

6th September 1937

THE LEGISLATIVE ASSEMBLY DEBATES

(Official Report)

Volume V, 1937

(2nd September to 17th September, 1937)

**SIXTH SESSION
OF THE
FIFTH LEGISLATIVE ASSEMBLY,
1937**



**PUBLISHED BY THE MANAGER OF PUBLICATIONS, DELHI.
PRINTED BY THE MANAGER, GOVERNMENT OF INDIA PRESS, SIMLA.
1938.**

Legislative Assembly.

President :

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

Deputy President :

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

Panel of Chairmen :

SIR MUHAMMAD YAKUB, M.L.A.

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

SIR LESLIE HUDSON, M.L.A.

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

Secretary :

MIAN MUHAMMAD RAFT, BAR.-AT-LAW.

Assistants of the Secretary :

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

RAI BAHADUR D. DUTT.

Marshal :

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

Committee on Petitions :

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

SIR LESLIE HUDSON, M.L.A.

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

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

MR. MATHURADAS VISSANJI, M.L.A.

L453LAD

CONTENTS.

VOLUME V.—2nd September to 17th September, 1937.

	PAGES.		PAGES.
THURSDAY, 2ND SEPTEMBER, 1937.—		FRIDAY, 3RD SEPTEMBER, 1937,—contd.	
Starred Questions and Answers	983—1014	Resolution re—	
Short Notice Questions and Answers	1014—21	India's withdrawal from the membership of the League of Nations —Discussion adjourned	1086—88
Unstarred Questions and Answers	1021—22	Economies in the Central Government expenditure —Adopted	1088—1131
The Control of Coastal Traffic of India Bill—Referred to Select Committee	1022—55	Appointment of qualified Indian cadets by British Navigation Companies—Discussion not concluded	1131—37
The Repressive Laws Repealing and Amending Bill—Motion to continue adopted	1055		
The Muslim Dissolution of Marriage Bill—Motion to continue adopted	1055	MONDAY, 6TH SEPTEMBER, 1937,—	
The Child Marriage Restraint (Amendment) Bill (Mr. Lalchand Navalrai)—Motion to continue adopted	1056	Members Sworn	1139
The Child Marriage Restraint (Amendment) Bill (Mr. B. Das)—Motion to continue adopted	1056	Starred Questions and Answers	1139—57
The Muslim Intestate Succession Bill—Discussion on the motion to refer to Select Committee not concluded	1056—59	Unstarred Question and Answer	1158
		Motion for Adjournment re erection of an abattoir in the Lahore Cantonment—Disallowed	1158
FRIDAY, 3RD SEPTEMBER, 1937.—		The Insurance Bill—Discussion on the motion to consider not concluded	1158—1207
Starred Questions and Answers	1061—84	TUESDAY, 7TH SEPTEMBER, 1937.—	
Unstarred Questions and Answers	1084—86	Member Sworn	1209
Nomination to the House Committee	1086	Starred Questions and Answers	1209—43
		Unstarred Questions and Answers	1243—46
		Statements laid on the Table	1246—47
		The Insurance Bill—Discussion on the consideration of clauses not concluded	1248—94

	PAGES.
WEDNESDAY, 8TH SEPTEMBER, 1937,—	
Starred Questions and Answers	1295—1323
Short Notice Question and Answer	1324
Unstarred Questions and Answers	1325—29
The Insurance Bill—Discussion on the consideration of clauses not concluded	1329—76
THURSDAY, 9TH SEPTEMBER, 1937,—	
Starred Questions and Answers	1377—1402
Unstarred Question and Answer	1402—03
The Muslim Intestate Succession Bill—Referred to Select Committee	1403—26
The Moslem Personal Law (Shariat) Application Bill—Discussion on the motion to consider not concluded	1426—47
FRIDAY, 10TH SEPTEMBER, 1937,—	
Member Sworn	1449
Starred Questions and Answers	1449—81
Unstarred Questions and Answers	1482—86
Report of the House Committee	1486—90
Resolution re Appointment of qualified Indian cadets by British Navigation Companies—Adopted as amended	1490—1538
MONDAY, 13TH SEPTEMBER, 1937,—	
Speech delivered to the Council of State and the Legislative Assembly by His Excellency the Viceroy	1539—44
Members Sworn	1545

	PAGES.
MONDAY, 13TH SEPTEMBER, 1937—contd.	
Starred Questions and Answers	1545—76
Unstarred Questions and Answers	1576—80
Statements laid on the Table	1580—96
The Repealing Bill—Introduced	1597
The Criminal Law Amendment Bill—Introduced	1597
The Indian Mines (Amendment) Bill—Referred to Select Committee	1597—1614
TUESDAY, 14TH SEPTEMBER, 1937,—	
Member Sworn	1615
Starred Questions and Answers	1615—47
Unstarred Questions and Answers	1647—52
The Indian Tariff (Second Amendment) Bill—Introduced	1652
The Insurance Bill—Discussion on the consideration of clauses not concluded	1652—96
WEDNESDAY, 15TH SEPTEMBER, 1937,—	
Starred Questions and Answers	1697—1720
Unstarred Question and Answer	1720—21
The Indian Mines (Amendment) Bill—Appointment of Sir Cowasji Jehangir to the Select Committee	1721
The Insurance Bill—Discussion on the consideration of clauses not concluded	1721—85
THURSDAY, 16TH SEPTEMBER, 1937,—	
Starred Questions and Answers	1767—99
Unstarred Questions and Answers	1799—1805

	PAGES.		PAGES.
THURSDAY, 16TH SEPTEMBER, 1937,— <i>contd.</i>		FRIDAY, 17TH SEPTEMBER, 1937,—	
Statements laid on the Table	1805—18	Starred Questions and Answers	1867—86
Motions for Adjournment <i>re</i> —		Unstarred Questions and Answers	1886—88
Fixation of the price of sugar-cane—Withdrawn.	1818—19	Motion for Adjournment <i>re</i> China's appeal against Japanese aggression to the League of Nations—Disallowed by the Governor General.	1888-89, 1902.
Inquiry about the Bihta Railway—Disaster—Disallowed	1819	Resolution <i>re</i> Constituent Assembly—Discussion not concluded	1889—1936
The Moslem Personal Law (<i>Shariat</i>) Application Bill—Passed as amended	1819—65		

LEGISLATIVE ASSEMBLY.

Monday, 6th September, 1937.

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

MEMBERS SWORN.

Sir Girja Shankar Bajpai, K.B.E., C.I.E., M.L.A. (Secretary, Department of Education, Health and Lands) ;

Mr. Ghulam Muhammad, M.L.A. (Government of India : Nominated Official) ; and

Mr. Yeshwant Narayan Sukthankar, M.L.A. (Government of India : Nominated Official).

STARRED QUESTIONS AND ANSWERS.

(a) ORAL ANSWERS.

INDIAN DETENUS IN BURMA.

312. ***Mr. S. Satyamurti** : Will the Honourable the Home Member be pleased to state :

- (a) how many Indian detenus there are in Burma now ;
- (b) how long they have been there ;
- (c) what the reasons are for which they have been detained ;
and
- (d) whether there is any proposal to release them ; and if not, why not ?

Mr. J. A. Thorne : There are no Indians detained in Burma under the orders of the Government of India. I understand that there were a number detained under orders issued by the Government of Burma : but I have no detailed official information as to the orders passed in respect of these.

Mr. S. Satyamurti : May I take it that Government have examined whether the separation of Burma has not affected the continuance or otherwise of these orders of detention on Indians detained by the order of the Government of Burma ?

Mr. J. A. Thorne : Government have had no occasion to do so, and I think I am right in saying, although I have said that we have no detailed information, that the Burma Government have released the detenus and removed the restrictions as regards the people domiciled in Burma and as regards those who are not domiciled in Burma they decided to retransfer them to their provinces.

Mr. S. Satyamurti : May I know if this answer covers all the cases of Indians dealt with under those various orders ?

Mr. J. A. Thorne : I believe so.

Mr. T. S. Avinashilingam Chettiar : May I know whether they were interned at the instance of the Government of India or the Government of Burma ?

(No reply.)

WITHDRAWAL OF POLITICAL PRISONERS FROM THE ANDAMANS.

313. ***Mr. S. Satyamurti** : Will the Honourable the Home Member be pleased to state :

- (a) whether the attention of the Government of India has been drawn to the statement of Raizada Hans Raj, recently issued by him, containing his impressions on the Andamans ;
- (b) whether their attention has been particularly drawn to his statement that the conditions under which political prisoners have to live are exceedingly trying, and, in some respects, inhuman ; and
- (c) whether, in view of that statement, the Government of India propose to withdraw all political prisoners from the Andamans, and if not, why not ?

Mr. J. A. Thorne : (a) and (b). I have seen Raizada Hans Raj's statement to the Press.

(c) The question of re-transferring terrorist prisoners to those Provinces which have expressed a desire to have them back is under consideration.

Mr. S. Satyamurti : Have Government examined, or are they examining the question of closing Port Blair as a penal settlement altogether in view of the statement made in clause (b) of the question, based on Raizada Hans Raj's statement ?

Mr. J. A. Thorne : I would ask my Honourable friend to have patience about that : it is a very big question, and I would rather deal with one part of the question at a time.

Mr. S. Satyamurti : Will my impatience be satisfied on the question of the repatriation of these political prisoners who have gone on hunger-strike ? And, may I ask whether the Bengal Government have since made any representation or any statement to the Government of India with regard to the repatriation of the prisoners who have now suspended the hunger-strike ?

Mr. J. A. Thorne : I cannot say that we have had anything very recent, but I understand from what has appeared in the press and has been stated in the Bengal Assembly that the Bengal Government are taking the matter up at a very early date.

Mr. S. Satyamurti : With regard to the prisoners detained in Port Blair from other provinces, may I know, whether the Government of India have come to any decision with regard to those prisoners whose Local Governments have already asked the Government of India to repatriate them to their own provinces ?

Mr. J. A. Thorne : I have said that that is under consideration.

Mr. S. Satyamurti : May I know whether all these questions are going to be decided at the same time, that is to say, after Bengal makes up her mind, or whether the Government of India propose to pass separate orders on the representations of the different Local Governments ?

Mr. J. A. Thorne : I would rather not give a very positive answer to that question today. My Honourable friend will realise that the position is one that needs rather careful consideration and any premature announcement of our attitude might not help.

Mr. S. Satyamurti : I appreciate that ; but, in the consideration of this question, will Government be pleased to take into consideration the statement of these hunger-strikers in answer to Mahatma Gandhi's telegram that they have ceased to have any faith in violence, and they believe in non-violence ?

Mr. J. A. Thorne : That message has received very careful attention.

EXPEDITION TO THE PANJSH TRIBAL AREA FOR THE RECOVERY OF SLAVES.

314. ***Mr. Badri Dutt Pande :** (a) Will the Foreign Secretary state if the Deputy Commissioner of the Naga Hills area in Assam led an expedition to the Panjsh tribal area for the recovery of slaves ?

(b) What was the number of force that accompanied the Deputy Commissioner ?

(c) Were any skirmishes fought between the Government forces and the Nagas ? If so, how many ? What was the number of casualties ? Were any slave traders taken prisoners ?

(d) What was the nature of punishment inflicted on slave traders ?

(e) What has been the total cost of this expedition ?

Lieut.-Colonel A. E. B. Parsons : (a) Yes.

(b) British Officers	3
Indian Officers	4
Indian other ranks	139
Coolies	360

(c) and (d). Attention is invited to the statement given to Press in April last, a copy of which is placed on the table of the House.

(e) Rs. 6,960.

Statement.

India is a party to the Slavery Convention, 1926, and has undertaken to bring about progressively and as soon as possible the complete abolition of slavery in all its forms. It was, however, found necessary to make a reservation in respect of certain outlying and inaccessible areas bordering on Assam and Burma where, it was thought, it would be difficult to implement our undertaking effectively. Recently the Government of India have agreed to the reservation being withdrawn in respect of certain areas including the tribal area east of the Naga Hills district in Assam. As a first step towards the fulfilment of the requirement under the Slavery Convention to bring

about the abolition of slavery in this area, the Government of India, at the request of the Government of Assam, agreed to an expedition, headed by the Deputy Commissioner, Naga Hills, and composed of a column of Assam Rifles. The object of the expedition was to acquaint the headmen of the villages with the determination of Government to suppress the practice of slavery and, if they persisted in an attitude of defiance, to punish them. This action was rendered imperative by the conduct of one of the villages in that area, namely, Pangsha, which, with the assistance of certain other villages, had been raiding and destroying the weaker villages in their neighbourhood and holding their captives as slaves in defiance of warnings from Government. The expedition was a complete success, as will be seen from the following report of the Deputy Commissioner, Naga Hills :

" I left Mokokchung on November 13th with two and a half platoons of the 3rd Assam Rifles under the command of Major Williams, and 360 carriers under the command of Mr. Smith. Dr. von Furer-Haimendorf of Vienna University accompanied the expedition as an anthropologist. On the 19th Panso came in to see me at Chentang and their friendly overtures relieved our anxiety regarding our flank. On the same day there arrived a truculent challenge from Pangsha. On November 20th we reached our advanced base at Chingmei where the loyalty of my old friend Chingmak was of inestimable value. There we found that Pangsha had handed over to him all their slaves but one ; they still defied us to visit them, and I found they had terrorised the whole neighbourhood, threatening to destroy any village which helped us. My first object was to visit Yimpang. They had already returned the only slave they held to Mokokchung when they heard that a column was really coming out, and they had had some reason for raiding Kejuk, who had abetted Tuensang in their treachery—or rather the treachery of Saiyo, a notorious rogue, whom the decent elements in Tuensang now talk of killing for the good of the village. I wished to show Yimpang that when we intended to visit a village we did so, but that we harmed no one with whom we had no quarrel. This I accomplished on November 22nd returning via Waoshu a small village which had been dragged into the Saochu raid against their will out of fear of Pangsha. Noklak had sentries watching us from the range to the East of our camp and sent an armed force to move parallel to us on our way to Yimpang ; their men walked into Yimpang as we walked out, and announced that they had been ready in case Yimpang wanted any help.

On the 24th the column, with as few loads as possible, went to Noklak on the way to Pangsha. Noklak were evidently terrified at the thought of offending Pangsha and refused to clear the path for us. Most of it was a narrow, overgrown ledge along a precipitous cliff. Not only was it guarded by " panjis " (bamboo spikes) put there owing to their war with Chingmei, but additional " panjis ", newly sharpened, had been planted for our benefit. In spite of the utmost care one advance scout was spiked right through the foot and one lancenaik and another scout were gashed. It was long before we could get in touch with the Noklak men and when we saw them they were very nervous. Eventually some were persuaded to come forward and talk. I knew that their hostility was due to pressure by Pangsha, and it was important not to have a hostile village behind us when we passed them. I, therefore, promised safety.

On November 25th we proceeded towards Pangsha and camped in the bed of the Langnyu River below the main village. Our route lay along the flanks of the hills on the west bank, Pangsha being on the slopes of the East bank. Soon after passing the Noklak-Pangsha boundary we saw a small, unarmed party of Pangsha men in the distance. Four were induced to come and speak to us, and brought with them a goat and a chicken. They asked whether we would make peace. There was not the slightest doubt as to the only possible answer. To have made peace, turned back, and abandoned the remaining slave at the price of a goat, a fowl and some smooth words would inevitably have been interpreted as a sign of weakness. Friends who had helped us would have been massacred and raids would have continued. I, therefore, told the envoys that I did not believe their statement that they could not produce the slave girl, and that I was going to punish them for their conduct and insults to Government. I then sent them safely away.

By this time a very large armed party was already on the move to cut us off. We saw them crossing the Langnyu valley and outmanœuvred them by cutting straight down to the river, and moving upstream in open ground. While getting into camp an armed body appeared above us and were dispersed, probably without casualties. Then three men rushed down to get a head from the coolies cutting bamboos. They were fired on and turned back. Two fell, but picked themselves up.

On November 26th we burnt the main village, nearly losing four coolies who straggled against orders. In the afternoon we moved down stream to below the separate Wenshoyi "khel". Next morning the baggage with one platoon was sent straight back to Noklak, and one platoon with a few scouts and dobashis went up to burn the "khel". We were very heavily attacked on our way down in a last effort by Pangsha to wipe us out. It was only the skill and coolness of Major Williams and his force that enabled us to make a safe withdrawal to Noklak, without losing a man and after inflicting losses on the enemy, whose ground and cover enabled to charge to within 50 yards before they were stopped.

That evening Chingmei and Noklak made peace, Noklak being no longer in any doubt as to the safer side of the fence. I also fined Noklak for their previous hostility. Ponyo, who may have sent a contingent to help Pangsha, also came to see me. I sent word through them to Pangsha that if they would come and talk to me at Chingmei their envoys would be safe. This they did two days later. They admitted defeat and promised to stop slave-raiding and to return the remaining slave. All three villages swore an oath of friendship and were sent home with presents of salt. Pangsha kept their word and the slave girl was sent for and brought to our camp at Chentang on December 7th and is now safe with her parents.

Ponyo produced a young Chang at my request. He is now a freedman, married in Ponyo and ignorant of a single word of Chang. He is perfectly happy and has no wish to return to Chang relations whom he cannot remember. I, therefore, sent him back to Ponyo at his own request, with an assurance from Ponyo that he is perfectly free to leave the village if he should ever desire to do so. The next task was to deal with Nokhu. We arrived at Panso on December 3rd and were given a great welcome as the conquerors of their sworn foes Pangsha. I got in touch with Nokhu, and representatives of every "morung" came to see me. They confirmed, what I had already heard, that of the three slaves they captured one died, and two were returned to their relations as soon as news came that a column had really started. Enquiries left me no reason to doubt the truth of their statement and it can be accepted. Nokhu said they had no wish to suffer the fate of Pangsha and asked to be regarded as friends.

While at Panso I heard of yet another slave, a child captured by Sanglao from an unknown village called Phang, somewhere on the Assam side of the Patkoi to the South. A Naga messenger from Panso takes a whole day to get there and a whole day to get back. A column from Panso could not have dealt with the village earlier than on the 3rd day. There are no local supplies at all, as no rice is grown, and with the rations we had it was impossible to undertake such a further unexpected extension of our tour. I, therefore, tried to negotiate with Sanglao. This I was able to do indirectly, though not directly, since no messenger from Sanglao ever got beyond the huge rabbit warren of Panso village and had always left by the time we heard he had arrived. The village sent in daos as a sign of friendship and has promised to try and get the child from his owner. Chingmak of Chingmei will continue to emphasise the seriousness of the message I sent that a column would certainly go out and destroy Sanglao if the slave is not handed over. From Panso we returned via Chentang and Tuensang to Mokokchung, arriving there on December 13th.

Summary of results.

- (I) All the slaves captured by Yimpang and Pangsha for the recovery of whom the expedition was originally sanctioned have been rescued and restored to relations or friends.
- (II) Steps are being taken to recover the slave held by Sanglao, of whom information was only received when the column was about to return.
- (III) A hitherto unknown Chang slave now at Ponyo was brought in by that village. I satisfied myself that he is free and perfectly happy.
- (IV) By the punishment of Pangsha a reign of terror over a wide area has been ended, at any rate for some time, and possibly permanently."

Mr. Kuladhar Chaliha : Was that expenditure met from the Central Government or the Provincial Government ?

Lieut. Colonel A. E. B. Parsons : I am afraid I must ask for notice of that question. I cannot answer offhand.

Mr. S. Satyamurti : Is this tribal area part of British India, or outside British India ?

Lieut. Colonel A. E. B. Parsons : I am not certain whether this one is in British India or not.

Mr. S. Satyamurti : Will the Foreign Secretary examine this question, with a view to carrying out our word of honour that slavery shall not prevail in British India ?

Lieut. Colonel A. E. B. Parsons : Or I think in India. I think we try to prevent it prevailing anywhere in India, not only in British India.

**WORK DONE IN THE PROVINCES ON BEHALF OF THE GOVERNMENT OF INDIA
BY THE CRIMINAL INTELLIGENCE DEPARTMENT.**

315. ***Mr. S. Satyamurti :** Will the Honourable the Home Member be pleased to state :

- (a) whether any work is being done in the Provinces on behalf of the Government of India by the Criminal Intelligence Department either of the Government of India or of the Provinces ;
- (b) if so, the reasons for and the nature of such work ; and
- (c) whether such work is done through Provincial Governments or over their heads and without their knowledge, and if so, why ?

Mr. J. A. Thorne : (a), (b) and (c). The Government of India have no control over the Criminal Investigation Departments of the Provinces.

The Government of India employ seven Central Intelligence Officers in the Provinces. The object of their employment is to assist in the collection and co-ordination of intelligence regarding matters which go beyond the boundaries of any particular Province and which are of inter-provincial or all-India concern.

Though employed by the Central Government, these officers are instructed to assist the Provincial organisations in every way possible.

Mr. S. Satyamurti : May I know, with regard to the work of these seven officers employed by the Government of India, whether they have any departmental staff attached to them, or they work only through the Provincial Criminal Investigation Departments ?

Mr. J. A. Thorne : They have a very small staff, and they do not work through the agency of the Provincial Governments.

Mr. S. Satyamurti : May I know, Sir, if the main activities of these officers are non-political, that is to say, dealing with crimes, which cannot be described generally by the term political, or whether they concentrate on pursuing the activities of people whom they consider political suspects ?

Mr. J. A. Thorne : I think, Sir, the field of their activities may be described as the whole field.

Mr. S. Satyamurti : Do they work under the supervision of the Home Department ?

Mr. J. A. Thorne : Indirectly, yes.

Mr. S. Satyamurti : May I know whether, apart from the work of these seven officers done through their own department, there is no work done by the Provincial Criminal Investigation Department at the instance of or for the Government of India ?

Mr. J. A. Thorne : That is a rather difficult question to answer. There is certainly none done except with the consent of the Provincial Governments.

Mr. S. Satyamurti : May I take it that the answer to clause (c) of my question, therefore, is that all such work, as is done, is done through the Provincial Governments and with their knowledge ?

Mr. J. A. Thorne : All such work as is done by the Provincial Criminal Investigation Department, yes.

Mr. S. Satyamurti : May I take it that these seven officers make no reference at all to the Provincial Governments in their work ?

Mr. J. A. Thorne : Well, Sir, they are not officially attached to or subordinate to the Provincial Governments, but obviously it is in the interests both of our officers and of the Provincial Governments that they should maintain a certain amount of contact.

Mr. S. Satyamurti : Will the Government of India consult the Provincial Governments if, after the 1st April, 1937, there is necessity or desirability of continuing this work on the part of these seven officers ?

Mr. J. A. Thorne : No, Sir.

Mr. K. Santhanam : Do they correspond with the Provincial Governments or with the Secretary to the Governor ?

Mr. J. A. Thorne : I think they correspond with the Provincial Governments if at all, but I should like to have notice.

Mr. Mohan Lal Saksena : May I know if *dak* of persons is being censored under their instructions ?

Mr. J. A. Thorne : That is an entirely different question. I must have notice of that.

REPORT OF A COMMITTEE ON THE CONDITIONS OF SERVICE FOR BRITISH SOLDIERS IN INDIA.

316. ***Mr. S. Satyamurti :** Will the Defence Secretary be pleased to state :

- (a) whether Government are aware of the conclusions reported in the newspapers of a Committee composed of Mr. Amery, Lord Lloyd, Lord Milner and Sir Philip Chetwood, recommending vital changes in the conditions of service for British soldiers in India ;

- (b) whether the Indian Army Authorities were consulted in this matter at any time ;
- (c) what the contents of this report are ;
- (d) whether these recommendations will mean extra cost to the Indian Exchequer ; if so, how much ;
- (e) whether Government have addressed or propose to address His Majesty's Government and the War Office in this matter ; and
- (f) whether Government will make a statement on the floor of the House on the genesis of the Committee, its status and its terms of reference ?

Mr. C. M. G. Ogilvie : (a) No. Government have no official information of the conclusions arrived at by this private body.

(b) No.

(c), (d), (e) and (f). Do not arise.

Mr. S. Satyamurti : Since the question was received and the answer framed by the Government, and since they must have read the report of the meetings and the recommendations of this Committee, have Government taken any steps to ascertain from authoritative sources the conclusions of this Committee ?

Mr. C. M. G. Ogilvie : No, Sir.

Mr. S. Satyamurti : Will Government, in view of the importance of the personnel of the Committee consisting as it does, *inter alia*, of an *ex-Commander-in-Chief* of the forces in India, take steps to find out from authoritative sources the conclusions of this Committee ?

Mr. C. M. G. Ogilvie : Government will await an official communication on the subject. If one is sent, their full attention will be paid to it.

Mr. S. Satyamurti : May I know, Sir, if in the normal course of things Government expect an official communication on this subject from the War Office in England ?

Mr. C. M. G. Ogilvie : I am entirely unable to say.

Mr. S. Satyamurti : May I know whether, in view of the possible effect on the cost of defence forces in this country, if these recommendations be accepted, Government will take steps to find out themselves or by writing to the Chairman, as to whether these recommendations have been made ?

Mr. C. M. G. Ogilvie : The question seems to be a hypothetical one. Government cannot say offhand what action, if any, they will take on recommendations of any private Committee which may be established.

Mr. S. Satyamurti : Will Government take steps to see that no recommendations are accepted which will adversely affect our finances and therefore anticipate such recommendations by writing and finding out the recommendations of an influential committee like this ?

Mr. C. M. G. Ogilvie : I cannot possibly give an answer to that.

Mr. S. Satyamurti : May I know the reasons why Government refuse to take action ?

Mr. C. M. G. Ogilvie : There seems to be no reason for them to take it.

MILITARY MANŒUVRES OR ARTILLERY PRACTICE NEAR VILLAGE BABINA IN JHANSI DISTRICT.

317. Mr. Sri Prakasa : (a) Will the Defence Secretary state when any military manœuvres or artillery practice last took place near the village Babina in the district of Jhansi in the United Provinces ? How long did these last ?

(b) On what scale was compensation, if any, paid to the inhabitants for evacuation or damage to crops, cattle, etc. ?

(c) Is it a fact that a live bomb happened to be left in the field and that the same exploded on or about the 11th August, 1937, killing one person and inflicting dangerous injuries on another ?

(d) Have Government made any inquiries into the incidents, and what, if any, compensation has been or is intended to be paid to the family of the dead person ?

(e) What action, if any, do Government intend to take against persons responsible for carelessly leaving a bomb behind ?

(f) What is the present condition of the other man who was injured ?

Mr. C. M. G. Ogilvie : (a) to (f). I refer the Honourable Member to the reply I gave on the 1st September, 1937, to Mr. Mohan Lal Saksena's starred question No. 258 on the same subject. The report has not yet been received from the local authorities, who have been reminded.

Mr. Mohan Lal Saksena : Will the Honourable Member please read that answer ?

Mr. C. M. G. Ogilvie : The answer was an *interim* reply.

Mr. Mohan Lal Saksena : I may inform the House that question was not reached, and I would like the Honourable Member to read that answer.

Mr. President (The Honourable Sir Abdur Rahim) : The answer has been laid on the table.

Mr. Mohan Lal Saksena : It has not yet been published.....

Mr. President (The Honourable Sir Abdur Rahim) : It is open to the Honourable Member to look at the answer.

Mr. Mohan Lal Saksena : This question has been put by another Honourable Member. He has not received the copies of the proceedings. I therefore ask the Honourable Member to kindly read that answer.

Mr. President (The Honourable Sir Abdur Rahim) : It is already there.

Mr. Sri Prakasa : Is it a fact that Jagat Singh (Thakur) and Sobatia (Chamar) were blown up by the bursting of this bomb when they were carrying on agricultural operations after these artillery practices were over, and that bits of the flesh of Sobatia Chamar were found hanging on the neighbouring trees ?

Mr. C. M. G. Ogilvie : I can add nothing whatever to what I have said already, until I get a report.

Mr. Sri Prakasa : How long does the Honourable Member expect to wait, and when does he expect to get it ?

Mr. C. M. G. Ogilvie : I intend to wait until the report is received. As to when it will be received I cannot say, but every step that we can take to ensure a speedy answer will be taken.

Mr. Sri Prakasa : In view of the fact that two valuable lives have been lost—and the lives of our tenants are valuable to us, whatever the Honourable Member may think of them—will Government take steps to get answers immediately by telegram ?

Mr. President (The Honourable Sir Abdur Rahim) : I think he said so.

Mr. Sri Prakasa : In view of the fact that, though a non-official, I have full information in my possession, I am surprised that the Government cannot get the required information quickly. After all, Babina is only about 14 miles from the headquarters of Jhansi.

Mr. President (The Honourable Sir Abdur Rahim) : The Honourable Member has said that he would get the answer as soon as possible.

Mr. Abdul Qaiyum : Would the Honourable Member have taken the same amount of time to get the information if the lives concerned had been British ?

Mr. President (The Honourable Sir Abdur Rahim) : Order, order.

QUALIFICATIONS AND SOCIAL STATUS OF PRISONERS IN THE ANDAMANS.

318. ***Mr. Mohan Lal Saksena :** (a) Will the Honourable the Home Member lay a statement on the table giving the educational qualifications and social status of the prisoners confined in the Andamans ?

(b) How many of them, if any, have gained in weight since their arrival in the Andamans ?

(c) How many of them are under-weight for their respective heights and what are the reasons therefor ?

Mr. J. A. Thorne : On the assumption that the question refers to prisoners confined in the Cellular Jail I would refer the Honourable Member to the reply given to his question No. 386 on the 15th September, 1936.

Mr. Mohan Lal Saksena : What about answers to (b) and (c) ?

Mr. J. A. Thorne : My answer to all parts is the same.

Maulana Zafar Ali Khan : I should like to know, Sir, whether any prisoner has died out of those who have been hunger striking ?

Mr. J. A. Thorne : No, Sir.

TRAINING IN RURAL DEVELOPMENT, VILLAGE HYGIENE AND SANITATION TO INDIAN SOLDIERS.

319. ***Mr. Mohan Lal Saksena :** (a) Will the Honourable the Defence Secretary be pleased to state if any steps have been taken to give instructions and training to Indian soldiers in rural development and village hygiene and sanitation ? If so, what, and what progress has been made ?

(b) How many soldiers are under such training, and what is the period of the training ?

Mr. C. M. G. Ogilvie : (a) I refer the Honourable Member to the reply I gave on the 24th August, 1937, to Mr. M. Asaf Ali's starred question No. 62 on the same subject.

(b) All soldiers undergo this training throughout their active service.

Mr. Mohan Lal Saksena : Are they given any opportunity for practical training ?

Mr. C. M. G. Ogilvie : I refer the Honourable Member to the answer I gave to Mr. Asaf Ali's question.

Mr. Sham Lal : I have been authorised by Sardar Mangal Singh to put this question, Sir.

ERECTION OF AN ABATTOIR IN THE LAHORE CANTONMENT.

320. ***Mr. Sham Lal** (on behalf of Sardar Mangal Singh) : Will the Honourable the Defence Secretary please state :

(a) when the orders for the erection of an *abattoir* at the Lahore Cantonment were passed ;

(b) whether Government are aware of the widespread public agitation in the Punjab against the erection of this slaughter house ; and

(c) whether Government are prepared to reconsider their decision and abandon the proposal of the construction of this slaughter house ?

Mr. C. M. G. Ogilvie : (a) May, 1937.

(b) Yes.

(c) A full statement of the facts, which, it is hoped, will remove the many misapprehensions which appear to exist, has been issued to the Press.

Maulana Zafar Ali Khan : Is the Honourable Member aware that the public agitation set up against the proposed abattoir in the Lahore Cantonment is spurious having no economic sanction behind it and it is started by certain interested people who want to exploit the quasi-religious sentiments of the Hindu and Sikh masses with the one object of discrediting the Punjab Ministry ?

Mr. C. M. G. Ogilvie : I am afraid I am not prepared to give an answer to that off hand.

Mr. Lalchand Navalrai : May I know, Sir, if the construction of the abattoir has been suspended ?

Mr. C. M. G. Ogilvie : The construction of the Abattoir has not been suspended, but it has ceased owing to a strike of workmen.

Mr. Sham Lal : Has the Punjab Ministry recommended that the construction of this abattoir should be stopped ?

Mr. C. M. G. Ogilvie : I am not aware.

Mr. Sham Lal : What is the final decision of the Government of India ? Have the Government of India come to a decision whether it should be stopped or it should be continued ?

Mr. C. M. G. Ogilvie : The Government of India have come to no final decision in the matter yet.

Mr. Sri Prakasa : Have the animals who are going to be killed also struck ? (Laughter.)

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

STUDENTS OF LAHORE COLLEGES WHO WENT TO AFGHANISTAN.

321. ***Syed Ghulam Bhik Nairang :** (a) Will the Honourable the Home Member be pleased to state whether it is a fact that in 1915 some students of the Lahore Colleges left their colleges, crossed the Frontier, and lived for some time in Afghanistan, some of them having since returned to India, and some still living in foreign countries ?

(b) Will the Honourable the Home Member be pleased further to state :

(i) whether any action was taken by Government against such students referred to in part (a) above as have returned to India ;

(ii) the names of such students referred to in the said part as have not so far returned to India ; and

(iii) the names of such students mentioned in the said part as have taken part in any activities prejudicial to the interests of the British Government in India or elsewhere ?

(c) Are Government prepared to grant amnesty on suitable terms, generally or individually, to the students referred to in parts (a) and (b) ?

Mr. J. A. Thorne : (a) I am afraid the information at my disposal is extremely meagre. About 13 students left India in 1915 in the circumstances mentioned by the Honourable Member. Three subsequently returned, but Government have no information whether others have returned or whether there are some living abroad.

(b) (i). Of the three who to Government's knowledge returned, one was restricted for a period and one was prosecuted and acquitted on appeal. No action was taken against the third.

(ii) and (iii). I have no information regarding the subsequent activities of these persons.

(c) I have no information regarding the offences for which an amnesty could be desired nor am I aware that any of these persons is within the jurisdiction of the Central Government.

INCREASE IN THE STAFF OF THE HOME DEPARTMENT.

322. ***Mr. T. S. Avinashilingam Chettiar** : Will the Honourable the Home Member state :

- (a) whether the staff in the Home Department has been increased ;
- (b) if so, the extent of the increase in the personnel as well as the cost ; and
- (c) the reasons for this increase of staff ?

Mr. B. F. Mudie : (a) The number of higher grade officers in the Home Department has been seven since the 1st April, 1935, except for seven months in 1936 and one month in 1937 when it was six. There have been small fluctuations from time to time in the strength of the ministerial staff. Certain posts which had been temporary since 1930 and 1934 were made permanent from the 1st March, 1937.

(b) and (c). Do not arise.

Mr. T. S. Avinashilingam Chettiar : May I know whether the staff in the Home Department has been increased from the 1st April last ?

Mr. B. F. Mudie : No.

Mr. T. S. Avinashilingam Chettiar : In view of the fact that many of the subjects belonging to the Home Department have under the new Act gone to the provinces, may I know whether there has been any reduction in the staff of the Home Department ?

Mr. President (The Honourable Sir Abdur Rahim) : You asked first whether there has been an increase, and now you are asking whether there is a reduction ?

Mr. T. S. Avinashilingam Chettiar : There is reason for that.

Mr. S. Satyamurti : May I know whether Government have examined or will examine the effect on the adequacy or otherwise of the staff of the Home Department, in view of the complete transfer of law and order under the Government of India Act, 1935, under which the Government of India have ceased to be responsible for law and order in the provinces ?

Mr. B. F. Mudie : My Honourable friend, Mr. Thorne, answered that question the other day.

INCREASE IN THE ALLOWANCES AND PAY OF BRITISH SOLDIERS.

323. ***Mr. T. S. Avinashilingam Chettiar** : Will the Defence Secretary state :

- (a) whether the allowances and pay of the British soldiers have been increased within recent years ;

- (b) if so, in what items and from when ;
- (c) the reasons for the increase ; and
- (d) the total financial effect of this increase in allowances and pay ?

Mr. C. M. G. Ogilvie : (a) There has been an increase in the allowances but not in the pay of the British soldier in India within recent years ;

(b) The increase in allowances falls under three heads :

- (i) An additional messing allowance of anna one per soldier per day sanctioned from the 1st April, 1937 ;
- (ii) A separation allowance sanctioned from the 1st of May, 1937 ;
- (iii) Certain changes concerning the kits of British soldiers.

As regards the third item, I refer the Honourable Member to the answer I gave to starred question No. 58 on the 24th of August.

(c) To conform to conditions under which the British soldier serves in other parts of the Empire.

(d) The total financial effect of the addition to the messing allowance and of the separation allowance is Rs. 13,60,000 per annum.

Pandit Lakshmi Kanta Maitra : What is this separation allowance ?

Mr. C. M. G. Ogilvie : Separation allowance is an allowance granted when they are separated from their wives and families.

Mr. T. S. Avinashilingam Chettiar : May I know what is the financial effect of the increase in the third item ?

Mr. C. M. G. Ogilvie : I must refer the Honourable Member again to my answer to starred question No. 58.

Mr. T. S. Avinashilingam Chettiar : The financial effect was not given there.

Mr. C. M. G. Ogilvie : Their financial effect is not, as far as I am aware, accurately known, but I believe that it will come to something in the vicinity of Rs. 63,000 a year.

Mr. Mohan Lal Saksena : May I know if the separation allowance is also being given to bachelors ? (Laughter.)

Mr. C. M. G. Ogilvie : No.

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

HUNGER-STRIKE BY PRISONERS IN THE ANDAMANS.

324. ***Mr. Kuladhar Chaliha :** (a) Will the Honourable the Home Member be pleased to state whether his attention has been drawn to the Press report that a large number of prisoners in the Andamans have been on hunger-strike since the 24th of July, 1937 ?

(b) Did the prisoners submit any petition stating their grievances to the authorities before going on hunger-strike ?

(c) Will Government be pleased to state the terms of the petition ?

(d) What steps have Government taken to meet their grievances and their demands ?

Mr. J. A. Thorne : I would refer the Honourable Member to the replies which I gave to Mr. Mohan Lal Saksena's short notice questions Nos. 1 to 4 on the 23rd August.

Mr. Mohan Lal Saksena : I may inform the Honourable Member that the short notice question did not come up. I did give notice of a short notice question but it was disallowed.

Mr. President (The Honourable Sir Abdur Rahim) : The question that is being answered is No. 324.

Mr. Kuladhar Chaliha : May I know whether they are going to be repatriated or not, after they have given up the hunger-strike ?

Mr. J. A. Thorne : I have dealt with that question just now.

Mr. Kuladhar Chaliha : May I know whether the remaining seven prisoners have given up their hunger-strike ?

Mr. J. A. Thorne : Not so far as I know.

ALLOWANCES PAID TO SARDARS MUHAMMAD UMAR KHAN AND MUHAMMAD SARWAR KHAN, AFGHAN DETENUS.

325. ***Mr. Kuladhar Chaliha** : (a) Will the Honourable the Home Member be pleased to state whether the Afghan detenus, Sardar Muhammad Umar Khan and Sardar Muhammad Sarwar Khan, have surrendered to the authorities ?

(b) Have Government considered their petition and granted necessary allowances to them ?

Lieut.-Colonel A. E. B. Parsons : The attention of the Honourable Member is invited to my answer to Sardar Mangal Singh's starred question No. 254 on September 1st, 1937.

Mr. Badri Dutt Pande : Do these Princes want to go to Kabul ?

Lieut.-Colonel A. E. B. Parsons : I am afraid, the Honourable Member must ask them. I rather fancy myself that they do not.

Maulana Zafar Ali Khan : May I know whether it is a fact that the authorities have stopped the issue of provisions to the two Sardars, that this drastic step was suddenly taken on the first of this month and that their family and children are practically starving ? If so, may I know why the order was issued ?

Lieut.-Colonel A. E. B. Parsons : Would the Honourable Member explain ? Would he repeat what he said ? What provisions ?

Maulana Zafar Ali Khan : Provisions that were allowed to them.

Lieut.-Colonel A. E. B. Parsons : No alteration has been made in their allowance.

Mr. Sri Prakasa : Is separation allowance given to them ?

Lieut.-Colonel A. E. B. Parsons : I think that they already have sufficient wives with them. (Laughter.)

Mr. Sri Prakasa : What about the wives left behind ?

Mr. Mohan Lal Saksena : I have received a telegram from Mr. Farouki, Barrister-at-Law, Allahabad, saying that provisions of these Princes have been stopped and their children have been starving. I want to know whether it is a fact, and if the Honourable Member has no information about it, will he enquire about it ?

Lieut.-Colonel A. E. B. Parsons : I have already said that it is a lie.

Mr. Kuladhar Chaliha : Are they still given an allowance ?

Lieut.-Colonel A. E. B. Parsons : I have already answered that question.

COST OF PUBLICATION OF THE REPORTS OF THE ROYAL COMMISSION ON PALESTINE BORNE BY THE GOVERNMENT OF INDIA AND SUBSIDY GIVEN TO PALESTINE, ETC.

326. *Maulvi Muhammad Abdul Ghani : Will the Foreign Secretary be pleased to state :

- (a) the cost of publication of the reports of the Peel Commission on Palestine borne by the Government of India ;
- (b) the necessity for such publication in India ;
- (c) the contents of the secret treaty made between the Sharif of Mecca and the British Government during the last European War regarding the establishment of an independent Arab State ;
- (d) the amount of subsidy given by the British Government to Palestine since 1926 ; and
- (e) the contents of the Balfour Declaration to Jews during the last European War ?

Lieut.-Colonel A. E. B. Parsons : (a) Nothing.

(b) The report was obviously one of interest to Indian Muslim opinion.

(c) and (d). Government have no information.

(e) It is published on page 22 of the Royal Commission's Report on Palestine.

Maulana Shaukat Ali : Will the Honourable the Foreign Secretary tell me whether any promises were made to the Arabs in Iraq, Syria and Palestine, asking them to throw in their lot with the allies and treaties were made with Shariff Hussain ?

Lieut.-Colonel A. E. B. Parsons : No. As far as I have seen, the question is a debatable one and Government do not know from whom they can get an authoritative answer.

Maulana Shaukat Ali : Is it not a fact that Sir Henry MacMahon went to discuss terms with Shariff Hussain and he had correspondence with him promising a united Arab Government in Iraq, Syria and Palestine ?

Lieut.-Colonel A. E. B. Parsons : The subject is primarily not the concern of this House or of the Government of India.

Maulana Zafar Ali Khan : Will the Honourable the Foreign Secretary kindly inform the House whether it is a fact that when the Great War broke out the British Government promised to protect and not to interfere in the holy places of Islam ? And is not Jerusalem a holy place of Islam ?

Lieut.-Colonel A. E. B. Parsons : It is a holy place of three religions.

PILGRIMS TO HEDJAZ.

327. ***Maulvi Muhammad Abdul Ghani** : Will the Foreign Secretary be pleased to state :

- (a) the total number of pilgrims to Hedjaz from every part of India ;
- (b) the amount of concession, if any, made to the Hedjaz pilgrims by the various Railway Companies ;
- (c) the personnel of all the Provincial and Central Haj Committees in India ; and
- (d) the number of special trains run on the occasion of the returns of Hedjaz pilgrims from Bombay in 1937 ?

Lieut.-Colonel A. E. B. Parsons : This question concerns the Department of Education, Health and Lands.

Sir Girja Shankar Bajpai : I understand that this question has been included in the list of the 10th instant, and I shall answer it then.

GOVERNMENT POLICY IN RESPECT OF FRONTIER TRIBES.

328. ***Mr. S. Satyamurti** : Will the Foreign Secretary be pleased to state :

- (a) whether the Government of India are contemplating any change in their policy to the tribes beyond the North-West Province ;
- (b) the exact policy which the Government are now pursuing towards these Frontier tribes ; and
- (c) whether Government propose to consult non-official opinion in the Assembly and in the North-West Frontier Province in the Legislature with a view to settling this question on a permanent basis, and if not, why not ?

Lieut.-Colonel A. E. B. Parsons : (a) Government do not contemplate any radical change in their policy.

(b) The policy of Government is to maintain the peace of the border and foster good relations with the tribes in the hope that in time civilisation will spread through the tribal area.

(c) This House has, I think, frequently had opportunity to discuss Frontier policy and Government gives due consideration to its views. Similarly, Frontier officials are constantly in touch with opinion in the North-West Frontier Province. As the Honourable Member will realise, the present moment, when a settlement is being sought, is not a suitable time for public discussion.

Mr. S. Satyamurti : May I know whether Government will consult the new Congress Government in the North-West Frontier Province formed by my esteemed friend, Dr. Khan Sahib, in trying to get an honourable settlement with the tribes ?

Lieut.-Colonel A. E. B. Parsons : I don't know whether the Honourable Member is right in saying that the Congress Government in the North-West Frontier Province has been formed.

Mr. S. Satyamurti : It has been formed today. This is the latest information.

Lieut.-Colonel A. E. B. Parsons : I think the Honourable Member is incorrectly informed.

Mr. S. Satyamurti : With reference to part (c) of the question, may I know whether the Government's policy is to treat these tribal areas as part of British India, or import therein a qualified form of administration, which is neither independent nor that of the settled parts of British India ?

Lieut.-Colonel A. E. B. Parsons : The policy of the Government is to introduce sufficient control into these tribal areas which are part of India and to carry out their responsibility, which, as I said, is of a three-fold character—first to Afghanistan, second to the administered areas, and thirdly to the actual inhabitants of the tribal areas. This three-fold responsibility the Government will carry out.

Mr. S. Satyamurti : May I know what this responsibility to Afghanistan is and whether it was undertaken by the Government of India with the consent of this House, and whether there is any treaty, secret or public, between the Government of Afghanistan and the Government of India ?

Lieut.-Colonel A. E. B. Parsons : Obviously, it would not be with the consent of this House, because the House is not concerned in this matter.

Mr. S. Satyamurti : Will the Government of India take into confidence the people who inhabit these areas, in regard to this question of spreading civilisation among them ?

Lieut.-Colonel A. E. B. Parsons : We have been in touch with these areas and the people who live in them for the last 40 or 50 years and are constantly attempting to devise things for their benefit.

Mr. S. Satyamurti : In view of the poor results so far, will Government try to ascertain public opinion in an open manner with regard to the settlement with these tribes ?

Lieut.-Colonel A. E. B. Parsons : What is meant by public opinion ?

Mr. S. Satyamurti : The opinion of this House.

Lieut.-Colonel A. E. B. Parsons : I would suggest that this House has many Members who come from places so far away from the Frontier that they cannot give a very good opinion on the subject.

Mr. Sri Prakasa : You come from a place farther away. Don't forget that.

Lieut.-Colonel A. E. B. Parsons : I have spent all my life there.

Mr. M. Ghiasuddin : Is the Honourable the Foreign Secretary in order in referring to the Members like this ?

Mr. President (The Honourable Sir Abdur Rahim) : I did not quite follow the Honourable Member. Will he repeat what he said ?

Lieut.-Colonel A. E. B. Parsons : It was not my intention to say anything derogatory of the Members of the House in any way. What I said was that Honourable Members of this House coming from so far away from the Frontier would find it very difficult to form any real opinion on the questions involved.

Mr. President (The Honourable Sir Abdur Rahim) : The Honourable Member himself says that he did not intend to cast any reflection on the Members of this House and I am prepared to accept that.

Mr. S. Satyamurti : Is England nearer the Frontier than Madras ?

Mr. President (The Honourable Sir Abdur Rahim) : The Honourable Member need not answer that.

Mr. Abdul Qaiyum : Will the Government consult the elected Members of the North-West Frontier Province, if it is considered that other Members come from places far away from the Frontier and abide by their advice ?

Lieut.-Colonel A. E. B. Parsons : I can give no promise.

Mr. Abdul Qaiyum : May I know the reason why ?

Lieut.-Colonel A. E. B. Parsons : Because it is not the business of that House either.

Mr. Abdul Qaiyum : May I know how long the Government propose to follow this autocratic line towards the Frontier Province and how long do the Government propose to carry on in this high handed manner by defying public opinion and by openly driving the people to rebellion ?

Mr. President (The Honourable Sir Abdur Rahim) : It is a matter of opinion.

Maulana Zafar Ali Khan : In view of the remarks made by my Honourable friend, Mr. Satyamurti, just now that the newly formed Cabinet in the North-West Frontier Province was a Congress Government, I should like to know definitely whether that Cabinet consists of Congress pure and simple or it is a coalition Government ?

Lieut.-Colonel A. E. B. Parsons : I suggest that that does not arise out of this question.

UNSTARRED QUESTION AND ANSWER.

MOUNTAINEERING EXPEDITIONS TO THE HIMALAYAS.

48. **Mr. Badri Dutt Pande :** (a) Will the Foreign Secretary state how many mountaineering expeditions have gone to the Himalayas since the craze began of conquering certain peaks of the Himalayas, and of which nationality ?

(b) What has been the number of casualties, especially among the poor porters ?

(c) Were all or any of them insured ?

(d) Has any compensation been paid to the families of the porters, who perished in the attempt (i) by the mountaineers or (ii) by the Government, who allowed these expeditions ?

Lieut.-Colonel A. E. B. Parsons : Government regret that in the absence of any indication of the period for which information is required they are unable to furnish a statement of the kind desired by the Honourable Member. Much of the information, moreover, is probably unobtainable.

MOTION FOR ADJOURNMENT.

ERECTION OF AN ABATTOIR IN THE LAHORE CANTONMENT.

Mr. President (The Honourable Sir Abdur Rahim) : I have received notice of a motion for the adjournment of the business of the House from **Sardar Sant Singh** for the purpose of discussing a definite matter of urgent public importance, namely, the unsatisfactory nature of the communiqué issued by the Government of India dealing with the project of the abattoir in the Lahore Cantonment showing a callous disregard of the public opinion. I should like to know when it was decided to construct this abattoir.

Sardar Sant Singh (West Punjab : Sikh) : The construction has been going on for some time. A communiqué was issued only today.

Mr. President (The Honourable Sir Abdur Rahim) : That makes no difference. The construction of this abattoir has been going on for sometime and surely the Honourable Member should have raised the question much earlier. I do not think this could be said a definite matter of urgent public importance within the meaning of the rules. Therefore, I disallow it.

THE INSURANCE BILL.

The Honourable Sir Nripendra Sircar (Law Member) : With your permission, Sir, I desire to explain to the House the position in regard to the Insurance Bill. It was originally considered, I would not use the word agreement, because that gives rise to trouble, that the motion for consideration will occupy three days. That was found impossible, and

today is the fourth day, and we are going on. I understand that there is a very reasonable chance of the matter not being finished today at all. That is my information. I only want to explain to the House the exact position in which we stand now. At the present rate, it looks as if we will be a day and a half behind the time table. Then we have the non-official days. We are under promise to give one day for the Sugar Convention, one day has to be allotted for other urgent matters pertaining to Sir Thomas Stewart and I do not know how long the amendments will take. So far we have received only 686 amendments (Laughter), and I understand that 150 are on their way. At a conservative estimate, they will take 12 days and we shall be going on up to and including the 1st October. If the Bill is passed, we shall have to take it to the Council of State and it will lie in State there for three days. (Laughter.) If a single comma or semi-colon is changed, we shall have to come back here and ask the Assembly to sit till the 11th October. It will be not so inconvenient to the Government as to Members. I know some of my friends on the Opposition are very optimistic and that I am taking a pessimistic view. But this is exactly the position, and I suggest some co-operation on the part of this House, so that they may not be put in a difficulty. The Government themselves are not in a very difficult position. They are not going down till the 21st October, and they can afford to stay here till then. Then, the Durga Pujah holidays begin on the 11th of October, and my friends from Bengal would be the loudest in their clamour and will complain of the ruthless repression by the Government in making them give up the Pujah holidays.

Mr. Bhulabhai J. Desai (Bombay Northern Division : Non-Muhammadan Rural) : May I suggest this, Sir ? Though pessimism or optimism is a matter of the state of mind, we still feel this that, having regard to the number of names which have been given, if the Chair gives longer time this afternoon after 5 o'clock, it might still be possible to finish the general discussion today. If we sit sufficiently late after 5 o'clock, I think the general discussion will be finished.

Mr. President (The Honourable Sir Abdur Rahim) : I have been naturally watching the debate during the discussion of the Insurance Bill for three days, and I think three days should have been more than ample for a Bill of this character, which is more or less a technical subject. I do not think it can be said that sufficient light has not been thrown on the Bill under discussion. It ought to be borne in mind that there is a large number of amendments to every clause of the Bill, and that will entail the discussion of the Bill itself clause by clause. There has been already a good deal of repetition, and I do think that the House ought to spare itself the trouble of listening to endless repetition. The Chair is always prepared to sit late if it be necessary to conclude any urgent business, but in a case like this I certainly refuse to sit later than the usual time. It is no concern of the Chair how long the Honourable Members take in finishing this Bill, and the Chair will go on sitting as many days as it is necessary. I may also inform the House that already 19 Honourable Members have spoken, and I have got a list of other Members who desire to speak.

Dr. G. V. Deshmukh (Bombay City : Non-Muhammadan Urban) : **Mr. President**, it is a mere truism to state in this House that the whole of this insurance business is for the policy holders and that the interests

[Dr. G. V. Deshmukh.]

of the policy holders should be paramount. But if you see the way in which the insurance business is carried on at the present time, it seems to me that one may safely say that the policy holders are divided into two categories—the policy holders who are living and the policy holders who are dead. Whenever the interests of the living policy holders come up, the whole question is looked at from the point of view of the dead policy holders ; and whenever the interests of the dead policy holders come up, then the question is looked at from the point of view of the living policy holders. The result is that neither of them gets a square deal.

Now, Sir, I think that the Mover of this Bill and the Select Committee deserve the thanks of the insuring public for replacing this disorder and making the business run on normal lines. The insuring public has reason to be particularly grateful for the inclusion of three provisions contained in clauses 42, 41 and 39, by which representation is given to the policy holders on the Board of Directors and the money, after the death of the insured, is to be deposited in the court and the Company is not allowed to challenge an insurance policy after the premia of two years have been paid on any technical frivolous ground of mis-statement or otherwise. I am personally quite satisfied with the drafting of that clause because due provision has been made against fraud.

I think the ideal picture that was drawn by my Honourable friend, Mr. Sen, the other day, will not in any way be impaired but, in my opinion, the lines of this picture will be made more definite if the House accepts some of the suggestions that I am going to make. And, since I am never in the habit of taking more time of the House than I can help, I will enumerate the suggestions that I am going to make. My first suggestion is, that the terms of the life policy should be printed in the vernacular language of the Province in which the policy holder lives. My second suggestion is, that of all the statements which are issued, the most important statement is the statement of the policy holder and I submit, that a photographic copy of the policy holder's statement should be supplied to him by the Insurance Company. This system is followed in all the civilised and educated countries and there is no reason why it should not be followed in this country. I know an objection is likely to be raised on the ground of expense. But if such an objection is raised, it will be ridiculous seeing the way in which the insurance companies pay to their commission agents who get as much as 125 per cent. Besides, I do not think a photographic copy of the statement will cost more than eight annas or a rupee. The House knows what a conciliatory nature I have and I am perfectly willing, if the company finds it very difficult to pay this amount, after paying their commission agents such an enormous amount, that this copy might be supplied at the expense of the insured at a sum not exceeding Rs. 2. Now, the third suggestion that I wish to make is this. After the payment of two premia, no policy should lapse. I might have even suggested that a policy should not lapse even after the payment of the first premium. But I want to look at the other side as well. We all know that it is inevitable, circumstanced as we are, that in the first year of insurance a good deal of the premium that is paid by the insured is spent away or wasted away. For, after all, the company does not make very much out of the first year's premium. But the case is entirely different when the second

year's premium is paid. As the House is aware, even now, after the payment of three years' premia, the policy does not lapse and there is some return for the policy in the way of surrender value, or paid up policy, or the automatic non-forfeiture clause. I do not see why the same provisions should not be put in after the payment of two premia. Because although in the first year, the company may not get any advantage out of the first premium, as I mentioned before, the case is different with respect to the second premium, because after all for renewal premium, the commission which the company will pay will be about five per cent. or $2\frac{1}{2}$ per cent. I do not see why the policy-holders policy should lapse for the simple reason that he is unable to pay afterwards. I know the surrender value is very little. I do not want to go into the technicalities at the present time, but I think it should be laid down by law that after the payment of two premia, the policy should not lapse. As to what arrangement the company will make, that is their concern.

The fourth suggestion is this. After all in this Bill there is provision for a good deal of control from every point of view, control of the super-intendent and control of the insurance agents and so on. What I would like to suggest is that the medical examination by these companies should be entrusted to qualified medical men who are on the provincial register. This is my fourth suggestion.

Coming to the argument in favour of the suggestions I have made to the House, let me say, in respect of my first suggestion, that my country alternately grows rich and poor, learned and illiterate as it suits the other side. But the fact is that illiteracy is very common here and, therefore, it seems to be ridiculous whether they are Indian companies or foreign companies, whether they insure in Madras or whether they insure in the Punjab, the same policy the terms of which are written in English should be supplied to the policy holders. It is not always that only literate persons or learned persons insure....

The Honourable Sir Nripendra Sircar : If it will shorten the matter in any way, I may inform my Honourable friend that I am willing to accept his suggestions Nos. 1 and 2, but I shall strenuously oppose his third and fourth suggestions.

Dr. G. V. Deshmukh : The Law Member has accepted the first two of my suggestions. I will now take up the third, and that is the question of lapsing of policies after the payment of two premia. I may draw the attention of the House to the fact that there are some companies, who, even today, in India, do not allow the policies to lapse at the end of two years. Now, Sir, if one good company can do it, I do not really see why other companies should not be made to do it in the interests of the policy-holders. The Honourable the Law Member himself will not deny that after the payment of three years' premia, the policy is not allowed to lapse. Therefore, what happens at the end of three years should be made applicable at the end of two years, especially as there are certain companies who are doing it at the present moment. I may point out to the Honourable the Law Member that I had occasion to consult some of the Bombay's big drams, many of whom you see at the present time in Simla, and I have no doubt that they have come here in such large numbers entirely in the interest of the policy holders. I have the honour to have as my constituency, as my voters some of them, and I hope the

[Dr. G. V. Deshmukh.]

House will not be surprised if I tell them that I had occasion to discuss this clause 3, non-lapse after the payment of two premia and almost all of them agreed that it is not an unreasonable clause.

The Honourable Sir Nripendra Sircar : If the policy does not lapse after three years, it is not by reason of the statute, but by reason of an agreement. His kind friends from Bombay might as well put in a clause in the policy that it will not lapse after two years.

Dr. G. V. Deshmukh : In this country if you want to safeguard the interest of a majority of the public, it must be by law and there is no reason why there should not be a law laying down that no company shall allow a policy to lapse after the payment of two years' premium. I hope that in spite of the mind of the Law Member the House will induce him to accept this suggestion.

Dr. Ziauddin Ahmad (United Provinces Southern Divisions : Muhammadan Rural) : Will the Honourable Member agree to it that the surrender value of the policy at the end of first year, second year, third year, fourth year and so on should be printed either at the back of the policy or should be published in the prospectus just as the surrender value of Postal Cash Certificates is mentioned at the back of the certificate ?

Dr. G. V. Deshmukh : It might interest my Honourable friend to know that I have given an amendment to this effect in which I have said that the surrender value of the policy should be mentioned on the policy, the terms of which should be in the vernacular of the Province and the surrender value should be mentioned from year to year until the date of the maturity of the policy.

Therefore, I think, the suggestion that I have made with regard to the non-lapsing of policy, after payment of the second year's premium, is a very reasonable one and in view of the fact that even the Bombay big drums have accepted it, I hope the Honourable the Law Member will accept this suggestion.

I come now to the fourth suggestion and that is that the insured should be examined by a qualified medical practitioner who is on the provincial register. The reason for this is this. After all, you are controlling the insurance business. Your Insurance Bill is going to be a legal document and since there is already a legal agency in the medical line, there is no reason why you should not use it. Of course, I do not want to make any difference and say that the parties should be examined only by a highly qualified medical man such as an M.D. or M.B.B.S. and not by L.M.P.s., etc. My idea is that when you have an agency to examine these parties, you can control....

The Honourable Sir Nripendra Sircar : Why ?

Dr. G. V. Deshmukh : For this reason, that just as every insurance company which is insuring life is not honest or just as every insured who goes to an insurance company is not a rogue, similarly every medical man who is examining cases is not—I am prepared to say—certainly a thoroughly honest medical practitioner....

Mr. President (The Honourable Sir Abdur Rahim) : The Honourable Member need not carry on conversation with any one.

Dr. G. V. Deshmukh : This is the general view of the medical profession now. What I am submitting to the House is, that there should be control over the agency for the examination of parties, and if you have this register of medical practitioners, it does not matter to me, whether they are hospital assistants or L.R.C.P. or M.D. or M.B.B.S., in case they have got the legal status to give medical report, then in that case you have some control over them and you can come down upon them if they misbehave and you can get their names struck off the register. There are certain penalties which are attached to it and, therefore, since this agency already exists, I request the Honourable the Law Member to accept this suggestion of mine, if legally it does not raise any difficulty. I have mentioned the fact of the big business agreeing to my suggestions as a ground for showing how reasonable and modest my suggestions are with reference to this Insurance Bill. It certainly was not a plea to prevent the Honourable the Law Member to collect the scalps of these companies to his heart's content. Indeed I have no hesitation in declaring that I do not mind adding my surgical scalpel to his tomahawk in collecting the scalps of the Managing Agents provided it is done in surgical fashion according to the twentieth century methods. These suggestions, Sir, that I have made will make this insurance business more safe and more certain and, what is still more important, it will remove the mistrust that undoubtedly exists at the present time between the insurance company and the insured. What is more, in these days of poverty in India when we have grown dry so far as our gold reserves are concerned,—and if we have not grown dry it is certainly not the fault of the authority who is responsible for the drain,—it is very necessary that these habits of thrift should be taught to our poorer people. It might have been in the olden days that we hoarded our gold and, therefore, in the rainy days we could fall back upon the store we had. But, as is well known, it is the poorer and the middle classes who have to be taught the habits of thrift and by removing the mistrust by accepting these measures,—mistrust between the insured and the insurers,—I am sure habits of thrift will be encouraged. It will be good for the party which insures and it will also be good for the business itself. Sir, I wish this Bill every success.

Sir H. P. Mody (Bombay Millowners' Association : Indian Commerce) : Sir, if I am intervening in the general discussion it is not because I have any new light to throw upon the subject but merely in order to indulge in a few general reflections which have been roused in me by the discussion which has already taken place. At the outset, I want to say that my Honourable friend, the Law Member, is a very fortunate individual. Every time he sets about cutting the throat of somebody, he somehow or other manages to draw the thanks and plaudits of the victim. (Laughter.) Assisted by his big brother from Bengal, he seems to have evolved a new technique of bloodless surgery which evokes the admiration of his victims ; and all I can say is that both on behalf of myself and of the rest of the House I pray for long life and prosperity to the " Sircar-Sen Society for the Promotion of Penal Legislation ". (Laughter.)

Sir, what is the object of the Bill before the House ? I am afraid I have not been able to determine it quite clearly in my own mind. It is

[Sir H. P. Mody.]

easier to find out in whose interest the Bill has not been conceived than to find out in whose interest it *has* been conceived. I presume, our friend, the policy holder, is really the individual on whose behalf it has been framed. So far as that is concerned I am sure we are all in agreement and are prepared to lend our co-operation to the Law Member in the passage of the Bill in such a form that it would protect the interests of the policy holder. But while the interests of the policy holder are paramount and must be regarded so by every right-thinking person, I submit there are other interests which are of no less importance and which ought to be adequately safeguarded now that we are placing this insurance legislation on the Statute-book. I refer to the interests of the Indian insurance companies. Insurance is being regarded in all parts of the world as a matter of vital national concern. The inculcation of the insurance habit is of fundamental importance to the well-being of the people, and it is the business of every advanced Government to promote in every way the interests of soundly established indigenous insurance companies. From that point of view I submit that the Indian insurance companies ought to command the sympathy of my friends on the Government Benches. I am not one of those who suggest driving out the foreign interest in any shape or form. I have a rooted objection to expropriation, whether it is expropriation of the foreigner who has created interest in this country, or of the Managing Agent or of any other individual.

Mr. S. Satyamurti (Madras City : Non-Muhammadan Urban) : What a cosmopolitan you are !

Sir H. P. Mody : I am consistent.

Mr. S. Satyamurti : Yes, consistently hostile to your country !

Sir H. P. Mody : I would object to some of my friends wanting to drive out the foreigner as I would object to some of my friends here wanting to drive out the Managing Agent. I say, Sir, that the Indian insurance companies have, in the face of very great difficulties, done considerable service to the country. They have broken what was practically a monopoly of non-Indian interests ; they have performed an even greater service and that is they have made the people insurance-minded. It is these Indian insurance companies who have brought home to the people at large the benefits of insurance on the right lines ; and I say, Sir, that there is no conflict of interests, whatsoever, in preserving a fair field for non-Indian interests and in promoting actively a policy of protection for Indian interests. There cannot be, there is no inherent difficulty in achieving this two-fold object, namely, to pursue an active policy of encouraging Indian interests and, at the same time giving a square deal to the foreigner.

Sir, in the course of the discussion things have been said about big Bombay business. I want to know what is wrong with big Bombay business. At any rate, it is big, it is Bombay and it is business (Laughter) ; and that is what counts. And after all, it is to big Bombay business that the country owes a very deep debt of gratitude for the advance which has been made possible in the commercial and the industrial sphere. And if big Bombay business is behind whatever agi-

tation there might be for the purpose of achieving a greater measure of prosperity for the Indian insurance companies, then the Law Member can take it that everything must be right.

The Honourable Sir Nripendra Sircar : What is my Honourable friend complaining about ? What was said about Bombay business ?

Sir H. P. Mody : Some sneering reference was made. I do not of course attach much importance to it because I understand the Law Member's gentle sarcasm. If the Law Member wants alliteration, I will say that if there is big Bombay business, there is also big Bengal buccaneering ! (Laughter.) We have seen samples of it in the Companies Act, we are seeing samples of it today in the insurance field, and we shall next see it in the banking world. And while I have no particular prejudice against even buccaneering on the part of big Bengal, I certainly must stand by big Bombay business, and I want to assure my Honourable friend that if big Bombay interests take up a particular line it must be for very good reasons.

Sir, I do not wish to say anything more in the course of the general discussion. I know that in spite of his occasionally looking very ferocious and appearing very determined to people who do not know him adequately, my Honourable friend is very sweetly reasonable. (Laughter.)

The Honourable Sir Nripendra Sircar : You better wait. (Laughter.)

Sir H. P. Mody : I am going to wait and I challenge him to be unreasonable. (Laughter.) I maintain, in spite of him, that he is sweetly reasonable, and at the end of this Bill I foresee that we shall shower upon him the same measure of congratulations that we showered upon him, in spite of his doing everything to spite us, at the end of the Companies Act. All that I am pleading for today is fair field and no favour ; holding the scales even ; and I am sure that there is an opportunity still left to us to produce an agreed measure, which, while it will not meet with the total acceptance of any particular section, will command the general approval of every interest and of the public at large.

Mr. Husenbhai Abdullabhai Laljee (Bombay Central Division : Muhammadan Rural) : Sir, after the speech that my friend, Sir Hormusji Mody, has made just now, I have very little to say, so far as Bombay business is concerned ; but I must say that the object of this Bill ought to be three-fold : protection of the policy-holder, getting as many policy-holders as are possible in this country, and to aim at an economic policy of this industry in this country in the interests of the people as has been adopted in all advanced countries in the world.

Now, my friend, Dr. Deshmukh, has already pointed out, and so has my friend, Sir Hormusji Mody, that this insurance business has been acknowledged all over the world as one in which the nationals of the country should have a predominant voice and a predominant interest. If you see the Bill that has been produced here, it does give a lot of voice and interest to the people of this country. A definition has been sought to be put on the Indian companies in this Bill. I agree fully with the suggestion that has been made in the Select Committee, and my reasons are that we must now define what is an Indian company. In

[Mr. Husenbhai Abdullabhai Laljee.]

many countries we find that companies are defined as consisting of its nationals only ; but in this definition we have tried to put three-fourths national interests, and one-fourth we have still left open for the interests of those who wish to work in this country. This has been done in order to welcome co-operation although, I believe, that nobody can say that in this vast country we do not need as much protection as those countries demand. Still we are open to have co-operation and those who wish to take advantage and work with us in our interests as well as fairly in their own interests, they ought to become members by having upto one-fourth part in it.

Another point that has been stressed is with regard to this re-insurance—ten per cent. Now, with regard to re-insurance it will be acknowledged by all those who are in the insurance line that there is not a single company in this world which does not re-insure part of its risk. All the important big risks are re-insured ; and to ask one-tenth or ten per cent. of that business means only better co-operation. Let me ask my friends of the European Group whether it is not a fact that a part of almost all the business that they get they are re-insuring and if so why should they not give a part of it—ten per cent. of it—to the nationals of the country. I think in fairness we ought to get much more than that. (Interruption.) My friend asks : "Do the Indian insurance companies re-insure their risks ?" That is a right question. I say the Indian insurance companies, being small, insure sometime upto 90 per cent. of their business in British and foreign Insurance companies—I am speaking of general business.....

Mr. N. M. Joshi (Nominated Non-Official) : That is a mistake.

Mr. Husenbhai Abdullabhai Laljee : It is a mistake, my friend says. Quite right. But we are not in a position at present, in the interests of policyholders, to retain all the business for ourselves. Make us strong : give us capital and it may happen that we will give very little of it to foreign companies. But I do hope that in the insurance line the principle that has been always enunciated and a sound principle is to divide the risk, and divide it as widely as possible in order to be safe ; and, therefore, it is only out of sheer necessity that it will be necessary for every company to effect re-insurance and, therefore, also my friends of the European Group ought to welcome this re-insurance of ten per cent. to the insurance companies. So far as Indian companies are concerned, I say it is a fact, and nobody can deny it, that a great portion of their insurance does go and will go to the British and foreign companies out of sheer necessity. We have been given statistics in which it is pointed out so much of the Indian premium is earned by the Indian companies. But let me inform the House that a lot of that has gone to the re-insurance with the British and foreign companies and I do not see there is anyone who can object to this statement and I hope my friend, Sir Leslie Hudson, will acknowledge this without objection. The other day my friend, Sir Leslie Hudson, said that the people were watching us from overseas. I do not wish to say much at present on the question ; but surely what is left for us to get from overseas, specially the two colonies that he mentioned, Ceylon and East Africa ? I wish he exchanges his position here with those colonies. If not, I wish that argu-

ment was not brought forward. But there is one thing more. All along it has been said that we have got to keep the interests of policyholders first. While that has been said, and rightly too, in so many words, my friend, the Leader of the House, said that the Government of India Act in some instances does not allow us here to do what we want to do. I wish he had not the occasion to say that : because then the spirit will arise among us to say that feelings ought not to be anything but good in business ; and if some force is brought in instead of good feelings then the result is not in the interests of those who want to do business. Business is permanent only if you have the goodwill of the people. It may be that you can carry on for a short time business under some pressure, but invariably, it can never be good and permanent unless you have the good will of the people with whom you deal. I would point out to him that in the interests of the policyholders—and rightly too—he wants that in the board of directors of the company there should be one-fourth policyholders. I hope that when he does that in the case of companies managed by Indians, he will insist and not make any discrimination when foreign companies are concerned, including the United Kingdom, that the policyholders are there. Surely when you insist upon the insurer to have policyholders in the board, although the insurer may be his kith and kin, surely when a foreigner is in charge of your insurance, you will not allow them to have no policyholders in their board, and I would like to see how my friends will manage that. It is only by give and take that they can succeed.

Another question is about section 26 with regard to investments. There again the difficulty will arise—and a great difficulty—that the deposit that is required from foreign companies will have to be earmarked in the interests of the Indian policyholders. He cannot keep it otherwise, because if a foreign company were to come into trouble, all the policyholders all over the world, including India, will have a right over the assets. It is no use our having that money of foreign companies in India unless you earmark it by legislation that it shall be for the interests of the Indian shareholders.....

The Honourable Sir Nripendra Sircar : That has been done.

Mr. Husenbhai Abdullabhai Laljee : I do not know. I shall be very glad if it has been done or will be done. Then again under section 26, you have laid down—and rightly too—that no loans, etc., are to be given to friends, relations and subsidiary companies or their own private business. How are these foreign companies going to be treated ? How are they going to manage it ? Their interests all over the world are much more. There are many companies in America which have their own companies lending money and helping their industries and their own concerns. It should not hold good so far as India is concerned. If they want to do business here, they will have to abide by section 26 with regard to their funds.

Then, again, Sir, it has been laid down that the proceedings of the general meeting of shareholders, so far as Indian companies are concerned, should be submitted to the Superintendent of Insurance. I submit that rule should be made applicable to foreign companies as well. Sir, I do feel that all these sections do require a lot of serious consideration before we can adopt them.

[Mr. Husenbhai Abdullabhai Laljee.]

Then, Sir, with regard to Indian insurance companies, my friend, Sir Homi Mody, has clearly stated that Indian insurance companies, both big and small, have rendered great services to the country, and we do not want only big companies, but also small companies in every district and town. Sir, we have not sufficient concerns to keep our little surplus, and if there are more concerns like insurance companies, this can enable our poor people to keep their little spare wealth by insurance in such concerns which can be useful for their dear and near ones, and, therefore, it is our bounden duty to support the Indian insurance companies in the interest of the people of India. In fact, every advanced country has been doing that, and we shall be failing in our duty if we neglect to fully support both the big and small indigenous insurance companies, and I hope foreign companies will co-operate in a businesslike way.

Then, Sir, it has been suggested that we should limit the commission and rebate, and that we ought to license the brokers and canvassing agents. With regard to life insurance, so far as commission is concerned, there may not be much difference, because the rate is more or less fixed by the actuaries. In spite of that, sometimes, there is some difference in the rates quoted by the various companies, and, therefore, it will not be fair to fix this definitely until suitable arrangement is made for new companies. But in so far as fire and marine insurance is concerned, how are you going to fix it? The rates differ very considerably. In some business 60 per cent. discount is given, in some business 25 per cent. is given, in certain business four annas per cent. is the rate and in certain business one rupee per cent. is the rate. Now, how are you going to lay down what the exact percentage of commission should be. The only thing you can do is you can try and check the expenditure and lay down that it shall not exceed so much in life, so much in fire and so much in marine insurance. But in so far as fire, marine and accidents insurance is concerned, we should think very seriously before we can lay down a definite amount of commission unless and until there is a strong tariff association which alone can lay down for all kind of risks a fixed rate, otherwise we shall not be able to do much in this direction. I can give you an instance, Sir. Today I represent an English, a French and an Italian company, and the terms and the rates of commission of every body is quite different for different kind of business and that is, Sir, also the case with regard to American companies.

The Honourable Sir Nripendra Sircar : Who pays the most commission?

Mr. Husenbhai Abdullabhai Laljee : Those who get more business pay the largest commission. They compete very well indeed, but everybody tries to introduce his own men first under pretext of assistance to look into the business, and after we have developed the business sufficiently, they quietly place their people and take away the agency from us and this is regrettable however this is possible now because we have not got our own Indian companies in sufficient large numbers to whom we could look up to further, thanks to the Colonial Office administration all these questions are now coming up very soon. The difficulty was further enhanced some-time back by the fact that certain banking concerns were not accepting the insurance policies of Indian companies, but now the position is better.

Now, Sir, I do feel that, so far as insurance agents are concerned, I mean canvassers, you ought not to impose any restrictions on them at

all. They have to go to people and canvas business,—they go to A, B or C and say : “ Will you give me business ”, and the company puts down its own terms. The businessman accepts or rejects it. What does the poor agent get ? He gets very little : next to nothing. Thousands of educated young men are now working for insurance companies. Why do you want to restrict them ? What do you gain by laying down this licensing fee ? What do you give them ? You don't give them or entrust them money or business profit. It is the insurance companies who have a responsibility, it is the insured who has a responsibility, and they make a contract as best as they can, and, therefore, why license the canvasser ? I do not know what is the underlying idea of licensing these brokers or agents. It has been laid down that they must be introduced by an insurance company. When we go into details, I am afraid I shall have to point out,—I am not speaking of Chief Agents,—that these agents are asked to sign slavery bonds, and once a company recommends say me or my son, it is not common that the same company may withdraw recommendation if we went to some other company and did business. Why do you want all this ?

Mr. M. A. Jinnah (Bombay City : Muhammadan Urban) : May I ask one question ? Is not in some cases the agents' commission greater than the premia ?

Mr. Husenbhai Abdullabhai Laljee : If the assured wishes to pay the broker, he may, but the commission cannot be more.

Mr. M. A. Jinnah : It is not a question of wish, but is it not a fact ? They do pay many of these agents ?

Mr. Husenbhai Abdullabhai Laljee : There is a difference between the Chief Agents and the ordinary agents. If some people want to give them money, it is their look out, but it is laid down that unless the premium is paid by the insured to the company, the policy would not hold good and, therefore, you ought not to pay to the person the premium who canvasses the business unless you know he is honest. In some cases the insurance companies have declined to accept the assured honest claims on the ground that they have not received the whole of the premium money. Sir, it is an open secret that the commissions which the companies promise to these poor agents and canvassers are not reduced to writing, and if they want to decline a claim, they can easily say : “ We never agreed to this ”. Therefore, we ought to be careful and pay the premium to the company. Although I have got to say much more, I shall not say that at present, because I promised at the beginning that I shall not take more than ten minutes. Anyhow, I thank you, Sir, very much for giving me an opportunity to express my views on this important subject.

Mr. K. S. Gupta (Ganjam cum Vizagapatam : Non-Muhammadan Rural) : Sir, I am entirely for nationalisation of Insurance Companies. I do not want this semi-hemi-demi-type of control. There should be complete State-control. The State should control and exercise as much influence as possible over these concerns to see that the policyholders' interests are adequately safeguarded. At the same time the working structure of the companies will be very much improved. These two must be the prime considerations in this Bill. The other day my friend, Mr. Sen, remarked, that there is no ideal Insurance Company. But I would

[Mr. K. S. Gupta.]

put him this question—is this Bill an ideal one ? Has it not got enough defects. The Bill, as it is, is not a mere mongrel as described by Mr. Badri Dutt Pande, and the more we look into it, the greater the hydra-headed monster we see in it ; it is out to devour everybody who comes in its way. I am sorry. I am not shedding crocodile tears. The Bill seems to commit much havoc to the economic interests of the country. Then there is another thing. You feel shy of discrimination. If one is devoid of discrimination he is not fit to be a human being. He must see what is good and what is not good, so also one must see what is good for one's country and what is not good for one's country. Foreign element should be eliminated from this country, and the sooner it is done the better. A foreign body in the human system is very dangerous, and unless and until it is removed we cannot feel safe. Similarly, in the body politic of the Indian nation the foreign element should be removed and that as soon as possible. If discrimination is resorted to there is a fear that Thorn and Thistles might withdraw themselves from India, the sooner it is done the better.

The other day, my Honourable friend, Sir Leslie Hudson, said, that there was prodigality in the literature that has been supplied. If there is any prodigality at all, it is only in the army expenditure in India, and nothing less and nothing more. In the year 1925 a Bill was prepared. It was then possible that there might be discrimination, but in the year 1935 there cannot be any discrimination since the India Act is hanging like the sword of Damocles on the head of everybody here. It is highly desirable that this discrimination should be carried out to such lengths that the foreign companies will not have a domineering effect on Indian business. These foreign companies are asked to deposit Rs. 2 lakhs as the Indian Companies do. That is not quite sufficient because the amount that they keep here as assets would not be equal to the liabilities of the unpaid policyholders' money. The ' Life fund ' is not kept as a trust property for the benefit of the policyholders. So there is every possibility for the management to mismanage and squander the money as it pleases. Again, policyholders' interests can be safeguarded in this way. In writing of a policy and also in the construction of it, the statements made therein should be treated as representations but not as warranties. If not, it would have very dangerous effects. The policyholder should have a strong voice in the management of the company. There should be at least one-third of the directorate elected by the policyholders. The investments should be in such a safe manner as to make them readily available and convertible into liquid funds. The life fund which is considered to be the security of policyholders must be safeguarded at all costs. This hydra-headed monster of the Bill is going to eat the younger companies with one gulp,—the younger companies are struggling for existence. I do not mean to say that mushroom companies should be allowed to grow, but those younger companies which are really run on sound lines should not be made to suffer. There is maxim " freedom and publicity ". To all outward appearances it is quite well. But it is absolute rubbish to depend upon it because in India people are not so educated as to understand the real significance of this ' freedom and publicity '.

As regards shareholders there should be a limit to their voting strength. Supposing one holds several shares he should not have several votes in the

management of the company. There must be a limit, *i.e.*, not more than ten votes for a shareholder owning more than ten shares. The other day my Honourable friend, Mr. Sen, was giving us figures to show that in certain companies the shareholders got fabulous profits. In such a case I suggest—it may be a novel suggestion and I may be excused if it is not to the taste of my Party—I suggested that a major portion of it or at least a substantial portion of the profits should be given to the Central Revenues so that the same may be spent on the nation-building activities. As regards agents they are field workers. It is their arduous labour that is responsible for the progress of the company and for its good condition, and as such, these agents should not be neglected. No doubt, there should be a license, but they should not lose the emoluments which they earn out of the sweat of their brow and by means of their wit and wisdom, by the mere fancied imaginations of the management. There should be a limitation to the commission also, or else the expense ratio will go up. The employees of insurance companies are another set of people for whom I hold a brief, because there is unemployment rampant. Owing to the present state of unemployment it is exploited by several companies by offering Rs. 15 a month to their clerks. There should be a minimum wage, a living wage even for the worker in the office. There should be certain regulations with regard to these employees. There are Government servants enjoying certain privileges and those privileges may be extended to them also. As for prospects there should be a graded system and the companies should not compel their subordinates to see that a certain quota of the policies is earned by them every year. There should be unions on healthy trade union lines. The other day, it seems that in Lahore some of the companies refused to allow their employees to join an association called the Punjab Insurance and Banking Employees' Association and so the servants of those companies had to resign *en bloc*. This is a very sad state of affairs. Fines are imposed out of all proportion to the salaries. Sometimes people getting Rs. 10 or 15 a month are fined Rs. 3 or 5. There must be a distribution of bonuses to the clerks employed by these companies.

As regards mutual and co-operative societies, it must be recognised that they are on a different footing from that of the proprietor companies because they have no shareholders, and all the profits go to the policyholders who are the sole beneficiaries. There is a tendency in the world for capitalism to run into co-operation and hence such companies should not be made to suffer by treating them in the same way as proprietor companies. Now they are asked to deposit another Rs. 25,000 within three months to make up the initial deposit of Rs. 50,000. According to the Bill another Rs. 25,000 or more have to be secured which is extraordinarily difficult in these days, and, as it cannot be raised by shares, it will have to be got by some means or other to liquidate the debentures or secured loans. In 1925 there was a suggestion that these companies might apply to the Governor General in Council for exemption from these deposits. There are more than 40 mutual life insurance companies and if these are not permitted to live and to exist by demanding heavy deposits thousands of policyholders will be left adrift and all the crocodile tears shed by the sponsors of the Bill will be in vain. Something like 40 companies will go out of existence even according to the Government Actuary and as well as the Registrar of Joint Stock Companies of the United Provinces if such heavy deposits are demanded.

[Mr. K. S. Gupta.]

In conclusion, I would request you to kindly see that the Bill does not affect the interests of anybody called Indian, whether it is a policy-holder, a shareholder, or an agent, or anybody else concerned. Let the unemployment problem also be solved to a great extent by the Bill to the best interests of the nation. Let us remember that India does not exist for the Government but that the Government exists for India.

Rai Bahadur Seth Bhagchand Soni (Ajmer-Merwara : General) : Mr. President, The Insurance Bill, now under consideration before the House, has been materially changed by the Select Committee in several important details, although the main guiding principles with regard to the stricter control and regulation of the Insurance Companies preventing the promotion of the mushroom companies on unsound basis with meagre resources, protecting the interests of the Indian policy holders and preventing unfair and unhealthy competition of foreign companies, have not been altered. One of the important changes made by the Select Committee deals with the very controversial question of Managing Agents.

Sir, it is contended by the sponsors of the Managing Agency system that the Bill entails greater financial responsibilities on the promoters of Insurance companies and it would become very difficult to start new companies if managing agency system is entirely abolished. I am afraid that this argument has little force so far as the life insurance is concerned. When a new company is formed, it will be the duty of the promoters to see if they have ample financial resources and sound experience before they launch any new concern. There are already in existence quite a good number of Insurance companies, who can well meet all the insurance needs of the country and I do not think that the help of the Managing Agents is needed for any such new venture. It is quite a different thing to allow the existing managing agencies to continue for some time more. It cannot be denied that some managing firms have been helpful in extending the business of insurance companies under their management and have given financial help, during periods of difficulties, but I don't think that managing agency for insurance companies and particularly, life insurance companies is most needed today.

The other important change made by the Select Committee is with regard to compulsory deposits under clause 6. This clause has been opposed by the younger companies and they require it to be modified to enable them to pay deposits in smaller instalments. The smaller companies no doubt find it difficult to make initial payments of large amounts. The first few payments should be reduced to such an amount which they can conveniently meet. It is not easy to make a distinction between young and old companies and the Bill does not define them anywhere. It would be better if we call them rich and poor companies. Although this distinction is not happy, some companies have been working with much small paid-up capital and as they were formed long before this Bill was introduced, there is a need for their protection. If the present proposal regarding deposits is persisted in, it would be undue hardship on the companies which are still in infancy. I would suggest that in the case of such companies, payments may be extended over several years and each instalment should be in conformity with their resources.

Sir, it has been observed that some small companies have done very well in the last few years and have been able to secure good business and pile up their insurance funds. But there are other companies which, even though they had a start of several years, have not made any progress in their business. I do not know whether they would profit even by such concessions, if they are unable to improve their affairs. The proposal to allow deposits in approved securities is very welcome as it gives a wider scope to the companies in selection of securities giving better yields in interests. Sir, no one doubts that there is need for protection of policy holders of non-Indian companies. Clause 26 as it stands will have to be modified to make it workable. The provision of licensing of agents has also not found favour with younger companies and a large numbers of field workers. It is considered a hard hardship on the younger companies to be compelled to employ licensed agents as they have to depend very largely on part-time agents. In big cities, it is easier for agents to secure substantial business but in smaller areas and towns they cannot have enough business to maintain themselves solely on this business. If they go out of the field, the smaller companies will surely suffer by shrinkage in business from such sources. It is urged that the time is not yet ripe for licensing of agents in this country. The provision with regard to the restrictions of commission at a fixed percentage was also opposed by the younger companies. The deletion of the clause regarding the fixing of commission by the Select Committee will be very helpful to the young companies.

I am glad to find that the Select Committee has given the right to the policy holders to elect 25 per cent. of the total number of Directors in Insurance companies. This will satisfy the demands of the policy holders and they will now have some hand in the management of the company. The resources of the insurance companies are mainly received from the policy holders and they have a right to see how they are invested and utilised.

Sir, the Honourable the Law Member is to be congratulated for the great labour and pain that he took in producing this important Bill which has aroused such a wide interest in all parties affected by the Bill. It meets the urgent demand of reforming of insurance law. I generally support this and hope to see it passed into law soon.

Mr. Amarendra Nath Chatteropadhyaya (Burdwan Division : Non-Muhammadian Rural) : Being a member connected with the insurance business, it would be wrong on my part if I did not take part in the discussion today, although wiser men who have been connected with bigger companies have had their say. It is evident from the report of the Select Committee that the Government of India have thought it best to extend the scope of the law and to change the structure, lock, stock and barrel and to introduce regulations for supervising the work of insurance. I should never have any objection to the extension of the scope of the law and the regulation of the work of insurance. I have gone into the clauses with great care and I want to ask what was wrong with the Indian insurers which led the Government of India to introduce this Bill and the Select Committee's report ? It is said that this Bill has been introduced to defend or protect the policy holders. Has anybody proved by facts and figures that during these years the Indian insurers have defrauded any policy holders or shareholders ? If anybody has any complaint

[Mr. Amarendra Nath Chattopadhyaya.]

against the insurers, it is the agents who really secure business for the company. But, Sir, I do not find anything encouraging in the Select Committee's report, either for these agents or even for the Chief Agents. On the other hand, I do find something discouraging to them. Really speaking, insurance business in India is of recent growth and if we analyse the achievements of the insurance companies in India, we can say, with some pride, that they have been able, without any support of the Government, to snatch away 73 per cent. of the life business from those who held the monopoly, namely, the foreigners. The older companies, who have perhaps stood for 60 years, 50 years or 40 years, have been able to give dividends to the extent of 100 per cent. or more to the shareholders and also good bonuses to the policy holders. From what the Honourable Mr. Sen has said, I can infer that some companies are tottering on their legs for want of funds and because their capital is not large. I can inform the House that eleven of these companies are of one year, 19 of two years, thirteen of three to four years, four of five years and five of five to six years. It is not yet time for us to sit in judgment on their work. The older companies have paid abnormal dividends and also good bonuses to the policy holders. So far as the achievements of the Indian insurers go, I can say that they are not mean achievements. Mr. Sen had given us the names of two companies, namely, the Angels of the Punjab and one of Bengal with which we are all familiar, the Great Indian Insurance Company, which went into liquidation. Mr. Sen apprehended that another company was soon going into liquidation and 3,500 policy holders were going to suffer. Because 3,000 policy holders out of 29 lakhs of policy holders are going to suffer, is that a case for such a preventive measure which we are going to enact in this Bill? My Honourable friend, Mr. Sen, wants an ideal company and his ideal company is a company which is backed by money. I would draw his attention to the mistaken idea that the backing of money does not make a company ideal. It is the men whose character, whose sincerity and whose patriotism carry weight to bring in policies and whose idealism will make business successful. Sir, there are many rich men who do not possess an ideal character but there are many Indian insurers who have not much money but who have sound principles. In view of all this, I do not know why he should be a party to introduce a law which will hamper the birth of future Insurance Companies and the growth of the present ones who are yet infants. There was a time when provincial backing was necessary. But in course of time we have now found that any company formed anywhere may have a chance, in any part of the country, on account of the Congress movement and, therefore, a company of the Punjab or a company of Bengal may really feel sure that it can succeed in any part of India. Sir, it may be said that there are about 30 companies which are not doing good business simply because they have no money. I would ask the framers of this Bill to let them have a chance to create confidence in our people and I am sure either by means of amalgamation or by getting some capitalist friends, they will overcome the difficulty. I only hope that the Government would go to their help instead of running them down.

While I am speaking about the achievement of our insurance companies during these years, it will not be out of place for me to quote some figures. The premium income in 1920 was 1½ crores and the

life fund 8½ crores. In 1925, the premium income rose to 2½ crores and the life fund to 12½ crores. In 1930, the premium income rose to 4½ crores and the life fund to 20½ crores. In 1935, the premium income rose to 6½ crores and the life fund to 31½ crores. The total life fund in 1936 was 38 crores, of which 28 crores belonged to Indian companies and ten crores to all non-Indian companies. Sir, in recent years only two companies have gone down and according to my Honourable friend, Mr. Sen, out of 251 companies only 29 have failed. Sir, it is an insignificant figure. Mr. Sen has further stated that since the passing of the Act of 1912, insurance companies in general have increased very considerably owing to the growth of insurance in the country. The most notable increase, however, has been in the business of life insurance. From his own statement what can be inferred? The insurance law of 1912 encouraged the birth and growth and pre-supposes further development of insurance business. As a nation, we are just trying to industrialise our country and I am afraid that if any impediments are placed now in the way of the security deposit, our small companies will close. I, therefore, appeal to this House to stand by them and instead of loading them with security deposit, devise some other means to help them and to control them.

I have been warned that my time is up, and, before I close, may I say

1 P.M.

that I shall be able to do justice to the subject only when I move my amendments. I beg to say that it is neither payment to the Agents that is responsible for any failure, nor ignorance of insurance technique, but it is really due to want of capital at the outset. Therefore, the companies which have been floated will have to keep sound capital in order to stand on their legs or they shall have to be protected by Government. Regarding the investment, the Select Committee has given us an absurd proposition. It deprives the insurers of the right to invest according to their convenience. They are the best persons to judge how they should invest and how they should conduct and they should not be hampered in this. In the list of approved securities, we find a serious omission of municipal debentures. They should be added. With regard to deposits, I believe there should be no change and what is now in existence should be continued. With regard to licensing of agents, it is absolutely unwanted and unwarranted. The moment we bring in this question of licensing, I am afraid many young men will be deprived of their bread. The Superintendent of Insurance has been given enormous power and he may have greater opportunities of abusing his powers.

The Honourable Sir Nripendra Sircar : He has no power to refuse license. The insurance companies can refuse to have the people whom they do not like as Agents.

Mr. Amarendra Nath Chattopadhyaya : The insurance companies may appeal to the Superintendent to make the Agents yield to the terms dictated by the companies. On behalf of the Agents who are now working and on behalf of those who will come in future, I appeal to the House not to stress upon this licensing clause. In regard to the Provident insurance societies also, I object to the deposit demanded of them. It must also be reduced. With regard to co-operative and mutual insurance, I say let them stand where they are. With these words, I conclude. No

[Mr. Amarendra Nath Chattopadhyaya.]

justice can possibly be made to such a complex Bill in course of twenty minutes, and I shall try to do justice in moving the amendments.

Mr. B. Das (Orissa Division : Non-Muhammadian) : Sir, the national prosperity of any country is judged by its activities in banking, shipping and insurance. Unfortunately, owing to the apathetic attitude of the Government of India, they have never allowed the development of banking, shipping or insurance activities of Indian nationals. Therefore, I welcome very much this measure which has been introduced by the Honourable the Law Member. But when the Bill emerged from the Select Committee, I felt disappointed that sufficient latitude has been left to the Colonials and the foreign insurance companies, not to speak of the United Kingdom insurance companies that enjoy great privileges through that highly objectionable and hateful Government of India Act. Sir, it is true, and I agree with my Honourable friend, Sir H. P. Mody, that it is the indigenous enterprise of Indians and Indian Managing Agents that has brought the Indian insurance companies to their present state of prosperity ; but from the way in which this Bill is framed, if the House does not take sufficient steps to get it amended, I am afraid that the Indian insurance companies will be thwarted in their operations by the foreign companies and particularly by those hated Dominion and Colonial companies that we do not want to have any increased activities in India. I wish to tell the House how the Government of India, when the British Insurance Act was passed in 1929, did not permit this House to have its own Indian Insurance Act, because Sir George Rainy at that time anticipated that the Government of India Act would permit my friends of the United Kingdom to enjoy similar privileges with Indian nationals in India. Therefore, the Indian Insurance Bill was not drafted, but it was postponed to this day to be drafted and tabled by the present Law Member.

During the few minutes at my disposal, I will confine my remarks to telling the House how they should legislate so that the Bill might completely penalise foreign companies and also Dominion insurance companies. The definition in clause 2, sub-clauses (8A), (8B) and (8C) which the Select Committee introduced as regards the Indian insurer, I welcome. I am surprised that the Honourable the Law Member and his colleague, Mr. Sen, and also my Honourable friends of the European Group want that these definitions should be omitted. Sir, the new definition about non-Indian insurer which the Honourable the Law Member and Mr. Sen have proposed simply staggers me,—not only does it stagger me, but it also staggers the entire Indian commercial community in this country.

The Honourable Sir Nripendra Sircar : If that staggers my Honourable friend, I will not move it.

Mr. B. Das : I would be very glad if it is not moved.

The Honourable Sir Nripendra Sircar : I thought I was doing it in the interest of Indian interest, but I shall not move if there is objection.

Mr. B. Das : No Indian would like that the U. K. representative and the Indian representative should be tied together hand in glove for ever. I am quite agreeable to accept a proviso that as long as the present

hateful Government of India Act lasts, under sections 111, 112 and 113, the U. K. representatives can demand similar privileges, as the Indian nationals enjoy.

The Honourable Sir Nripendra Sircar : You go on talking big, as big as you like.

Mr. B. Das : I welcome clause 3 (2) (a) to (e), because it deals with reciprocity and retaliation. Sir, as regards reciprocity, my view in this House is well known. I do not want any reciprocity with South Africa or Canada. (Hear, hear.) As long as the Dominions deny Indians the right of naturalisation, the right of equality, so long no Canadian company should trade in India. (Hear, hear), and if this reciprocity clause is applied, it must be applied in all fields, not only particularly in the insurance field. As regards retaliation, I congratulate the Honourable the Law Member, the Government of India and the Select Committee on having drafted such a wise clause. There are the Italian and Japanese insurance companies which are doing lots of business in India. No Indian insurance firm can do business in Italy or in Japan, and I wish to remind the House that Italy bans Indian business firms going there by its decree and Germany does not allow Indian business firms to trade there by its foreign exchange control. And yet we find that a German insurance company is doing large business at the cost of Indian insurance business, and, even at the cost of the business of our friends of the United Kingdom ; and it is our duty to see that German, Italian and Japanese businesses are completely turned out of India.

Sir, I will deal briefly with United Kingdom businessmen. They have come by the back door or the front door, I do not know which, but they are here ; and the Government of India allow them to exploit us as much as they like. Perhaps I should not use the word "exploit", but rather, "friendly co-operation". Sir, I am glad that now the United Kingdom companies will have to behave themselves, will have to produce accounts and will have to submit their annual reports, as my Honourable friend, Mr. Huseinbhai Laljee, pointed out, to the Superintendent of Insurance. I am glad of that, but I do hope that these U. K. insurance companies will behave themselves and will treat fairly the field agents of which my Honourable friends, Mr. Chattopadhyaya and Sardar Sant Singh, spoke. I have been told that the United Kingdom companies behave shabbily with their Indian agents who have built up their business and then afterwards they just give them a kick and then their junior European officers pass as big insurance canvassers. I hope the law will not permit this sort of thing in future. I do hope clause 26 will be so amended that every foreign company permitted to trade in India and every Canadian, African and Colonial and Dominion company that may be permitted under the reciprocity to trade in future in India should keep its investments in Indian securities and in India.

The Honourable Sir Nripendra Sircar : My Honourable friend has said half a dozen times about reciprocity in the Bill. Where is that clause ?

Mr. B. Das : It is clause 3 (c). I take that as reciprocity ; if you like to call it retaliation, I shall be very glad. Sir, I do not want that no foreign company shall flit away with its gold and securities. It should

[Mr. B. Das.]

be invested all in the Government of India and the Provincial Government securities kept in the Reserve Bank of India or in some other place as the Government of India will decide. The United Kingdom companies should not be permitted to invest their surplus money only in British companies but they should extend their patronage to companies promoted by Indians, if they want to justify themselves that they are Indians and claim equal rights and privileges such as we claim as Indians.

Mr. President (The Honourable Sir Abdur Rahim) : The Honourable Member can go on with his speech after Lunch.

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

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

Mr. B. Das : Sir, before the recess, I was discussing the process of discrimination that the United Kingdom insurance companies are practising against India and that further powers and privileges are being given to the insurance companies through this Bill. I was saying how the United Kingdom insurance companies treat and discriminate against their Indian rivals. I will devote a minute or two to show how the United Kingdom companies discriminate against Indians. There are exchange banks which are mostly United Kingdom and dominion companies, that insist that no business should be insured with an Indian company, that it must be insured in a United Kingdom company or a dominion company. That is the policy of the United Kingdom against India and that is how they discriminate against Indian trade. But nemesis is coming near. Though the Government cannot have banking legislation, yet that great banker who is unfortunately no more, Sir Sorabji Poehkhanwala, himself went over to London and started the first exchange bank for India and it is the policy of the Bank that no foreigner will be employed in the Central Bank of India or in its office in London. That is a lesson that I ask the insurance bigwigs to learn. No Indian insurance company should employ Europeans or Canadians as they have been employing and if the Congress mandate will be carried into effect by Indian companies we would ask them to pay their managers and secretaries not more than Rs. 500 a month : if a Canadian or European is willing to accept Rs. 500, I do not mind. But I do ask the Honourable the Law Member to examine this process of discrimination that the United Kingdom companies are practising against Indian trade, not only in insurance but in other matters.

I will now summarise the recommendations that I have brought forward in the few minutes time I have occupied. I say, firstly, that there should be no definition of an Indian insurer, but rather there should be a definition of the foreign insurer, which may not include the United Kingdom. I do not want to accept the very humiliating position that the negative definition of the Honourable the Law Member should include and incorporate the United Kingdom representative and give him equal rights with me in every business matter. What I suspect and

what I apprehend is that in future commercial legislations such a practice would be introduced, and thereby the United Kingdom will secure further advantages.

My second recommendation is that the moment this Bill passes into Law, Italian and Japanese insurance companies should be ordered by the Government of India to wind up, because they do not permit Indian insurance companies to carry on business in Japan or Italy. My third recommendation is that no non-Indian company should be permitted to come to India for the next twenty years. Of course I except the United Kingdom ones, but I include the dominion companies. To me the dominion companies are as much foreign as the Italian or the German. My fourth recommendation is that German and Italian companies who have come here should be asked to wind up because the Italian decree prohibits the transfer of any money from Italy to India and the German foreign exchange policy has similar effects. If that is not possible, I ask the Government to see that whatever policies the German and Italian companies hold in India, they must be asked to bring into India all the money in cash or securities covered by those policies immediately and they should not be allowed to carry on any new business in India.

My fifth suggestion is that Canadian and South African companies should be asked to wind up their operations in India until they give Indians recognition and equality of status in their own countries. Incidentally I would refer to the fact that the New India Assurance Company carries on some business in South Africa and when it wanted to send an Indian to look into certain business affairs in South Africa, South Africa did not permit that Indian to land. With that humiliation, I am surprised that we have not got certain discriminatory clauses, disqualifying clauses, against South Africans and Canadians.....

The Honourable Sir Nripendra Sircar : We have : but you have not read the Bill.

Mr. B. Das : Thank you. I am glad the provision is there, and we are of the same mind. My last suggestion is this : that as long as these dominion companies work in India, if they wish to work in India, they must give Indians equal opportunities in their insurance companies. I do not think any Indian gets a higher salary than Rs. 500 in their offices, while the European and Canadian managers draw huge salaries. If they claim equal rights, if my friend, Mr. Ramsay Scott, claims equal rights for his United Kingdom insurance companies, I claim equal opportunities in his British insurance companies operating in India for Indians and Indians must get equal opportunities in services, etc., as his countrymen enjoy. I cannot ask the Honourable the Law Member to legislate in this matter, but I am throwing out this suggestion to the European companies that they must mend their manners in India.....

The Honourable Sir Nripendra Sircar : All your facts are wrong. You are talking of high salaries, and so on. One Indian Company has got a European manager on Rs. 7,000 : a second Indian company has got one on Rs. 6,000 : I can give you a list of six. The worst culprits are not Canadians and Africans, but the Indians.

Mr. B. Das : I am glad my Honourable friend has brought out those facts : in fact I was concluding my speech with that. There is an

[Mr. B. Das.]

amendment which is going to be moved from this side of the House that no officer in an insurance company, be he Managing Agent or Secretary or Managing Director or Manager, should get more than Rs. 500, whether the company is Indian or British. I will take the Indian companies first : if he gets paid more, according to me he is a traitor to India and he is a rebel, and I hope the Honourable the Law Member will help this side of the House in accepting that particular amendment so that no insurance company official will draw more than Rs. 500. If that is accepted in regard to Indian insurance, then we will see whether we cannot include another clause whereby United Kingdom companies also will be liable to observe similar regulations. With these observations, I welcome the Insurance Bill, and if those provisions that I have objected to are removed, I may permit it to be passed.

Sir Cowasji Jehangir (Bombay City : Non-Muhammadan Urban) : Mr. Deputy President, although hailing from the city of clamorous insurance men, I rise not to make a noise, but to sing to the best of my ability a song of co-operation. It cannot be denied that, whatever may be said of Bombay and its businessmen, those Bombay businessmen have been the founders of insurance business in India, and that today, they maintain that lead. Naturally, that being the position, you will find in the city of Bombay more men with insurance experience, than in other parts of India, and it again, therefore, naturally follows, that these men take a very keen interest in a piece of legislation which is going to vitally affect their future, their prospects and the concerns which they have helped to establish.

Now, Sir, I should have thought that every Honourable Member of this House, including my Honourable friend, the Leader of the House, would have been proud of the fact that it was some 63 years ago that in Bombay was founded the biggest Life Insurance Company in India,—it is not only the biggest in India, but it is also, the eighth largest in the British Empire. Surely, I would have expected a word of acknowledgment for the enterprise, perseverance and tenacity of the forefathers of this clamorous Insurance section for being the founders of one of the biggest companies in India. I do assure, my friend, the Honourable the Leader of the House, that there is no desire in Bombay to kill young Indian companies.....

The Honourable Sir Nripendra Sircar : So glad to hear it.

Sir Cowasji Jehangir : I do assure him of that, and he will find that to be true. I personally, although I regret I have not been able to be present in this House throughout the discussions, can see no evidence of such a desire. Surely, my friend will not contend, in fact no Honourable Member will contend, that a provision for deposits is evidence of any such allegation. Nor do I think it can be contended, that a provision for the limitation of commissions is evidence of a desire to push out foreign companies. Sir, I may state for the information of my Honourable friend that some 35 years ago, when competition among Indian companies was by no means as great and as effective as it is today, this question of limitation of commissions was a very live question, and foreign companies actually had to enter into an agreement, in black and white amongst themselves to limit commissions for their own advantage.

That was over 30 years ago. Surely if that abuse of excessive commissions given by companies on a cut-throat principle was bad 30 years ago, it is even worse today. But that is no argument for saying, that anybody wants to completely drive out foreign companies. Sir, I have no desire to go into the merits of the clauses of the Bill for two reasons,—first, for want of time. We all, I understand, desire to close this stage of the discussion today. The second reason is, I have not been present in this House during the discussions, but I shall reserve my right, with the permission of the Honourable the Leader of the House, to intervene during the later stages of the discussion.....

The Honourable Sir Nripendra Sircar : You don't want my permission for it.

Sir Cowasji Jehangir : With your permission and goodwill, I would respectfully point out.

Sir, I was tempted to rise and say a few words, although it may be considered audacious on my part to do so, as I have been absent from the House till this morning, but I crave your indulgence, and my only object in rising to speak is to try and prove to my friend, the Honourable the Leader of the House, that we from Bombay are not such a bad lot as he imagines.....

An Honourable Member : He paid you a handsome compliment the other day.

Sir Cowasji Jehangir :And though we are clamorous, it is because the shoe pinches, it is because there is a good deal of insurance business in Bombay, and it is also because, I will repeat, we were the founders of insurance business in Bombay. I have already drawn attention to the biggest company in India, and the eighth largest in the British Empire. I think my friend opposite just alluded to it just now, although he did not mention the name of the company. I am not going into the merits of the clauses just now, nor am I going to attempt to reply to my friend, Mr. Das, about his Rs. 500 salaries for managers of companies, some of which have investments in Government paper of about 17 crores of rupees.....

Mr. S. Satyamurti : In Madras, the revenue is 18 crores yearly, and Ministers get Rs. 500 a month.

Sir Cowasji Jehangir : I am not going to argue whether Rs. 500 salary is sufficient to be paid to the manager of a company.....

An Honourable Member : Quite sufficient.

Sir Cowasji Jehangir : Nor am I going to argue on the merits of the clauses with regard to agency commissions. But I express the confident hope that we shall get justice at the hands of Government ably led by the Honourable the Law Member, and I express that confident hope from past experience. I had the honour of sitting with him on the Select Committee of the Companies Act, and I was convinced then.....

Mr. F. E. James (Madras : European) : He had not then the same homicidal mania.

Sir Cowasji Jehangir : I was convinced then of the fairness with which he dealt with all questions, and I have no reason to believe that he will not display the same fairness, the same impartiality with the different clauses in this Bill.....

An Honourable Member : Flattery.

Sir Cowasji Jehangir : This is not flattery. After all, we are all directly or indirectly concerned with insurance companies. I admit I am one of the directors of a large company to which my friend, the Honourable the Law Member, referred, but let us give the devil his due. (Laughter.) He is not concerned with any particular company just now, and we do expect, and confidently expect, that my friend, the Honourable the Leader of the House, will exhibit, as he has done in the past, that sense of justice and fairness in dealing with these clauses, and that, although he may be very, very tired of reading voluminous literature he will give individual Members of this House during the discussion on the clauses a patient hearing and decide as if he were on the Bench. Sir, I have nothing further to say at present, but I wish to thank you and the House for allowing me to intercede, although I have not been present in the House till this morning.

Mr. Umar Aly Shah (North Madras : Muhammadan) : Sir, I rise to oppose this assurance of a so-called Insurance Bill. The other day, it was introduced by the Honourable the Law Member in this House. I do not want to make a long speech going into the details of this Bill, but would like to clear one or two doubts which have arisen in my mind.

What is the object of Insurance Companies ? What are the fundamentals of this Bill ? Both foreign and Indian Insurance Companies are bound to be affected by this Bill. My fear is that this Bill is going to hit Indian Companies harder than the foreign.

Insurance is a phase of Western civilization thrust upon India. Its main principle is to collect people's money to be spent by the promoters of the companies. The great Vedic interpreter, Vidyaranya, said :

*" E tasmāt kimivendrajala maparam
Ardhena ardham vīna "*,

which means, that when a man without money enjoys like a prince, is it not the greatest magic ? The Insurance Companies also are run on principles of magic. The crores of rupees collected by these Companies are not conferring any benefit on the people. The economic conditions of India are not good. There are many poor people and scholars who are going from door to door, but no body cares for them, helps or supports them.

What is the real principle of the Insurance Bill ? It is to regulate the business of the Insurance Companies, which, if I may say so, are doing the " coin trade ". They simply collect and issue money. Their trade is not an exchange of commodities or services. What I call " coin trade " is like collecting a tax from the needy people and distributing it among others. I ask whether Government should permit this sort of business in India.

Coins belong to the Government, and we have no right to have private coin trade. Coin means immaterial (*ardha*), and " coin trade

means that the coin belongs to Government and we cannot do any sort of business in that. The insurance people have been doing coin trade. If Government want to get through this Bill, I have no objection. But I am afraid Government have not understood the real implications of this coin trade. What I want is that Government should support all companies equally, or withdraw this Bill if they cannot succeed in doing this.

Mr. M. S. Aney (Berar : Non-Muhammadan) : This Bill has been debated for the last four days, and it is rather difficult for anybody to press any new points on the attention of the House. But those who have carefully listened to the discussion must have, I am sure, observed that there is a good deal of common ground among the various speeches that have been delivered here in spite of what appeared to be contradictions or rather points of conflict. Even those who seemed to be advocating different points of view have at the bottom of their speeches, if they are properly analysed, certain principles to which all of them owe allegiance. For example, I find that nobody seriously disputes the necessity of the Bill before the House. Although they are finding fault with clauses here and there, it is common ground that the present law of insurance, in the conditions existing now under which the insurance business is going on is inadequate and something more has to be done for the sake of having more control over that business.

If we compare the conditions that existed a few years ago, say, about the year 1925, or so, with those of the present day, we find that the total business of insurance which was of the order of about eight crores then has now grown to 28 or 30 crores. The business has increased to such an extent that the number of companies has also gone up to a great extent. If I am right, I have taken the figures from the Indian Insurance Book, 1935, the total number of companies is 366. I am prominently bringing this fact to the notice of the House for this reason that the conditions under which the companies were working for the sake of getting business about ten or fifteen years ago are materially different from those under which the insurance companies will have to work for the sake of getting their business now and hereafter. The classes of people who were approached for the sake of getting their clientele by the insurance people some ten or fifteen years ago were altogether different from those of people who will have to be approached in the present day conditions. And the law that was held to be good considering the conditions which then existed cannot, therefore, be said to be adequate to regulate the work which has to be carried on under the present conditions. The man who is a policyholder today is probably one who has got his whole savings of his life invested in the form of insurance policies, while the person who was approached as policyholder in those days was certainly a well-to-do gentleman ; for example, a gentleman of the position of Mr. Jinnah, who could have a policy and yet the amount that he insured for in the way of life insurance was not the whole of his saving. He might have lost the insurance amount and yet he might continue to be a gentleman of the world without being seriously inconvenienced. But the person who is to be approached today, and without approaching whom you will not be able to carry on your business today, is a man whose all life savings are probably invested in insurance. Therefore, these are two obviously different conditions. So, the

[Mr. M. S. Aney.]

necessity of State intervention which then existed is somewhat different from that under the conditions in which the present work is being carried on. If this Bill shows a greater degree of tendency on the part of Government to control this business, *prima facie* we shall consider it as not a very serious departure from the right path. The only thing that we have to carefully examine is this, namely, whether the conditions which the Government want to impose are such as to crush or kill all new enterprise or the enterprise that has been recently in evidence in this direction. That is the only way in which we have to look at this question. I do not find any new principles introduced in this Bill. Even the principle of deposit is in the old Bill. Even the figure of two lakhs is not altogether new. Although old principles are reiterated and certain stringent conditions are imposed, are those conditions of such a nature as to crush out of existence certain young companies or make it impossible for new companies to come into existence? That is the only point which we have to consider. And from that point of view, it is a matter of great satisfaction and relief to this House, that in the course of a very lucid and sympathetic speech which the Honourable the Law Member made in opening this debate, he said that there was no question of principle involved in this matter; he was open to conviction and he would carefully consider the suggestions that might be made. So, we meet in an atmosphere in this House where there is a tendency on the part of both sides of the House to exchange views freely with a view to understand each other's point of view and a tendency to accommodate each other also in order that we may produce a Bill with the common consent of the House. In that atmosphere we meet. That is a very encouraging factor.

Having said that, we have to look at the Bill from another point of view also. Now, when the various clauses of this Bill were
 3 P.M. debated by many Honourable Members on this side, it was repeatedly said that the primary object which we must have before our minds is the interest of the policyholder. That is a proposition which nobody can gainsay or deny. That is a proposition to which every one of us subscribes but we must also remember that this insurance business which has got this aspect, namely, the interest of the policyholder has also other aspects and, in order that that aspect may be properly understood, I shall try to quote from the speech of a very great insurance magnate of the world. He was once the President of Lloyd's. He explained the various advantages of the insurance business and in judging this Bill we must see whether its provisions give us at least some of the benefits contemplated in the quotation I am giving you for your information :

" Insurance, to quote the words of Sir Percy MacKinnon, ex-Chairman of Lloyd's enables (*I want you to note these words carefully*) the small capitalist to undertake enterprises which would otherwise be restricted to those who commanded large resources ; it enables separate communities to share their burdens ; it enables the weak community to benefit by the resources of the strong ; and it enables the whole world to face with equanimity disasters which, if they fell on a weak community uninsured, might cause distress that would spread far beyond its own narrow frontiers."

These are the various advantages which the insurance business is intended to achieve. In judging of the provisions of this Bill, we have to see whether the interests of the policy-holders are safeguarded and,

simultaneously, we have also to find out whether the other advantages which have been mentioned are also secured and if that is found to be so, then we have started the insurance business on sound principles and it would be of national advantage also.

Before going into other details, I would like to draw the attention of the Honourable the Law Member to one important provision. I have read the definition of insurer given here in sub-clause (8) of clause 2. I may be wrong in my interpretation but my own idea is this. Probably certain kinds of provident societies to which part III does not apply are not included even in the definition of insurer here. That is what I feel. If you turn to clause 57, in part III, you will find that those provident societies which give an annuity of more than Rs. 50 or a gross sum exceeding Rs. 500 are excluded from the operation of Part III. That is what is done there and here in giving a definition of insurer in clause (c) there is a reference made to this effect that the person intended to be covered by clause (c) does not include an insurance agent licensed under section 37 or a provident society to which the provisions of Part III apply. Is it intended that other provident societies are covered by the definition in sub-clause (c) of clause 2 (8) ?

The Honourable Sir Nripendra Sircar: Provident society is covered by Part III. It is not intended that the earlier part will apply to provident societies. That is the whole object.

Mr. M. S. Aney: Those societies to which Part III does not apply will be governed by other parts of the Bill. What appears to me is this. As that kind of society is excluded from Part III and also specific mention is made to the provident societies covered by Part III in the definition of sub-clause (c), it is intended that the other provident societies to which those provisions do not apply are intended to be governed by the definition of insurer given here and, therefore, other provisions of the law apply here. I want the Honourable the Law Member to carefully examine the wording of this clause because in every one of the three clauses of the definition the insurer to whom it is intended to apply is carefully and minutely described. For example, clause (a) refers to a company incorporated under law of any country other than British India, clause (b) refers to companies incorporated under the Indian Companies Act of 1913. Under these clauses the provident society does not come in at all but it is referred to only in the proviso to clause (c). Reading the wording of clause (c) there is nothing to show that a provident society established under the Act can, in any way, come in there except by implication of the fact that a reference has been made that this does not include a provident society to which Part III applies. The object is quite clear but whether that object is fulfilled or not on account of the wording of the definition I want the Honourable the Law Member and the Members of the House to carefully examine. I mention this fact because of the existence of some provident societies which give a premium of more than Rs. 50. There are some three or four societies like that in existence and they have got their own grievances also about this matter. I have not been able to see whether they would like themselves to be included in Part III. Section 57 can be deleted and provision for them can be made there. But if they may like to be governed by the other provisions of this Bill, in that case, it can be specifically stated that clause (c) shall include such and

[Mr. M. S. Aney.]

such a society but shall not include societies to which Part III does not apply and thus definitely bring that society under the category of insurer mentioned in clause (c). That can be done also. Those who are conversant with the conditions of these Provident Societies will be in a better position to say which of the two positions they can take with advantage and I hope that they will urge it for the acceptance of this House at the proper time. Having brought that to the notice of the House, I will proceed to other important points.

Now, I find that the main dispute in this House turns on three or four important points—points with regard to deposit, points with regard to the investment of the assets, points with regard to the Managing Agents and points with regard to the licensing of agents and so on. I may say that so far as the dispute is concerned with the question of deposit all that has been urged on behalf of the young companies is that the period of seven years which has been provided for by the Select Committee is not adequate or sufficient for them to make up the necessary deposit required under the law. Here in my opinion there is no question of principle involved. It is a question of examining the position of these bodies and see whether a concession of two or three years or even of one year can be given in the interests of the policy-holders in whose interest deposits are being demanded. But, then, we have to find out whether by retaining it for a period of seven years you are safeguarding their interest and whether by extending that period you are jeopardising their interests? If we find that it is an unnecessary clamouring by these companies, we can reject that amendment. But in making that demand there is nothing to indicate that the attitude of these young companies is hostile to the Bill. Now, a taunting remark was made by my Honourable friend, Mr. Sen, that if the children are given something to eat, they swallow it and their appetite grows and they ask for more. I think he should have been glad because when the appetite of a child grows, it is a sign of health.

Mr. S. C. Sen (Government of India: Nominated Official): It may lead to indigestion.

Mr. M. S. Aney: We shall take him to a better Doctor for examination. I am, therefore, prepared to carefully examine the condition before we agree to that provision. Then, we come to the question of investment. With all my respect for the Honourable friends who represented this House and particularly the majority Party on the Select Committee and who, I am free to confess, have always represented the Members of this House with great credit to themselves and to this House on the Select Committees of various other Bills somehow or other they allowed themselves to accept a modification of the original Bill in that provision which, in my opinion, has put this Bill in a wholly impracticable condition. They have recommended that, all the assets which are equal to the liabilities of the insurer to the policy-holders are to be invested in Government securities. All those gentlemen who are interested in these companies—whether big or small, whether born companies or companies which are yet to be born—have told me that it is impossible to fulfil the requirements of that particular clause. All their assets are not in a liquid state and, therefore, it is not possible for them all at once to invest

them in Government securities. There is suspicion that probably some of my friends were in league with the Finance Member and in view of the falling rates of Government securities, an attempt was made to prop up their value so that there may be a rush and demand for Government securities within the period prescribed. I can't conceive any ostensible reason for such a sweeping provision. I do not know who was the advocate of that proposal and how it appealed so much to some of my friends who worked on the Select Committee. The original proposal was for the investment of 33 per cent. of the assets and that was, in my opinion, an eminently reasonable proposition. I still hope that the House will give their best consideration to this proposal and unless there are reasons of an exceptional character, they had better think of restoring the original clause in place of the present one.

Now, Sir, after discussing this question of investment, which has been made an impracticable one under the present Bill, I come to the question of Managing Agents. So far as that question is concerned, we find that this House has agreed to the necessity of abolishing the system of Managing Agents in the matter of insurance companies also. That is again a common ground between the Members on both sides of the House. The question is whether it has to go within three years or within ten years. This matter will have to be judged very seriously, in my opinion. I am not a friend of any Managing agent although my Honourable friend, Mr. Jinnah, will be reminding me and has already reminded me outside the House that I have voted for the retention of the managing agency clause and the managing agency system while the Indian Companies Bill was under discussion. I thought I had done the right thing then.

Mr. M. A. Jinnah : What are you going to do this time ?

Mr. M. S. Aney : Just hear what I am going to say. The point that I want the House to consider is this. In the report that has emerged from the Select Committee certain financial responsibilities are created and the companies are called upon to shoulder them. If these financial responsibilities are not satisfactorily fulfilled, there are provisions in this Bill by which it is possible to cancel the registration of these companies. Now, the only point which we have to take into consideration is this—and I do not express any opinion on it at all—whether the agents whose services will be dispensed with within the period of three years and who will be getting no commission but only limited sums by way of salaries will be really helpful to the companies in fulfilling the conditions in the matter of deposits or will they be simply idling away their time, doing nothing ? I do not know whether a longer period or a shorter period will be helpful to the companies for retaining the services of the Managing Agents in order to enable them to fulfil the conditions. It is only for those who have got experience in this matter to say what period will suit the best. As a layman, I only see that we are going to kick out a man who has been long in the management and who has been taking keen interest in the insurance business of the companies. We have to see what the effect of that step will be upon the general business of the company. If the effect is such that the company will be still in a position to fulfil the conditions imposed upon it, then I do not mind if the Managing Agents are driven out now and

[Mr. M. S. Aney.]

at once. Their opinion I can easily accept. I do not give myself any definite opinion, but anyhow this managing agency system must go sooner or later.

Having spoken so far on the managing agency system I shall now make a few remarks on the licensing system. So far as licensing is concerned, I do not see why there should be any objection to this system at all. In fact, one of the chief objects of this Bill is to give publicity to the work of the agents who secure business and this licensing system will enable us to know who are the agents of any particular company. The world will know which agent is doing business on behalf of which company. But some people may say that at present the agents, without being licensed, are doing business quietly and most profitably. But there is great danger of all sorts of unknown and non-descript men going and canvassing business because of the risk involved. But if known men, if licensed men do business, the danger is minimised automatically to a great extent. Some Honourable Members look down on this licensing system as derogatory to the dignity of gentlemen, and they urge that respectable people will not come forward to take out licenses. May I ask what profession there is in which you are not called upon to take out licenses? Take the case of the legal profession. Leave aside the case of the Members of the English Bar who come here and practise. But all the other practitioners, including advocates, who take their LL.B. degrees, have to take licences and some of them have to renew their sanads every year if they want to practise the honourable profession of law. Nobody looks upon this licensing system as something wrong or undignified or anything of the kind. The mere fact that any person is required to take out a license, in any profession, does not make that man in any way unworthy or in any way discredited by the people. So far as that question is concerned I do not understand the propriety of the objection raised by some Honourable Members. It is true it may be a little irksome for the agents if they are called upon to renew their license every year. I think the period of license may be fixed for three or five years in the first instance and it may be renewed later on. It will be unnecessary harassment if the agents are required to renew the license every year. The other complaint which I heard was about the license fees. Some people consider that a fee of Rs. 3 is exorbitant. Under the clause, three rupees is fixed only as the maximum fees to be levied and not the minimum. This matter can be considered by the Superintendent and perhaps a fee of one rupee will be enough. The real reason for the objection of levy of fees seems to be this. Most of the companies feel that they will have to pay the money themselves for the license fees which their agents are required to take up. The agents themselves may not pay out of their pocket. If that is so, it may cause some slight hardship to young companies who have to pay money out of their slender funds. I think so far as the licensing affair is concerned, the objection does not seem to be very sound. But as regards the limitation of commission, the Select Committee has deleted that clause. Now, there is no limitation as to the amount of commission to be paid to the agents. Let us leave the matter at that stage. If experience really shows that this non-fixing of limitation of commission is creating any serious difficulties, it would be open to the incoming

Law Member at that time to come out with an amending Bill and to get that clause changed and the whole thing can be regularised. Let the system of agency which has brought this insurance business to a successful point in this country up to now continue and let there be no radical change so as to make these companies feel suspicious whether under the new restrictions it will be possible for them to make good business or not. Now that the limitation relating to commission has been deleted by the Select Committee, let the thing remain there at this stage. I submit that these are some of the main points on which we have found the House expressing itself somewhat in a conflicting manner in the course of the debate during the last few days.

After these, there are those legal difficulties which have been expressed by the Honourable the Law Member. I have read section 113 of the Government of India Act very carefully. I very much wish that we should be in a position to restrict the foreign companies, specially the companies of the United Kingdom from carrying on business here in an unrestricted manner as they do at present. But the legal difficulties are there in the way of imposing such restrictions. In my own humble way I tried to read that section 113, once, twice, thrice and even four times, but I am sorry to say that I have not been able to find out any real solution to it except the suggestion which was made by my Honourable friend, Sardar Sant Singh. This requires very close examination before it can be seriously urged before this House as a solution. The point is this, those United Kingdom companies are allowed to be treated as Indian companies even if any condition that we shall impose here be not fulfilled by them. This section 113 is one of the most unconscionable sections of the Government of India Act which a sovereign legislature like the British Parliament has enacted with a view solely to protect British interests and ostensibly to promote the so-called feeling of harmony between India and England. So long as that section remains on the Statute-book, I would warn my Honourable friends of the European Group that no love will be lost between India and England. (Applause.) This section acts as a clog on the wheel of progress of Indian industries and I appeal to my Honourable friends of the European Group that it is up to them to represent to the British Parliament the keen feeling entertained by Indians here and ask the British Parliament to repeal that section. I find that the fiscal autonomy convention which was established under the old Montagu-Chelmsford Act at least gave us something real, viz., that if the Indian Legislature and the Government of India agreed, it was something which acted as a compelling force on the Secretary of State for India and he or the British Government could not interfere in that agreement. But now what do we see? Now, this section 113 of the Government of India Act does not care for any agreement between the Indian Legislature and the Government of India. Thus even the little advantage we had under the Montford Reforms has been taken away by this new Act. That is the worse feature of the Government of India Act. Now, I will say a few words about the other point of reciprocity about which my Honourable friend, Mr. B. Das, spoke. I do not want to repeat his arguments. I am sure that when the time comes, in appropriate cases, the Government of India and the Superintendent of Insurance who will be advising the Government of India in regard to this matter will have the courage and the nerve to retaliate (Hear, hear) and impose such

[Mr. M. S. Aney.]

restrictions as are necessary on companies of those foreign countries which debar Indian companies from carrying on business in their countries.

In conclusion, I may say that generally speaking I give my support to this motion for consideration of the Select Committee report. I hope this House will discuss all the various amendments with a desire to give some effective and proper help to this growing insurance industry in India, to the policy-holders as well and thus pave the way for the industrial progress of this country. With these words, I support the motion. (Applause.)

Mr. Bhulabhai J. Desai : Mr. Deputy President, considering the wide scope of the Bill which is before the House, it would be more convenient if I state first what I conceive to be underlying ideas, it is difficult to designate them principles, underlying ideas of this Bill and some of the tests which I ask this House to apply in order that the clauses of the Bill and some 1,000 amendments which had come in to be dealt with in a manner both convenient and useful for the purpose of this legislation. It is sometimes not uncommon to describe certain measures as political and certain other measures as non-political. I think during the course of this debate, it was suggested that this was a non-political measure. Subject to the qualification which I shall presently mention, I am quite prepared to admit that it is a non-political measure and the qualifications that I mention are these, having regard to the world conditions today, I think it is common place to observe that it is impossible to divorce economics from politics, if not economics from war. If that view is appreciated, we shall be able to see that a measure of self-protection to one's own country might not be inaptly described as political whatever may be its colour, character or its extent. And in that sense I am prepared to admit and I am hoping to find, leaving out and omitting my friends of the European Group, that even those who sit on the other side now recognise that in measures which come before this House the protection of Indian business is an element on which we might agree, notwithstanding our other political differences. The principal point, therefore, in so far as the distinction,—though I am not at present dealing with the technical distinction,—between the Indian insurer on the one hand and the non-Indian insurer on the other is a matter of great consequence for this Bill. I shall deal with the United Kingdom insurer and the effect of section 113 in due course of time ; but remembering for a moment the two interests, the Indian insurer and the non-Indian insurer, there are two aspects which the House has got to bear in mind. First, the protection of the Indian policyholder against any mishap in the unsettlement of foreign relations between India and other countries, and for the purposes of his protection, therefore, the maintenance of the monies which are collected, year after year, by foreign companies in this country not being available at some emergent time which, I think the House will now recognise, is not merely a contingency but almost a probability. There is the other point of view so far as this distinction is concerned, and that point of view is that there must be an encouragement to the extent to which this House can influence and accord, to the growth of this particular class of Indian business which is overshadowed to a large extent by the foreign,—some people call him, exploiter, but I will call

him the foreign businessman. But the fact remains that the conservation of one's own country's business for the promotion of the larger interest of that particular country is now regarded as an obligation of every State, having regard to international conditions. Therefore, it requires no apology whatever to justify a broad distinction between the Indian and non-Indian insurer, for two reasons ; first, the protection of Indian business, and second, the protection of Indian policyholders in the event of emergencies which are probabilities.

Coming next to the aspect of the Bill in which it is not uncommon at the hands of my Honourable friend, the Leader of the House, to cancel one speaker against another where different points of view are taken, let me remind him that notwithstanding that paper cancellation these human beings will continue to exist and vote in this House and act otherwise as human beings. So that, I think that this is a somewhat drastic method of dealing with arguments. But let me point this out to him, which I believe he knows, having met in the Select Committee for a little over two weeks, as well as I do, that in a Bill of this kind there are bound to be a variety of interests affected. Undoubtedly, we begin with the policyholder, about whom everybody seems to be his guardian, to the extent to which it appeals to him with reference to the rest of the interests involved. But, in addition to the policyholder, if you begin at the other historical end, you find the individual or the corporate company who began the insurance business in the first instance so that the policyholder may go to him in order that it may serve as,—if you so like to call it,—a custody house, a counting house or a business house. It is immaterial in which of the three ways it may be looked at so as to afford him an opportunity, an organisation, an institution, without which the policyholder, notwithstanding the beneficent value of the policy, would not have had the opportunity of getting a policy at all and securing to himself the benefit of that policy at the end of a certain period of time or in the event of a certain contingency occurring. So I think it will be quite wrong, in fact we would have a very wrong perspective, if we imagined that if we left the policyholders to themselves the insurance business will go on in this country. I think it can only be done, I quite agree, in the case of provident or mutual societies within certain limitations of which the House is fully aware. But, generally speaking, you cannot but remember that notwithstanding the desire to insure, notwithstanding even the small means to insure, that opportunity can only be effective through the instrument of some organisation, whether it is an individual or a group of individuals or an incorporated company, even with a Managing Agent attached to him or dominating him. That is the next element that you cannot help considering. Next after that you have to consider the Managing Agent where he exists. Next after that you have to consider the Chief Agent and the brokers or the agents or field workers, etc., by whatever names they are called. And many of the speeches in this House, when closely examined, will point this out that it is not so much an effort, which I believe and submit to the House is the right way to look at it, at reconciling all these which will make in the end the business or unmake it, but an approach from the point of view of any each single item or each single unit of them as if each of them was the sole and the entire

[Mr. Bhulabhai J. Desai.]

prop of the insurance business would be a mistake. And this apparent inconsistency, therefore, has arisen from an undue emphasis from the point of view of one or the other of these several interests. The object of the Party which I have the honour to represent is to be able to reconcile these several interests ; and in the end it is the wise reconciliation of all these interests that will make prosperous insurance business in India. And if we bear that in mind, among these thousand amendments which have been put in, most of them will be found to be overlapping, most of them are unnecessary, and most of them are attempts with a view to get some point of view nearer to one's end. And in that way I think the approach to this Bill must be made. It is no use saying that A, B, C and D, either a corporate body or otherwise, has to get the money of the person who has insured and that for that reason the existence of this body may be entirely ignored as if without any intermediate organisation the policyholder would have any position in the insurance world at all. If we remember that there would be very little difficulty, I think, in appreciating the points of view which have been put forward by different speakers in the House.

The next thing which I wish to point out is this. Going back to the first point with which I started, namely, the broad distinction between Indian and non-Indian insurer, the purpose of which I have already outlined, I quite agree that we are met with this difficulty of the Government of India Act and the sections, to the extent to which they operate, from 111 to 116. This is not the occasion when I have any desire to appeal to my Honourable friends of the European Group that protections of this kind are very costly in the long run, and though, for the time being they may have a restrictive effect by way of forcing our hands where we may want to protect our own insurer or our own insurance business, let them remember that it is not that which is going to protect them as the goodwill which they must cultivate, and not statutory restrictions of this nature.

The next thing that I wish to point out is that I have the temerity to differ as to the extent of the protection afforded by these sections ; and it is not merely protection,—the extent of a forcible conversion of the white into the brown, a thing which they normally do not like but which, for the purposes of this Act, they have very cheerfully adopted. For what is said is that though the white man may be incorporated otherwise than under our conditions, may be treated as a brown man incorporated under the brown man's conditions. That I think is the rough effect of that section. Occasionally, therefore, they may remember that this colour bar has served them this time in a more beneficial way than the way in which they used the colour bar themselves. But though I have the temerity to differ on the exact extent and the manner in which this protection or anti-discrimination or whatever language may be proper to these six sections to which I think it is rather difficult to find a parallel in the legislation of any other country, the fact remains that with every wish that the Indian should have a square deal in his own country as against those who have hitherto exploited him, the difficulty which was pointed out which strikes me as more insurmountable than any other is one that cannot be resolved. The Honourable the Law Member pointed

out that even if he merely disagreed and gave me the credit of believing that there may be something to be said for my point of view, even if a doubt exists whether any act of our legislature or any provision therein runs counter to the provisions of 111 to 116, under the Instrument of Instructions before assent can be given, it has to be reserved for His Majesty's assent. If that is all the confidence that they have in their drafting, I am rather surprised that all their care for six years has been so wastefully applied ; for I think the House ought to be able to decide to what extent any of these provisions runs counter to the provisions of section 113 in particular and the two preceding and the two succeeding sections generally speaking. But if the Bill has got to be held up for His Majesty's assent by reason of a doubt which I have no reason to say is not honestly entertained, then the purpose of the Bill would considerably suffer by our insisting upon that clause. I owe an explanation to the House as to the origin of that clause ; for it was moved by my friend, the Honourable Mr. Satyamurti, and undoubtedly the law permitted it. I even now would like to stand by that clause.....

Mr. M. S. Aney : Every one of us would stand by it.

Mr. Bhulabhai J. Desai : I am only trying to explain my own attitude. I have no doubt that every one of us in the House would support me had he been able to resolve the doubt of those who advise, so far as the Government is concerned. The position was that I happened to see or had pointed out to me a provision made in the Irish Act, very recently introduced into the Irish Parliament, to this effect, and the object was to secure, as a condition of being allowed to trade in their country, obligatory compensation for that benefit which was conferred upon them. I am also aware that that particular part of the clause was withdrawn from the Bill by reason of a gentleman's agreement, as I take it, between the non-Irish insurers and the Irish insurers, for, in that Act also, there is a definition of Irish insurer almost in the same terms in which the present definition which is to be found in the report of the Select Committee. If such a gentleman's agreement could be arrived at in Ireland, may I not, going back to the point with which I started, ask whether the Members of the European Group here cannot still enter into a gentleman's agreement, so that any advantage which we can get from the non-Indian proper and the non-U. K.—as regards the rest of the insurers in this country—we meaning the Indians proper and the United Kingdom companies may not share the benefits of that ten per cent. reinsurance, and if that agreement can be arrived at, I have not the smallest doubt that no question would then arise of reserving this for His Majesty's assent at all. The one thing that stands in the way is the unbreakable silence of the European Group and an appeal to us that they have grown oranges in this country which has borne only one fruit and it is incapable of division. If that is the way they regard their Indian trade in India, I think they will find themselves in a very mistaken place in the growing conditions of this country. Let them remember that there may be more than one orange on that tree if they would like us to assist in its growth ; but let them remember that even if one grew on it, it will have to be shared and shared and shared ; and if they do not take that course, they will soon find that all appeal of having obliged India in the past will fall, not on deaf ears, but on ears that will hear and cannot respond. Therefore, so far as 3A is concerned,

[Mr. Bhulabhai J. Desai.]

I quite agree that if the United Kingdom companies cannot and will not come to an understanding there is that difficulty as the result of the doubt which was raised, and I will leave the matter at that stage so far as section 3A is concerned.

As regards the rest of the Act, I wish to clear one misapprehension, may be a mere oversight on the part of my Honourable friend, Mr. Aney. I have not been a party nor the three other Members of my Party who sat on the Select Committee, to section 26 as it now stands on the question of investments. You will probably find in the note of dissent which we have signed that we do not accept that provision. I will take, therefore, the main points which have been placed before the House in their order.

Taking first the question of deposits, the general feeling of those who belong to this part of the House, at least the general feeling as I know of those who belong to the Party to which I belong, and the general feelings of several others, whom individually I have had occasion to discuss with, is that in so far as the initial security is concerned, the House will take a step in the right direction having regard to the growth of insurance business in the country ; for indeed when you will collect large sums of money coming in, belonging to others, some *bona fides*, some test of stability, some sense of security, not merely in those who would insure, but in those who want to lend a hand to insurance legislation, has got to come into existence before the business is allowed to be started. It would be quite wrong to allow the business to be started with a sort of office and a table and a telephone and an insurance agent to whom you might pay the whole 100 per cent. of the first year's premium. I think it would be entirely wrong if any such attitude were ever adopted in the name of national business and in the name of curing unemployment. Two cries have been raised in this House, both of which I will have to respectfully analyse, and, as far as it may lie in my power, show them their value in their true perspective and true proportions. So far, therefore, as the quantum of the deposit is concerned, I find that the House is generally in agreement. The only point on which there was slight, a slight difference of opinion was whether to the existing companies sufficient time had been accorded in order that they might be able to meet the requirements of the new Act. A matter of that kind cannot be weighed in golden scales, while at the same time you must draw a line somewhere,—I mean if you went on in that foolish venture of an examinee at one of the examinations where I was examiner,—he says “ what did it matter if I got 29 ”,—I said “ all right, that might do ” ; he says “ one less 28 would not matter ”,—and I said “ why not 25 ” ; in the end, the argument resulted in this, he need not have got even a single mark at all,—if you went on in that fashion, it would be very difficult. I think in matter of this kind, while it is impossible to provide any actual scale, some experience, some knowledge, a certain amount of common sense brought to bear upon it will ultimately produce the dividing line beyond which you may not go in the matter of indulgence. Speaking for myself, the period of seven years, roughly speaking, which is accorded, I think, is amply sufficient. If the company is going to justify its existence, if it is going to have enough resources in order that its future business may be on sound lines, I cannot see why the line should be extended, but I must point out that there is a strong feeling based, I believe again, on the point of view of one of several

interests which, I think, is a wrong point of view, for the position of those of us who occupy my and your position. We must, from the point of view of this kind of legislation, have regard to the reconciliation of all interests, and not pursue the matter beyond a certain measure from one point of view or one interest. At the same time, I believe there is, if the language of the Honourable the Leader of the House may be copied, a clamour for a certain longer period, but not exceeding ten. That is how the position stands, and I believe, when the amendments under that head are examined, they may easily run into 30 or 30 (?), if not 50 or 60, so that once that particular small point is resolved, I think most of those amendments would have been met.

Coming next to the question of investments, having corrected the oversight, the position that we maintained in the Select Committee, and the position which we submit to the House as being correct, is this. I am not one of those who is ashamed of learning either from Canada or from England or from anywhere else. It is a piece of good humour to say that a part is taken from Canada, a part from Australia, a part from England, a part from Bengal, it is a very great hybrid,—it is good humour, but I don't think it is a good way of sifting of knowledge. The true way to look at this matter is to learn from experience, and I believe the Canadians have made very good go-ahead insurers in a large part of the world and have been very successful insurers at that if we only remember how they have invaded our country, how many crores a year of premia they manage to send away, notwithstanding the fact that they have only two or three big companies in this country. And the distinction that is broadly made in the Canadian Act is, I submit, justifiable and right. At least half of them own kinship to my friends of the European Group, and they draw a distinction between a Canadian company and a United Kingdom company and a foreign company; all the rest are foreign companies under their Act. They might have done it as a result of reciprocal treatment,—when they get a large business, they divide it. We are obliged to adopt that distinction under more unfavourable and inauspicious and not very pleasant circumstances, and circumstances, therefore, of force. The fact still remains that the distinction is drawn in the Legislative Acts of 1912, 1928 and 1932 of the Canadian Legislature. The broad distinction is between what one may now describe broadly, as a home company and a foreign company. As regards foreign companies, there is an obligation maintained that in Canada every foreign company should have a reserve liability, meaning a sufficient sum of money to cover matured and to be matured contingent claims at a particular point of time, and that money should be held in the hands of a trustee, the trust deed of which is to be settled by the Board of Trade or certain other officer under their protection. The object of that is,—in order that we may have a precisely similar object we may perhaps have to make suitable amendments to the extent to which it is necessary to bring section 26 or its successor in line with that.—the primary object of that is, first to secure to the Indian policyholder against any of the funds not being available either by reason of the company failing in its own parent country or by reason of any other emergency which may put an end to the contractual relations between the two countries. As regards the home companies, there is no question of maintaining assets with any trustee. They undoubtedly remain, like every other company, with the management, i.e., the assets are deposited with them under the

[Mr. Bhulabhai J. Desai.]

control of the management, but there is this provision and safeguard for the benefit of the policyholders which, I submit to the House, should also be incorporated here, and that is, either what is called the life fund under section 8 under this clause, which is a little larger than the reserve liability, but which is a lesser amount. May I also, even at the risk of perhaps stating more or less obvious matters known to the House, point out that the total assets, where there is a corporate company, the total assets would be the monies paid in by the shareholders, undistributed profits plus all the money including the insurance premia less of course the expenditure,—less than the total assets would be the life fund as defined in clause 8 here, less than that is the reserve actuarial liability I referred to already earlier,—so far as the investment of the total assets is concerned, I think it is an error that the investments of the shareholders' money should be left to those in charge of the companies management to invest as they like or as they think proper, but when you come to the life or the reserve liability I quite agree the issue stands on a different footing. I am now talking of life insurance companies as distinguished from general companies. So far, therefore, as life insurance companies are concerned, my suggestion to the House is that it would be a proper thing to do to divide the life fund reserve liability into three parts, one part of which, either an equal or an unequal, it may be anything between 25 and 33 into what are now called guilt-edge securities,—the next which may be either 30 or 33 into trust securities, and as for the remaining, the companies should be allowed to invest as they think prudent, subject of course to the Superintendent disallowing any particular class of hazardous investments by which the policyholders may come to grief,—but without some such latitude it would be impossible or valueless to have conditions of this kind at all,—not that it would be utterly valueless,—perhaps it is a strong expression, but I may say not as valuable as the needs of the present insurance business demands, and the value of it lies in this. If only 2½ per cent. were to be produced by that investment, I think it would be an error to tie down that all investments should be made in guilt-edge securities. You have, therefore, a sliding scale. The next category which produces a reasonably larger amount, and the last which probably produces a little better nearer to five or six per cent. It is in that way only that the insurance companies have hitherto grown and prospered. I quite agree, to the benefit partly of the shareholders and also partly of the policyholders. That attitude I suggest would be the proper way in which section 26 can be dealt with.

There are two other matters which I wish to deal with very shortly.

4 P.M.

One refers to the question of the omission which my Honourable friend, Mr. Aney, chose to leave alone but which I do not think it right so to do, and that is the question of the limitation of commissions, because I am trying to use as short a phrase as I can as there is not time enough to go in detail into it. When amendments are moved, full language will be used for the purpose. There are two methods of assuring to the policy-holders safety in this regard. One is to determine what is described, very often, as expense ratio, the other is the limitation of commission. As regards expense ratio, I am afraid the difficulty that presented itself was not so much its propriety as how to arrive at such an expense ratio that it may not unduly hamper the

company and yet at the same time will not take away too much from the money of the policy-holder. Therefore, the next best step has got to be recommended, namely, the limitation of commissions. That question also has two aspects, competition at home and also competition from the stronger outside. So, from both points of view, I suggest that provisions may be incorporated on the lines of the original Bill, the clause which now stands omitted. That brings me next to the position of the Managing Agents to the extent to which you give life to them in your mercy. I have already heard Sir Hormusji Mody in his first announcement to the House about the bloody one or bloodless one—I do not know which he has in mind, in any case, one way or the other he feels is going to be at his throat. But I do not believe that there need be any blood in performing any such operation. The point shortly before the House is this. Here I think general opinion favours distinction between life companies and general companies. It is true to say that except two important companies the other life assurance companies which are now prosperous today have been initiated by promoters, otherwise called Managing Agents. Whether they have survived their utility or not I do not wish to wrangle about at this time, but it seems to be more or less common ground or taken for granted by this House, and I am no exception to that rule, that so far as life companies are concerned, subject to their existing contracts which I shall presently deal with, in future, for a life company, there shall not be a Managing Agent. The next question which naturally, therefore, would occupy the attention of the House would be to what extent the existing contracts are to be cut short. That is a matter on which a difference of opinion can easily exist, a difference of opinion about which we need not be fanatic at all. After all, if this particular form of the promotion of a company and its management is to be abolished you need not necessarily be fanatic about its going out or about blotting it out of existence tomorrow morning. At all events, give them time enough to read just their affairs in this life so that they may be able to answer for their sins in the next. (Laughter.)

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

From that point of view my own feeling is that the provision in the Bill—I will take you to the two stages. There was a three-year life which was in mercy granted by the draftsman of the Bill, or in the Bill as was presented here, and allowing him to continue in his voluminous takings during that period. The Bill as it has emerged from the Select Committee gives him ten years time but limits his cupidity, as one class of my friends would have it. I am one of those who cannot see eye to eye with either point of view and I am merely expressing a personal opinion. My personal submission to the House is that in all matters, while I think it is within the privilege of this House to get rid of all vested interests as and when they like, they might also consider that things are not so evil as they appeared at first sight to be, and whether they will be much better off later on under other conditions—I beg to leave that to you. I, therefore, submit to the House as purely a personal suggestion of mine that if you gave to the bloated Managing Agent a period of five years and if their contracts so exist,—of course, if their contracts do not last so long, there is nothing more to be said,—but if their contracts last beyond a period of five years, I believe that it would be an act not only of mercy but of justice to grant a period of five years. That is the

[Mr. Bhulabhai J. Desai.]

suggestion that I make, midway between the suggestion in the draft Bill was presented and the Bill the Select Committee has submitted. (Interruptions.) I am not asking for a vote now. I am only pointing this out and I wish to conclude in three more minutes which are at my disposal. I may say that I do not suffer and have not suffered from too much education, in this case, for two reasons. One is, living the life that we have done during the last ten years, the din and noise and dust of the crowd—that is a matter to which we have got accustomed. We do not live in very sheltered conditions, and for that reason we had not been over-educated, though I quite agree that the time that we have had to live has not been very comfortable to some extent. Not because we do not wish to be educated but because I find that each one tends to see only one point of view over-riding the point of view of all other interests which must be reconciled, and insist upon seeing insurance. As regards companies doing other than life business, the Indian Companies Act may well be left to cover those companies. That leaves only the licensing of agents, and, so far as that is concerned my personal experience has been that some sort of check is necessary to the class and every growing class of you may call them unemployed. I have every sympathy with them from another point of view and in another place, but here I am not going to provide employment to the unemployed so that he may do whatever he likes with another ignorant man. So that it is wrong to plead in this case that I am killing any process by which unemployment may be relieved. But remember that employment may be useful, but employment can also be so exercised as not to be quite beneficial to society. And if you distinguish between useful employment and perhaps a dangerous employment, you will easily see the distinction and the necessity of having a licensing agent. But I think my Honourable friend, Mr. Jinnah, will confirm me that in many earlier parts of cross-examination, whenever a man had no employment and we asked him, what he was, he said, he was an estate agent or that he was an insurance agent, which was another word for saying that when he could get hold of a gull he managed to get hold of his money. That is not the way to cure unemployment at all. I have no desire to curb employment, I have no desire to curtail honest employment, but all I desire is that it should not be done in a manner which would not be to the best advantage of the society which, after all, undertakes the problem *inter alia* of his unemployment. Therefore I whole-heartedly support the licensing of agents. In fact, I would have looked for some sort of qualification but inasmuch as I find it rather difficult to define.....

An Honourable Member : You require a Barrister-at-Law.

Mr. Bhulabhai J. Desai : I hope that they have a better occupation. Personally it does not affect me. I do not happen to be a Barrister-at-Law nor am I an insurance agent. As regards the qualification, the point shortly is this. The question is whether qualification could be defined. I quite confess that it is difficult to find out any minimum qualification, though I may point out to my friends who argue the contrary that a large number of insurance agents in many parts of India have interviewed me and told me that an apprenticeship to those who are now working for one year and a certificate might be a good qualification, so that it is not beyond my imagination to be able to frame a qualification if one were necessary and as there is none in the Act except the recommendation of an insurance

company, I do not wish to lay any further burden of finding other qualifications.

The only last word I will say before I sit down is this that we wish to promote insurance business in this country to the exclusion, if we can, of any outside insurer who has insured up to now and to the extent to which that Act gives us liberty. I think this House should support such a measure and while remembering the policyholder every moment of the time and also the field worker, let us remember that there is something bigger than that—the reconciliation of all interests and the promotion of Indian insurance business.

Mr. M. A. Jinnah (Bombay City : Muhammadan Urban) : I hope I shall not be accused of flattering anybody in this House if I were to say that I think the House does recognise, and recognise very rightly, the enormous labour and pains and trouble which the Law Member has taken in framing this Bill. I appreciate also the labours of those who have assisted him and I think we are grateful to the members of the Select Committee for having rendered very great services in the shaping and framing of this Bill. Sir, in the question before the House, we have got a variety of interests. We have got the foreign companies, the British companies, what I may call the old or the larger Indian companies, and the smaller or young Indian companies, and we have got to think of the shareholders, and, above all this, the most important body, whose interests we have got to consider first and foremost, are the policyholders. It is the policyholders who have got to be protected, and if I may use the language of an article which appeared in a publication which is called the "Young Messenger of India", I would say that I was rather struck with a few things which I read there. This is what it says :

"It occurs to few people that the huge assets built up by our insurance offices have mainly come from the sweated, hard earned savings of poor people and not from the capital contributions of shareholders. The interests of shareholders and managements are infinitesimal constituting only a petty fraction of the great stakes of policy holders."

This is a very complicated Bill indeed, and it is the first effort that has been made in order to see that the policy holders get their money's worth in this growing and fast developing business. Now, one thing which I want to bring before this House is that in this House and outside there are interested parties. The foreign companies will tell you a good many things. The British companies and their champions will tell you a good many things, and so would your own people. The Indian companies will also tell you a good many things. There seems to be a triangular or, if you like, a quadrangular fight. The Indians in the name of encouraging and fostering Indian national insurance business in this country, will try to put difficulties in the way of the foreign and British companies, and, in the name of patriotism and national business, they will try to seriously prejudice the smaller companies, the younger companies, nay, may seek their extinction. We have got to guard against that. I refused to see anybody before I came to Simla. When I came to Simla, my experience has been that all sorts of stuff is put in front of us, and, after all, you are human, and you have no data to contradict it. A great deal of what is put before us is very misleading and very convincing *prima facie*. I want the House, therefore, to be very wary before it swallows these things. Take one example. We have been told that clause 26 is

[Mr. M. A. Jinnah.]

really a clause which, if adopted, would mean that the insurance companies would have to sell their tables and chairs in order to realise that sum, so as to comply with the terms of that clause. Even just now, when my friend, Mr. Aney, was speaking, my friend, Sir Cowasji Jehangir, said "You have to sell your tables and chairs in order to comply with that."

Sir Cowasji Jehangir : That is the strict interpretation.

Mr. M. A. Jinnah : Read it again. You are a Director of an insurance company. The Leader of the House made the matter quite clear. Reserve liability means a sum equal to your liability to meet the policies which have matured or which are outstanding and which will mature. It is not "life fund" or total assets. I have asked for the figures repeatedly, and I challenge any insurance company to produce them to satisfy me that this clause will mean that they will have to sell their chairs and tables, and, may I say, their cigars and cigarettes on the tables also. I shall be the last person indeed to put any difficulties in the way of the insurance business in our country. Believe me, whether it is a foreign company or whether it is a British company or whether they are our own nationals, I shall be the last person to take advantage of any measure which is likely to strangle any one of them or to be unjust or unfair to any one of them. Of course, so far as the foreign companies are concerned, the justice and the fairness can only extend at the most on equal terms. We can give them nothing more. But to exaggerate things and to mislead people does not really serve their case at all. My mind is still open, and I shall certainly stand corrected if I find that this sum which is fixed, to be invested, namely, a sum equal to the liability of the company for the matured and the outstanding policies, would be injustice to any one.

The next question is about this agency. Well, Sir, I have listened to the Daniel that came to justice, the Leader of the Opposition. Mr. Desai was so tender, his heart was so soft, and he said : "At least deal with these bloated agents with justice and mercy, and allow their iniquitous agreements to continue for five years more." But, may I ask him, where is the justice and where is the mercy ? I think every person ought to consider this question and I think I can quote to the Honourable the Leader of the Opposition the opinion of Mr. Munshi, who is a Congress Minister in Bombay and who was the Chairman of an Insurance Company. May I draw the attention of the Leader of the Opposition to what he says and what his views are about the agency agreements ?

Mr. Bhulabhai J. Desai : One might differ even from Mr. Munshi.

Mr. M. A. Jinnah : But I cannot understand the Leader of the Opposition advocating the preservation of vested interests based on bargains.

Mr. Bhulabhai J. Desai : Who ever said that ? On a point of personal explanation, Sir. It is an utter misdescription of what I said. I first said that the managing agencies are to go : I next said that the only question is for what life they are to remain. There is no question of vested interests.

Mr. M. A. Jinnah : I know the Honourable the Leader of the Opposition is very versatile ; he is very illusive. What does he mean when he asks to give these agency contracts a further life of five years and when he says : " In the name of justice and mercy, do not be hard on them : do not take away their vested interests or rights under the contracts." To begin with, it is not a question of expropriation, and my Honourable friend may even go to the length of subscribing to the policy of expropriation when it suits his purpose.

Mr. Bhulabhai J. Desai : The contract is there.

Mr. M. A. Jinnah : That has nothing to do with expropriation. But I do subscribe to the principle that no unconscionable bargain should be sanctioned. It is a very different thing from saying expropriation and it is a very different thing to saying that unconscionable bargain should be set aside. Therefore, it is no use pleading on the ground, that this is a monstrous doctrine of expropriation or confiscation, do not touch the question before the House in this Bill. Is it a right thing to do ? That is the only question. Now, Sir, I shall read what Mr. Munshi says. He says this :

" This only leads to the vexed question of managing agency. In spite of my having closely followed the argument in favour of retaining the managing agency system, I confess I have remained unconvinced about its absolute necessity in life insurance and banking companies. In an industrial concern the managing agents have year after year to pledge their personal credit to finance it (*which the insurance agent has not got to do*), but there is no such thing in a life insurance company except the first few years if the company has been started without adequate funds. (*Now, we want to put an end to companies starting without adequate funds.*) Experience shows that life insurance companies do not come to grief merely because they have no managing agents to feed them artificially during their early years. Of the 8 companies that have completed a new business exceeding one crore each during the last financial year, only three were without managing agents in their early career. An analysis of the companies which have been floated recently will show that it is mainly the love of the managing agency commission that has brought them into existence."

Therefore, as I said, there is absolutely no room for justice, and, certainly not, for mercy for these Managing Agents. Just imagine, what amount they are drawing, and for doing what ? To begin with, they have got the Hitlerian powers and have domination and control and are drawing huge commissions. I think the Law Member promised us that he will give us all the details.

The Honourable Sir Nripendra Sircar : I will.

Mr. M. A. Jinnah : I hope the Honourable Member will give us all the details. I want the Honourable Members to realise that some of them are drawing as much as Rs. 1,60,000 a year. And my Honourable friend, the Leader of the Opposition, says : " Give them a lease for five years to draw this Rs. 1,60,000 per year ". This is certainly an unconscionable practice and cannot be supported or sanctioned.

Mr. Bhulabhai J. Desai : Why don't you go to a court of law and set it aside ?

Mr. M. A. Jinnah : Because we are here to put an end to them. Why should we go to court ? The courts only administer and interpret. We are responsible for making laws.

Mr. Bhulabhai J. Desai : Then, you are doing it unjustly.

Mr. M. A. Jinnah : We are doing it justly, because we say it is unconscionable, and this Assembly is the highest tribunal to make the law. This House makes the laws, and we want to put an end to this unconscionable practice very soon and also the special pleadings are put forward on the floor of the House. That is the position. Therefore, I am against this system of managing agency.

Mr. S. Satyamurti : Will you vote for its going tomorrow ?

Mr. M. A. Jinnah : Yes, I will vote for its going tomorrow if my Honourable friend will follow me with his Party behind him.

Mr. S. Satyamurti : We will consider that.

Mr. M. A. Jinnah : You had quite long enough time to consider and you have poured over the matter midnight oil for several weeks. You must make up your mind quickly and now, so far as this managing agency system is concerned. But clause 10 in the Bill has gained even the soft heart of the Leader of the House, the Law Member in charge of the Bill. He has also somehow or other been softened a little bit, and, probably, owing to the powerful arguments of my Honourable friend, the Leader of the Opposition.

Mr. Bhulabhai J. Desai : No, not at all. The original Bill was not mine. Three years are there.

Mr. M. A. Jinnah : It is now, therefore, accepted in the Bill, as it has emerged from the Select Committee, and the Bill gives a lease of life for ten years to the managing agents. Although the Bill gives the lease of life for ten years, the monstrous, bloated remuneration is cut down to not exceeding Rs. 2,000 a month. At least it is some relief to the poor policyholders whose description I have given you, and that they will get a little more, and these bloated agents will cease to bloat any further. My position with regard to this is that I am absolutely opposed to managing agencies in any shape or form. It is, of course, not in my hands, it depends upon the vote of the House. But so far as I am concerned, I should like to put an end to this managing agency system, but I shall not be prepared, under any circumstances, to go beyond the clause as it has emerged from the Select Committee.

The next question of importance before the House is with regard to the definition of an Indian insurer. Sir, it seems to me that the only object of that definition of 'Indian insurer' is with a view to securing re-insurance with Indian companies by the foreign companies.

Mr. Bhulabhai J. Desai : There are two objects, one is to secure re-insurance, and the second is to distinguish between those two insurers for the purpose of investment.

The Honourable Sir Nripendra Sircar : That has not been done in the Bill.

Mr. S. Satyamurti : It will be done in the House.

Mr. M. A. Jinnah : I cannot enter into the mind of my Honourable friends, nor do I know as to what is in their mind !

Mr. Bhulabhai J. Desai : That mind was expressed here a few moments ago.

Mr. M. A. Jinnah : But the Honourable Member must remember that I am dealing with the Bill as it has emerged from the Select Committee and as it is before the House. Whatever may be his proposal outside the Bill, that will be considered as amendments, and then we shall deal with it. At present I am dealing with the Bill as it stands. The definition of "an Indian insurer" is really there, as I said, to get ten per cent. of re-insurance in the Indian companies. I can assure the House that I shall never lag behind any one of the Honourable Members here in doing all I can, to the utmost of my capacity, that our nationals and our Indian companies should have the best conditions at our hands in our own country.

An Honourable Member : What about Zanzibar ?

Mr. M. A. Jinnah : About Zanzibar you of the Congress Party were all misled.

Sir H. P. Mody : Zanzibar should be run by Managing Agents.

Mr. M. A. Jinnah : You were there again speaking for vested interests. I do not want to introduce any heat in this debate,—time alone will show that I am right. The position is this. We are entitled to pass any measure we like. We have got the power, we have got the majority, we can do so. But it seems to me that whatever we do, the question still stands thus. First, we have been told and told with all the responsibility behind it by the Honourable the Law Member in charge of the Bill that, if this clause is retained, then the position will be that the Bill will have to be submitted for His Majesty's signification of pleasure or assent. What is the benefit that we are going to get out of it ? Of course, if we can get any advantage, I am with the House in thinking that this clause should remain. I am told that we will get 75 lakhs. But that is not the question. I put it to you quite plainly, if we pass this Bill with this clause, the Bill will be held up. That I am not afraid of. There can only be two consequences, firstly that His Majesty's pleasure is signified against the Bill, that is one possibility ; the other possibility is that it may be in favour of the Bill. But that does not put an end to our trouble. The question still remains as far as the British companies are concerned. I perhaps misunderstood what the Honourable the Leader of the Opposition said. He could not have said that this House can decide the question. The question must be decided by a court of law, namely, whether, notwithstanding this Bill being passed into an Act and vis-a-vis or along with the Government of India Act, whether the British companies are not still Indian companies. That is the question that this House cannot decide, because that is a question of interpretation of two Statutes, and we have no power or authority to repeal an Act of Parliament. So, the Act of Parliament is there, the Act of this Legislature will be there when passed, but still the question will be whether, on the true interpretation and the true construction of the law, the British companies are Indian companies or not ? The whole business will be hung up until this question is decided. The question may be taken even to the Privy Council. I am sure, it is bound to go there. I want to be practical. I express no opinion on the question, but I find that sections 111, 112, 113, etc., are there in the Government of India Act. It is no use merely saying that these monstrous sections have been enacted against India, and I do not want here to talk about

[Mr. M. A. Jinnah.]

the Round Table Conference. But let me tell the House that there was nobody else in that Round Table Conference who had the courage to go against this proposal except myself. Every one of your leaders there (*Voices from Congress Party Benches* : "Not our leaders ; our leader is Mahatma Gandhi"). Please do not provoke me ; even Mahatma Gandhi did not take exception to it. Go and read the proceedings. He was there at the Second Round Table Conference.

Sir Gowasji Jahangir : Sir, may I make a personal explanation ? If the Honourable Member will read our speeches, he will find that we took strong exception to these clauses. And I will remind him of my speech at the Third Round Table Conference where I warned Government that these discriminatory clauses would do more harm to English interests in India than anything else in the whole of the Act.

Mr. M. A. Jinnah : I am fully aware of the platitudes that were talked by some gentlemen there. I am talking of the First Round Table Conference. (*Voices from Congress Party Benches* : "We were not there ; Mahatma Gandhi was not there.") Kindly listen to me. Take it from me that I am not in the habit of making incorrect statements ; and I challenge you to look at the records. In the first Round Table Conference, there was not a single man.....

Mr. S. Satyamurti : We were not there.

Mr. M. A. Jinnah : Will you have patience ? In the Second Round Table Conference, Mahatma Gandhi was there, and he never referred to this matter or opposed it.

Mr. S. Satyamurti : He opposed the whole Constitution ; you went on co-operating.

Mr. M. A. Jinnah : You have accepted the Constitution even now, and are co-operating now. You look up the records. It is no use discussing that now.

Now, the question is, have you any way of getting out of it ?

Mr. S. Satyamurti : Yes, join the Congress, and get out of this Constitution. You won't do it. (Laughter.)

Mr. M. A. Jinnah : You join hands with the Muslim League.

Mr. S. Satyamurti : Will you take me into the Muslim League ? I am not a Muslim.

An Honourable Member : You embrace Islam.

Mr. M. A. Jinnah : No Pact and coalition is open to you on honourable terms. Do you want to tie yourself into a knot again now ? That is the question you have got to consider. And, I think, as the Law Member said very rightly, that even now today, according to his opinion, he has made calculations, and there are exaggerations on both sides. One party says that the voluntary re-insurance is not more than 2½ or 3 per cent., and the other party says it is 8 or 9 per cent. But taking the mean it is 5 or 6 per cent. Here I appeal to the Leader of the Opposition to become a practical man and less of an idealist.

Mr. Bhulabhai J. Desai : I agreed to drop it.

Mr. M. A. Jinnah : Do you want a gentleman's agreement or do you want a bludgeoning clause ?

Mr. Bhulabhai J. Desai : I wanted a gentleman's agreement ; if that is not forthcoming, I have plainly agreed, if my language is intelligible, that the clause must be dropped so as not to hold up the Bill.

Mr. M. A. Jinnah : If so, I have nothing more to say. If you want a gentleman's agreement, you should not have started with the white and brown arguments. A gentleman's agreement is not brought about by asking a person to do something for you when it suits you and abuse him when it does not suit you.

Mr. S. Satyamurti : Ask De Valera ; he got the agreement all right.

Mr. M. A. Jinnah : This does not accelerate ; it will slow down the pace. The next thing is this. It is more a matter of administration ; but what is the best thing to do with regard to these deposits ? I should most respectfully draw the attention of the Law Member to the fact that there are two ways in which you can give some help, and it will be less of a hardship on the smaller companies. Either you extend the seven years to ten years ; or, if you want to keep the seven years, then make it first Rs. 25,000 for the existing companies and Rs. 50,000 for the new companies, and the balance of one lakh and 50,000 by progressive instalments on a graduated scale. That is the suggestion which I put before the House. Then, with regard to investments, my Honourable friend, Mr. Aney, will forgive me if I differ from him and differ rather emphatically. Mr. Aney said that 33 per cent. should be enough. This means a security which would be there and forthcoming to meet the liabilities of the policy holders which have become mature or which will become mature. It is a security ; they have paid their money, remember that. Now, I ask Mr. Aney, supposing I went to Mr. Aney with a security of 33 thousand and asked him to give a loan and advance to me, a lakh of rupees, will he do so ? (Interruption from Pandit Krishna Kant Malaviya.) If my Honourable friend, Pandit Krishna Kant Malaviya, went to the Bombay markets and said, " I have got 33 per cent. security ; and on that give me 100 per cent." he will be shown the door at once. That is exactly the position. Therefore, as to the quantity, I am not prepared to yield, but as to the character or the nature of the investments, it is a question that requires careful consideration.

Mr. M. S. Aney : I have only stated 33 per cent. which applies to investments in securities mentioned in this particular section I quoted.

Mr. M. A. Jinnah : I want a sum equal to the liabilities. That is the quantity. That must be the full amount of the Reserve Liabilities. The next question is, in what securities that sum should be invested. And there I do feel that the Bill requires that the whole should be invested in approved securities only. There are many reasons, which I do not want now to put before the House, but there are many reasons, one particular reason being that the insurance company must be

[Mr. M. A. Jinnah.]

allowed to invest their funds in such investments as will bring, consistently with safety, the largest return which will be undoubtedly in the end for the benefit of the policy holders. Therefore, if you restrict them to approved securities, you are really restricting them in earning a better income, and it can be done or met without prejudice to the security of the policy holders. I do not make a definite proposal, but I do think that the other sources of investment should be included over and above the approved securities—say 1/3rd approved securities, a portion, say, 25 per cent. or 1/3rd in mortgages or other trust securities, and the remaining 1/3rd may be in such other investments as the Superintendent, who is all in all, may approve of. That is a matter that requires very careful consideration.

Now, I come to the Superintendent. I have been thinking about the Superintendent. I was very glad that, in answer to my question, the Honourable the Law Member said that he will be a qualified actuary. But I would like the Government to consider very carefully: remember his powers. He has got very wide powers; some powers are so wide that he can make or mar a company; and I really believe, however able and however experienced the officer may be,—I hope the Law Member will agree with me,—that it is too much to leave all these powers in the hands of one man as the final arbitrator in all matters. I would, therefore, ask the Honourable the Law Member to consider whether at least in some vital matters there should not be another tribunal to revise at any rate findings of a serious character that he may arrive at. At present I do not wish to make a concrete proposal, but I do ask the Government to consider it.

There are certain points with regard to these retaliatory clauses. I subscribe wholeheartedly to the principle of retaliation. I believe in a tooth for a tooth and an eye for an eye, provided it does not kill me, provided I can do it. And this is a matter in which we can do it to a certain extent, and, therefore, I am wholeheartedly in favour of that principle. But there are one or two things which struck me, and I only want an explanation and no more. You will find in clause 3 (3), the original clause had the words "company incorporated in British India": those words have been dropped, and the words "Indian nationals" have been put in. What does that exactly mean? I do not know and I would like to understand the history why the original words have been dropped and the new words substituted. Then, there is another point, and that is clause 53: the words in that clause are:

"Where by the law or practice of any country outside India in which an insurer carrying on insurance business in British India is constituted, incorporated or domiciled, insurance companies incorporated in British India are required as a condition of carrying on insurance business in that country to comply with any special requirements whether as to the keeping of deposits or assets",

that is to say, if there are any special requirements of any other country which require our companies to comply with those special requirements as to deposits or assets, then we shall have to impose similar terms up on them; but the clause goes further and says "or otherwise": what does that mean?

Mr. Bhulabhai J. Desai: Which is not imposed by this Act.

Mr. M. A. Jinnah : I do not think you appreciate my point properly. I would like the Honourable the Law Member to explain to me, and I hope he will be good enough to do so.

The Honourable Sir Nripendra Sircar : I shall deal with it in my reply.

Mr. M. A. Jinnah : I am sorry that I have taken more time than I intended to do, but in conclusion I can assure the House and the Government represented by the Law Member that, so far as my Party is concerned, we are willing to give every assistance that we can to the best of our ability and judgment, to produce a Bill which will be a sound piece of legislation which will justly and fairly protect all the interests according as they deserve, and advance and encourage our Indian companies and develop the business in a sound and beneficial manner to the policy holder.

(The Honourable Sir Nripendra Sircar rose to speak.)

Mr. President (The Honourable Sir Abdur Rahim) : Perhaps the Honourable the Law Member would like to begin his speech tomorrow.

The Assembly then adjourned till Eleven of the Clock on Tuesday, the 7th September, 1937.