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THE LEGISLATIVE ASSEMBLY DEBATES

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(23rd August to 1st September, 1937)

SIXTH SESSION OF THE FIFTH LEGISLATIVE ASSEMBLY, 1937



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Legislative Assembly.

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

MR. MATHURADAS VISSANJI, M.L.A.

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LEGISLATIVE ASSEMBLY.

Tuesday, 31st August, 1937.

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

MEMBER SWORN,

Mr. James Cochrane Highet (Government of India : Nominated Official).

STARRED QUESTIONS AND ANSWERS.

(a) ORAL ANSWERS.

ATTACHMENT OF ADDITIONAL CARRIAGES TO AVOID OVERCROWDING IN THE GRAND TRUNK EXPRESS.

201. *Prof. N. G. Ranga : Will the Honourable Member in-charge for Commerce and Railways be pleased to state :

- (a) if it is not a fact that the Great Indian Peninsula Railway Company had failed to attach any additional third class carriages to the Grand Trunk Express during the Easter Vacation Zone Ticket Season to cope with the additional traffic ;
- (b) if it is not a fact that the Grand Trunk Express was hopelessly overcrowded on the 6th of April, 1937 ;
- (c) if the guard and the under-guard declined to do anything to relieve the overcrowding on that day in the third class carriages by attaching any additional carriages at any of the junction stations ; and
- (d) whether Government propose to consider the advisability of seeing that in future such overcrowding is avoided by keeping in readiness and by being ready to attach additional carriages when the need for such is brought to the notice of the guard by any of the third class passengers ?

The Honourable Sir Saiyed Sultan Ahmad : (a), (b) and (c). Government have no information, but the Honourable Member's question will be brought to the notice of the Agent, Great Indian Peninsula Railway, for such action as he deems necessary.

(d) It is the present practice of Railways, in order to meet sudden rushes of traffic, to keep spare carriages at strategic points with which

to augment the accommodation on trains, subject to the engine's permissible load not being exceeded. As this aspect of the Honourable Member's question concerns all Railways, a copy of it, together with a copy of this reply, will be sent to all Agents for such furlough action as may be deemed necessary.

†202.*

AMENDMENT OF THE INDIAN COMPANIES ACT.

203. ***Mr. T. S. Avinashilingam Chettiar** : Will the Honourable the Law Member state :

- (a) whether any defects in the recently passed Indian Companies Act have been pointed out to him by the public ; and
- (b) whether the Government are considering them and propose to bring forward an amendment in this respect in the near future ?

The Honourable Sir Nripendra Sircar : (a) and (b). The Honourable Member is doubtless now aware that a Bill to remove certain minor defects to which attention has been drawn has already been introduced and referred to a Select Committee of the Assembly.

Mr. T. S. Avinashilingam Chettiar : May I know whether this Bill is in reference to all the points that have been referred to the Honourable Member or only in reference to some of the points ?

The Honourable Sir Nripendra Sircar : If I may make a supplemental statement explaining the situation, the position is this. There are certain amendments necessary to correct obvious mistakes and slips and errors in drafting and so on. Then, a series of objections, very many in number, have come. Some of them are really trying to re-agitate matters which have either been lost or won here, and those Government have no desire of re-agitating. Then, there is another section of representations in which it is said that the working of the rules or rather sections of the Company Law will create trouble with companies. As yet, no trouble has actually arisen and Government are prepared to wait and should wait for some reasonable time before they take up into consideration these fears of practical difficulties. Those we have no desire to touch now, nor have we any desire to touch questions which had been decided by a vote of this House one way or the other.

ABSENCE OF WIRE FENCING ALONG THE RAILWAY LINE BETWEEN JHANSI AND MANIKPUR.

204. ***Mr. Sri Prakasa** : (a) Will the Honourable Member for Commerce and Railways state if it is a fact that there is no wire fencing along the railway line between Jhansi and Manikpur on the Great Indian Peninsula Railway ?

(b) Is it a fact that a large number of cattle have recently been killed in this section while straying on the railway line by passing trains ?

(c) Is it a fact that the line passes through a thickly wooded tract which is used as a grazing ground for their cattle by villagers living near the lines ?

†For starred question No. 202 and the reply thereto, see pages 835 to 837 of these debates.

(d) Are Government aware that villagers do not give information about their loss of cattle as they have been terrorised into the belief that they are likely to be prosecuted themselves for permitting their cattle to trespass on the lines ?

(e) Do Government propose to take steps to impress upon the Railway the desirability of having proper wire fencing put along the tract ?

The Honourable Sir Saiyid Sultan Ahmad : (a) Government understand that this branch of the Great Indian Peninsula Railway is only partially fenced.

(b) to (d). Government have no information.

(e) No. The attention of the Honourable Member is drawn to the information laid on the table on the 2nd April, 1937, in reply to his question No. 525 of the 6th March, 1937.

Mr. Mohan Lal Saksena : On a point of order, Sir. You were pleased to rule that when a question is worded, "Is it a fact...?" the Government are bound to make enquiries and let us know whether it is a fact. The Honourable Member has just now said that the Government have no information.

Mr. President (The Honourable Sir Abdur Rahim) : I do not remember having ruled that whenever the Government Member says they have no information, invariably they must make enquiries. To which part of the question is the Honourable Member referring ?

Mr. Mohan Lal Saksena : Parts (b) and (c).

Mr. President (The Honourable Sir Abdur Rahim) : If you ask the question, the Honourable Member may make enquiries.

The Honourable Sir Saiyid Sultan Ahmad : We have made enquiries and got no information as to the number of cattle killed on this section.

Mr. S. Satyamurti : With regard to the answer to part (c) of the question, "Is it a fact that the line passes through a thickly wooded tract which is used as a grazing ground for their cattle by villagers living near the lines ?", they should be able to get information. Surely it does not require a very elaborate calculation or enquiry.

The Honourable Sir Saiyid Sultan Ahmad : As regards the first part, "Is it a fact that the line passes through a thickly wooded tract ?" the answer may be Yes, but as regards the part, "...which is used as a grazing ground for their cattle by villagers living near the lines", I have no information about that.

Mr. S. Satyamurti : Are there no village officers ?

Mr. Sri Prakasa : I should like to make a submission. These questions are really based on information, and the facts mentioned are correct. It is only because of the exigencies of the rules that questions are put in a particular form. The purpose clearly is that the attention of the Government should be drawn to this, so that they may take necessary steps to redress the particular grievance.

Mr. President (The Honourable Sir Abdur Rahim) : That I quite see, but I understand that the Honourable Member is not in a position yet to give the information asked for in part (c) of the question.

Mr. S. Satyamurti : May I know whether the Government have attempted to get any information, and, if so, what the attempt was, and when it was made ?

The Honourable Sir Saiyid Sultan Ahmad : So far as part (c) is concerned, to find out whether the line passes through a thickly wooded tract which is used as a grazing ground for their cattle by villagers living near the lines, it would be necessary to look into the village papers to see whether they have got any grazing ground there or not. All these questions will have to be gone into and it is very difficult to get information. It will take a long time to get the information and it will not be commensurate with the trouble and expense involved.

Mr. K. Santhanam : Cannot you enquire from the Provincial Governments ?

Mr. President (The Honourable Sir Abdur Rahim) : The Honourable Member says that it is not worth the trouble.

Mr. Badri Dutt Pande : Is not an account kept of the railway accidents that happen on the railway lines ?

The Honourable Sir Saiyid Sultan Ahmad : I submit that that does not arise from the question.

Mr. President (The Honourable Sir Abdur Rahim) : It only deals with cattle.

Mr. S. Satyamurti : With regard to the answer to part (e) of the question, may I know the reasons why Government do not propose to take steps to impress upon the Railway the desirability of having proper wire fencing put along the tract ?

The Honourable Sir Saiyid Sultan Ahmad : This question was answered on the 2nd April, 1937.

Mr. S. Satyamurti : But, in view of subsequent accidents, do not Government reconsider the question ? When a question is put, should they simply repeat the answers given months ago ?

Mr. President (The Honourable Sir Abdur Rahim) : It is the same sort of thing apparently. The answer was given some time ago and I do not see why it should be repeated.

Mr. S. Satyamurti : But since then, accidents have happened.

Mr. President (The Honourable Sir Abdur Rahim) : But they happen every day but it does not follow that the answer should be repeated every day.

Mr. Mohan Lal Saksena : Did the question relate to this particular line ?

The Honourable Sir Saiyid Sultan Ahmad : Yes.

Mr. Sri Prakasa : With reference to the Honourable Member's reply to part (b) of the question, will he kindly impress upon the Provincial Governments the desirability of allowing all complaints to come to the Central Government and not terrorising the villagers into the belief that they can themselves be harassed if they send up the complaints ?

Mr. Sri Prakasa : Numerous cattle belonging to a friend of mine have been killed and that is why I have put this question down.

Mr. President (The Honourable Sir Abdur Rahim) : The Honourable Member may find out if there is a legal remedy.

Mr. Sri Prakasa : If the Honourable Member will not have fencing, cattle will stray on the line and get killed. The Police will not allow the villagers to complain. The Honourable Member says that he has no information and he does not intend to get the information. Thus we are put in a position which is intolerable.

Prof. N. G. Ranga : Is it permissible for cultivators who have lost their cattle owing to the absence of this wire fencing to inform the Central Government about their losses directly ?

The Honourable Sir Saiyid Sultan Ahmad : That does not arise either from the answer I have given or from the question put.

RULES FOR ELECTIONS TO THE INDIAN LEGISLATIVE ASSEMBLY FROM THE UNITED PROVINCES.

205. ***Mr. Sri Prakasa :** (a) Will the Honourable the Law Member state if it is a fact that while new rules for elections have come in force in the provinces for the Provincial Legislatures, the old rules are still in force for the Indian Legislative Assembly ?

(b) Is it a fact that for the Indian Legislative Assembly from the United Provinces only such persons can stand as candidates as are enrolled in the constituency from which they stand or in any constituency from which a member could have been elected to the defunct local council ?

(c) Is it a fact that with the coming in force of the new rules and the preparation of new electoral rolls, the old electoral rolls for the old Provincial Council have been destroyed ?

(d) Are Government aware that this has resulted in the deprivation of all persons who were enrolled for the old Provincial Council or are enrolled for the present Provincial Legislatures from the right of standing for the Indian Legislative Assembly from any constituency other than the one on which they may happen to be enrolled for the Legislative Assembly also ?

(e) Are Government aware that this has created a great deal of inconvenience and confusion at the recent bye-elections to the Indian Legislative Assembly in the United Provinces ?

(f) Do Government propose to take steps to modify the rules so as to enable electors enrolled on any constituency for the Indian Legislative Assembly in the province to stand for any other constituency in the same province or to permit anyone enrolled on the electoral rolls of any constituency in the province for either House of the Provincial Legislature to stand for the Indian Legislative Assembly ?

The Honourable Sir Nripendra Sircar : (a) New rules under the new Act have necessarily been made for the new Provincial Legislatures constituted by the new Act. Elections to the Indian Legislative

Assembly continue to be regulated by the Legislative Assembly Electoral Rules made under section 64 of the old Act which is continued in force by section 317 of the new Act. But on the 1st April, 1937, amendments consequential on the commencement of Part III of the new Act were made in those rules.

(b) No. The position was as stated up to the 1st April, 1937, but the amendments referred to in my reply to part (a) included an amendment on this point with the effect of substituting as the relevant qualification for candidature entry on the electoral roll of the constituency for which the candidate seeks to stand or of any other constituency of the Indian Legislative Assembly situate in the same Province.

(c) to (e). I am prepared to assume that the answer to part (c) should be in the affirmative, but in view of the answer to part (b) the consequences apprehended in parts (d) and (e) cannot have arisen.

(f) As indicated in my reply to part (b) the rules have already been amended in the first of the alternative senses suggested. A further amendment in the second of those senses is not contemplated.

Mr. Sri Prakasa : Is the Honourable Member aware that the qualifications for the old Provincial Councils were lower than the qualifications for the Indian Legislative Assembly ; and if it is not a fact that large numbers of persons who could, under the old rules, stand for the Indian Legislative Assembly cannot now do so, because their qualifications are only in accordance with those prescribed under the old rules for the old Provincial Legislative Councils ?

The Honourable Sir Nripendra Sircar : The answer to the first part is " Yes ", and it follows that the answer to the second part must also be " Yes ".

Mr. M. Asaf Ali : With reference to (c), is it not a fact that all these electoral rolls remain in force for three years, and, in the case of provinces, they have to remain in force for five years. Why should they be destroyed ? Part (c) is as follows :

" Is it a fact that with the coming into force of the new rules and the preparation of new electoral rolls, the old electoral rolls for the old Provincial Council have been destroyed ? "

I understood the Leader of the House to say that he assumed that they were destroyed. Why should they have been destroyed when they have to remain in force for five years ?

The Honourable Sir Nripendra Sircar : I believe my friend says " Why should they have been destroyed ". They refer to the rules of those bodies which themselves have been destroyed, namely, the old Provincial Councils do not exist and these rules refer to them.

Mr. Sri Prakasa : In view of the fact that this Assembly had to supply Prime Ministers to Provinces.....

Mr. President (The Honourable Sir Abdur Rahim) : I do not know that that is one of the functions of this Assembly.

Mr. Sri Prakasa :.....and in view further of the fact that many seats were likely to be rendered vacant necessitating bye-elections and that the electoral rolls could not be revised for these bye-elections,

may I ask why the Honourable Member, when he was actually changing the rules, did not extend to the electors on the rolls of the present Provincial Assemblies and Councils the same privileges that were enjoyed by those enrolled for the defunct Provincial Council ?

The Honourable Sir Nripendra Sircar : I hope my Honourable friend will not ascribe it to my old age that I cannot recollect a long question hurriedly put. I can assure him that if he will put down a question, I will give him an answer.

Mr. Mohan Lal Saksena : May I know why the voters of the Provincial Assemblies have not been made eligible for being nominated to the Central Legislative Assembly under the new rules, as the voters of the old Council were ?

The Honourable Sir Nripendra Sircar : I believe the Honourable Member is referring to nomination as a candidate. What reasons can I give except to say that it was considered the best thing to do. (Laughter.)

JOINING OF THE FEDERATION BY THE PRINCES.

202. **Mr. T. S. Avinashilingam Chettiar :** Will the Honourable the Law Member state :

- (a) whether negotiations have been made by the princes for their joining the Federation ;
- (b) how many princes have agreed and how many have yet to agree ; and
- (c) when Government expect to start the Federation ?

The Honourable Sir Nripendra Sircar : I am now ready to answer question No. 202.

(a) Exploratory discussions have already been held with the Ruling Princes and Chiefs covering most of the federal field, but the stage of formal negotiations for accession has not yet been reached.

(b) and (c). No answer can be given in view of the position stated in reply to part (a).

Mr. Mohan Lal Saksena : Will the Honourable Member consult an astrologer ?

The Honourable Sir Nripendra Sircar : If you will kindly name one ?

Mr. S. Satyamurti : I suggest Sir N. N. Sircar !

Mr. T. S. Avinashilingam Chettiar : May I know what stage the negotiations have reached and whether this House will be consulted before coming to a decision on the matter.

The Honourable Sir Nripendra Sircar : At the present moment, I have no instructions to give any undertaking of any kind or to raise any hopes of any kind, nor am I prepared to disclose the stage which the negotiations have reached.

Mr. N. M. Joshi : May I ask, during the course of the negotiations, how the interests of British India are being protected ?

The Honourable Sir Nripendra Sircar : As the negotiations are expected to be kept confidential by both parties and they are in a stage of negotiations, I hope you will not ask me to answer this question, as I cannot disclose the machinery of the negotiations. It is neither in the interest of the negotiations nor in public interests to make any disclosure.

Mr. S. Satyamurti : In view of the fact that British India is a predominant partner in the Federation, and in view of the fact that the Round Table Conferences were held on the basis of British India, the Princes and the British Government entering into the Federation, may I know why, at this stage, the Government have gone back on the old procedure and have ignored British India which is a dominant partner ?

Mr. President (The Honourable Sir Abdur Rahim) : There is no representative of British India in the negotiations. Is that your question ?

Mr. S. Satyamurti : Yes, Sir, there is none.

The Honourable Sir Nripendra Sircar : I think it will be impossible to carry on any confidential negotiations if a third party, presumably a hostile one, is allowed to come in.

Mr. S. Satyamurti : May I ask if the Government of India have come to the conclusion that the British Indians are hostile to these negotiations, and how do they propose to protect the interests of British India, which are vitally affected by these negotiations ?

The Honourable Sir Nripendra Sircar : Government have not come to the conclusion that the British India is hostile or has any grievance, but they have come to the conclusion that the people who make inquiries here about these confidential matters are hostile, and try to create a grievance.

Mr. S. Satyamurti : I may be hostile, but I have been sent here by the City of Madras and other representing lakhs and lakhs of voters of British India. I would ask the Honourable Member what steps Government are taking or propose to take to protect the interests of British Indians who have got to come here. They must take somebody in their confidence.

The Honourable Sir Nripendra Sircar : The opening remarks I ignore. The Government of India are taking all possible steps to protect British Indian interests. The method I am not prepared to disclose.

Mr. S. Satyamurti : Who are the representatives of the British India ? Whom are they consulting ?

The Honourable Sir Nripendra Sircar : There is no lack of friends to consult. We have so many, but my friend's inquisitiveness will go unrewarded.

Mr. S. Satyamurti : May I know who are the representatives of British India whom they are consulting, or how do they ascertain the views of British India on these delicate and difficult negotiations ?

The Honourable Sir Nripendra Sircar : It is not difficult for the Government of India to ascertain the views of British Indians. It is done in the best way. I cannot give further information.

Mr. S. Satyamurti : With regard to these negotiations, may I know how the views of British Indians are being ascertained, and if they are being ascertained ?

The Honourable Sir Nripendra Sircar : I refuse to disclose any information about how these negotiations are being carried on : who are being consulted and what is being done, or is happening.

Mr. S. Satyamurti : My Honourable friend just said that the Government have facilities for consulting British Indian opinion. Now he goes back on his own words and says : " I do not want to tell you ". I am simply asking whether, as a matter of fact, they are consulting British Indian opinion.

The Honourable Sir Nripendra Sircar : They are consulting the opinions of such persons as they consider it necessary to consult. I have gone back on nothing.

Mr. S. Satyamurti : Who are they ?

The Honourable Sir Nripendra Sircar : I refuse to disclose their names.

Mr. S. Satyamurti : Do they represent British India ?

The Honourable Sir Nripendra Sircar : We think they do.

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

COMMUNICATION CHORDS FITTED IN THE COMPARTMENTS OF TRAINS RUNNING BETWEEN BHAGALPUR AND BERARI ON THE BENGAL AND NORTH WESTERN RAILWAY.

206. ***Mr. Sri Prakasa :** (a) Will the Honourable Member for Commerce and Railways state if it is a fact that the communication chords fitted in the compartments of trains that run between Bhagalpur and Berari railway stations on the Bengal and North Western Railway do not work at all ?

(b) Is there any law because of which railways are bound to maintain these communication chords between passengers and railways ?

(c) What punishment, if any, is prescribed for railways not following the law ?

(d) Has any action yet been taken against any railway administration for not fulfilling the requirements of law in this behalf ?

The Honourable Sir Saiyid Sultan Ahmad : Inquiries are being made and the information is being collected and will be laid on the table of the House in due course.

Mr. Sri Prakasa : In case the inquiries prove that the facts as stated by me are correct, will the Honourable Member advise the Railway concerned to put on these communication chords ?

The Honourable Sir Saiyid Sultan Ahmad : It is really a hypothetical question. When the information is received, we will take the necessary action.

Prof. N. G. Ranga : What is the reply to part (b) of this question ?

The Honourable Sir Saiyid Sultan Ahmad : I will make inquiries about that also. I have not got the information with me.

(When the Honourable the President called upon Maulvi Abdur Rasheed Chaudhury to put his question No. 207, he was not in his seat.)

Mr. President (The Honourable Sir Abdur Rahim) : When putting questions, Honourable Members ought to be in their own places.

ATTACHMENT OF ADDITIONAL INTERMEDIATE CLASS COMPARTMENTS ON THE ASSAM BENGAL RAILWAY.

207. ***Maulvi Abdur Rasheed Chaudhury :** (a) Will the Honourable Member in charge of Railways please state whether Government are aware that the number of the intermediate class compartments with each train in the Assam Bengal Railway is much less than the demand and that intermediate class compartments are more overcrowded than even the third class compartments ?

(b) Are Government prepared to take steps to put more intermediate class compartments with each train in the Assam Bengal Railway to remove congestion ?

The Honourable Sir Saiyid Sultan Ahmad : (a) Government have no information. The composition of trains is a matter of detail to be settled by Railway Administrations, having due regard to the requirements of traffic.

(b) The suggestion will be brought to the notice of the Agent, Assam Bengal Railway.

Mr. T. S. Avinashilingam Chettiar : May I ask when many more tickets are issued than there is accommodation, do Railway Companies make any attempt to add on fresh carriages ?

The Honourable Sir Saiyid Sultan Ahmad : They do.

Mr. T. S. Avinashilingam Chettiar : Do they provide them on their own initiative or only when they are being called upon to do so ?

The Honourable Sir Saiyid Sultan Ahmad : I cannot give an answer for all the Railways, but I understand they do.

Prof. N. G. Ranga : Is the Honourable Member aware of the fact that very often it happens that the railway authorities who are present on the platform refuse to add any more compartments even when requested ?

The Honourable Sir Saiyid Sultan Ahmad : I have no such information.

Mr. K. Sanathanam : Will the Honourable Member take it as our experience that additional carriages are not added ?

The Honourable Sir Saiyid Sultan Ahmad : It may be so.

Seth Govind Das : Will the Honourable Member instruct the authorities to do something in this respect because there is a general complaint ?

The Honourable Sir Saiyid Sultan Ahmad : It depends entirely upon the load of the train and the capacity of the engine. It is very difficult to lay down any hard-and-fast rule. But all the authorities have been informed about this question and if they consider it necessary, they will attach additional carriages.

Seth Govind Das : Is the Honourable Member aware that even when the engine has the capacity to carry more wagons and even when the railway authorities are requested, they refuse to attach any carriages ?

The Honourable Sir Saiyid Sultan Ahmad : I have no such information.

Prof. N. G. Ranga : Will he take it as a fact from an Honourable Member of this House and several other Honourable Members of this House will also attest to this fact ?

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

CERTAIN OFFICERS ON THE ASSAM BENGAL RAILWAY.

208. *Maulvi Abdur Rasheed Chaudhury : Will the Honourable Member in charge of Railways please lay on the table a statement showing :

- (a) the total number of officers drawing
 - (i) more than Rs. 250 a month,
 - (ii) more than Rs. 100 a month,
 - (iii) less than Rs. 100 a month, excluding menials, orderlies, in the Assam Bengal Railway ;
- (b) how many in each grade belong to the province of Assam ; and
- (c) how many in each grade are Mussalmans of Assam and Bengal separately ?

The Honourable Sir Saiyid Sultan Ahmad : (a) (i), (ii) and (iii). The latest information available with Government will be found in the statements at pages 61 and 62 of Volume I and the statement at page 236 of Volume II of the Railway Board's Report for 1935-36 on Indian Railways, a copy of which is in the Library of the House.

(b) and (c). Staff statistics are not prepared by Provinces.

Maulvi Abdur Rasheed Chaudhury : May I know whether there is any Muhammadan from Assam in the employ of the Assam Bengal Railway ?

The Honourable Sir Saiyid Sultan Ahmad : My answer was that staff statistics are not prepared by provinces.

ABSENCE OF SHEDS ON CERTAIN PLATFORMS AT BAREILLY.

209. *Mr. Badri Dutt Pande : (a) Does the Honourable Member in charge of Commerce and Railways know that railway passengers at the important junction of Bareilly have to experience great difficulty in a scorching *loo* and during rains specially in the Rohilkund and Kumaon Railway for want of shelters in platform No. 2 and the Rohilkund and Kumaon Railway platform ?

(b) Are there proposals to build sheds in these platforms ?

The Honourable Sir Saiyid Sultan Ahmad : (a) and (b). Government have no information. The provision of shelters over platforms is within the discretion of the Railway Administration. The matter is, therefore, one which could suitably be brought to the notice of the Railway Administration through the Local Advisory Committee.

Prof. N. G. Ranga : Sir, what is the object of allowing a question like this and then telling us.....

Mr. President (The Honourable Sir Abdur Rahim) : Order, order. The Honourable Member is not to put a question as to why a certain question has been allowed.

Prof. N. G. Ranga : I bow to your ruling, Sir. At the same time, I must ask that in view of the fact that sufficient notice has been given to the Government about this particular specific claim, why is it that the Government say that they have no information ? Why is it that Government have not called for information ?

The Honourable Sir Saiyid Sultan Ahmad : I have answered that question. Government have no information at all about this inconvenience.

Prof. N. G. Ranga : Why is it that Government have not called for information ?

Mr. President (The Honourable Sir Abdur Rahim) : The Honourable Member says that there is no such information as is alleged.

Mr. Badri Dutt Pande : Has the Honourable Member ever passed through Bareilly station ?

The Honourable Sir Saiyid Sultan Ahmad : I have.

Mr. Badri Dutt Pande : Has he never noticed those shelterless platforms ?

The Honourable Sir Saiyid Sultan Ahmad : I do not want the Honourable Member to draw upon my knowledge.

Mr. Badri Dutt Pande : I hope the Honourable Member will send a copy of these questions and answers to the local authorities ?

The Honourable Sir Saiyid Sultan Ahmad : I shall be pleased to do so.

CONSULTATION OF THE INDIAN LEGISLATIVE ASSEMBLY ON IMPORTANT MATTERS COMING BEFORE THE LEAGUE OF NATIONS.

210. *Mr. S. Satyamurti : Will the Honourable the Leader of the House be pleased to state :

- (a) the contribution which India is now paying, after the recent Resolution in the Assembly to the League of Nations ;
- (b) the number of Indians employed in the League Secretariat, according to the latest information available ; and
- (c) whether the Government of India propose to consult the opinion of the Assembly in respect of important matters coming before the League of Nations, before the Indian representatives commit themselves to any opinion on those questions, and if not, why not ?

The Honourable Sir Nripendra Sircar : (a) India is now assessed at 49 units out of a total of 935 and the amount payable in respect of the current year is estimated at Rs. 10 lakhs 4 thousand.

(b) Three in the League Secretariat and four in the International Labour Office. The number employed in the League Secretariat will be increased to four as soon as a selection has been made for a vacant appointment which is being filled from India. The Indian personnel in the pay of the League also includes the establishments of the Indian Branch Office of the League and International Labour Office with aggregate strengths of five (including two correspondents) and six, respectively.

(c) No. The proposed procedure would be impracticable if only for the reason that the agenda for the Assembly of the League does not reach India until after the termination of the Delhi Session and that instructions to the Delegates have for the most part to be issued before the commencement of the Simla Session.

Mr. S. Satyamurti : With reference to part (c), will the Honourable the Law Member consider the advisability of devising some machinery, such as a committee of the House or in some other manner, of consulting the opinion of the House through the representatives of all parties here, with regard to the attitude we should take on such important questions as the partition of Palestine, the Sino-Japanese dispute and other things which come before the League of Nations ?

The Honourable Sir Nripendra Sircar : There is no concrete proposition. If my Honourable friend or anybody will put up a concrete proposition, the least I can do is to consider it.

Mr. S. Satyamurti : With reference to parts (a) and (b), apart from the natives of Switzerland—I am not asking about them, I am ignoring them—may I know how the number of Indians employed in the League of Nations by itself, compares with the contribution we are making, namely 10 lakhs, 4 thousand, with the number of other natives of other countries who are employed, compared to the contributions which they make to the League of Nations ?

The Honourable Sir Nripendra Sircar : I remember having answered this question in great detail. For the moment I cannot lay my hand on the number of the question or the particular day on which it was answered. If information is wanted, either my Honourable friend can give short notice or if he writes to me formally I will give him the information.

Mr. S. Satyamurti : Are Government pursuing this matter of inadequacy of Indians on the establishment of the League of Nations, or will they pursue it ?

The Honourable Sir Nripendra Sircar : Government and myself personally have been constantly pursuing this policy.

Mr. N. V. Gadgil : Will Government consider the advisability of placing the Annual Report of the League for discussion before this House as is done in all other countries ?

The Honourable Sir Nripendra Sircar : I am not sure that it is done in all other countries, but leaving that alone, I cannot make any statement today as to whether this will be done or will not be done.

Mr. M. Asaf Ali : With reference to part (c), I understood the Honourable the Leader of the House to say that he wanted some concrete proposals. Will it be possible for the Government to lay before this House, or at any rate supply Honourable Members of this House, a copy of the agenda of the League and give them an opportunity of discussing certain items, if necessary ?

The Honourable Sir Nripendra Sircar : I am informed that a copy of the agenda is placed in the Library of the House. That is my information.

Mr. M. Asaf Ali : In that case, will the Government give this House an opportunity of discussing certain items of this agenda which may interest India ?

The Honourable Sir Nripendra Sircar : As I said the matter is open to my Honourable friend. He can put down a Resolution on any one or more matters appearing on the agenda. That course is open to him.

Mr. M. Asaf Ali : The difficulty is we are allotted only a specific number of days for non-official work. Will the Government allot us an official day for the discussions of such items ?

The Honourable Sir Nripendra Sircar : I quite sympathise with my Honourable friend that non-official Members do not get sufficient time for discussing all that they want to discuss and legitimately discuss. At the same time I want my Honourable friend to consider the amount of pressure on account of official business and if it is possible to accommodate my Honourable friend, certainly I should keep my mind open.

Mr. N. M. Joshi : With reference to part (b), the Honourable Member's reply was that there were three Indians on the League Secretariat. I should like to know their names. Are all these three Indians ? According to my information, this is inaccurate.

The Honourable Sir Nripendra Sircar : Is it that the figure is not three or that they are not Indians or that they are semi-Indians ?

Mr. N. M. Joshi : If I know the names of these people, I shall certainly be able to judge whether they are Indians or not.

The Honourable Sir Nripendra Sircar : The names sound Indians, one is Dalal, another is Kaul and a third is Ghosh.

Pandit Lakshmi Kanta Maitra : May I know what is the amount of reduction, if any, in the contribution of India towards the League for the separation of Burma ?

The Honourable Sir Nripendra Sircar : I answered that in reply to part (a) I said it was 10 lakhs, 4 thousand.

Pandit Lakshmi Kanta Maitra : What is the amount of reduction ?

The Honourable Sir Nripendra Sircar : Originally it was about 15 lakhs and now it is 10 lakhs, 4 thousand. The difference is the amount of reduction.

Pandit Lakshmi Kanta Maitra : Since when was this reduction given effect to ?

The Honourable Sir Nripendra Sircar : The reduction has been given effect to substantially this year. There was a very small reduction—I need not go into details—in the intervening years, but for all practical purposes, we may take it that the substantial reduction which has taken place has been given effect to from this year.

Pandit Lakshmi Kanta Maitra : Is it not a fact that this reduction was given effect to on the suggestion from the Indian substitute delegate and before that substitute delegate went to the League of Nations, the Government of India never placed this matter before the League of Nations ?

The Honourable Sir Nripendra Sircar : That is altogether incorrect from beginning to end.

NEW STIPULATIONS FOR INCORPORATION IN THE INSTRUMENT OF ACCESSION.

211. ***Mr. S. Satyamurti :** Will the Honourable the Leader of the House be pleased to state :

- (a) whether it is a fact that the Chamber of Princes has put up four new stipulations for incorporation in the Instrument of Accession as under :
 - (i) the Federation shall not have the right to introduce or enforce conscription or any other form of compulsory service in States ;
 - (ii) the present position as regards the taking of census in States shall be maintained and the administration relating to it shall be carried out by the States as heretofore ;
 - (iii) States may, if they so desire, provide that no railway be constructed within their territory except with their consent ;
 - (iv) the fiscal and judicial rights of States should not be adversely affected ;

- (b) whether the Government of India will consult the Assembly in respect of these matters, before final decisions are arrived at, and if not, why not ?

The Honourable Sir Nripendra Sircar : (a) Details of negotiations with Princes for their accession to the Federation are necessarily confidential and the divulgence or discussion of these details would not be conducive either to the successful conclusion of the negotiations or to the public interest.

(b) The Government of India regret that, having regard to the constitutional position, they can give no undertaking in this connection.

Mr. S. Satyamurti : What is the constitutional position ?

The Honourable Sir Nripendra Sircar : If the Honourable Member will kindly refer to part (b) of the question, it is stated there :

“ whether the Government of India will consult the Assembly in respect of these matters, before final decisions are arrived at, and if not, why not.”

The constitutional position is this. Technically under the law, we are not bound to consult the Assembly, but we may and therefore at the present moment, I am not prepared to give an undertaking as to whether we shall or we shall not consult the Assembly. It need not be assumed that they will be consulted.

Mr. S. Satyamurti : May I take it that there is no constitutional difficulty, but a mental difficulty on the part of the Government to take us into their confidence ?

Mr. President (The Honourable Sir Abdur Rahim) : That is argument. He stated what is the constitutional position.

Mr. S. Satyamurti : We are working under very difficult conditions. I want you, Sir, to bear with me for a moment. My Honourable friend said that there is a constitutional difficulty, and therefore.....

The Honourable Sir Nripendra Sircar : May I interrupt my Honourable friend. I never used the expression “ constitutional difficulty ”. I said having regard to the constitutional position we need give no undertaking at present, or at any time.

Mr. S. Satyamurti : What is the constitutional position ?

The Honourable Sir Nripendra Sircar : I have explained that.

Mr. S. Satyamurti : My Honourable friend simply said that there is nothing in law against it. Therefore, there can be no constitutional position.

Mr. President (The Honourable Sir Abdur Rahim) : He has said that it is the constitutional position. Whether the Honourable Member agrees with him or not it is a different matter.

Mr. S. Satyamurti : All right, Sir. With regard to the fiscal matters referred to in part (a) (iv) :

“ the fiscal and judicial rights of States should not be adversely affected ”,

I am asking, with regard to the relations between British India and the Indian States in which the fiscal rights of British India are bound to be affected one way or the other ; may I know the reason why the Government of India will not consult this Assembly which represents British India, in respect of the future fiscal rights of British India in the Federation ?

The Honourable Sir Nripendra Sircar : I can only repeat what I have already said twice this morning that these communications are still confidential, they are in the state of negotiations and I can only go on repeating what I have been telling this House. I do not propose to give any information.

Prof. N. G. Ranga : On whose behalf are the Government of India carrying on these negotiations ?

Mr. M. A. Jinnah : Sir, it is very difficult to catch the eye of the Chair from this part of the House ?

Mr. President (The Honourable Sir Abdur Rahim) : I do not know what the Honourable Member means ?

Mr. M. A. Jinnah : What I mean is this that whenever anybody gets up from this side of the House, I do not know whether you are able to see that he is getting up or not ?

Mr. President (The Honourable Sir Abdur Rahim) : I do not think the Honourable Member is at all correct, and that is because the Honourable Member is not always here. One Honourable Member had already begun to put a supplementary question when the Honourable Member got up. But if the Honourable Member wants that before any one puts any supplementary question, he must catch the eye of the Chair and the Chair must call out his name, the Chair is quite willing to do that if that is the desire of the House and enforce it in practice. Otherwise the result is that so many speakers get up from every side of the House that it is not always possible for the Chair to regulate the procedure in regard to supplementary questions in the way desired.

Some Honourable Members : Let the present practice continue.

Mr. Sri Prakasa : It is enough to catch the ear and not the eye.

Mr. M. A. Jinnah : It is impossible to catch the ear and not the eye.

Mr. President (The Honourable Sir Abdur Rahim) : I think another Honourable Member was in possession of the House and asking questions.

Prof. N. G. Ranga : On whose behalf are the Government of India carrying on these negotiations with these Indian princes and Chamber of Princes ? Is it on behalf of the British Government or on behalf of themselves ?

The Honourable Sir Nripendra Sircar : It is being done by the Government of India.

Mr. M. A. Jinnah : In these negotiations with the Indian princes who is supposed to represent the interest and point of view of British India ?

The Honourable Sir Nripendra Sircar : I think I have answered that question. If my Honourable friend wants names or descriptions I am not prepared to disclose them, or to give any particulars.

Mr. M. A. Jinnah : I do not want names, but who is the authority ?

The Honourable Sir Nripendra Sircar : I can describe them by the generic name of Government officials and others, if any, who are carrying on the negotiations, but I am afraid I cannot disclose the names ; either of the States or of British representatives.

Mr. S. Satyamurti : May I know if, as at present advised, Government have any intention of consulting this House before they come to a final decision on these negotiations ?

The Honourable Sir Nripendra Sircar : There is no present intention, and about the future intention I cannot say now.

Mr. M. Asaf Ali : With reference to (b), will the Government of India consult at least the Provincial Governments before coming to any definite decision about these negotiations ?

The Honourable Sir Nripendra Sircar : If my Honourable friend wants to know whether we have consulted the Provincial Governments, I am afraid I am not going to answer that question. As to whether it will be done in future, I can make no statement. (Laughter.)

Mr. M. Ananthasayanam Ayyangar : As the provinces are now autonomous bodies, is it not necessary that as units of the Federation they should be consulted in all matters before final decisions are arrived at ?

The Honourable Sir Nripendra Sircar : It is a question of opinion, and as a platitude it seems to me to be harmless.

PROPOSAL TO ARRANGE CORONATION IN DELHI AND VISIT OF HIS MAJESTY THE KING.

212. ***Mr. S. Satyamurti :** Will the Honourable the Leader of the House be pleased to state :

- (a) whether it is proposed to arrange for any Coronation in Delhi or in any other place in India during this year ;
- (b) if so, whether His Majesty the King is visiting this country ; and
- (c) whether, before the Government of India agree to any such arrangements, they will consult public opinion on this matter ?

Mr. R. F. Mudie : (a), (b) and (c). No decision has yet been reached. This is a matter which depends entirely upon His Majesty's pleasure.

Mr. S. Satyamurti : May I know whether the Government of India have had any correspondence or letters on this matter, either from His Majesty's Government or from any other source ?

Mr. R. F. Mudie : I can give no other information, Sir, except to refer my Honourable friend to the communiqué issued on the 8th February last.

Mr. S. Satyamurti : What is the answer to clause (c) ?

Mr. R. F. Mudie : That is a matter which depends entirely on His Majesty's pleasure.

Mr. S. Satyamurti : Do the Government of India come into it at all ? Have they simply to carry out orders, or are their opinions invited ?

Mr. R. F. Mudie : I have no further information to give.

MR. MUDIE'S REPORT ON THE BENGAL NAGPUR RAILWAY STRIKE.

213. ***Mr. S. Satyamurti :** Will the Honourable Member for Railways be pleased to state :

- (a) whether the Government of India have considered Mr. Mudie's report on the Bengal Nagpur Railway strike ;
- (b) whether they have arrived at any conclusions ; if so, what they are ; and
- (c) whether they will consult the leaders of Railway labour, before they finally make up their minds, and if not, why not ?

The Honourable Sir Saiyid Sultan Ahmad : (a) Yes.

(b) Government agree generally with the conclusions come to by Mr. Mudie.

(c) Does not arise.

Mr. S. Satyamurti : With regard to the recognition of the Bengal Nagpur Railway Union, do Government propose to take steps about the grant of recognition to this Union ?

The Honourable Sir Saiyid Sultan Ahmad : There is a short notice question by Mr. Joshi on this subject and I will then reply to this question.

Mr. Mohan Lal Saksena : Is it a fact that the representatives of the Union had to withdraw from the inquiry committee ?

The Honourable Sir Saiyid Sultan Ahmad : Not had to, but they did withdraw.

Mr. Mohan Lal Saksena : Is it not a fact that it was because of the difference regarding the interpretation of the scope of the inquiry ?

The Honourable Sir Saiyid Sultan Ahmad : My Honourable friend may ask those who withdrew from the inquiry.

Mr. Mohan Lal Saksena : May I know what appears from the report itself ?

The Honourable Sir Saiyid Sultan Ahmad : The withdrawal was thoroughly unjustifiable, in my opinion.

Mr. Mohan Lal Saksena : May I know if there was any difference regarding the interpretation of the scope of the inquiry between the representatives of the Union and Mr. Mudie ?

The Honourable Sir Saiyid Sultan Ahmad : There was no question of any justifiable difference of opinion.

Prof. N. G. Ranga : Were the Government of India consulted before the terms of reference were interpreted by Mr. Mudie ?

The Honourable Sir Saiyid Sultan Ahmad : The terms of reference speak for themselves.

Mr. Mohan Lal Saksena : Is it not a fact that the Committee was appointed at the instance of Mr. Giri, the President of the Bengal Nagpur Railway Union ?

The Honourable Sir Saiyid Sultan Ahmad : Not at the instance of Mr. Giri but by the Government of India.

Mr. Mohan Lal Saksena : At his request ?

(No reply was given.)

Sardar Sant Singh : Is it a fact that whenever Mr. Mudie is chairman of an inquiry committee, people withdraw from that inquiry committee ?

(No reply.)

RESERVATION OF COASTAL TRADE FOR INDIAN SHIPS.

214. **Mr. S. Satyamurti :** Will the Honourable the Commerce Member be pleased to state :

- (a) the latest position with regard to competition between Japanese and Indian shipping in the coastal trade ;
- (b) whether any arrangement has been arrived at by which the coastal trade may be reserved for Indian shipping ;
- (c) whether there is any legal difficulty on account of an Act promulgated during the time of the East India Company in 1850, entitled " Non-British ships to participate in the coastal trade " ;
- (d) whether there is any proposal to amend or repeal this Act ; and
- (e) whether steps are proposed to be taken to see that the coastal trade is reserved for Indian ships ?

The Honourable Sir Saiyid Sultan Ahmad : (a) As far as Government are aware, there is at present no competition by Japanese ships in the Indian coastal trade.

(b) No.

(c) Does not arise.

(d) The matter is under consideration.

(e) No.

Mr. S. Satyamurti : With reference to clause (c), may I know whether Government have ascertained legal opinion and are satisfied that there is no legal difficulty on account of the Act, with regard to our making such arrangements as will commend themselves to us for reserving Indian shipping for our coastal trade ?

The Honourable Sir Saiyid Sultan Ahmad : The question has got the name of the Act as " Non-British ships to participate in the coastal trade ". The name of the Act, however, is " An Act for freedom of the coasting trade of India ".

Mr. S. Satyamurti : Will my Honourable friend make that correction, and give me an answer to the question as to whether on account of the Act which my Honourable friend just names there is any legal difficulty with regard to reserving Indian coastal shipping to Indian ships ?

The Honourable Sir Saiyid Sultan Ahmad : We feel that there is a certain amount of difficulty.

Mr. S. Satyamurti : What is the answer then to clause (d) ?

The Honourable Sir Saiyid Sultan Ahmad : The matter is under consideration.

Mr. S. Satyamurti : When do Government hope to be in a position to introduce suitable legislation ?

The Honourable Sir Saiyid Sultan Ahmad : It will take a little time. We are awaiting some instructions from the Secretary of State to whom we have referred the matter.

Mr. S. Satyamurti : Are Government free to introduce legislation, or are they bound to get the previous consent of the Secretary of State with regard to legislation ?

The Honourable Sir Saiyid Sultan Ahmad : I cannot answer off-hand as to whether ordinarily that should be so or not. But the present position is that there is an Act, which has been in existence since 1850, and we are considering whether it should be repealed and how it should be repealed.

Mr. S. Satyamurti : With reference to clause (e), may I know the reasons why Government do not propose to take any steps to see that coastal trade is reserved to Indian ships ?

The Honourable Sir Saiyid Sultan Ahmad : If by " Indian ships " my Honourable friend means Indian and British both, I agree.....

Mr. S. Satyamurti : My Honourable friend knows too well what I mean. I am talking of *bonâ fide*, genuine, natural-born Indians.

The Honourable Sir Saiyid Sultan Ahmad : My answer was that steps are not proposed to be taken at present.

Mr. S. Satyamurti : May I know why ?

The Honourable Sir Saiyid Sultan Ahmad : If my Honourable friend will put down a question, I will be able to answer.

Mr. S. Satyamurti : Does my Honourable friend know that the agreement to which Sir Joseph Bore was a party has not yielded the results which even he expected, and Indian shipping interests are very strongly agitating, and rightly so, for a larger share of Indian coastal trade ?

The Honourable Sir Saiyid Sultan Ahmad : I do not know about that ; the answer is, no.

Mr. S. Satyamurti : Have Government not received a representation from Indian shipping interests, with regard to a larger share of the coastal trade being reserved to Indian ships ?

The Honourable Sir Saiyid Sultan Ahmad : I am not aware.

Pandit Lakshmi Kanta Maitra : May I know if Government have come to a decision with regard to the control of the traffic of coastal shipping ?

The Honourable Sir Saiyid Sultan Ahmad : No, Sir.

Mr. M. Ananthasayanam Ayyangar : Is it a fact, Sir, that when the Indo-Japanese Trade Agreement was going on, the Government of India asked the Japanese Government not to allow their ships to ply on the coast of India so that the coastal traffic may be reserved for Indian ships only ?

The Honourable Sir Saiyid Sultan Ahmad : I am not aware of it.

Mr. S. Satyamurti : May I know, Sir, if in these Indo-British trade negotiations any attempt is being made to reserve a portion of the overseas trade to Indian shipping ?

The Honourable Sir Saiyid Sultan Ahmad : I cannot answer that.

CONSULTATION OF ALL-INDIA ORGANISATIONS ON BILLS CIRCULATED TO ELICIT PUBLIC OPINION.

215. ***Mr. N. M. Joshi :** Will the Leader of the House be pleased to state whether in circulating Bills to elicit public opinion the various All-India organisations of the public are consulted directly by the Government of India ? If not, what is the arrangement for consulting them ?

The Honourable Sir Nripendra Sircar : I have answered fully the question which was put by Mr. Sri Prakasa, but I will answer it again.

The Honourable Member is referred to the answer I gave to parts (a) and (b) of the starred question No. 6, by Mr. Sri Prakasa on the 23rd August, 1937. With the exception of the European Association and the Domiciled European Association, no other organisation is consulted direct on Bills circulated for opinion. Any organisation or institution desiring to submit its opinion is required to address the Provincial Government in whose jurisdiction the headquarters of its central body is situated.

Mr. N. M. Joshi : With reference to the answer which the Honourable Member has just given, may I know which province is to be consulted by All-India Organisations whose scope of work is spread over all the provinces ?

The Honourable Sir Nripendra Sircar : I said that any organisation or institution desiring to submit its opinion is required to address the Provincial Government in whose jurisdiction the headquarters of its central body is situated.

Mr. N. M. Joshi : May I ask whether the Government of India will recognise these All-India Organisations as they have done the European Association and the Domiciled European Association if they send applications to the Government of India directly ?

The Honourable Sir Nripendra Sircar : I made a long statement on the 23rd instant. May I read that over again ?

Mr. N. M. Joshi : I want a reply to my question, Sir !

The Honourable Sir Nripendra Sircar : That has been replied to at great length, and I will repeat it again if necessary.

Some Honourable Members : No, no.

Sardar Sant Singh : May I know, Sir, whether it is a fact that my Bill which led to the amendment of the Criminal Procedure Code was not circulated to the Punjab Government and to the persons concerned, and if any steps have been taken on that ?

The Honourable Sir Nripendra Sircar : I want notice.

Mr. Sri Prakasa : May I know, Sir, through whom did the All-India " Indian Insurance Legislation Committee " which is now camping in the Cecil Hotel send their representations to the Government of India ? Did they not send their representations direct ?

The Honourable Sir Nripendra Sircar : No, they took the precaution of sending their representations six times over.

LEAVE RULES APPLICABLE TO CERTAIN OFFICERS OF THE SOUTH INDIAN RAILWAY OF ASIATIC DOMICILE.

216. ***Mr. N. M. Joshi :** (a) Will the Honourable the Railway Member please state whether it is a fact that certain officers of the South Indian Railway of Asiatic domicile, recruited between 1923 and 1931, have made representations to the Visiting Director of that Railway in regard to the leave rules applicable to them and that the Visiting Director has refused to consider their request favourably ?

(b) Is it a fact that the contract in the agreement entered into by these officers contained a clause that they would be subjected to such leave rules and grading of pay as could be adopted thereafter for officers of Asiatic domicile ?

(c) Is it a fact that the South Indian Railway on representations made successively decided that the condition as regards pay was inoperative ?

(d) Is it a fact that as regards the leave rules, the South Indian Railway holds that the condition will be enforced ?

(e) Is it a fact that officers recruited in England between 1923 and 1931 were not required to sign their contract in the same way as officers of Indian domicile were asked to do ?

(f) Are the Government of India prepared to ascertain the grounds on which this racial discrimination is sought to be enforced and address the South Indian Railway, drawing their attention to the injustice done to the Indian officers recruited between the years 1923 and 1931 ?

The Honourable Sir Saiyid Sultan Ahmad : (a) to (f). Government have no information. These are matters of detailed administration for the Agent, South Indian Railway, which is a Company-managed Railway, and Government are unable to interfere. I am, however, sending a copy of the question to the Agent, South Indian Railway, for information.

Mr. Lalchand Navalmi : May I know when these questions are sent out to the Agents, does the Honourable Member get any information ?

The Honourable Sir Saiyid Sultan Ahmad : Yes.

INCIVILITY SHOWN BY RAILWAY SUBORDINATES TO THE TRAVELLING PUBLIC.

217. ***Mr. Lalchand Navalrai :** (a) Is the Honourable Member for Commerce and Railways aware of the opinion recorded by the Indian Railway Enquiry Committee of 1937 in their Report with regard to the incivility shown by the railway subordinates to the railway travelling public ?

(b) Has the Honourable Member's attention been drawn to the remarks at page 62 of the Report where they said that it is nevertheless evident that there are many cases where good relations are not established by some of the subordinates with the local public and where the holders of such positions misuse them in order to assert their importance at the expense of the lower class travellers ?

(c) Has the attention of the Honourable Member also been drawn to the recommendation of the Committee that a concerted effort should be made without delay to put an end to this state of affairs ?

(d) Will the Honourable Member be pleased to state what detailed action Government have taken or propose to take in this matter ?

The Honourable Sir Saiyid Sultan Ahmad : (a), (b) and (c). Yes.

(d) The matter received considerable attention prior to the receipt of the Indian Railway Enquiry Committee report and among the measures taken by different Railways were the following :

- (i) Appeals to all members of the staff through the medium of working time-tables, circulars and posters, etc. These are constantly being renewed so that the matter is at all times being impressed on the minds of the staff.
- (ii) Complaint books kept at stations and notices exhibited at stations drawing the attention of the public to these books in which they are invited to record complaints or cases of incivility.
- (iii) Meetings between officers and the staff at which the necessity for courtesy is stressed.
- (iv) Inspecting officials stress the necessity for courtesy in their daily dealings with the staff.
- (v) Notices at stations inviting the public to report cases of incivility and prompt action on receipt of complaints with serious disciplinary action against the staff when the case is proved.

The question of the further action to be taken in the light of the Indian Railway Enquiry Committee's report is under consideration at present.

Mr. Lalchand Navalrai : May I know if these instructions were given prior to the receipt of this Report, and if the Honourable Member has made inquiries whether the staff has improved in their behaviour, are they more civil now ?

The Honourable Sir Saiyid Sultan Ahmad : I hope they are.

Pandit Lakshmi Kanta Maitra : May I know if the Honourable Member has satisfied himself that these instructions have actually been given effect to at the stations ?

The Honourable Sir Saiyid Sultan Ahmad : I have not made any personal inquiries in this matter, because I was not asked to, but if the Honourable Member would like to me to do it, I shall do so.

Prof. N. G. Ranga : In view of the fact that the M. and S. M. and the S. I. Railways have not taken any steps in regard to this matter, will the Honourable Member consider the desirability of sending down to them these questions and answers ?

The Honourable Sir Saiyid Sultan Ahmad : Certainly.

Mr. Mohan Lal Saksena : When did they give instructions to the railway authorities in regard to this, before the receipt of this Report or after that ?

The Honourable Sir Saiyid Sultan Ahmad : Before.

Mr. Mohan Lal Saksena : Then how is it that the Committee has again stressed the necessity of impressing on the Railway servants to be more civil in spite of the action already taken by the Railway Department ?

The Honourable Sir Saiyid Sultan Ahmad : Every enquiry committee must stress this point.

Pandit Nilakantha Das : Has any disciplinary action been taken against anybody for incivility during the last two years ?

The Honourable Sir Saiyid Sultan Ahmad : I do not know.

RECRUITMENT OF AN ELECTRICAL ENGINEER ON THE MADRAS AND SOUTHERN MAHRATTA RAILWAY.

218. ***Mr. K. Santhanam :** Will the Honourable Member for Commerce and Railways be pleased to state :

- (a) whether the Madras and Southern Mahratta Railway have advertised in the *Electrical Review* of London, dated 25th June, 1937, for a qualified Electrical Engineer ;
- (b) whether any similar advertisement was made in India ;
- (c) if the reply to part (b) be in the negative, why it was not so made ;
- (d) whether it is the intention of the Madras and Southern Mahratta Railway to recruit for this post only an European even if qualified Indians are available ;
- (e) if the reply to part (d) be in the affirmative, whether this is in conformity with the policy of the Railway Board ; and
- (f) whether this advertisement is one of the results of the Wedgwood Committee Report ?

The Honourable Sir Saiyid Sultan Ahmad : (a) to (d). Government have no information.

(e) and (f). Do not arise. I may, however, add that under the terms of contract, the Madras and Southern Mahratta Railway, like other Company-managed Railways, have full powers in regard to recruitment of staff, and Government are unable to interfere. The Madras and Southern Mahratta Railway have, however, agreed to recruit superior staff on the basis of 25 per cent. European and 75 per cent. Indian.

Mr. K. Santhanam : Have the Government called for information from the M. and S. M. Railway on this question ?

The Honourable Sir Saiyid Sultan Ahmad : I have already said that under the terms of the contract the Railway, like other Company-managed Railways, have full powers in regard to recruitment of staff, and we cannot interfere, but if only information is required, I will get the information.

Mr. K. Santhanam : Am I to understand then that this advertisement was sent only to recruit a European candidate to the total exclusion of Indians ?

(No reply.)

Mr. N. M. Joshi : May I know whether it is in accordance with the contract between the Government of India and the Company-managed Railways that the Company-managed Railways can spend any amount of money on their staff, and the Government of India cannot object to it ? Is that the agreement ?

The Honourable Sir Saiyid Sultan Ahmad : I did not say that at all. What I said was that they have got a rule under which they recruit superior staff on the basis of 25 per cent. European and 75 per cent. Indian. We cannot interfere in that.

Mr. Bhulabhai J. Desai : Am I to understand, Sir, that the Government of India have no influence whatever on the Company-managed Railways in matters of this kind ? They can't even advise them ?

The Honourable Sir Saiyid Sultan Ahmad : I am not in a position to say one way or the other. About advice, if it is necessary to give them advice, we can do that.

Mr. Bhulabhai J. Desai : Then will advice be tendered that as far as possible, in view of the sympathetic speech made by the Honourable Member, recruitment will be made from Indians in future ?

The Honourable Sir Saiyid Sultan Ahmad : A copy of my speech will no doubt be available to the authorities of the Railways concerned.

Mr. S. Satyamurti : May I know when this agreement was made, when it was agreed that they should recruit the superior staff only on the basis of 25 per cent. European ?

The Honourable Sir Saiyid Sultan Ahmad : I did not say that. I said that the M. and S. M. Railway, like other Company-managed Railways, have full powers in regard to recruitment of staff, and there is no question of an agreement at all. It was, however, pointed out to them that it is desirable that a larger number of Indians should be appointed, and they have agreed to appoint 75 per cent. Indians and 25 per cent. Europeans.

Mr. S. Satyamurti : When was this ?

The Honourable Sir Saiyid Sultan Ahmad : I can't give the date.

Mr. M. Ananthasayanam Ayyangar : May I know, Sir, so far as the appointment of Electrical Engineer is concerned, what is the present percentage ?

The Honourable Sir Saiyid Sultan Ahmad : I have no information. I would like to have notice of it.

Pandit Nilakantha Das : Will the Honourable Member kindly advise
 12 NOON. that as far as the Heads of the Engineering Department and other Departments are concerned Europeans will not be recruited if Indians are found ? 25 per cent. may be otherwise kept untouched. Will the Honourable Member advise ?

The Honourable Sir Saiyid Sultan Ahmad : I cannot, because I do not consider this advice necessary.

(b) WRITTEN ANSWERS.

BUILDING OF OVERBRIDGES ON RAILWAY LEVEL CROSSINGS.

219. ***Mr. K. Santhanam :** Will the Honourable Member for Commerce and Railways please state :

- (a) the number of railway level crossings in Municipal towns ;
- (b) whose responsibility it is to build an overbridge over a level crossing, if necessary ;
- (c) whether any record is being kept at these level crossings as to the duration of each day during which the road has to be closed ;
- (d) whether Government are aware that at some level crossings in the town of Trichinopoly this amounts to many hours a day ;
- (e) if Government or the South Indian Railway have received any complaints or representations from Trichinopoly regarding the inconvenience caused by these level crossings ;
- (f) if Government have any programme of building over-bridges in the place of these level crossings in the big towns ; and
- (g) if the answer to part (f) be in the negative, whether they propose to consider the desirability of framing such a programme in consultation, if necessary, with the Provincial Governments and Municipalities ?

The Honourable Sir Saiyid Sultan Ahmad : (a) Government have no information.

(b) I lay on the table a copy of the general principles laid down for the provision of road overbridges and underbridges in place of level crossings or otherwise.

(c) It is not the general practice to maintain such records but observations are made from time to time at busy crossings with the object of minimising delays to road traffic.

(d) Government have no information.

(e) Government have received no such complaints or representations and have no information as to their receipt by the South Indian Railway.

(f) and (g). The policy of Government is to leave to the discretion of Railway Administrations such matters as the provision of overbridges where circumstances justify them. The matter is, therefore, one which can most suitably be referred to the Agent of the Railway concerned, through the Local Advisory Committee.

Statement regarding Incidence of Cost of Road Overbridges and Underbridges.

Under Section II of the Indian Railways Act the provision of such level crossings, overbridges or underbridges as may be required to make good interruptions caused by the construction of a Railway to the use of lands through which the Railway is made is an obligation on the Railway Administration at the time of construction. These accommodation works are in effect prescribed by the Governor-General in Council when sanctioning a project, the requirements of the road authorities being presumed to have been given full consideration before the project is sanctioned. This exemption from liability of the road authority to contribute to the cost of such accommodation works extends for a period of 10 years from the date on which the railway is opened for public traffic. The following principles apply to the construction of overbridges or underbridges which may be required after the expiration of the above statutory period of 10 years.

2. In the case of a bridge, the construction of which is necessitated entirely by railway requirements, the whole cost of the work will be borne by the Railway. Similarly, in a case where the necessity for a bridge arises entirely through the growth of road traffic or other requirements of a road authority that authority will be required to accept liability for the whole cost of the work. Provided that in either case any extra cost due to additional width or length or other facilities required on account of probable future developments will be borne by railway or road authority requiring such facilities.

3. Where it has been established that an overbridge or underbridge must be provided in place of a level crossing by reason of the growth of both railway and road traffic the cost should be allocated as follows :

- (i) The Railway to bear the cost of the bridge structure (excluding the approaches).
- (ii) The road authority to bear the cost of the approaches as well as all land required for the approaches outside railway limits.
- (iii) The cost of diversion of all sewers, cables, gas and water mains within railway limits will be borne by the railway, and outside railway limits by the road authority.

4. When an existing bridge requires to be extended or widened or rebuilt on a new site, the cost should be allocated as follows :

- (i) If the extension or relocation is required by the Railway, the Railway will bear the cost, but the extra cost due to any increased width of roadway or additional approaches required by the road authority will be borne by the road authority.
- (ii) If the widening or relocation is required by the road authority, such authority will bear the cost, but the extra cost due to any extension for additional tracks or other purposes of the Railway will be borne by the Railway.

5. The Railway Administration will undertake, in consultation with the road authority, all work in connection with the preparation of the necessary plans and estimates, and will carry out all the work, when the estimate is sanctioned by the competent authority.

6. In every case where the road authority has to bear the whole or a portion of the cost of the work, the road authority should be required before the commencement

of the work to deposit with the Railway Administration, the whole or the portion of the cost of the work, as the case may be, and also to agree to take over the maintenance and lighting of the roadway of the bridge and its approaches after its opening to public traffic. This requirement may, however, be relaxed when the payments to the railway are to be made by a Government Department and expenditure as incurred can be regularly adjusted through the Exchange Accounts.

7. After the work is completed, the roadway, including the portion on the bridge itself and also the earth approach banks, if outside railway limits, will be handed over to the road authority. The Railway will maintain at its own expense the bridge structure generally (excluding the roadway) and will consult the road authority before undertaking any repairs affecting the roadway. Similarly, the road authority will be required to consult the Railway Administration before undertaking extensive repairs or taking any action likely to affect the ordinary leading of the bridge structure.

IMPORT OF RAW CASHEW NUTS AND EXPORT OF CASHEW KERNELS.

220. ***Mr. K. Santhanam :** Will the Honourable Member for Commerce and Railways please state :

- (a) if Government have come to a decision regarding the imposition of a duty on the import of raw cashew kernels from Africa ;
- (b) if the United States of America has decided to impose any duty on the imports of cashew nuts from India, and if so, what is the rate of such duty ; and
- (c) the figures of imports of raw cashew nuts into India and export of kernels from India for the months of April, May and June of 1936 and 1937 ?

The Honourable Sir Saiyid Sultan Ahmad : (a) No, Sir. The matter is still under consideration. The Central Government are awaiting the results of a special enquiry recently held by the Government of Madras into the present position of the industry.

(b) Cashew nuts are subject to a duty of two cents, per lb. in the United States of America. The Central Government received information of the introduction in the United States of America Senate some months back of a private Bill seeking to raise this duty, but as far as they know at present the Bill has not yet progressed far.

(c) I lay on the table a statement giving the information for the months of April, May, and June, 1937. Information for the corresponding months of the previous year is being called for and, if available, it will be laid on the table of the House.

Statement.

	Imports of Raw Cashew Nuts into India.		Exports of Cashew Nut Kernels from India.	
	Quantity in Tons.	Value in Rupees.	Quantity in Tons.	Value in Rupees.
April 1937 ..	3,503	4,65,620	174	1,85,166
May 1937 ..	2,138	2,76,732	1,010	10,43,576
June 1937 ..	4,504	6,05,894	950	9,73,222

NEW PASS RULES FOR RAILWAY EMPLOYEES.

221. ***Mr. Mohan Lal Saksena :** (a) Will the Honourable Member for Commerce and Railways state what action has been taken by the

Railway Board on memorials of the railway employees regarding the withdrawal of new pass rules ?

(b) Will the Honourable Member state what economy, if any, is likely to be affected by the promulgation of the new rules ?

(c) Is it not a fact that the railway employees all over have been agitating against the new pass rules ?

(d) Were the Agents of the various State Railways consulted before the enforcement of the new rules ? If so, will Government state their views ?

(e) Have they been asked to report on the effect of the new pass rules on their respective railways, and what are their opinions now ?

(f) Are Government prepared to cancel the new pass rules forthwith ?

The Honourable Sir Saiyid Sultan Ahmad : (a) The memorials are under consideration.

(b) The Honourable Member is referred to the reply to part (a) of his question No. 475, given in the House on the 3rd March, 1937.

(c) A number of memorials have been received protesting against the new pass rules.

(d) The Agents of State Railways were consulted before enforcement of the new rules, I regret that I am not prepared to disclose the views which were expressed as Government do not consider it desirable to give publicity to views expressed by individual officers on measures adopted by Government.

(e) and (f). No.

GRANT OF HOUSE RENT ALLOWANCE TO THE FITTER *Khalasis* OF THE EASTERN BENGAL RAILWAY AT CHITPORE.

222. ***Mr. Mohan Lal Saksena :** (a) Will the Honourable Member for Commerce and Railways state whether in March last the fitter *khalasis* of the Eastern Bengal Railway, Chitpore, had submitted to the Railway Board any petition for the grant of free quarters ? If so, what action has been taken thereon ?

(b) Is it a fact that for a long time they were given a house allowance at Rs. 7-8-0 per mensem ?

(c) Is it also a fact that fitter *khalasis* of Sealdah Shed are still paid house allowance ? If so, are Government prepared to consider the feasibility of granting house allowance to the Chitpore fitters as well until they are provided with suitable lodgings ?

The Honourable Sir Saiyid Sultan Ahmad : (a) No.

(b) and (c). I am collecting information and will lay on the table of the House in due course.

RAILWAY ACCIDENT AT BIHTA ON THE EAST INDIAN RAILWAY.

223. ***Mr. Mohan Lal Saksena :** (a) Will the Honourable Member for Commerce and Railways make a statement regarding Bihta Railway disaster giving full details of loss of life and property as well as a list of injured persons with nature of their injuries ?

(b) What steps were taken for the relief of the sufferers, particularly of the relations and dependents of those who have died ?

(c) Was any departmental enquiry instituted to enquire into the causes of the disaster, and what were its findings ?

(d) Is it a fact that the disaster was principally due to the bad track ? If so, when was the line inspected last and why were not the defects detected earlier ?

(e) Did the driver of No. 6 Down Mail, which passed before the Punjab Express notice any defects and did he make any report ?

(f) Is it a fact that there was an accident near about this very spot some time before ? If so, when and was any enquiry instituted on that occasion ? If so, with what results ?

(g) Is the Honourable Member prepared to consider the feasibility of appointing a non-official Enquiry Committee to enquire into the causes of the aforesaid disaster ?

(h) Is it a fact that the number of the keymen and Engineering gangmen was reduced to half working on this section last year ? If so, is the negligence due to the shortness of hands on the line ?

The Honourable Sir Saiyid Sultan Ahmad : (a) The accident occurred at about 3.55 hours on 17th July, 1937, to No. 18, Punjab Express at mile 355 near Bihta station on the East Indian Railway. The engine and several coaches left the track and in all, 105 passengers were killed or subsequently died of their injuries ; also 106 other passengers were injured, of whom 20 are still in Hospital, the remainder having been discharged. The names of the injured and the nature of the injuries are not available with Government.

(b) Prompt medical aid was given to the injured and free treatment in Hospital. So far, no other relief has been given to the sufferers or to the relations and dependents of those who died.

(c), (d) and (g). An enquiry was held by the Senior Government Inspector of Railways and this with the report of the Agent, East Indian Railway, are under the consideration of Government. The necessity or otherwise of a further enquiry will be decided after Government have come to a conclusion on the enquiry already held.

(e) The driver of No. 6 Down Mail which passed over the site of the accident approximately seven hours previously reported on arrival at Dinapore having heard a noise and felt oscillation attributable either to the engine or to the track between Kiolwar and Bihta, i.e., between the two stations where the accident occurred.

(f) There was an accident on 25th January, 1932, at a point some 4½ miles from the site of the present accident. On that occasion, the engine, tender and eight bogie carriages were derailed. The driver and firemen, as also two passengers, sustained injuries. This accident was the subject of a magisterial enquiry held by the Sub-Divisional Officer, Dinapore, who found that it was due to deliberate train wrecking.

(h) Government have no information, but have no reason to attribute the accident to shortness of hands on the line or to negligence.

PARTICIPATION OF INDIAN TRADES AND INDUSTRIES IN THE PARIS EXHIBITION.

224. ***Mr. Mohan Lal Saksena :** (a) Will the Honourable Member for Commerce and Railways state if India is represented in the Paris Exhibition ? If so, what Indian industries are represented ?

(b) Did Government take any steps to persuade Indian trades and industries to participate in the Paris Exhibition ?

The Honourable Sir Saiyid Sultan Ahmad : (a) and (b). The Government have not participated officially in the International Exhibition now being held in Paris. They have, however, through the medium of the *Indian Trade Journal*, brought the main features of the Exhibition and the procedure for sending exhibits to the notice of Indian exhibitors desiring to participate in it. Government are not aware to what extent, if any, Indian industries are represented at the Exhibition.

NEGOTIATIONS FOR TRADE AGREEMENTS WITH GREAT BRITAIN AND OTHER COUNTRIES.

225. ***Mr. Mohan Lal Saksena :** (a) Will the Honourable Member for Commerce and Railways state when the Indo-British Trade Agreement talks are likely to conclude ?

(b) How long do Government propose to continue the Ottawa Pact against the wishes of the Legislative Assembly ?

(c) Did Government take any steps to negotiate trade agreements with other countries, as recommended by the Legislative Assembly Resolution ?

The Honourable Sir Saiyid Sultan Ahmad : (a) The Honourable Member is referred to the reply given by me to part (a) of Mr. Satyamurti's starred question No. 15 in this Session. It is not possible at this stage to say when the trade talks will be concluded.

(b) The Honourable Member is referred to the Press communiqué issued by the Commerce Department on the 19th October, 1936, copies of which are in the Library.

(c) The attention of the Honourable Member is invited to the replies given to Mr. Satyamurti's starred question No. 35 and its supplementaries on the 1st September, 1936.

REPRESENTATION REGARDING PROVISION OF FUNDS FOR THE DISPOSAL OF THE DEAD BODY OF PRINCESS CHANDRA DEVI.

226. ***Sardar Mangal Singh :** Will the Honourable the Leader of the House please state :

- (a) whether Government have received any representation from the Princess Ashin Toiksu Hyat Baya Latt, the second daughter of the late King Thechan of Burma, regarding the provision of funds for the disposal of the dead body of Princess Chandra Devi ;

(b) whether it is a fact that the dead body of the Princess had been lying there for several months undisposed of and uncared for for want of funds ; and

(c) what reply Government have given to that representation ?

Mr. R. F. Mudie : (a) No.

(b) Statements have been seen in the press to this effect, but the matter being no longer the concern of the Governor General in Council no enquiries have been made.

(c) Does not arise.

MOLASSES TURNED OUT BY THE SUGAR INDUSTRY.

227. ***Mr. T. S. Avinashilingam Chettiar :** Will the Honourable Member for Commerce and Railways state :

(a) the amount of molasses that is being turned out by the sugar industry in India ;

(b) whether Government have been able to find out any new method of utilising it ; and

(c) whether any experiments have been made in the matter and with what effect ?

Mr. M. S. A. Hydari : (a) The output during 1936-37 is estimated at 546,000 tons.

(b) and (c). Research work with promising results is being carried out at the Imperial Institute of Sugar Technology, Cawnpore, on the utilisation of molasses for (i) manufacture of cattle feed, (ii) road making, (iii) preparation of acetic acid, and (iv) manure.

PRODUCTION AND CONSUMPTION OF SUGAR IN INDIA.

228. ***Mr. T. S. Avinashilingam Chettiar :** Will the Honourable Member for Commerce and Railways state :

(a) the probable consumption of sugar in this country ;

(b) the estimated production of sugar in this country ;

(c) whether in the near future the production of sugar will exceed the amount necessary for the consumption in this country ; and

(d) if so, whether Government are contemplating to find out any foreign market for sugar ?

Mr. M. S. A. Hydari : (a) I would invite the Honourable Member's attention to the reply given to Seth Govind Das and Dr. N. B. Khare's question No. 786 on the 30th March, 1937.

(b) The production of sugar in this country during 1936-37 is estimated at 1,204,800 tons.

(c) No definite statement can be made owing to insufficient data of the consumption of sugar in India.

(d) No.

POSTPONED QUESTION AND ANSWER.

WRITTEN ANSWER.

ASKING OF QUESTIONS AND DISCUSSION ON MATTERS CONNECTED WITH THE PROVINCES IN THE INDIAN LEGISLATIVE ASSEMBLY.

poned
the 23rd
at, 1937.] 22. *Mr. Badri Dutt Pande : (a) Will the Honourable the Leader of the House inform the Honourable Members of the Assembly of the limits within which the Honourable Members of this House can with the introduction of Provincial autonomy ask questions and discuss matters concerning the provinces.

(b) As the ultimate responsibility for peace, tranquillity and prosperity of the provinces, rests with the Central Government, how far will it be within the realm of this House to seek information on facts of public importance and on serious events that happen in the provinces ?

(c) If a Governor abuses his special powers or the Ministers mismanage the affairs of the provinces or military is called out to quell affairs will it be within the competence of this House to put in questions and move resolutions and adjournment motions and will they be admitted in this House ?

The Honourable Sir Nripendra Sircar : (a) The general position is that where the executive and legislative authority are vested under the Act in the provinces, it would not be appropriate for the Central Legislature to discuss those matters. There are likely, however, to be matters in which the Central Legislature may be properly interested [e.g., a direction under sub-sections (1) and (2) of section 126 of the Act] and thus the prevention of any encroachment on the provincial sphere may well be left to be regulated by the power vested in the Honourable the President under rule 7 of the Indian Legislative Rules in regard to questions and, in the Governor General, under rule 22 in regard to resolutions.

(b) and (c). The Honourable Member no doubt has in mind the exercise of the control of the Governor General over Governors under sections 54 (1) and 126 (5). Proviso (ii) (c) to sub-rule (1) of Rule 8 of the Indian Legislative Rules requires the prior consent of the Governor General to a question relating to "any action taken in his discretion in relation to the affairs of a Province" and it will accordingly be for the Governor General to decide whether or not any reply should be given on the particular matter.

UNSTARRED QUESTIONS AND ANSWERS.

FASTEST TRAIN ON THE INDIAN RAILWAYS.

36. Mr. Badri Dutt Pande : Will the Honourable Member for Commerce and Railways state :

(a) which is the fastest train among the Indian railways ; and

(b) what the maximum speed per hour attained so far is ?

The Honourable Sir Saiyid Sultan Ahmad : (a) and (b). Probably the fastest train in India is the weekly Deccan Queen running between Bombay and Poona which attains an average speed of 43.2 miles per hour for the run of 119 miles, including the ascent or descent of a steep ghat.

Other noteworthy daily performances are as follows :

- No. 1 Up Mail between Howrah and Delhi covering 902 miles at an average speed of 39 miles per hour.
- No. 4 Down Mail from Chheoki to Howrah covering 500 miles at an average speed of 40 miles per hour.
- No. 2 Down Mail from Delhi to Howrah covering 902 miles at an average speed of 38 miles per hour.
- No. 3 Up Mail from Howrah to Chheoki covering 500 miles at an average speed of 39 miles per hour.
- Nos. 7 and 8 Expresses between Howrah and Delhi cover the 902 miles at an average speed of 38.6 and 38.4 miles per hour, respectively.

The Frontier Mail between Bombay and Delhi covers the 861 miles at an average speed of 37.5 miles per hour and in the opposite direction at 36.6 miles per hour.

ELECTORAL ROLLS FOR THE ROHILKUND AND KUMAON DIVISIONS NON-MUHAMMADAN RURAL CONSTITUENCY.

37. **Mr. Badri Dutt Pande :** Will the Honourable the Law Member state whether there were Electoral Rolls for one district only in the office of the Returning Officer, Bareilly, for the Rohilkund and Kumaon Divisions Non-Muhammadan Rural Constituency, during the recent bye-election and whether the constituency is composed of nine districts ? If so, why ?

The Honourable Sir Nripendra Sircar : I have called for a report from the Returning Officer and will lay the required information on the table on receipt of his reply.

FARE CHARGED FROM BAREILLY TO KATHGODAM.

38. **Mr. Badri Dutt Pande :** Will the Honourable Member for Commerce and Railways state why eight annas more are charged from Bareilly to Kathgodam while the fare between Haldwani and Kathgodam is one anna and three pies only ? Will the Honourable Member explain this anomaly ?

The Honourable Sir Saiyid Sultan Ahmad : It is understood that the Honourable Member's question refers to the difference in third class fares between

(a) Bareilly and Kathgodam,

(b) Bareilly and Haldwani,

the fares being Re. 1-8-0 and Re. 1-1-3, respectively although the difference in mileage is only four miles.

The fare between Bareilly and Kathgodam has been in force for many years and is based on the authorised maximum rate permissible for the section, but the fare between Bareilly and Haldwani is on a lower basis.

To reduce the Kathgodam fare to the same basis as the Haldwani fare would result in considerable loss of revenue. The matter, however, is within the competence of the Rohilkund and Kumaon Railway Administration and the Honourable Member's question and this reply will be sent to the Agent for his consideration.

ISSUE OF RAILWAY CONCESSION TICKETS FOR THE *Urs* AT AJMER.

39. **Mr. Abdul Qaiyum :** (a) Will the Honourable Member for Commerce and Railways please state whether it is a fact that a large number of residents of the North-West Frontier Province visit Ajmer during the *urs* celebrations every year ?

(b) Is it true that on similar occasions in other parts of India concession tickets are generally issued by the Railway authorities ?

(c) Has the benefit of concession tickets been extended to visitors to Ajmer during the *urs* ? If not, why has this concession been withheld from them ?

(d) Is it a fact that the next *urs* begins on the 7th September, 1937, and that an application signed by influential persons, including many Frontier Members of the Legislative Assembly, asking for concession tickets has been submitted to the Agent, North Western Railway ?

(e) Are Government prepared to introduce the system of concession tickets for Ajmer from now onward to begin 15 days before the *urs* and to hold good for 15 days after it and thus redress a genuine public grievance ?

The Honourable Sir Saiyid Sultan Ahmad : (a) Yes.

(b) Only when Railway Administrations consider that a reduction in fares will induce larger numbers of passengers to travel, resulting in an increase in their revenues.

(c) Yes, a concession was at one time given on the Bombay, Baroda and Central India Railway, but it was withdrawn, as the results showed that the concession was not commercially justified.

(d) Yes. The Agent, North Western Railway, to whom the application is said to have been submitted is competent to deal with the matter.

(e) This is a matter within the competence of the Railway Administrations, but Government understand that certain concession tickets are being issued this year both by the North Western Railway and Bombay, Baroda and Central India Railway, including return tickets at 1½ fares from certain stations on the North Western Railway via Delhi and from Delhi, Agra, Idgah and Cawnpore over the Bombay, Baroda and Central India Railway to Ajmer. Full details of the concession tickets being issued this year are being called for and will be laid on the table of the House, and a copy of the Honourable Member's question and this reply will be sent to the Agents concerned, for consideration as to the action to be taken in future years.

SHORT NOTICE QUESTIONS AND ANSWERS.

WITHDRAWAL OF THE RECOGNITIONS OF THE BENGAL NAGPUR RAILWAY LABOUR UNION.

Mr. N. M. Joshi : Will the Honourable Member for Commerce and Railways be pleased to state :

(a) whether it is a fact that the Agent of the Bengal Nagpur Railway has withdrawn the recognition of the Bengal Nagpur Railway Indian Labour Union ;

(b) whether the Government of India have considered the question of restoring the recognition to the Union ; and

(c) if the reply to part (b) be in the affirmative, what is their decision ?

The Honourable Sir Saiyid Sultan Ahmad : (a) Yes.

(b) and (c). Yes. But the Bengal Nagpur Railway being a Company-managed Railway, the recognition or non-recognition of a particular union is entirely within the discretion of that administration. The Government of India will, however, be quite prepared to use their good offices to bring about a reconciliation between the Bengal Nagpur Railway administration and the Bengal Nagpur Railway Labour Union, when they are satisfied that the constitution and the aims of the Union are such as to ensure that it is being run on healthy trade union principles ; but as I have already stated the final decision must rest with the Bengal Nagpur Railway administration.

Mr. N. M. Joshi : May I ask what the Union must do to give an assurance to the Government that the Union is running on healthy lines ?

The Honourable Sir Saiyid Sultan Ahmad : I should like to have the advice of Mr. Joshi on that point. (Laughter.)

Mr. T. S. Avinashilingam Chettiar : What is the opinion of the Government on this matter now, whether it is running on healthy lines or not ?

The Honourable Sir Saiyid Sultan Ahmad : No, it is not.

Mr. Mohan Lal Saksena : Is it a fact that the recognition was withdrawn within ten days of the settlement of the dispute, I mean the withdrawal of the strike ?

The Honourable Sir Saiyid Sultan Ahmad : The question has been fully dealt with in Mr. Mudie's Report, with which the Government of India are generally in agreement.

Seth Govind Das : The Honourable Member has just said that he would require the opinion of Mr. Joshi in this respect. If Mr. Joshi tells him that the Union is running on healthy lines, will the Honourable Member accept his advice ?

The Honourable Sir Saiyid Sultan Ahmad : I am sure he will not say so.

Mr. Mohan Lal Saksena : May I know when the Government of India intervened in the strike, whether they were satisfied that the Union was working on healthy lines ?

The Honourable Sir Saiyid Sultan Ahmad : The Government of India did not intervene at all.

INDIAN LEGISLATIVE ASSEMBLY ELECTORAL ROLL FOR DELHI.

Mr. M. Asaf Ali : (a) Will the Honourable the Law Member be pleased to state whether the information contained in the press note, which relates to the preparation of the Legislative Assembly Electoral Roll for Delhi on the basis of the old qualifications, is correct ?

(b) If so, will the Honourable Member state when the next Legislative Assembly election may be expected ?

(c) Is it a fact that the next election for the Central Legislative Assembly will not be for the Federal Assembly ?

The Honourable Sir Nripendra Sircar : (a) I think there is a difference between the question as read out and that as sent to me. The Honourable Member read out, "Is it correct ?"; whereas the question as sent to me was, "Is it based on truth ?" I take it they mean the same thing ?

Mr. M. Asaf Ali : Yes, and I hope they do.

The Honourable Sir Nripendra Sircar : (a) Sub-rule (4) of rule 9 of the Legislative Assembly Electoral Rules requires a fresh roll to be prepared on the expiration of the period of three years for which the previous roll continues in force. The period for which the previous roll for the Delhi constituency of the Assembly was in force expired on the 8th August and a fresh roll is being prepared in compliance with the requirement to which I have referred. In the nature of things the roll, being a roll for the existing Delhi constituency of the existing Assembly, is being prepared in accordance with the qualifications prescribed by the existing electoral rules.

(b) and (c). I am in no better position to answer these questions than the Honourable Member himself. I would observe, however, that as the fresh roll is being prepared in accordance with an automatic statutory requirement the fact that it is being prepared justifies no inference regarding the answer to either of these questions.

Mr. Mohan Lal Saksena : Am I to understand that similar electoral rolls for the Assembly are being prepared all over India, as required by the rule referred to by the Honourable Member ?

The Honourable Sir Nripendra Sircar : They are either being prepared or will be prepared,—I have not applied my mind to all the provinces, but they must be prepared.

Mr. M. Asaf Ali : If this is nothing else but the operation of an automatic rule, huge labour and a lot of expense are involved in it, and will it not be a sheer loss if finally the electoral roll which is likely to come into operation must be the electoral roll for the Federal Assembly ?

The Honourable Sir Nripendra Sircar : Apart from its being a hypothetical question, the automaten has left no option to us.

THE INSURANCE BILL.

Mr. President (The Honourable Sir Abdur Rahim) : The House will now resume consideration of the motion :

"That the Bill to consolidate and amend the law relating to the business of insurance, as reported by the Select Committee, be taken into consideration."

Dr. Ziauddin Ahmad (United Provinces Southern Divisions : Muhammadan Rural) : Some time ago, I said on the floor of the House on the authority of Prof. Gregory, that there was only one man who understood the conundrum of exchange, and that man was in a lunatic asylum. But I was given to understand by the Honourable the Leader of the House that there were seven experts on the insurance business, but those seven men are not, like the expert on exchange, within the four walls, but they are all out. I have also received a number of pamphlets, bound and unbound, pink coloured, yellow coloured, onion coloured, etc., and I may tell the House that I have read each and every one of them from A to Z. I do not mind getting these pamphlets but I should like to seek the protection of you, Sir, against solicitations and personal canvassing. Those are the two things that I cannot stand. The Select Committee has presented its Report and we are all thankful for the work which they have done. But if I am asked to express my candid opinion, I have no hesitation in saying that, from my point of view, the original Bill is far better than the Bill as it has emerged from the Select Committee. The original Bill was the Government Bill, the present one is the Bombay Bill. The Members of the Select Committee had so many interviews, so many social engagements that they had very little time for independent thinking. Let me say at the very outset the points and principles for which I stand. I want to safeguard the interests of the policyholders and the interests of the smaller companies, and, I hope, that all those persons who have really the good of the people at heart will support those two principles. On these principles, Sir, I propose to fight every inch of the ground during the second reading of the Bill. I first come to the definition of insurance. The Bill in its definition is really guilty of the fallacy of *petitio principii*. Sub-clause (7) of clause 2 says : "Insurance company means any insurer being a company, association or partnership"; the very words which they wanted to define are used in definition. Then, I consulted my famous compendium and this is the definition from that book :

"From the point of view of strict morality it is a form of gambling and in some cases no better than *satta* but the civilised world has excluded it from the gambling Act like the game of bridge in England or poker in America. It is a disease whose parasites, technically known as agents, working for the mother insect or queen parasite, technically known as the insurer, suck the life blood of the patient called the policyholder. For other details see the Insurance Act."

I am not going to bother you further, but before I come to the provisions of the Bill, I will tell you a story. In a particular place there were a number of bandits, call them robbers or thieves. They were very much accustomed to earn their living by dacoity and robbery. There came a monarch to govern the country. He was a very vigilant ruler and he stopped dacoities and robberies in his territory. Then the robbers came to their King and said : "We have been accustomed to earn our livelihood by forcibly snatching the properties of others.

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We are not accustomed to earn our bread either by work or by personal service. Now tell us what to do'. The king of the bandits thought over the matter and said: 'In these days robbery and dacoity are impossible. I suggest a method of earning a living. One of you should become a fakir or a *guru*. Shut yourself in a house in the jungle and it should have four doors. One should be the door for employment, the second for children, the third for curing disease and the fourth for winning a case or getting your object. Put one of the disciples at each door. Send your canvassers in the town. Supposing a man came for employment, you allow him to enter only by the employment gate. The Fakir should tell men, entering by employment gate, that he was not service securing agency. The person would subdue himself entirely and would think that he was really a great spiritual man who knows the past and the future. In this way the credulous population of the town would shower jewels and money upon the Fakir. Another way to become rich without hard labour and personal service is to get an office and have a telephone installed and good embossed papers, and become insurers. Have good men to canvass for you. Ask them to tell the people what will happen to them or their families if they die'. After giving this advice the king of the bandits went away to foreign countries and he returned after some years. When he came back he found the Fakir rolling in wealth. He was sitting on a carpet and was eating *pulao* in silver and gold plates. The Fakir thanked the king for his very good advice which had brought him so much money. The gold and silver plates were presented to the king. He then went to the insurer and he found that wealth was rolling on him. The insurer weighed the king in gold and presented it to him.

I now come to the Bill. There are two well-known principles about insurance. One is minimum interference and maximum publicity. This principle may have worked well in England where we have got an intelligent well informed public but in countries where people are not so intelligent as in Canada they have a second principle, i.e., Government control. But in India we are not even as intelligent as the people in Canada and, therefore, we want greater Government interference. I would even like to have a complete control of this particular business, and I entirely agree with my friend, Mr. George Joseph, when he said that this particular industry should be nationalised. I have got a quotation from Japan in which it is said that the policy of the Government is really to nationalise as much as possible the insurance industry. In support of this argument, I have got two arguments. One is that the income derived from insurance ought to be shared by the Provincial and the Central Governments. The Provincial Governments will have many commitments and this will be a new source of income for them. The second argument was outlined in details by a Professor of Economy in France, Monsieur Levoy Boileau. He advocated the nationalisation of the industry on entirely different grounds. He said that by inducing a large number of persons to invest their money and insure their lives they will naturally have greater interest in the Government of the day. They will never support the communist doctrine or any other movement intended to overthrow the Government. To stabilise the Government, we should induce a large number of persons to insure their

lives. This is a view point which is exceedingly important. I do not advocate State monopoly immediately but I would only like to emphasize today that the Post Office should extend their business of insurance. They should be permitted to insure the lives of not only Government servants but of all classes of the people. We may impose a maximum limit on the policy and it should be Rs. 10,000. The operation of the Savings Banks has not affected the banking operations in this country and this insurance if given to the Post Office will not seriously endanger the present insurance business and I think, therefore, that the first step towards nationalisation should be to permit the Post Offices to insure the lives of all individuals, whether they are Government servants or not, to the extent of Rs. 10,000.

Now, Sir, the next important point which I would like to emphasize is the question of the premium and here there is a very great fallacy which I hope my Honourable friend, Mr. Griffiths, will probably appreciate. Now, if you insure your life in a manner that the whole policy is paid at the age of 55, then there is nothing but simple mathematical calculation; but if you insure your life in a manner that it should be paid either at the age of 55 or on death whichever occurs first, then there is a question of uncertainty and a higher premium is demanded. Now, what is the value of this uncertainty? Here I find that a mistake is done by calculating the value of uncertainty and by demanding a higher premium, which is unjustified. The way in which it is calculated is this. Suppose there are 100 persons. Out of these, 25 persons live up to the age of 55 and 75 die before reaching that age. Therefore, the chances of living till the age of 55 is only one-fourth. This is perfectly correct. But the fallacy is this. These insurers do not insure every single individual. They have a very high and critical medical examination, as was pointed out by my friend, Dr. Dalal, and the insurers carry this medical examination so far that they are even prepared to pay contributions to medical colleges in order to train medical men who may be trained to carry on a higher medical test, to enable them to pick up those 25 out of 100 persons, who are likely to be alive at the age of 55. They select for insurance only those persons who, in their opinion, are likely to be alive and the chances of their success are much greater than what they would be had they taken them without medical examination. Therefore, we should adopt one of the two courses. Either they should take the figure of 100 out of those who are first medically examined and declared fit for insurance purposes. The chances of living in this case will be greater and the premium will work out at low figure. The second alternative is that they dispense with searching medical test. If they do not do this, then the amount of premium which they are now charging by ordinary calculations and after medical test is perfectly wrong. I challenge the method of the calculation of the insurers. They are charging their premium on account of this fact that they only chose those persons who are likely to be alive by a very strict medical examination. Either abolish the medical test and keep the premium or have the medical test and lower the premium. I hope that Insurance Superintendent will look into the matter.

Sir, I now come to the Managing Agents. There is some justification for the Managing Agents in the company administration because, after all, there is the question of industry. They have to provide money in bad

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years to keep the industry going. But I see no position for the Managing Agents either in banking business or in the insurance business and I am really surprised that they were allowed to go on for a period of three years and then extended by Select Committee to ten years. Therefore, the sooner we abolish the Managing Agency system from the insurance company, as we have done in the case of the banking operations, the better it is for us.

The next question that I would like to touch is the question of the directors. Here they have done something by including the representatives of the policyholders. But the figure one-fourth is not good enough. I was myself surprised when I looked into the figures that the contributions by the shareholders is very small compared with the contributions by the policyholders. I have got before me the figures. I will first take up the Andhra Pioneer Company. The paid-up capital of this company is only Rs. 40,823 and their annual income from the contributions is Rs. 3,46,868 and the total contribution by policyholders is Rs. 63,67,015. Take the case of the Asiatic Company. Their paid-up capital is Rs. 1,68,585, and their annual premium is Rs. 1,98,603 and the present capital is 39,17,155. Take the case of Nagpur Pioneer. Their paid-up capital is Rs. 68,220 and their regular yearly income from premiums is Rs. 1,24,921. The contribution by the policyholders is Rs. 22,29,024. Therefore, the contribution by the policyholders is much greater than the contribution by the shareholders. This being the case, why should we demand that the policyholders must be in the majority in the Board of Directors because they represent a larger interest than these shareholders do.

The next point that I would like to take up is that there should be some kind of check about the profits. Here also I lay very great stress that the profits of the company ought to be divided between the shareholders and the policyholders in proportion to their contributions. I have got the figures of the Oriental Company which is represented by my friend, Dr. Dalal, and I notice that, in the year 1927, they gave a dividend of as much as 130 per cent. Even in the year 1935-36 they gave a dividend of 62½ per cent. when the Bank will not give you more than two per cent. on fixed deposit. This is due to the fact that medical officers like Dr. Dalal have carefully selected only those persons who are likely to be alive even after the age of 55 and they have excluded all those persons who are likely to die earlier. 62½ is not the dividend on paid-up capital. The value of the shares has been increased by bonus and the dividend works up about 1,000 per cent. on paid-up capital.

The next point to which I would like to draw the attention of the House is the case when the policy is given up. If the policy is surrendered by any individual, then I think he ought to get something substantial for it. I took a policy some years ago in India and then I went to Cambridge. I found that as a student I could not keep the policy alive but I got nothing for all the premium that I paid to that company. We ought to provide for the payment of surrendered policies in this Bill and I will move an amendment as to what proportion of their contributions ought to be paid to the policyholders when they surrender their policies.

An Honourable Member : What was the name of that company?

Dr. Ziauddin Ahmad : I do not remember the name of the company. I require notice of that question !

The next thing I would like to mention is that they ought to provide the maximum expenditure by law for each company. This is the thing which is being done and I think the right way of approaching the question is that we ought to provide the maximum limit. I have got the working ratio of most of these companies of the world and I will take up this question when my amendment comes before the House. I think a proportion of about 25 per cent. is really sufficient as the maximum working ratio but what I do emphasise is that this ratio ought to be fixed by statutes.

The next thing I would like to mention is about the agents. I think here the Select Committee has got the wrong end of the stick. I think the original Bill was much better. You ought to provide the maximum allowance to the agents and I think 40 per cent. which they provided in the original Bill was quite sufficient. Instead of providing a maximum for these agents, in this Bill they have gone the other way round, that if any one gives the rebate he should be punished. If any one did receive the rebate, he should be punished. Why should I be punished if I get a rebate ?

Mr. S. Satyamurti (Madras City : Non-Muhammadian Urban) : Why should you not be punished ?

Dr. Ziauddin Ahmad : Supposing I get a profit of 20 per cent. in any particular premium. I can surrender a portion of my profit to any one including policyholder. If the agent gives a portion of his own profit to a particular individual, why should he be punished for it. The company does not lose. The money comes only from the pockets of the agent. My opinion is that the Select Committee has done immense wrong to the country by providing this particular form of punishment. A very salutary provision would have been to fix the maximum allowance for the agents and leave it to the agents to spend his allowance in any way he likes. That is really the right course to take, and not to make it a punishable offence. If I get any allowance, I should have the liberty to give a portion of it to anybody I like. I have got absolute freedom for the expenditure of the money which I have earned. Nobody has any right to interfere in the matter. Therefore, the provision made in the Bill is wrong.

Coming to foreign companies, there is one point which I should like to be safeguarded. I speak from my own experience. I deposited some money in a bank in Germany. I am getting interest all right regularly, but I cannot get back the original amount deposited. When I wrote to them, they say, 'you must come personally to Germany and spend the money here and that too not more than 200 marks per month. You cannot withdraw the entire money'. This is the difficulty in which I am placed. My money is all right safe in the bank, but I can make no use of it. I submit that depositors, like myself, should be safeguarded against a company which is neither Indian nor British. Indians should be safeguarded against companies of the country who can make their own laws prohibiting the transfer of money from their country to any other country. We ought to insist that they should keep sufficient amount in India so that we may not be at the mercy of the laws of those countries.

The Honourable Sir Nripendra Sircar (Law Member) : There is provision for keeping 100 per cent. You can increase it to 200 per cent. if you like.

Dr. Ziauddin Ahmad : Is it 100 per cent. of their full liabilities of the policy ? But they go on increasing year after year.

The Honourable Sir Nripendra Sircar : We have provided for all that.

Dr. Ziauddin Ahmad : I am glad this thing has been provided for. If they keep the entire amount of the face value of the policy in India then we will be independent of their laws.

As regards other forms of insurance I was rather keen that they ought to be separate from the life insurance altogether because they are entirely on a different footing. If there is a big catastrophe in any place in any one form of insurance, we ought to see that the insurancee under the head 'life insurance' does not suffer. They have got provisions of keeping separate accounts for each head of insurance but I do not know whether those separate accounts are liable to payment if there is heavy loss in one form of insurance.

The Honourable Sir Nripendra Sircar : I am afraid my Honourable friend has not read a single section of the Bill.

Dr. Ziauddin Ahmad : Not so thoroughly as my Honourable friend.

The next point I should like to touch upon is the flat rate of deposits. There ought to be some kind of sliding rate which really may help smaller companies. This is a point I should like to discuss in detail when we come to clause 6 of the Bill. Now, I should like to appeal once more that we should pay special attention to policyholders. We should pay special attention to small industries and we should not look to the interests of capitalists alone. They can look after themselves. They are in a better position to safeguard their own interests. The bigger insurance companies in India are in exactly the same position as the mill industry companies in Bombay. They ask the consumer to pay an extra anna for each yard they consume in the name of protection and they really try to crush cottage industries by putting special duty on yarn on which cottage industry is based. I appeal once more that we should look after the interests of the policyholders and of small industries.

Mr. N. M. Joshi (Nominated Non-Official) : Mr. President, I wish at the outset to make a few preliminary remarks on the objects of the Bill. The object of an insurance society is to provide facilities for the public to enable them to discharge their social responsibilities towards their relatives, wives and children as well as towards their employees and others. It is also the object of insurance society to enable the public to overcome difficulties in the way of making provision for their old age and for other difficulties which are incidental to human life. The object of this Bill is to regulate the business of insurance societies in order that the interests of the policyholders as well as of the shareholders should

be protected. It has been said by some speakers that one of the principles of insurance business is that Government regulation should be the minimum. I feel that proper protection can only be given by adequate control and regulation of insurance societies. Unfortunately, so long as the business of insurance is in the hands of private companies, there cannot be full protection of the interests of the policyholders. The object of private insurance societies is to secure profits for its shareholders. They render some service to the public as a subsidiary object. On account of the main object of the insurance society being to make profit for its shareholders, the premiums are kept as high as the insurance company can keep considering the competition with others. Moreover, as the object of the insurance company is to make profits, the investments are insecure as they cannot get larger rates of interest unless they invest their moneys on securities which are not absolutely protected. I, therefore, feel that the private insurance companies can never be made secure, full protection cannot be given to the policyholders so long as the insurance business is allowed to be kept in the hands of private companies. There will always be some risk of insurance societies becoming insolvent or bankrupt. Many insurance societies have become bankrupt and insolvent and no amount of Government regulation will take away the risk of the companies becoming insolvent and bankrupt. I therefore feel, Sir, that the scope of this Bill should have been as was suggested by some other Honourable Members, to bring the whole insurance business under the control of the Government of India. There are many advantages of the insurance business being brought under full State control. The risk is minimised, as very few Governments have become bankrupt or insolvent. Moreover, as the object of Government will not be to make profit, premiums will be kept as low as possible. Then the administration of insurance societies will be much cheaper if the administration is under the control of Government. No money will be spent for advertisements, and no money need be spent as commissions to agents to secure business. I, therefore, feel that the Government of India should have brought forward a measure to bring the whole insurance business under its own control.

The Honourable Sir Nripendra Sircar : It would be run as cheaply as the railways. (Laughter.)

Mr. N. M. Joshi : Well, Sir, I do not know what opinion the Honourable Member has about the administration of Indian railways by his Colleague, but I feel that his Colleague is managing the Indian railways much better than the private companies are managing them. I, therefore, feel, Sir, that the right way is to bring the insurance business under the control of the State. This question of the advantage of the State-management of insurance business has been investigated by commissions and committees and it has been the opinion of those people, who have investigated the problem, that the insurance business under State control is more profitable. Sir, yesterday the Honourable the Leader of the House while discussing the question of accident insurance and motor insurance suggested that the control over these forms of insurance should not be very strict so that there should be scope allowed for business being developed. Sir, insurance against workmen's compensation has been carried on by State funds as well as by private companies. The

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United States Labour Department made an investigation into the problem and this is the conclusion at which they arrived :

“ The United States Department of Labour after an investigation of different types of organisations engaged in the administration of workmen's compensation insurance remarked as follows : The result of this investigation shows that the State funds can operate cheaper than either the mutual or stock companies ; in fact, the average exclusive State funds can do business about 25 to 30 per cent. cheaper than the average private stock company.”

Sir, I will give only one other quotation before I go on to another point. As regards the advantages of State management of insurance business, this is from a book by Mr. Joseph Cohen :

“ The impersonal character of State insurance has advantages. Its speed, its certainty, its absence of any motive to make good bargains, make it obviously superior to privately organised insurance working for profits.”

Mr. President, I should like to support the proposal made by my Honourable friend, Dr. Ziauddin Ahmad, that even if the Government of India today does not take the whole business of insurance under its control, it should extend the scope of the postal insurance. At present only Government servants are allowed the facilities of postal insurance. I should like the Government of India to extend the scope of work of postal insurance to the other members of the public also. Postal insurance offers insurance at a cheaper rate and, therefore, not only Government servants but other members of the public too should have the facilities offered by the Postal Department.

Then, Sir, I should like to bring to the notice of the Honourable Member in charge of this Bill a point in connection with some work akin to insurance work done by some of the trade unions in India. The Indian Trade Unions Act permits trade unions to spend part of their money in giving allowances to members or their dependants on account of death, old age, sickness, accidents, unemployment, etc., of such members. I would like the Honourable Member to give me an assurance that the provisions of this Bill do not apply to the kind of work which is being done by trade unions in helping members and the relatives of members. The Trade Unions Act of 1926 by section 14 provides that the following Acts shall not apply to trade unions : The Societies Registration Acts, the Co-operative Societies Acts, the Provident Insurance Societies Act, the Indian Life Insurance Societies Act, the Indian Companies Act. I would, therefore, like the Honourable Member in charge of the Bill to provide that this Insurance Act also will not apply to the kind of work which I mentioned just now as being done by the trade unions.

The Honourable Sir Nripendra Sircar : I will shorten the matter. I am quite willing to accept that proposal.

Mr. N. M. Joshi : I am very grateful to the Honourable Member for accepting my proposal. I shall, therefore, make another proposal (Laughter), and I hope the Honourable Member will deal with it with equal generosity. This proposal is on behalf of certain associations or societies started by employees of Government or employees of other concerns. There are a number of mutual societies in India, out of which

some are registered under the Companies Act and some are registered under the Co-operative Societies Act. But there are about a dozen societies which are not registered either under the Companies Act or under the Co-operative Societies Act. The Bill, as amended by the Select Committee, provides for the mutual societies in part IV. Clause 86 which deals with mutual insurance companies does not cover the mutual societies which I have just mentioned. These societies not being registered under the Companies Act and not being registered under the Co-operative Societies Act do not get the benefit of certain concessions given to mutual societies by part IV of this Bill. The object of these societies is generally to help the members and their relatives by giving them some help immediately before their other assets are realised. Their membership is small, the work is generally done by honorary members. I, therefore, feel that this kind of society deserves to be helped by the Government of India. These societies generally may be called friendly societies; and a friendly society, though not defined by any of our statutes, has been defined by the Government of India in their Finance Department notification No. 2118-S.R., dated the 23rd April, 1901. They define the friendly society as under :

“ Friendly society is a mutual association established for the purpose of securing deferred annuities to the subscribers or provision for their wives or children after their death, or payments to their dependants or their nominees upon their death and in which the payment which may be made in respect of any one nominee does not exceed either a single payment of Rs. 3,000 or an annual payment of Rs. 500.”

I would, therefore, suggest to the Honourable Member in charge that besides the Mutual Insurance Companies and the Co-operative Insurance Companies, he should create another class of mutual society called the Friendly Society. Unless that is done, they will not get the benefit of some of the sections of Part IV, namely, sections 89, 90 and 92. These sections give certain concessions to mutual societies, and it is necessary that this class of mutual societies should get the benefit.....

Mr. Lalchand Navalrai (Sind : Non-Muhammadian Rural) : May I know, Sir, if the Honourable Member is sending in an amendment ?

Mr. N. M. Joshi : Yes, Sir, I shall send an amendment, but before doing so, I should like to give some information to Honourable Members. Now, the concession under section 89 is that, if the provisions of this section are not applied to these societies, they will have to deposit with the Government certain sums of money in seven instalments. If they get the benefit of the provisions of section 89, they can keep a deposit in instalments equal to one-third of the gross premium income received in the previous year.

Then as regards the working capital, these societies for the present do not raise any objection, but so far as I am personally concerned, I feel that the working capital of these societies should be kept at a lower figure.

Then, Sir, they also want the benefit of section 90. This section reads as follows :

“ No transferee or assignee of a policy issued by an insurer to whom this Part applies shall become a member of a Mutual Insurance Company or a Co-operative Insurance Society merely by reason of any such transfer or assignment.”

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These societies, which consist of members working together, either under Government or under some other company, do not like that some others should become members of the Society. They also want the benefit of section 92 which runs as follows :

" Every Mutual Insurance Company shall, on the application of any member made within two years from the date on which any such document is furnished to the Registrar of Companies under the provisions of section 134 of the Indian Companies Act, 1913, furnish a copy of the document free of cost to the member within 14 days of the application."

Now, Sir, besides the application of Part IV to these Mutual Societies, these Mutual Societies also feel that it is not right that they should be regarded as non-Indian insurers. An Indian insurer means an insurer whose three-fourths capital is held.....

The Honourable Sir Nripendra Sircar : This applies to a company. Yours is not a Limited Company with a paid-up capital.

Mr. N. M. Joshi : Anyway, these people who form mutual societies do not like to be called non-Indian insurers ; they feel they are very much Indian, and, therefore, if there is any risk of their being called non-Indian, they would certainly resent it.

Then they have another suggestion to make, and it is this. They do not want section 33 and section 34 (4) to be applied to them. They want the provisions as regards the nomination of their representatives or the persons to whom benefit should go to be applied to them, but they do not want the provisions as regards transference to be applied to their case, as it would involve a lot of difficulties by way of some form of inquiries being made and information being collected. Theirs is a very simple business. They want the money to be given to the nominees of members without much delay. These, Sir, are some of the points which I want to make on behalf of some of the Mutual Societies which are not covered by the Mutual Insurance Companies and Co-operative Insurance Societies. I hope, Sir, the Honourable Member in charge of this measure will give favourable consideration to all the points I have urged before this House. I may inform him, in order to get his sympathy for this object, that one of the Insurance Societies about which I have spoken is a Society which consists of the employees of the Secretariat of the Government at Simla and Delhi, and I hope their case will be considered sympathetically.....

The Honourable Sir Nripendra Sircar : That will make my friends opposite hostile. Don't mention them.

Mr. N. M. Joshi : I hope their case will be favourably considered.

Mr. S. Satyamurti : We are not hostile to Government employees.

Bhai Parma Nand (West Punjab : Non-Muhammadan) : Sir, yesterday in the course of his excellent speech the Honourable

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the Leader of the House referred to my remarks about small and new companies, and as it is very likely that those remarks might be misunderstood as an adverse reflection on them, I wish to take this opportunity to explain my position. Instead of in any way being against the young companies, I am entirely in their favour, and my reasons for the view I hold with regard to their dark future under the proposed

legislation are as follows. My first reason is this. These new companies have been in existence, say for three or four years after they had raised about Rs. 25,000 for deposit as security, and they have not been able to collect another Rs. 25,000 during the period of their existence. It is simply hopeless to expect such companies to pay up Rs. 25,000 at once and make up the total amount of Rs. 2,00,000 in six years or in ten years, or, as the Honourable the Leader of the House remarked, referring to me, even in 20 years. I submit, Sir, that if within these four years they could not make up Rs. 25,000 more, it simply means they could not make up Rs. 4,000 a year. Taking then the maximum period of ten years to make up Rs. 1,50,000 more, they must earn and save Rs. 15,000 each year to be paid as security deposit, and to deposit Rs. 15,000 would mean that they should do business to the extent of Rs. 30,000 or so. Therefore, I say that if they have not been able to do annual business worth Rs. 5,000 during these years, how can it be possible for them to do business to the extent of Rs. 30,000 or Rs. 40,000 to enable them to deposit Rs. 15,000 or Rs. 25,000 a year more towards the security deposit fund. That is why I say that it is impossible for these young companies which number between 110 and 140 to exist under the new conditions that are being imposed on them. My second argument is, that the idea of fixing a certain period, whether it is six years or ten years, introduces an element of uncertainty in the life of these small companies. As soon as the people know that in case these companies are not able to deposit Rs. 10,000 or Rs. 15,000 a year and they will have to be wound up, 'nobody would do any business with such companies, therefore, they cannot expect to get any new policies or fresh income from premium out of which they could pay the deposit that is required of them. Sir, the insurance company business depends mostly on credit and it is just like the credit upon which banks are founded. When the public begin to suspect a little uncertainty about any bank there is a rush on the bank and the bank which is not able to pay up all the depositors is bound to close down. Similarly, to require these young and small companies to make such big deposits, will add an element of uncertainty with regard to their existence, and it would become simply impossible for them to get any premium even to carry on their ordinary existence. These are the two great reasons on the basis of which I made the remark that even if the period is extended to 20 years it will be simply impossible for these companies to exist and most of these companies will have to close down either in the first, the second or the third year.

I really do not understand what is the object of increasing the security fund. Either it means that Government is determined to have no more insurance companies in this country or it is to give a monopoly of this insurance business to only a dozen or fifteen big companies that have been in existence for good many years. My Honourable friend, Mr. Sen, has quoted in his report certain laws requiring insurance companies to deposit £20,000 or 25,000. All these companies, however, belong to the British Empire—New Zealand, Australia, Canada or the United Kingdom. But it is to be remembered that if you go to other countries, such as, France, Germany, Holland, no security deposit is required at all from an insurance company. My Honourable friend

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should have given us the examples from continental countries where they do not require any deposits. It is wrong, morally, politically, as well as from the business point of view to give a monopoly of this insurance business only to such few companies which are called big and are in the hands of big capitalists, while depriving enterprising young men who want to do honest business in the field of insurance of the opportunity of making their livelihood.

What is the object of this Bill in raising the security deposit to 50,000, and in enforcing the payment of this amount within six years or ten years ? Every one of these companies has deposited Rs. 25,000. That shows the *bona fides* of the promoters of the company. Rs. 25,000 is not a small sum in India. When they have deposited that amount with the Government, surely the money of the policyholders becomes quite safe. After that, they have to deposit one-third of the premium income with the Government, therefore, I do not see any risk to the policyholders at all. If there be any, the Government should make out a case to show that certain young companies or new companies have failed to pay up their dues to the policyholders and that they have been guilty of swindling or misbehavior in any way. If there be such charges against any one of them, the best way for the Government is to punish the guilty or to enact laws to punish those who are misbehaving in their business. Let me put this before my Honourable friends on this side of the House. They are all so much in favour of cottage industries. What does cottage industries indicate ? It means supplying means of livelihood to the poor and to the lower middle class people. They do not care at all for the interests of the big factories that are owned by capitalists. But in the case of these small young insurance companies their policy takes just the opposite course. They want to abolish altogether 100 companies or so, and deprive these enterprising persons of their means of livelihood so as to favour the big concerns either in Bombay or in Calcutta. It means that all people must depend on these capitalists and they may amass large amounts of wealth. If my friends are sincerely in favour of cottage industries, they should favour smaller companies and encourage them, provided, of course, that these small companies are doing honest business. I am not in favour of dishonest persons or any such group, who are cheating the public. But, no case has been made out of the public being cheated, and, therefore, it is not right to start with the idea of killing all these young companies.

Another point is whether we are not transgressing the bounds of law to go on fixing time limit for depositing such a large amount in the case of insurance companies. The position is quite clear. The promoters of these companies had faith in the integrity of the law. The law has been in existence for the last 22 years. They deposited their amounts required by law and started the companies. Unless some of these have in any way violated the spirit of the law, there is no reason why we should change the law in such a way as to make the existence of these companies impossible. If they have been in existence doing good and useful work, why should the Government come upon them and make law so stringent as to wipe them out of existence altogether ? There are certain Provinces in which no insurance business has been started

as yet. In Bombay there may be about 30 young companies ; in Calcutta, about 20 or so ; in the Punjab about 16 or so ; and in the Central Provinces there may be only one or two such companies. The consequence will be that if you establish this condition then no new man can venture to have any company at all, in any of these Provinces. I include Sind also. Insurance is altogether a new business in India. In European countries the proportion of companies is much larger. Here the industry has just started in earnest, say, only three or four years ago and now the Government have come up with their heavy hand to kill them altogether.

The law is going to be changed so as to make the existence of these companies impossible and I do not see any reason for such a radical change. It may be said that the Legislature has the full right to change the law but there is one thing that they have to keep in view, whether it is in the public interest to do so. The question is simply this : whether the abolition of these companies and wiping them out of existence is consistent with the public interest, in the present condition of things in the country. I think when you talk of small companies, you have got the conception in your mind of a certain adventurer who deceives people, starts with somehow collecting Rs. 25,000 and then makes a lot of money. There may be some such persons among the promoters of companies but that is not all, there are thousands of shareholders who have got shares in these 100 companies, assuming that each company on an average employs 10 men, these companies give employment at least to a thousand people. You are seeking to remedy unemployment and for an imaginary fault of these promoters, you are going to abolish all these companies and make the problem of unemployment more acute. Besides, you take away the shareholders' money, which will be quite lost and the policyholders will be placed at a great risk. All these things you are prepared to do simply because you have got a whim that certain young companies are mushroom companies, that is just as is said. Give the dog a bad name and hang it. My view is, that this action is contrary to public interest. You are making the legislation so severe as to drive the business and men doing it out of existence.

My friend, Mr. Joshi, was talking that the State should take over all this insurance business in its hands. The time may come when the State will take cover all businesses in its hands but is it to be done at once ? If that is the idea, then why does not the State take over all the factories, all the shops in New Delhi, Lahore, Calcutta and elsewhere ? Why not take over shoe making ? You want to kill all individual freedom. You say that the State should take over everything and no individual should earn anything in any way. If so, let the State cook for you, make your clothes and as my friend suggests supply you wives also. Here in India some enterprising young men have started this business. Where is the justification for the State to snatch it from them. Even the big companies started with a small beginning and they have now grown up. This spirit of initiative on the part of the people should not be crushed by placing all business in the hands of the State.

You can increase the amount of deposit to, say, 40 per cent. or 50 per cent. or even more so as to secure policyholders from risk, but this

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policy of enforcing such a law on new companies means death to insurance business and disruption of thousands of enterprises in this country.

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. Thirumala Rao (East Godavari and West Godavari *cum* Kistna : Non-Muhammadan Rural) : Mr. Deputy President, this legislation is long overdue. The last piece of legislation on the subject was placed on the Statute-book in the year 1912. Nearly quarter of a century has passed when the Government of India have thought it fit to legislate for the insurance companies and the insurance business as a whole. But, Sir, coming as it does during the period of interregnum when the provincial part of the Government of India Act, 1935, has just been inaugurated and when a little modicum of power is said to have been conferred on the Provinces and when the Government of India still remains unresponsive and irresponsible to the people, this legislation is being sought to be placed on the Statute-book. It is bound to reflect the conservative nature of the Government of India.

When I listened to the speech of Bhai Parma Nand and when he made fun of insurance being made a national concern, I felt very sorry for him. Insurance is a social service, a public utility service and is as widespread in its utility and necessity as water and light, because it is a service that affects every branch of society whether it be rich or poor. If we see the advance which insurance in other countries has made, we will find that there is no human activity which is not covered by it. After all, insurance is like a motor car. What shock absorber is to a motor car insurance is to society. When an individual receives a shock, that shock is transmitted over the whole community and that shock is shared by the community almost unnoticed and unobserved. Therefore, when a nation wants to raise its standard of living, insurance also gets an opportunity of raising itself. When a man dies, he is expected to make some provision for his family. He is expected to keep his family out of want and he should not throw his family as a parasite on the community as a whole. Therefore, a day must come when this nation and when this Government is one and a day must come when the State should think in terms of people as a whole and provide and take over the insurance of the people as it has taken over the railways, as it has taken over the water resources and as it has taken over the lighting and other public amenities. Therefore, I am sorry that such a public man as Bhai Parma Nand should ridicule it and say that all shops and cobblers have to be nationalised. If he had known more of it, he would not have spoken in this strain.

I now come to the subject proper. Though the Bill does not go far enough and though it does not cover all the activities which a national government is expected to cover, still we have to accept it for what it is worth and see if this House cannot improve it. With regard to the clause concerning the deposits, a lot has been said of younger companies. I am not a capitalist. Being a man who stands for the nationalisation

of all these services, I am not a man that will argue for the capitalist firms or the big companies as they are called, but there are companies and companies. If you take the statistics of the Life Insurance Companies in India, you will find that 127 companies have come into existence during the last seven years, that is, since 1930. Of these, I may say nearly 90 companies have not got 20 lakhs of aggregate business to their credit. Therefore, I say that there are very many companies which may legitimately and reasonably be called mushroom companies. This is an awful case of want of proper legislation and proper control on the part of authority that has given large scope for adventurers to carry out their adventures as they liked. But I am not one of those who plead for throttling the smaller companies in order to fatten the rich companies which have already fattened themselves very much. But you must have a certain standard of judgment and see whether these companies can be helped to stand on their own legs, walk and gather strength as they develop from day to day. The clause with regard to deposits gives seven years' time. I suggest that a period of ten years should be given to them and a graded system of instalments should be sanctioned because each company is expected to increase its business and funds year by year. In the first year you must collect a certain proportion of the premium and then go on increasing it until the statutory deposit of two lakhs of rupees is made up. The same should be the case with regard to the general insurance companies. We are not very much well off with regard to the general insurance companies in this country because all the general insurance companies that have been started in this country have been working against heavy odds, namely, the foreign competition. Therefore, if you ask all these companies to make their deposits in a lump sum of 1½ or two lakhs, that will work a hardship upon them. You must also devise a certain system of graded payment of deposit. Then, there is another clause with regard to the general insurance companies, I mean with regard to starting by the same company of several sections of insurance. If the same company, which is called a composite company, wants to start life, marine, fire and other branches of insurance, then, as its business develops, it will be able to deposit, in each section of its business, a part of its annual income. Therefore, for such composite companies facilities should also be provided to deposit by instalments in a certain number of years for all the sections of the activity which a company takes on hand. With regard to investments, I may say that the Bill rightly demands that investments of all companies transacting life business in India, irrespective of Indian or foreign, should be deposited in Indian securities. A certain amount of it, say, 30 per cent., may be deposited in Government securities, 30 per cent. of it may be deposited in other trust securities and the remainder may be allowed to be invested only in the country. If you see the history of any country, say, Japan or the United States of America, you will see that a large part of the funds of these Insurance companies are being utilised for industrial development. If you see the history of Japan, whose progress has been remarkable during the last half a century, which is competing even with Britain and the United States of America in its technical and mechanical skill, you will see that it is the money of these insurance companies that comes to the rescue of Japanese industry. I said that the

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insurance business should be nationalised. It is also the duty of the national government to utilise all these public funds as far as possible for the development of mineral and industrial resources of India. If you see the insurance history of Canada, you will find that the public utility services, such as, the electricity and certain railway construction, are owned by the insurance companies. The huge moneys that have been accumulated by these companies enable them to serve the public in many ways and earn decent interest for the policyholders. So also you must enable Indian companies to utilise certain portions of their funds not only to invest them in their buildings but also to invest in remunerative and good industries, to provide employment to a large number of our countrymen and also to develop the country in every way.

With regard to non-Indian companies, I suggest that non-Indian non-life companies should also be asked to deposit a certain proportion of their income in this country. My Honourable friend, Dr. Ziauddin Ahmad, was telling us of a said story that his money was locked up in Germany, that he was getting his interest all right, but that he could not get his original capital. Our experience with regard to foreign countries is the same. When the Great War broke out in 1914, when Germany was declared the enemy of England and when Germany wound up her business in India, she took away all the assets out of India. What became of the goods that were insured with German companies for fire, motor, marine, etc. All the moneys were lost. They had to be insured again in some other companies. I have just now got a paper supposed to have been issued by the Italian Government that any investment made by any Italian company in any part of the world is the property of the Italian Government. They are going to be owned by the Italian Government or rather confiscated to the Italian Government, no doubt the owner will get some compensation. The ownership of funds accumulated by Indians in any Italian company will automatically be transferred by the decree of the Italian Government to that Government. What are the policyholders to do in such circumstances? The Government of India as the limb of the Imperial British Government is quite helpless in the matter and they are leaving the policyholders of such companies in India to their fate. Therefore, we must insist that foreign companies that are doing business in India in life, fire, marine, etc., should invest a portion of their funds in India. Some Honourable friends say that the general business extends only for a year or so and what matters it? But you must realise, Sir, that the premium collected by these companies runs to several lakhs. For instance, foreign non-Indian companies get a premium of 134 lakhs per year from fire, 44 lakhs from marine and 68 lakhs from miscellaneous insurance. If there is going to be a war, as all countries are bent upon waging war, then all these moneys will go out of India and where is the guarantee that they will be got back. Today every section of the world is threatened with a great catastrophe and if another world conflagration should come, nobody can be sure that it will not affect the companies operating in India.

Now, Sir, with regard to Managing Agents. I am not very fond of this system. One of the welcome provisions in the Bill is to give them ten years notice and to fix their remuneration at Rs. 2,000 a

month. I must admit there are Managing Agents of all sorts. For life business I submit that Managing Agents are not absolutely necessary. A Board of Directors with a paid staff can manage the business. I can inform the House that Managing Agents have taken lakhs of rupees as commission and it has become a scandal. I tell you, Sir, that some Managing Agents take two lakhs of rupees per year as commission for managing the business of an insurance company. A Managing Agent may be a very capable man, but he is setting a very high value on his capacity and, therefore, it has become a gross scandal.

With regard to General business, the Managing Agents ought to remain, I think, for some time, because this line of business has to compete with mighty foreign companies, and in this field the assistance of Managing Agents is really required. In the case of the Companies Act which was recently enacted in this House, a period of 20 years was fixed for the termination of the managing agency system and I think, in the case of general insurance companies, the same argument holds good. With regard to combined companies, I may tell you, Sir, that there are certain companies which are now carrying on both life, marine and fire all together. We can separate the life department from it and we can ask the Directors to manage the life section of it and keep the Managing Agents for the other sections and let the company go on in this way. What I say with regard to Managing Agents holds good with regard to managers of certain companies, the paid officers of certain companies are not less guilty in this matter. When you see certain companies paying their managers Rs. 7,000 and Rs. 8,000 per month, much more than what an Executive Councillor in the Government of India who is supposed to rule the destinies of this country gets, it takes one's breath away. It may be said that one per cent. or half per cent. of the total amount of the companies is given to these managers. Lakhs of rupees come to the coffers of a company every day and lakhs go out for the efficient management of these companies, and, therefore, the manager should be paid Rs. 7,000 and Rs. 8,000 and so on. But I submit, if you go on thinking in terms of thousands so far as those in charge of the management of the company is concerned, then there is no limit to the remuneration that you can pay. There must be a limit to this exploitation and the sooner the Legislature steps in to put a stop to this exploitation on the part of the managers, the better it is for the policyholders and others concerned in the welfare of the company. The expenses of the management and the office expenses should also be reduced to the same extent and the profit released thereby must legitimately go to augment the bonus to the policyholders.

With regard to the clause dealing with limitation of commission, there are two opinions. The younger companies do not want any limitation of commission, but the bigger companies do want a limitation of commission. I understand the position of the bigger companies, the argument of the bigger companies is this that because they have built up a status in this country, having built up a strong financial position in the country, they are able to attract good agents, capable agents, on less commission. But what is the position of a new company. If the new company wants the services of any agents, the agent bargains with that company and asks what will be the extra commis-

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sion that he will get over and above that which the old established company gives him. He insists on some margin of difference in the commission allowed by the new company. I no doubt concede there must be some limitation somewhere. If you see the early history of these old established companies, you will find that sometimes they spent 175 per cent. of their first year's premiums to get business. There are companies which spent 265 per cent. of their first year's premiums to get business. If you want to safeguard the interest of the policyholders which seems to be the view of all sections of the House, if you want to safeguard the companies from going into liquidation, you must see that this curb is applied. You can act equitably. There may be some difference between younger and older companies in the rate of commission allowed to them. I suggest that 40 per cent. should be the maximum commission allowed for the Agent, 20 per cent. should be allowed to the Chief Agent over and above this 40 per cent. I suggest, that for all companies started after the year 1926, an extra ten per cent. may be allowed for five years to come so that they may be able to compete with bigger companies and make up the deficiency and come into line with them. I also suggest, that there should be some limitation with regard to the commission allowed on fire and marine and other business also. If you see the history of the cut-throat competition, if you see the unseemly fight, the most unhealthy fight that has been going on between foreign companies and Indian companies with regard to the so-called rebates, the companies go to the extent of not only losing their legitimate commission, but I fear they go and spend a little from their capital in order to retain their business in India. These are the unhealthy signs of competition that have developed and the Legislature must come in and put a curb on these unhealthy fights by limiting the commissions on the non-life business also by putting it at something like 25 per cent. for fire, motor and other things, and 15 per cent. for marine and similar other business.

Then, with regard to the licensing of agents ; an agent is a much abused man but I have seen that he is really the life-blood of the business. He is the feeder, he is the man who is the intermediary who takes an unwilling policyholder to the insurance company and undergoes all the misery, all the humiliation and all the trouble that is involved in being an insurance agent. Go to any office and you find notices saying, "Dogs and insurance agents are not allowed here". You go to our own Secretariat : "Bill collectors and insurance agents are not allowed here". This is a business which I think is most noble but which is most ignobly treated on the face of the earth. To make a comparison, which is the noblest profession ? Is it the lawyer's, is it the doctor's or is it the insurance agent's ? There is a humorous story that when a doctor was going to take up his first case he told a lawyer friend of his, "Look here, I am going to a patient. He is going to die and I have got to treat him". The lawyer said, "Shall I follow you to write out his will and testament ?" Then the insurance agent follows afterwards. The lawyer comes and shares the property with the litigant when the man is in difficulties ; the doctor comes and takes away his fees whether the man lives or dies, just as they say that the operation was successful but the patient died. But the insurance

agent is the man that comes to the rescue of the family, himself taking only a pittance. If you insure for Rs. 2,000, if you pay a premium of Rs. 100, the insurance agent only gets Rs. 40 during the first year and Rs. 5 as long as the policy is in force; and the family gets Rs. 2,000 and feels eternally grateful to the man. And how many families are there today who, just to get rid of a teasing agent, have insured compulsorily and unwillingly and have felt grateful afterwards, that being the only income left to them! There was a doctor friend of mine who was earning Rs. 1,000 a month and spent all his money by going abroad to enrich his academic qualifications. He died suddenly and all that remained of his earnings was a policy for Rs. 10,000 which enabled his children to educate themselves, and they are now in a high position in the Hyderabad State. There are very many cases like this. And when the Bill has not thought of the agents I think I must raise my voice in respect of them and say that when the rules are framed by Government liberal rules should be framed in their favour. There are very many agents who are very poor. The agent does not require any capital for his business; he has to live on his wits and on his capacity to convince people. Of course, wits have been misused by many people not only in this profession but also in many other professions. I do not give credit to them. Some of the agents are part-time workers. There are teachers who earn Rs. 30 a month during their working hours at school and earn Rs. 50 more by working as agents of insurance companies. Therefore, you must take all these things into consideration and when you frame your rules you should see that some leniency is shown during the earlier years. No doubt the capacity, the general level, the character and the general qualifications of these agents remain to be improved. That is the duty of the companies as well as the State. They will come up gradually, but in the initial stages of licensing agents the rules should be somewhat liberal. And with regard to their commissions—neither Government nor the big companies nor the small companies nor the mutual companies, etc., who have flooded Simla with all kinds of literature, have thought of the poor agent's commission. I have known certain companies getting ten lakhs and 15 lakhs business through these agents, and they simply and quietly give them the slip, on some technical ground or other. But I suggest one thing. If an agent puts in loyal service for ten years, if the agent pays undivided attention to the company and does not work against the interests of the company, he must be guaranteed his renewal commission on the business which he does so long as the business is in force. Such a provision should be incorporated in the Bill, but it is conspicuously absent.

Then, Sir, with regard to the provident funds societies, their history is a peculiar one. Twenty-five years ago very many provident fund companies came into existence. They used to insure an imaginary person and then collected something and robbed the people like cheats and swindlers. But those days have gone. Very recently some companies in Poona, at least a company in Poona, one in Madras and some others in Northern India have deceived people to a large extent by offering them very beautiful schemes, that people who insure with them and take a policy with them will be sent to England for higher education and will be made big men, and so on. If the House bears with me for a minute I will just read a paragraph from a judgment of the Sessions Judge of Vizagapatam who in winding up a provident company and in sentencing

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the dishonest promoters of the company to various terms of imprisonment said :

“ Hundreds of well-meaning women became victims of this Birth scheme, which was a madman's scheme even on the most charitable construction. The Registrar of Provident Societies ” (who is now an Honourable Member of this House nominated by Government) “ rendered a real service to the public by cancelling the registry of this company under the Provident Insurance Societies Act and thus wiping out this diseased growth.”

Better late than never, Government have come to the rescue of these innocent people who are being swindled by these provident fund companywallahs.

With regard to mutual societies this deposit of Rs. 50,000 works as a hardship on all the mutual insurance companies because they do not have shareholders. They do not raise share money but have to depend upon themselves. Therefore, I suggest, that the initial deposit should be reduced to Rs. 25,000 to enable the mutual companies that have come into existence to thrive. They are bound to thrive. I see from the reports that I have here, from some of the mutual companies, that they have got a bright future, because they have not got shareholders, they have not got managing agents. They have only policyholders who are proprietors of these companies.

My Honourable friend, Professor Ranga, reminds me of the employees. Of course with regard to the employees also I do not know if the Act can provide. I am not sure if Government or the Legislature can come in to protect the terms which the companies offer to their employees. A certain section of the employees should be controlled, namely, managers and other staff who are highly paid. But with regard to other conditions of service I am very much afraid that in the limited conditions in which this Act is conceived and we are working, it may not be very much possible to incorporate all these things. If real power is exercised by us in the way in which our Provincial Governments are exercising to a certain extent, I am sure we can get all these things that we want, and see that the interests of the employees, not only of this trade and profession, but, of other professions as well, are duly safeguarded.

Sir, I will now deal with another point. Yesterday I heard the speech of my Honourable friend, Sir Leslie Hudson, with great attention and I was very much disappointed. Their one argument is that the Britishers have been in India whether as Government or as businessmen, to protect us and provide us with the best amenities of life. He says the consumer's interest must be considered. When you think of Lancashire, when you think of the British motor industry, when you think of the insurance industry, whatever industry they dump on our country, they want to consult the convenience of the consumers and nobody else. Such disinterested people ought to go to every country on the face of the earth but, unfortunately, they are not allowed. We are the only people who have given a free field to exploit the country in the sense that we are not able to resist them. With regard to this legislation he says it will have repercussions in other countries like Africa and other places wherefrom our companies have been getting business. I

will just give you some figures of non-life insurance business. Of the net Indian premium income of 2½ crores, the non-Indian concerns take away 193 lakhs and the Indian companies get only 54 lakhs. We are beggars in our own country. Not only that, we are driven from pillar to post. Our companies are compelled to go abroad and use all their capacity and influence and wit to start their branches there and get some business there in order to live. But our companies are getting 89 lakhs abroad. In India we are losing 193 lakhs. Let Sir Leslie Hudson and his companies go away to those countries and take those 89 lakhs which they are losing there and allow us to retain the 2½ crores here. Sir Leslie says that earthquakes, cyclones and all these things are the peculiar misfortunes of this country and, therefore, all these foreigners have come here to help us out of our difficulties. Sir, I would ask them to go to the land of earthquakes and hurricanes, I would ask them to go to Japan to help those people out of their difficulties and see if any of the foreigners would be allowed to land in their country. It is quite unfair to say that India is subject to peculiar misfortunes. India is not subject to greater calamities or difficulties than Europe is at the present moment faced with ; Europe is now the hot bed of trouble, of uncertainty, with war clouds in the horizon, and, therefore, it is that our friends the foreigners have come to a safer country like India, where they are able to carry on, under the protecting wings of the accommodating Government of India, their business without any risks or difficulties.

Then, Sir, coming to Mr. Sen's Report, he has himself confessed
 3 P.M. very mildly though, that these Exchange Banks refuse to accommodate our merchants unless their goods are insured with the non-Indian insurance companies. If Honourable Members will see Lala Lajpat Rai's monumental work called "England's Debt to India", they will observe that he has stated there that all these foreign Shipping, Insurance and Banking companies are a sort of unholy trinity that have been robbing this country every year to the extent of one hundred crores of rupees. Go to a British Bank for accommodation, and the manager will at once ask you, "Where have you insured your goods ; you must insure with a British Company". If you go to an Insurance Company, they will ask you to ship the goods in one of their ships. Unless the poor Indian merchant agrees to fulfil these two conditions, the Exchange Bank will tell him "I don't want to accommodate you". Sir, this is really a huge conspiracy. It is an open thing. These foreigners are here for business, for exploitation, for their own selfish interests, and they have got the Government of the country at their back to help them. If you deprive these people of what they enjoy now by way of business in banks, shipping and insurance, and in every other field of business, if you deprive them of the mighty protection which they are getting at the hands of the British Government, then they will be able to do no business here.

I am sorry, Sir, that the Honourable the Leader of the House who, I thought, would be able to come to the rescue of this country could not do so in framing a suitable definition of non-Indian and Indian Insurance Companies. Is it difficult to define a man as an Indian insurer ? I feel, Sir, to what a humiliating position he and I are reduced in our own country. To find a suitable legal definition for an 'Indian Company' is now beyond the reach of even such an eminent and acute lawyer as the

[Mr. Thirumala Rao.]

Honourable the Law Member. True, we are enacting this legislation under conditions which are very unfavourable to our country. When I go through the list of Insurance companies operating in this country, I find that practically every country on the face of the earth has a share in the insurance business of this country,—I find there are companies from the United States, Australia, Canada, Hungary, Hongkong, the Straits Settlements, Switzerland, Germany, Holland, France, Italy, Austria, Japan, Java, in fact every Tom, Dick and Harry from all over the world comes to India and carries away a good portion of our business. India has become a Caravansarai for all, it has become the proverbial Dharmasala, a dumping ground for all these foreigners, to do business as they please. Where, Sir, I ask, is the protection for us ? Can we go and do business in Italy, or in Germany, without our agreeing to submit to certain humiliating conditions which those countries may choose to impose on us ? Of course, the Honourable the Law Member has said that he has tried to incorporate certain sections in the Bill to give us protection, but they will not be of much avail for Indian companies operating in foreign countries being discriminated against. I cannot say how far these measures will be effective. Clause 3 (a) in the Bill is designed to give a measure of protection, by way of re-insurance. But a constitutional difficulty is raised against it by the Law Member. There is no use of holding a pistol over our head.

I feel, Sir, that we have to accept the present Bill for what it is worth and try to improve it, and when better times dawn on this country, we will have to nationalise Insurance. (Applause.)

Mr. Sham Lal (Ambala Division : Non-Muhammadan) : Sir, the Insurance Bill has been long overdue, and I think if it had been passed earlier, a good deal of mischief could have been prevented ; the growth of mushroom companies could have been prevented to a large extent. Anyhow, Sir, I think the Honourable the Leader of the House deserves credit for having introduced the two Bills, namely, the Company Bill and the Insurance Bill, and I must confess that these two Bills have been free from any political bias or political considerations. But there is one very good feature, and from that point of view I think the debate was very interesting indeed. The Honourable the Leader of the House has got a homicidal mania for Managing Agents. He in fact, coming as he does from Bengal, has become a terrorist (Laughter), and I hope if the Managing Agents are not shot down, he would not go on hunger strike ! While the terrorists and revolutionaries are confessing openly that terrorism would not pay, our Leader of the House has become a terrorist ! (Laughter.) Why has he become a terrorist ? Why does he want to shoot down the Managing Agents ? He cannot tolerate them,—and I think rightly too—I don't blame him for it,—he cannot tolerate them because he does not want that the Managing Agents should live upon the spoils of the policyholders, he does not like that these policyholders should be exploited, he does not want that these Managing Agents should draw large salaries at the expense of the policyholders ; therefore, he cannot tolerate them. And if he has developed a homicidal mania against the exploitation of these Managing Agents, I hope, in course of time, he will also develop a homicidal mania for the Managing Agents of British Imperialism in this country. (Hear, Hear.) I hope

he will have a soft corner for those revolutionaries and terrorists. I am not treating this as a joke, but I know how they feel when they see Government servants drawing large salaries out of all proportion to the economic wealth of the country, and they do not get any job to support themselves. Sir, I had something to do with some of the conspiracy cases, and I know what led some of these youngmen to become revolutionaries. When these Ordinances were passed and they were thrown out of employment, they began to make bombs. I hope, Sir, the homicidal mania which my Honourable and learned friend has developed against exploitation would continue in the case of other exploiters, if not exactly a homicidal mania, at least a feeling and a determination to put down the exploitation on the part of the Managing Agents of British Imperialism. This is what we want, and this is what we expect of him, because this is but natural. I have also experienced it that we cannot tolerate the exploitation of others except our own, and I feel it sometimes that lawyers are also exploiters of the poor people, and we cannot often see our own exploitation, and if the Managing Agents are to be shot down, at least these exploiters of British Imperialism should also be put down, and I hope the Honourable the Leader of the House would try to introduce a Bill at an early date to put down British exploitation of this country. In answer to one of the arguments of one Honourable Member of this House and the speech of Dr. Dalal, the Honourable the Leader of the House said : ' I am not to remain here for long, I cannot be tied down to this Assembly for long '. I hope if he has got that spirit, we wish him to remain here and deal with the British exploitation which is sapping this country.

Now, Sir, with regard to Managing Agents, we find that the Honourable the Deputy President, after returning from England, has got some contagion, and he says that he wants the English system to be introduced (Laughter),—he complains against the Canadian system. He asks why should these restrictions be imposed, why should there be these Superintendents, why these deposits and investments ? He is against all these.....

An Honourable Member : No, no, he does not say that ; he quieted down afterwards.

Mr. Sham Lal : You will also be surprised to find that the Deputy Leader of our Party, Mr. Satyamurti, who cannot tolerate the British administration in this country, is now all for Government ; he says that the money should be invested in Government securities. (Laughter.) Why has this change come about ? He comes from Madras and he thinks that there would soon be national Government in this country. I come from the Punjab and the Honourable the Deputy President comes from Bengal and we cannot share the optimism of my Honourable friend from Madras. (Laughter.) We cannot think in that way. What does the Deputy Leader of our Party want ? He thinks, well, Swaraj is coming very soon and this Superintendent will be our own, and if the money is invested in Government securities they will be our own. He does not want that this money should be frittered away in the interval. His argument is, I should say, like that of General Hindenburg. What did Hindenburg say when the Russian Army was fleeing ? He did not allow them to be drowned in the lake. The General told him, " Why don't you allow this Russian Army to be drowned ? "

[Mr. Sham Lal.]

Hindenburg answered, "I want their boots!" (Laughter.) Same is the case with our friend, Mr. Satyamurti. He does not want these capitalists, these Managing Agents, defeated as he finds them, to take away our money, and he wants the money to be secured in Government securities. There is, of course, a change in his mental outlook coming as he does from Madras. So far as our Deputy President is concerned, he wants all the restrictions to be removed; perhaps he would desire that there should be no gateman at the railway crossing gate and no traffic constable at the road crossing. He does not want anybody to control us. But I submit that in money matters, in the case of insurance companies and, as a matter of fact, in the case of all companies, there must be some control, and if you do not have any control there is always a danger of clash. People might say, that the gateman at the railway crossing or the police constable at the road crossing stops you unnecessarily but these precautions are necessary. We must have some men to control the business, and I am in favour of that control being exercised by the Superintendent or by some other person, because exploitation, embezzlement and dishonesty are increasing. The position is simply scandalous and you must stop it. I was very glad to hear the speech of my Honourable friend, Sir Leslie Hudson, and his speech and his words are always entitled to great respect. But just as a man begins to believe in his own exploitation and thinks that that is the right way, so also my Honourable friend thinks that you can satisfy policyholders if you spread your business very far—in Africa and other places, because if an earthquake like the Bihar earthquake or the Quetta earthquake happens, you can bring money from other countries. But that is not the real position. We want to be self-sufficient with regard to insurance business and we will rely upon our own resources and we would not like insurance companies who can bring money to Indian policyholders from abroad. I do not believe in that at all. This argument of efficiency has been trotted out in season and out of season—that efficiency would suffer. But let us see what are the facts. Efficiency has not suffered in the United Provinces where Pandit Govind Ballabh Pant is the Prime Minister getting Rs. 500 a month. He goes to Cawnpore and stops the strike. Some Indians have fallen into the bad habit of thinking that efficiency would suffer if the salary is low. My submission is that we should concentrate upon the remuneration of the Managing Agents, because it is only in that way that you can stop the exploitation of the Managing Agent and it is only in that way that we can stop the exploitation of foreign managers. The Honourable the Leader of the House has made out a good case under clause 3A and he has rightly pointed out that there is risk of our losing the Bill if we introduce discrimination. I think that if we introduce discrimination and want to rely upon re-insurance, as my Honourable friend has pointed out, we won't get re-insurance. If the United Kingdom cannot be included, the other foreign companies would be antagonised and they would give the reinsurance to the United Kingdom companies, and, therefore, we should not depend upon their giving us re-insurance. Of course, my Honourable friend has made out a good case. Though, situated as we are, we cannot go against the Government of India Act, we have got one weapon which would break through all the walls of the Government of India Act, and if we listen to the sermon given by the Saint of Shegaon every day and every week,

reduced salary and sacrifice is our sheet anchor. If we are prepared to introduce the spirit of sacrifice in insurance business, this Government of India Act would fall to pieces just as the safeguards have done in the case of Provincial Autonomy at one stroke of Mahatma Gandhi. I think the Honourable the Leader of the House has admitted the effectiveness of this weapon. What did he tell the Managing Agent? "Do you want to be shot down, or do you want to remain for three years, or do you want to remain for ten years getting Rs. 1,000 salary?" They said, "No, no. Let us live for three years, but we do not want to get Rs. 1,000 and stay for ten years". The Managing Agents are trembling at this weapon of reduced salary, and this would not be any discrimination. It would apply to the managers of foreign companies also. Of course, we cannot make any discrimination against them, but we cannot make any discrimination in their favour and the Government of India Act would not come to their help. I submit with all the emphasis at my command that all Members of this House who are really against foreign companies should concentrate upon this, namely, let no manager, let no Managing Agent, let no executive officer of any insurance company in India draw more than Rs. 1,000 salary, and without infringing upon the Government of India Act, you will succeed in driving out foreign insurance companies. If they by accepting Rs. 1,000 want to do genuine insurance business, let them remain. If Englishmen want to draw low salaries and want to serve India, let them remain, we are not against them. But our poor people are not in a position to pay high salaries to the I. C. S. people and our policyholders, poor as they are, are not in a position to pay high remuneration to the Managing Agents or the managers. You may delete clause 3A, you may not have any discrimination against foreign companies, but we must stick to this position. It is a very big problem. In India you can make the lives of the I. C. S. people or the other high salaried Government servants intolerable if you show a spirit of sacrifice. If anything has appealed to the masses in India, even if the achievements of the Congress be not very high in other respects because this Government of India Act is not specially suitable,—if you ask the villager in India he will say, "Look here. Here is the Congress Minister, getting Rs. 500 per month. No loss of dignity is involved." Dignity is trotted out by those high-salaried men, who say, "We would lose in dignity if we get small salaries. We would not be able to give parties, we would not be able to go in a motor car". These are all bogeys of efficiency. If nothing else appeals to the masses, the reduced salary has appealed to them extraordinarily well and it is the sheet anchor of the Congress. I hope in the case of the Insurance Bill also we should stick to it. Let any other amendment be passed. Let the Bill be amended in any other way. But so far as the question of this remuneration of the Managing Agent or any executive officer of the insurance company is concerned, let there be a reduction in the remuneration and you will succeed in your object. You would be able to protect the interests of the policyholders and you would be able to drive out foreigners from this country. You need not shoot them down. The Honourable the Law Member was in favour of killing the Managing Agents. From the Congress side, we say: 'let them live for ten years and let them draw only Rs. 1,000'.

An Honourable Member : Rs. 500.

Mr. Sham Lal : Let that be and then the Managing Agents would tremble. Whatever may happen I consider this to be the most important point on which we should not yield if you really want to stop exploitation. That is my position with regard to Managing Agents.

While on this subject, I want to bring prominently to notice the position of clerks. They are made to work from 9 A.M. to 6 P.M. They are fined. They get no provident fund, or casual leave or sick leave. Their lot is bad and, I think, it is possible under clause 101 to make rules so far as employees are concerned. Qualifications could be laid down. The hours of work should be fixed and also minimum salaries. Also rules should be made with regard to casual and privilege leave. Facilities should be given for provident funds. The fines which are collected should be shown in the accounts so that we may see how the employees are being treated. You are doing it in the case of labourers and this insurance business is becoming such a huge business that there is no reason why you should not give some privileges to the employees. You should try to make the lot of these people, who work from morning till evening, comfortable. Then again as regards chaprasis and orderlies. They ought to get a house allowance in big cities like Lahore, Bombay and Calcutta. A rule should be made in that direction also.

Then, rules should be made—it may not be by legislation—in this respect also. I think so far as Government insurance work is concerned, so far as Government properties are concerned, so far as industries which are protected by bounties or in any other way are concerned, so far as local boards or their insurance work is concerned, I think the Governor General in Council can make rules under clause 101 that all this work should go to the Indian companies and it should not go to foreign companies. You are laying down in the matter of railways that only Indian made articles should be purchased. In the same way, you can make a rule under clause 101 that the insurance work in institutions controlled by the Government should go to the Indian companies and I think it can easily be done.

Now, Sir, with regard to the several points that have arisen with regard to deposits to be made by the insurance companies, of course, I have got nothing to say about this except that periodical valuation would introduce complications. I am not against deposits and I think a reasonable period has been given. Just as the Honourable Member said, if you satisfy their demands and the appetite would grow but I think you may raise the amount of deposit but this periodical valuation would introduce complications, uncertainties. After all, in every case, you have to take the risk. Even in the case of Government securities, during war time, the value was reduced to 53 per cent. I think, therefore, that this periodical valuation would add unnecessarily to the work and it would introduce complications.

With regard to the investment, I have to make one suggestion. While I am in favour of the life reserve fund being secure, you cannot ignore what has been done in the past. Now, within one year, every company has to satisfy the conditions of investment, whatever amount you fix. If you fix 33 per cent. in Government securities, 33 per cent. in approved securities and 33 per cent. free, even that would introduce complications. If the company says : ' I can get 18 per cent. dividend on

this security ' I say ' No ' because we have found that they can manipulate figures and they can give you a picture which may appeal to you but which is not the right picture. I find that the life reserve fund of several companies is invested in buildings and securities which are very safe and if you begin to sell buildings and those shares the Managing Agents would make lakhs, if the sale is to be effected in one year. There are companies which have invested crores in buildings and in shares which are quite safe and if you make it a condition that 33 per cent. should be in Government securities, 33 per cent. in approved securities and that is to be done within one year, I think even big companies might suffer and there might be a clash and I think that no sound company should fail on account of the provisions of this Bill. You can just imagine what the Managing Agents will do. They might perhaps welcome it. ' What are we to do. We must sell these shares and buildings within a limited period '. The market would go down and you will find these insurance companies will suffer. My suggestion is if you fix a proportion so far as the investment in Government security is concerned, let it be done within one year. There appears to be a consensus of opinion with regard to 33 per cent. I am not against laying down that this proportion should be inserted in Government securities within one year but so far as the balance is concerned, I would say this, let a list of approved securities be made and let it not be confined to Government securities and Corporation securities. Let the list be prepared by the Superintendent of Insurance or any other organization because there are companies which are paying a good deal of dividend, some 18 per cent. You can do two things : either more time may be given or a list be made and even with regard to the two-thirds you may lay it down as a condition that the two-thirds would also be invested in approved securities or on policies, because after all they are approved securities. One year is quite insufficient. That would not be a good remedy but anyhow that is some remedy if you extend the time and I suggest that some independent authority should go to each Province and make a list of approved securities. There are provincial securities and I think even with regard to the two-thirds of it you can make it a condition that it can be invested in these securities. But if you lay it down that this is to be done within one year and the managing Agents are going to be shot down, then they will make ten lakhs out of this bargain. This should not be allowed at all. Government may send any man to see whether they can control the securities or whether the securities are good. Do not compel any existing company to sell a good security. Of course, if there are doubtful securities, do not have any consideration for them. But, so far as the good securities are concerned, though it may give extra trouble to the Government, but this must be done. Otherwise you will find that even good companies are failing. This is my position with regard to the investment.

Now, with regard to the Managing Agents and their remuneration. Whether you continue them for five years or ten years, that does not matter and as I have pointed out to Honourable Members, in no case the remuneration should exceed Rs. 1,000. People come to us and say : " What has happened to you, the Congress people. You want money to be invested in Government securities and you want to reduce salaries. What has happened to you ". We can see the greed in their eyes and patriotism on their lips. We are not going to listen to them but what we

[Mr. Sham Lal.]

want is this. This is our position which you should accept and this should apply not only to the Indian companies but also to foreign companies. We do not want any other safeguards. If they are really serious and earnest about the insurance business in India, let them accept the position which Indians are accepting. No undue favour can be shown to them. They cannot be heard to say : " Our standard of life is high and we are coming from England ". If you were to plant a Kashmir plant in the Bohtak district which is a dry one, should it be allowed to take the whole well water and we should go thirsty. If you want to remain here, you should share our profits as well as our losses. If you want to come to a poor country, you have no right to draw higher salaries. That is the best safeguard and not the safeguard of getting re-insurance from them. That would only help the companies. What we want is that this should apply to non-Indian companies also.

With regard to the licensing of agents, I want to deal with the limitation of the commission. The fixing of the limitation in the original Bill was, in my opinion, quite sound and I am in favour of fixing a limitation on commission. What I want is that it should be 40 per cent. as originally proposed in the Bill but in the case of new companies, which are of less than ten years standing, it may be 50 per cent. Now, what we find is this. If there is no limitation, Indian companies cannot compete. Now, Indian companies pay on general business $47\frac{1}{2}$ per cent. as commission while they are obliged to give re-insurance business to the foreign companies and they get only 40 per cent. If you examine the speech of the Chairman of the Prudential Insurance Company dated the 14th and 21st March you will find that they sold their capital and raised ten lakhs and the arrangement was that this money was to be used for insurance work in India. I have got the speech and I need not read it but I can tell you that the foreigners think that this is a safe country which they can exploit. Therefore, I think that the commission should be limited. With regard to the licensing of agents, I think that the agents should be licensed and nobody else should be allowed to work. I may also submit that the directors, the Managing Agents or any office-holder should not be allowed to get commission. There should be no exception in their case except in the case of District agents or the Chief agents who have to maintain office. You may give them 20 per cent. more. But so far as the directors, the Managing Agents or the managers are concerned, they should not be allowed to loot in this way.

Now, Sir, I do not want to deal with other points as I have taken sufficiently long time. I support the motion for the consideration and I hope that the several points that I have placed before the House will receive due consideration.

Mr. S. C. Sen (Government of India : Nominated Official) : Sir, on this occasion it is not usual to refer to the minor details of the Bill, and I will try, with the leave of the House, to address myself to the general aspects and the main provisions of the Bill. Sir, it is quite clear from the discussions which have preceded that there is a singular unanimity in one respect, namely, that in whatever shape or form this Bill emerges from this House, it is a welcome measure, a measure which is desirable in the interests of the policyholders and of the country in

general. The Bill has been presented before the House from various aspects by the various speakers who have preceded me. But, with your leave, I desire to present it from another aspect. It is a measure which deals with all kinds of insurance. The business of insurance involves the taking of risks and indemnifying the insured against the same. This is in general, if I may be pardoned for saying so, the main theme of insurance. Bearing this in mind, may I ask the House just to visualise what an ideal insurance company should be. An ideal insurance company should be one which starts with a sufficient financial backing, from which, during the early days of its activities, it may pay out the expenses. It is one which carries on sound schemes of insurance. It is one which should always have at its disposal funds from which claims can be met and those funds should be invested in such a way as to be available at the earliest possible opportunity. These, according to my humble submission, are the characteristics of what I call an ideal company, and I submit that any legislation which tries to bring about this state of affairs in the insurance companies ought to be welcome. That is the line which the legislation should take and it is from that angle of vision that I would like, with your leave, to place the Bill before the House.

Mr. B. Das (Orissa Division : Non-Muhammadian) : Give us some illustration of an ideal company working in India.

The Honourable Sir Nripendra Sircar : They do not exist.

Mr. S. C. Sen : That is why the legislation is called for. If they were there, legislation would be unnecessary.

Sir, pursuing now the points which I humbly seek to make before this House, may I take the first point, namely, what is the first necessity of an insurance company, ideal in the sense in which I have said. According to my view, in order to enable an insurance company to meet its expenses during the first few years of its existence, it is essential and necessary that it should come into the field with a definite amount of working capital or financial backing, call it by whatever name you like. Let us see what the provisions in the present Act are and whether that is sufficient to bring this state of things. Sir, insurance companies under the present Act are divided into two groups. As Honourable Members have found the Act which deals with life insurance companies is the Act of 1912. To some extent non-life companies are dealt with by the Act of 1928. Sir, under the provisions of the existing Act any man who wants to start a life insurance business has got to get together funds sufficient to enable him to get Government promissory notes of the face value of Rs. 25,000. Sir, it is well-known to Honourable Members of this House that during recent years, the price of Government securities went down to about Rs. 53 for Rs. 100 worth of promissory note.

Pandit Lakshmi Kanta Maitra (Presidency Division : Non-Muhammadian Rural) : Even to Rs. 47.

Mr. S. C. Sen : Yes, even to Rs. 47 and the result was that people who could get together barely Rs. 15,000 could start a life insurance company. The law does not require them to have any working capital, not a copper pice. That is what happened with a majority of what I may call the young companies, they started with inadequate capital.

[Mr. S. C. Sen.]

Sir, the result was this. They came into existence, they issued advertisements, employed agents to procure business and then when it came to paying the expenses, where were they to be paid from ? They were paid not from any outside sources, but from the premium income (Hear, hear) and the result was the life insurance fund which, under the existing law, means the excess of receipts over disbursements came to a figure which would be negative in some cases. Sir, I have with me, by the courtesy of some of the gentlemen who have flooded us with literature, a list of some of the so-called young companies and I find, that in some cases their expenses have gone up to 136 per cent., 156 per cent., 300 per cent., 173 per cent., 112 per cent. and 104 per cent. Sir, I ask Honourable Members of this House to visualise the position of that unfortunate class of people called the policyholders. (Hear, hear.) What have they to fall back upon ? On the life fund which was a negative quantity.

An Honourable Member : May we know how many companies are concerned ?

Mr. S. C. Sen : It would not be right and proper to give the names of the companies, but the number is about 15.

Mr. Sri Prakasa (Allahabad and Jhansi Divisions : Non-Muhammadan Rural) : Have you verified them ?

Mr. S. C. Sen : I have no reasons to believe that the figures are wrong. Sir, that is the state of things permissible under the present law. You can start a life insurance company with no working capital. You can go on spending anything you like from your premium income, you may not have any life fund.

Pandit Lakshmi Kanta Maitra : If there is a rich Managing Agent ?

Mr. S. C. Sen : I am ignoring for the time being the Managing Agent. That is the position in the case of life insurance companies. But in the case of non-life companies, fire, marine, etc., the position is still worse. They have not got even to deposit anything. They can start off today without any deposits, without any working capital and they can go on merrily.

Mr. S. Satyamurti : With cut-throat rates.

Mr. S. C. Sen : I refrain from saying things which do not come exactly within the purview of what I am addressing now myself.

Mr. Sri Prakasa : What about the Government's low credit ?

Mr. S. C. Sen : Government's low credit has as much to do with this question as the man in the moon has with my friend.

Mr. Sri Prakasa : Not at all.

Mr. S. C. Sen : Therefore, it is incumbent in the interests of the policyholders that this system which permits of insurance companies being started with such deplorable finances ought to be changed. In the Bill Honourable Members will find that attempts have been made to make good, to some extent at least, this deficiency. Sir, I have been told that provisions as regards the working capital and as regards the initial

deposits are very hard and they are going to kill the infant companies. Sir, may I tell the House that the sum of Rs. 50,000 which has been fixed as the working capital represents very moderately the expenses which an infant company, which is likely to get on, is likely to incur in the shape of expenses during the first ten years of its existence. There is no justification why such a company should feed upon the premium income and the premium income alone (Hear, hear), why should it not have financial backing which should go to contribute to the expenses if it wants to stand upon its own legs? Therefore, my submission to this House is, that in the assessment of the figure of Rs. 50,000 as working capital, if we have erred, we have erred on the side of leniency and not on the side of stringency. (Hear, hear.) As regards the initial deposit may I remind the House that when the original Act of 1912 was enacted, all the commercial opinion was unanimous that the deposit should not be less than one lakh. The Act of 1925 provided for an initial deposit of one lakh and I have before me an analysis of the opinions which were received and with the exception of four, all other commercial bodies in the country supported this proposition, namely, that one lakh of rupees should be the initial deposit. Sir, there is good reason for enhancing this deposit and that is this. As I have purported to show, during the first few years of the existence of a new life insurance company the life fund is practically negligible. There is nothing by way of security for the policyholders.

Bhai Parma Nand : One-third of the premium they have to deposit.

Mr. S. C. Sen : If there is any surplus.

Bhai Parma Nand : Premium ; not surplus ; one-third premium

Mr. S. C. Sen : That is after Rs. 25,000 is deposited. If I may be pardoned, the existing Act does not say the gross premium income, it says the income derived from the life insurance business and the income will be what would be left after setting out the expenditure.

Mr. M. S. Aney (Berar : Non-Muhammadan) : What is the actual practice ?

Mr. S. C. Sen : The actual practice, as I was saying, is, namely, you have first of all to submit your revenue account in which you show your income after expenditure.

The Honourable Sir Nripendra Sircar : Sir, may I give the information to my Honourable friend, Mr. Aney ? I have not got the circular with me,—I can bring it when I reply,—the circular of the Commerce Department saying that a large number of companies, for very many years, in spite of Managing Agents, have deposited nothing. I will give that information when my time comes for a reply.

Mr. Bhulabhai J. Desai (Bombay Northern Division : Non-Muhammadan Rural) : Are not more than 30 companies in arrears ?

Mr. S. C. Sen : I was going to refer to that within a minute, because I was going to say.....

Bhai Parma Nand : Government have got power to enforce the law that they have already got. Why did they not do it ?

Mr. S. C. Sen : The exercise of the power would have the same effect which the Honourable Member dreads, namely, killing the precocious infants. The Government's leniency is due to the fact that every insurance company wound up means hundreds and thousands of policyholders who are driven to the wall, whose life's savings are lost and who are to be told that they are to get nothing as the company is insolvent.

Bhai Parma Nand : Has there been any case like that ?

Mr. Deputy President (Mr. Akhil Chandra Datta) : I think the Honourable Member should be allowed to proceed uninterrupted.

Mr. S. C. Sen : If my Honourable friend will be patient for five minutes, I will give him some cases which have actually occurred during the last two years.

Coming to the question as to whether the present system has worked satisfactorily or not, as my Honourable friend, the Leader of the Opposition just said, at the present moment there are more than 30 companies who are in default, hopelessly in default, without any chance of retrieving, and the only thing which Government can do is to apply under section 22 to have them wound up. If Government have not done it, it is only out of humanitarian ideas. It is because it would mean driving very many thousands of policyholders to the wall. But things have not been too easy to manage. Government had to apply for the winding up of two companies. The Angel Insurance Company of Delhi,—angels who went to another place (Laughter),—had to be wound up during 1936, and the actual state of affairs was, that within a few years of its starting, the deficit in the life fund was the modest sum of one lakh and 99 thousand.

Mr. Sri Prakasa : What is the deficit in Government budgets ? (Laughter.)

Mr. S. C. Sen : If that is the argument as to why every other person should be allowed to become bankrupt, I yield to my Honourable friend's logic. (Laughter.)

Sir, there was another company which went into liquidation in Calcutta, the Great Indian. In the first company which I have mentioned, five hundred policyholders got nothing, and in the second case it was worse. The deficit came to about two lakhs and fifteen hundred policyholders have been left in the lurch. There is another company which is under notice. I will not give the name but I can tell my Honourable friends that 2,500 policyholders are going to be in the same straits.

Bhai Parma Nand : There are very many people in Bombay who get insolvent after taking away and losing crores of the people's money.

Mr. S. C. Sen : I would ask my Honourable friend, Bhai Parma Nand, to say, whether he suggests that the company should be allowed to be wound up and then allowed to work again.

Bhai Parma Nand : I want that the Government should not be humanitarian, but should strictly enforce the law. The Angel man had been arrested, but the Government could not get him convicted. Again he is arrested. I do not know whether the law is in the wrong or whether the man is wrong. (Laughter.)

Mr. S. C. Sen : Turning now to the question of deposits, I have attempted to give some idea as to why, in my humble submission, the amount of initial deposit should be increased. When we say we have increased it, the original measure in the Bill was rupees one lakh, as Honourable Members will find. But in the Select Committee this figure has been cut down to Rs. 50,000. And, in order that there may not be any difficulties, so far as the young companies are concerned, the Select Committee has given them six further years' time, and even now they are not satisfied. They want it to be ten years, but the truth is, as Bhai Parma Nand said, that in some cases even if you give them 20 years that will not suffice. Therefore, in my submission, Sir, so far as life insurance companies are concerned, I do not think the Bill contains provisions which can at all be characterised as hard or intended to kill the companies. I quite appreciate that it ought to be the desire of every one of us, in this House, to see indigenous companies prosper, and I say that I yield to none in my desire to see the companies of my country prosper on a sound financial footing. I do not want a large number of companies eking out a miserable existence. Even if some are wiped out, which I will deplore, I would prefer fewer companies with solid financial foundations to prosper than to have a lot of mushroom growth.

The next thing, according to my views of an ideal insurance company, is that, it should have at its disposal funds from which to pay its liabilities, because after all an insurance company has not merely to receive the premium and to spend it by way of expenses ; it must make provisions for payment to its policyholders. Under the present law it is the life fund out of which it is to be paid. I am quite prepared to agree that in well organised and well established companies the life fund often exceeds what we call the reserve for the liabilities. But, Sir, legislation cannot discriminate between the good and the evil. If we want certain provisions to be made to check the evils, we ought to be sure that we do not hurt the good ones by it. May I, from this point of view, draw the attention of Honourable Members to the principle underlying clause 26 ? I will not now deal with the exact wording of the clause because, from both sides of the House, it is apparent that that will have to be modified. The underlying principle of clause 26 is that every company should maintain in India at least a reserve necessary for payment to its policyholders. Without that how will it be possible for the policyholders to have any safety ? To which fund are they to look ? To the life fund which in particular cases is nil ? May I remind Honourable Members that if a provision like this were in the old Act, that would have avoided many of the failures which we are now faced with ? Would not these companies have to maintain at least such sum as would be necessary to pay the policyholders ? Therefore, I submit, that so far as the principle is concerned, no objection can be taken to that. The question is how that principle is to be applied in the case of the Indian companies, the United Kingdom com-

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panies and the foreign companies. That is a matter which will have to be threshed out on the floor of the House. But I am now only addressing myself to the underlying principle and I say, in answer to those who say that that section ought to be deleted, that there is absolutely no justification for the same. It is an essential provision for the safety of the policyholders and it is the interest of policyholders and policyholders alone that we should, in the first instance, direct our attention to. Sir, the questions as to where it is to be kept and how it is to be kept are matters of detail, and I agree that those questions will have to be gone into very carefully. The question as to how it should be kept is interlinked with what I may call the last point, namely, that an Insurance Company should have its assets invested in such a way that in case of necessity they should be easily available....

Mr. Bhulabhai J. Desai : Proportion ?

Mr. S. C. Sen : I have deliberately kept out the question of proportion. But what I do point out is this that it is an essential element of insurance business that the investments should be kept in sufficient proportion in any event in what I call the guilt edged securities which can be available readily.....

Mr. Sri Prakasa : They go down every day.

The Honourable Sir Nripendra Sircar : They also go up the next day.

Mr. S. C. Sen : Sir, in this connection I shall have to refer to certain remarks which fell from the Honourable the Deputy President yesterday. It is rather embarrassing that he is now in the Chair.

Some Honourable Members : No, no, go on, go on.

Mr. S. C. Sen : The Honourable the Deputy President made a point yesterday that the imposition of section 26 was unwarranted....

Mr. Deputy President [(Mr. Akhil Chandra Datta) speaking from the Chair] : It is rather delicate for me to contradict from the Chair, but I never said anything of the sort.

Mr. S. C. Sen : The Honourable the Deputy President said that although the author of the Report has prefaced it by saying that he was not following the Canadian principle, he had in fact followed the Canadian principle in the making of compulsory investment in guilt edged security. Sir, he made a point that the Canadian principle was sought to be introduced in 1912 and it was rejected by the public and the Government. He said it was again sought to be introduced in 1925, and it was rejected by the Government as well as the public....

Mr. Bhulabhai J. Desai : It was not.

Mr. S. C. Sen : The stage of rejection in 1925 was never reached, but the opinions were there. Sir, in 1912, may I read out from the proceedings what then happened ? Sir, far from the public rejecting the proposal for the investments of life funds in Government securities and trust securities, Mr. R. N. Mudholkar who was at that time one of

the leaders of public opinion, with the concurrence of the other Indian Members, moved an amendment which ran in this language, and I should like to read it :

“ That the life insurance fund of every Life Insurance Company shall be invested in one or more of the securities mentioned in (a), (b), (c) and (d) in section 20 of the Indian Trusts Act.”

Pandit Lakshmi Kanta Maitra : When was that ?

Mr. S. C. Sen : That was in 1912.

Mr. S. Satyamurti : The Government opposed it !

Mr. S. C. Sen : The Government opposed it, but the tables are now turned. The Government wants it, but some of the non-official Members want to reject it. Now, Sir, the ground upon which the Government rejected it was not because it was of opinion that it was a vicious principle, but it was because,—I shall read, Sir, only a portion of the speech of the Government Member in charge to show the grounds on which it was rejected....

Mr. S. Satyamurti : Who was he ?

Mr. S. C. Sen : The Honourable Mr. Clarke. This is what he said then : “ The difficulty which Government feel in the matter is that they have not at present sufficient data to justify this proposal ”. That is all. They did not condemn the principle, they did not say that the Canadian Act was vicious, but they said that they had not sufficient data to justify the imposition of such a proposal.

Mr. S. Satyamurti : They were ill-informed as usual !

Mr. S. C. Sen : In 1925, it is quite true that the Bill did not contain any such proposal, but I can assure my friends that the Government had this matter in view, because in the letters which were sent out, one of the pertinent questions which the Government asked was whether they desired that the Life Insurance Funds should be invested in trust securities. But, unfortunately, Sir, that Bill did not come to the stage of a discussion in the House.

Mr. B. Das : Government wanted these securities to increase credit ; their stock of gold was being wiped out.

Mr. S. C. Sen : I am not a financial expert, and I would rather not speak on the gold aspect.

Sir, it cannot be doubted that it is one of the essential elements in insurance business that its assets, or at least a sufficient portion of the assets, should be invested in guilt edged securities, so as to be quickly available in case of need. Therefore, Sir, those who ask that no provision for any kind should be made have absolutely no legs to stand on....

Mr. Sri Prakasa : Two ! (Laughter.)

Mr. S. C. Sen : Then, Sir, from a long time feeling has been strong that foreign companies should be made to keep their assets in India. If you follow the English principle, if you discard the Canadian principle as vicious, where can you find a provision by which foreign companies can be made to keep their assets in India ? There is no control over any foreign companies. As a matter of fact, if Honourable Members will pay a little attention to the figures in the Report, they will find that, at

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least in the case of some foreign companies, the premium income and the total Indian investments stand a very bad comparison. My submission is this. As I have said, the principle underlying section 26 is very salutary and cannot be objected to. The details can be worked out to suit the convenience of all parties concerned, and as the Honourable the Leader of the House has said, he welcomes suggestions which are reasonable and feasible in this matter.

Then, Sir, with regard to the question as to whether the Government control has been unduly increased in the Bill, may I say a few words? In the Act of 1912, the only control which Government had was under section 37 by which in certain circumstances the Government could apply to wind up a company. In 1925, the Government realised the inadequacy of the powers which they had, and in the Bill of 1925 they incorporated three sections 30, 31 and 32, and perhaps I should read these sections, though I do not think that it is necessary to go into that question at length

....
Some Honourable Members : Go on, go on.

Mr. Sri Prakasa : In 1957 the Government will be wound up.

The Honourable Sir Nripendra Sircar : I hope then my Honourable friend won't be there.

Mr. Sri Prakasa : Why not? It is only twenty years!

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

Mr. S. C. Sen : By section 30, the Government gave powers to call for better information in the case of defective returns and statements. By section 31 the Government provided for the appointment of an Inspector, when a further statement required was not furnished, or when, according to the Governor General in Council, such return or further statement disclosed an unsatisfactory state of affairs or such further statement was insufficient. And lastly, under section 32 the Governor General in Council proposed to reserve to himself the power to appoint an actuary for the examination of the affairs of the company which he had reasons to believe were not being carried out properly. Stopping there for one minute, may I ask Honourable Members of this House to compare the provisions which we have made in this Bill with those which were proposed in 1925. I have no doubt that my Honourable Colleagues here will find that in substance we have only amplified those powers. We have not introduced anything new, anything so monstrous that we should be called to account for the same. Then as to the Superintendent. What I feel is this. In the Bill we are making provisions for various things to be done by the companies. As a corollary to that, there must be power given to somebody to see that they are carried out. As a further corollary, there must be some penalty, some way of enforcing those provisions. Without that, it will be absolutely meaningless. Under the present system the Government have no officer who is a whole-time officer and who may look into these matters which will require minute attention, and it is for that reason that the provisions regarding the Superintendent and his powers have been made. But I can point out that almost in every case, before the Superintendent is allowed to take action, the Select Committee has provided that the company is to be given a hearing.....

An Honourable Member : By whom ?

Mr. S. C. Sen :given a hearing before the Superintendent in order to enable the company to point out if the information available to the Superintendent is wrong or not, whether there is any explanation for the same and so on. After all, my Honourable friend, Mr. Husenbhai Laljee, would not make us believe that a responsible officer like the Superintendent would always go wrong.

Mr. M. A. Jinnah (Bombay City : Muhammadan Urban) : What will be his qualifications ?

Mr. S. C. Sen : As regards qualifications it is not easy to determine them, but that question I think will have to be debated in this House.

Mr. M. A. Jinnah : What are the views of the Government ?

The Honourable Sir Nripendra Sircar : When the matter was before the Select Committee, a suggestion was made that he must have the qualifications of an actuary. I opposed it then,—I hope I am not committing a breach of privilege by disclosing the proceedings of the Committee—because I was under the impression that the Government Actuary—and we have one—would continue and I thought we need not have two actuaries. I now understand that if insurance work is transferred from this Actuary there will be no justification for keeping him as a full-timed servant, and the view of the Government at the present moment is—and I think if no one else will do it, I shall move an amendment—that the Superintendent should be an actuary.

Mr. S. Satyamurti : He will be an Indian actuary ?

The Honourable Sir Nripendra Sircar : Don't you say that, because you may not be able to name one.

Mr. S. Satyamurti : I do not want to name anybody, but I want him to be an Indian.

Dr. G. V. Deshmukh (Bombay City : Non-Muhammadan Urban) : Why don't, you have an I. M. S. officer ? They seem to know everything under the sun.

Another Honourable Member : Why not a lawyer ?

The Honourable Sir Nripendra Sircar : I do not want an I. M. S. man, or any doctor, because I do not want these companies to be killed. (Laughter.)

Mr. S. C. Sen : I will now shortly deal with the other welcome features in the Bill. Many of them have been accepted on the floor of the House and I will only shortly recapitulate them before I come to the end of what I have got to say. In the Bill we have got, for the first time, the powers of nomination. We have introduced provisions for the assignment of policies, a question which was much agitated in the construction of section 130 of the Transfer of Property Act. We have provided for provisions to pay monies into Court in the case of disputed claims. We have also provided a scheme for prohibition of rebates and we have penalised the receiver and the giver of the rebate. The question of licensing of agents has also been taken up for the first time. I will shortly deal with some of the objections which have been raised in this House against that proposal. It has been suggested that that will shut

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out part-time workers, but if Honourable Members will look at the wording of the clause, it does not say that an agent should be a whole-time servant or a part-time worker. All that the provision is intended to do is to have the names of those persons who will be employed in the canvassing of business registered and to have some hold upon them so that, in case they are found to have been guilty of fraud, criminal misappropriation or other offence, they will be prevented from carrying on their nefarious practice. This will lead to the prevention of abuse by canvassers or agents. I now come to the Provident Insurance Societies, and there has been a radical change there. We have introduced the system of actuarial valuation, the actuarial certifying of schemes, the keeping of deposits and the restriction on investments. As Honourable Members are aware, Provident Societies grew in hundreds during the last few years, and they have been working havoc, if I may be pardoned for using that language, among the innocent people who fall a victim to their schemes. Most of them have been carrying on what is called the dividing scheme, a scheme which has been condemned in no uncertain language by all actuaries.

Pandit Lakshmi Kanta Maitra : What is the percentage of failures of these concerns ?

Mr. S. C. Sen : It will take a long time, but I will give my friend data from which he can find out. Next, Sir, we have provided for Mutual and Co-operative Societies in Part IV of the Bill while in Part V we have introduced penal provisions which were essentially necessary for keeping intact the funds of insurance companies and preventing misappropriations thereof. As to foreign companies, I do not think it is necessary for me to go into details. The main features my Honourable friends have already seen in the Bill. All I can say is that on a comparison between the existing state of things and the state of things which will come into existence after the Act comes into force, my Honourable friends will agree that the improvement that has been made is something phenomenal. Sir, I have no time to deal with the other minor aspects of the Bill, but before I resume my seat I would like to make an appeal to my friends opposite and my friends on the right, the European Group. To my friends opposite I earnestly appeal not to do anything which, without doing the corresponding amount of good, is likely to bring the Bill into danger. I appeal to them to take a broad view of facts, to take a retrospect and to ponder as to whether in their view we have not made sufficient advances in the matter of legislation. To my friends on the right, who, I think, and rightly too, are mainly interested in the United Kingdom companies and the foreign companies.

I have to point out that as to United Kingdom companies we have in this Bill treated them as Indian companies, which they are deemed to be under the Government of India Act. As regards foreign companies who are likely to be affected, if I may be pardoned for saying so, we have in the Bill followed the principle 'Do unto others what they have done unto you'. Sir, may I remind them that if the law of the countries of origin of those foreign companies is examined, my Honourable friends will find that we have done nothing which they have not done ; there is no justification for their not submitting to the same

impositions which they have imposed upon our companies in their country and I appeal to them not to object to the insertion of these provisions. I do not claim that this Bill is perfect and we are always willing to have any reasonable suggestions on the floor of the House to remove defects (if any) which still subsist. I appeal to all sections of the House to show to the outside world, which, in the words of Sir Leslie Hudson, is watching this legislation with interest that when we settle down to work, that we can work and that we can produce legislation which is in no way inferior to that of other countries which we regard as advanced countries. (Applause.)

Maulana Zafar Ali Khan (East Central Punjab : Muhammadan) : Sir, it is refreshing to find that this Bill has revealed to the House that on occasions the Treasury Benches and the Opposition Benches can see with one eye. This is a conspiracy. There was a time when Mahatma Gandhi used to dub the Indian Government as a Satanic Government but I find that today the Congress Benches have not denied the devil the right of quoting scriptures ! This subject of insurance is a dry subject and it is as grim as death. The Honourable Member in charge of the Bill made it very interesting and I was thinking of Milton's *L'Allegro* and *Il Penseroso* of the old days. Yesterday, the Honourable the Law Member seemed to invite the House to a dance. He said :

" Come and trip it as you go
On the light fantastic toe."

Well, there were occasions when he felt grim. For instance, when he talked of the Managing Agents, he was seized with a desire to kill them. It was homicidal mania and if it had been culpable homicide amounting to murder I should have been very much pleased because the Managing Agents have been denying the policyholders and the shareholders the financial reward that they should reap out of this venture. They have been getting their millions and nobody has said 'Nay' to them. The time has come when they should be asked to go and go for ever on a long holiday. I am a Mussalman and I am not supposed to know anything about the secrets of insurance because a large number of Mussalmans in this country look upon insurance as a legalised form of gambling. Only quite recently, however, a number of theologians pointed out that it was not gambling but a very wise provision against the rainy day and that the Mussalmans ought to invest their money in this useful venture. So they are coming round by and by and at least one Mussalman insurance company has been started and I think that a number of other companies will come into the field. We agree with most of the broad principles of this Bill and with the amendments that are coming on, we think it will be a useful measure and will redound to the wisdom of those who drafted it and redound to the qualities of head of those who have opposed it sympathetically. The speeches so far made have protected the interests of the policyholders and the interests of the shareholders but very few have spoken anything about that poor section of clerks and employees who are a part and parcel of the insurance system but who are suffering, only Mr. Sham Lal said something in their favour. Others were silent ; and I think it is my duty to appeal to the Honourable the Law Member not to ignore them, because their position demands sympathy. Had it not been for these insurance companies' employees who work from morn-

[Maulana Zafar Ali Khan.]

ing till night and in their effort to please their employers get consumptive, without any prospect of promotion or of being looked upon as human beings, the insurance companies could not get on. Their lot is very hard and I think something can be done for them. There are private mining companies and the Government can make laws and constitutionally and legally compel the proprietors of those mines to fix hours of labour for them, have cottage built for them according to a definite plan and to look after their comforts. There is no reason why Government should not call upon the proprietors or managers of the insurance companies to see to it that the clerks and their employees and their menials are treated like human beings.

I have heard an eloquent speech from the Honourable Member, Mr. Sen, as to what an ideal insurance company should be. He left out one very prominent aspect of what a really ideal insurance company ought to be. That was the human element in it. Certainly a new company should have the financial backing and I should not object to the amount of deposit required to be paid by it and to be fixed at Rs. 50,000 as Rs. 25,000 would be too small. I admit that. I also admit that a financially ideal company should have reserve funds at its disposal against the time when it should be called upon to pay. All that is very fine. But if the object of an insurance company is to reap profits and nothing else, then it cannot be an ideal insurance company. The ideal will be achieved when that human element comes in, and that human element may come only at Doomsday. As human nature is constituted, it is not possible to think of men who would look to the interests of their fellow beings in a sympathetic manner. Money is the first concern. So, I think, something should be done to protect the insurance companies against the onslaught of those who, whatever their financial abilities, whatever their financial capabilities, are not sympathetic towards their underlings, towards those whom they employ. This can be done so far as the employers and the clerks are concerned by providing for them in the statute. Provident funds should be there. There ought to be bonuses and there ought to be rules about their leave. These are three or four points and others might be added. Perhaps it will be possible for me to move an amendment in connection with this particular question. That will come later on.

Another point on which I would like to make a few remarks is the suggestion that insurance companies should be nationalised and should be placed under State-control. I am against this principle. Nationalisation of insurance companies would mean that later on other industries should also be nationalised. Railways should be nationalised, mines should be nationalised, property should be nationalised, land should be nationalised, but, then, that would be introducing the Moscow element in India. It would mean that instead of encouraging thrift, instead of giving the people of India the right of initiative, they should be bound hand and foot and handed over to the tender mercies of the Government for the time being. Whatever the nature of the Government, whether it is an indigenous government or a foreign government, it would take away the initiative from the people and would deprive them to act according to their brain power and according to their capacity. That would be a great misfortune. We must encourage thrift and we must give the people of India the right of initiative and we must not make them indolent, idle

and inactive drones living a lazy life without any inclination to rise to the full height of their stature. So, this nationalisation does not appeal to me. These companies are, after all, private companies and the Government only wants to provide against the harm that designing and crafty persons may do it. Such restrictions as are imposed upon them by official pressure would be legally welcome. But there ought to be as little interference as possible and we should see that the right of acting within their sphere, within their zone of action should not be denied them. There may be Superintendents and there may be Actuaries. The Superintendent should be given the right of checking the accounts, paying surprise visits and seeing to it that nothing untoward is going on there. With these checks imposed upon the activities of insurance companies, I think there will be very little harm. So far as the big companies are concerned, they can take care of themselves. But those which are young companies though they have got, as the Honourable the Law Member said, Stentorian lungs, must be protected and given a chance of eking out their bare existence. A deposit of Rs. 50,000 by them may perhaps be too large an amount. If in the case of the smaller companies the amount of deposit is fixed at Rs. 25,000, that would be doing a great service to them. That may be an invidious distinction in their favour but this distinction would ultimately be found to be useful. These are about all the points on which I have deemed it necessary to give expression to my views.

Dr. P. N. Banerjee (Calcutta Suburbs : Non-Muhammadan Urban) :

Sir, rising to support the motion for the consideration of the Bill, I desire at the outset to observe that I have full sympathy with the main object of the measure. This main object, I understand, is to place insurance business in India on a safe, sound and satisfactory footing. Many of the provisions contained in the Bill are designed to secure this object, but I am afraid there are some provisions which are likely to frustrate the aim. The Select Committee to which this Bill was referred worked hard in dealing with it and introduced several improvements in the Bill. But, I am sorry to say that their success was not as great as was expected and that, in some cases, their recommendations have been of a reactionary character. That the handling of the Bill by the Select Committee was not quite satisfactory is proved by the fact that every single Honourable Member of the Committee appended a note of dissent. I do not however blame the Honourable Members of the Select Committee for this, for the real reason is to be found in the fact that the subject is a very complex one and that the complexity is greatly augmented by clashes of interest.

Sir, in 1905, there were very few Indian insurance companies in India. But the Swadeshi movement which was started in that year gave a great impetus to the growth of Indian insurance business. Since then insurance business in the hands of Indians has made very great progress. In 1935, of the total new business transacted in India, 73 per cent. was done by Indian and only 27 per cent. by non-Indian companies. The well-known journal, *Capital*, in a recent issue wrote : "The fact is that Indian companies are going rapidly ahead in the affections of the public and they show far more progress than non-Indian companies". What is the reason which accounts for this state of things ? Why have Indian companies been able to secure the affections of the public ? The reason is to be found in the fact that Indians think that

[Dr. P. N. Banerjee.]

there is safety in insuring with Indian companies and they feel that Indian companies deserve well of the people of India. As a matter of fact, we find, that the Indian companies have rendered very useful service not only to the policyholders but to the country generally. They have afforded relief to hundreds of thousands of families in times of dire distress and they have also helped to some extent the industrial development of the country. As for management, it is true, that there have been some cases of fraud and incompetence, but taken as a whole the Indian insurance business has been conducted with a fair amount of ability and a considerable measure of honesty and integrity.

Sir, if this be the situation, it may be asked, what is the necessity for a new Bill? I do not agree with those who hold the view that the present Bill is wholly unnecessary. I think it is necessary and it is necessary for several reasons. In the first place, there are many defects in the existing insurance system of the country and these defects have to be remedied. There are also some undesirable features in the law and practice in vogue at the present moment and these should be removed. But the main ground on which I base my support of the present measure is that I am not satisfied with the achievements we have so far made in the direction of securing the whole of the insurance industry in our own hands. We must not rest on our oars, we must see to it that we are able to make an even more rapid progress in future. Sir, it is known to Honourable Members of this House that only in one branch of insurance substantial progress has been made, but in some other branches, the progress has not been as great as it ought to have been. Further, we must remember the fact that the number of insured persons in India, at the present moment, compared with the population, is very small. In the United States of America, two persons out of every three are insured, whereas in India, at the present moment, only one out of every 400 persons is insured. So, what is needed now is to encourage the insuring habit and to make the people of India more insurance-minded. How can this object be achieved? This object can be achieved in two ways, first, by securing a greater sense of responsibility in the managers of insurance companies and secondly, by creating a greater confidence in the minds of the public. These two objects can be gained if we deal with this present Bill in the proper manner. This Bill tells the public of India that the arm of the law is long enough to reach the delinquent. It also tells the public that Indian insurance business will be helped and guided by the executive officers. Further, in order that insurance business in India should be placed on a firm footing it is of the greatest importance that people should take an active interest in this business, and for that purpose a full measure of publicity is guaranteed. Sir, if it is necessary to have a new Bill, what should be the main principles which should guide us in dealing with it? It is agreed on all hands that our first duty is to look to the interests of the policyholders; but we have another duty which is almost as important as the first, and that is to encourage indigenous enterprise. When I speak of encouragement being given to indigenous enterprise, I have in mind not merely the big companies—I will not use the alliterative phrase of the Honourable the Leader of the House because I do not wish to give offence to any one,—but also the small ones. In fact, if anybody requires protection it is the small company.

Mr. S. Satyamurti : No, the policyholder. He is first and last ; nobody else.

Dr. P. N. Banerjee : Excuse me ; I mentioned that our first duty is to protect the interests of the policyholder.

Mr. S. Satyamurti : And the last duty also.

Dr. P. N. Banerjee : I am surprised to hear from a Congressman that he is not prepared to encourage indigenous enterprise.

Mr. S. Satyamurti : I did not say that.

Dr. P. N. Banerjee : Sir, India is a country of small men. (*Several Honourable Members :* " No, big men ", " What about Mahatma Gandhi and others ? ") I am not using the term " small men " in the moral, or the intellectual or the spiritual sense but I am using it in the economic sense. We are dealing with an economic question here. India is a country of small men, and it is the small men who require our protection. The Congress has always stood for the small industries of India and I do not see why we should not stand for the small companies who do insurance business. Sir, the Congress has adopted the *charkha* as the emblem on its flag, and so long as the *charkha* stands on the flag it is not open to any Congressman to say that he will not support the claims of the small businessmen.

Sir, I spoke about encouragement being given to indigenous enterprise, but in what shape shall we give encouragement ? By removing the difficulties which stand in their way. And the present Bill contains some provisions which are likely to hamper and impede the growth of indigenous enterprise. I may refer in this connection to the provisions relating to deposits. I have no objection to the principle of exacting deposits. My Honourable friend, Mr. Sen, when he spoke a few minutes ago, seemed to be under the impression that there is a desire on the part of this House or on the part of a section of this House to do away with deposits. I do not think that is a correct impression. But when he discussed the purpose of the deposit I think he went a little too far. I hold in my hand a copy of the Clauson Report and this report says :

" The primary purpose served by exacting a deposit is to discourage unsubstantial and purely speculative concerns from undertaking insurance business. It is not, in the opinion of the Committee, primarily to the deposit that a policyholder should look for security. The best protection for the policyholder is to be found in the publicity as to the insuring company's position resulting from the necessity of making a statutory return."

However, that is a small inaccuracy which may be condoned. (Laughter.)

Mr. S. C. Sen : My Honourable friend has misunderstood me.

Dr. P. N. Banerjee : The next point relates to the question of investments. Here, again, we are of the opinion that investments should be in proper securities ; but as to the different proportions in which assets should be held in different forms of securities, our opinions differ. We do not think that we want that full freedom should be given to the companies to invest their monies as they consider fit. We want certain restrictions to be put, but when we come to the amendments we shall decide as to what are the proper forms in which the securities should be held.

[Dr. P. N. Banerjee.]

On the question of licensing of agents my friend thought that it was not right and I must admit that there is a great deal of force in his argument. But there is another side to that shield, and I believe that the licensing of agents will drive many able persons who now act as canvassers out of the field of insurance, and this will be prejudicial to the interests of insurance companies, specially the smaller ones. I am glad to find that in some of these respects some concessions have been made by the Select Committee, but I hope and trust that further concessions will be made in the interests of the smaller companies. I am glad to find that the Honourable the Law Member is in full sympathy with the smaller companies, and I hope my Honourable friend, Mr. Sen. will take up the same attitude.

Sir, there is one more important point with which I shall deal. But before I pass on to this question I desire to invite the special attention of the Honourable the Law Member and Mr. Sen to the provisions which have been laid down for the mutual insurance companies and co-operative insurance societies. They have been asked to deposit Rs. 50,000 ; but we should draw a distinction between these bodies and the ordinary insurance companies, because they have no share capital and the question of making profits does not arise in their case. They cannot be charged with exploiting the public, because they do not derive the funds from the general public.

Sir, dealing with the question of profits, I should like to say that
5 P.M. this Bill does not contain any provision limiting the amount of profits made by insurance companies, and I hope it is not too late to insert such a provision. Those who derive profit must be put under some amount of restriction.

Sir, I now come to the question of supervision and control.....

Mr. President (The Honourable Sir Abdur Rahim) : I do not know if the Honourable Member wishes to conclude his speech today.

Dr. P. N. Banerjee : No, Sir, I shall take another ten or fifteen minutes.

The Assembly then adjourned till Eleven of the Clock on Wednesday, the 1st September, 1937.
