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LEGISLATIVE ASSEMBLY DEBATES

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FOURTH SESSION

OF THE

FIFTH LEGISLATIVE ASSEMBLY,
1936



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Legislative Assembly.

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LEGISLATIVE ASSEMBLY.

Wednesday, 7th October, 1936.

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

MEMBER SWORN.

Mr. George Richard Frederick Tottenham, C.S.I., C.I.E., M.L.A.
(Defence Secretary).

QUESTIONS AND ANSWERS.

PRODUCTION AND DISTRIBUTION OF QUININE IN THE PROVINCES.

820. *Prof. N. G. Ranga : Will Government be pleased to state :

- (a) whether they do propose to undertake the responsibility of seeing that there is an adequate production and distribution of quinine in different provinces for the protection of the malaria-affected people ;
- (b) if not, which, according to them, authorities are responsible for protecting such people ;
- (c) what is the function of their Public Health Commissioner, and the Central Advisory Council attached to him in regard to this matter ; and
- (d) whether they propose to consider the advisability of convening a conference of Provincial and Central authorities and help them to develop a dependable comprehensive scheme of producing and distributing quinine and fighting adequately and resolutely the disease of malaria ?

Sir Girja Shankar Bajpai : (a) to (d). I would refer the Honourable Member to my replies to Mr. Satyamurti's question No. 429 asked on the 17th September, 1935, and the connected supplementaries.

Prof. N. G. Ranga : What is the specific answer to part (c) ?

Mr. President (The Honourable Sir Abdur Rahim) : Has the Honourable Member looked up the answer just given ?

Prof. N. G. Ranga : I have heard that answer, Sir, but there was no specific answer to part (c). What are the functions of the Public Health Commissioner and the Central Advisory Council in regard to the supply of quinine ?

Sir Girja Shankar Bajpai : There is no Central Advisory Council. There is a Public Health Commissioner, and his function is merely to advise the Government of India in regard to public health problems in their international aspect ?

Prof. N. G. Ranga : Is there no Public Health Central Advisory Council ?

Sir Girja Shankar Bajpai : No there is no Public Health Advisory Council at the present moment; there may be one in the near future.

Prof. N. G. Ranga : When is it likely to be appointed ?

Sir Girja Shankar Bajpai : I think His Excellency the Viceroy had something to say on the subject in his address to the Legislature recently.

Mr. Mohan Lal Saksena : Are the Government of India aware that in the flood-stricken areas in the United Provinces malaria is raging ?

Sir Girja Shankar Bajpai : That is quite possible. I have no definite information.

Mr. Mohan Lal Saksena : Have arrangements been made for free distribution of quinine in those areas ?

Sir Girja Shankar Bajpai : I do not know whether arrangements have been made for free distribution of quinine in those areas. That question ought to be addressed to the Local Government.

REPORTS OF THE LOCAL GOVERNMENTS UPON THE DISTRIBUTION AND UTILISATION OF THE RURAL DEVELOPMENT GRANT.

821. ***Prof. N. G. Ranga :** Will Government be pleased to state :

- (a) if they have considered the reports of the Local Governments upon the distribution and utilisation of their Rural Development Grant of 1935-36 ;
- (b) if so, whether they have considered the necessity for organising a permanent or temporary All-India Central Rural Development or Reconstruction Council for devising various methods of fighting malaria, beri-beri, hook-worm and guinea worm diseases, providing pure drinking water supply, constructing and developing village road communications, famine protection works of major and minor irrigation, the improvement of cattle breeding, purer and more adequate supply of milk for babies and propagating better methods of cultivation and dietary ; and
- (c) if not, whether they are prepared to consider the advisability of constituting such a Council, consisting of the representatives of Provincial Governments, Peasants' Associations and organisations interested in rural reconstruction, irrespective of their political attachments ?

The Honourable Sir James Grigg : (a) Yes.

(b) and (c). I invite the Honourable Member's attention to my reply to parts (c) and (d) of Mr. Satyamurti's question No. 176 on the 8th September, 1936.

Prof. N. G. Ranga : In view of the fact that several....

Mr. President (The Honourable Sir Abdur Rahim) : Has the Honourable Member seen that answer ?

Prof. N. G. Ranga : I was hearing that answer, Sir. In view of the fact that several Provincial Governments have constituted Rural Reconstruction Boards and Rural Economic Advisory Councils, Taluka and District Development Associations, will Government consider the advisability of founding a Central Rural Reconstruction or Development Board to co-ordinate all the efforts that are being made in different provinces and also to advise such of the provinces which care to seek the advice of this Central Board ?

The Honourable Sir James Grigg : No, Sir ; I don't think it is necessary, particularly as I am afraid the prospect of further grants in the immediate future from Central Government are rather remote.

Prof. N. G. Ranga : In what way do the Government of India propose to implement the rural development campaign that is sought to be started by His Excellency the Viceroy ?

The Honourable Sir James Grigg : Well, I think that question arises out of the next question which the Honourable Member is going to ask, and he had better wait until that question is answered.

Mr. K. Ahmed : Is it not a fact, Sir, that there are so many exhibition trains, special officers and publicity officers in the districts roaming about the rural areas advising the people on rural reconstruction matters and they are also distributing them quinine freely ?

REPORTS OF THE LOCAL GOVERNMENTS UPON THE DISTRIBUTION AND UTILISATION OF THE RURAL DEVELOPMENT GRANT.

822. ***Prof. N. G. Ranga** : Will Government be pleased to state :

- (a) what advice was given by them to the Provincial Governments in regard to the distribution and utilisation of their first and second Rural Development Grants ;
- (b) whether they have received the reports of the Local Governments upon the utilisation of the first one crore grant ;
- (c) if so, whether they will place them on the table of the House ;
- (d) whether they have received the proposals of Local Governments for the utilisation of the second grant ;
- (e) if so, whether they will place the schemes, finally accepted by them, on the table of the House ;
- (f) whether they have taken any of the Committees of the House, or any public body, or public men, into consultation before the Provincial Schemes were accepted ; and
- (g) if not, whether they propose to consider the advisability of modifying their policy, in view of better results got in the distribution of the Central Road Development Funds ?

The Honourable Sir James Grigg : (a) and (d). The lines on which the Government of India desired the Provincial Governments to spend

the grant made in 1935-36 are indicated in page 3 of the White Paper which I presented to the House on the 6th September, 1935, in reply to Mr. Basanta Kumar Das's question No. 162. No grant has so far been made to the Provincial Governments in the current year. The Government of India are awaiting proposals from Provincial Governments regarding the utilisation of further grants on the lines indicated to them. The views communicated to the Provincial Governments are set out in the statement which I am now laying on the table.

(b) and (c). I hope to place a statement on the table of the House at an early date.

(e) I would refer the Honourable Member to the concluding sentence of the penultimate sub-paragraph of paragraph 34 of my last budget speech.

(f) and (g). I invite a reference to my reply to parts (c) and (d) of Mr. Satyamurti's question No. 176 on the 8th September, 1936.

—————

Views communicated by the Government of India to all Local Governments and Administrations on the question of the utilisation of further grants for rural development.

A sum of Rs. 92½ lakhs was placed at the disposal of Local Governments and Minor Administrations during 1935-36. An extra amount of Rs. 103 lakhs is available for the current financial year, and will be distributed to the provinces, etc., according to the statement annexed. The main efforts of the Central Government are now, as is well known, bent towards the early devolution of resources to provinces in accordance with the recommendations of the Neimeyer Report and in these circumstances the figure of approximately Rs. 2 crores which represents the sum of these two allotments must constitute the maximum that the Government of India are likely to be able to contribute to provinces within any foreseeable future in aid specifically of rural development. It is in these circumstances of the utmost importance that it should be expended to the greatest possible advantage, and the Government of India therefore consider it appropriate to state the impressions that they have formed from careful perusal of provincial reports on the allocation or actual expenditure of the amounts allotted last year and, on the basis of these impressions, and on the information available to them, to indicate the conditions subject to which they propose to make the further distribution envisaged in this year's budget speech, and their suggestions for the future expenditure of the funds that may still be available from last year's allotment.

2. The task of comparing the values of the objects selected by the different Local Governments for expenditure from the grants made to them and of making suggestions for future expenditure is rendered difficult by two circumstances. In the first place the needs of provinces are not identical. Secondly, many of the schemes undertaken last year were admittedly experimental and most of them are incomplete; it is probable therefore that Local Governments would in any case have reconsidered the position and revised their programmes. There are, however, certain general points which have struck the Government of India. First, except in one or two provinces, effort has tended to become diffused over too wide a field and it appears to the Government of India to be essential to avoid this by concentrating, as indeed some provinces have done, on two or three main heads. Secondly, in a number of provinces the machinery of sanction and control has tended to become too centralised, with the result that progress of local schemes has been hindered by the inadequate freedom of initiative of the district authorities. In other provinces again, the allotments have been made not to the district officer, but to local bodies, e.g., District Boards. The Government of India consider that it is of the first importance to concentrate the relatively small funds available for each district in the hands of the district officer so that they can be disbursed through a single channel on objects selected in fulfilment of a single co-ordinated policy.

3. The points referred to above relate to the machinery and method of distribution. In addition to these there is a fundamental principle to be borne in mind in deciding how the funds shall be expended, to which the Government of India attach the utmost importance. This is that all schemes should be contributory, that is to say, that villages or other areas which are to benefit by sums drawn from these grants to provinces should themselves make a contribution of say not less than one-third, either in cash or in kind (by labour or the like), as a condition of receiving the remaining two-thirds. It goes without saying that if this could be ensured, not only would it be possible materially to extend the benefits which will be derived by villages from the grants now under discussion but also a much closer and more real co-operative interest on the part of the cultivators themselves would have been evoked.

4. With these preliminary observations the Government of India desire that the scheme of rural re-construction adopted last year by the Government of Madras, etc., should be re-examined and, so far as possible, modified in the light of the following general principles :

- (i) Each Local Government should select two or three main objects, suited to the conditions of its own province, to which to devote the money available, and should resist every attempt to deflect it from those objects. Two points which are eminently deserving of attention, are the improvement of rural communications and the improvement of water supply. In the economic field, the consolidation of holdings may also be thought to merit consideration. The Punjab has done much in this direction and will doubtless be ready to give to other provinces the benefit of its experience.
- (ii) The grants to provinces are of course not liable to lapse at the end of a financial year. It is important, therefore, that Local Governments and their district officers should avoid shortrange schemes or attempts to accelerate accomplishment at the sacrifice of the stability of the results achieved ; and that they should work out a definite policy and plan for spending the amount available over a period of say five years. This plan should not only cover the whole of the amounts now to be made available ; it should also embrace any such amounts which are still unallotted or which it is still possible to reallocate, from the grants made last year.
- (iii) The execution of actual schemes should be definitely dependent on the appropriate contribution as indicated in paragraph 3 above from the villagers themselves being forthcoming.
- (iv) Subject to (v) below, there should be, in respect to the power of allocation of grants and to the actual execution of schemes, the maximum degree of delegation to the District Officer, save where there are quite special reasons to the contrary or where the nature of a particular scheme will not admit of this. There should be a clear definition of the objects on which money is to be spent, periodic inspection of schemes and expenditure throughout each province by a competent officer, with knowledge of district work, and periodical reports on the progress which is being made ; but, within this fairly wide frame-work, complete freedom of initiative should be left to the district officer, or other person in immediate charge, so as to ensure freedom of development. The reports of the reviewing officer, which will be submitted to the Local Government, will enable the latter to secure conformity of local effort to the common plan and modification of this plan, should this become necessary, on a co-ordinated basis. Closer control on local initiative and activity should not really be necessary. The Government of India will be glad to receive copies of the periodic reports of the Provincial Reviewing Officers and, at intervals of six months, a consolidated review of progress for a Province as a whole.
- (v) The bulk of the grants (say 80 per cent.) should be allocated to Districts on a rural population basis. The remainder should be available for allocation, still within the two or three main categories of scheme decided upon, to specially needy Districts or even possibly to special schemes to meet special local exigencies.

5. The Government of India have indicated in the preceding paragraphs the conditions subject to which they propose to make the further grants now under consideration to Local Governments. They will be glad to be furnished, at an early date, with information (a) as to the particular categories of scheme which the Government of Madras etc. wish to adopt, (b) as to the amounts which they propose to divert to such categories from allocations made to other purposes under last year's grant, and (c) as to the extent and nature of the delegation proposed to be made to district officers, and the arrangements contemplated for the periodic inspections referred to above. They would also be glad to be furnished with an up-to-date Report by the end of July as to the expenditure incurred under such of last year's schemes as will remain in operation and also of the results actually achieved.

Rural Development Grants.

Province.	Rural Population (in millions).	Previous allotment (in lakhs of Rs.)	Proposed allotment (lakhs).
Madras ..	37.90	14	15
Bombay ..	13.79	} 7 {	5
Sind ..	3.19		3
Bengal ..	46.43	16	18
United Provinces ..	42.98	15	17
Punjab ..	20.51	8.5	8.5
Burma ..	13.15	5	5
Bihar ..	30.91	} 12.5 {	12
Orissa ..	7.80		4
Central Provinces ..	13.64	5	6
Assam	8.41	5	5
North-West Frontier Province ..	2.04	3	3
Delhi .. ..	..	.5	.5
Ajmer-Merwara ..	..	.5	.5
Coorg ..	..	.5	.5
Total ..	..	92.5	103

Prof. N. G. Ranga : May I now have an answer to the supplementary which I put ? It was this. In what way do the Government of India expect to implement the rural development campaign that is sought to be inaugurated by His Excellency the Viceroy ?

The Honourable Sir James Grigg : It is in the statement which I am going to lay on the table.

Prof. N. G. Ranga : What is that statement ? These grants were made long before His Excellency the Viceroy came to this country ?

The Honourable Sir James Grigg : This statement refers to the second lot of grants.

Prof. N. G. Ranga : Then am I to understand that the second lot of grants is to be spent in such a way as to help the fulfilment of the rural development campaign sought to be inaugurated by His Excellency the Viceroy ?

The Honourable Sir James Grigg : That is my impression, and that is the impression of the Government of India.

Prof. N. G. Ranga : How much money is being set apart for the development of the stud bull campaign ?

The Honourable Sir James Grigg : I cannot discriminate between the actual amounts allotted for different purposes. The Honourable Member is really putting himself in a disadvantageous position by asking questions before he has read the statement. The total amount available to the four provinces under the second year's grant is 103 lakhs.

Mr. Mohan Lal Saksena : Have any committees been appointed in the provinces to advise the Government in the matter ?

The Honourable Sir James Grigg : I cannot answer that without notice.

Prof. N. G. Ranga : Why is it that no Committee of this House has been appointed on the lines of the Central Rural Development Committee to advise the Government in regard to the distribution of expenditure among these Rural Development Boards ?

The Honourable Sir James Grigg : I think the Honourable Member can answer that for himself.

DISTRIBUTION AND UTILISATION OF THE GRANT FOR THE DEVELOPMENT OF CO-OPERATIVE MOVEMENT.

823. ***Prof. N. G. Ranga :** Will Government be pleased to state what action has so far been taken in regard to the distribution and utilisation of their grant for the development of co-operative movement ?

Sir Girja Shankar Bajpai : Out of the sum of Rs. 15 lakhs set apart for the development of the co-operative movement Rs. 10,57,635 have so far been allotted to the Local Governments, etc., for utilisation on schemes approved by the Government of India. Information as to how the money has been utilised will be available when the annual progress reports which Local Governments have been asked to submit are received.

Prof. N. G. Ranga : Is this money spent for making grants to various Provincial Co-operative Institutes and Training Schools that are started by voluntary efforts or is it spent by making grants to institutes started through the department by departmental efforts ?

Sir Girja Shankar Bajpai : Sir, the money has been given primarily for the purpose of educating the members of the co-operative staff, that is to say, the official staff, and also members who happen to be office bearers of co-operative societies in an honorary capacity. There is a

carefully worked out scheme of instruction, and I don't think that any voluntary agencies are being utilised for the purpose of instruction.

Prof. N. G. Ranga : Are Government aware of the fact that there is a Central Co-operative Training Institute organized by voluntary effort, and also a Provincial Co-operative Training Institute in Madras ?

Sir Girja Shankar Bajpai : That is quite possible, Sir.

Prof. N. G. Ranga : Are these Institutes given any grants out of this special grant for co-operative training ?

Sir Girja Shankar Bajpai : Sir, the Honourable Member does not seem to appreciate that the grants have been made to Local Governments but the discretion as to whether and how they will give the instruction which has been suggested by Mr. Darling rests with them ; I am not in a position to say whether they are utilising voluntary non-official agencies in the provinces for the purpose, or whether they are sending their students to places like Lahore, I cannot say.

Prof. N. G. Ranga : Is the money to be spent in one year or over a series of years ?

Sir Girja Shankar Bajpai : It is going to be spread over a period of years.

Mr. Mohan Lal Saksena : On what basis was the sum of ten lakhs distributed to the provinces ?

Sir Girja Shankar Bajpai : It has been distributed on the membership of the primary societies.

SALT CONCESSIONS AVAILED OF IN THE FAMINE-STRIKEN AREAS IN BENGAL.

824. ***Prof. N. G. Ranga :** Will Government be pleased to state whether salt concessions were availed of in the famine-stricken areas in Bengal ?

The Honourable Sir James Grigg : The Honourable Member's attention is invited to the reply given by Sir Girja Shankar Bajpai to his question No. 503 on the 22nd September, 1936.

Prof. N. G. Ranga : Sir, is the Honourable Member aware that serious famine conditions still continue to prevail over large parts of Bengal ?

The Honourable Sir James Grigg : I will take that from the Honourable Member. I do not see the relevancy of it in relation to his question.

Prof. N. G. Ranga : What action is being taken by the Central Government to help these famine-stricken Provinces ?

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

The Honourable Sir James Grigg : That was fully set out in the reply to which I have referred.

ARTICLE ENTITLED "N. W. R. LOWER GAZETTED SERVICE AND MUSLIMS" PUBLISHED IN THE *Eastern Times*.

825. ***Sir Muhammad Yakub** (on behalf of Dr. Ziauddin Ahmad) :
(a) Has the attention of Government been drawn to an article published

in the *Eastern Times*, dated the 9th August, 1936, under the head "N. W. R. Lower Gazetted Service and Muslims" ?

(b) Is it a fact that the posts mentioned in the article were not advertised ? If not, why not ?

The Honourable Sir Muhammad Zafrullah Khan : (a) Yes.

(b) Recruitment to the Lower Gazetted Service is made by promotion from subordinate service but in 1931 it was decided to admit as eligible for appointment a limited number of selected temporary Engineers who had been in temporary employment for some years but whose services had to be dispensed with on account of the depression. These selected temporary Engineers are being offered appointment to the Lower Gazetted Service as vacancies become available. In the circumstances it was unnecessary to advertise the posts.

CONSTRUCTION OF AN OVERBRIDGE AT BEZWADA RAILWAY STATION.

826. ***Mr. K. Nageswara Rao :** Will Government be pleased to state what steps are taken by them with regard to the following resolution passed by the Bezwada Municipality with reference to the communication of the Madras and Southern Mahratta Railway, No. 2829-G.Z., dated 9th August, 1935, regarding the construction of an overbridge at Bezwada Railway Station ?

"This council resolves that it is absolutely necessary to have an overbridge across the railway line in front of the Telegraph Office or if that it is deemed impracticable for any reason the overbridge may be constructed at the Railway Station by the side of foot overbridge and request Government to prepare plans and estimates. This council agrees to bear such proportion of estimated costs as the Government deem it reasonable having."

The Honourable Sir Muhammad Zafrullah Khan : This is a matter within the competence of the Railway Administration. If a copy of the resolution passed by the Bezwada Municipality is sent to them, they will deal with it in accordance with the rules on the subject, which lay down the proportion in which costs have to be shared.

ARTICLE ENTITLED "BORROWINGS OF LOCAL BODIES" PUBLISHED IN THE *Indian Finance*.

827. ***Mr. M. Ananthasayanam Ayyangar** (on behalf of Mr. S. Satyamurti) : Will the Honourable the Finance Member be pleased to state :

(a) whether his attention has been drawn to the editorial article in the *Indian Finance* of the 1st of August, 1936, entitled "Borrowings of Local Bodies" ;

(b) whether Government propose to take steps for the unification of loan activities under one control in order to promote a healthy and well-functioning capital market ; and

(c) whether Government are considering any proposal to unify the responsibility for guiding and directing the issues of trustee securities in the country ?

The Honourable Sir James Grigg : (b) and (c). One of the main functions of the Reserve Bank is to plan loan issues and regulate their

†No reply was given to part (a) of the question.

flotation. The Government of India have already taken steps to secure the co-operation of Provincial Governments in enabling the Bank to exercise this function properly.

Prof. N. G. Ranga : Is the Reserve Bank entitled to arrange for the flotation of these loans, or the Government has a final say ?

The Honourable Sir James Grigg : That is a question for co-operation between the Government of India, the Reserve Bank and the Provincial Governments.

Prof. N. G. Ranga : Are local bodies entitled to raise loans on their own responsibility without the permission of either the Provincial or the Central Government ?

The Honourable Sir James Grigg : That will be too long to answer in detail. The position for the remaining period of the old constitution differs very materially from the position that will be after April 1937, and it differs in relation to the different kinds of local authorities.

Prof. N. G. Ranga : Is it not competent to Local Governments to raise loans on their own responsibility and on their own initiative for development purposes, without seeking the permission of the Central Government ?

The Honourable Sir James Grigg : At the present moment, no, not at all. Under the new constitution, the consent of the Government of India will be required for borrowing by any province which has a debt outstanding with the Government of India.

Mr. N. V. Gadgil : Will Government include the loans issued by these local bodies as good security within the provisions of the Indian Trusts Act ?

The Honourable Sir James Grigg : That is a different point. The Honourable Member has got a Bill I believe by which he wants to promote some such object.

Prof. N. G. Ranga : Does that answer apply to cases where the loans of Local Governments owing to the Central Government are very well covered by their assets ?

The Honourable Sir James Grigg : The Government of India Act, 1935, is quite specific on the point. It does not discriminate between well-secured and ill-secured loans.

Prof. N. G. Ranga : Does this apply then to the loans that are to be raised within their own respective provinces ?

The Honourable Sir James Grigg : A good many of the Provinces could not possibly raise loans within their own provinces because of the non-existence of financial markets.

CONCLUSIONS ARRIVED AT IN THE CONFERENCE OF FINANCIAL EXPERTS IN SIMLA.

828. ***Mr. M. Ananthasayanam Ayyangar** (on behalf of Mr. S. Satyamurti) : Will Government be pleased to state :

- (a) the conclusions arrived at by the conference of financial experts under the chairmanship of the Honourable the Finance Member in Simla on the 5th, 6th and 7th of August, 1936 ;

- (b) what are the limitations or suggestions regarding the exercise by Governors of Provinces of their special powers to provide supplies pending budget sessions ;
- (c) whether any conditions have been laid down with regard to the procedure in regard to future provincial borrowings ; if so, what they are ;
- (d) what are the new accounting arrangements which have been created on the separation of the finances of the provinces from the centre ;
- (e) what is the legal procedure which has been decided for implementing those recommendations of Sir Otto Neimeyer which have not already been carried out by Order in Council ;
- (f) whether these and other conclusions of the conference are intended to be binding on future financial ministers of provinces ; if so, why ; and
- (g) if not, the purpose of arriving at these conclusions so soon before the advent of Provincial Autonomy ?

The Honourable Sir James Grigg : The Conference was intended merely for an interchange of views between the representatives of the Provinces and of the Government of India. The discussions were private and informal and I am, therefore, unable to make any statement on the subject.

Mr. M. Ananthasayanam Ayyangar : What is the answer to clause (d) ?

The Honourable Sir James Grigg : Those are arrangements prescribed by the Act, and agreed to by the Auditor General.

Mr. M. Ananthasayanam Ayyangar : Nothing new is evolved ?

The Honourable Sir James Grigg : The minimum of change possible on account of the separation.

Mr. M. Ananthasayanam Ayyangar : So far as that change is concerned, will the public be taken into confidence as to what the changes are ?

The Honourable Sir James Grigg : They will ultimately see the form in which the accounts are presented.

ARTICLE ENTITLED "THE PRIVILEGE OF CONTEMPT" PUBLISHED IN THE Hindustan Times.

829. ***Mr. M. Ananthasayanam Ayyangar** (on behalf of Mr. S. Satyamurti) : Will Government be pleased to state :

- (a) whether their attention has been drawn to the leading article in the *Hindustan Times* of the 5th August, 1936, entitled "The Privilege of Contempt" ;
- (b) whether they have perused the article in the *Statesman*, referred to therein, suggesting the placing of judiciary under the executive ; and
- (c) whether they propose to take any action in connection with this matter ?

The Honourable Sir Henry Craik : (a) and (b). I have seen the articles referred to.

(c) No.

POST OF THE CABINET SECRETARY.

830. ***Mr. M. Ananthasayanam Ayyangar** (on behalf of Mr. S. Satyamurti) : Will Government be pleased to state :

- (a) whether the post of Secretary to the Executive Council, rendered vacant, will for the present be held in abeyance ;
- (b) whether the duties of the post will be carried on by the Secretary to the Legislative Department, in addition to his ordinary duties ; and
- (c) whether the post will be revived, sometime before the inauguration of the Federal Constitution, and, if so, why ?

The Honourable Sir Henry Craik : I would refer the Honourable Member to the replies which I gave to his supplementary questions in connection with Mr. C. N. Muthuranga Mudaliar's starred question No. 512, which I answered on the 18th September, 1936.

Mr. Mohan Lal Saksena : What is the answer to part (c) ?

The Honourable Sir Henry Craik : I have already answered that.

MECHANISATION IN THE ARMY IN INDIA.

831. ***Mr. M. Ananthasayanam Ayyangar** (on behalf of Mr. S. Satyamurti) : Will Government be pleased to state :

- (a) whether it is a fact that mechanisation is proceeding apace in the Army in India ;
- (b) the rate of progress and the present position of mechanisation ;
- (c) whether this mechanisation has resulted in any retrenchment in army expenditure and, if so, how much ;
- (d) what is the nature of the personnel employed on technical repairs of the mechanical transport, how much of it is British, and how much Indian ; and
- (e) whether any attempts are being made to replace the British by Indian personnel ; if so, what these attempts are and the results thereof ?

Mr. G. B. F. Tottenham : (a) and (b). I would refer the Honourable Member to the reply I gave to Mr. Asaf Ali's question No. 535 on the same subject on the 18th September, 1936.

(c) No. The value of mechanisation is not, however, to be judged purely by the economies which may result from it, but also by the increased mobility and general efficiency for war that it produces.

(d) and (e). Technical repairs fall into two main divisions : (i) those carried out within the unit, and (ii) larger repairs carried out in army workshops which serve all units. In (i) the personnel is British or Indian according as the unit is British or Indian. As regards (ii), the organisations are preponderatingly Indian ; the British element being only

about 5 per cent. of the whole. The replacement of the remaining British element in the latter category is being progressively carried out as and when technically qualified and trained Indians become available.

Prof. N. G. Ranga : With reference to part (c) of the question, if it has not resulted in any retrenchment of army expenditure, has it resulted in any additional expenditure, and, if so, to what extent ?

Mr. G. R. F. Tottenham : If it has not resulted in a saving, I think it must have resulted in an increase. But I cannot give the exact figures.

Mr. M. Ananthasayanam Ayyangar : With reference to part (e) of the question, what steps are being taken to give facilities for training to Indians so that they may in future replace the British element ?

Mr. G. R. F. Tottenham : The answer to that is that steps are being taken. There is a regular system for employing apprentices and training them at the heavy repair workshops at Chaklala.

Mr. Mohan Lal Saksena : May I know the number of such apprentices ?

Mr. G. R. F. Tottenham : I must ask for notice.

Prof. N. G. Ranga : Is this five per cent. personnel which is said to be British chiefly confined to the higher ranks ?

Mr. G. R. F. Tottenham : No, Sir, it is not confined only to the higher ranks.

Prof. N. G. Ranga : What steps are being taken to replace these British ranks by Indian personnel ?

Mr. G. R. F. Tottenham : I have just answered that.

ARTICLE ENTITLED " THE SECRET AGENT " PUBLISHED IN THE *Statesman*.

832. ***Mr. M. Ananthasayanam Ayyangar** (on behalf of **Mr. S. Satyamurti**) : Will Government be pleased to state :

- (a) whether their attention has been drawn to the article entitled, " The secret agent ", in the *Statesman* of the 4th August, 1936 ;
- (b) whether their attention has been drawn to the position adumbrated in the article that the secret agent is a necessity in India today ;
- (c) whether they have noticed particularly the following sentences in the article : " The present situation is that Government does what it conceives to be its inevitable duty. The High Court also does its duty. But the result is that the High Court tends to bring the Government into hatred and contempt. The system seems a mad one. As far as we know, it exists nowhere outside British Empire, and we cannot imagine other Governments tolerating it " ;
- (d) whether they propose to take any action thereon ;
- (e) whether they propose to accept the remedy suggested by the *Statesman* to make the Courts subordinate to the Executive ;

- (f) whether they are examining suggestions that for 'detention without trial' should be substituted 'detention with trial';
- (g) whether they propose to introduce any form of trial, at which the severely tested evidence of secret agents can be safely placed before the Courts;
- (h) whether their attention has been drawn to the passage that "where the safety of the Government and of the public is threatened the assumption that a man is innocent till he is proved up to the hilt to be guilty always breaks down and governments are forced to act on the assumption that he is guilty till he can prove himself innocent"; and
- (i) whether they have noticed that "law and order becomes a meaningless phrase when law is opposed to order, and to restore harmony between law and order seems essential", and what they propose to do in this connection?

The Honourable Sir Henry Craik : (a), (b), (c) and (h). Yes.

(d), (e), (f) and (g). No.

(i) Nothing.

Mr. M. Ananthasayanam Ayyangar : May I know what is the answer to clause (f)? Are the Government going to consider any suggestions in that direction?

The Honourable Sir Henry Craik : No.

Mr. M. Ananthasayanam Ayyangar : Why not? Are they going to have detention without trial in perpetuity? Are they considering the suggestion that detention with trial may be substituted?

The Honourable Sir Henry Craik : No.

Prof. N. G. Ranga : How often do the Government review their policy with regard to these detentions without trial?

The Honourable Sir Henry Craik : They do not review their policy every time they read a newspaper article about it.

APPOINTMENT OF AN INDIAN AS THE DIRECTOR GENERAL, INDIAN MEDICAL SERVICE.

833. ***Mr. M. Ananthasayanam Ayyangar** (on behalf of Mr. S. Satyamurti) : Will Government be pleased to state :

- (a) whether it is a fact that the post of the Director Generalship of Indian Medical Services will soon fall vacant;
- (b) who is the most senior officer entitled to be appointed to this office;
- (c) whether this is the first time that an Indian officer can by right of seniority claim the post; and
- (d) whether they propose to appoint an Indian to this place, and if not, why not?

Sir Girja Shankar Bajpai : (a) The post will fall vacant on the 1st March, 1937.

(b) The post is filled by selection and seniority alone does not entitle an officer to be appointed.

(c) I would refer the Honourable Member to the answer I have given to part (b) of this question.

(d) The name of the officer selected has already been announced.

Mr. Mohan Lal Saksena : Is there any case in which an Indian has been promoted to a higher post irrespective of the fact whether he is senior or not ?

Sir Girja Shankar Bajpai : The fact that at the present moment there are two Indian officers holding the headship of the Civil Medical Department in provinces provides an answer to my Honourable friend's question.

Mr. Mohan Lal Saksena : What I want to know is whether they were promoted irrespective of their seniority ?

Sir Girja Shankar Bajpai : Of course they were promoted as all officers are promoted to selection posts on due consideration of their seniority and merit.

Mr. M. Ananthasayanam Ayyangar : Is it the answer to part (d) of the question that an Indian is to be appointed to the Director-Generalship ?

Sir Girja Shankar Bajpai : No, Sir. I have said that the name of the officer, who has been appointed, has already been announced. He is a European and his name is Major General Bradfield.

Mr. C. N. Muthuranga Mudaliar : May I know if it is not a fact that an Indian was senior to him ?

Sir Girja Shankar Bajpai : I have already said in reply to part (b) of the question that the post is filled by selection and seniority alone does not entitle an officer to be appointed. The officer has passed over two senior European officers as well.

NEGOTIATIONS FOR AN INDO-JAPANESE TRADE AGREEMENT.

834. ***Mr. M. Ananthasayanam Ayyangar** (on behalf of **Mr. S. Satyamurti**) : Will Government be pleased to state :

- (a) whether it is a fact that the slow progress of Indo-Japanese Trade talks is due to the fact that the Japanese Consul General has to cable details of each discussion to Tokyo and receive instructions before proceeding to the next step ;
- (b) whether any arrangement has been arrived at on the basis of the discussion ; and
- (c) whether it will cover the entire trade between the two countries, and when these negotiations are expected to be finished ?

The Honourable Sir Muhammad Zafrullah Khan : (a) to (c). Government have nothing to add to the information contained in the Press Communiqués on the subject recently issued by them, copies of which are in the Library.

Mr. Mohan Lal Saksena : Is it a fact that a deadlock has arisen in the negotiations ?

The Honourable Sir Muhammad Zafrullah Khan : No, Sir.

Prof. N. G. Ranga : Have Government kept in view the advisability of negotiating for an increase in cotton export to Japan ?

The Honourable Sir Muhammad Zafrullah Khan : I am afraid I cannot divulge all the details of the negotiations.

NEGOTIATIONS FOR A FRESH TRADE AGREEMENT WITH GREAT BRITAIN IN PLACE OF THE OTTAWA TRADE AGREEMENT.

835. ***Mr. M. Ananthasayanam Ayyangar** (on behalf of **Mr. S. Satyamurti**) : Will Government be pleased to state :

- (a) whether negotiations for a fresh agreement with Britain in the place of Ottawa, will now be confined to trade between India and Britain and her colonies and protectorates, and the Dominions will be kept out of the picture for the present ;
- (b) whether memoranda are being exchanged between the Commerce Department and the Department of Trade, London on this matter ;
- (c) whether any results have so far emerged from this exchange of memoranda ;
- (d) when the new agreement with Britain is expected to be concluded ;
- (e) whether they will keep in mind, in negotiating this agreement, the whole question of Indian international trade not only with Great Britain, but with other countries of the world and whether no irrevocable arrangements will be arrived at to weaken India in her negotiations for bilateral trade agreements with other countries, as definitely recommended in the Resolution of the Assembly on the subject ; and
- (f) whether they propose to place their proposals before the Assembly for its approval, and if not, why not ?

The Honourable Sir Muhammad Zafrullah Khan : (a) Yes.

(b) Not so far.

(c) Does not arise.

(d) Government are not in a position to say when it is likely to be concluded.

(e) The Honourable Member is referred to the replies given by me to his starred question No. 35 and its supplementaries on the 1st September, 1936.

(f) I would refer the Honourable Member to the reply given by me to part (f) of Seth Govind Das's question No. 701 in the current Session.

STOPPAGE OF TRADERS FROM CHINESE TURKESTAN FROM PROCEEDING TO INDIA *via* LEH.

836. ***Mr. M. Ananthasayanam Ayyangar** (on behalf of Mr. S. Satyamurti) : Will Government be pleased to state :

- (a) whether it is a fact that traders from Chinese Turkestan are being stopped from proceeding to India *via* Leh, and the Chinese authorities have refused to grant visas for this route ;
- (b) whether it is a fact that the Leh route is the easier of the two routes ;
- (c) whether this latest order is likely to hamper the operations of the Indian traders ; and
- (d) whether they propose to take necessary steps in this matter to redress the grievances of the Indian traders ?

Sir Aubrey Metcalfe : (a) No, but traders are required to obtain exit *visas* from the Provincial authorities.

(b) The Leh route is not the easier, but the more commonly used.

(c) Yes.

(d) It is understood that as the result of protests made by His Majesty's Embassy in Peking, instructions have been issued by the Chinese Government for the abolition of the exit *visa* system.

RUMOURED RESIGNATION OF HIS OFFICE BY SIR OSBORNE SMITH, GOVERNOR OF THE RESERVE BANK OF INDIA.

837. ***Mr. M. Ananthasayanam Ayyangar** (on behalf of Mr. S. Satyamurti) : Will Government be pleased to state whether it is a fact that Sir Osborne Smith, Governor, Reserve Bank of India, will resign his office very soon, as a sequel to acute differences of opinion between himself and the Finance Member ?

The Honourable Sir James Grigg : No, Sir.

Mr. M. Ananthasayanam Ayyangar : Are there no differences between the Honourable Member and the Governor of the Reserve Bank ?

The Honourable Sir James Grigg : I have answered the question. The answer was a categorical No.

Mr. M. Ananthasayanam Ayyangar : But there are two parts of the question.

The Honourable Sir James Grigg : There are no two parts of the question. There is only one question.

Mr. M. Ananthasayanam Ayyangar : Are there acute differences at all ?

The Honourable Sir James Grigg : That is not the business of the Honourable Member. In any case, the relations between the Reserve Bank and the Finance Department are confidential.

Prof. N. G. Ranga : Sir, I take objection to the observation of the Finance Member that it is not the business of the Honourable Members:

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

Prof. N. G. Ranga : Is it permissible for the Finance Member to say that it is not the business of the Honourable Members on this side ?

Mr. President (The Honourable Sir Abdur Rahim) : The Finance Member says that an inquiry is not necessary by any Honourable Member, because the matter is confidential.

Prof. N. G. Ranga : I object to the very tone of the answer, and I seek your protection, because you are here to protect us.

Mr. President (The Honourable Sir Abdur Rahim) : There is no question of protection at all.

COMPETITION BETWEEN CERTAIN SHIPPING COMPANIES PLYING BETWEEN RANGOON AND THE PORTS IN BENGAL.

838. ***Mr. M. Anantbasayanam Ayyangar** (on behalf of Mr. S. Satyamurti) : Will Government be pleased to state :

- (a) whether the Secretary, Commerce Department, Government of India, has received communications from the Buyers and Shippers' Chamber, Karachi, against the competition which has been entered into by the Conference Line, with the newly started Indian Steam Ship Companies plying between Rangoon and the ports in Bengal ;
- (b) whether the Conference Line is taking cargoes at nominal rates ;
- (c) whether they propose to take any steps to terminate this ruinous rate-cutting war ; and
- (d) whether they propose to call a Shipping Conference to deal with this and similar matters ?

The Honourable Sir Muhammad Zafrullah Khan : (a) Yes.

(b) and (c). Government are not aware of the existence of any such rate-cutting war as calls for their intervention.

(d) No.

Mr. Lalchand Navalrai : Will the Honourable Member make inquiries with regard to that matter ?

The Honourable Sir Muhammad Zafrullah Khan : No inquiries are necessary. If there is such a rate-cutting war it is bound to come to the notice of the Government.

Mr. Lalchand Navalrai : In view of the fact that an application has been made by the Shipping Company from Karachi and they have given their facts and the Government has got no material, will the Honourable Member make inquiries in the matter and come to some conclusion ?

The Honourable Sir Muhammad Zafrullah Khan : Which application is the Honourable Member referring to ?

Mr. Lalchand Navalrai : I am referring to the communications referred to in part (a) of the question.

The Honourable Sir Muhammad Zafrullah Khan : Part (a) does not refer to any application by any Shipping Company.

Mr. Lalchand Navalrai : I mean the Shipping Company from Karachi. They have made that application.

The Honourable Sir Muhammad Zafrullah Khan : The communication is from the Buyers and Shippers' Chamber, Karachi.

Mr. Lalchand Navalrai : That is exactly what I mean.

The Honourable Sir Muhammad Zafrullah Khan : Surely, when the Honourable Member says whether I have received an application from a Shipping Company asking me to intervene, that is entirely different from a communication received from the Buyers and Shippers' Chamber, Karachi.

Mr. Lalchand Navalrai : I correct myself and say whether the Government propose to make inquiries and come to certain conclusions instead of giving an indefinite reply in view of the communications that the Honourable Member has received and which are referred to in part (a) of the question ?

The Honourable Sir Muhammad Zafrullah Khan : I have already answered that.

APPOINTMENT OF INDIAN TRADE COMMISSIONERS IN JAPAN AND EAST AFRICA.

839. ***Mr. M. Ananthasayanam Ayyangar** (on behalf of Mr. S. Satyanurti) : Will Government be pleased to state :

- (a) whether their attention has been drawn to the editorial entitled, "Trade Commissioners" in the *Roy's Weekly* of the 3rd August, 1936 ;
- (b) whether they propose to appoint Trade Commissioners for India in Japan and East Africa ;
- (c) if so, when ; and
- (d) whether they propose to take steps to see that both these appointments are offered to Indians ?

The Honourable Sir Muhammad Zafrullah Khan : (a) Yes.

(b) and (c). Yes ; as soon as all the preliminary arrangements have been completed.

(d) The desirability of appointing Indians to these posts will be kept in view.

DISCONTENT AMONG THE UNIVERSITIES OF INDIA REGARDING GRANTS MADE TO THEM.

840. ***Mr. M. Ananthasayanam Ayyangar** (on behalf of Mr. S. Satyanurti) : Will Government be pleased to state :

- (a) whether their attention has been drawn to the leading article entitled "Universities and the State" in the *Hindu* of the 31st July, 1936 ;

- (b) whether they are aware that there is a good deal of discontent among the Universities of India regarding the grants made to them by the Governments, Central and Provincial ;
- (c) whether they observe any principles in the distribution of those grants of the various Universities, and if so, what they are ;
- (d) whether they have considered or will consider the suggestion of the Inter-University Board for a University Grants Committee to work on the lines of the University Grants Committee in Great Britain ; and
- (e) whether they propose to favourably consider the appointing of such a committee in the near future ?

Sir Girja Shankar Bajpai : (a) Yes.

(b) and (c). The Government of India have no information regarding Provincial Universities. The two centrally aided Universities of Benares and Aligarh receive equal grants while the Delhi University receives grants proportionate to its relatively smaller requirements. Government are not aware of any discontent regarding the principles which regulate the grants made by them.

(d) and (e). The suggestions of the Inter University Board is being considered.

JUDGMENT OF THE SESSIONS JUDGE OF EAST GODAVARI IN MADRAS IN A CUSTOMS SEIZURE CASE.

841. ***Mr. M. Ananthasayanam Ayyangar** (on behalf of Mr. S. Satyamurti) : Will Government be pleased to state :

- (a) whether their attention has been drawn to a recent judgment in a Customs Seizure case of the Sessions Judge of East Godavari in Madras, reported in the *Statesman* of the 3rd August, 1936 ;
- (b) whether they have considered the statement of the learned Judge : " If as pleaded by the accused, it was the Customs party that started the rough house, the accused had certainly the right to protect themselves " ;
- (c) whether they have noted the finding of the learned Judge that the Customs Officers had acted in a most high-handed manner ;
- (d) whether they have noted the statement of the learned Judge that there is no proof that " the accused were engaged in smuggling ; that they were stopped by the Customs Inspector ; so the bottom drops out of the transaction of the case " ;
- (e) whether they have noted the statement of the learned Judge that " Mr. Zavar Hussain and Mr. Wahab are responsible officers ; they have suppressed facts and have given a distorted version of what happened " ;
- (f) whether the Judge accepted the unanimous verdict of the assessors and acquitted all the accused ; and

(g) whether they propose to take action for preventing such occurrences in the future, and if not, why not ?

The Honourable Sir James Grigg : (a) to (f). Yes.

(g) The judgment is at present under consideration.

PERMISSION TO PROVINCIAL EXECUTIVE COUNCILLORS TO STAND FOR ELECTION.

842. ***Mr. M. Ananthasayanam Ayyangar** (on behalf of **Mr. S. Satyamurti**) : Will Government be pleased to state :

(a) whether all executive councillors of the provinces have now been permitted to stand for election to the Provincial Legislatures early next year ;

(b) whether any conditions have been imposed on their political activities, so long as they retain the executive councillorships ;

(c) whether they have noticed that some executive councillors have already begun to do political propaganda for their parties ; and

(d) whether they propose to take steps to stop this, and if not, why not ?

The Honourable Sir Nripendra Sircar : (a), (b) and (d). The Honourable Member is referred to sub-section (a) of section 307 of the Government of India Act, 1935.

(c) Yes.

Mr. Mohan Lal Saksena : Is it a fact that the Honourable Mr. Raghavendra Rao, Home Member, Central Provinces, has been carrying on the election activities during the last few months ?

The Honourable Sir Nripendra Sircar : I would ask for notice of that question.

Prof. N. G. Ranga : Is it permissible for the Executive Councillors of various Provincial Governments to seek election to the coming Provincial Assemblies ?

The Honourable Sir Nripendra Sircar : I would refer my Honourable friend to section 307 of the Government of India Act, 1935, and if the Chair directs me, I can read that and the Honourable Member can come to his own conclusion.

Qazi Muhammad Ahmad Kazmi : Can an Executive Councillor start doing election propaganda while he is in office ?

The Honourable Sir Nripendra Sircar : Can I assume that my Honourable friend has read section 307 of the Act ?

Mr. M. Ananthasayanam Ayyangar : Having regard to that section of the Government of India Act, may I know if these Executive Councillors can go on from place to place carrying on election propaganda at Government expense ?

The Honourable Sir Nripendra Sircar : If my Honourable friend wants to know if Government has taken any action against any particular Executive Councillor, I want notice of that question, but action is hardly possible.

Mr. Sri Prakasa : May I know whether Executive Councillors, when they travel on election propaganda, do so at the expense of Government and are supposed to be on duty, or whether during these journeys they pay their own railway fares ?

The Honourable Sir Nripendra Sircar : I cannot answer a general question like that and what my Honourable friend assumes to be travelling for election may be a travelling for mixed purposes.

Mr. Mohan Lal Saksena : Is it a fact that under the Government of India Act the Governor General in Council is responsible for the conduct of the elections ?

The Honourable Sir Nripendra Sircar : That is a matter for the construction of the Act.

Mr. Sri Prakasa : Government favour "mixed purposes" like mixed marriages ?

(No answer.)

PROPER TREATMENT OF INDIANS IN CEYLON.

843. ***Mr. M. Ananthasayanam Ayyangar** (on behalf of **Mr. S. Satyamurti**) : Will Government be pleased to state :

- (a) whether their attention has been drawn to the leading article entitled "Indians in Ceylon" in the *Hindustan Times* of the 4th August, 1936 ;
- (b) whether they will send for the latest report on this matter, and lay it on the table of the House ; and
- (c) whether they are prepared to take all necessary and possible steps to ensure the proper treatment of Indians in Ceylon ?

Sir Girja Shankar Bajpai : (a) Yes.

(b) I lay on the table of the House a statement briefly dealing with the points raised in the article.

(c) It is always Government's endeavour to watch over and protect, so far as lies in their power, Indian interests overseas.

Statement regarding Indians in Ceylon.

The position in regard to the points raised in the leading article referred to in the question is as follows :

(a) *The Minimum Wage Ordinance.*—The Government of India are not aware of any amendment to the Minimum Wage Ordinance to the detriment of Indians.

(b) By the Land Acquisition Ordinance is presumably meant the 'Land Development Ordinance'. Although the restriction referred to in the answer given to Mr. Abdul Matin Chaudhuri's question No. 1 on the 1st February, 1935, which applies to all non-Ceylonese is maintained, it has been ascertained that extensive areas are being mapped out in districts where the population is not too large which Indians born in Ceylon and permanently settled there are entitled to acquire.

(c) *The Income-Tax Ordinance.*—The Ceylon Income-Tax Ordinance makes a distinction between 'residents' and 'non-residents' which applies to all non-residents whether Indians or non-Indians.

(d) *Customs duties.*—The Statement that tariff has increased the Indians' cost of living is correct but the actual margin of increase is probably small.

The Government of India understand that the statement that the increase in customs duties has ruined many small Indian merchants appears to be greatly exaggerated.

(e) *Repatriation.*—A resolution has been passed by the Ceylon State Council recommending that non-Ceylonese should be repatriated in certain circumstances. It is improbable that any action will be taken on it until the proposed Immigration Commission has made its recommendations.

As regards the second resolution which was passed by the State Council in 1934, the Ceylon Government have appointed a Commission to go into the whole question of immigration into Ceylon with a view to its effective control and restriction. The personnel of the Commission and its terms of reference have recently been settled. The Agent of the Government of India is in close touch with the situation and steps will be taken to safeguard the interests of Indians in Ceylon.

NEGOTIATIONS FOR AN INDO-BRITISH TRADE AGREEMENT.

844. *Mr. M. Ananthasayanam Ayyangar (on behalf of Mr. S. Satyamurti) : Will Government be pleased to state :

(a) whether they have received a letter from the Committee of the Indian Chamber of Commerce, suggesting that non-official advisers representing commerce, industry and agriculture in India should be associated with official spokesmen on behalf of the Government of India during the forthcoming negotiations to replace 'Ottawa', and they should be persons elected by representative organisations, as was done in the case of Indo-Japanese trade negotiations ;

(b) whether they propose to accept the suggestion, and if not, why not ;

(c) whether they have noted that the recommendations also urged on the Government to arrange for final negotiations to replace 'Ottawa' being held in India instead of in England in order to enable the Indian delegates to keep in close and day to day touch with various interests concerned ; and

(d) if they propose to do so, and if not, why not ?

The Honourable Sir Muhammad Zafrullah Khan : (a) Yes.

(b) The Honourable Member's attention is invited to the Press Communiqué issued by the Commerce Department on the 31st August, 1936, regarding the appointment of unofficial advisers.

(c) Yes.

(d) No. The Government have been informed that His Majesty's Government in the United Kingdom are not in a position to send a Delegation to India.

Prof. N. G. Ranga : Is there anybody among the non-official advisers who is expected to speak for agriculture ?

The Honourable Sir Muhammad Zafrullah Khan : I have answered that question several times already, put by the same Honourable Member.

Prof. N. G. Ranga : Not this particular question.

The Honourable Sir Muhammad Zafrullah Khan : Yes, this very question.

Prof. N. G. Ranga : That was a different question.

Mr. President (The Honourable Sir Abdur Rahim) : I cannot decide.

Prof. N. G. Ranga : How many non-officials are there in that list ?

The Honourable Sir Muhammad Zafrullah Khan : Will the Honourable Member read the communiqué first.

Mr. Mohan Lal Saksena : On what principle were they selected ?

The Honourable Sir Muhammad Zafrullah Khan : On the principle of their fitness to represent the interests affected.

Mr. Mohan Lal Saksena : How was Mr. Liaquat Hayat Khan considered fit ?

The Honourable Sir Muhammad Zafrullah Khan : I cannot carry on an argument about the individual fitness of each and every adviser.

Prof. N. G. Ranga : I have read the list of advisers. Which of them is expected to speak for agriculture and to protect the industry of agriculture in these negotiations ?

The Honourable Sir Muhammad Zafrullah Khan : I am satisfied that several of them represent agriculture and are fit to look after agricultural interests. If there is a difference of opinion as to their fitness, I am afraid that cannot be helped.

Mr. Mohan Lal Saksena : Is Mr. Liaquat Hayat Khan the only representative from the United Provinces ?

The Honourable Sir Muhammad Zafrullah Khan : The Honourable Member can easily discover that for himself.

Mr. President (The Honourable Sir Abdur Rahim) : I cannot allow a discussion on each individual member. Next question.

NEGOTIATIONS FOR AN INDO-BRITISH TRADE AGREEMENT.

845. ***Mr. M. Ananthasayanam Ayyangar** (on behalf of Mr. S. Satyamurti) : Will Government be pleased to state :

(a) whether they have received replies from all Provincial Governments and commercial bodies to their circular on Indo-British trade negotiations to replace 'Ottawa' ; and

(3) if so, whether they will place them on the table of the House ?

The Honourable Sir Muhammad Zafrullah Khan : (a) No. All those addressed in the matter have not yet replied.

(b) No, Sir.

Mr. M. Ananthasayanam Ayyangar : Will all the replies received be placed before the Advisory Council for their consideration ?

The Honourable Sir Muhammad Zafrullah Khan : I have already said that all this material is being supplied to the unofficial Advisers.

Mr. M. Ananthasayanam Ayyangar : Will the Advisory Council sit again after the receipt of replies from the Local Governments ?

The Honourable Sir Muhammad Zafrullah Khan : All the material that becomes available is being supplied to them. As a matter of fact some material was supplied to them even before they sat.

Mr. M. Ananthasayanam Ayyangar : How long will they sit ?

The Honourable Sir Muhammad Zafrullah Khan : I cannot say.

Mr. M. Ananthasayanam Ayyangar : Will there be some interruption between one sitting and another ?

The Honourable Sir Muhammad Zafrullah Khan : I cannot say.

INAUGURATION OF FEDERATION.

846. ***Mr. M. Ananthasayanam Ayyangar** (on behalf of Mr. S. Satyamurti) : Will Government be pleased to state :

- (a) whether it is a fact that Orders in Council are going to be placed shortly before Parliament with regard to the inauguration of the Indian Federation in 1938 ;
- (b) the reason why the Joint Secretary, Political Department, has left by air for London ; and
- (c) whether he will go on tour to important States with a view to expediting negotiations with States for completing instruments of accession ?

The Honourable Sir Nripendra Sircar : (a) Federation is to be established by a Proclamation by His Majesty under section 5 of the Government of India Act, 1935. The stage has not been reached for Orders in Council relevant to the inauguration of Federation to be prepared for presentation to Parliament.

(b) The Joint Secretary has not gone to London. Mr. Lothian, the Additional Secretary, has gone home on leave for reasons connected with his private affairs.

(c) Mr. Lothian on his return will visit certain States in order to elucidate such points of doubt or difficulty as the Rulers may encounter in their consideration of the draft Instruments of Accession, and to enable them to arrive at a decision as soon as practicable.

Mr. M. Ananthasayanam Ayyangar : Have any of the States already expressed their assent to the Draft ?

The Honourable Sir Nripendra Sircar : I am not sure, but even if they had, I would consider it as opposed to public interest to disclose that at this stage.

HELP TO PRIVATE FLYING CLUBS IN INDIA.

847. ***Mr. M. Ananthasayanam Ayyangar** (on behalf of Mr. S. Satyamurti) : Will Government be pleased to state :

- (a) whether their attention has been drawn to the leading article entitled " Flying Clubs " in the *Amrita Bazar Patrika* of the 22nd August, 1936 ?

- (b) whether they propose to take any steps to ensure rapid and satisfactory progress of private flying clubs in India ; and
- (c) whether they propose to help, by long term planning, some of the existing concerns that labour under special handicaps to explore new routes for the growth of civil aviation ?

The Honourable Sir Frank Noyce : (a) Yes.

(b) The Government of India, after detailed examination of the question, have put into effect a programme of assistance to the flying clubs for a period of three years. The question of assistance will be reviewed at the end of the three-year period in the light of data then available in regard to the workings of the clubs and their financial position.

(c) The attention of the Honourable Member is invited to the reply given on the 24th February, 1936, to parts (c) and (d) of Seth Govind Das's starred question No. 738. It is possible that the developments may result in an expansion of the activities of the two Indian feeder Air Services. In present circumstances Government are not in a position to give any financial assistance for the development of other air services.

Prof. N. G. Banga : In view of the fact that very few Indians can possibly take interest in these private Flying Clubs, have Government considered the advisability of spending large sums of money, or as much as possible, upon more useful schemes in which the Indian masses can take part ?

The Honourable Sir Frank Noyce : I fully appreciate my Honourable friend's question, but I do not think it can be said that Government have been unduly extravagant in this matter.

Mr. Sri Prakasa : Is there anything more important than the Government's flying away ? (Laughter.)

CONCLUSIONS ARRIVED AT BY THE TRANSPORT ADVISORY COUNCIL IN SIMLA.

848. ***Mr. M. Ananthasayanam Ayyangar** (on behalf of Mr. S. Satyamurti) : (a) Will Government please state why Government did not invite any members of Motor Transport Associations, Motor Bus Associations, Lorry Owners' Associations, Private Motorists Organisations, Motor Manufacturers' or Importers' Association or general public, to attend the recent meeting of the Transport Advisory Council held at Simla ?

(b) Will Government please state whether any instructions or suggestions were given to Provincial Governments with regard to the choice of representatives that were to be sent to this Transport Advisory Council ?

(c) Will Government please state what those instructions were ?

(d) Have Government any intention of obtaining any financial interest in Motor Transport along similar lines to the Government financial interest in Railways ?

(e) Do Government propose to introduce at an early date a Bill which will embody the recommendations of the Transport Advisory Council ?

(f) Did the Transport Advisory Council make any recommendations for the control, regulation or restriction of any transport other than Motor Transport ?

(g) Do Government propose to include in their projected Bill any provision for the control, regulation or restriction of any other form of transport such as hand-carts, bullock carts, cycles, aeroplanes, or watercraft ?

(h) Do Government propose to legislate to control the number of trains which may be run between any stations on any railway ?

(i) Do Government accept the recommendations of the Transport Advisory Council which provides for Government to restrict the numbers of vehicles on the road ?

The Honourable Sir Frank Noyce : (a) Because the Transport Advisory Council is purely an official body concerned with the adjustment of Central and Provincial policy for the co-ordinated development of the various forms of transport.

(b) No. Under the constitution of the Council, only Members or Ministers in charge of Roads or their nominees could represent the provinces.

(c) Does not arise.

(d) No.

(e) Yes. A Bill to amend the Indian Motor Vehicles Act, 1914, for the control of motor transport was, as the Honourable Member is aware, introduced in this House which decided that it should be circulated to elicit public opinion thereon. A revised Resolution on Road Development will be moved during this Session.

(f) and (g). No.

(h) No new legislation is proposed as the machinery for such control exists.

(i) Yes, where considered necessary, but I would remind the Honourable Member that the machinery contemplated for the purpose under the Bill now before the House is not Government but the transport authorities to be set up by Local Governments.

Mr. Sri Prakasa : Will Government make sure that the Bill is circulated to the various Associations mentioned in clause (a) of the question ?

The Honourable Sir Frank Noyce : That is not a matter for the Government ; the Bill will be circulated by the Legislative Assembly Department.

Mr. Sri Prakasa : In view of the fact that these Bills are generally not circulated to the persons concerned, will the Honourable Member, with his usual kindness, see that these particular Associations do get copies of this Bill ?

The Honourable Sir Frank Noyce : I should be very glad to comply with my Honourable friend's request if it were in my power to do so, but I should be interfering with a matter which is not my concern.

Mr. President (The Honourable Sir Abdur Rahim) : The Honourable Member can make that suggestion to the Legislative Assembly Department.

Prof. N. G. Ranga : Do Government propose to introduce a Bill on the same lines as the Motor Vehicles Bill to control overcrowding on the railways ?

The Honourable Sir Muhammad Zafrullah Khan : No, Sir.

Prof. N. G. Ranga : Why not, Sir ?

The Honourable Sir Muhammad Zafrullah Khan : Because that is already regulated by statutory provision.

Prof. N. G. Ranga : Is it not a fact that whenever passengers pull the chain and try to draw the attention of the railway authorities to overcrowding, instead of removing the surplus people in the compartment, these officers try to victimise and brow-beat the passengers who pull the chain ?

The Honourable Sir Muhammad Zafrullah Khan : I repudiate that allegation ; but does this question arise out of the original question.

SUPPLY ON PAYMENT OF APPLICATION FORMS FOR THE POST OF A TYPIST IN THE DIVISIONAL SUPERINTENDENT'S OFFICE, MORADABAD.

849. ***Mr. Mohan Lal Saksena** : (a) Is it a fact that the Divisional Superintendent, East Indian Railway, Moradabad, advertised in the *Leader* for the post of a typist in June, 1936, requiring candidates to apply on forms to be had on payment of one rupee each ? If so, will Government state the reasons for fixing the price of forms so high ?

(b) Are Government prepared to see that the practice is forthwith discontinued ?

The Honourable Sir Muhammad Zafrullah Khan : (a) As regards the first part, Government have no information. With regard to the latter part, I would invite the Honourable Member's attention to Mr. P. R. Rau's reply to Dr. Ziauddin Ahmad's question No. 661 asked on the floor of this House on the 25th September, 1935.

(b) No.

Mr. Mohan Lal Saksena : When I put the last question, I put it in the form "Are Government aware, etc.", and the Government's reply was in the negative. The present question is in the form "Is it a fact etc." and the Government's reply is that they have no information. Why did he not enquire about the matter. The other day, you, Sir, suggested that if questions were put in the form "Is it a fact, etc.", it would be incumbent upon the Government to make enquiries and furnish the information. The present question is in that form and the Honourable Member still says that Government have no information.

The Honourable Sir Muhammad Zafrullah Khan : I have no information with regard to this particular matter ; but if it would satisfy the Honourable Member, I am prepared to admit that usually when applications are called for they have to be on a form which is supplied at a price of one rupee.

Mr. N. M. Joshi : May I ask whether the charge of one rupee for a form of application is not a tax on the unemployed whom the Government are anxious to help ?

The Honourable Sir Muhammad Zafrullah Khan : The Honourable Member might read the reply to which I have referred and then put the question if he is still dissatisfied.

Mr. Mohan Lal Saksena : What was the income from the sale proceeds of the form in this particular case ?

The Honourable Sir Muhammad Zafrullah Khan : The Honourable Member should have asked for such information. Does he really expect that I would have had that information ready even if I had made enquiries as suggested by him ?

Mr. Mohan Lal Saksena : May I ask the Honourable Member to get that information ?

The Honourable Sir Muhammad Zafrullah Khan : No, Sir ; unless the Honourable Member puts down a question and the information is readily available.

Mr. Mohan Lal Saksena : In view of the growing unemployment among the middle classes will the Government consider the advisability of reducing the price of the forms or better still to make them free.

The Honourable Sir Muhammad Zafrullah Khan : No, Sir.

Mr. President (The Honourable Sir Abdur Rahim) : It is too wide a question.

Mr. Sri Prakasa : Will the Honourable Member consider the desirability of not advertising for any posts at all ?

Mr. N. M. Joshi : Hear, hear. That will be some mercy to the unemployed.

INDIA'S CONTRIBUTION DURING THE GREAT WAR TO GREAT BRITAIN.

850. ***Mr. Mohan Lal Saksena :** (a) Will Government be pleased to state the total amount of money contributed during the Great War by India to Great Britain ?

(b) Will Government be pleased to state the total expenditure borne by Indian Exchequer on account of the War ?

(c) Will Government state the total number of Indians killed during the war, as well as those crippled and maimed ?

(d) Will Government be pleased to state how much money has been spent in giving pensions and allowances to the disabled soldiers and the relatives and dependents of those killed ?

Mr. G. R. F. Tottenham : (a) and (b). A sum of £1,13,600,000 was contributed from the Indian revenues to Great Britain during the Great War. In addition, India bore the ordinary maintenance charges of Indian troops overseas which amounted to £33,200,000.

(c) Just over 62,000 killed and just under 67,000 wounded. The Honourable Member will find further details in chapter V of "India's contribution to the Great War", a copy of which is in the Library of the House.

(d) I am afraid it is impossible to give completely accurate figures, but the Honourable Member may take it that the average cost of War pensions has been about Rs. 115 lakhs a year. The amount is, of course, gradually falling.

Mr. M. Ananthasayanam Ayyangar : Is any further amount due ?

Mr. G. B. F. Tottenham : No, Sir.

Prof. N. G. Ranga : What was the benefit derived by India in return for this, apart from the maintenance of law and order in this country ?

Mr. President (The Honourable Sir Abdur Rahim) : That cannot be discussed during question hour.

INDIA'S CONTRIBUTION TO THE LEAGUE OF NATIONS.

851. ***Mr. Mohan Lal Saksena** : (a) Will Government be pleased to state the total amount of contribution made to the League of Nations by India, as well as the amount spent in sending delegations to the League and the allied organisations ?

(b) Will Government state respective contributions of other countries to the League ?

The Honourable Sir Nripendra Sircar : (a) and (b). The Honourable Member will find the information he requires if he will refer to—

- (1) the statement laid on the table in reply to parts (a) and (b) of Sardar Sant Singh's unstarred question No. 206 on page 1593 of the Legislative Assembly Debates, dated the 26th February, 1936 ;
- (2) the statement laid on the table on the 4th September, 1936, in reply to part (d) of Mr. M. Ananthasayanam Ayyangar's starred question No. 1648 asked on the 16th April, 1936 ;
- (3) pages 1012 to 1013 of the League of Nations Official Journal, 16th year, No. 10 of October, 1935.

Mr. B. Das : With reference to the assurance given by Mr. Spence in the other House that Government would like to see the contribution of India to the League of Nations reduced, will the Honourable Member be pleased to state what action Government have taken so far ?

The Honourable Sir Nripendra Sircar : I submit that does not arise and I have answered this question at great length on the floor of this House as to what we have done, with what response we met, and so on.

Mr. B. Das : Since Mr. Spence made that statement ?

The Honourable Sir Nripendra Sircar : Mr. Spence made that statement only five days ago. What does the Honourable Member expect to be done during these four days ?

INDIAN DELEGATION VOTING AGAINST THE BRITISH DELEGATION IN THE LEAGUE OF NATIONS.

852. ***Mr. Mohan Lal Saksena** : Since the establishment of the League of Nations, has the Indian delegation ever voted against the British delegation ? If so, how many times and on what occasions ?

The Honourable Sir Nripendra Sircar : The Honourable Member's question appears to be based on a misapprehension of the procedure followed in the Assembly of the League. In view of the requirement of Rule 19 of the rules of procedure that a decision of the Assembly shall, except where otherwise expressly provided, be taken by a unanimous vote, the aim of every delegation is to secure unanimity by preliminary discussions with other delegations in committee or otherwise. Votes are occasionally taken in committee but normally by show of hands, and the sense in which any particular delegation has voted is not recorded. The Indian delegation has for the most part freedom of action in these preliminary negotiations but all the British Empire delegations endeavour, usually with success, to arrive at unanimity among themselves. At the International Labour Conference, where all decisions are taken by majority vote, India and Great Britain have voted differently on the 45 occasions specified in the statement which I lay on the table.

List of occasions on which India and British voted differently at the International Labour Conference.

Session.	Subject.	Side taken.
1. 20th Session of the International Labour Conference, 1936.	Draft Convention concerning the regulation of certain special systems of recruiting workers.	Britain .. for. India .. neutral.
2. 19th Session of the International Labour Conference, 1935.	Record vote on the placing on the agenda of the next session of the Conference of the question of the reduction of hours of work in the building and civil engineering industry.	Britain .. for. India .. against.
3. Do.	Draft Convention concerning the reduction of hours of work in the building and civil engineering industry.	Britain .. neutral. India .. against.
4. Do.	Draft Convention concerning the reduction of hours of work in glass-bottle works.	Do.
5. Do.	Record vote on the placing on the agenda of the next session of the Conference of the question of holidays with pay.	Britain .. for. India .. neutral.
6. Do.	Draft Convention concerning the establishment of an international scheme for the maintenance of rights under invalidity, old-age, and widows' and orphans' insurance.	Do.
7. 18th Session of the International Labour Conference, 1934.	Draft Convention ensuring benefit or allowances to the involuntarily unemployed.	Do.
8. Do.	Draft Convention concerning workmen's compensation for occupational diseases.	Do.

Session.	Subject.	Side taken.
9. 18th Session of the International Labour Conference 1936.	Draft convention for the regulation of hours of work in automatic sheet-glass works.	Britain .. for. India .. against.
10. 17th Session, 1933.	Six Draft Conventions regarding compulsory insurance.	Britain .. for. India .. neutral.
11. 16th Session, 1932.	The question of placing on the agenda of the next session of the Conference the question of the abolition of fee-charging employment agencies.	Britain .. for. India .. neutral.
12. 14th Session of the International Labour Conference, 1930.	Three recommendations of the regulation of hours of work of salaried employees.	Britain .. for. India .. neutral.
13. Do. ..	Recommendation concerning the Regulation of forced or compulsory labour.	Do.
14. Do. ..	Draft Convention concerning forced of compulsory labour.	Do.
15. 13th Session, 1929.	Inclusion in the agenda of the next session of the International Labour Conference of the question of the protection of seamen in case of sickness.	Do.
16. 12th Session, 1929.	Draft Convention concerning the protection against accidents of workers employed in loading or unloading ships.	Do.
17. Do. ..	Recommendation concerning responsibility for the protection of power-driven machinery.	Do.
18. 11th Session, 1928.	Recommendation concerning the application of minimum wage-fixing machinery.	Do.
19. Do.	Draft Convention concerning the creation of minimum wage-fixing machinery.	Do.
20. 10th Session, 1927.	Recommendation concerning the general principles of sickness insurance.	Do.
21. Do.	Draft Convention concerning sickness insurance for agricultural workers.	Do.
22. Do.	Draft Convention concerning sickness insurance for workers in industry and commerce and domestic servants.	Do.
23. 9th Session, 1926	Draft Convention concerning seaman's articles of agreement.	Britain .. for. India .. neutral.
24. 7th Session, 1925	Recommendation concerning the minimum scale of workmen's compensation.	Britain .. against. India .. neutral.
25. 7th Session, 1925	Recommendation concerning workmen's compensation for occupational diseases.	Britain .. for. India .. neutral.

Session.	Subject.	Side taken.
26. 7th Session, 1925	Draft Convention concerning workmen's compensation for occupational diseases.	Britain .. for. India ... neutral.
27. 6th Session, 1924	Draft Convention and Recommendation concerning equality of treatment for national and foreign workers as regards workmen's compensation for accidents.	Do.
28. Do. ..	Proposal to place on the agenda of the 7th Session of the Conference the question of the compulsory disinfection of infected wool and hair.	Britain .. for. India .. against.
29. 3rd Session, 1921	Draft Convention concerning the use of white lead in painting.	Britain .. for. India .. neutral.
29-A. Do. ..	Draft Convention concerning weekly rest in industrial undertakings.	Britain .. against. India .. for.
30. Do. ..	Draft Convention concerning the age for admission of children employed in agriculture.	Britain .. for. India .. neutral.
31. Do. ..	Recommendation concerning living conditions of agricultural workers.	Britain .. against. India .. neutral.
32. Do. ..	Recommendation concerning night work of women in agriculture.	Britain .. for. India .. neutral.
33. Do. ..	Draft Convention concerning workmen's compensation in agriculture.	Do.
34. Do. ..	Draft Convention concerning compulsory medical examination of children and young persons employed at sea.	Britain .. neutral. India .. for.
35. 2nd Session, 1920	Draft Convention limiting working hours on boardship.	Britain .. against. India .. neutral.
36. Do. ..	Draft Convention for establishing facilities for finding employment for seamen.	Britain .. for. India .. neutral.
37. Do. ..	Recommendation concerning unemployment insurance for seamen.	Do.
38. Do. ..	Recommendation concerning the establishment of national seamen's codes.	Do.
39. Do. ..	Draft Convention fixing the minimum age for admission of children to employment at sea.	Do.
40. Do. ..	The inclusion of the subject 'that no person aged less than 17 years may be employed on night watches' on the agenda of the next International Labour Conference.	Britain .. for. India .. against.

Session.	Subject.	Side taken.
41. 1st International Labour Conference, 1919.	Draft Convention fixing the age for admission of children to industrial employment.	Britain .. for. India .. against.
42. Do. ..	Draft Convention concerning unemployment.	Britain .. for. India .. neutral.
43. Do. ..	Recommendation concerning the protection of women and children against lead poisoning.	Do.
44. Do. ..	Recommendation concerning the prevention of anthrax.	Do.
45. Do. ..	Recommendation concerning the establishment of Government health services.	Do.

Mr. Mohan Lal Saksena : In the matter of the Palestine mandate may I know what view the delegation from India took ?

Mr. President (The Honourable Sir Abdur Rahim) : That question cannot be asked.

Prof. N. G. Ranga : When these different delegations from the British Empire try to sit together and arrive at some sort of understanding amongst themselves, do they also try to come to a decision by show of hands or by a majority, or is it completely informal ?

The Honourable Sir Nripendra Sircar : I would not expect that. If four people sit down to exchange ideas round a table, they do not raise their hands.

Prof. N. G. Ranga : In view of the fact that very often British Empire delegations usually vote together and as a body as one delegation, do they try on such occasions to decide these questions by a majority amongst themselves ?

Mr. President (The Honourable Sir Abdur Rahim) : Will it be possible for anybody here to answer that ? Probably the members themselves can only answer.

GRANT OF EXTENSIONS TO SUPERANNUATED PERSONS, AND RE-APPOINTMENT OF RETIRED GOVERNMENT SERVANTS.

353. ***Mr. Mohan Lal Saksena :** (a) Is it a fact that circulars have been issued to the various departments under the Government of India, condemning the practice of granting extension to persons who are over age ?

(b) Is it a fact that the District Judge and District Munsiff in Secunderabad (Deccan) Cantonment are retired pensioners nearing 60 years' age and, respectively, drawing pensions of Rs. 800 and Rs. 400, in addition to their respective salaries of Rs. 1,200 and Rs. 500 per month ?

(c) Is it also a fact that T. I. T. Engineer draws a salary of Rs. 1,000 per mensem in addition to his pension of Rs. 1,000 per month ?

(d) Will Government state their respective ages and their present state of health ?

(e) Will Government state the reasons for appointing these retired officials, and who was responsible for their appointments ?

(f) Will Government state when they are going to retire ?

(g) In view of the increased unemployment, do Government propose to issue a circular that as a general rule no retired pensioner should be appointed to a Government post ?

Sir Aubrey Metcalfe : (a) No.

(b) The District Judge and District Munsif, Secunderabad, are retired officers drawing pensions of Rs. 491-10-8 and Rs. 338-4-0 each in addition to respective salaries of Rs. 1,050 and Rs. 450.

(c) The Town Improvement Trust Engineer draws pay in the scale of Rs. 1,200—50—1,400 in addition to his pension of Rs. 586 per month.

(d) The ages of the District Judge, District Munsif and Town Improvement Trust Engineer are 58, 55 and 56, respectively. All three officers are in good health.

(e) All three posts require experience and as they are isolated appointments there are only two courses to be followed :

(i) To borrow officers from the provinces.

(ii) To re-employ retired officers.

The latter course is the more economical as the appointments are deemed temporary and there are no pension nor Provident Fund liabilities. The Resident at Hyderabad is responsible for the appointments.

(f) The officials have already retired from Government service. Their continuance in their present appointments is contingent on the efficient performance of their duties.

(g) No.

Mr. Mohan Lal Saksena : With reference to clause (e), is it not a fact that the experience of these retired officers will be available only for a short time ?

Sir Aubrey Metcalfe : I have explained that they will be available as long as the officers perform their duties efficiently.

Mr. Mohan Lal Saksena : If younger officers are appointed, they may not of course have sufficient experience in the beginning, but will they not be available for a longer period than these retired officers who are appointed after they retire from other posts.

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

Qazi Muhammad Ahmad Kazmi : Is there any age limit for these officers ?

Sir Aubrey Metcalfe : No, Sir. I have explained that they will be employed as long as they can perform their duties efficiently.

Qazi Muhammad Ahmad Kazmi : Will there be any medical examination of these officers after some period ?

Sir Aubrey Metcalfe : Undoubtedly.

Mr. M. Ananthasayanam Ayyanger : What is the normal term for which they are expected to work ?

Sir Aubrey Metcalfe : That is an impossible question to answer. I think I have given all the information that is required on the subject.

Mr. Sri Prakasa : With reference to the reply to clause (d), is it not a fact that most persons, who go in for Government service in India, return their age as less than what it actually is ? And with regard to part (ii) of clause (d), may I ask when the last medical examination as to their health took place ?

Sir Aubrey Metcalfe : I should require notice of that question.

RESTRICTION ON THE POSSESSION AND CARRYING OF SWORDS AND SWORD-STICKS IN THE DELHI PROVINCE.

834. ***Mr. M. Asaf Ali :** (a) Will Government state if it is a fact that there is no restriction on the possession and carrying of swords or sword-sticks in the Punjab and the United Provinces, but in the Delhi Province the possession or carrying of swords or sword-sticks is an offence ? If so, why ?

(b) Will Government state (i) how many persons have been convicted of unlawful possession of swords and sword-sticks in the Delhi Province since January, 1936, and (ii) how many of those convicted belonged to places outside Delhi Province, where there are no restrictions on the possession and carrying of swords ?

(c) Are Government prepared to remove this restriction in Delhi Province ? If not, why not ?

The Honourable Sir Henry Craik : Part (a). In the Punjab there are no restrictions on the possession and carrying of swords, but sword-sticks are not exempt. In the United Provinces under entry 1 of Schedule II to the Indian Arms Rules, 1924, swords and sword-sticks are exempted from all the prohibitions and directions contained in the Indian Arms Act, 1878, but under the proviso in column 3 against that entry the Local Government have power to retain all or any of the prohibitions and directions contained in the Act in respect of these arms. The Government of India have no information as to whether the Local Government have retained any such prohibitions or directions. In Delhi the possession or carrying of swords or sword-sticks without a licence is an offence. The rules are not uniform in all the provinces because the question of restriction on the possession and carrying of arms is one for determination in accordance with local conditions.

Part (b). During the period 1st January to 31st August, 1936, 91 persons were convicted in Delhi under section 19 of the Indian Arms Act, 1878, for illegal possession of swords and sword-sticks, of whom ten persons came from the Punjab, 89 from the United Provinces, seven from the Central Provinces, 31 from Indian States and four from Delhi Province.

Part (c): No. Because, in the opinion of the Local Government to do so would be incurring unnecessary risk in the event of disturbances in Delhi.

PAYMENTS MADE TO CERTAIN AIRWAYS.

555. ***Mr. M. Asaf Ali :** Will Government please state what payments have been made to the following concerns during 1933-34, 1934-35 and 1935-36 :

1. Indian Transcontinental Airways, Ltd.,
2. Indian National Airways, Ltd.,
3. Tata Sons, Ltd. (Aviation Department), and
4. Himalayan Airways, Ltd., for
 - (i) refund of duties on petrol and spare parts of aircrafts, etc.,
 - (ii) carriage of mails by air, and
 - (iii) subsidy for carriage of mails ?

The Honourable Sir Frank Noyce : I lay on the table a statement furnishing the required information.

Statement.

	(i) Payments made on account of refund of duties on petrol and spare parts of aircrafts, etc.			(ii) Payments made for carriage of mails by Air.			(iii) Payments made as subsidy for carriage of mails, 1933-34, 1934-35 and 1935-36.
	1933-34.	1934-35.	1935-36.	1933-34.	1934-35.	1935-36.	
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
1. Indian Transcontinental Airways, Ltd. ..	73,585	1,08,078	2,08,648	14,278	29,481	57,059	} Nil.
2. Indian National Airways, Ltd. ..				2,503	39,944	83,204	
3. Tata Sons, Ltd. (Aviation Department) ..	..	Nil		1,35,708	2,13,915	2,82,352
4. Himalayan Airways, Ltd. ..				Nil	Nil	Nil	

NOTE.—The amounts shown against Indian Transcontinental Airways, Limited, under item (ii) represent payments made by the Indian Posts and Telegraphs Department for the carriage by air between Karachi and Rangoon only of (a) inland mails, (b) outward foreign mails despatched by Indian Post Offices to Karachi for inclusion by the Karachi Office in its direct mails for foreign offices of exchange, (c) inward foreign mails received in 'Karachi Forward' bags by the Imperial Airways service, (d) inward foreign mails delivered at Karachi and Rangoon by the K. L. M. and Air France aeroplanes or received by land or sea routes for conveyance by air in India.

As regards air conveyance charges in respect of all closed mails received and despatched by the Offices on the Indian Transcontinental Airways' route from and to offices of exchange in foreign countries by the joint Imperial Airways and Indian Transcontinental Airways service, these are paid to the British Post Office by the Indian Post Office in respect of the outward closed mails and by the despatching administrations concerned in respect of the inward closed mails. This is according to an agreement entered into between the British Post Office and the Indian Posts and Telegraphs Department. The British Post Office pays Imperial Airways for all mails conveyed and Imperial Airways share the payment with the Indian Transcontinental Airways.

AEROPLANES USED BY GOVERNMENT.

356. *Mr. M. Asaf Ali : (a) Are Government aware that the Indian National Airways have not been using their Avro Ten for the last two years, nor have they obtained the requisite certificate of its airworthiness ?

(b) Is it a fact that the Viceroy's old aeroplane is nearly four years' old, and its depreciated value has gone down by 75 per cent. or so ?

(c) Is it being maintained by the Indian National Airways at an annual cost of over 30,000 ?

(d) How many hours has it been used by Government during the past four years, and how many hours has it been used by Government during the current year, or since the purchase of the new *Star of India* ?

(e) Have Government considered whether it would not be more economical to dispose of it ?

(f) (i) How much has the *Star of India* cost, (ii) how much does its maintenance cost, and (iii) how many hours has it been used by Government during the current year ?

(g) How do Government justify the purchase of two aeroplanes for the Viceroy, and on what ground is the heavy cost of their maintenance justified ?

(h) If Government must maintain these machines, are they prepared to inquire from the Aeronautical Training Centre at what cost they can maintain them for Government ?

The Honourable Sir Frank Noyce : (a) Government are not concerned with the use to which Indian National Airways, Limited, may or may not put a particular aircraft of their fleet.

(b) The Government Avro X has been in use since December, 1931, and Government are aware that its value has depreciated considerably.

(c) An annual sum of Rs. 31,800 is paid to Indian National Airways, Limited, for the maintenance and operation of the two Government aircraft, viz., the *Star of India* and the Avro X, Rs. 21,000 being the sum paid on account of the former and Rs. 10,800 on account of the latter.

(d) The Avro X has flown 456 hours on Government business during the past four years, and 66 hours during the current year. It has flown 129 hours on Government business since the purchase of the *Star of India*.

(e) The Avro X has practically no disposable value. Provided the aeroplane can be sufficiently used it is worth continuing its use for Government purposes.

(f) (i) Rs. 1,40,133.

(ii) Rs. 21,000.

(iii) 52 hours.

(g) One aeroplane only has at any time been specially assigned for use by His Excellency the Viceroy. The Avro X aeroplane at present in use was originally purchased when the Government of India proposed to run a State Air Service. This proposal suffered in the general retrenchment resulting from the 1936 crisis, and Government were left with this aeroplane on their hands, which was then placed at the disposal of His

Excellency the Viceroy because it was found that when His Excellency's tours were undertaken by air, savings on police expenditure could be effected, which more than offset the additional cost of air transport. As the Avro X was found not to be particularly suited for the conveyance of His Excellency (on account of its inadequate carrying capacity and performance) the *Star of India* was purchased and delivered towards the end of 1934. The Avro X was then made available for general Government purposes. Government are not prepared to accept the statement that the cost of maintenance of the *Star of India* has been unduly heavy or is unjustifiable.

(h) The existing arrangement for the combined operation of the two machines is probably the most economical which can be made with a civil firm in view of the special conditions which must attach to the operation and maintenance of His Excellency's aeroplanes. But the Government of India have the question of the future arrangements for the maintenance of the two aircraft under consideration.

PLATFORM TICKETS FOR PERSONS GOING TO RAILWAY STATIONS TO RECEIVE VICEROYS AND GOVERNORS.

557. *Mr. Sri Prakasa : (a) Are persons who go to railway stations to receive Viceroys and Governors required to take platform tickets where the taking of such tickets is required by law ? If not, under what law are they exempted ?

(b) How many platform tickets were sold recently at the Benares Cantonment Railway Station when the Viceroy and the Governor of the United Provinces, respectively visited Benares ?

(c) Has the Superintendent of Police any authority over Station Masters as regards the number of persons that should be admitted to a railway platform on any particular occasion, and can he order that so many and no more platform tickets are to be sold for the same ?

(d) Is it a fact that the Superintendent of Police, Benares, fixed the number on the occasion of the last visit of Mahatma Gandhi to Benares and that the Station Master felt compelled to follow these instructions ?

(e) Was any such restriction imposed on the occasion of the visit of the Viceroy and the Governor of the United Provinces to Benares ?

(f) Who gives permission for any special decoration of railway premises on any particular occasion ?

(g) Does the Railway bear any part of such expenses ? If so, under what head is that expense debited and under what rule is it incurred ?

The Honourable Sir Muhammad Zafrullah Khan : (a) At stations at which platform tickets are issued, any person desiring admission to the platform to receive a high official or any other person is required to take a platform ticket unless the Railway Administration in the exercise of its discretion decides to admit certain persons without such tickets.

(b), (d) and (e). Government have no information and it would serve no useful purpose to obtain it.

(c). The Superintendent of Police as such has no authority, but, in view of his responsibility, his advice may be sought for and generally followed in such cases.

(f) The decision as to whether any special decorations should be arranged for, by whom and at whose expense, rests with the Divisional Superintendent or other higher authority.

(g) So far as Government are aware, no additional expenditure is incurred in such cases.

Pandit Lakshmi Kanta Maitra : May I know from the Honourable Member if I understood him to say that the purchase of platform tickets is a matter mainly in the discretion of the Station Master ?

The Honourable Sir Muhammad Zafrullah Khan : I did not say that.

Mr. Sri Prakasa : Under what rule is this discretion exercised ? And why does the Government think that it will serve no useful purpose to get the information I have asked for, in view of the fact that there is a great deal of heart-burning owing to the differentiation made by railway authorities in the case of those who go to receive Viceroy and Governors, and those who go to receive persons, like Mahatma Gandhi, who may be greater than those persons ?

The Honourable Sir Muhammad Zafrullah Khan : That is a question of argument.

Pandit Lakshmi Kanta Maitra : Does the question as to whether persons or class of persons should be exempted from the purchase of platform tickets depends on the railway administration to decide ?

The Honourable Sir Muhammad Zafrullah Khan : Yes ; that is what I said.

Mr. Sri Prakasa : Under what law is this discretion exercised ?

The Honourable Sir Muhammad Zafrullah Khan : I would require notice.

Mr. Sri Prakasa : I want to know who pays for the decoration : the Honourable Member says that the railway does not pay, but that the divisional inspector or some other functionary orders such decorations.

The Honourable Sir Muhammad Zafrullah Khan : If Government does not pay, surely I can have no information as to who pays.

Mr. Sri Prakasa : This is an important matter, Sir. Does the Government approve of Divisional Superintendents ordering decorations at the expense of others ?

The Honourable Sir Muhammad Zafrullah Khan : Most certainly, if somebody else is willing to go to that expense.

Pandit Lakshmi Kanta Maitra : Is it not a fact that in such decorations the railway administration gives all the signals and other decorations from the railway administration itself ?

The Honourable Sir Muhammad Zafrullah Khan : Signals have nothing to do with decorations.

Pandit Lakshmi Kanta Maitra : I mean fog signals, flags, festoons, etc.

The Honourable Sir Muhammad Zafrullah Khan : Fog signals have nothing to do with decorations.

Pandit Lakshmi Kanta Maitra : They are used for these ceremonial occasions, even when there is no fog : that is the fun of it.

Mr. Sri Prakasa : May I know whether the divisional inspector allows these decorations on application or whether he orders the decorations before any applications come ?

The Honourable Sir Muhammad Zafrullah Khan : There was no reference to any divisional inspectors in my answer.

Mr. Sri Prakasa : Did not the Honourable Member refer to divisional somebody—I did not catch the exact designation. The Honourable Member need not be so punctilious !

The Honourable Sir Muhammad Zafrullah Khan : I have got to be very careful with this particular Honourable Member as he is so particular about the language used in these matters. I do not want to be caught over giving a reply to a question which has not been put.

Mr. Sri Prakasa : May I know the exact designation of the divisional somebody he referred to ?

The Honourable Sir Muhammad Zafrullah Khan : May I read out that particular portion of the reply ?

Mr. Sri Prakasa : The noun after that adjective will do for me.

The Honourable Sir Muhammad Zafrullah Khan : I said :

“(f) The decision as to whether any special decorations should be arranged for, by whom and at whose expense, rests with the Divisional Superintendent or other higher authority.”

Mr. Sri Prakasa : May I ask whether this Divisional Superintendent orders these decorations before any applications go to him of persons anxious to decorate at their own expense ; or whether he decides only after finding himself or discussing with the officers the relative merits of various applicants who are anxious to decorate railway stations for the reception of such worthies ?

The Honourable Sir Muhammad Zafrullah Khan : I have no information.

Sir Muhammad Yakub : The press report says that Pandit Jawahar Lal Nehru travelled in a decorated train—a special train—to Madras. Will Government be pleased to state if the train was decorated under orders of the Government or of any individual superintendent ?

(Interruptions.)

Mr. President (The Honourable Sir Abdur Rahim) : The Honourable Members (on the left) should not interfere in that way.

Some Honourable Members on the Congress Benches : At the cost of the people.

Sir Muhammad Yakub : May I have an answer to my question ?

The Honourable Sir Muhammad Zafrullah Khan : I said I have no information.

LOADING AND UNLOADING WORK OF THE RAILWAYS DONE BY THE PORTERS.

858. *Mr. Sri Prakasa : (a) Is it a part of the contract with porters at railway stations that they are to do the loading and unloading work of the railway free of all costs ?

(b) Are Government aware that sometimes even such porters are taken away who are actually in charge of a passenger's luggage, just before the arrival of the train, greatly inconveniencing passengers who find no porter available to help them to put the luggage in the train itself ?

(c) Are Government prepared to instruct the railways that this practice should not be indulged in, and are Government prepared to suggest to the railways that porters doing railway work should be paid at a prescribed rate ?

The Honourable Sir Muhammad Zafrullah Khan : (a) and (c). The practice in this respect is not uniform. I would refer the Honourable Member to the information placed on the table of the House on the 13th March, 1936, in connection with Seth Govind Das's question No. 684 asked on the 25th September, 1935.

(b) No. If any such cases were brought to the notice of the responsible authorities, disciplinary action would be taken against those concerned.

Mr. Sri Prakasa : What will be the situation of the passenger who in the very circumstances of the case will lose his train if he tried to bring the matter to the notice of the railway authorities ? In this connection may I ask whether Government will consider the desirability of having salaried porters as they have in other parts of the world ?

The Honourable Sir Muhammad Zafrullah Khan : There are different arrangements on different railways.

Mr. Mohan Lal Saksena : May I know if it is a fact that at certain stations porters have to load and unload railway parcels free of charge ?

The Honourable Sir Muhammad Zafrullah Khan : It depends on the arrangements between the railways and the contractor who supplies the labour.

Mr. Mohan Lal Saksena : May I know whether that does not come within the definition of forced labour ?

The Honourable Sir Muhammad Zafrullah Khan : No. If the railway authorities have an arrangement with the contractor whereby they pay for all the labour involved, I am afraid they cannot look further into the matter.

Prof. N. G. Ranga : Is it not a fact that porters are employed by the railways themselves ?

The Honourable Sir Muhammad Zafrullah Khan : No ; not always.

Prof. N. G. Ranga : In view of the fact that these people are very low paid both by the contractors and by the railways, will Government consider the advisability of introducing a uniform practice by stipulating certain payments to be made by passengers who make use of these people ?

The Honourable Sir Muhammad Zafrullah Khan : The question of payment by passengers does not arise, but I believe the rates are fixed.

Mr. Mohan Lal Saksena : Am I to understand that it is not the function of Government to see that nobody is compelled to do forced labour ?

The Honourable Sir Muhammad Zafrullah Khan : I said there was no question of forced labour at all here. Government pays for this labour.

Mr. Mohan Lal Saksena : Are the Government aware that these porters are not paid anything for loading and unloading parcels at stations ? Am I correct in thinking that the Government themselves connive at this practice ?

The Honourable Sir Muhammad Zafrullah Khan : The Honourable Member must give notice of that.

Qazi Muhammad Ahmad Kazmi : Will the Honourable Member be pleased to have an instruction issued to the railways that while porters are engaged in carrying luggage of passengers their services should not be utilised for the loading and unloading of railway goods ?

The Honourable Sir Muhammad Zafrullah Khan : I have said that there is not the slightest warrant for that practice and if that practice exists wherever it is discovered disciplinary action will be taken.

Pandit Krishna Kant Malaviya : May I know if the Honourable Member is convinced that the contractors pay these porters ?

The Honourable Sir Muhammad Zafrullah Khan : I have no information on that.

Pandit Krishna Kant Malaviya : Will Government make inquiries whether these porters are paid by these contractors ?

The Honourable Sir Muhammad Zafrullah Khan : No : I will not inquire into a matter where the question is entirely one between the contractor and the porters.

CONVERSION OF THE DEPRESSED CLASSES BELONGING TO HINDUISM TO ANY OTHER RELIGION.

859. ***Mr. S. Satyamurti :** Will Government be pleased to state whether they have at any time decided to encourage or to discourage the conversion of depressed classes belonging to Hinduism to any other religion ?

The Honourable Sir Nripendra Sircar : No.

SHORT NOTICE QUESTION AND ANSWER.

ACCIDENT AT THE NILURIPATHRA COLLIERY IN THE JHARIA COALFIELD.

Mr. Ram Narayan Singh : Will Government state :

12 Noon.

(a) Whether they are aware of the tragedy and mishap in the Jharia mines reported in the *Hindustan Times* of today's date and whether it is true ;

(b) what are the full facts of the casualties ; and

(c) what is the reason for these successive mishaps in these mines ?

The Honourable Sir Frank Noyce : (a) Government have received a report of the accident which occurred at the Niluripathra colliery in the Jharia coalfield on the 29th September. The facts are that a partial collapse of the workings of the colliery occurred accompanied by an air blast which temporarily deranged the winding arrangements. As soon as the winding arrangements were restored all the persons underground numbering 22 were safely brought to the surface.

(b) None of the persons below ground was injured, but, as a result of the collapse of a building on the surface, four persons were killed and two injured.

(c) It is impossible to assign any common cause for all the accidents which have recently occurred in this field, but unsatisfactory methods of mining in the past have enhanced the risks attendant on the extraction of coal. The reason for the collapse of the workings in the present case has not yet been ascertained, but a departmental enquiry is being made.

Mr. B. Das : In view of the present accident at Jharia, due to depillaring, what steps are Government taking to prevent this depillaring in coal mines, particularly in the Jharia area ?

The Honourable Sir Frank Noyce : The accidents have been due to different causes and they are not always due to the cause mentioned by my Honourable friend.

Mr. B. Das : The last one was due to that.

The Honourable Sir Frank Noyce : That may be, but the accidents are due to different causes and they are not always due to the cause mentioned by my Honourable friend. As regards the steps that Government are taking, I would remind my friend of the temporary regulations which have recently been issued and also of the proposed appointment of a committee to examine the whole question during the coming cold weather.

Mr. B. Das : In view of the fact that this recent accident in the Jharia coalfields happened after the temporary regulations were framed and in view of the fact that the last accident was due to depillaring what action are the Government Mining Inspectors taking to prevent depillaring of coal mines and prevent accidents thereby ?

The Honourable Sir Frank Noyce : I can only refer my Honourable friend to the recent temporary regulations which deal with this question of depillaring and which give the mining staff greater powers in that respect than they formerly had. I would again repeat that the whole question of safety as well as of coal conservation is to be examined by a committee during the coming cold weather.

MESSAGE FROM THE COUNCIL OF STATE.

Secretary of the Assembly : Sir, the following Message has been received from the Secretary of the Council of State :

" I am directed to inform you that the Council of State has, at its meeting held on the 6th October, 1936, agreed without any amendment to the Bill further to amend the Cantonments Act, 1924, for certain purposes, which was passed by the Legislative Assembly at its meeting held on the 28th September, 1936."

THE INDIAN COMPANIES (AMENDMENT) BILL—*concl'd.*

Mr. President (The Honourable Sir Abdur Rahim) : The House will now resume consideration of the Bill further to amend the Indian Companies Act, 1913, for certain purposes, as reported by the Select Committee. We are dealing with amendments to the proposed section 277G.

Sir H. P. Mody (Bombay Millowners' Association : Indian Commerce) : I move :

“ That in clause 111 of the Bill, in the proposed section 277G, after the words ‘ managing agent ’ the words ‘ other than a banking company ’ be inserted.”

The result will be that section 277G will read as follows :

“ No banking company shall after the expiry of two years from the commencement of the Indian Companies (Amendment) Act, 1936, employ a managing agent other than a banking company for the management of the company.”

I shall be very brief. I am not objecting to the principle that a banking company should not be run by managing agents. What I am seeking, however, to do is to make an exception where a banking company is the managing agent of another banking company.

Mr. B. Das (Orissa Division : Non-Muhammadan) : As for instance ?

Sir H. P. Mody : One of the most important banks in this country, the Central Bank of India, is running another bank today, and has been doing so for a number of years, namely, the Union Bank of India. The Union Bank, I venture to think, is being conducted on very sound principles, and, what is more, it derives advantage from all the widespread ramifications of the Central Bank. It enjoys all the facilities which the Central Bank of India with its branches all over the country provides, in respect of collection of bills and other matters, and I submit that there is nothing objectionable to one banking company being the managing agent of another banking company. The Banking Enquiry Committee, while it made the recommendation that it was objectionable that banks should be run by managing agents, clearly indicated that this applied to individuals or firms, and that it did not have banking companies in mind. I venture to think that my amendment should meet with no opposition. Sir, I move.

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

“ That in clause 111 of the Bill, in the proposed section 277G, after the words ‘ managing agent ’ the words ‘ other than a banking company ’ be inserted.”

Pandit Govind Ballabh Pant (Rohilkund and Kumaon Divisions : Non-Muhammadan Rural) : Sir, I oppose the amendment. I see no reason why an exception should be made in the case of a banking company. A private firm, consisting of two or three persons, or, say, even of ten persons, may get itself registered as a private banking company and then work as the managing agent of another banking company. What is there to prevent any three or four individuals, or for the matter of that, two individuals, brothers and cousins, joining together and getting themselves registered as a banking company ?

Sir H. P. Mody : There is no bar at the present moment, and this contingency which my Honourable friend thinks is a serious one—has it ever happened ? Anything can happen, for that matter.

Pandit Govind Ballabh Pant : Anything can happen, yes. We were told, when we argued the other day that many things did not happen, that they would happen under the new regime that was now being inaugurated. If you do not want to put a stop to the system of managing agency in the case of banks, frankly withdraw the provision that is there. But if you do think that the system of managing agency does not suit banks and banking companies, then I submit that no loophole should be provided for getting over the provision embodied in the Bill. My Honourable friend does not even say a public company. If he had any apprehensions about any particular bank today and if he had brought an amendment to the effect that an exception should be made in the case of any particular bank and if the Government were satisfied that it was necessary and essential in public interests that such an exception should be made, it would have been perhaps proper to consider the case of that particular bank. But to insert a provision of this kind by virtue of which the general provision that is being put in may be made valueless seems to me to be dangerous. Sir, I oppose the amendment.

The Honourable Sir Nripendra Sircar (Law Member) : Sir, I have no objection to the amendment for this reason that the managing agent which is a banking company will be subject to all the restrictions and the control which have been introduced under this Act.

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

“ That in clause 111 of the Bill, in the proposed section 277G, after the words ‘ managing agent ’ the words ‘ other than a banking company ’ be inserted.”

The motion was adopted.

Mr. Akhil Chandra Datta (Chittagong and Rajshahi Divisions : Non-Muhammadan Rural) : Sir, I move :

“ That in clause 111 of the Bill in sub-section (2) of the proposed section 277J for the word ‘ twenty ’ the word ‘ ten ’ be substituted.”

It is laid down in this clause that 20 per cent. shall be earmarked for reserve fund. I propose ten. Otherwise it will be very difficult for small banks. Sir, I move.

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

“ That in clause 111 of the Bill in sub-section (2) of the proposed section 277J for the word ‘ twenty ’ the word ‘ ten ’ be substituted.”

Mr. Susil Chandra Sen (Government of India ; Nominated Official) : I oppose this amendment and for this reason. As I indicated to the House, I have had occasion to deal in my province with at least 200 indigenous banking companies which have now been reduced to the verge of bankruptcy. The reasons, when investigated showed the thorough unbusinesslike manner in which their business was conducted. At one time during the period of 1914 to 1922, they made immense profits. They declared dividends to the extent of 50 per cent. and in some cases to the extent of 75 per cent. but no reserves were kept for the rainy days with the result that when the time of difficulty came and with the fall of rental value and the economic crisis they were reduced to the verge of bankruptcy. But for section 153 there would have been a catastrophe in the province of Bengal. I am sure my friend

who comes from that province has felt it. The provision in section 277G is very moderate. It only means that out of the net profits you leave out 20 per cent. by way of reserve. Then again why is it to be kept in reserve? The reserve is meant to be utilised in cases of emergency. Therefore, Sir, the companies do not lose anything. The shareholders may get a lesser rate of dividend. But which is the preferable course to keep the company on a better financial footing or to give the shareholders a better rate of dividend. I submit there is no case made out for reduction of 20 to 10.

Mr. Akhil Chandra Datta : Is not the collapse of the banks in Bengal due to depression. If 20 had been reserved instead of ten, does he really think that the collapse would not have happened?

Mr. Susil Chandra Sen : If not all, most of them would have been saved.

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

“That in clause 111 of the Bill in sub-section (2) of the proposed section 277J for the word ‘twenty’ the word ‘ten’ be substituted.”

The motion was negatived.

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

“That in clause 111 of the Bill, at the end of sub-section (3) of the proposed section 277J, the following be added :

‘or keep deposited in a special account to be opened by the company for the purpose in a scheduled bank as defined in clause (e) of section (2) of the Reserve Bank of India Act, 1934.’”

The amendment explains itself, and I need say nothing in its support.

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

“That in clause 111 of the Bill, at the end of sub-section (3) of the proposed section 277J, the following be added :

‘or keep deposited in a special account to be opened by the company for the purpose in a scheduled bank as defined in clause (e) of section (2) of the Reserve Bank of India Act, 1934.’”

The motion was adopted.

Mr. Akhil Chandra Datta : Sir, I move :

“That in clause 111 of the Bill, to sub-section (3) of the proposed section 277J, the following proviso be added :

‘Provided that the provision of the sub-section shall not apply to a Banking Company incorporated before the commencement of the Indian Companies (Amendment) Act, 1936, till after the expiry of two years from the commencement of the said Act.’”

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

“That in clause 111 of the Bill, to sub-section (3) of the proposed section 277J, the following proviso be added :

‘Provided that the provision of the sub-section shall not apply to a Banking Company incorporated before the commencement of the Indian Companies (Amendment) Act, 1936, till after the expiry of two years from the commencement of the said Act.’”

The motion was adopted.

Mr. President (The Honourable Sir Abdur Rahim) : Amendment No. 2 on List No. 13 by Mr. Bajoria.

The Honourable Sir Nripendra Sircar : Sir, I have an objection to make. It is true I came to an understanding with the Honourable the Leader of the Opposition. That understanding was this. If notice of an amendment had been given on Monday, I would have raised no objection if it had reached us on Tuesday, because ordinarily it would have come up on Wednesday. But these are amendments on which notice was given on Tuesday.

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

The Honourable Sir Nripendra Sircar : Yes, Sir. There is no reason why the rule for two days' notice should be waived in that connection. This is going on from the 8th of September.

Mr. President (The Honourable Sir Abdur Rahim) : I cannot suspend the Standing Order.

Mr. President (The Honourable Sir Abdur Rahim) : Then we come to No. 234.

Mr. F. E. James (Madras : European) : May I submit, Sir, that 234 should not be moved until 242 has been disposed of ?

Mr. Akhil Chandra Datta : I agree.

Mr. President (The Honourable Sir Abdur Rahim) : Then, we come to 235.

Mr. Akhil Chandra Datta : I don't move it.

Mr. T. Chapman-Mortimer (Bengal : European) : Sir, I move :

“ That in clause 111 of the Bill, the proposed section 277L be omitted.”

Sir, I should like to say before I give my reasons for moving this amendment that we are entirely opposed to Banks being holding companies. As Honourable Members are aware, a holding company has been defined in clause 2 (2) of the Bill, to include a company where the assets of the company consist in whole or in part of shares in another company, whether held directly or through a nominee, and whether that other company is a company within the meaning of this Act or not, and (a) the amount of the shares so held is at the time when the accounts of the holding company are made up more than fifty per cent. of the issued share capital of that other company, etc., etc. Now, if Honourable Members will turn to 277E, they will find there in sub-section (4) it is stated that “ the promoting, effecting, insuring, guaranteeing, underwriting, participating in managing and carrying out of any issue, public or private, of State, Municipal or other loans, or of shares, stocks, debentures,” etc., etc. Again, sub-section (6) says “ promoting or financing or assisting in promoting or financing any business, undertaking or industry, either existing or new,” etc., etc. Again sub-section (9) says :

“ acquiring and holding and generally dealing with any property, and any right, title or interest in any property movable or immovable which may form part of the security,” etc., etc.

Sir, it may easily happen that, as recommended by the Banking Committee, Banks in this country may underwrite issues of shares of industrial companies and they may be left with 51 per cent. or more of these issues on their hands, in which case they will immediately come within the scope of the definition of a 'subsidiary', and thus 277L would apply to them and they may be penalised, especially as I see it is proposed in my friend Mr. Datta's amendment No. 234 that they should be penalised. It is for that reason, purely on technical grounds, that I move this amendment. Sir, I move.

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

" That in clause 111 of the Bill, the proposed section 277L be omitted."

Mr. Susil Chandra Sen : Sir, I am afraid I have to oppose this amendment. This amendment was intended to guard against a banking company forming any subsidiary company or holding shares in a company other than a banking company which would bring it within the category of a holding company in relation to such company. My friend referred to the case which is really in the nature of an accident, but I think even in such a case it is within the power of the banks to prevent such accidents. The banks may sell off such shares instead of acquiring them. I have not yet heard however from my friend anything against the principle underlying this subsection, and I don't think that any case has been made out for the deletion of this clause. Sir, I oppose the amendment.

Sir Cowasji Jehangir (Bombay City : Non-Muhammadan Urban) : May I ask one question, Sir ? The Honourable Member will remember that there was a considerable amount of discussion as to whether a bank should be allowed to hold shares in any company. Here if a bank is not allowed to hold shares in a subsidiary company, it may amount to the same thing, namely, the prohibition of a bank holding shares in a company. Suppose there is a company which has a subsidiary company, and that subsidiary company has shares of its own. By this section you will prohibit the bank from holding any shares in that subsidiary company. I can understand the prohibition against forming a subsidiary company, but I am unable to understand the prohibition against holding shares in a subsidiary company. Those shares need not be 5 per cent. the total number of shares of that subsidiary company. Now, suppose a bank lends some money to a subsidiary company on the security of the shares of that subsidiary company and has to foreclose, which means it will have to own those shares. I will ask the Honourable Member to consider the question from this point of view. Forming a subsidiary company is quite a different thing from holding shares in a subsidiary company. In effect, you prohibit banks from lending.

Mr. Susil Chandra Sen : With your permission, Sir, I will answer that question. My friend is entirely in error. The only prohibition is firstly against a banking company forming a subsidiary company other than a banking company. The second thing is in regard to holding shares in any other subsidiary company, which is not a banking company. The subsidiary companies have been defined in the Act, and it is only vis-à-vis the holding company that the term 'subsidiary company' is

[Mr. Susil Chandra Sen.]

applicable. Therefore the apprehension of my friend that the banks cannot hold shares in any company is groundless.

Sir Cowasji Jehangir : Subsidiary companies have shares of their own. The principal company may mortgage those shares to a bank. I know of several instances where a bank has lent money to the principal company on the security of the shares of the subsidiary company. Then what is going to happen ?

The Honourable Sir Nripendra Sircar : They can stop it. That is very exceptional business.

Sir Cowasji Jehangir : If I may appeal to the Honourable the Law Member, it is not exceptional business. I can give you several instances where a bank has lent money on the security of the shares of a subsidiary company. They may have lent money to the principal company, but the security was the shares of the subsidiary company. This will prohibit it. I can understand the prohibition against a bank starting a subsidiary company. That might be prohibited, but you might in some cases prevent a bank from doing business on the security of the shares of a subsidiary company. I would suggest omitting "holding subsidiary shares" and only restricting the clause to prohibition against forming subsidiary companies.

Honourable Members : The question may now be put.

Mr. Sami Vencatachelam Chetty (Madras : Indian Commerce) : Sir, so long as under section 277E a banking company is allowed to do the various items of business described, among which No. 9 is "acquiring and holding and generally dealing with any property and any right, title or interest in any property movable or immovable which may form part of the security for any loans or advance or which may be connected with any such security", to that extent, I suppose, a banking company is protected in the matter of buying the shares of any company whether it is a subsidiary company or a holding company. So long as it is not directly promoting a subsidiary company, I think sub-clause (9) of section 277E ought to be a sufficient protection against it being understood as promoting a subsidiary company.

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

"That in clause 111 of the Bill, the proposed section 277L be omitted."

The motion was negatived.

Mr. T. Chapman-Mortimer : Sir, I move :

"That in clause 111 of the Bill, for the proposed section 277L the following be substituted :

'277L. A banking company shall not form or hold shares in any subsidiary company except a subsidiary company formed for one or more of the purposes set out in section 277E.'

Sir, it is a matter of great importance to many banks and a matter of practical business convenience that they should be able to form trustee companies when they are handling the business of their clients, and if Honourable Members will turn to 277E (10) and (11), they will find there that that is one thing they do. The usual practice is

for the bank to form a subsidiary company to handle their clients' business when they are undertaking or executing a trust or acting for the administration of an estate and so on. They form a company with a nominal capital, and that of course appears in their balance-sheet as one of their assets. There is nothing really to be concealed; they are handling purely the business of their clients, and it is a matter of fact of a practical business administration. Sir, I move.

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

"That in clause 111 of the Bill, for the proposed section 277L the following be substituted :

'277L. A banking company shall not form or hold shares in any subsidiary company except a subsidiary company formed for one or more of the purposes set out in section 277E.'

Mr. Bhulabhai J. Desai (Bombay Northern Division : Non-Muhamadan Rural) : Sir, I oppose this, unless the matter is amended it is of course entirely for them to consider.

"A banking company shall not form or hold shares in any subsidiary company except a subsidiary company formed for one or more of the purposes set out in section 277E."

Sir, if what is wanted is this,—“except a subsidiary company whose principal object is the one defined in 277E along with one or the other of the objects mentioned”, unless that is done, you practically destroy 277L, if this is passed.

Sir Leslie Hudson (Bombay : European) : Sir, I am afraid that amendment, suggested by the Honourable the Leader of the Opposition, would destroy entirely the object we have in view. There is no trying to get behind the Act, but obviously a nominee company which is a subsidiary company of the bank cannot have its principal business that of issuing cheques and so forth.

Mr. Bhulabhai J. Desai : Otherwise it is not a banking company.

Sir Leslie Hudson : But the banking company itself forms a nominee company to look after the interests of its clients. Its clients' shares and securities are held by the bank for the collection of dividends and so forth. The shares remain in the name of the nominee. The names of the bank's representatives are continually changing and the object is that you should have a nominee company which should handle the business of the bank's clients.

Mr. Bhulabhai J. Desai : Amendment No. 238 I appreciate, but not 237; otherwise you are really destroying 277L.

Mr. T. Chapman-Mortimer : Sir, I beg leave of the House to withdraw the amendment.

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

Mr. T. Chapman-Mortimer : Sir, I move :

"That in clause 111 of the Bill, for the proposed section 277L the following be substituted :

'277L. A banking company shall not form or hold shares in any subsidiary company except a subsidiary company of its own formed for the purpose of undertaking and executing trusts, undertaking the administration of estates as executor trustee or otherwise and such other purposes set forth in section 277E as are incidental to the business of accepting deposits of money on current account or otherwise.'

[Mr. T. Chapman-Mortimer.]

I gather, Sir, from the remarks of the Honourable the Leader of the Opposition that he is prepared to accept this amendment. Sir, I move.

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

“ That in clause 111 of the Bill, for the proposed section 277L the following be substituted :

‘ 277L. A banking company shall not form or hold shares in any subsidiary company except a subsidiary company of its own formed for the purpose of undertaking and executing trusts, undertaking the administration of estates as executor trustee or otherwise and such other purposes set forth in section 277E as are incidental to the business of accepting deposits of money on current account or otherwise ’.”

Mr. Susil Chandra Sen (Government of India : Nominated Official) : Sir, as this amendment really meets with the objections which my Honourable friend, Mr. Bhulabhai Desai, pointed out, we have no objection to accepting it.

Mr. M. Ananthasayanam Ayyangar (Madras ceded Districts and Chittoor : Non-Muhammadan Rural) : Sir, I have some doubts. (Inter-ruptions.) It is all for your business, gentlemen, it is all for the business of those persons who carry on business, not for my own. Now, what this amendment means, as it stands, is that “ A banking company shall not form.....except a particular company ”. This company, which is formed for the purpose of undertaking or executing trusts, if it is a subsidiary company of a banking company, may be formed. If, on the other hand, it is a subsidiary company of some other company but not of any banking company, I have an objection. This clause does not permit of the holding of shares by a subsidiary company which is not formed for the purposes of a subsidiary company of a bank. The language is rather too wide, in any case, it does not restrict itself. (*An Honourable Member* : “ Of the bank.”) If that is the object, this does not restrict itself to that object. That company may be formed by any other company. The language of the amendment should be modified as otherwise the object of restricting the scope will be frustrated. Now, may I suggest a verbal change in the amendment ? The early portion of the amendment should read like this :

“ A banking company shall not form or hold shares in any subsidiary company except as a subsidiary company of that banking company.....”

Mr. Bhulabhai J. Desai : That, Sir, is my meaning.

Mr. T. Chapman-Mortimer : If I may say in reply to the Honourable the Leader of the Opposition, a subsidiary company is a subsidiary company only when it is held as another company. We do not need any change in the language of the amendment.

Mr. Bhulabhai J. Desai : This is a little bit of supererogation and I think with great respect that a little more attention would clear the matter. I do not deny that when you talk of a subsidiary company, you must talk of it with reference to some other principal company. I admit that but from that it does not necessarily follow that, unless the language is made clear, that particular subsidiary company referred to there may not be subsidiary to another banking company. I do not say that the objection which is taken is merely for the purpose of taking an objection. The meaning is that a banking company may form or hold shares

in a subsidiary company of its own limited to the purposes there mentioned and to that extent I did concede the principle and I also concede the convenience. After all, it is a matter of pure drafting.

Mr. F. E. James : I have not actually heard the suggestion that the Honourable Member has made. It is rather difficult for us to accept something that we have not heard.

Sir H. P. Mody : What they suggest is "except a subsidiary company of its own".

Pandit Govind Ballabh Pant : The expression "subsidiary company" appears twice. We suggest that in line 2 after the words "subsidiary company" the words "of its own" be inserted.

Sir Leslie Hudson : We accept that amendment.

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

"That in clause 111 of the Bill, for the proposed section 277L the following be substituted :

'277L. A banking company shall not form or hold shares in any subsidiary company except a subsidiary company of its own formed for the purpose of undertaking and executing trusts, undertaking the administration of estates as executor trustee or otherwise and such other purposes set forth in section 277E as are incidental to the business of accepting deposits of money on current account or otherwise.'

The motion was adopted.

Mr. Akhil Chandra Datta : Sir, I move :

"That in clause 111 of the Bill, sub-section (2) of the proposed section 277M be omitted."

Sir, the object of my amendment is this. The provision as to the moratorium is, of course, an emergency measure. My apprehension is that if sub-sections (2) and (3) are retained, then the object of the main section will be frustrated. As a matter of fact, the House has already adopted the main provisions of section 277M. There was only one amendment on the list but it has not been moved. Therefore, the position is that the House has now accepted sub-section (1) of section 277M. Having done that, my submission is that no other provision should be made which would frustrate the object of that provision. Sub-section (2) lays down that "No such application shall be maintainable unless accompanied by a report of the registrar". Sub-section (3) lays down that "The registrar shall for the purposes of his report be entitled at the cost of the company to investigate the financial condition of the company". In order to make a report, he has got first to investigate. He cannot make a report as a matter of course. Then it is laid down that for the purpose of that investigation he will have the "books and documents of the company examined by an accountant holding a certificate issued under section 144". Therefore, let us visualise the position. If an application for moratorium is to be made by a bank in the remote mofussil, the application will take some time before it reaches the registrar. Then he will make an investigation and he will have the books and documents examined by a registered accountant. Having done that, he will send his report to the company and it is only then that the company will be in a position to make an application to the Court for staying the proceedings as a temporary measure. My submission

[Mr. Akhil Chandra Datta.]

is that in view of this difficulty, long time will necessarily be taken for going through the formalities and the main object will be frustrated and will lose all its effect. I therefore move that sub-section (2) be deleted.

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

"That in clause 111 of the Bill, sub-section (2) of the proposed section 277M be omitted."

Mr. Muhammad Azhar Ali (Lucknow and Fyzabad Divisions : Muhammadan Rural) : Sir, the amendment that has been moved by my Honourable friend will certainly dilate the proceedings under this section. In the mufassil Courts, as my Honourable friend has said just now, there are no registrars. Registrars are only at headquarters or where there are Chief Courts or High Courts. The Registrar of the Joint Stock Companies does not stay at one place : he moves about : he is not bound to stay at the headquarters. If such a registrar is to make elaborate inquiries and the clients have to go from place to place with their books to refer to all these affairs to the registrar, it would mean an additional and a very heavy expense to the banking companies or whoever they may be whose accounts are to be checked and then application put in Courts. Therefore my Honourable friend takes objection to the Registrar. In the place of the Registrar somebody else may be appointed and especially in the mufassil and there it may be easy for these people to approach him and place their account books and registers. I submit this will be a very dilatory proceeding.

The Honourable Sir Nripendra Sircar : Moratorium also is a very exceptional case.

Mr. Muhammad Azhar Ali : I quite admit that. But there are so many companies that it will not be easy for the Registrar of the Province to undertake this business quickly and easily. That is my only point. I support the amendment.

Mr. Susil Chandra Sen : Sir, I oppose this amendment and it is for this reason. Section 277-M for the first time introduces in the Act the provision for and gives the Courts power to declare a moratorium in the case of a bank which is in temporary difficulty and which wants to utilise the provisions of this section. Before the Court can act there must be some *prima facie* proof in support of the necessity for invoking the aid of this section. One must not forget that this is a most extraordinary section by which the creditors of a bank will be prevented from proceeding with their ordinary remedies.

Mr. Akhil Chandra Datta : Can't you rely upon the Courts ?

Mr. Susil Chandra Sen : The Court cannot possibly go into these matters in a summary way. Before the Court can pass any orders, the Court ought to have some *prima facie* proof that a case for its interference has been made out. It is, therefore, intended in sub-section (2) that before the Court is troubled there must be a preliminary investigation by the Registrar and he must be satisfied by the company who wants to invoke the provisions of sub-section (1) that a case for the exercise of the powers of the Court has been made out. My Honourable friend, Mr. Akhil Chandra Datta, asks, can't you rely on the Courts. The answer

is of course, we can, but the investigation in such an event will have to be made by the Court and as common experience shows an investigation by the Court takes much more time than an investigation by the Registrar. Sir, I, therefore, oppose the amendment.

Pandit Govind Ballabh Pant : I feel inclined to support the amendment and I will give my reasons. It seems to me that this moratorium becomes meaningless if you retain this sub-clause 2. Suppose there is a run on a bank today. The bank requires immediate protection and it must obtain such protection from some competent authority forthwith. But it cannot approach the courts unless it has already obtained a report from the Registrar which it must produce before the court in order to satisfy the court about its position. If it is not so, then of course, I have no difficulty. But as it is, I feel that the provision for moratorium will be practically nullified if the applicant is to present the report of the Registrar before seeking an order from the court under section 277-M (1). Then, is the Registrar bound to furnish the report on the matter? Suppose, I own a bank or am employed in a bank and I am in difficulty and want to approach the court for this step. I go to the Registrar and say, "please make a report on my affairs; I am going to the court and I am seeking a moratorium". Is the Registrar in those circumstances bound to entertain my request? Is he bound to make a report on my affairs? If not, when, I approach him, he may say 'I do not worry myself about your affairs. It is no concern of mine'. Or he may agree to make a report of my affairs, duly on his own terms which we cannot forecast or anticipate now. I therefore request the Government to consider this. If the court will not dispose of this matter finally without calling for a report from the Registrar, that is intelligible, but if the applicant has to obtain the material from the Registrar justifying his request before even making an application, then I think you are putting the coach before the horse and the object will be never attained. So, while I realise the exceptional nature of the provision, yet if it cannot serve any useful purpose, then it is better to omit it altogether than to retain it in a form which cannot be helpful to anybody. I may assure the Government that I am not particularly keen except on this that if this moratorium is to be provided, it must be a real moratorium and it should be open to a deserving person to obtain the permission of the Court for suspension of payment. But as the clause is worded at present it appears that I cannot even present an application unless there is such a report and there are no means by which I can compel the Registrar to make a report on my affairs. In the circumstances I hope the amendment proposed by my Honourable friend, Mr. Akhil Chandra Datta, will be adopted by the House.

The Honourable Sir Nripendra Sircar : I regret to say that I do not see the force of my Honourable friend's contention and it is for this reason. He is visualising the situation that there is suddenly a run on the bank and therefore going to the Registrar and asking for a report means delay. Let us suppose that this amendment is carried and the Registrar is not in the way at all. There is a sudden run on the bank and the case goes to court. What will the court have before it? On what materials will it proceed? Merely on the *ex parte* statements of the bank? If the other side has got to be given notice, there will be some delay. Then take the other point that the Registrar cannot be compelled because he might say "I do not want to worry myself". The same argu-

[Sir Nripendra Sircar.]

ment might apply to the court. It might say " I do not worry. You go away ".

Mr. Akhil Chandra Datta : Will it be acceptable if I put in the words " interim order pending the receipt of a report from the Registrar " ?

Mr. Bhulabhai J. Desai : I should like the Honourable the Law Member to consider one point in this connection. If any provision is made for interim relief, I can appreciate the argument put forward by the Honourable the Law Member.

The Honourable Sir Nripendra Sircar : But there is no such amendment.

Mr. Bhulabhai J. Desai : I agree there is none. That is why I am suggesting this. There should be a middle course to this effect. Now that the matter is over, I can give you the instances of the Tata Bank, for instance. I can give you the instance of the first application that was presented for the purpose of winding up the Specie Bank and many others that occurred in Bombay and in some instances a temporary relief would have saved the bank. In some others, undoubtedly the only other course is to get some creditor to square with him and get the petition withdrawn which I think is very undesirable as it happened in the case of the Specie Bank. Unless you visualise only one class of cases, namely this, that a bank knows that some day the difficulties are coming and prepares itself in advance and goes to the Registrar and he goes through the formalities or the procedure required in the sub-clause (3) and then alone he can approach the court, I think the relief that is provided for is so illusory that I do not think it is worthwhile.

The Honourable Sir Nripendra Sircar : As I already said there is no such amendment and if one is moved, the result of which will be that the court will not make the final order until the Registrar's report is received, but it can pass *ad interim* protection order, that will be quite acceptable to us. But there is no such amendment moved.

Mr. Muhammad Azhar Ali : That is what we want.

Mr. President (The Honourable Sir Abdur Rahim) : Then, this amendment will stand over. The next amendment is No. 241.

Mr. Akhil Chandra Datta : But amendment No. 241 depends upon the result of amendment No. 240 which has not yet been disposed. The two are connected.

The Honourable Sir Nripendra Sircar : I do not think so. Whatever may be the result of amendment No. 240, we shall oppose this amendment No. 241.

Mr. Akhil Chandra Datta : In that case, I do not propose to move amendment No. 241.** I want to move No. 242, Sir. It reads thus :

" That in clause 111 of the Bill, after the proposed section 277M, the following be inserted :

' 277N. No Banking company shall make any loans or advances to its statutory auditor or a member of the firm of its statutory auditors.

277O. No Banking Company shall advertise its authorised capital.

277P. Every creditor or depositor of a Banking Company shall have a right to obtain a copy of the last published annual balance sheet on a payment of annas four '."

** " That in clause 111 of the Bill, sub-section (3) of the proposed section 277M be omitted."

Sir, as regards the first and third, namely, 277N and 277P, these speak for themselves, and I need not waste the time of the House by making a long speech. As regards 277O, my position is, that although I want it, I am not very keen about it unless it is acceptable to the Government. I shall press it if it is acceptable. But if it is not acceptable, then I shall not press it. The first and the third are very reasonable amendments.

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

“ That in clause 111 of the Bill, after the proposed section 277M, the following be inserted :

‘ 277N. No Banking company shall make any loans or advances to its statutory auditor or a member of the firm of its statutory auditors.

277O. No Banking Company shall advertise its authorised capital.

277P. Every creditor or depositor of a Banking Company shall have a right to obtain a copy of the last published annual balance sheet on a payment of annas four ’.”

Mr. Susil Chandra Sen : I am afraid, Sir, I have got to oppose all these three amendments. My reasons are these. As regards the proposed sub-section 277N, I find my friend wants to provide against the auditor of a banking company obtaining loans from the company. My friend has apparently forgotten that in a previous clause, 75, we have, without any exception, made provisions against auditors having loans from the company. We have said there that any auditor who accepts a loan automatically vacates his office and any auditor who is already indebted to a company cannot seek election. I do not know what my friend wants. Therefore, 277N has no meaning. It is certainly redundant.

Then, 277O is unwarranted, the restriction on the rights of a banking company to show to the public that it has an authorised capital. If there is any prospective customer of the Bank who is misled by the figure of the authorised capital, he has got to thank himself, but no case has been made out for restricting such an advertisement.

Then, as regards 277P, we have already in the Act a provision for the filing of the balance sheet with the Registrar, and the public are authorised to obtain copies from him. One section of the public, namely, the shareholders have to get it free of cost, but the others, namely, the creditors can obtain copies by paying the schedule charges from the Registrar. I do not know why for them a lower fee than is provided for should be prescribed in the Act. Sir, I oppose the amendment.

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

“ That in clause 111 of the Bill, after the proposed section 277M, the following be inserted :

‘ 277N. No Banking company shall make any loans or advances to its statutory auditor or a member of the firm of its statutory auditors.

277O. No Banking Company shall advertise its authorised capital.

277P. Every creditor or depositor of a Banking Company shall have a right to obtain a copy of the last published annual balance sheet on a payment of annas four ’.”

The motion was negatived.

Mr. President (The Honourable Sir Abdur Rahim) : Do you wish to move amendment No. 234 which stood over ?

Mr. Akhil Chandra Datta : I omit the last two figures, namely, 277N and 277O. My reason is that 277K, sub-section (4), is a penal provision, and there penalty is provided for not complying with the requirements of the two sections, namely, 277J and 277K.

The Honourable Sir Nripendra Sircar : I think 277N and 277O have gone out. As regards the other figures, I accept 277F, 277G and 277I, and 277L, but 277H is unnecessary.

277H deals with the prevention of the commencement of the business. There should be no penalty for that. 277H, my friend will admit, is a misfit. If he will withdraw that, I will accept 277F, 277G, 277I and 277L.

Mr. Akhil Chandra Datta : I agree.

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

“ That in clause 111 of the Bill, in sub-section (f) of the proposed section 277K, for the word and figures ‘ section 277J ’, the words and figures ‘ section 277F, section 277G, section 277I, section 277J, or section 277L ’ be substituted.”

The motion was adopted.

Mr. Sunil Chandra Sen : Sir, as clause 111 has been disposed of, may I have your permission to deal with 277F, which stood over till today ? It is part of clause 111. I want to add a few words.

Mr. President (The Honourable Sir Abdur Rahim) : There is another amendment, No. 9, on List No. 2, clause 111, in the name of Mr. Akhil Chandra Datta.

Mr. Akhil Chandra Datta : I don't move it.

Mr. President (The Honourable Sir Abdur Rahim) : No. 20, on List No. 3.

Mr. M. Ananthasayanam Ayyangar : I don't move it.

Mr. President (The Honourable Sir Abdur Rahim) : That, I think, exhausts amendments to clause 111.

Mr. Susil Chandra Sen : Excepting the one which stood over.

Mr. President (The Honourable Sir Abdur Rahim) : Which one is that ?

Mr. Susil Chandra Sen : I have handed over a copy, Sir. I move :

“ That in clause 111 of the Bill, in sub-section (1) of the proposed section 277F, after the words ‘ to the carrying on of ’, occurring in the eighth line, the words ‘ the business of accepting deposits of money on current account or otherwise subject to withdrawal by cheque, draft or otherwise along with ’ be inserted.”

That was a suggestion made by Mr. Desai, and we have accepted it.

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

“ That in clause 111 of the Bill, in sub-section (1) of the proposed section 277F, after the words ‘ to the carrying on of ’, occurring in the eighth line, the words ‘ the business of accepting deposits of money on current account or otherwise subject to withdrawal by cheque, draft or otherwise along with ’ be inserted.”

The motion was adopted.

Mr. President (The Honourable Sir Abdur Rahim) : Something stood over, did it not ?

The Honourable Sir Nripendra Sircar : Yes, Sir. We have come to an arrangement about it. I think my friend, Mr. Akhil Chandra Datta, wanted to omit it. We objected to its deletion. Then, as a result of the discussion, we came to an agreement, and we have no objection to putting in a clause to the effect that, although the Registrar's Report will be necessary, that will not prevent the Court from giving an interim protection pending the Report. This I may be allowed to move in clause 111.

Mr. President (The Honourable Sir Abdur Rahim) : Have you got the amendment ?

The Honourable Sir Nripendra Sircar : Yes, Sir.

Mr. Akhil Chandra Datta : Sir, I withdraw my amendment, No. 240.

Mr. President (The Honourable Sir Abdur Rahim) : Has the Honourable Member the leave of the House to withdraw his amendment ?

Several Honourable Members : Yes, yes.

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

The Honourable Sir Nripendra Sircar : I move this amendment, Sir :

“ That in clause 111, in section 277M, sub-section (2), the following proviso be added :

‘ Provided, however, that the Court may, for sufficient reasons, grant interim relief even if the application is not accompanied by such report ’.”

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

“ That in clause 111, in section 277M, sub-section (2), the following proviso be added :

‘ Provided, however, that the Court may, for sufficient reasons, grant interim relief even if the application is not accompanied by such report ’.”

The motion was adopted.

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

“ That clause 111, as amended, stand part of the Bill.”

The motion was adopted.

Clause 111, as amended, was added to the Bill.

Mr. President (The Honourable Sir Abdur Rahim) : Then we go on to clause 112.

The Honourable Sir Nripendra Sircar : Before you take up clause 112, I may remind the House that amendment No. 216 in clause 109 has stood over.

Mr. President (The Honourable Sir Abdur Rahim) : It is an amendment of Mr. Paliwal. We will take it up after Lunch.

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

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

Mr. Deputy President (Mr. Akhil Chandra Datta) : We will now take up the amendment in the name of Mr. Sen which was postponed.

Mr. Susil Chandra Sen : Sir, yesterday I had moved the amendment, but there were certain difficulties which were pointed out by my Honourable friend, Mr. Pant. I have corrected them, and I have submitted a draft, and with your permission, I propose to move the following :

“ That after clause 94 of the Bill, the following new clauses be added :

‘ 94B. In section 188 of the said Act, the words ‘ the Bank of Bengal, the Bank of Madras or the Bank of Bombay, as the case may be, or any branch thereof respectively to ’ shall be omitted and after the words ‘ official liquidator ’ where they first occur the words ‘ in any Scheduled Bank as defined in clause (e) of section 2 of the Reserve Bank of India Act, 1934 ’ shall be inserted.

94C. In section 189 of the said Act, for the words ‘ the Bank of Bengal, the Bank of Madras or the Bank of Bombay or any branch thereof respectively ’ the words ‘ the Bank where the liquidator of the Company may have his account ’ shall be substituted ’.”

I beg leave of the House to withdraw the other amendment, Sir, and I move this.

Mr. Deputy President (Mr. Akhil Chandra Datta) : Has the Honourable Member the leave of the House to withdraw his amendment ?

Several Honourable Members : Yes.

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

Mr. Susil Chandra Sen : I move :

“ That after clause 94 of the Bill, the following new clauses be added :

‘ 94B. In section 188 of the said Act, the words ‘ the Bank of Bengal, the Bank of Madras or the Bank of Bombay, as the case may be, or any branch thereof respectively to ’ shall be omitted and after the words ‘ official liquidator ’ where they first occur the words ‘ in any Scheduled Bank as defined in clause (e) of section 2 of the Reserve Bank of India Act, 1934 ’ shall be inserted.

94C. In section 189 of the said Act, for the words ‘ the Bank of Bengal, the Bank of Madras or the Bank of Bombay or any branch thereof respectively ’ the words ‘ the Bank where the liquidator of the Company may have his account ’ shall be substituted ’.”

Sir, as I explained yesterday, it is merely a consequential amendment in consequence of our having now provided that any liquidator may have his money not only in the Imperial Bank which has succeeded the Bank of Bengal, but in any of the Scheduled Banks. Sir, I move.

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

“ That after clause 94 of the Bill, the following new clauses be added :

‘ 94B. In section 188 of the said Act, the words ‘ the Bank of Bengal, the Bank of Madras or the Bank of Bombay, as the case may be, or any branch thereof respectively to ’ shall be omitted and after the words ‘ official liquidator ’ where they first occur the words ‘ in any Scheduled Bank as defined in clause (e) of section 2 of the Reserve Bank of India Act, 1934 ’ shall be inserted.

94C. In section 189 of the said Act, for the words 'the Bank of Bengal, the Bank of Madras or the Bank of Bombay or any branch thereof respectively' the words 'the Bank where the liquidator of the Company may have his account' shall be substituted.'

Mr. M. Ananthasayanam Ayyangar : May I know, Sir, why, in amending section 189, he says "where he may have an account". It is not there in the section. There it is stated all moneys, Hundies, notes and other securities paid and delivered to the Bank of Bengal, the Bank of Madras, etc., in the event of the company being wound up by the Court....

The Honourable Sir Nripendra Sircar : Are you objecting to this ?

Mr. M. Ananthasayanam Ayyangar : Yes, I object to the addition of the words "Where the official liquidator has an account". That portion is not necessary.

The Honourable Sir Nripendra Sircar : I thought this was agreed to by your Leader. This particular form was shown and settled between your Leader and Mr. Sen. I admit I had nothing to do with it.

Mr. M. Ananthasayanam Ayyangar : We agreed to substitute it. "Where he may have an account" will mean he must have an account.

An Honourable Member : He must have an account somewhere.

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

"That after clause 94 of the Bill, the following new clauses be added :

'94B. In section 188 of the said Act, the words 'the Bank of Bengal, the Bank of Madras or the Bank of Bombay, as the case may be, or any branch thereof respectively to' shall be omitted and after the words 'official liquidator' where they first occur the words 'in any Scheduled Bank as defined in clause (e) of section 2 of the Reserve Bank of India Act, 1934' shall be inserted.

94C. In section 189 of the said Act, for the words 'the Bank of Bengal, the Bank of Madras or the Bank of Bombay or any branch thereof respectively' the words 'the Bank where the liquidator of the Company may have his account' shall be substituted.'

The motion was adopted.

Mr. Deputy President (Mr. Akhil Chandra Datta) : No 216* was also postponed ?

An Honourable Member : I think you must put clause 94 to the House.

* "That for sub-clause (a) of clause 109 of the Bill, the following be substituted :

'(a) for sub-section (3) and the proviso thereto the following shall be substituted, namely :

'(3) Every company to which this section applies shall in every calendar year make out a balance sheet in such form, and containing such particulars and including such documents, as under the provisions of this Act it would, if it had been a company within the meaning of this Act, have been required to make out and lay before the company in general meeting and deliver for registration a copy of that balance sheet to the registrar of the province in which the company has its principal place of business ; and if any such balance sheet is not written in the English language, the company shall annex to it a certified translation thereof.'

Mr. Deputy President (Mr. Akhil Chandra Datta) : I understand that has been added. What about No. 216 ?

The Honourable Sir Nripendra Sircar : That was under discussion. It was moved by Mr. Paliwal, and I had concluded my speech on that. Then it stood over to enable us to come to a kind of agreement. I am sorry to say there is no agreement, and so we have to go on with 216.

Pandit Govind Ballabh Pant : Sir, I rise to support the amendment moved by my friend, Mr. Paliwal. The amendment seeks to restore the original clause in the Bill in place of the clause substituted by the Select Committee. The clause in the Bill as it originally stood was exactly in the terms of this amendment. If Honourable Members will refer to the original clause 94 in the Bill as it was introduced in this House which is given at page 47, they will find the following words there :

“ For sub-section (3) of section 277 of the said Act and the proviso thereto the following sub-section shall be substituted, namely :

- ‘ (3) Every company to which this section applies shall in every calendar year make out a balance sheet in such form and containing such particulars and including such documents, as under the provisions of this Act it would, if it had been a company within the meaning of this Act, have been required to make out and lay before the company in general meeting and deliver for registration a copy of that balance sheet to the registrar of the province in which the company has its principal place of business ; and if any such balance sheet is not written in the English language, the company shall annex to it a certified translation thereof.’ ”

As Honourable Members may have noticed, in the original Bill this clause was exactly in the same form in which it appears in the English Act. If they will refer to section 347 of the English Act they will find exactly the same provision. Section 347 too applies only to companies incorporated outside Great Britain and carrying on business within Great Britain. Section 343 gives the definition of the companies to which part XI of the English Act applies, and section 347 gives this clause which was originally embodied in the Bill itself. Now, Sir, this clause has been amended and in its place we have got section 277A which is given in clause 109 of the Bill as it has emerged from the Select Committee. It says :

“ after the words ‘ a copy of the balance sheet ’ the following words shall be inserted, namely :

- ‘ and if the balance sheet does not contain all the information provided for in the form marked H in the Third Schedule, such supplementary statements as shall furnish such information ’ ; ”

They have devised a different balance sheet now for the companies incorporated outside British India. Now, Sir, as Honourable Members are aware, this Bill was based on the English Act, it is modelled on the English Act of 1929. And in fact one of the main reasons why the amendment of the company law was taken up arose out of the amendments made in the company law in England in 1929. There is no reason why, when we are accepting the provisions of the English Act in almost every other particular except matters concerning managing agents which do not exist in England, we should make a distinction in

this particular matter. We were told that it may be inconvenient and difficult for companies incorporated abroad which have extensive business in other parts of the world to comply with the provisions of our Act. Sir, I do not dispute that the balance sheets prescribed in other countries being in some cases different from our own, the form or the particulars which we want them to comply with may not suit their convenience in some cases. But is that a peculiarity of our country only? Would not that apply to the companies which carry on business in the United Kingdom? If you will see section 347 to which I have invited the attention of Honourable Members, you will find that there a company has to comply with the balance sheet prescribed under the English Act; and the balance sheet prescribed under the English Act does not tally with the balance sheets and documents prescribed by other Acts in other countries. When a firm or a company carries on business in another country it is bound to comply with the rules and laws obtaining in that particular country. That is the only way now you can maintain uniformity. But it is not a mere matter of form; matters of substance come in. After all, when certain particulars are required to be given in the balance sheet in any country, it is because those particulars are considered necessary for the purpose of proper administration of companies in that particular country. In our own country, for example, we have made a number of provisions in the light of the requirements of our country. We require many things to be disclosed pertaining to managing agents and others. We have made elaborate provisions regarding certain matters because it is felt that in the absence of such provisions there might be room for fraud and other difficulties, and the state of affairs may not be fully disclosed to the shareholders and the general public. Now if companies incorporated outside are not required to comply with the provisions of this law, then they have only to get themselves registered in other countries to evade the restrictions applicable to companies incorporated in British India itself. Thereby we place our companies under a disability as those registered abroad will be able to circumvent and get over the provisions of our normal law simply by getting themselves registered in other countries. If a person, for example, wants to have a firm of managing agents or if managing agents want to get over certain disclosures which have to be made in our balance sheet under our law, the company instead of being registered in Calcutta may seek registration in Chandernagore. Similarly there may be other cases. So it is not a matter of form only but it also involves matters of substance. Then, Sir, we were told that it might cause difficulties to the companies incorporated abroad. I should just like Honourable Members to refer to what the companies incorporated abroad have to comply with in England. Under this section 347 they are required to make out a balance sheet :

“ in such form and containing such particulars and including such documents as under the provisions of this Act it would, if it had been a company within the meaning of this Act, have been required to make out and lay before the company in general meeting and deliver a copy of that balance sheet to the registrar for registration.”

Now, if you will please look at the English Act—sections 110, 124, 125, 126, 128, 129, 44, 45, 51 and so on—you will find that the English law is very stringent and very elaborate as to the matters to be specified and disclosed in the balance sheet. I will not refer to the many

[Pandit Govind Ballabh Pant.]

things that are there, but I shall quote the first clause of section 124 which says :

“ Every balance sheet of a company shall contain a summary of the authorised share capital and of the issued share capital of the company, its liabilities and its assets, together with such particulars as are necessary to disclose the general nature of the liabilities and the assets of the company and to distinguish between the amounts respectively of the fixed assets and of the floating assets, and shall state how the values of the fixed assets have been arrived at.”

Clause (2) says :

“ There shall be stated under separate headings in the balance sheet, so far as they are not written off—

- (a) the preliminary expenses of the company ; and
- (b) any expenses incurred in connection with any issue of share capital or debentures ; and
- (c) if it is shown as a separate item, etc., etc., etc.”

Then, there is clause (3) which further amplifies the previous clauses and then there is clause (4). Now, let us come to section 125. I am not reading the whole clause which deals with assets consisting of shares in subsidiary companies : it says that the assets of the subsidiary companies should be given in full detail distinguishing between shares, debentures, indebtedness and so on. It is a pretty long clause which Honourable Members can if they choose refer to. Then under section 126, balance sheets should include particulars as to subsidiary companies. This again covers about three-fourths of a page and I need not read it out in full. Then there is section 128 which again requires the accounts to contain particulars as to loans to and remuneration of directors, etc. Section 129 refers to other matters. I am referring to this just to bring it to the notice of Honourable Members that the balance sheet that is prescribed in England is very elaborate and imposes many more liabilities on those who have to file a balance sheet than the balance sheet prescribed here. In fact our balance sheet was greatly simplified in the Select Committee. So, when companies incorporated, say in India or in New York or other places, have to comply with all these rules and to disclose the assets and liabilities not only in respect of the parent company but also in respect of subsidiaries, to give accounts of their liabilities, their debts and so on, to give detailed statement as to the remuneration paid to the directors and other matters if they carry business in England, is no reason why our balance sheet which does not require even half of what the English Act demands should be departed from here. In addition, there are other documents which have to be placed before the general meeting which too have to be taken into account when these foreign companies carry on business in England file their balance sheets. In these circumstances I see no reason whatever why we should not incorporate this section of the English Act when we have included every other part of that Act in our law. It is also a question, I submit to a certain extent, of our national status. I will not be obsessed by it because we are here concerned with matters of business. But when a company incorporated in India has to comply with the law framed in England in the light of and out of regard for the circumstances of companies incorporated in England, there is no reason why we should not require

companies incorporated outside India to comply with our normal law. In fact I could have understood if a provision had been made here making things more stringent for them than in the case of our own companies ; for, so far as our companies are concerned we may get information about their affairs even without looking at the balance sheet : we are here in touch with them ; we see their affairs being conducted, and the press and other persons acquainted with the affairs of the company can always throw light on the affairs of a company incorporated here. But as regards the companies incorporated abroad, unless we have at least these documents which we consider necessary in the case of companies incorporated in our own country, we cannot get even that minimum of information which we consider essential in the case of companies incorporated in our own country. I see no reason why we should depart from the general rule. The Honourable the Law Member told us the other day that there is a provision in existing Act by virtue of which the Governor General or the Government of India can exempt companies from the operation of the ordinary rule. In fact, what the present Act lays down is this : that a company may either file a balance sheet in the form in which it has to file it in the country where it was incorporated, or it may file a balance sheet in the form prescribed here and in the latter case it may make a variation with the permission of the Governor General ; but where a company put in a balance sheet which it had to file before the registering authority in the country where it was incorporated, no exemption was needed at all. So if the numbers of exemption were not high so far, that is easily explicable ; but hereafter if you give such authority to the Governor General or if you make a rule that departs from the general balance sheet, then in most cases there will be a departure from the form prescribed for our own people here.

Then, it was also suggested, I do not know if I understood the Honourable the Law Member correctly, that even if this amendment was made, still the Governor General would have a discretionary power. I do not know if that was what he said, but that is my impression : I was perhaps looking at something else at the time. But I think that that is not the correct view. If Honourable Members will please look at the amendment, it says that in place of sub-section (3) and the proviso thereto in section 277, this clause shall be substituted. Now, this proviso to (3) is part of the sub-section (3), whereby discretionary power is given to the Governor General. So, if the House accepts this amendment, then hereafter the Governor General will have no discretionary power, and we will have only this clause by virtue of which all companies carrying on business in India will be required to file the same type and form of balance sheet or to furnish all those particulars which our own companies incorporated in this country have to ; and I think the House will be failing in discharging its elementary duty if it fails to accept this amendment.

Some Honourable Members : The question may now be put:

Prof. N. G. Ranga (Guntur *cum* Nellore : Non-Muhammādan Rāral) : Sir, I am rather at a loss to understand why the Government have thought it fit to oppose our amendment. As far as the principle underlying this amendment is concerned, I find that the Government also are prepared to accept it, because the next amendment on the list No. 217,

[Prof N. G. Ranga.] runs exactly in the same way as this amendment moved by my Honourable friend, Pandit Sri Krishna Dutta Paliwal, except for this variation where it says :

“ to the registrar of the province in which the company has its principal place of business; and if any such balance sheet is not written in the English language, the company shall annex to it a certified translation thereof.”

It may be that Government are very particular about the proviso which Mr. Sen wishes to retain and which my Honourable friend, Mr. Paliwal, wishes to get rid of. If it is agreed that every company to which this part of the Act applies shall in every calendar year make out a balance sheet and so on, just in the same way as our own companies in this country registered under this Act are required to do, I cannot understand why the Government should be so very particular to insist upon this particular proviso and leave the power to the Governor General in Council to exempt such of those companies as seek exemption by a notification and so on. It is agreed on all sides that there should be this restriction. It is also agreed that these foreign companies carrying on business in this country should be placed on the same footing as our own companies. We do not seek to disqualify these foreign companies in any way, nor do we place them under any disabilities. We only want that the companies which have been incorporated elsewhere and which carry on business in this country for profit should be placed on the same footing as our own companies and should not be exempt from compliance with this particular section and thus enjoy a favoured position as compared to our own companies. It is unfair—of course, it is in keeping with the general policy of this Government and its supporters that they should be trying to chalk out a more favourable position for all those foreign companies which carry on business in this country. It is a well-known fact that in Germany and Italy, ruled as they are by their own dictators, attempts are being made successfully to see that foreign companies do not enjoy the same privileges as the indigenous companies. We do not even ask for that power to be exercised here by our Government. Even if we have tried to ask for it, our own friends the capitalists have bartered away the powers of our country, the liberties of our country at the three Round Tables and also before the Joint Parliamentary Committee.

Sir Cowasji Jehangir : Hear, hear.

Prof. N. G. Ranga : I am glad that my Honourable friend, the Baronet from Bombay, acknowledges the unpatriotic part that he has played at the Round Table Conference as well as before the Joint Parliamentary Committee. We have to thank such politicians, we have to thank such magnates for many of the disabilities from which we are suffering, and this is one of the disabilities that we are not allowed to seek to place our own companies in a more favoured position than foreign companies. But at least I sincerely hope that my Honourable friends will be willing to co-operate with us in trying to place our own companies on the same footing as the foreign companies carrying on business in this country. I cannot understand why the Governor General in Council should be given this particular special power to grant exemption to many of these companies. (Interruption.) The time has not yet come when we are in a position to get rid of this particular Governor General in Council, but as long as the Governor General in Council is there, we certainly cannot be a party to

give him this particular special power so that he can be enabled to place our companies in a less favourable position than foreign companies. I hope Honourable Members will remember the fact that the External Capital Committee was hard put to it to estimate the total amount of capital invested in this country by the companies incorporated elsewhere but carrying on business on this side. It also found it necessary to recommend that a provision should be incorporated in our Companies Act in order to see that all these foreign companies are obliged to furnish as much information as is done by our own companies. I sincerely hope that Government as well as Honourable Members on that side will see the reason in the recommendation made by the External Capital Committee and accept their recommendation and pass this amendment.

Some Honourable Members : Let the question be now put.

Prof. N. G. Banga : I have not yet sat down please. (Laughter.) I sincerely hope that the Government as well as Honourable Members on that side will see the reason underlying this amendment moved by my Honourable friend and will accept it. If they do not do that and if they give an opportunity to the Government to exercise this special function, I hope they will realise that thereby they will be doing an injustice, an irreparable injustice, to Indian industrialists as well as Indian capitalists, and indeed to India as a whole, and they will be trying to place on our own Statute-book an Act which will be worse than the Government of India Act. We are all protesting against the Government of India Act as is well-known to Honourable Members. All over India, with one voice Indians by millions have protested against this Government of India Act and we are trying our best to get rid of it and destroy it as soon as possible and as well as possible. And if in addition to that we are obliged to undertake this task also of getting rid of this Act because of the insistence of this Government to try to perpetrate a greater injustice than we have been obliged to suffer, then it will be most unfair on the part of Honourable Members to saddle us with this most unpleasant, most difficult and most necessary task of having to fight against all these injustices. Therefore, I sincerely hope that Honourable Members on the other side of the House, including my Honourable friends from Bombay, will support our amendment and will prevent this Government from playing hide and seek even with their own class of people, their own class of capitalists and industrialists.

Some Honourable Members : Let the question be now put!

Mr. Bhulabhai J. Desai : I regret very much that the Government do not see their way to accept the amendment which I thought went as far as it ever could towards placing the foreign companies operating in this country in a far more favourable position than the companies which are registered under this Act. It is perfectly futile for Honourable Members who shouted to the contrary that by this section you are not putting foreign companies in a much more favourable position as regards compliance with the requirements of the Act than companies formed and registered here. If they choose to shut their eyes to it, it is their own business. It is a matter of some sincere regret to me, and I entirely agree so far that while Form F may be changed by Government, the change would not be *pari passu* with a change in favour of Indian companies along with other companies. Therefore, it is useless to be reminded of the fact that we did not take care to take away that power from the

[Mr. Bhalabhai J. Desai.]

Governor General in Council. We might continue to be reminded of many things which we have omitted to do, whether they were done out of courtesy, or out of a sense of propriety, or, you may flatter yourself, out of neglect, but none the less, wherever our vigilant mind at all events can work and seize the opportunity, that cannot be an argument that on previous occasions we did not do what we might have done in order to place ourselves in a better position.

Now, what is it that we demand. Take the National City Bank of New York which operates in many parts of England and Scotland. They prepare a balance sheet for the purpose of being filed with the Registrar in England where there are much more stringent provisions than we ask for. I cannot see how you are putting any of these companies at a disadvantage. There can be no difficulty with most of the foreign companies operating here, especially because they comply with much more stringent provisions in their own country. Take the non-English ones. If they are operating in England, as they must be doing, most of them comply with much more stringent provisions and yet we are told that there is something in the atmosphere of this country which makes it below their dignity to take the same trouble of filing a balance sheet and complying with the far less stringent provisions that we have in this country. I cannot see any object in the rejection of this amendment except the avoiding of a small inconvenience to those doing business in this country. If they wish to operate in this country and require the credit of this country, it is up to them to see that the people who trust them, deal with them, bank with them and do business with them must have sufficient knowledge of the general financial stability and the condition with regard to their operations during the year as well as what is called the ordinary block account. Yet there is a solid opposition which does not show much consideration from the point of view of regarding the matter, as a matter of argument and reason and not merely a matter of rejection.

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

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

“ That for sub-clause (a) of clause 109 of the Bill, the following be substituted :

‘ (a) for sub-section (3) and the proviso thereto the following shall be substituted, namely :

‘ (3) Every company to which this section applies shall in every calendar year make out a balance sheet in such form, and containing such particulars and including such documents, as under the provisions of this Act it would, if it had been a company within the meaning of this Act, have been required to make out and lay before the company in general meeting and deliver for registration a copy of that balance sheet to the registrar of the province in which the company has its principal place of business ; and if any such balance sheet is not written in the English language, the company shall annex to it a certified translation thereof ’.”

The Assembly divided :

AYES—41.

Abdullah, Mr. H. M.
Aney, Mr. M. S.
Ayyangar, Mr. M. Ananthasayanam.
Azhar Ali, Mr. Muhammad.
Bhagavan Das, Dr.

Chaliba, Mr. Kulaadhar.
Chattopadhyaya, Mr. Amarendra Nath.
Chetty, Mr. Sami Vencatachelam.
Chunder, Mr. N. C.
Das, Mr. B.

AYES—contd.

Das, Mr. Basanta Kumar.
 Desai, Mr. Bhulabhai J.
 Fuzlul Huq, Mr. A. K.
 Gadgil, Mr. N. V.
 Giri, Mr. V. V.
 Gupta, Mr. Ghansham Singh.
 Hosmani, Mr. S. K.
 Jedhe, Mr. K. M.
 Jogendra Singh, Sirdar.
 Joshi, Mr. N. M.
 Kailash Behari Lal, Babu.
 Khan Sahib, Dr.
 Khare, Dr. N. B.
 Lalchand Navalrai, Mr.
 Maitra, Pandit Lakshmi Kanta.
 Malaviya, Pandit Krishna Kant.

Mudaliar, Mr. C. N. Muthuranga.
 Muhammad Ahmad Kazmi, Qari.
 Paliwal, Pandit Sri Krishna Datta.
 Pant, Pandit Govind Ballabh.
 Ranga, Prof. N. G.
 Saksena, Mr. Mohan Lal.
 Sant Singh, Sardar.
 Sham Lal, Mr.
 Sheodass Daga, Seth.
 Singh, Mr. Ram Narayan.
 Sinha, Mr. Satya Narayan.
 Sinha, Mr. Shri Krishna.
 Som, Mr. Suryya Kumar.
 Sri Prakasa, Mr.
 Varma, Mr. B. B.

NOES—52.

Abdul Hamid, Khan Bahadur Sir.
 Acott, Mr. A. S. V.
 Ahmad Nawaz Khan, Major Nawab Sir.
 Ahmed, Mr. K.
 Ayyar, Diwan Bahadur R. V. Krishna.
 Badi-uz-Zaman, Maulvi.
 Bajoria, Babu Baijnath.
 Bajpai, Sir Girja Shankar.
 Bewoor, Mr. G. V.
 Bhagechand Soni, Rai Bahadur Seth.
 Bhat, Mr. M. D.
 Buss, Mr. L. C.
 Chapman-Mortimer, Mr. T.
 Dalal, Dr. R. D.
 Das-Gupta, Mr. S. K.
 Dey, Mr. R. N.
 Ghiasuddin, Mr. M.
 Ghuznavi, Sir Abdul Halim.
 Grant, Mr. C. F.
 Griffiths, Mr. P. J.
 Hudson, Sir Leslie.
 James, Mr. F. E.
 Jawahar Singh, Sardar Bahadur Sardar Sir.
 Jehangir, Sir Cowasji.
 Khurshaid Muhammad, Khan Bahadur Shaikh.
 Lal Chand, Captain Rao Bahadur Chaudhri.

Metcalfe, Sir Aubrey.
 Milligan, Mr. J. A.
 Mody, Sir H. P.
 Morgan, Mr. G.
 Mukherjee, Rai Bahadur Sir Satya Charan.
 Naydu, Diwan Bahadur B. V. Sri Hari Rao.
 Nind, Mr. W. W.
 Noyce, The Honourable Sir Frank.
 Parma Nand, Bhai.
 Rajah, Rao Bahadur M. C.
 Rau, Mr. P. R.
 Rau, Mr. P. S.
 Robertson, Mr. G. E. J.
 Roy, Mr. S. N.
 Sarma, Sir Srinivasa.
 Scott, Mr. J. Ramsay.
 Sen, Mr. Susil Chandra.
 Sher Muhammad Khan, Captain Sardar.
 Siddique Ali Khan, Khan Sahib Nawab.
 Singh, Rai Bahadur Shyam Narayan.
 Sircar, The Honourable Sir Nripendra.
 Spence, Mr. G. H.
 Thorne, Mr. J. A.
 Tottenham, Mr. G. R. F.
 Witherington, Mr. C. H.
 Zafrullah Khan, The Honourable Sir Muhammad.

The motion was negatived.

Mr. Deputy President (Mr. Akhil Chandra Datta) : I find that amendment No. 217 was also postponed. Mr. Sen.

Mr. Susil Chandra Sen : Sir, I do not move it.

Mr. Deputy President (Mr. Akhil Chandra Datta) : The question is :
 " That clause 109 stand part of the Bill."

The motion was adopted.

Clause 109 was added to the Bill.

Clause 112 was added to the Bill.

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

" That clause 113 stand part of the Bill."

Pandit Sri Krishna Dutta Paliwal (Agra Division : Non-Muham-
madan ~~Baral~~) : Sir, the amendment that stands in my name runs thus :

“ That in clause 113 of the Bill, for sub-section (2) of the proposed section 282B, the following be substituted..... ”

Mr. N. M. Joshi (Nominated Non-Official) : Don't move it.

Pandit Sri Krishna Dutta Paliwal : Sir, my friend, Mr. Joshi, the Labour Leader, is there, and in deference to his appeal, I don't move it when he is there to represent labour, why should I bother ?

Mr. N. M. Joshi : Sir, I move :

“ That in clause 113 of the Bill, for sub-section (2) of the proposed section 282B, the following be substituted :

‘ (2) Where a provident fund or any other fund for the welfare of the employees has been constituted by a company for its employees or any class of its employees, such fund shall be a trust for the benefit of those employees or that class of employees, and the moneys of the fund shall be invested only in securities mentioned or referred to in clauses (a) to (e) of section 20 of the Indian Trust Act, 1882 ’.”

In this connection, I would like to point out that in the printed amendment some words have been omitted by mistake, *viz.*, “ for the welfare of the employees ”, after the words “ or any other fund ” in the third line.

Mr. Deputy President, the amendment which I have moved is, with some modification, the original clause as it existed in the Bill introduced by the Government of India. The only change which my amendment makes to the clause which the Government themselves had proposed in the original Bill is the addition of the words “ or any other fund for the welfare of the employees ”. The object of this amendment is to protect all the funds which are created by the companies for the welfare of their employees by insisting upon their being invested in trustee securities. The employers, in order that the future of their employees should be safeguarded, in order that the workers should be helped in the event of various difficulties create funds like the provident fund and others. To many of these funds, the employees themselves contribute a good share. It is necessary that these funds should be properly invested if their object is to be secured and in order to avoid the risk that the workers may have to take if the companies are not in a good condition.

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

Sir, when the original clause in the Bill went before the Select Committee, they modified the clause originally proposed by the Government of India. The Select Committee modified the clause so that the protection is given not to the whole of the provident fund but only to that part of it which was contributed by the employees themselves. I feel that the change made by the Select Committee is against the interest of the employees and was unjustified. I shall first deal with the question of the provident fund itself. A provident fund is intended to safeguard the employees in their old age or for the protection of the family of the employees, and, when a fund of that nature is created, even the contribution made by the employers themselves is a part of the wages which the employees are to be paid. When an employee is engaged by an employer on certain conditions, he promises to pay a certain amount of wage. Then

he promises that the employees will be given certain other benefits such as those of a provident fund. To that provident fund the employees contribute and the employers also contribute. The contribution made by the employers is a condition of the contract of service and therefore the contributions made by the employers are, in my humble judgment, a form of payment of wage which is only deferred. I therefore feel that there is absolutely no justification for making any distinction between the contribution of the employers and the contribution of the employees. Moreover, there is another change made by the Select Committee in the original clause proposed by the Government of India and that change is that the accumulated funds before the passing of this Bill need not be invested into trustee securities. The Bill had proposed that the whole of the provident fund from its beginning should be invested into what are known as trustee securities. The Select Committee changed this provision and proposed that any contributions made after the passing of this Companies Bill should only be invested into trustee securities. I feel that this change which is made by the Select Committee was also not justified. Sir, there are one or two reasons given by the employers in order that this provision should not be made. The first argument is that if the funds are invested into the company itself, the company may be able to pay a larger rate of interest. As a matter of fact, in the rules of some of the provident funds the rate of interest proposed is a little larger than the rate of interest which one can expect from the trustee securities. I feel that, although it may be true that in the case of some provident funds which are invested in the trustee securities, there will be some loss in the form of interest to the employees, on the whole the employees will gain by way of larger security. The private companies, however good they may be, are not as secure as the trustee securities. Therefore, the employees have to see that, although they may get a little more interest by their provident fund being invested into transactions of the company itself, if they care for security it is necessary that the whole of the fund should be invested into the trustee securities. Moreover, if the future contributions are to be invested into trustee securities, why should not the past contributions be similarly invested? There is some justification given for omitting the past contributions from the scope of this clause. It is said that the employers have been administering some of the provident funds for several years. Some of the provident funds may have existed for 60 years and some may have existed for 10 years and the contributions now amount to a very large sum. In some cases the total amount of the provident funds may amount to 10 lakhs, in others it may amount to 25 lakhs and in some cases it may amount to 50 lakhs. It is said that if you now pass this measure, the employers who have used that fund in their own transactions will have to set free a large capital for being invested into trustee securities. Now, Sir, if the employers have used the provident fund for financing their own transactions, they have done a wrong thing. If the object of the provident fund is to protect the workers in their old age and to protect the families of the employees, it was the duty of the employers to see that the provident fund was properly, securely and safely invested. It was wrong for those companies which started these provident funds to have invested the provident fund in their own transactions. If those companies have, therefore, invested the provident fund in their own transactions and mixed it in their own finance, they have done a wrong thing, and when they have done a wrong thing, they cannot plead that wrong thing as an excuse for

[Mr. N. M. Joshi.]

not accepting the proposal which I am now making, namely, that the whole of the provident fund from the beginning should be invested into trustee securities.

Then, Sir, I shall say only a word about one part of my amendment which I have added to the original clause proposed by the Government of India. The clause which I am proposing is this that not only the provident fund should be invested into trustee securities but if there are any other funds created for the welfare of the employees, those other funds also should be invested into trustee securities. There are several companies and industrial concerns which create not only provident funds but other welfare funds also. Out of these welfare funds, some companies, I know, give pension to their employees when they grow old.

Out of the welfare fund, I have known employers give some help to the employees when they are sick. I have known employers give some help to the employees for the sake of funerals and these welfare funds are used in various other ways for the benefit of the employees. To these other welfare funds the employees also contribute in several cases. Even in the case where the employees do not generally contribute, when it is a question of giving assistance to the employees, say, during sickness or for the sake of funerals and for other purposes it is a condition of service when welfare fund is created and when contributions are made to the welfare fund that fund belongs to the employees as deferred wages. I therefore feel that not only the provident fund should be invested in trustee securities, but whatever other fund that may exist for the welfare of the employees should be invested in trustee securities. I hope the amendment which I am proposing now will be accepted by the House. It is intended to protect the funds that have been created for the welfare of the employees so that if a company is in a bad condition or if a company is ruined, the workers should not be ruined. Mr. President, there are instances of companies which had large funds in the provident fund as well as in the welfare fund but when such companies have gone to ruin, the provident fund and also the other funds belonging to the employees have also been lost and the workers have been put to a great loss. I, therefore, hope that the House will accept my amendment.

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

“ That in clause 113 of the Bill, for sub-section (2) of the proposed section 282B the following be substituted :

‘ (2) Where a provident fund or any other fund for the welfare of the employees has been constituted by a company for its employees or any class of its employees, such fund shall be a trust for the benefit of those employees or that class of employees, and the moneys of the fund shall be invested only in securities mentioned or referred to in clauses (a) to (e) of section 20 of the Indian Trust Act, 1882 ’.”

Sir H. P. Mody : Sir, my Honourable friend, Sri Krishna Dutta Paliwal, could not have done better than to withdraw his own amendment in favour of Mr. Joshi's ; he could not have selected a more extreme exponent of the anti-industrial point of view than my Honourable friend opposite. My Honourable friend very airily says, “ Yes, I have heard that there are funds which have got 10, 20, or even 50 lakhs accumulated, and the employer would find some difficulty in disgorging all that and

investing the amount in trustee securities ; but what does it matter ? Yes, what does it matter to Mr. Joshi ? But certainly it means a lot to the employers. Mr. Joshi is not merely content with protecting provident funds ; he also wants to extend the protection to other welfare funds, particularly because an amendment which related to such funds was passed yesterday at his instance. I would incidentally like to ask my Honourable friend what happens, if the company goes into liquidation, to the welfare fund which is invested in trustee securities ? In provident fund accounts for the employees, there is a certain amount standing to their credit in the books and so on liquidation or otherwise the amount is paid to the employees. But what happens to the welfare fund ? Is it the property of any individual employee or any group of employees ? Supposing there is a sum of one lakh of rupees in a welfare fund and the company went into liquidation ? Would the amount be distributed *pro rata* amongst all the employees of the company ? Would it be distributed in proportion to their wages or in some other way ? Unfortunately this anomaly was somehow or other omitted to be pointed out when the welfare fund was placed in the position of having priority in the event of liquidation.

An Honourable Member : It will be spent on the funeral of the company.

Sir H. P. Mody : It will be a costly funeral anyhow, requiring all the amount accumulated in the welfare fund. Now coming to the point at issue, namely, whether provident funds should be allowed to be retained in the form in which they are at the moment or invested perforce in trustee securities, I want to say that the proposal is neither in the interests of the employer nor in the interests of the employees.

Some Honourable Members : Oh ! Oh !

Sir H. P. Mody : It is not in the interests of the employer in this sense that there are many companies which have got enormous accumulations of provident fund, whose ways and means position would be very seriously affected if they were obliged at a moment's notice to invest all the amounts in trustee securities, and taking them out of the business in which they are at the moment invested. I know of one company which has as much as one crore 25 lakhs in its provident fund. I know of another company which has got 55 lakhs, and there are many other companies which have got very substantial amounts in their provident funds. They are all invested in the business today, and you are asking that all these sums should at a moment's notice be released from the business and invested in trustee securities.

An Honourable Member : Gradually.

Sir H. P. Mody : But that is not the proposal before the House. I say the proposal would inflict a very great hardship upon companies and would affect their was and means position seriously. It would disorganize the business of companies. Taking next the case of employees, they would suffer because the loss of interest which would necessarily be consequent upon the acceptance of such a proposition. Most companies pay six per cent. interest upon the accumulations in the provident fund. If they are to be invested in trustee securities, then the yield on those securities would be probably in the neighbourhood of three per cent. The employees would thus stand to lose half the amount of interest on their investments. They

[Sir H. P. Mody.]

would get half of what they are getting at present. That, Sir, would not be doing a service to the employees by any manner of means. I could understand this safeguard being suggested if there were many cases of abuse, but how many cases of abuse there have been? I know of just one glaring instance, an instance which nobody could defend and which I would be the last person to defend. There have been very few such cases. After all, why should the employer have started the provident fund unless it be that he intended to do well by the employees, unless he intended to give them a fair deal. The employer not only contributes an equal amount but also pays six per cent. interest. Well, Sir, if the intention was not to do everything that was possible for the employees, why should a provident fund be started at all? Therefore, it is idle to say that abuses have come to light which make it necessary that even at the loss of three per cent. interest, the employees should be protected. Then, Sir, there is another consideration. Under the Income-tax Act certain privileges are enjoyed by recognized provident funds. If the funds are invested in trustee securities and proper trustees are appointed, then a certain relief in the matter of income-tax is given to such funds. In spite of that there are a good many funds which have not for one reason or another thought fit to take the benefit of the provisions under the Income-Tax Act. The reasons are that these provident fund rules are far more rigid than the rules of practically every provident fund with which I am acquainted. In the case of many concerns with which I am acquainted, the rules with regard to the withdrawal of the amounts are so very much more liberal than the Income-Tax Rules that there would be a howl from the employees if we sought to place such funds under Income-Tax Rules, and denied those facilities, which employees from time to time require on the occasion of marriages, funerals and the like. It seems to me that if this amendment were accepted, and if employers were obliged to invest provident fund amounts in trustee securities, then the next step would be naturally to take the benefit of the income-tax provisions, with the result that all those facilities, which are now being enjoyed, and which, as I have said, are far more liberal than those which the income-tax rules provide, would be denied to the workpeople. Sir, in another connection I made the same point some time ago, and my Honourable friend, Sir Frank Noyce, conceded the reasonableness of my contention; and so under the Payment of Wages Act not only is there exemption in respect of funds which are invested in trustee securities and which come under the income-tax rules, but also in respect of any other fund which may be approved by the Local Governments. From every point of view I say that this proposition is ill conceived, and if my Honourable friend, Mr. Joshi, thinks that he is serving the interests of the working classes, I say that he does not know what he is talking about. The effect of passing this amendment will be to put companies in great difficulties and to put employees in still greater difficulties, and I oppose the amendment.

Mr. V. V. Giri (Ganjam ~~com~~ Vizagapatam : Non-Muhammadan Rural) : Sir, I do not desire to take more than a few minutes so far as this amendment is concerned. I rise to support the amendment and I would only like to reply to some of the points raised by my Honourable friend, Sir Homi Mody. What he said practically amounts to this that the employer starts this provident fund because he believes in a spirit of philanthropy. My feeling is that it is not really so because the employer

fears that they would demand from time to time increase of wages, otherwise start strikes ; and in order to satisfy them and to some extent appease the more moderate element they start these provident funds. However, I do not say it is a bad thing to start these provident funds. After all, the poor workers depend on the provident fund in their old age. And therefore they would not like to lose this provident fund on account of the omissions and commissions of the employers due to bad business which may lead to the ruin of this very fund. Therefore it is that the employees are most anxious to see that this fund is secure.

Another point that has been raised by my Honourable friend, Sir Homi Mody, is that the investments in which they have placed these provident funds secure greater interest to the workers ; but the workers are more anxious to see that under no circumstances do they lose those funds, and therefore they are anxious that they must be in the best securities so that they can depend on it in their old age. These are the two points on which I wanted to reply, and my Honourable friend, Mr. Joshi, stated the other aspects of the case. Therefore, I support the amendment moved by Mr. Joshi.

Prof. N. G. Ranga : Sir, I support this amendment moved by my Honourable friend, Mr. Joshi. The question of the distribution of these funds in the event of any company going into liquidation was raised by my Honourable friend, Sir Homi Mody. But, Sir, he ought to have been aware of the fact that whenever any particular fund is constituted there are certain rules framed for governing that particular fund. And therefore he need not be afraid that the workers would be at a loss as to how to distribute that particular fund in the event of the particular company going into liquidation when they have to distribute that money amongst themselves. The money has got to be there and must be there and we only want that it should be secure and it can be better secure if those funds are invested in trustee securities. It may be that some of the employers are really good men and it may be that many of them are anxious to secure the welfare of the workers as is professed by my Honourable friend, Sir Homi Mody. But at the same time he cannot deny the fact that there may be employers who play ducks and drakes not only with their own money but with the money of their employees, who conduct their affairs in such an unbusinesslike manner as to jeopardise the position of the whole company and thereby jeopardise the position of the funds invested in their company on behalf of these various welfare schemes. There is later on another amendment in the name of my Honourable friend, Mr. Ananthasayanam Ayyangar, and when it comes up an opportunity will be offered to the House to say what it likes in regard to the manner in which the accumulated funds of these various welfare schemes are to be placed in the trustee securities. Certainly that amendment, if accepted, will help my Honourable friend, Sir Homi Mody, and his constituents to adjust themselves to changing conditions and thus help themselves as well as the workers. I therefore sincerely hope that the Honourable Members of this House will accept this very moderate amendment moved by my Honourable friend, Mr. Joshi, and help the workers and secure their future.

Mr. Muhammad Ashar Ali : Sir, I do not belong either to the capitalist group, that is, the employers, nor do I belong to the group of my labour friends who represent labour here. The part which labour plays in accumulating these provident funds is considerable. In this amendment the point is to see whether the amount of provident funds

[Mr. Muhammad Azhar Ali.]

is secured more properly than it is so far, and I think it is in the interest of every one of us here to secure this fund to the poor people and wage-earners. If my Honourable friend, Sir Homi Mody, can suggest today that this provident fund is in no way lost under any enactment of the Government of India to the poor wage-earners, I am prepared to vote with him. But unless and until he shows that this provident fund will never be lost to the wage-earners or to the poor people I suppose we have to support this amendment. Sir, the question of priority will only arise when the funds are to be secured or when funds are to be found anywhere. But here the question is that these funds are invested in good securities. It is a liquid amount and if it is invested in different funds and unreliable securities nobody knows in what condition these funds, etc., are. So unless and until we know that the security of this fund is in every way properly provided in any enactment, I suppose whether the motion comes from the labour Members or whether it comes from some other side, Government ought to see that lakhs and lakhs which are earned by the hard labour and the sweat of the poor people should be secure and be put in better and sure securities rather than in unreliable business and lost in the long run. So I support this amendment.

The Honourable Sir Nripendra Sircar : Sir, the history of this clause is that we originally suggested, on Mr. Sen's
4 P.M. recommendation, that the whole of the fund, that is to say, the employer's and the employee's contributions, should be invested in trust funds. That was the proposal of Mr. Sen. In the Select Committee the kind of compromise which was arrived at is embodied in section 282A (2) : Honourable Members will notice in the list of amendments that an amendment has been given by my Honourable friend, Mr. Ananthasayanam Ayyangar, No. 250, which I shall read for the purpose of making a submission to the House :

“ Provided that in case of monies accrued or realised or set apart but not invested before the passing of this Act they shall be invested in securities aforesaid within seven years from the passing of this Act in such instalments, and in such manner as the Local Governments may prescribe generally or specially on their behalf.”

I think he will correct me if I am wrong, but this amendment, if it is accepted, apart from anything else, extends only to the contribution of the employee.....

Mr. M. Ananthasayanam Ayyangar : After Mr. Joshi's amendment. I have given in an amendment, No. 247, practically on the same lines as the amendment that he has moved. I contemplated that this might go along with 247—no doubt it is a mistake and an error. Thus the funds should be not only for the contribution by the employees, but also for the contribution of the employers ; but as it stands it is an amendment to sub-section (2)—that means contribution by the employees alone.

The Honourable Sir Nripendra Sircar : I was thinking of No. 250. If No. 250 is accepted, that will only mean that the employee's contribution will be invested and not the employer's.....

Mr. M. Ananthasayanam Ayyangar : As it stands, unfortunately.

The Honourable Sir Nripendra Sircar : What I am going to suggest to the House for its consideration is this : after giving the best consideration which we could, we shall be quite prepared to accept this idea—I

have not got an amendment ready—possibly there will be no time for such an amendment here—I do not know—but the idea is this: that instead of seven years, the companies should be given ten years; but the money to be invested will be not merely the employee's half, but the whole fund. That drafting will require a little care, because we are giving old companies ten years within which to put their money in trust funds. But obviously it follows that will not apply to the interest which is accruing: the accruing interest must be put in at once. But for what has accrued due up to the time of the commencement of the Act, I would suggest giving them ten years and I would not like the Local Government to be brought into the scene at all. The House should devise some means like equal instalments or things of that kind; but my difficulty is that this amendment requires drafting and no draft is ready. Have you got one ready?

Mr. M. Ananthasayanam Ayyangar : Yes: that to Mr. Joshi's amendment the following be added—that is No. 250—in the place of seven years, insert ten years, and in the place of Local Governments..... I shall read out the whole.....

The Honourable Sir Nripendra Sircar : I do not think amendment No. 247 carries out the idea which I gave to the House. It is quite true that 247 applies to the whole fund.....

Mr. M. Ananthasayanam Ayyangar : Read with 250: with the change to ten years and equal annual instalments.

The Honourable Sir Nripendra Sircar : My difficulty is this, I may tell the House. We may be generally agreed to its principle but about the drafting I do not know that I should really be able to produce a draft in five minutes' time.....

Mr. F. E. James : Sir, may I make a suggestion to my Honourable friend? If a new amendment is to be produced by the Honourable the Leader of the House, may I not suggest that that be produced in the Council of State? (*Cries of "No."*) The point is this: that at this last hour of what I hope is the last day of the consideration of this Bill, it is very difficult, in a hurried consultation, to produce an amendment on an important matter like this, that is going to be satisfactory to everybody. If the Honourable the Leader of the House states very clearly the principle embodied in these amendments which will be acceptable to him, I suggest that that might be brought up in the Council of State in an amendment there.

The Honourable Sir Nripendra Sircar : Sir, I am quite willing to accept the idea of my Honourable friend if it is acceptable to the House; that is to say, it may be noted in the records that if the clause as it stands be passed, I give an undertaking in this House that I shall move an amendment in the Council of State and shall have it supported by the supporters of Government: the official bloc will support it: and in the Council of State the official bloc is not absolutely negligible. (*Laughter.*) My undertaking may be recorded because it is a very important matter: I undertake to have an amendment moved to the following effect, namely:

Provident funds, that is, the whole amount of it, composed of the employers' and employee's contributions, should be invested in trust securities: that for funds which have accrued up to the time of the passing of

[Sir Nripendra Sircar.]

this Act, companies will be allowed ten years' time within which to invest the funds in trust securities; the amounts to be invested should consist of equal instalments spread over ten years—I am using rather colloquial language, but I am giving an idea.

I undertake to have an amendment to that effect moved in the Council of State. I find it rather difficult now to frame an amendment....

Mr. M. S. Aney (Berar Representative) : You wanted to say something about interest also.

The Honourable Sir Nripendra Sircar : Yes : accruing interest, that is to say, since the passing of the Act and before the passing of the Act, interest which accrues must be invested without any reference to this question of instalments of ten years. Is that clear ?

Mr. Bhulabhai J. Desai : Annual instalments.

The Honourable Sir Nripendra Sircar : Yes ; I mean annual instalments.

Prof. N. G. Ranga : Provident funds or any other funds also ?

The Honourable Sir Nripendra Sircar : I said provident funds. About welfare funds, I have made no statement and I have given no undertaking ; and I do not know what those funds are : what their conditions are, I do not know and I do not know anything about them really.

Mr. President (The Honourable Sir Abdur Rahim) : As a result of the suggestion, do I understand that amendments Nos. 246 and 250 will be passed now ?

The Honourable Sir Nripendra Sircar : I suggest that the amendments be all withdrawn and that the clause be passed as it stands, subject to the undertaking given by me.

Mr. N. M. Joshi : I am very grateful to the Honourable the Leader of the House for the assurance which he has given, but my amendment has some addition to the proposal which he has made. I want not only the provident funds to be safeguarded but any other funds for the welfare of the employees.

The Honourable Sir Nripendra Sircar : But you move an amendment in the Council of State to my amendment.

Mr. N. M. Joshi : It will be difficult to move an amendment in the Council of State. What I would suggest is—let me have the satisfaction and the opportunity of moving my amendment today. We shall see what the fate of my amendment is. If my amendment is carried, it is open to the Government to move an amendment to the amendment in the Council of State.

The Honourable Sir Nripendra Sircar : That cannot be done. Surely I cannot agree to that. My Honourable friend cannot have it both ways. It is open to him to say that he does not agree to this kind of undertaking and we go on in the ordinary course.

Mr. N. M. Joshi : I accept my Honourable friend's undertaking as far as it goes.

Some Honourable Members : No, no.

Prof. N. G. Ranga : Is there anything in the undertaking given by the Honourable the Law Member in regard to the future ? As far as the future is concerned, all these provident funds should be invested in trust securities. Is that made clear ?

The Honourable Sir Nripendra Sircar : I desire to make it clear that the undertaking which I have given cannot be split into two parts. That undertaking is conditional on the clause being passed as it stands. If my Honourable friend, Mr. Joshi, is going to try his luck on his amendment, then my undertaking goes.

Mr. N. M. Joshi : This is coercion, but unfortunately I have no other choice but to accept this coercion. I do not press my amendment. I ask for leave to withdraw my amendment.

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

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

“ That in clause 113 of the Bill, in sub-section (3) of the proposed section 282B, after the word and figure ‘ sub-section (1) ’ the words and figure ‘ and sub-section (2) ’ be inserted.”

This is not covered by the undertaking.

The Honourable Sir Nripendra Sircar : We are willing to accept it, Sir.

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

“ That in clause 113 of the Bill, in sub-section (3) of the proposed section 282B, after the word and figure ‘ sub-section (1) ’ the words and figure ‘ and sub-section (2) ’ be inserted.”

The motion was adopted.

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

“ That in clause 113 of the Bill, in sub-section (3) of the proposed section 282B, the words ‘ deposited by him with the company ’ be omitted.”

The Honourable Sir Nripendra Sircar : I accept that.

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

“ That in clause 113 of the Bill, in sub-section (3) of the proposed section 282B, the words ‘ deposited by him with the company ’ be omitted.”

The motion was adopted.

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

“ That clause 113, as amended, stand part of the Bill.”

The motion was adopted.

Clause 113, as amended, was added to the Bill.

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

“ That clause 114 stand part of the Bill.”

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

“ That in clause 114 of the Bill, in sub-clause (d) after the word ‘ transferee ’ the words ‘ and the transferor ’ be inserted.”

The Honourable Sir Nripendra Sircar : I want to rise to a point of order, and argue it because that will apply equally to certain other amendments which have been given notice of by Pandit Govind Ballabh Pant. The point is this. This House has accepted clause 7. Clause 7 says :

“ It shall be deemed to contain regulations identical with or to the same effect as regulation 56, regulation 66, regulations 78, 79....”

Before 105 was incorporated, 105 was amended. I submit that we cannot allow now these regulations which have been compulsorily included, which must be in the regulations as they stood at that time, to be changed. The serious consequences which will accrue will appear if I take my Honourable friend Pandit Pant's amendment by way of illustration although it has not been moved as yet but the argument will apply equally to the one under consideration. He wants to amend regulation 78 of Table A. The result of that will be that two-thirds of the directors will have to be elected by the shareholders. We agreed to another amendment, on the footing of regulations as they stand. May I take 79. They all stand on the same footing :

“ The directors to retire in every year shall be those who have been longest in office since their last election but as between persons who became directors on the same day those to retire shall (unless they otherwise agree among themselves) be determined by lot.

No. 80. A retiring director shall be eligible for re-election.

No. 81. The company at the general meeting at which a director retires in manner aforesaid may fill up the vacated office by electing a person thereto.”

Therefore, what has now been included means that at a general meeting shareholders can fill up by election only the offices vacated by elected directors. The position is that at the first ordinary meeting the whole of the directors shall retire from office and at the ordinary meeting every subsequent year one-third of the directors for the time being or if the number is not three or a multiple thereof, then the number nearest to one-third shall retire from office. It seems clear therefore that on the regulations as they stand, the shareholders fill up the vacancy caused by the retirement of the elected directors. That is now going to be changed. Of course that has not come up yet. It is now going to be changed and my friend wants to extend election by shareholders of retiring directors, not only elected retiring directors but of all retiring directors who may have to retire by reason of Dr. Khare's amendment. Sir, I remind you of another amendment. I believe my Honourable friend, Mr. Satyanurti, moved that the maximum of directors to be appointed by the managing agent will be one-third. Very well, Sir, we accepted that. Now, if Mr. Pant is allowed to move his amendment, the result will be that the shareholders would elect two-thirds, leaving one-third to managing agents including the special directors. That is to say, if there are six directors, we have accepted an amendment by reason of which the managing agents cannot elect more than 2 and the shareholders, if the proposed amendment of Pandit Pant is carried, must elect 4. If there is a director elected by the debenture holders and another director on behalf of Government, then

the managing agent cannot appoint any one at all. The whole of his one-third is eaten up by the special directors. My point is this that we who have voted for compulsory inclusion of 78 and 81 and others mentioned in that clause and have done so on the footing that clause 78 means what it states. If you are going to amend those articles, it will mean going over the whole thing *de novo*. We shall have to fight out the questions which have been settled. My point of order is that my friends cannot now change or amend in any way the articles which have been compulsorily included and which must remain as they stood at the time of the inclusion. That is my point of order. I have referred to Mr. Pant's amendment because the argument will be the same. The argument equally applies to Mr. Ayyangar's amendment.

Pandit Govind Ballabh Pant : I do not want to enter into the merits of my amendment or to try to elucidate it. This is not the stage. I am only concerned with the point of order. I want to understand the position of the Law Member. Does he contend that we are bound by the language of Articles 78, 79, 80 and 81 as they now stand in Table A of the existing Act and no change can be made therein.

The Honourable Sir Nripendra Sircar : That is what I argued so long.

Pandit Govind Ballabh Pant : I accept that position.

Mr. M. Ananthasayanam Ayyangar : With very great respect I submit that it does not apply to this case. My amendment relates to 20, not to 78, unless the argument of the Law Member is that all the articles are not to be revoked.

The Honourable Sir Nripendra Sircar : I never said so.

Mr. M. S. Aney : I would like to point this out to the Law Member. If we read clause 114, I find some reference made to Regulation 78. An amendment to that is suggested. The whole argument of the Law Member—and the position he has taken up seems to be perfectly correct—is that those regulations which have been made compulsory cannot be changed or altered by us because we accepted them on the footing on which they stand today. The amendments which are suggested in clause 114 to those articles will have to be dropped in that case.

The Honourable Sir Nripendra Sircar : I may explain the position further. If you begin from page 65 of this Bill, clause 114 is this :

In the First Schedule to the said Act, in Table A, then we have (a), (b), (c), (d) and so on. I draw your attention to (k) for instance. With reference to my friend's observations, 56 is one of those included and 66 has already been included. 71 is already included and going over to the next page, (q) 78 is included and (r) 82 is included.

Pandit Govind Ballabh Pant : What do you mean by included ?

The Honourable Sir Nripendra Sircar : Compulsorily included in the articles.

Pandit Govind Ballabh Pant : Not these amendments ?

The Honourable Sir Nripendra Sircar : No. I am referring to the numbers which have been compulsorily included and going to the next

[Sir Nripendra Sircar.]

page I think (y), regulations 112, 113, 114 and 116. Therefore the position is this. If my point is sound and apparently it suits my Honourable friend, because he accepts my argument.....

Pandit Govind Ballabh Pant : It suits me.

The Honourable Sir Nripendra Sircar : I am glad to hear of something which suits you. In clause 114 at least, 6 or 7 of these items have got to be taken out. If we take those out, what remains is those regulations which are models in Table A. Nobody need care for the model. They are not bound to include them in the articles. In the special circumstances, I should be allowed to move an amendment that clause 114 be deleted, unless you, Sir, allow clause 114 to be put, after taking out the paragraphs which relate to those Regulations in Table A, which have been compulsorily included by clause 7.

Pandit Govind Ballabh Pant : I have no quarrel. This is an official Bill. We are here at your disposal. Whatever advice we give, whatever suggestions we make, it is to help you. It is open to you to withdraw the Bill completely tomorrow. We are here as pawns in the game, placing before you our suggestions for your acceptance, if you care to approve of them. If you think that it will be helpful to the company in framing their regulations on the basis of these model regulations, then you may proceed with them but I concede that so far as these optional regulations are concerned, one need not particularly worry about their final shape.

The Honourable Sir Nripendra Sircar : Sir, I will make my position perfectly clear. I should be glad if the Chair will allow me to retain 114 after omitting six or seven items,—that is to say, those which relate to articles in Table A compulsorily included. Then, of course, I will move for acceptance of clause 114, for re-numbering of the paragraphs and take only those which are not hit by the arguments which have been accepted. If that is not permitted, then I have got to delete clause 114,—not that I prefer its deletion, but I prefer retaining those sub-sections, which relate to articles which have not been compulsorily included.

Pandit Govind Ballabh Pant : I submit, Sir, that that difficulty will be removed if you will exercise your power. Certain matters have already been decided finally. The words which appear in this clause 114 and are inconsistent with these decisions are ruled out automatically. Then, the rest of the clause will deal only with those clauses which are not compulsorily included.....

Mr. President (The Honourable Sir Abdur Rahim) : I suppose the procedure will be to drop out from clause 114 these items ?

Pandit Govind Ballabh Pant : We might proceed with this clause 114 and treat those which refer to the regulations already adopted as having vanished or having been deleted ?

Mr. President (The Honourable Sir Abdur Rahim) : Will that suit the Honourable the Law Member ?

The Honourable Sir Nripendra Sircar : Sir, the numbers of those which are hit by my argument are, (k), (n), (o), (q), (r), (v) and (y). I make it seven, Sir.

Mr. President (The Honourable Sir Abdur Rahim) : Then you want them to be omitted ? Amendment moved :

“ That in clause 114 of the Bill, in sub-clause (d) after the word ‘ transferee ’ the words ‘ and the transferor ’ be inserted.”

Mr. Susil Chandra Sen : I am afraid I will oppose this amendment and for the reason that this is unnecessary. The House will remember that a very similar amendment was moved by my Honourable friend, Mr. Soni, on similar lines when we came to the clause dealing with the registration of transfers. Sir, the reasons which were then advanced by me hold equally good now and I oppose it, and I do not propose to repeat those reasons.

Mr. M. Ananthasayanam Ayyangar : Sir, may I point out that in the Bill at page 6, clause 15, the proposed sub-clause (d) of the proposed section 34, says :

“ If a company refuses to register the transfer of any shares or debentures, the company shall, within two months from the date on which the instrument of transfer was lodged with the company, send to the transferee and the transferor notice of the refusal.”

The notice of refusal should go both to the transferor and the transferee. That has become a compulsory operation. In the articles notice to the transferee alone is provided for. All I am asking is—let this be brought into tune with the other one made compulsory.

Mr. Susil Chandra Sen : Even in that view, I do not agree. The transferee is the real person affected and notice to him is sufficient but if my friend is keen I will not press the objection.

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

“ That in clause 114 of the Bill, in sub-clause (d) after the word ‘ transferee ’ the words ‘ and the transferor ’ be inserted.”

The motion was adopted.

Babu Baijnath Bajoria (Marwari Association : Indian Commerce) : Sir, I beg to move :

“ That in clause 114 of the Bill, after sub-clause (s) the following be inserted :

‘ (sss) in regulation 97 the words ‘ of the year or any other undistributed profits ’ shall be added at the end ’.”

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

“ That in clause 114 of the Bill, after sub-clause (s) the following be inserted :

‘ (sss) in regulation 97 the words ‘ of the year or any other undistributed profits ’ shall be added at the end ’.”

The motion was adopted.

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

“ That clause 114, as amended, stand part of the Bill.”

The Honourable Sir Nripendra Sircar : Sir, I would suggest that clause 114, omitting sub-clauses (k), (n), (o), (q), (r), (v) and (y), be put.

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

“ That clause 114, as amended, omitting sub-clauses (k), (n), (o), (q), (r), (v) and (y), stand part of the Bill.”

The motion was adopted.

Clause 114, as amended, omitting sub-clauses (k), (n), (o), (q), (r), (v) and (y), was added to the Bill.

Clause 115 was added to the Bill.

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

“ That clause 116 stand part of the Bill.”

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

“ That in clause 116 of the Bill in the proposed Form F of the Third Schedule....”

The Honourable Sir Nripendra Sircar : Sir, I objected yesterday to anything appearing on List No. 13 being moved because notice was given only yesterday.

Mr. M. Ananthasayanam Ayyangar : May I say, Sir, in reply that this very same amendment stands in the name of Mr. Satyamurti.

The Honourable Sir Nripendra Sircar : I am not objecting to Mr. Satyamurti's amendment. I am objecting to the amendment of my Honourable friend which appears on List No. 13.

Mr. M. Ananthasayanam Ayyangar : Please permit me to make my representation to the Chair to which I am entitled. Amendment No. 261 on the printed list stands in the name of Mr. Satyamurti and I have given notice of an identical amendment.

Mr. President (The Honourable Sir Abdur Rahim) : I think the Honourable Member gave notice of this amendment only yesterday.

Mr. M. Ananthasayanam Ayyangar : Yes, Sir.

Mr. President (The Honourable Sir Abdur Rahim) : Then, I cannot allow it to be moved.

Babu Baijnath Bajoria : Sir, I move :

“ That in clause 116 of the Bill, in the proposed Form F of the Third Schedule, under the head ‘ Property and Assets ’ letters ‘ e.g. ’ occurring under the sub-head ‘ Stock in Trade ’ be omitted.”

Sir, this is the smallest amendment. I only want the two small letters, ‘ e.g. ’ to be deleted. On page 75 of the Bill the following item appears :

“ Stock in Trade (Stating mode of valuation, e.g., cost or market value.)”

I want these letters, ‘ e.g. ’ to be omitted. What I want is that the stock in trade should be valued either at cost or market value. If these letters, ‘ e.g. ’ are there, then it is open to the managing agent or the directors to value the stock in trade in any other manner. It has been found in practice—and it is a very bad practice—that they value these stocks at or under market value arbitrarily. Supposing, the price of

goods is Rs. 7 and the cost price is Rs. 5, then even on the balance-sheet they show the price as Rs. 3. So, I request the Leader of the House to accept my amendment because that will be the proper method of valuing the stocks. Sir, I move.

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

“ That in clause 116 of the Bill, in the proposed Form F of the Third Schedule, under the head ‘ Property and Assets ’ letters ‘ e.g. ’ occurring under the sub-head ‘ Stock in Trade ’ be omitted.”

Sir Cowasji Jehangir : Sir, I oppose it.

Sir H. P. Mody : Sir, I also oppose it.

Mr. M. Ananthasayanam Ayyangar : Sir, I support this amendment. No doubt the House is a little impatient now but I contend that the whole value of the Bill stands upon this amendment and for this reason. The object of the balance-sheet will be frustrated if the stock in trade is not assessed properly—either the original cost is not given or, at any rate, the market value is not given. I would only request the Honourable Members to turn to the opinion of the Bombay Shareholders Association where in various ways it has been shown how these managing agents have tried to show the bloated price of the stock.

Sir Cowasji Jehangir : That is not the object of the amendment. The object is to give more dividends.

Mr. M. Ananthasayanam Ayyangar : Whatever the object of my friend, the Mover, may be, so far as the amendment is concerned, I am entitled to say that with regard to the balance-sheet it is intended that the assets of a company might consist of stock in trade. Now, in assessing the balance of profits of the liabilities over the assets or the assets over the liabilities, how do you arrive at the value of assets. It is said that so far as the balance-sheet is concerned, these letters, ‘ e.g. ’, may mean that the original cost or the market value was highly bloated up or lowered down. There have been a number of such cases and I will mention, in this connection, a case which happened in Ahmedabad. It was the case of Seth Narsinhlal Lallubhai, care of the Ahmedabad Astodia Manufacturing Company Limited, Ahmedabad. The balance sheet was reviewed by the auditor.

The Honourable Sir Nripendra Sircar : I am the only man who is listening to you. No other man is listening to you.

Mr. M. Ananthasayanam Ayyangar : I do not care whether anybody listens to me or not. The reporter will take down my speech all right. I am only sorry that this matter has come up practically at the fag-end of this Bill. I can understand the impatience of the Honourable Members. But this is an important matter and I crave the indulgence of the House for five minutes. The report shows that the cost of cloth was one lakh of rupees. There has been an inflation of stock of yarn to the extent of about one lakh of rupees. Then, the percentage of the value of cotton consumed in relation to cloth and yarn produced is much higher in 1932 than in 1930. So, the approximate cotton stock inflation is at least Rs. 50,000. Lastly, in winding up he says : “ Statement showing the amount of liabilities for expenses incurred up to 31st December 1930 but

[Mr. M. Ananthasayanam Ayyangar.]

not included in the 1930 published Balance Sheet and also the approximate amount of inflation of stock on hand on 31st December 1930. Over estimation of closing stock :

In cloth ..	1,00,000
Yarn ..	.. 1,00,000
Coal	8,000
Bardan	2,000
Cotton	50,000
Coal ashes ..	2,500
Bobbin .. .. .	.. 3,000.

In all, there was an inflation of the value of the stock in trade to the tune of Rs. 2,65,500. I will therefore say that if it is left to the sweet will and pleasure of these persons they will make it appear that all is well with the company and will give a very rosy picture of the whole show. They can show the value of an article worth only one rupee as Rs. 50,000. I will now ask Honourable Members to kindly refer to page 143 of the opinion of the Bombay Shareholders Association where a man on oath admitted how this over-valuation is made.

“ Cotton in stock was 13,500 maunds approximately. The price thereof was fixed at Rs. 5 per maund. Market price was about Rs. 50 per maund.....Our furniture is worth Rs. 20,000 or so. Its value was given Rs. 431.”

Sir, these are the various ways in which the market price is tried to be covered up. These companies value their stock in any manner they like, *e.g.*, (a) at cost (b) at market price (c) under cost (d) at considerably under cost (e) at or under-cost (f) at managing agent's valuation (g) at valuation (h) below market rate (i) at approximate selling price (j) at cost or below market rate, etc. Therefore, Sir, the object of the amendment is, let them not value the stock as they please. Let one principle be adopted and let it be either on cost price or market price. The balance sheet is intended to be a guide to the shareholders and it is intended to serve as a notice as to how the affairs of the company are progressing. If it is left to the sweet will and pleasure of the directors and value it as they like, they may adopt one process one year, namely at the original cost price or at the market price and next year and so on, with a view to make it appear either progressive or favourable. If they are anxious to down the dividends, they may show huge losses also. In these circumstances it is absolutely necessary to fix that they must either value it on the cost price or the market price. Sir, I heartily support the amendment.

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

“ That in clause 116 of the Bill, in the proposed Form F of the Third Schedule, under the head ‘ Property and Assets ’ letters ‘ *e.g.*, ’ occurring under the sub-head ‘ stock in trade ’ be omitted.”

The motion was negatived.

Mr. M. Ananthasayanam Ayyangar : Sir, I want to move amendments Nos. 263 and 264 together. They relate to the same subject.

Mr. President (The Honourable Sir Abdur Rahim) : How can you do it ?

Mr. M. Ananthasayanam Ayyangar : Then, I will move first amendment No. 263. I beg to move :

“ That in clause 116 of the Bill in the proposed Form F of the Third Schedule under the head ‘ Property and Assets ’ after the sub-head ‘ Investments ’ the words ‘ showing the mode of valuation, *e.g.*, cost or market value ’ be inserted.”

Sir, this is going behind the present Table. Under the existing Act in Form F, the valuation of the investments is to be given and the nature of the investments also should be given.

If you refer to page 97 of the blue book containing the present Companies Act, you find :

“ Investments : (Nature of investment and mode of valuation, *e.g.*, cost or market value).”

In the amended Bill the nature of investments is amplified :

“ Investments :

Distinguishing :

- (i) Investments in Government or trust securities,
- (ii) investments in shares, debentures or bonds (showing separately shares fully paid up),
- (iii) investments in shares, debentures or bonds of subsidiary companies,
- (iv) immovable properties showing the mode of valuation, *e.g.*, cost or market value.”

Because the valuation as given in the amended Bill is given only to immoveable properties whereas in the existing Act all the items of property investments have to be valued, I therefore suggest the insertion of the words ‘ showing mode of valuation, *e.g.*, cost or market value ’. It appears as if the mode of valuation is only immoveable property. This is a mistake and a glaring omission. I hope the Honourable the Leader of the House will accept my amendment.

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

“ That in clause 116 of the Bill, in the proposed Form F of the Third Schedule, under the head ‘ Property and Assets ’ after the sub-head ‘ Investments ’ the words ‘ showing the mode of valuation, *e.g.*, cost or market value ’ be inserted.”

The motion was negatived.

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

“ That in clause 116 of the Bill, in the proposed Form F of the Third Schedule, under the head ‘ Property and Assets ’ and the sub-head ‘ Investments ’ in part (iv) the words ‘ showing the mode of valuation, *e.g.*, cost or market value ’ be omitted.”

I am now giving the Honourable the Law Member another opportunity to correct the mistake that has been there and to make this Bill as good as possible without any inconsistencies therein.

The Honourable Sir Nripendra Sircar : It was not my fault that the previous amendment was declared negatived.

Mr. M. Ananthasayanam Ayyangar : Your voice “ Ayes ” did not reach the ears of the Honourable the President, and so he declared the motion negatived. The Honourable Member can even now rectify

[Mr. M. Ananthasayanam Ayyangar.]

that mistake which has crept into the Bill. I am only trying to bring it in accordance with the existing Act. Let it not be made worse. Without making any further speech, I commend my amendment for the acceptance of the House.

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

“ That in clause 116 of the Bill, in the proposed Form F of the Third Schedule, under the head ‘ Property and Assets ’ and the sub-head ‘ Investments ’ in part (iv) the words ‘ showing the mode of valuation, e.g., cost or market value ’ be omitted.”

The motion was adopted.

Babu Baijnath Bajoria : Sir, I beg to move :

“ That in clause 116 of the Bill, in the proposed Form F of the Third Schedule, under the head ‘ Property and Assets ’, the letters ‘ e.g., ’ occurring in part (iv) of the sub-head ‘ Investments ’ be omitted.”

Sir, the same argument applies and I do not want to make any speech in support of this amendment.

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

“ That in clause 116 of the Bill, in the proposed Form F of the Third Schedule, under the head ‘ Property and Assets ’, the letters ‘ e.g., ’ occurring in part (iv) of the sub-head ‘ Investments ’ be omitted.”

Mr. T. Chapman-Mortimer : Is this amendment really in order ?

Mr. President (The Honourable Sir Abdur Rahim) : It is too late to raise that point now. The question is :

“ That in clause 116 of the Bill, in the proposed Form F of the Third Schedule, under the head ‘ Property and Assets ’, the letters ‘ e.g., ’ occurring in part (iv) of the sub-head ‘ Investments ’ be omitted.”

The motion was negatived.

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

“ That clause 116, as amended, stand part of the Bill.”

The motion was adopted.

Prof. N. G. Ranga : Sir, I move :

“ That after clause 116 of the Bill, the following new clause be added :

‘ 117. Every company incorporated under this Act shall—

- (a) give the benefit of one-fourth of the profits to its workers and employees, and
- (b) institute adequate schemes of welfare, old age pensions, insurance against sickness, education of workers’ children, their housing and adult education, the total outlay not being less than one-twelfth of the wage bill ’.”

What I have to say on this I have said in the course of previous amendments. I, therefore, move.

Sir H. P. Mody : Sir, on a point of order, this Bill is not intended for the purpose of distributing profits or framing of welfare schemes. I, therefore, submit that the whole of this amendment is out of order.

Mr. President (The Honourable Sir Abdur Rahim) : Yes, I hold that it is out of order.

Mr. Susil Chandra Sen : Sir, there is one matter to which I am bound to draw your attention. Amendment No. 161 was passed yesterday, but I find that in point of drafting it requires certain alterations. If you will look at amendment No. 161, you will find this :

“ 2B. In sub-section (4) of section 101 of the said Act for the word ‘ twenty ’ the word ‘ eighty ’ and for the word ‘ thirty ’ the word ‘ ninety ’ shall be substituted.”

But if you look at clause 52, the opening words are that clause (1) and (2) of section 101 will be replaced in a certain manner. Therefore it does not fit in as an amendment to that. The clause will have to run like this :

“ 52. In section 101 of the said Act—

(a) for sub-sections (1) and (2) the following sub-sections shall be substituted, namely :

‘ (1) No allotment shall be made of any share capital of a company offered to the public....’

Several Honourable Members : We have not got any copies of that.

Mr. Susil Chandra Sen : I have circulated the amendment, and if my friends will see this they will find that this is merely a drafting amendment.....

Several Honourable Members : Why not take it to the Council of State ?

The Honourable Sir Nripendra Sircar : Sir, as objection has been taken and this is a purely formal matter, I do not mind if it stands over. As I have got to move one amendment in the Council of State, I shall move this also there.

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

“ That clause 1 stand part of the Bill.”

The motion was adopted.

Clause 1 was added to the Bill.

The Title and the Preamble were added to the Bill.

The Honourable Sir Nripendra Sircar : Sir, I move :

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

There are two clerical mistakes which can be corrected in the third reading stage. These two will be moved by my Honourable friend, Mr. Sen. They are very minor matters indeed.

Sir, I notice from the record which I have got here that today is the 18th day, and I cannot believe that anybody on the 18th day at ten minutes past Five will be willing to lend his ears to anything that I have to say. (*Cries of “ Go on.”*) I do not propose to make a long speech, but I shall be quite failing in my duty if I did not inform the House that throughout my struggles with this Bill I have received nothing but the heartiest co-operation from every section of the House. That only shows that the cause I have taken up is a deserving one.

[Sir Nripendra Sircar.]

There is one matter which I would have liked to go into if I had the time, at greater length : but I remember my Honourable friend, Sir Leslie Hudson, gave us the warning that we have done wrong in including Article 107 of Table A. He gave the warning that business will come to grief or rather will be seriously inconvenienced and then our successors will have to amend the Bill. Of course, anything coming from my Honourable friend is entitled to serious consideration. But the more I think of it the more I am convinced that he is wrong. The point was that that kind of disclosure required by Article 107 of Table A is particularly objectionable in the case of mining companies. I took the trouble of sending for some reports of mining companies. I have got them here and I find that they have regularly disclosed not merely what they will be compelled to do now under Article 107 but a lot more. As I said, I took some trouble after that warning was given to me that it would spell disaster to mining companies to comply with article 107. I find for instance this is a tin mining syndicate—the Burma corporation : I think the Honourable Mr. Robertson represents this constituency and whatever difficulties he may have urged here, the company found none in giving all the information and a lot more. I thought possibly Burma might be peculiar ; but I have got four of the reports of Bengal coal mines and I find that the argument advanced is wholly untenable and therefore I hope that the warning will not materialise, and I may inform my Honourable friend that before I came to the conclusion that I ought to resist exclusion of Article 107, I took independent advice of a person who is not connected with any Indian affairs but who is in His Majesty's Service in England. and the advice I received strengthened me in my conviction that all these objections which were advanced were not really so formidable as they were made to appear....

Mr. Sri Prakasa : What was the third point ? It never came.

The Honourable Sir Nripendra Sircar : The third point did not come, because my Honourable friend, Mr. Sri Prakasa, behaved so nicely that the occasion did not arise. (Laughter.)

The only other matter I want to tell the House is this : I find from conversations with some of my Honourable friends, specially my Honourable friend, Prof. Ranga, that whenever I have supported an amendment which to him seemed to help the managing agents, he had the suspicion that it was an unholy combination between Government and the European bloc. and the managing agents and the capitalists. Sir, may I assure him sincerely that in these points which were made by me for reducing the amount of the proposed further encroachments of managing agents, I was not moved by any tender concern for the European managing agents. Most of the big European managing agents are in such a position financially with such effective management that their shareholders will not be so foolish as to get rid of them. They run very little danger : if a special resolution is wanted they will have it the next week. But I was more concerned with the Indian managing agents who have not the same financial resources and whose system as we have all heard here is affected by the vice of what has been called heredity—a condition which does not apply to British managing agents. Therefore I can assure my Honourable friend that

although he and I may disagree as to what ought to be done about a particular measure with reference to managing agents, I was not out to protect the interests of one community against another. I had more anxiety for the Indian than the British managing agent.

Sir, I should say one word before I resume my seat, that I gratefully acknowledge the immense and invaluable services which have been rendered and the trouble that has been taken by Mr. Sen. (Cheers.) I do not desire at this very late hour to detain the House any further, and I move.

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

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

Mr. Bhulabhai J. Desai : Mr. President, in the first instance, I wish to join the Leader of the House in acknowledging and appreciating the work, the industry and the lucidity with which Mr. Sen has been able to present to the House the subject matter of discussion which has ended after eighteen days. During the course of such a Bill, it is not uncommon that either side may feel that a particular point of view is unduly stressed. But the same assurance that the Honourable the Leader of the House gave to the House I am in a position to give, that so far as in us lay, the principles for which we stood we have attempted to incorporate into the draft within necessary limits of an opposition that can never be an alternative government. We felt undoubtedly that we were at the mercy of Government in the improvement that was being made in the company law I appreciate fully the great advance that has been made ; for I am one of those who during the course of my practice have felt that a great deal of amendment was required since the first Companies Act was passed, and undoubtedly this was a great opportunity in which we felt that we would do our best notwithstanding the sturdy opposition of those who never wish to move an inch further than the year 1865. But so far as the House is concerned it has appreciated some points and rejected the others. Nonetheless we have taken our defeat in the spirit in which we have always taken but I wish to assure the Leader of the House that his services in this particular matter of the amendment of the Companies Act will be appreciated (Cheers) and so far as we are concerned we feel that, though we may not have got all that we wanted, we have to a certain extent improved by way of restrictions on the licences of managing agents, as some people describe it, which personally I never felt it—but undoubtedly we have tried to reconcile the interests of the managing agents, the shareholders and the other interests concerned so far as company law is concerned. I am very glad that the House was able, notwithstanding the strain of the last eighteen days, to arrive at the stage it has done, when we could congratulate everybody on the conclusion of its labours on the Company Bill.

Mr. M. S. Aney : Sir, I take this opportunity of expressing my sincere appreciation of the work done in connection with this Bill by the Honourable the Leader of the House and his able adjutant—if I may call him so—Mr. Sen. This is a Bill which in my opinion will be the charter for years to come on which industrial development in this country will largely depend ; and in view of the importance of a Bill of this nature it was natural that the House should have taken eighteen days to discuss this question. If there was anything in the discussion that was prominent,

[Mr. M. S. Aney.]

it was a spirit of friendliness, a spirit of sportsmanship, and a spirit of genial humour in which all the business was conducted during these days. I am sure those who witnessed the debate these eighteen days would not believe that there is any spirit of acrimony existing between these benches and those benches over there. While I acknowledge the services which have been rendered by the Leader of the House as well as by his other official colleagues who have helped him in the passage of this Bill, I cannot fail to appreciate the work done by some of our stalwart friends on the Opposition Benches also ; particularly, the labour and industry which have been bestowed on the consideration of this Bill by my Honourable friends, Pandit Govind Ballabh Pant and Mr. Ananthasayanam Ayyangar, and my Honourable friend, who is absent, Mr. Satyamurti, cannot be forgotten. It was because of their vigilance that many things which would have remained there unnoticed have been carefully gone into and the Bill has been considerably improved. The popular, that is, the shareholders' point of view has found a great place in this Bill because of the able advocacy of our friends on this side. So, if this Bill has improved, it is the result of the joint labours of the Honourable Members on the Treasury Benches and those on the Opposition Benches. And I wish that there may be many more occasions hereafter for joint collaboration of both the sides in order to give better results in other matters also. With these words I heartily support the motion which has been moved by the Leader of the House. (Applause.)

Sir Cowasji Jehangir : I would be failing in my duty if I did not acknowledge the great impartiality with which the Leader of the House has dealt with this Bill. (Applause.) It was nothing else than the work of a great lawyer, and may I say that during the sittings of the Select Committee and in this House my Honourable friend was in his element. He was doing the work for which he was best fitted and he did it with great efficiency. The Companies Act in future will be known as the Sircar's Companies Act. (Cheers.) I would also be failing in my duty if I did not acknowledge the great impartiality with which every question was considered in the Select Committee by my Honourable friends, Pandit Govind Ballabh Pant and Mr. Satyamurti. (Applause.) Their one object along with that of the Leader of the House was to give to this country the best possible Company Law. If between us all we have failed,—we are not infallible,—perhaps there may be other opportunities to still further improve this Act, but it is a great satisfaction to us all to feel that both the Government Benches and the Opposition, including the Leader of the Opposition who was not a member of the Select Committee, have done their very best for the cause of industry and trade, and may they ever continue to do so. (Applause.)

Sir Leslie Hudson : I should like to add my voice to that of those who have already expressed the appreciation of the House of the patience, the industry, the unfailing good nature and the intimate knowledge with which the Honourable the Law Member has piloted this measure through this House. (Applause.) I too should like to acknowledge the great assistance of Mr. Susil Chandra Sen who has spent so many months over the Bill. (Applause.) If I may add my own personal acknowledgments to both those two gentlemen for all the assistance they have given me personally during the past months, I should like to do so. If I may also add a tribute to the fairness and impartiality with which the fight has

gone on in the House, particularly if I may do so to the managing agents of the Congress Party (Laughter and Applause) and possibly the House will allow me to congratulate Mr. Ananthasayanam Ayyangar on his accession to the Board of that Company as a substitute director in the temporary absence of Mr. Satyamurti. (Laughter.) Our Group here have spent a considerable amount of time and patience over this Bill also. We have had our fights, we have had our knocks, we have emerged from the fight with a certain number of scars, (laughter), but, if I may quote, "bloody but unbowed", but I think on the whole we have accepted it cheerfully. I think I can give the assurance of the European community in this country who are engaged in commerce and industry that they will work this amended Bill for all that it is worth and help to prove that it is a very fine Bill worthy of a very fine author. (Applause.)

Sir H. P. Mody : If speaking on this occasion were to be confined merely to the Leaders of Parties, it might appear to the outside world that we were not celebrating the enacting of the Companies Bill, but mourning the passing away of a colleague. (Laughter.) It is to remove some such unfortunate impression that I crave leave to speak for a couple of minutes. For the last two months some of us, and for the last three weeks, the whole of this House have lived amongst managing agents, directors, auditors and shareholders and we are dead sick of the entire lot of them (Laughter), and I hope it will be many, many years before we are called upon to deal with this tribe again. (Laughter.) There have been two extreme view points expressed both in this House and reflected in the country, one which seeks to think that managing agents can do no wrong and that they are a body of people who have conferred the greatest possible benefit on this country, and the other which thinks that they are nothing better than incipient jail-birds. (Laughter.) Neither side has had its view point adopted in this House and it is largely, if not entirely almost, due to the fact that the handling of this Bill was in the hands of my Honourable friend, the Law Member. (Cheers.) His mastery of principles and of every single detail of the Bill has compelled the admiration of everybody who has had anything to do with it, and if his bulk was not already formidable, I would say that he has added greatly to his stature. (Laughter.)

The Honourable Sir Nripendra Sircar : There is plenty of room at the top. (Laughter.)

Sir H. P. Mody : In a modified form. Sir, I may say the same of my Honourable friend, Mr. Susil Chandra Sen. (Laughter.) He started in the wrong way altogether, but as he came into contact with respectable managing agents (Laughter) he began to improve and towards the end he became quite an amiable and lovable person. (Laughter.) I dare say that his unhappy experiences in Bengal gave a twist to his outlook, but on the whole, his later behaviour has exculpated him completely, and I think he may be admitted into grace. There is one pleasant feature of the whole discussion which I would like to refer to, and that is, that party frontiers were almost obliterated. Some of my friends on my right strayed quietly and a little timidly into this side of the House on occasions—I am not referring now to the division lobbies, where our performances were more or less consistent,—but on other occasions we strayed into their fold, and altogether this Bill has been debated on non-party lines. I join in the tributes which my Honourable friends have

[Sir H. P. Mody.]

paid to the Members of the other side who did their best to cut our throats (Laughter), but did it from the best of motives. They have drawn just a little blood, and in view of that, so far as I am concerned, I forgive them all their sins of omission and commission. I have very great pleasure in endorsing all the encomiums which my friends who have preceded me have showered upon the Honourable the Law Member and upon Mr. Susil Chandra Sen. (Applause.)

Mr. Akhil Chandra Datta : When I was listening to the speeches, I was wondering what the definition of the Legislative Assembly was during the third reading of a Bill. It appeared to me that third reading means mutual admiration and the definition of the Assembly during the third reading is a society of mutual admiration. I shall not contribute more to the mutual admiration—not that I do not share that feeling but because we have had enough of it. Let me say, Sir, one or two words about the main features of this Bill. The most important feature is the question of managing agents. I was never of the opinion that the managing agents are the villains that they are in some quarters painted to be. At the same time I always felt that the managing agency house was an Augean stable. I have now the satisfaction of feeling that that Augean stable has been cleared. I now feel that the managing agents have had their wings clipped. Maimed and mutilated they are no longer capable of very great mischief. The managing agent, I may say, is dead but reborn, although reborn beyond recognition. My feeling is that by the provisions that we have been enacting the managing agent has now become responsible to the directors and the directors have now become responsible to the shareholders, and, therefore, it is really a matter for satisfaction that from the point of view of shareholders the Bill is a very great improvement—I am inclined to say—tremendous improvement. Having paid these tributes to the Bill, I do not think it necessary to pay further tributes to those to whom we owe the Bill.

Sir Abdul Halim Ghuznavi (Dacca *cum* Mymensingh : Muhammadan Rural) : Mr. President, we have now concluded our labours in respect of this Company Law Amending Bill which when passed into law will form the quintessence of legal wisdom and legal procedure as applicable to the Company Law in India. Indeed, Mr. President, it forms a milestone in our progress towards ideals which all well wishers of public companies have at heart. While congratulating every section in this House on the tone and tenor of debate throughout and on the high level of criticism, practical and theoretical, obtaining all through, I cannot let this opportunity pass without pointing out with regret that there were attempts at times to widen the gulf between the interests of the shareholders and those of the managing agents instead of bridging it over as a practical businessman would have done. The widening of such a gulf would really have been detrimental to the industrial progress of the country. The view ultimately carried is really a golden mean between the extreme positions and recognises the practical realities of the situation. Further, Mr. President, I shall be failing in my duty if I did not avail myself of this occasion to pay my tribute to my Honourable friend, the Law Member, and to his deputy in this connection, Mr. Susil Chandra Sen, the special officer appointed by the Government, for their labours and the admirable lead they had given throughout the debates and the discussions.

on the Bill. This is quite apart from the months and years of labour which had been given by them to this matter outside this House, which had laid the foundation for what ultimately took shape in this Bill, with the Act as the coping stone and the crowning point. In congratulating these two astute and able Bengali lawyers on their success, may I also suggest that they might join together to bring out a learned treatise on company law and practice which will not only perpetuate their name and reputation in the domain of Indian law but also be of considerable use and assistance in practice and theory to the commercial and mercantile community all over the country.

The Honourable Sir Nripendra Sircar : I will do it if you underwrite the sale.

Sir Abdul Halim Ghuznavi : I will underwrite it for you. It is only right that we should express our lasting gratitude to these two Honourable friends on the able, cool, good humoured and dignified manner in which they have piloted this difficult and complicated Bill through this House, accepting all improvements from whatever quarter they came. Mr. President, I once again congratulate my friends.

Mr. Susil Chandra Sen : Before the Bill is finally passed may I, with your leave and the leave of the House, move certain formal amendments ? They are all clerical amendments intended to make it, as it has been described to be, a perfect Bill.

Sir, I move :

“ That in clause 7 of the Bill, in the second proviso to sub-section (2) of section 17, after the words ‘ shall be deemed to require ’ the word ‘ that ’ be inserted.”

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

“ That in clause 7 of the Bill, in the second proviso to sub-section (2) of section 17, after the words ‘ shall be deemed to require ’ the word ‘ that ’ be inserted.”

The motion was adopted.

Mr. Susil Chandra Sen : Sir, I move :

“ That in clause 40 of the Bill, in sub-section (1) of the proposed section 86G, the words ‘ the director ’ immediately preceding clause (a) be omitted and the word ‘ he ’ be inserted at the beginning of clauses (a) to (g).”

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

“ That in clause 40 of the Bill, in sub-section (1) of the proposed section 86G, the words ‘ the director ’ immediately preceding clause (a) be omitted and the word ‘ he ’ be inserted at the beginning of clauses (a) to (g).”

The motion was adopted.

Mr. Susil Chandra Sen : Sir, I move :

“ That in clause 40 of the Bill, in sub-section (1) of the proposed section 86G :

(i) in clauses (e) and (g), for the words ‘ such director ’, in both places where they occur in each clause, the word ‘ he ’ be substituted ;

(ii) the word ‘ or ’ be added at the end of clause (g) and for the word ‘ or ’ at the beginning of clause (h) the word ‘ he ’ be substituted.”

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

“ That in clause 40 of the Bill, in sub-section (1) of the proposed section 86G :

(i) in clauses (e) and (g), for the words ‘ such director ’, in both places where they occur in each clause, the word ‘ he ’ be substituted ;

(ii) the word ‘ or ’ be added at the end of clause (g) and for the word ‘ or ’ at the beginning of clause (h) the word ‘ he ’ be substituted.”

The motion was adopted.

Mr. Susil Chandra Sen : Sir, I move :

“ That the clauses be re-numbered and all corrections consequential on the amendments made in the Bill be carried out.”

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

“ That the clauses be re-numbered and all corrections consequential on the amendments made in the Bill be carried out.”

The motion was adopted.

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

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

The motion was adopted. (Applause.)

The Assembly then adjourned till Eleven of the Clock on Thursday, the 8th October, 1936.