

The Select Committee has added further items to the list of approved investments, in which the controlled fund of a life insurer may be invested. These items are:

- (i) Insurance company's own housing schemes;
- (ii) Debentures secured on a property worth at least three times the amount of debentures;
- (iii) Preference shares of companies on which dividends have been paid for at least five years; and
- (iv) Fixed deposits with financing cooperative banks.

It has now been made clear that once an investment has been made in an approved investment it need not be vacated, if such investment is no longer an approved investment because of things happening subsequently. This will give some latitude for insurance companies to see whether the investment in question is only temporarily under a cloud or whether it has become a bad investment for ever. If the insurer does not realise an investment which has become really bad, Government will be able to step in and ask the insurer to realise that investment.

The conditions of service of insurance agents have been further liberalized by the Select Committee. It is now provided that if an agent has served an insurer for five years and has built up a business in force of at least fifty thousand rupees sum assured then even if he leaves the service of that insurer he will be entitled to commission on the renewal premiums received on policies secured by him. However, the amount of commission he will be able to get is restricted to four per cent. as against the usual five per cent. he would have got if he had continued with that insurer. It has also been provided that on the death of an agent his heirs will get the commission for so long as he would have got the commission had he been alive. Further, service under a chief agent by an insurance agent would also be counted for the purpose of counting the service in order to determine whether he is entitled to the benefits after leaving the service of an insurer. One more concession is that insurers will be allowed to make advances to new insurance agents subject to certain restrictions, whereas in the Bill as introduced there was no such provision.

In the Bill as introduced a special agent had to have four insurance agents under him, each procuring at least a business of Rs. 10,000 sum assured annually in the case of a small company, or eight such insurance agents in the case of a big company. These conditions have been liberalised and now the only conditions to be fulfilled by a special agent are that he should have at least two agents, and there is no stipulation in respect of the minimum business to be secured by such an agent, but he will have to procure by himself and through his agents a business of at least fifty thousand rupees sum assured in a year. Further concessions to special agents have been made in the shape of allowing them to solicit life insurance business directly and take commission as an ordinary agent. A provision has also been included permitting advances to be made to special agents by insurers even if they are newly appointed ones and have no service to their credit with that insurer.

Then as regards Chief Agents, the conditions of service of chief agents have also been liberalised. In the Bill as introduced a chief agent was required to have at least 12 insurance agents under him each producing a minimum business of ten thousand rupees sum assured in a year. This requirement was increased to having twenty-four such agents in the case of a big insurer. Now the requirements have been brought down to six such agents in the case of a small insurer and twelve such agents in the case of a big insurer.

In the Bill as introduced it was provided that all existing contracts between chief agents and insurers were to be terminated soon after the coming into force of this new Bill. Now this requirement has been removed so that existing contracts will not be terminated and will continue for the unexpired terms

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of the contracts. Only if the unexpired term is longer than ten years in any case then the contract would terminate at the end of ten years. In respect of the commission payable on renewal premiums paid on policies already procured by the chief agents directly or through the insurance agents before the commencement of this new Act the remuneration payable to the chief agents is fixed in the Bill itself now. The chief agents are to get 2½ per cent. on such premiums as their own remuneration. Further, if the commission payable to any insurance agent under such chief agent is not paid for any reason then 75 per cent. of that commission would be paid to the chief agent and 25 per cent. would go to the insurer for the benefit of the policyholders.

In order to prevent contracts between chief agents and insurers being terminated just before the present Bill becomes law and is put into force with the object of getting the benefit of higher commission rates under the contracts it has been provided that all the restrictions would apply to any such contract terminated after the first of January, 1949.

A further relaxation in favour of chief agents is that while in the Bill as introduced any failure to comply with the prescribed qualifications in any one calendar year attracted a penalty, now it is proposed that such penalty should be imposed only if there is a failure in two successive calendar years. The proposal in the Bill as introduced that failure in two successive calendar years to fulfil the qualifications should mean cancellation of the contract of chief agency has been altered to a proposal for such cancellation of chief agency only if there is a failure in that respect in four successive calendar years.

As regards principal agents, these agents are only in connection with general insurance business. The proposal is that this system of principal agents who will be between the insurance agents and the insurers should be abolished after a period of seven years. During the period of seven years no new principal agents should be appointed by any insurer except in the Presidency towns.

Two concessions given to such principal agents are that any business directly under the control of a principal agent may be placed by him directly with the insurer and this business need not go through an insurance agent. Previously in the Bill as introduced a principal agent was prohibited from doing any insurance business without utilising the services of an insurance agent. Further, any principal agent in India who does the Head Office work for a foreign insurer in respect of the statutory requirements in this country, may get extra remuneration subject to certain restrictions over and above the limit specified in the Bill.

Now, regarding Limitation of Expenses and Statutory Associations. It has been decided that the basic limits for expenses which can be incurred by life insurance companies as well as general insurance companies are to be prescribed by rules to be framed under the provisions of this Act. From these basic limits relaxations in respect of groups or classes of insurers are to be made annually. While the proposal in the Bill as introduced was that such relaxations should be recommended by the Executive Committees of the Insurance Councils to be set up and the recommendations were to be approved by the Controller of Insurance before they were given effect to, it is now proposed that the Controller should himself decide the relaxations though in consultation with such Executive Committees. This change has been made in order to infuse confidence in the smaller companies as the decision would more or less rest with the Government Officer and not with a body of insurers in which the big companies are sure to predominate.

Shri Sondhi (Punjab): Protection of minority rights!

Shri Gadgil: In the Statutory Associations it has been proposed that only insurers with Head Offices in India should be full members and other insurers

should be associated with them as *associate members*. The Indian insurers will be able to elect representatives to the Executive Committees of the Life Insurance Council and the General Insurance Council. However, there will be nominated seats and some of the nominated seats would go to the Associate Members so that they will also be able to take part in the deliberations of the Executive Committees.

The position of officials who will sit on the Executive Committees has also been clarified. Such officials will take part in the meetings of the Executive Committees, but will not exercise any vote on any question being discussed by the Committees. This will mean that after any matter has been discussed by the Executive Committees the Controller will be able to take his decision without being embarrassed in any way.

These are the main changes. There are certain other minor changes which I need not mention because they are not of great importance. What I want to say is that the Bill has come out from the Select Committee with the stamp of compromise and in a position in which there seems to be an atmosphere of concord in the conflicting interests and I should therefore be very much unwilling to accept any amendment that would alter this situation. I see from the Order Paper quite a number of amendments. I may humbly submit to this House that any attempt at this stage to change the structure or the basic considerations on which the Select Committee has reported, would be unfair apart from the fact that it may prove disastrous. I would therefore urge upon hon. Members that if I am unable to accept most of the amendments, and would vote against the rest, except one here or another there, I should be credited with the intention that I am doing it in the best interests of the business itself. I should also say that had this Bill been in the charge of my hon. colleague Mr. Neogy he would have certainly done much better undoubtedly, he being an abler man with more experience. But the work has got to be done and I have done my humble best to give as accurate a picture of the Select Committee's Report with such clarification as I could. I am grateful to the House for the patient hearing it has given me.

Mr. Deputy-Speaker: Motion Moved:

"That the Bill further to amend the Insurance Act, 1938, as reported by the Select Committee, be taken into consideration."

Shri Masani (Bombay): I rise to support the Bill as a whole and I would like to congratulate the hon. Minister on the ease with which he has handled the burden that has been turned over to him at the last moment. He has already indicated that he is not in a position to accept most of the amendments of which notice has been given, and I understand that among those amendments are those of which I had given notice in furtherance of certain objections raised by me in my Minute of Dissent. I will not, therefore, take the time of the House at that stage in seeking to move all the amendments about which the hon. Minister has unfortunately already made up his mind. I shall, therefore, take this opportunity to place before the House the rather important considerations that arise out of the points which I would otherwise have covered. I am grateful to the hon. Minister for having appreciated the fact that the objections I have raised, however unreasonable they might appear to him, are not minor but as he put it of some substance and importance and I am glad that he raised the matter so that, before this Bill is passed, we are at least aware as to what the real issue is.

It is not an issue of planning or of controls. I think in suggesting that, perhaps the hon. Minister did less than justice to himself and to the minute of dissent he was discussing. I support the Bill; I support the general system of controls and regulation, I support the planned development of the insurance industry in the interests primarily of the policy holders. I am sure my hon. friend really knows that. To suggest that my Minute of Dissent objected to the principle of control or of regulation would not, therefore, be correct.

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Indeed, I am encouraged by my hon. friend's remarks this morning to present to him at the end of this debate a copy of a pamphlet which was published over my name as early as the beginning of 1947 called *A Plea for the Mixed Economy*, a phrase which had not then become current coin on the Treasury Benches of this country. I claim, therefore, with pride to be among those who have stood for the planned development of this country and its resources and, as early as 1939, another little book of mine did pioneering work in that respect.

Therefore, I am sure the hon. Minister will appreciate that we are not arguing today about governmental controls and that a reference to capitalists here and capitalists there does not really meet the issue. The issue is very much narrower: it is a precise one and it arises as between those of us who believe in control and regulation. Just because we believe in governmental controls and intervention in economic life, it does not mean that everything therefore is settled and we will all say 'aye' to everything that is proposed. Nationalisers will argue among themselves; free enterprisers will argue among themselves, and in the next half century, I make bold to say that those who believe in the mixed economy for which the hon. Minister and I both stand are going to have many arguments as to just how this economy is to be mixed between the State and free enterprise, in what proportions, in what doses and in what manner and I would like to see the mixed economies succeed as against undiluted *laissez faire* on the one side and brutal totalitarian collectivism on the other. I am anxious that in thinking of mixed economy, we should do so with the soundest thought and in the soundest manner and not deal with it in a way which might mar or endanger that democratic experiment.

My Minute of Dissent was directed to pointing out a couple of blemishes that spoil what is otherwise a very good and progressive measure, and I would appreciate it if my hon. friend, the Minister in charge of this Bill, would treat this matter a little seriously, because whether he accepts the plea I am making or not is not very important, but what is important is that this House and this Government should know exactly what are the limits of State control and regulation. Clauses 25 and 31 of the Bill are really the only substantive clauses with which I have any quarrel. These two clauses reveal a somewhat outmoded attitude towards governmental intervention and control. Those who stood for nationalisation at the end of the last century and early years of this have now confessed in many countries that they have learnt many lessons and while they still advocate nationalisation, they now confess that their old ideas of nationalisation are out of date and fit for the scrap-heap. Those of us who have read the pronouncements of Mr. Herbert Morrison or Sir Stafford Cripps or other leaders of the British Labour Party are aware that they have publicly confessed in Parliament and outside that what they mean by nationalisation today is something very different from what they meant by nationalisation when they were in opposition ten or twenty years ago. They have said that their old idea of nationalisation through working through the Government of the day and the bureaucracy is completely outdated and will not serve the Socialist ideal. They have renounced those weapons and picked up new weapons of nationalisation—and what are these? They are the fullest autonomy and freedom from intervention or interference on the part of the Ministry of the day and of the permanent Civil Service for these big Public Corporations that are to be set up in the various fields of enterprise which will run the business of the country, not in the spirit that a capitalist would run it, but certainly with the same elasticity and with the same efficiency and yet infused with the spirit of public service. They do not want to bring the dead-hand of bureaucracy, either of the Civil Service or even of the Minister in Parliament, into the details of administration of the

so-called national enterprise. Therefore, you will find that in the various measures that the British Labour Government has passed in the past few years, they have circumscribed and restricted the powers of intervention of the Minister and his permanent civilian officers in the Ministry to the irreducible minimum and they have created Corporations staffed and manned by those who were formerly directors and executives in private enterprises. to run these new public corporations for the public as if all the public were share-holders in the place of a few moneyed people. That is my stand regarding what we should also try to do in this country, because we certainly cannot afford to neglect the experience of those who have mouthed these slogans and have found good reason to alter them.

Now, why do I say that these two clauses show an out of date and a 19th century rather than a 20th century approach to the problems as to how state regulation and control of insurance, or any other industry for the matter of that, should be worked? I refer to clauses 25 and 31, and I shall invite the attention of the House to these two clauses and point out where in my humble opinion they go wrong and mar what otherwise is a sound measure.

Clause 25 substitutes a new section for the existing sections 33 and 34 of the Act. If I may summarize the section very briefly, it authorizes investigation ordered by the Government through their own nominees and a report is to be submitted to Government by the investigating authority. On the receipt of this report, the Central Government may, after giving such opportunity to the insurer to make a representation as in the opinion of the Central Government may seem reasonable, by an order in writing require the insurer to take such action in respect of any matter arising out of the report as the Central Government may think fit; and then a later sub-clause 5 says: "No order made under this section other than an order made under clause (b) of sub-section (4) shall be capable of being called in question in any court." An order made under 4(a) directing a man to do anything that Government thinks reasonable cannot be a matter of appeal to any judicial authority. Now, it will be appreciated that an *ex parte* investigation is made. It is true that the evidence of the insurer who is already in the dock will be taken; he will be called upon to give evidence on oath, and he will make a representation. But who will be the judge? It will be done by an executive authority, namely the Ministry of Commerce or whatever other Ministry may be in charge of the administration of this measure. Therefore, it will be the Secretary of the Ministry or a Joint Secretary or a Deputy Secretary who will sit in judgment on a citizen or citizens of India as to whether they have behaved properly or not and then they will make an order which is completely unrestricted in its scope. From that, there shall be no appeal. That is the section which has been placed before the House. I ask my hon. friend to consider whether, if he was in the shoes of that citizen or citizens who might be concerned, he would consider that to be a fair position. The argument given for this rather surprising position is that there would be delay. Under sections 33 and 34 of the present Act there is a right of appeal to the courts not only against the order but also against the reference to investigation. At present the insurer who is the subject-matter of this process first has the right to protest to a court of law and appeal against the very ordering the investigation and he has the right to appeal to the courts a second time against an order actually made.

It is true that in many cases delay has taken place through the insurer taking advantage of this clause, rightly or wrongly, to take the matter to Court and Government's orders have been delayed. In Bombay, I am aware that in the Police Courts—and may be that this practice applies in other parts of the country—police prosecutions are postponed at intervals of a fortnight or a month from time to time and drag on for many months and I am sure the Inspectors and Sub-Inspectors and Commissioners in charge of these prosecutions feel extremely exasperated when they know that

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the man is really guilty, and yet I would be very surprised if my hon. friend who is a distinguished lawyer were to come to us for an amendment to the Criminal Procedure Code and say, because the process of criminal law in this country has been the cause of much delay and people have remained under trial for a long time and not been put in prison, where they really belonged: "Let us from now on imprison people without trial in a court of law." Yet this is the position suggested in this case that because an adjudication process will take long, therefore we take away the legal right of recourse to courts of justice of the person concerned. I think this is an unfair proposition. My hon. friend had two alternatives. Two alternatives were specifically mentioned in the Select Committee, but unfortunately Government did not respond.

Shri A. P. Jain (Uttar Pradesh): Is this reference to what happened in Select Committee relevant here?

Shri Gautam (Uttar Pradesh): Especially when the other thing was not said.

Shri Masani: I will not refer to it.

Mr. Deputy-Speaker: It is open to an hon. Member to suggest the alternatives here.

Shri Masani: There are two alternatives and I would request the hon. Minister to consider them here either formally or informally. One was that a special tribunal should be set up of a Retired Judge of a High Court who would be at all times available to Government for examination and giving confirmation or approval to the orders that Government may want to pass, that is, if Government pass an order and an appeal is made against that by the insurer, it would not to a court of law which is overburdened with work and where therefore delay would ensue, but a special tribunal set up of one or two Judges who would hold an enquiry and give judicial approval to the suggestion. A retired Judge may be asked to do that.

My other suggestion is this: Now that the hon. Minister has decided that he will not accept any amendment permitting appeals to courts, he may consider giving an assurance that whenever Government pass an order under sub-section (4)(a), they might agree to consult the Executive Committee of the Life or General Insurance Company, whichever may be concerned, and ask for the approval of the Executive Committee to that order. That would be in a way substituting a jury process in place of judicial process and would be equitable. An order is passed on the subject matter of investigation. What would be the harm if the party feeling aggrieved were to refer it to the Executive Committee constituted under this law? In the case of Life Insurance Company the Life Insurance Executive Committee, and in the case of General Insurance the General Insurance Executive Committee, would endorse the order made. I am sure if it is reasonable order, as most orders will be, the Executive Committee will endorse the order. If in a rare case the Government of the day has exceeded the needs of the case, the Executive Committee might vary or suggest modifications of the order. I shall be grateful if the Minister would consider this. Without any formal amendment of this Bill, Government might establish a convention and give an assurance that they will follow it. That would certainly satisfy me. My only purpose is that a single bureaucrat sitting in judgment over the destinies and the fortunes of private citizens shall not be the ultimate arbiter. There must be some other party, a jury or a judge or a court, who will endow judgment, and I think what I am saying is not only consistent with commonsense and what I had hoped for many years when we were fighting the combination of the Executive and the Judiciary, but with one of the Directive Principles of our Constitution—that the Executive and Judicial powers shall

not rest in the same hands. This section is a clear case of the Central Government—the Executive—being also the final judicial authority over the fortunes of somebody. I think it is in contradiction of both public morality and our own Constitution.

A suggestion was also considered that we might divide this list under (4)(a) into two—major and minor orders. I for one would be very glad if Government could have suggested that certain major orders should be appealable and minor orders should be without appeal. It has been answered that it is not practicable to draw a line between them. The clause as it stands says:

“require the insurer to take such action in respect of any matter arising out of the report as the Central Government may think fit.”

You will notice that there is no limit on what may be ordered. I agree that in most cases the orders will be reasonable, but we are not legislating only for reasonable things, we are legislating for both reasonable and unreasonable acts both on the part of Government and on the part of the insurer. A law must provide for both contingencies. Therefore I urge on the Minister to consider the alternative suggested by me, namely, of consultation with the Executive Committee and getting its confirmation in cases where the insured party is aggrieved. If it does not confirm, then I suppose the Government and the Executive Committee would vary the order to the extent of their agreement.

Shri A P. Jain: If there is no agreement?

Shri Masani: The hon. Member may suggest any solution. I have pointed out the defects in the Bill and it is for Government and this House to seek and find ways and means to improve the position. I do feel that one of the suggestions made should be accepted. One of these is for the confirmation of the orders. The House will see that there is no question here of objecting to controls or plans. It is a narrow point. If a man feels aggrieved that the order passed against him is unjust he should have redress. To-day, sections 33 and 34 give that right and this clause takes away that right. I urge that it should not be lightly taken away but something else should be put in its place if delay has hampered the proceedings in the past.

My other point is that clause 31 in the Bill as reported by the Select Committee differs from the original clause 31 as introduced by Mr. Neogy in this House. The original section 31 gave certain powers to the General Councils for Life and for General Insurance.

Mr. Deputy-Speaker: Hon. Member means clause?

Shri Masani: Yes. The Life Council would have an Executive Committee which would function in the case of Life Insurance and the General Council and Executive Committee in the case of General Insurance, and clause 31 of this Bill as introduced said that the Executive Committee in each case would have certain powers. The powers in question are of fixing a limit by which the expenses incurred by a class of company in a particular year might exceed the prescribed limit under the rules. It is a narrow power of widening the bounds of certain rules that are going to be made so that in the light of business conditions in a particular year certain concessions may be made where the needs of the case demand. Those powers were quite rightly to be exercised by the authority to be set up under the Bill. But, for some reason that has baffled me; these powers have now been mysteriously transferred to the Controller—a Government nominee, a Government official. That I consider to be a retrograde step. I would like the original clause to be restored as moved by the hon. Minister, Mr. Neogy. The fact that he himself moved it and Government proposed it will certainly make it clear that I am not suggesting anything unreasonable or radical or revolutionary. I am asking why this change has been made.

Mr. Deputy-Speaker: The hon. Minister was throughout in the Select Committee.

Shri Ramalingam Chettiar (Madras): He was not.

Shri Masani: The hon. Minister explained to us that this change was made in the interests of the smaller companies. That does not happen to be correct. I will give reasons for that. First of all, let us consider the composition of these Executive Committees. It is laid down in section 64 of the new proposed Act that the Executive Committees shall be composed as follows: two officials nominated by the Central Government, one of whom is to be Chairman *ex-officio*; one non-official not connected with any insurance business, also nominated by Government; five insurance people also nominated by Government to give representation to those sections of insurance business which may not have secured enough seats by election; and lastly eight people elected by the insurers, life or general, as the case may be. Therefore, you have got eight elected representatives of the industry or trade, five others whom the hon. Minister will nominate precisely to see that the smaller or bigger companies do not go unrepresented, and one non-official and two officials on top of them. In other words, there will be a majority of Government nominees. Is this a body which cannot be trusted with these very limited powers which the hon. Mr. Neogy intended to give them? Why this distrust? When you set up an autonomous organisation, show trust in them, give it powers and it will show a sense of responsibility. If you are motivated by the same suspicious mentality that characterised the old bureaucratic Government of this country, you are not going about the establishment of a mixed economy in the right spirit. Because, mixed economy calls for confidence in the State on the part of private business and calls for confidence on the part of the State in private business. If you are going to treat the elected members on these Executive Committees as irresponsible people, then, you might as well scrap these Committees altogether, and rule by Ordinance and by decree. Therefore, when you are setting up these responsible bodies, partly by nomination and partly by election, surely these small powers can be given to them to be exercised, without snatching them from their hands and placing them in the hands of bureaucratic officials. I am not saying that the officials are not honest; for the most part, they are. If you are suspicious about a Committee consisting of elected people and people nominated by Government, we have more reason to be apprehensive about the whims and caprices of one individual official. Therefore, I suggest that we may go back to the original Bill, as introduced by Government themselves and not start by showing a lack of confidence in those who will represent the industry.

A point was made that smaller companies would not be represented. That, if I may say so, is completely unfounded. The authority for this is found in the evidence led before the Select Committee which has been circulated to hon. Members. I am quoting from page 44 the evidence of no less an authority than Mr. Ranganathan, a Joint Secretary of the Ministry itself. This is what he said:

"But representation on the Council will be by election. Each company will have one vote. We are not giving any weightage according to the premium of the companies. Why do you then fear that the big companies will dominate the show."

This is what I want to ask the hon. Minister. I want to repeat Mr. Ranganathan's words to him: "Why are you then apprehensive?"

Shri Ramalingam Chettiar: What was the reply?

Shri Masani: There was no reply because there is none. The smaller companies are in a larger number and the probabilities are that they will swamp the whole show and Government will have to nominate representatives of bigger companies just to see that they are not wiped out. Therefore, the argument

that the smaller companies are apprehensive is, if I may say so, without substance and the best testimony for that is that of an able officer, Mr. Ranganathan, who knows more about this than most of us. What is the answer to Mr. Ranganathan? There is no weightage. There is a democratic election. On top of that, five people are to be nominated. In case there is any mal-representation, Government will nominate five people. After all, we have to give powers to this authority and not show the timidity shown here.

Shri A. P. Jain: In that case, this provision is for the protection of bigger companies which will be overwhelmed by the smaller companies.

Shri Masani: Let me read what one big company has said in order to satisfy my friend Mr. Jain that injustice will be done neither to smaller companies nor to bigger companies. This is from the evidence of Mr. B. K. Shah of the New India Insurance Company, one of the bigger companies, and this represents the sentiment of the entire industry :

"The provisions in the Bill in regard to the General Insurance Council and the Insurance Association of India do not go very far. We are thinking more or less from an ideal point of view. We are a country where insurance is likely to develop very fast, and we want that this institution should be built on a sound footing. We want the Insurance Association of India to be the pivot of the whole of insurance business so that, in regard to any question—not of life insurance or general insurance in particular, but of insurance as a whole—this will be the institution competent to speak with authority. Therefore, what we want is that it should not be just a beautiful dummy, but it should be properly constituted. In regard to the General Insurance Council, we want that the basis of the constitution should be in it—not the details, but the fundamental basis should be there. These are democratic institutions and let them remain democratic. That is our submission. We should see that the element of democracy is not outlawed."

I do appeal to the hon. Minister in the light of this offer of co-operation and of the offer to take the burden that the industry has shown, not to spurn it, not to show suspicion and lack of confidence, but to deal with it in the spirit in which it has been extended. We are confident that those who run the business will throw up the best in them and not the worst and that the power of control and regulation will give a right lead and take the country forward. It is in that spirit that I would once again suggest that these points may be considered.

It is because I am anxious for the success of this measure, for the success of planned economy and for the success of Government regulation and control on a sound basis that I have taken the time of this House. I do feel that in the light of what I have said, which I am sure has the support of a large section in this House, the hon. Minister will consider whether both these points cannot be met, if not in the precise way in which I have suggested, in some other way, and I do urge on him that these two points are blemishes on a good measure and that they need serious attention on his part. I hope I have not made a speech in a debating spirit. I have tried to carry conviction to my hon. friend the Minister in charge of the Bill. It is in his hands to accept the suggestions or not. But I do urge on him that it is not just a debating point. He can, as a clever lawyer, give an answer and make it look as if my contentions are without any grounds. The point is, that in one case the jurisdiction of the court has been ousted and in the other case, powers which were intended in the original Bill to be exercised by the autonomous body to be set up under the Bill have been taken away. In both cases, it is a narrow point. It does not spoil the Bill; it will improve the Bill considerably if the hon. Minister will accept the suggestions in the spirit in which they have been made.

Shri Gautam: I congratulate the Government for placing this Bill before this House even when the Minister in charge of the Bill is not able to be present in the House owing to his illness.

[Shri Gautam]

This Bill has a long history. It is for the last six years that attempts are made to introduce an amendment to the existing Act of 1938. In 1944 a Select Committee was formed and a draft was handed over to it, and the Select Committee worked on that draft and submitted its report. As the term of the Assembly expired, automatically, the Bill also expired. A Committee under the able leadership of Sir Cowasjee Jehangir was appointed in 1945 and a report was submitted by that Committee. On the basis of those recommendations, another Bill was drafted and submitted to another Select Committee. But, for reasons best known to the House and to the Minister in charge, that Bill also was withdrawn in 1948. This report of the Select Committee which is now before the House has taken enough time and my friend Mr. Sidhva must be happy, for last time when the Minister asked for extension of time he opposed it for fear that the Bill might never be brought before this House. For these reasons I specially congratulate the Government for having brought the Bill before the House.

I will not take up the time of the House regarding the contents of the Bill, as the Minister piloting the Bill has clearly and exhaustively dealt with all the points that the Bill deals with. Therefore, I will deal only with one point which forms a part of the note that some of us, including myself, appended to the Report of the Select Committee.

My fear is that in spite of the efforts that are being made to safeguard the interests of the policy-holders by way of putting restrictions in investment, on expenditure and such other things, I am sure people will find a way to manipulate things in such a way that the interests of the policy-holder will not be as safe as we would like them to be. It is surprising that in an industry which does not produce anything but only keeps accounts—out of 191 insurance companies only 43 have been able to declare a bonus to the policy-holders—30 per cent of the premium money is spent on expenses. For every rupee that the poor Indian has to pay to the insurance company five annas are spent over management and dividend to the shareholder. If I tell you that I am prepared to take your money to the bank and that you will have to pay me five annas per rupee for that, would you not treat me as a lunatic and turn me out of your house?

Mr. Deputy-Speaker: I think it is the other way!

Shri Gautam: Yet this is the case and this Government of ours and this House of ours is tolerating it and not asking the people to get out of the industry and thus save these five annas. I am quite sure that the interest of the policy-holder will not be safe, unless this industry is nationalised straightway here and now. If you do not nationalise it I am sure this Bill will not safeguard the interest of the policy-holder. The Bill may be passed this session but after a year or two when we compare notes we will find out that we have miserably failed in safe-guarding the interests of the policy-holders just as we failed by the enactment of 1938. Therefore there is no other course left but to nationalise it. This is an industry which will not suffer if it is nationalised, because production will not go down. The people whose interests are vital in the industry will not suffer. After all what are the interests involved in this industry? The primary interest is that of the policy-holder. His interest will be safe, the express will be lower and the result will be either the premium would be lower or the bonus will be greater. In both the cases he will have better return for the money that he pays than what he is getting today.

There are certain objections raised against nationalisation. My friend Mr. Masani and I were together when the Congress Socialist Party was formed.....

Shri Gadgil: Sad memory.

Shri Gautam: I am a conservative living in the rural areas and working among the masses and I do not get the latest ideas of the world, because I am a man living in the rural parts.....

An Hon. Member: But you have been to Europe.

Shri Gautam: I have been to Europe but it is too late in my life to change my ideas.....

Shri Gadgil: And yet you have done well!

Shri Gautam: My friend Mr. Masani lives in the most cosmopolitan city of this country and he is associated with the best industry in the country. I am proud of him. But I am sorry that he is connected only with the best industry and he cannot see the other side of industries. He cannot see that the industrialists of this country have got the other side also. They are not all Tatas who have got a clean record of their industries. This Bill has been brought before the House only to safeguard the interests of people against those who misbehave and could not manage the industry properly. Otherwise what was the necessity for this Bill? If these people could carry on their business honestly, patriotically and in the best interest of the policy-holders, it would have been none of our business to interfere with the affairs of an industry which is running well. We have come to the conclusion that this industry is not running well. I do not know how many supporters I have in this House but I for one have come to the conclusion that industry which is in private hands, whether insurance or any other industry, is not being run well and the people in charge of it are not acting patriotically and in the best interests of the country. I am not one of those who abuse and accuse only the people in charge of the insurance industry. The managers of this industry are as good or as bad as those of any other industry. I do not forget the memories of sugar, cloth and other muddles. They have been very unfair to the country and you cannot compare this industry to the cloth, textile or sugar. Therefore it is none of my business to say that the people in charge of this industry are the only bad people and the others are good. My point is that the industries which are in private hands in this country, with the exception of one or two, are not doing their duty. That is my grievance and complaint.

Certain objections were raised against nationalisation. One is that if this industry is nationalised you will not be able to get all the technical and expert knowledge that is required for this industry.

Shri A. P. Jain: It does not require any expert knowledge.

Shri Gautam: My friend, whose opinion I value very much and with whom I am in greater agreement than perhaps with anybody else, says that it does not require any expert knowledge. But assuming that it does, it will be a slur on the patriotism of those who are running this industry today. If these people can serve their masters today, I tell you, they will be too glad, more than glad, to transfer their services to Government and serve this industry better, because they know that if they serve under Government they serve the whole nation, not a few individuals. Therefore, all the expert knowledge that is available in the country will be at the command of this Government and Government will be able to make use of it in the way that it thinks fit.

The next point is that nationalization will save a lot of expenses. At present there is duplication. There are—I don't know how many exactly—fifty or a hundred or even more insurance offices in this very City of Delhi, one competing against the other, one abusing the other, one trying to create confidence in its own company and trying to tell the insured or would-be insurers that the other companies are too bad and that they should not go in for this or that company. It is not a propaganda for insurance, it is a propaganda for

[Shri Gautama]

the particular insurance company as against all others, and this creates confusion in the minds of the people. If the industry is nationalized, there would be a drive on the part of the Government and of all of us concerned that insurance, so long as private property lasts, is necessary for every individual and every individual must get himself insured. And when insurance will be with the State, it will command the utmost confidence because so long as Government is there, people's money is safe; that is not the case with the private companies. Therefore, not only will the expenses be reduced, but the people will become more insurance-minded and there will be more of insurance business at less cost because duplication and competition would go. With the expenses reduced, there would be either lower premia or increased bonuses.

Then there is the other point which is sometimes raised: Have you got the necessary money to nationalize it? Have you got the necessary money to pay to these insurers, to the people who hold shares? That is one of the questions always asked by Members of Parliament if any proposal for nationalization is made. But I submit this is one of the easiest things to nationalize because the money of the shareholders is much less than the money paid by the policyholders. The life fund is much greater and therefore it requires no money out of your own pockets. On the contrary, it will give tens of crores every year to Government for national planning. This Government is starving for money. It is closing down all the development schemes which were planned under the guidance of the hon. Minister who is piloting this Bill. My hon. friend is starving for money and he is closing down the schemes that he had planned. I suggest to him particularly, that if he wants it here is an avenue for him. Is he prepared to make use of it? If not what are the reasons? If you get tens of crores of rupees every year, you can try to develop these schemes which are in the best interests of the masses. By dropping these schemes, you have ceased to be a welfare State to that extent. Therefore, I submit that this will be an avenue of income which you will get and which you can make use of. You will be serving the masses by developing those schemes. You will be enriching your country. Therefore, I do not find any reason why this industry should not be nationalized. If it is not going to be nationalized, then in spite of the fact that I am one of those who have agreed to the report of the Select Committee, I have got my own doubts that even this Bill will not be able to protect the interests of the policyholders because the insurer, the capable people who are at helm of affairs of the insurance companies, will, with the help of the able lawyers that are available in this country, be able to find loopholes in this Bill and they will be able to make use of these clauses in their own interests. Therefore, I submit that the only course left, in the interests of the policyholder, is nationalization.

There is one other thing that is often said to us: the agent would suffer. I submit that it is just the contrary.

Mr. Deputy-Speaker: I don't know if it is necessary to elaborate this point because Rule 81 of the Rules of Procedure says:

"The debate on a motion that the Bill as reported by the Select Committee be taken into consideration shall be confined to consideration of the report of the Select Committee and the matters referred to in that report or any alternative suggestions consistent with the principle of the Bill."

The principle of the Bill has already been accepted. I did not want to interfere with the hon. Member when he referred to nationalization; certainly it is one of the important issues. But we have accepted the principle of the Bill and he need not elaborate or go into it further. The hon. Member may speak on other points. He need not be elaborate.

Shri Gautam: A word more and I have done. I was just thinking in my mind whether the Bill would satisfy the needs for which it is placed before us, and I have got my own doubts. I was proposing an alternative to this Bill because I had my own suspicions. But in view of your ruling, I need not take the time of the House. Only I would again warn this House that this Bill will not work, it will not suffice, it will not safeguard the interests of the policyholders, and the sooner Government places a Bill before the House for the nationalization of this industry, the better for the policyholder, the nation and all concerned.

Shri T. T. Krishnamachari (Madras): I shall bear in mind the ruling that you gave and I propose to stick to the four corners of the Bill as it has emerged from the Select Committee. The House is aware that at the time this Bill was committed to the Select Committee, I had some criticisms to offer. Of course, I was aware at that time that what I said was not by any means unique because I think the large majority of the Members of this House held the same views as I had given expression to at that time. But I accept this Bill as it has emerged from the Select Committee. There are a few modifications which might be necessary in order to make the working of it smoother, but at the same time I recognise that when a body of people have spent months, oftentimes under your leadership, in examining the various provisions of this Bill and, as my hon. friend the mover put it, have acted in a spirit of concord and amity and have produced a revised Bill, I think we have to accept it.

In this connection, I would only like to make one reference in regard to the scope of this particular measure before us as it has emerged from the Select Committee and in regard to what we should do hereafter. Apart from this question of nationalisation or otherwise, it will be worthwhile recognising that insurance legislation as it has appeared so many times in this House and about which you, Sir, are familiar and I am also familiar to some extent, has been more or less an attempt at policing the insurance trade. The attempt has been to see that fair-play is ensured to the policy-holder, that the administration is kept reasonably safe and within proper limits, that risks are avoided, that the tendencies shown by semi-scrupulous capitalists and adventurers are curbed and that a certain amount of policing duties are conferred on the former Superintendent of Insurance and now the Controller-to-be under the new scheme. If my hon. friend Mr. Masani thinks that the controls which he likes,—which he believes are necessary,—have gone too far, I have only to submit that it is a matter of opinion as to how far you want the controls and as to how far you do not want the controls.

Shri Masani: I did not say so.

Shri T. T. Krishnamachari: He may not have said it expressly in those terms but that is what I understood from his speech, and I quite recognise that my knowledge of the English language is very inadequate compared to his. But I would ask my hon. friend Mr. Masani for the time being to give up his very well known plank of fighting authoritarianism and pleading for democracy and come down to the realities of the situation as they exist now in the insurance trade. As my hon. friend Mr. Gautam put it, Mr. Masani is associated—very fortunately—with a concern whose reputation for fairness and integrity is very well known in this country. He is a lucky man. I envy him his good luck, but I do feel that he has got to envy the knowledge that we possess of the underworld in insurance business which is—perhaps unfortunately—denied to him, or against which he is deliberately closing his eyes.

You, Sir, are aware in your long experience as a Member of this House how times without number you and other people who worked with you have had to speak about the vagaries in the insurance trade; how companies have been changing hands with a greater ease and a greater freedom than a demi-mondaine,

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and how the whole position is that, so far as insurance companies are concerned, they are often run by some capitalist, entrepreneur or an unscrupulous adventurer who merely wants to make huge profits out of the fact that he is in control for all the time the money that is there in insurance companies is inviting adventurers to come and try their hand at getting control over it. If my hon. friend Mr. Masani will face the realities of the situation, he will have to face the fact that the policing efforts that we in this House have all along concocted have proved futile against the ingenuity of the unscrupulous, against the ingenuity of the semi-rich and against the ingenuity of the entrepreneur and capitalist who has a very big part to play in the mixed economy which my hon. friend cherishes, if he does that, he will realise that we have not gone as far as we should possibly go. I admittedly restrain myself from referring to the obvious choice, but it may be that the administration of this country which is now entrusted to the Congress Party—and which Party will have to stand the test of scrutiny and judgment by the public who have entrusted them with the administration—will before long realise that the police powers granted by us to Government under this Bill are not adequate to safeguard the unfortunate policyholder from the rapacity of individuals who are unscrupulous.

Shri Sondhi: Why so many adjectives?

Shri T. T. Krishnamachari: Adjectives are the salt of life and if my hon. friend Mr. Sondhi had taken a little more salt he would be happier.

My plea to Mr. Masani is this: please drop high flown ideas of mixed economy. We are here to do some business. We are all here combined to see if we can possibly save a type of institution which is primarily a public utility institution from being misused for the purposes of the gain of a few individuals. There is no use comparing insurance with ordinary business. Insurance is not a business in the ordinary sense of the word. There is no justification for insurance to be carried on unless it is a public utility.

Shri Tyagi (Uttar Pradesh): It is gambling.

Shri T. T. Krishnamachari: That is the line on which I would like to develop this argument, if I may. The point I wanted to make is this and I think it is in part an answer to Mr. Masani. All along, in this House we have tried by means of police powers to guard the interests of policy-holders. But I think that we have not really served the interests of the people of the country in providing for them a public utility of this nature, cheap, efficient and something which will be satisfactory. This morning I was reading in a Financial Journal what is published in this country the communication from the London Correspondent of that Journal, and I found in the Insurance Notes of that Journal a very significant statement. The Correspondent says that Insurance Companies in the United Kingdom are hard put to it to reconcile the fact of the static or diminishing income of the individual and the rising cost of living and the desire of the individual to provide for some security for the future. How best insurance can serve those people is the problem of the Insurance Companies in the U. K. today. It may be that that is a real problem or that it is a mere poser. But in this country, with standards of living almost shameful as compared with the standard of living in the West; with the expectation of life far below that of people in the West; with the necessity for securing provision for the family much greater than in the case of people in any other country;—with all these things, has the time not come for us to see if this great public utility serves the people better and that we provide a type of insurance which is cheaper than what is now provided by the Insurance Companies? I think that both the Government in this country and the Members in this House as well as those people who are connected with Insurance Companies—I mean

the executives of those Companies who are no doubt working loyally for the benefit of the people—all of them have got to apply their minds to see if we cannot make this public utility really a public utility by providing insurance at a reasonable cost, so that a much larger number amongst the people of this country would benefit. There is no denying the fact that at the present moment insurance is not attractive to the people of this country. It may be because the cost of insurance is very or it may be that is why the cost of insurance is very high. Canvassing has to be done; agents have got to be paid; tiers of agents have to be maintained; expense on advertisement has to be gone into in a very large measure—by all companies at the same time—in order to keep up this competitive spirit that goes hand in hand with the mixed economy that we want. We want so many Companies to flourish. We do not want to interfere with their rights by denying the right to go to court against an order passed by the Controller—which my hon. friend Mr. Masani considers to be the very essence of authoritarianism the taking away the right of the ordinary citizen to go to a court of law. But I do feel that the time has come for us to realise that this is not a competitive trade at all. I read the evidence, the record of evidence from which my hon. friend quoted—the evidence of Mr. K. R. Srinivasan of the Oriental Life Insurance Company. He has said that they had changed the premium rates of Oriental Life five times during a period of twenty-five years. And sometimes they had to raise rates because the interest earned by them on their investment has been rather low. Well, if that is the service that the insurance is doing to the public, I am afraid there is not much justification for us to bother ourselves about it in this House. Government must think of ways and means of not merely curtailing the expenditure of insurance companies under the clauses that find a place in this amending Bill, but also to see that wasteful competition does not really exist even though my hon. friend would not like to interfere with this competition spirit so essential for a mixed economy. But what is the competition that exists among these insurance companies? They all work under one tariff scheme. The only competition is that one company is better placed; one company is a sounder concern and its life fund is bigger. This kind of waste we have to avoid because every pie will have to be saved so as to make insurance cheaper to the average man in this country. I do hope that future legislation in this House will be directed towards providing life insurance cheap to the people, without wasteful expenditure, so as to make—even compel, if necessary—everybody to insure his life, instead of leaving it to the cleverness of an individual canvasser to make a person take a policy or not. Looking at this matter from that point of view, I have no doubt that I am unable to look upon the insurance industry, or business, as one may call it as a competitive one, as my hon. friend Mr. Masani wants it to be. If my hon. friend will look at it from that point of view, I have no doubt that he will withdraw all the objections that he has raised to the investigation powers of the Controller as also to the question of a nominated bloc in the executive committees, in the two different types of executive committees envisaged in this measure.

What is the serious harm in these investigation powers given to the Controller of Insurance. My hon. friend said that sections 33 and 34 of the old Insurance Act were much better. If that were so there was no need for an amendment. Actually, our experience has been that it served no useful purpose at all. It is all right for you to allow a lot of freedom. But that freedom has resulted in the position in which the insurance industry finds itself today and I am sure Mr. Masani, with all his eloquence, with all his keen sense of perception, cannot deny that the insurance industry is in a parlous state. What exactly is sought to be done by clause 25 which relates to the new section 33. It empowers the Central Government to:

“require the insurer to take such action in respect of any matter arising out of the report as the Central Government may think fit; or

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direct the Controller to apply to the Court for the winding up of the insurer, if a company, whether the registration of the insurer has been cancelled under clause (b) or not."

These are the two matters which are not appealable. Clause (5) of this proposed section 33 says:

"No order made under this section other than order made under clause (b) of subsection (4) shall be capable of being called in question in any court."

Actually, the really important portion of sub-clause (4), namely "direct the Controller to cancel the registration of the insurer" has been excluded from this embargo, so far as appeal to a court of law is concerned.

Well, my hon. friend Mr. Masani has not told us what are the types of orders that the Controller can possibly issue to these people, how could these orders be unreasonable? In what respect will they be unreasonable? What is the personal interest that the Controller will have in teasing an insurance company which is a corporate body and is not a private business. Any Controller, any man who holds the position of the Controller must realise that it is not a matter where vindictiveness can come in. How can you really say that the Controller can be biased except on a judgment of facts? Even assuming that he could be, what is the extent of mischief that could possibly be done by an officer of Government who has to be responsible ultimately to the Minister, who in turn is responsible to this House?

Exaggeration is an art which can be played to perfection and I have no doubt my hon. friend Mr. Masani, being a polished orator that he is, could exaggerate innocent facts to be enormities and condemn a Bill practically with bell, book and candle.

Shri Masani: I supported it.

Shri T. T. Krishnamachari: Yes. But what is the use of a support which is very very half-hearted, which says this Bill is authoritarian in its structure when actually some of us feel that with all the authoritarianism that we have endowed this Bill with, Government may not be able to check the mischief that is now rampant so far as the insurance industry is concerned.

On the question of nomination, we who have been in the Legislature in the past and have so often condemned the Government of the day for using the power of nomination to safeguard the Government's interest know very well both sides of the argument. My hon. friend Mr. Masani like a clever lawyer—I suppose he has perhaps been trained as a lawyer, I do not know—culls out a single sentence, a single statement, from the evidence given by an officer who was not aware all the time that Mr. Masani might misuse his innocent statement to support a cause which could not be otherwise justified. He has merely taken the statement of an official, not even his evidence, but an answer to a doubting Thomas, not one of the intellectual doubting Thomases like my hon. friend Mr. Masani, a person who was rather afraid that this executive council will do no good to small companies. As I said this answer of Mr. Ranganathan on page 44 of the record of evidence is a very innocent answer. Unrelated to the context of the situation, it may look as though it was an admission of enormous import in favour of the proposition that my hon. friend Mr. Masani wants to bring home to this House. But looked at from the context it means nothing at all.

Shri Masani: It means exactly what I said.

Shri T. T. Krishnamachari: Persistence, I suppose, is Mr. Masani's particular virtue and I wish him luck, but he is not able to carry any conviction thereby.

Shri Masani: Not to you.

Shri T. T. Krishnamachari: What is this question of nomination? Mr. Masani accuses the Select Committee for having departed from something which was wholesome, something which was pure, something which was sacred which the original draftsmen, the officials in the Government of India, had put before the House and which the Select Committee has altered without any consideration for the high principles of democracy and the hatred of all forms of authoritarianism which must go along with it. The position is that certain interests could not be given an elective right, particularly foreign interests. Actually the foreign interests would like to have separate electorate. Mr. Masani would perhaps concede to them that right, but we are not going to do that.

Foreign interests there are in this country. We acknowledge the fact that they have played a useful part and in the sense that insurance is to a certain extent still competitive they can still operate as a moderating factor. They played an important part in the sense that they provided you with facilities for reinsurance. Whether you like it or you don't like it you cannot exclude them in fairness. You have to give them some representation. Government says we will nominate you to Executive Committee. In the process of examination of different aspects of the Bill they find that the voice of bigger companies is so great and the limitations that the Bill puts on the smaller companies so many that they will one by one get amalgamated to a bigger concern—the big fish swallowing the small one. Government will in that case give representation to one or two small companies by nomination. The whole series of arguments that we have used in the past against the British Government Mr. Masani wields against the present Government. How is this nomination iniquitous? I do feel that there is no use importing the hang-over of the past.

4 P.M. In this present instance I feel that nomination is essential and it is good. It does not offend against the principles of democracy. If you give up nomination which is used in order to provide for the representation of interests which cannot otherwise be represented, which in fairness you must allow representation for, well, you are misusing the very ideas of democracy. At certain times it is impossible for us to provide by election for the representation of certain interests.

Mr. Deputy-Speaker: Is there any provision for the nomination of any of the policyholders in these Councils?

Shri T. T. Krishnamachari: Sir, I must bow to your better knowledge of this particular matter, but I do feel that so far as nomination is concerned Government's hands are not fettered at all. Government can choose their nominees far and wide from all classes of people. That is my view of the situation, but I must submit to your better knowledge. But so far as nomination is concerned I see nothing wrong in it, nothing against the fundamental principles of democracy. Even in the Constitution we have provided for twelve people to be nominated to the Upper House because of their eminence, merely because they won't seek election, merely because we wanted the cream of intelligence and character of the country in the Upper House so that their advice might be available to us. We have provided for nomination advisedly. We have not allowed the hang-over of the past, our dislike of all nominations when the British Government misused it in such a way that it became an anathema to us to deter us from that step. I do not think there is any use my hon. friend Mr. Masani raking up the past in order to make us approve of an objection which he now holds against this particular provision which objection in my view is absolutely without any substance and the provision cannot really either vitiate the character of the Bill or put any hurdles in the way of the proper working of the Bill.

[Shri T. T. Krishnamachari]

My hon. friend Mr. Masani suggested that so far as the use of the powers of investigation under clause 25 is concerned the Controller should consult the Executive Committee and be guided by them, after acting under the powers he has under this clause he must get the consent of the Executive Committee and if the Executive Committee does not approve of the same he must revise his action or completely drop it. It would be rather difficult once the Controller takes an action against an insurance company to completely undo it. Therefore a consultation *ex post facto* is well nigh meaningless. But I would like to suggest to my hon. friend the Minister that he might, if he likes, consider along with his experts the idea that there might be provided some kind of advisory council to be connected prior to action being taken. The advisory council cannot be a big committee; it has got to be something very small. I might throw out a suggestion that it might be a very small committee composed of, if it is possible, the Deputy Governor of the Reserve Bank or a senior official of the Reserve Bank, the Controller himself, and the Chairman or some senior member—but preferably the Chairman—of the Executive Committee of the appropriate Council, that is to say, if it pertains Life Assurance the Chairman of the Life Committee or if it pertains General Insurance the Chairman of the General Insurance Committee. Some such scheme might be evolved. Of course it is not much use putting it in the statute. It is not much use making it an obligation. It is not much use making it a possible matter to be taken to a court of law, in spite of the express provision against the matter going to a court of law, on the ground that such and such a condition has not been fulfilled and therefore the matter could be taken to a court. But I would ask my hon. friend the Minister to consider this suggestion that a small informal advisory council might be set up for such occasions and Government might direct the Controller to consult this advisory council and take appropriate action. That might provide some safeguard against hasty action and also against any vindictiveness which I however think is very unlikely to be shown against any insurance company.

That in my view deals with more or less the objections that my hon. friend Mr. Masani has put forward. I appreciate that he has to put forward those objections because he has appended a Minute of Dissent. And he has had to append a Minute of Dissent because the dictates of his conscience direct him that he should. There is no quarrel in regard to that. My complaint is that a very small matter is being exaggerated and made big to show that his attitude is justified and that the Minute of Dissent is justified. I have no doubt the House will realize that he is perfectly entitled to hold that view and it is a view that can be pressed. But in the circumstances of the case, in the peculiar state in which insurance business is placed, in view of the fact that these powers may not be altogether adequate and probably Government might have to come very soon with another measure putting the screw on a little more tight so that our friends in the insurance trade who want to buy our companies and utilize the free portion of its funds for their own purposes may not be able to do so, his objections cannot be entertained. I have no doubt in my mind that even in regard to one or two cases that I am aware the Bill may not completely fit the picture and be able to prevent mischief. But I believe this Bill is an honest and fair attempt, and as my hon. friend the Mover put it, it is based on a certain amount of concord amongst the divergent interests in the Select Committee. And considering that my hon. friend Mr. Masani cannot find more than two objections to this measure and considering as I have no doubt that the Government have gone as far as possible to placate vested interests in this matter, I think that my hon. friend the Minister cannot but reject the amendments tabled by my hon. friend Mr. Masani, when he moves them or if he moves them, on the pleas that he has put forward before the House.

Shri Masani: Let him speak for himself.

Shri T. T. Krishnamachari: I am speaking for myself only. In using my feeble powers of persuasion I wanted the hon. Minister to reject my hon. friend Mr. Masani's amendments and see that the Bill goes through without being diluted in the manner suggested by my hon. friend Mr. Masani.

Mr. Deputy-Speaker: Mr. Ramalingam Chettiar.

An Hon. Member: Sir, are only Members of the Select Committee allowed to speak on this?

Mr. Deputy-Speaker: I am calling upon Members of the Select Committee because they had no opportunity to speak at the stage when the Bill was referred to Select Committee. Others also will be called in their turn.

Shri Sidhva (Madhya Pradesh): Can those who were not on the Select Committee also contribute to the debate?

Mr. Deputy-Speaker: Unless the closure is applied and unless the Speaker feels that there has been sufficient discussion, the debate will go on. It is a question of turn and the Speaker will try to see that there is a balanced debate. Nobody need be in a hurry.

Shri Ramalingam Chettiar: I am a great believer in mixed economy, probably stronger than either Mr. Masani on the one side or Mr. Krishnamachari on the other. All the same, I do not agree in the sort of mixed economy which either of them wants to develop in this country. Mixed economy can only mean the development of private enterprise in the country and allowing private enterprise to be encouraged and developed in all possible ways.

[PANDIT THAKUR DAS BHARGAVA *in the Chair*].

No such thing will be possible so long as the supply of power, banking, insurance and probably transport are all arranged in such a way that they are available to the big as well as the small and they are able to help private enterprise of the small sort as well as of the big sort. Now what happens in this country is that every big industrialist has got a bank and an insurance company behind him and controls the resources of these institutions to the best advantage of his own enterprise. The smaller enterprises suffer very greatly; they are not able to get finance; they are not able to get proper insurance facilities; they are not able to get proper supply of power and other things. It is that way that our industry is being handicapped. It is not possible for private enterprise to come up at all and start new industries, because of this fact. I know that even in an industry like the textiles there was so much trouble and all these banking companies joined together and imposed their own conditions. It is on that account that one has to see whether the insurance business as it is carried on at the present moment is serving the interest of the country or not. I for one, will say that so long as they are based on the present system, they won't be in a position to help private enterprise nor develop the mixed economy about which we are all so particular. That is the first point which has to be considered and secondly, we have got several Governments introducing compulsory insurance. We have already legislated for compulsory insurance of motor cars. Several of the States are introducing legislation for compulsory insurance of their servants. In these fields no special effort is necessary to procure the insurance business but all the same the insurance companies and their agents are claiming huge profits for the

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purpose of procuring this custom. I do not see how that can be justified. I also said that the vast resources of this insurance business are now available to big enterprise. While Government has been asking big enterprise to subscribe for their needs, they have not come forward. I do not see why Government should give up control of these vast resources, a part of which at least will be built hereafter by Government action to be made available only to big enterprise and not be made available for their own development purposes. These are some of the considerations that insurance which is a public utility concern as Mr. T. T. Krishnamachari agreed just now, should not be allowed to be in private hands. It should be in the hands of the State. The one objection taken by Mr. Masani was: "Where are the people to work it. You do not want the bureaucracy to run it themselves? Do you think that all the clerks in the office will run big concerns?" Nobody who thinks of the state undertaking concerns now thinks that the clerk in the office is going to run the show. We all know that business is business; business has to be done on business lines and by people who have got business experience. So, if the state takes it up, certainly it will employ people who have got experience of business to run these concerns. So there need be no fear on that score.

Then, it was said that in acquiring those concerns there will be difficulty. The difficulty that may exist is more or less imaginary. One thing that was said was about finding the capital. After all, most of the money that is in the insurance does not belong to the share-holders much less to the managing agents. So the capital that will be necessary for taking over the insurance is not a difficult matter at all. That is a thing which can be easily managed, and as I said, so far as the management is concerned, it won't be difficult, because the State will be in a position to employ people who have got experience of business and run it. If they will only do it, they will help all enterprises on equal terms; they will be in a position to help the industrial advance of the country; they will be able to help the development schemes. If Insurance is taken over by Government, the country will be benefited to the utmost and the number of persons who will lose will be a handful. One of the considerations which probably the State will have to consider is by adopting this policy, how many people will be thrown out of their jobs in the insurance business. If we take the whole of India, there are only 150 or 200 people who are now serving as managing agents or managing directors. To put them out of their jobs and ask them to find other jobs even after probably taking over some of them for service under the State is a matter in which there can be no complaint.

Then there is one further consideration which will have to be taken note of. All these insurance companies take up only what is remunerative. There are various fields of insurance which are absolutely necessary in the interests of the country but no insurance company will come forward to undertake them. Take for instance crop insurance or cattle insurance. These are important matters in an agricultural country like India. What happens? No insurance company is prepared to come forward and undertake the insurance of cattle or insurance of crops. What has to be done now is that if this sort of insurance is to be undertaken it ought to be undertaken by the Government. It is a huge risk. It is a thing about which we are not sure and many of us feel shy of undertaking a new venture like this, especially in the circumstances of our country of cattle diseases, failure of monsoons etc. If the State takes charge of all the insurance, probably they can pool all their resources and with all their gains and losses, they will be in a position to provide a sort of insurance that is necessary for other fields in which there is no guarantee of success. Life business and fire insurance and motor business are things which have been remunerative business. No doubt there is some risk but

the risk so far has been very little. Much of the premium that has been collected for these purposes has gone not for securing the risk, but for paying those persons who are employed in the business. I do not complain about that. All that I say is that it shows clearly that these businesses are not businesses in which people in the business think there is much risk; they consider it is a remunerative business and they are only thinking of dividing the remuneration among themselves. The fight has always been as to how much of this premium should go to the Managing Director, the managing agent and how much should go to the other agents. That has been the fight all through. So taking everything into consideration, it seems to me that insurance is a business which Government ought to undertake both in the interests of the policy-holders, as has been said this afternoon so vehemently by the speakers before and also in the general interests of the country and the development of our country as a whole.

Then coming to the two provisions about which Mr. Masani was talking, all I want to say is that he does not object to investigation. I think Mr. T. T. Krishnamachari did not put the case fairly for Mr. Masani. What Mr. Masani objected to was that on the report of the Director Government passes orders without consulting anybody and he thought that Government order based only on the advice of the Director who made the recommendation is not going to change his recommendation. That was his fear. I do not think he objected either to the investigation or to Government passing the order. The last suggestion which he made, seems to be a very fair proposal, namely, after the investigation, if Government before passing the order will consult the executive council, probably it will serve the purpose. I think I would ask the hon. Minister.....

Shri Alagesan (Madras): He talked of major and minor orders.

Shri Ramalingam Chettiar: That does not require any change in the provision itself. If the hon. Minister will agree to that arrangement and he will tell us that generally he will consult the Executive Council before orders are passed, it will serve the purpose. The investigation will be made by the Director and when he sends the report Government will consider the report and if they want to pass an order, let them consult the Executive Council. I think that will satisfy the purpose. As regards the nomination and clause 31, we were prepared to give the power to the Council but it was the small insurance companies which wanted the power to be vested with Government instead of with the Council as they feared that the Executive Council will be dominated by the big Companies. The bigger man may be only one man and there may be half-a-dozen smaller men but still the bigger man will be able to assert. Democracy is all right. Number counts no doubt but as a matter of fact we find in all Committees the bigger man is able to have his way. It was on account of that that the change was made. If I am not giving out a secret, we proposed to give the power to the Council but the smaller companies represented that it be left with Government rather than with the Council. So the change was made. So I don't think the observation of Mr. Masani is altogether right.

With reference to nomination also, the same was the position. It was because of that it was suggested that nomination may be resorted to with the idea of getting proper representation for smaller companies.

I would appeal to the Minister regarding one matter *viz.*, that the Co-operative Insurance Companies are not many in the country but their work is increasing. One special advantage with them is we are insuring policies from Rs. 100 and above and no limited liability company insures less than Rs. 1,000. So the Co-operative Insurance Companies are helping the very poor in the rural areas. So it is absolutely necessary that at least one of their

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representatives should be on the Executive Council. I would not ask it to be made a provision in the Act itself but I would appeal to the Minister to make a statement regarding that so that it may be accepted as a matter of convention and in all Executive Committees there may be at least one representative of the Cooperative Societies as a Member.

Shri A. P. Jain: I must agree with my friend Mr. Masani at least in one thing *viz.*, that he has raised a fundamental question which has to be answered. Mr. Masani's whole view point is summed up in one sentence mentioned in his Minute of Dissent:

"This country is now embarking on a phase of governmental control and regulation of various sectors of economic life and it is important that, with a view to avoid the growth of bureaucracy and centralisation of economic power with all the evils that are likely to follow, every effort should be made at decentralisation of control and that autonomous institutions such as the Life Insurance and General Insurance Councils contemplated in this Bill should be given the fullest autonomy to run their affairs subject only to minimum interference from the Government of the day."

This is the objection of a socialist disillusioned. During the course of his speech more than once he objected to the bureaucratisation of the national enterprises. I am not an advocate of running national concerns or national industries by officials or by bureaucrats. We don't want to establish in this country what is known as 'Managerial' State but let us see whether Mr. Masani's criticism in connection with clauses 25 and 31 is correct. Are we really going to entrust the control of insurance business to a bureaucrat? I would invite your attention to clause 5 which deals with the appointment of Controller of Insurance and sub-clause (2) of which says:

"In making any appointment under this section, the Central Government shall have due regard to the following considerations, namely, whether the person to be appointed has had experience in industrial, commercial, or insurance matters and whether such person has actuarial qualifications."

Mr. Masani said that the policy of Labour Government in U.K. is to entrust the running of national industries to persons who have had experience of business. That is exactly what we have provided here. This Bill makes also provision for setting up autonomous bodies like the Life Insurance Council and General Insurance Councils and Executive bodies. They have been endowed with considerable powers except where we found it necessary to place certain limitations because this is a new experiment and time and again the different interests in insurance business, the big and small companies, have not been able to see eye to eye with one another. I submit that there is nothing of bureaucratisation in this. There is nothing of regimentation. If a person is working as the General Manager of a Company, an insurance company or another industrial concern, does he become a real hard-boiled bureaucrat merely because he has been appointed as Controller? We are anxious to take full benefit of those who have experience of the actual working of these insurance and other commercial concerns. Mr. Masani objected primarily to two clauses. One is 25. Quite a good deal has been said by hon. Members who have preceded me about those clauses. I submit it is wrong to accuse Mr. Masani of saying that he does not want investigation. He has not objected to that. His objection is a specific one and it is this: that after the report has been received and the Controller passes orders, none of those orders should become final. In every case the injured party should have the right to approach a law court.

Now, clause (4) of proposed section 33 divides orders into three parts, (a), (b) and (c). Clause (a) deals with orders which require the insurer to take such action in respect of any matter arising out of the report as the Central Government may think fit. These orders are not appealable to a court of law. Mostly,

these orders will be in the nature of administrative orders. We have been told by those who have the experience of working the Indian Insurance Act for the last ten or twelve years that the power of investigation given to the Superintendent of Insurance under the existing Act has been nullified by the Insurance companies by every time taking the matter to the law court. Mr. Masani has vast experience of business; he is connected with one of the biggest business concerns in this country. May I ask him whether he would like every little matter which concerns administrative details to be taken to a court of law? The person who refuses to learn by experience is to put it mildly an unwise man and I would not like the hon. Member to join that rank. I think this is a very healthy provision. Otherwise, the whole scheme of this law would be nullified. Investigation would become a mere farce and no action would be possible on the results of investigation. Mr. Masani has suggested alternatives. Perhaps, he does not feel so sure about the right to take every order that is passed under part (a) of clause (4) of proposed section 83 to a court of law and therefore he has suggested two alternatives, namely, the appointment of a High Court Judge, not in this capacity as a civil court, but as an officer exercising quasi-judicial jurisdiction, who might review the orders passed by the Controller. Does he think that a Judge who has no experience of the insurance business, who does not know anything about the working of the Insurance Companies, will be in a better position to sit in judgment upon orders which may concern sometimes detailed and minute things? Does he trust a Judge better than his colleagues in insurance trade, one of whom may become controller? He has suggested another alternative which I have not been able to follow precisely. In fact, I tried to understand him by asking certain questions when he was speaking. To begin with, he said that before passing an order, the Executive Committee of the Life Insurance Council or of the General Insurance Council, as the case may be, might be consulted and then the order passed. Subsequently, he changed his ground and said that the orders may be divided into major orders and minor orders. He confessed that it will not be easy to divide the orders into major orders and minor orders. Then he made the suggestion that after the Controller had passed orders, those orders may be sent for confirmation to the Executive Committee or the Life Insurance Council or the General Insurance Council. I asked Mr. Masani what would happen if the Executive Council refuses to confirm the Controller's order. He had not the courage to say that the order would stand vacated. That is a preposterous proposition that every order passed by the Controller of Insurance should be subjected to the confirmation of the Executive Committee of the Life or General Insurance Council. That will make the working impossible.

Then, I say that there appears to be a large amount of misgiving, doubt, and even antipathy as between the big companies and smaller companies. That is one reason why in certain cases it becomes necessary that the ultimate power must rest not with Executives of the Life Insurance Council or the General Insurance Council, but with the Controller of Insurance. We gave a good deal of thought to this; we discussed it over and over again and ultimately, we came to this conclusion that if we want this Act to work smoothly, if we want this law to achieve the objects which we have in view, then, there is no other alternative except to give finality to the orders of the Controller in some cases. Of course, orders cancelling registration should be appealable to law courts.

The other objection of Mr. Masani was with regard to clause 31. I am afraid, here again, some of the hon. speakers who spoke after Mr. Masani, have not done him justice. He did not object to the power of nomination. His objection was that the Life Insurance Council or the General Insurance Council should have the ultimate power of fixing the relaxed limits of expense ratio and these Councils should act as recommendatory bodies, the final orders to be passed by the Controller. I believe I am correct in interpreting Mr. Masani.

Shri Masani: Absolutely.

Shri A. P. Jain: We must confine ourselves to that point. I confess, that originally the final power was given to the Life Insurance Council and to the General Insurance Council. But, during the Select Committee stage, we felt that we must make this change to inspire confidence both in the bigger companies and the smaller companies. It is no doubt true that both the bigger companies and the smaller companies have been given voting power. It may also be possible to give representation to the smaller companies, which are not properly presented, by means of nomination. But, when we view the industry as a whole, we find that there is misgiving, there is doubt, there is conflict of interest between the bigger and the smaller companies. What are we to do here as legislators? Are we to accentuate these differences by throwing one party at the mercy of the other or are we to lay down law by which justice may be done to the aggrieved party? That is exactly the object of the change which we have made. Ordinarily, when the Life Insurance Council or the General Insurance Council makes a recommendation, which is fair to the bigger interests and the smaller interests, the Controller will not interfere with that recommendation. He will accept that recommendation unless it is against the interests of the policy-holders or other interests involved. If, on the other hand, by sheer brute majority, some interests in the Council try to oppress the others, then, the interference of the Controller will come in, and I submit that it should come in in such cases. It is only for this purpose that the final power has been given to the Controller and I see no reason why any change should be made in the provision. Then, again, I ask, who is the man who will be exercising that power of ultimate control? The Controller. Who is the Controller? The Controller is a man who will ordinarily have experience of industrial, commercial or insurance business. Does a business man necessarily become a *pariah* because he accepts a public appointment? These are the two points made only by Mr. Masani and I regret to say that I cannot see much force in what he has said.

I will not deal at length with nationalisation, because Mr. Gautam and Mr. Rimalingam Chettiar have said a good deal about it. But I want to make one submission. Myself and certain other members of the Select Committee have appended a note. We believe that insurance business is one of those enterprises which is immediately ready and mature for nationalisation. As we have said in our note, it is capable of being standardised in its working. It will supply us with huge funds which are so badly needed by the State. It will also protect the interests of the policy-holders who today are not able to exercise control over the companies and the companies are managed by persons whose stake is comparatively small but who yet are in a position to derive very great advantages and benefit from insurance funds. We, however, came to a compromise and we did not press our point of view, partly because of the convention that once the principles of a Bill are accepted anything which is contrary to those principles cannot form the basis of amendments or changes. It was open to us to have sent back the Bill to this House with a suggestion that the whole Bill may be withdrawn and a measure for nationalisation brought forward. Nonetheless, looking at the scheme of the Bill as a whole we thought that it was a considerable advance on the existing state of affairs and therefore we accepted it in the hope that this Bill will serve as a guide and an experimental laboratory for nationalising the insurance business. It will on the one hand create a machinery for the control of insurance business, a machinery which will have the experience gained by constant working of insurance business and at the same time, it will habituate the insurance companies and their managers to public control in the larger interests of the community. It was with that hope that we accepted this half-way measure. We stand today for complete nationalisation and I would request the hon. Minister to bring, rather sooner than later, a measure for the complete nationalisation of the insurance business.

To begin with it, I have two suggestions to make. We can even today without bringing a legislative measure do something by way of nationalising insurance. Our Postal Department today is doing insurance business, though it is confined only to Government employees. May I suggest to the Treasury Benches that it is time that they should consider the feasibility of extending the postal insurance to persons other than officials. That will not injure any private interest immediately. Thereby we will not be taking over any of the private insurance concerns; nonetheless we will provide facilities for insurance to a sector of people which does not have it today. It is our experience that most insurance companies confine their activities to urban areas. There are very few co-operative insurance societies. Our postal system is widely spread out. In this session we have been given an assurance that between 3,500 and 4,000 new post offices are going to be opened in the rural areas. If insurance business is to be extended to rural areas it will be wise for Government to extend the postal activities in insurance to non-officials also.

I would suggest another thing. During the last few years the insurance of motor vehicles has been made compulsory—both for private and public motor vehicles. That is an obligation laid upon the motor owners by law. The result is that it has enlarged the insurance business but the whole benefit of it has gone to private hands. As the law has made it compulsory for motor vehicle owners—whether owned for private or public use—it will be proper and appropriate that Government should take over this business immediately into its hands. Since law had laid a compulsory responsibility on the people the benefits arising out of that responsibility should not go to private hands but to the public coffers so as ultimately to enrich the nation and add to the prosperity of the people of the country.

These are the two suggestions I have to make to the Treasury Benches for immediately extending the sphere of Governmental activities in the insurance business. I do hope that Government will at an early date see their way to examine the two suggestions I have made.

It is not my object to take the time of the House on other points. I have confined myself to the immediate questions raised by Mr. Masani and some others.

Shri Alagesan: I am glad I have been given this opportunity, though at the far end of the day. The hon. the Mover of the Bill characterised the career of the Bill as chequered and long. This remark is not only true of the Bill but also of the Ministers who have been in charge of the Bill from time to time. Two hon. Ministers who have been in charge of this Bill in the earlier stages have not been able to go through with this Bill. There seems to be a fatality about this Bill and I hope that the present Mover of the Bill will surely survive the Bill and it will be made into an Act. This is in conformity with the colloquial terminology for life insurance in our language. It is called a "death fund", though it is called life insurance in English.

After several days of consideration, reconsideration and over-consideration, the Select Committee has produced this Report and it is now in the stage of being discussed and the Bill passed by the House. The Select Committee deserves congratulation on this but I am unable to congratulate them on the various changes they have made. In my opinion the changes they have made have gone to water down the provisions of the Bill as introduced instead of tightening them up. That is my grievance against the Select Committee. But it is good that five members of the Select Committee have seen it fit to append a note making known their views on the necessity for nationalisation.

There is a leading journal in Delhi, whose inspirer wields a lot of influence in the public affairs of this country. That paper has come out with an article

[Shri Alagesan]

taking objection even to the mere mention of nationalisation in that note and the paper is very angry. Even the mere mention of nationalisation seems to be anathema to that paper. It says that nationalisation is neither necessary to safeguard the interests of policy-holders nor for the expansion of insurance business. It wants us to discard the idea that nationalisation is a virtue in itself. It asserts that nationalization will not help the business to expand as it would in the hands of private enterprise. And it peremptorily demands that the present piece of legislation should be the last word on State interference, leaving private enterprise to work out the expansion of the business. This is the admonition to which we are subjected by that paper.

Now, let us examine whether this tall claim on behalf of the private enterprise is really justified. If private enterprise had not mismanaged this business, had not dipped its hands into the moneys of the policy-holders to fill its own pockets, then there would have been no necessity for this piece of legislation. They would have been left to themselves. A high official with whom we have been talking, who cannot be suspected of any ill-will or want of sympathy towards the industrialists of this country, has been remarking that the industrialists of this country are no industrialists in the real sense of the term—they are only traders in money. Taking the insurance business as such, what is the element of risk involved in this business? Absolutely none. I am surprised that private enterprise should take credit for that. It is common knowledge that private enterprise in our country has been more private and less enterprising. The Finance Minister, in his Budget ultimatum, tried to make private enterprise realise this fact. He wanted to make it less private and more enterprising. The result of his ultimatum, and the way they are going to react, are yet to be seen.

I shall not expatiate on the question of nationalization as the Deputy-Speaker said that nationalization does not strictly fall within the purview of this Bill, but I should like to say one thing. A crucial article of our Constitution is just now under fire in the highest tribunal of the land. There is another crucial article relating to nationalization and compensation to private property, which may be subjected to the same fire. We have in our Constitution discarded a phrase used in the American Constitution, namely "due process of law", and we have used a different phrase. Even if we had used the same phrase as they used in America, with all its implications and consequences, we shall be able to nationalise the insurance business much more easily than any other branch of industry. This business will appear to be the easiest and most useful from the point of view of nationalization. We can purchase the shares of the various insurance companies at their market value, though I am told that many of them have no market value. If they have no market value, we can purchase them even at their face value and it will be no difficult task to nationalize insurance.

Again, that paper to which I have referred was making a threat. It says that if we start nationalizing insurance concerns in this land, naturally foreign concerns also will be involved and will be subject to the same fate, and that therefore the concerned countries will take retaliatory steps against our companies operating overseas. This threat cannot stand scrutiny because we are not operating in U. S. A., Canada or U.K. in any appreciable measure. So, the argument that there will be retaliation by other countries by taking over our concerns, does not stand a moment's scrutiny.

Coming to the Bill, clauses 9 and 16 are among the key clauses of the Bill. Clause 9 relates to capital structure, conversion of shares into one class of shares, and voting rights. The original Bill, as introduced, allowed only one year's time whereas under the pretext that the release of all these shares will have a disturbing effect on the market, the Select Committee has thought it fit to

extend the period to three years. Again, the same leniency has been shown in the liquidation of excess shares. There the period allowed is not only three years but another two years if it is necessary. I don't think there is any justification for all these concessions shown to the business. Voting rights are limited, but when the voting right is limited to $2\frac{1}{2}$ and five per cent. of the shares, what is the fun of allowing a person to hold shares up to five per cent. and ten per cent? It will only prevent the other man from voting though the man who has got this excess percentage of shares will be deprived of the voting rights.

What I wish to point out in this connection is that even if you nationalize the insurance companies after five years, the present state of affairs can continue. For the purpose of this article, it is as good as not passing this Bill into law. That would be my submission with regard to the changes that have been made by the Select Committee in this clause.

Taking clause 16, my hon. friend Mr. Ramalingam Chettiar has been complaining of paucity of funds in the hands of Government for various national development purposes. Up-till now the practice has been that the U. K. companies have been clubbed with Indian companies and they were allowed to hold 55 per cent. in Government and other approved securities and the rest in other investments. The other companies—non-Indian and non-U.K.—were required to hold all their moneys in Government securities and other approved securities. Now, the Select Committee seeks to put them on a par with Indian companies and allows them to dispose of the rest of the shares, barring the 50 per cent. limit as they please. Not only that. They have been allowed to invest their moneys not with Indian trustees as was proposed in the original Bill but with their nationals. This is the change that has been made and I need not say how it will affect the position of the funds at the disposal of Government. Instead of clubbing the U. K. companies with other foreign companies and treating them on a different basis, what has been done is that the other companies also have been brought to the privileged position of the U.K. companies and they have been given the same status as the Indian companies. The excuse for that is this. They say that if we make any such discriminatory provision in our Act, then other countries are only certain to introduce such discriminatory provisions against us. But I should like to know where and on what scale we are operating in other countries. Without such a fact existing, where is the meaning in allowing concession to foreign companies in our country? We are, since recently, being acquainted with a novel principle, namely the theory of protection in advance. Of course, this principle has so far made its entry not by the front door but by the back door and side door. I suspect this is one such entry for the principle to operate in this land—the principle of protection in advance. Before our nationals actually begin operating insurance companies in foreign countries, we provide equal facilities for foreign companies in our country so that our companies may not be harmed in future in other countries. This is what it comes to and I see no reason why this concession should be extended to foreign companies operating in India.

Sir, I should like to continue my speech on Monday.

The House then adjourned till a Quarter to Eleven of the Clock on Monday the 17th April, 1950.