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THE LEGISLATIVE ASSEMBLY DEBATES

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SIXTH SESSION OF THE FIFTH LEGISLATIVE ASSEMBLY, 1937



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Legislative Assembly.

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LEGISLATIVE ASSEMBLY.

Wednesday, 8th September, 1937.

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

STARRED QUESTIONS AND ANSWERS.

(a) ORAL ANSWERS.

CONTRACT FOR PARKING OF *Ekkas* OUTSIDE THE BENARES CANTONMENT RAILWAY STATION.

360. *Mr. Sri Prakasa : Will the Honourable Member for Commerce and Railways state :

- (a) what rules, if any, are there for giving of contract for permission to *ekkawalas* to park their *ekkas* for hire on railway land outside railway stations on the East Indian Railway ;
- (b) what are the conditions under which *ekkawalas* can park their *ekkas* on railway land outside the Benares Cantonment Station ; and whether it is a fact that formerly no charge was made from them ;
- (c) if so, since when was a charge introduced and what have been the rates at which contracts have been given per year since the inception of the charge ;
- (d) what is the figure for the current year ;
- (e) whether it is a fact that the *ekkawalas* have been on strike refusing to park their *ekkas* on railway land outside the Benares Cantonment railway station premises, and instead keeping them on the Grand Trunk Road a little further away ; and
- (f) whether Government are aware that this has been causing a great deal of inconvenience to the travelling public, and if so, what steps are the Railway taking to ease the situation ?

The Honourable Sir Saiyid Sultan Ahmad : (a) At stations of importance on the East Indian Railway, a contractor is employed to regulate the supply of *ekkas* and tongas.

(b), (c) and (d). I am calling for the information and will lay a reply on the table in due course.

(e) *Ekka* and tonga drivers who are members of the *Ekka* and Tonga Union at Benares have been boycotting the Railway stand at Benares Cantonment.

(1295)

(f) I understand that Railway passengers are not greatly inconvenienced. The tongas and *ekkas* stay outside the railway boundaries about 60 yards from the Railway stand. The Railway contractor provides buses for passengers to go to the city.

Mr. Sri Prakasa : With reference to the Honourable Member's reply to part (e) of the question, may I know if the District Magistrate has written to the railway authorities to try to settle this matter because great hardship is being experienced by passengers ?

The Honourable Sir Saiyid Sultan Ahmad : I have no information of that, but the Collector of the District has addressed the Railway asking that the contract might be given to the *Ekka* and Tonga Union whom he now recommends. The matter is being considered now and it is quite possible that it will be settled soon.

Mr. Sri Prakasa : Am I to take it that the men are still on strike ? On the day I left Benares they were.

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

Mr. Sri Prakasa : With reference to his reply to part (f) of the question, will the Honourable Member find out the exact distance from the portico to the place where the *ekkas* are now parked, which is at least 200 yards, not as the crow flies but as the road winds ?

The Honourable Sir Saiyid Sultan Ahmad : The information I have got is that it is 60 yards, but I will make further enquiries in view of the statement made by the Honourable Member.

Mr. Mohan Lal Saksena : Do the Government charge any contract money for the parking of the *ekkas* and tongas within the railway compound ?

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

Mr. Mohan Lal Saksena : Will the Honourable Member kindly make enquiries relating to Benares as well as Lucknow ?

The Honourable Sir Saiyid Sultan Ahmad : Lucknow does not come into the question.

Mr. Mohan Lal Saksena : The Honourable Member said that there were certain stations on the East Indian Railway where the contract system is in vogue, and I would like the Honourable Member to make enquiries about those other stations also.

The Honourable Sir Saiyid Sultan Ahmad : I would like the Honourable Member to put down a question.

Qazi Muhammad Ahmad Kazmi : May I know since when this contract system has been started ?

The Honourable Sir Saiyid Sultan Ahmad : It has been in existence for a long time.

Qazi Muhammad Ahmad Kazmi : Was it for the convenience of the passengers or for the realisation of money from the people who go to the railway station ?

The Honourable Sir Saiyid Sultan Ahmad : For the convenience of passengers.

Qazi Muhammad Ahmad Kazmi : What particular convenience of the passengers is consulted by the regulation of these *ekkawallas* who have got to pay a further sum of money if they want to stand within the railway compound ?

The Honourable Sir Saiyid Sultan Ahmad : My Honourable friend might put down a question, and I will get all the details.

CONSTRUCTION OF AIR-CONDITIONED COACHES.

361. ***Mr. Sri Prakasa :** Will the Honourable Member for Commerce and Railways state :

- (a) what progress has been made in the construction of air-conditioned first class coaches ;
- (b) what is the cost of each coach according to the final estimates ; and how many compartments has each coach and what is the sitting and sleeping accommodation provided in each coach ; and
- (c) whether it is possible to instal the necessary apparatus in the already existing coaches or whether it is necessary that a new coach must be built for air-conditioning purposes ?

The Honourable Sir Sayid Sultan Ahmad : (a) Five air-conditioned coaches are expected to be placed in service next month.

(b) The estimated cost of each coach is Rs. 95,000. Each coach has six compartments. Seating and sleeping accommodation is provided for 14 passengers.

(c) Yes, but under certain conditions the provision of a new body is the more economical course to follow. Much depends upon whether all or only a part of the accommodation in the coach is to be air-conditioned and upon whether the 'corridor' type of construction is to be substituted for the 'compartment' type now in general use.

Mr. Sri Prakasa : Has the Honourable Member made sure that the health of the passengers who travel in these compartments will not suffer in view of the fact that Pandit Jawahar Lal Nehru, President of the Congress, while travelling in Malaya, was given such a compartment and the result was that his speeches were often punctuated with sneezes ? (Laughter.)

The Honourable Sir Saiyid Sultan Ahmad : I have no information about the experience of Pandit Jawahar Lal Nehru, but all enquiries have been made by the Department, and they are satisfied that the health will not suffer.

Mr. Sri Prakasa : Have any health officers been consulted in the matter ?

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

Mr. N. M. Joshi : May I ask whether the Government of India are aware that when this air-conditioned coach is attached to a train the train is delayed at those places where it takes ice ?

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

Mr. N. M. Joshi : May I ask whether the Government of India will enquire into the matter ?

The Honourable Sir Saiyid Sultan Ahmad : Always ready to enquire.

Seth Govind Das : As the Honourable Member is the head of the Railway Board in India, will he himself travel by that route and see what his experience is ?

The Honourable Sir Saiyid Sultan Ahmad : I shall be quite ready if questions are not put to me the whole of next week and the week after. (Laughter.)

Seth Govind Das : After the Session is over.

RAISING OF THE STATUS OF OFFICE AND SALARY OF THE HIGH COMMISSIONER FOR INDIA.

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

- (a) whether Sir Feroz Khan Noon, the Indian High Commissioner in London, has recently made representation to the Government of India for the status of his office and salary to be raised until they correspond with those of the Dominion High Commissioner ; if so, what action has been taken by the Government of India ;
- (b) what is his status at present ;
- (c) whether the pay has been raised, if so, by how much ; what was the pay formerly given ; what increase has been given ;
- (d) whether he has been supplied with a free house in London ;
- (e) whether he gets motor and sumptuary allowances, if so, what is the total additional cost incurred now ?

The Honourable Sir Saiyid Sultan Ahmad : (a) No such representation has been received.

(b) It is not clear what the Honourable Member exactly means by status but if the reference is to precedence, I may state for his information that the High Commissioner for India ranks with the Dominion High Commissioners in London on ceremonial occasions.

(c) The salary of the High Commissioner for India has always been £3,000 per annum. No increase in this salary has been sanctioned.

(d) No.

(e) A grant of £300 per annum is made for the upkeep of the High Commissioner's motor car which is provided at Government expense. He is not granted any sumptuary allowance.

Beth Govind Das : Will the Honourable Member consider the desirability of reducing the salary in the present state of things ?

The Honourable Sir Saiyid Sultan Ahmad : I am afraid it is impossible.

CONTROL OF THE RADIO DEPARTMENT AND APPOINTMENT OF THE NEWS EDITOR.

363. ***Mr. Badri Dutt Pande :** Will the Honourable Member for Commerce and Railways inform the House as to :

- (a) who controls the Radio Departments ;
- (b) who appoints the musicians and singers ; and
- (c) whether the News Editorship of All-India Radio has been filled up ; and if so, who has been appointed ?

The Honourable Sir Saiyid Sultan Ahmad : With your permission, Sir, I propose to answer questions Nos. 363 and 365 together.

These questions do not concern me. They should have been addressed to my colleague in the Department of Industries and Labour, who will, I am sure, answer these questions in due course.

APPOINTMENT OF AN ACTUARY FOR INSURANCE WORK.

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

- (a) whether Government have appointed an Actuary for insurance work, or if it is under contemplation to appoint one ;
- (b) where will his headquarters be located ;
- (c) whether the Honourable Member has seen the recommendations made by the Federation of Indian Chambers of Commerce and Industry in this connection ?

The Honourable Sir Saiyid Sultan Ahmad : (a) and (b) : The Honourable Member apparently is referring to the post of Superintendent of Insurance, proposed to be created by the Insurance Bill now before the House. No decision can be taken as to how this post is to be filled until the Bill has been passed into law.

(c) Yes.

Mr. S. Satyamurti : Has the attention of the Government been drawn to one of the recommendations of the Federation of Indian Chambers of Commerce and Industry, namely, that the proposed appointment should go to an Indian ?

The Honourable Sir Saiyid Sultan Ahmad : Representation has been received and there is a statement to that effect.

Mr. S. Satyamurti : Will Government take that into their very careful consideration, before they make up their mind as to how to fill up this appointment, after the Insurance Bill becomes law ?

The Honourable Sir Saiyid Sultan Ahmad : Certainly.

PRESS TELEGRAM RATES, ADMISSION OF NEWS PRINT INTO INDIA FREE OF DUTY AND RATES OF POSTAGE AND TELEGRAMS BETWEEN BURMA AND INDIA.

†365. ***Mr. Badri Dutt Pande** : With reference to the reply to questions in the House of Commons in June, 1937, regarding (i) lowering press telegraph rates, which were increased in 1933, (ii) admitting news print into India free of duty, and (iii) increase of postal and telegraphic rates imposed by the Burma Government, will the Honourable Member in charge of Commerce and Railways inform the House what action Government have taken on these matters ?

BRITISH COLONIES RECEIVING IMPERIAL PREFERENCE IN TRADE.

366. ***Mr. G. V. Deshmukh** : Will the Honourable Member for Commerce and Railways be pleased to state if the Crown colonies and territories in Africa under the mandate of the self-governing British colonies received imperial preference in trade ? If so, which of them ? Are they enjoying it still ?

The Honourable Sir Saiyid Sultan Ahmad : It is assumed that the Honourable Member refers to the grant of preferences by India. Under Articles 9 and 12 of the Ottawa Trade Agreement between India and the United Kingdom reciprocal tariff preferences have been granted by India to the British Colonies specified in the First Schedule to the Ottawa Trade Agreement Rules, 1932, and *vice versa*. Copies of the Ottawa Trade Agreement and of the Rules referred to are in the Library. The reply to the last part of the question is in the affirmative.

Mr. G. V. Deshmukh : May I know if the preferences are being enjoyed still ?

The Honourable Sir Saiyid Sultan Ahmad : I do not know whether they are being enjoyed, but they do exist.

RAILWAY ACCIDENT AT BIHTA ON THE EAST INDIAN RAILWAY.

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

- (a) whether, in regard to the tragic train disaster to the Punjab Express on the 17th of July near Bihta, he proposes to appoint an independent committee to enquire into the causes of the accident, and if not why not ;
- (b) whether Government proposes to offer, without waiting for formal applications, relief to those who have been wounded in the disaster, and to the survivors of those who have been killed ; and
- (c) whether Government will place a full statement of the causes of the disaster on the table of the House, after full and independent investigation ?

†For answer to this question, see answer to starred question No. 368.

The Honourable Sir Saiyid Sultan Ahmad : (a) The Honourable Member's attention is invited to the Gazette of India Extraordinary published on the 6th instant notifying a Resolution, dated Simla, the 4th September, 1937, as follows :

" N. 7043-T. (II).—The Government of India have received a report from the Senior Government Inspector of Railways on the accident which took place near Bihta on the East Indian Railway on 17th July, 1937. In view, however, of the importance of the issues involved, both to the public and to the Railway Administration, Government have decided to institute a judicial enquiry. This enquiry will be conducted by a High Court Judge.

The report of the Senior Government Inspector of Railways, together with all relevant papers, will be placed before the High Court Judge appointed to conduct the enquiry."

(b) The Honourable Member is referred in this connection to my reply to part (e) of Mr. Amarendra Nath Chattopadhyaya's starred question No. 304 on the 3rd instant.

(c) The question will be considered when Government have arrived at a final conclusion on the result of the Judicial Enquiry to be conducted as stated in (a) above.

Mr. S. Satyamurti : Has the High Court Judge been appointed ?

The Honourable Sir Saiyid Sultan Ahmad : Not yet.

Mr. S. Satyamurti : Will the inquiry be a public inquiry ?

The Honourable Sir Saiyid Sultan Ahmad : It depends on the Judge.

Mr. S. Satyamurti : The Judge will be free to conduct an open and public inquiry, if he so decides ?

The Honourable Sir Saiyid Sultan Ahmad : Yes.

Mr. S. Satyamurti : Will all useful and relevant evidence be called for ?

The Honourable Sir Saiyid Sultan Ahmad : I cannot answer that. It depends on the Judge as to what sort of evidence will satisfy him.

Mr. S. Satyamurti : Will the Judge be free to call for evidence from any person who may be in a position to give useful evidence ?

The Honourable Sir Saiyid Sultan Ahmad : I do not like to fetter his discretion. He will be given a free hand.

Mr. S. Satyamurti : May I know if the Government propose, after the liability of the railway company has been established one way or the other, to offer voluntary relief to those who have been wounded in the disaster, and to the families of those who have been killed ?

The Honourable Sir Saiyid Sultan Ahmad : The matter will be considered after the report has been received.

Qari Muhammad Ahmad Kasmi : Will the Judge be supplied with a list of witnesses who will be examined.

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

CONSTITUTIONAL POSITION OF THE OFFICIAL REPRESENTATIVES OF THE PROVINCIAL GOVERNMENTS NOMINATED TO THE INDIAN LEGISLATIVE ASSEMBLY.

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

- (a) the exact constitutional position of the official representatives of the Provincial Governments, i.e., of those Official Members of the Assembly who are nominated to the Legislative Assembly on the recommendations of Provincial Governments ;
- (b) whether those official representatives of the Provincial Governments are expected to obey the official Whip of the Government, or the instructions of the Local Governments on whose recommendations they are appointed here ; and
- (c) whether Government contemplate any change in the procedure of these nominations, and if so, what ?

The Honourable Sir Nripendra Sircar : (a) and (b). The Honourable Member is referred to my replies to starred questions Nos. 133 and 134 asked by the Honourable **Sardar Mangal Singh** on the 26th August.

(c) No.

Mr. S. Satyamurti : May I know if the answer to clause (c) means that the Government do not contemplate any change in procedure ?

The Honourable Sir Nripendra Sircar : Yes.

Mr. S. Satyamurti : May I take it, therefore, that, from the next Session onwards, Government will leave it to the Provincial Governments either to nominate their representatives on the condition that they would accept the whip of the Government of India, or in the alternative the Government of India will appoint their own nominees, without reference to the Provincial Governments concerned ?

The Honourable Sir Nripendra Sircar : That is so.

Mr. Abdul Qaiyum : May I know why the Central Government flouts the views of the Provincial Governments in this matter ?

The Honourable Sir Nripendra Sircar : I don't know what the Honourable Member means by flouting. The Provincial Governments were given a free choice and they have made their election.

Mr. Mohan Lal Saksena : What is the function of the provincial representatives here.

Mr. President (The Honourable Sir Abdur Rahim) : The Honourable Member has been here long enough to know the reason.

Mr. S. Satyamurti : Will the Government consider the question of appointing only those who serve in Delhi and Simla, with a view to effecting retrenchments in public expenditure, by way of travelling and other allowances given to nominees from outside ?

The Honourable Sir Nripendra Sircar : There is another question on this subject which has to be answered on Monday.

CO-ORDINATION OF DIFFERENT KINDS OF TRANSPORTS ON AN ALL-INDIA BASIS.

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

- (a) whether Government have considered or propose to consider the question of organising all transport in India rail, road, inland water and coastal on an All-India basis, with a view to co-ordinating the whole scheme of transport ;
- (b) whether Government have considered or propose to consider the question of getting the co-operation of provinces, on the basis of their share in the receipts to the extent to which they now get on motor transport in their own provinces being given to them : and
- (c) whether for this purpose Government propose to take steps to consult all Provincial Governments and other relevant authorities ?

The Honourable Sir Saiyid Sultan Ahmad : (a), (b) and (c). This question should have been addressed to my colleague, the Honourable Member for Industries and Labour Department.

FIGURES OF THE LAST PROVINCIAL ELECTIONS.

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

- (a) whether Government have now received figures of the last Provincial elections, viz., the number of voters who went to the polls, and the number of votes cast in favour of the Congress candidates, and of others : and
- (b) whether Government will place that information on the table of the House ?

The Honourable Sir Nripendra Sircar : (a) and (b). Yes. Arrangements are being made to supply to the Library of the House, as soon as possible, the information available with the Government of India.

TRAVELLING TICKET INSPECTORS OF THE EAST INDIAN RAILWAY.

371. ***Qazi Muhammad Ahmad Kazmi** : With reference to answers given in this House to starred questions No. 744, dated 26th September, 1935, and No. 831, dated 26th February, 1936, will the Honourable Member for Commerce and Railways be pleased to state :

- (a) whether it is a fact that records of the Railway Board were incomplete when the consideration of the memorials of the old Travelling Ticket Inspectors of the Accounts Department of the East Indian Railway now working under the Operating Department was made by the Government in December, 1932 (*vide* Railway Board letter No. 822-E.G., of 22nd December, 1932) ;

- (b) whether it is a fact that Government were not aware of the decision of the Committee which held a discussion regarding pay and allowances of the Travelling Ticket Inspectors on transfer from Accounts to Operating Department which was held at Calcutta on the 3rd May, 1927 ;
- (c) whether it is a fact that Government were also not aware of the Rules which were framed by the Director of Finance, Railway Board and approved by the Agent, East Indian Railway (*vide* page 45 of the Report on the Crew System by the Chief Operating Superintendent, East Indian Railway, dated the 5th January, 1928) ;
- (d) whether Government propose to revise their decision of December, 1932 and examine the grievances of the old Travelling Ticket Inspectors of the East Indian Railway who were originally appointed on certain scales of pay and mileage allowance and were subsequently after long years compelled to accept less remunerative consolidated allowance and were also made to forego grade advancement in their old grades in contravention of the following rules :
- (i) paragraph 362 of State Railway Open Line Code, Volume II ;
 - (ii) Government of India Resolution No. 4863 of 4th December, 1891 ;
 - (iii) decision of the meeting held at Calcutta on 3rd May, 1927 ;
 - (iv) rules framed by the Director of Finance, Railway Board, and sent to the Agent, East Indian Railway, with his No. 65096, dated 13th July, 1928, and approved by the Agent in his No. T.E.65/O.D.Crew., dated 9th August, 1928 ; and
 - (v) Railway Board letter No. 822-E.G., dated 16th August, 1933, to the Agent, North Western Railway, according to which old Travelling Ticket Inspectors of his Railway were allowed to get grade advancement according to their old grades and their colleagues on the East Indian Railway (under similar circumstances) are denied this concession ?

The Honourable Sir Saiyid Sultan Ahmad : With your permission, Sir, I propose to reply to questions Nos. 371 and 372 together. I would refer the Honourable Member to the reply given to his starred question No. 832 asked by him on the 26th February, 1936, in this House.

Qasi Muhammad Ahmad Kazmi : So far as question No. 832 is concerned, it is a refusal by the Government to consider the question of travelling ticket inspectors. I have got a copy of that and it goes on to say that more than 400 questions have been already answered. What I have asked is regarding definite questions that were asked in this House on the 26th September and 26th February and in which it was stated that the materials which I have mentioned in this question were not available in the Railway Board. So I ask the Honourable Member to state whether it is a fact that the records of the Railway Board were

incomplete when the consideration of the memorials of the old Travelling Ticket Inspectors was before them. May I ask the Honourable Member to call for the information which I have asked for ?

The Honourable Sir Saiyid Sultan Ahmad : I submit that more than 400 questions have already been answered on this subject and that Government should not be called upon to furnish further information.

Mr. President (The Honourable Sir Abdur Rahim) : This question has been sufficiently discussed.

TRAVELLING TICKET INSPECTORS OF THE EAST INDIAN RAILWAY.

†372. ***Qazi Muhammad Ahmad Kazmi :** Will the Honourable Member for Commerce and Railways be pleased to state :

- (a) whether it is a fact that the abolition of a post of a Government servant and his transfer to another post as a result of this abolition must necessarily involve a distinct change of duty ; and
- (b) whether it is a fact that the old Travelling Ticket Inspectors of the East Indian Railway are held to perform the same or approximately the same duties now as they used to perform when they were under Accounts and were in receipt of mileage allowance (*vide* paragraph 2 of Railway Board letter No. 822-E.G., dated the 22nd December, 1932) ?

SALE OF A BUILDING OF THE BOMBAY PORT TRUST.

373. ***Mr. Mathuradas Vissanji :** (a) Will the Honourable Member for Commerce be pleased to say if it is a fact that a property built in 1920 by the Bombay Port Trust at a cost of Rs. 1,95,000 was sold by that body recently for Rs. 3,500 ?

(b) Will he be pleased to state what were the materials used in its construction, and what was the cause of depreciation in its value to such an extent ?

(c) Who was responsible for supervising the work while the building was being constructed ?

(d) Who were the contractors ?

(e) Have any steps been taken against any party or parties for this depreciation in value and the consequent loss to the Bombay Port Trust ?

(f) What was the resolution passed by the Board of Trustees of the Bombay Port Trust with regard to this sale ?

(g) Did any Trustee or Trustees raise any objection to this sale ?

The Honourable Sir Saiyid Sultan Ahmad : The information asked for is being obtained and will be laid on the table of the House when received.

†For answer to this question, see answer to starred question No. 371.

Mr. T. S. Avinashilingam Chettiar : In view of the suggestions made, will the Honourable Member go into the matter himself and make inquiries ?

The Honourable Sir Saiyid Sultan Ahmad : Information has been asked for and when it is received it will be laid on the table.

Mr. T. S. Avinashilingam Chettiar : Before the end of the Session ?

The Honourable Sir Saiyid Sultan Ahmad : I hope so.

Mr. T. S. Avinashilingam Chettiar : Will you take up the matter and make inquiries ?

The Honourable Sir Saiyid Sultan Ahmad : I cannot make any promise at present.

Mr. S. Satyamurti : In view of the fact that a lakh and 80 thousand have been lost and this looks like a fraud, may I ask my Honourable friend whether he will pursue the matter himself, independently of any report which will be laid on the table of the House ?

The Honourable Sir Saiyid Sultan Ahmad : I cannot make any promise. I will see what can be done if I am satisfied that there is necessity for an inquiry by me.

RAILWAY ACCIDENT AT BIHTA ON THE EAST INDIAN RAILWAY.

374. ***Seth Haji Sir Abdoola Haroon :** (a) Will the Honourable Member for Commerce and Railways be pleased to state the number of passengers dead as well as injured in the derailment of the Punjab Howrah Express as it was entering the Bihta Station on the East Indian Railway on the 17th July, 1937 ?

(b) Will the Honourable Member for Commerce and Railways be pleased to state whether Government have investigated into the chief reason of the above Railway disaster, with a view to taking proper measures for averting such disaster in future ?

(c) Will the Honourable Member for Commerce and Railways be pleased to state whether Government propose to mitigate the loss by extending help to those who have suffered in the above unprecedented havoc ?

(d) What provision do Government intend to make for families of those who were dead or disabled to earn their livelihood by injuries during the above Railway tragedy ?

The Honourable Sir Saiyid Sultan Ahmad : (a) The Honourable Member is referred to the reply I gave to part (c) of Mr. Amarendra Nath Chattopadhyaya's starred question No. 304 on the 3rd instant.

(b) The Honourable Member is referred to my reply to part (f) of question No. 304 on the 3rd instant and also to my reply today to part (a) of question No. 367.

(c) and (d). The Honourable Member is referred to my reply to part (e) of question No. 304 on the 3rd instant.

APPOINTMENT OF A MUSLIM AS AN ASSISTANT SIGNAL ENGINEER ON THE NORTH WESTERN RAILWAY.

375. ***Maulana Zafar Ali Khan** : Will the Honourable Member for Commerce and Railways be pleased to state ;

- (a) the number of Europeans, Anglo-Indians, Hindus and Muslims, respectively, working at present as Assistant Signal Engineers on the North Western Railway ;
- (b) whether it is a fact that for a considerable time past, no Muslim has ever held the post of an Assistant Signal Engineer on the North Western Railway ;
- (c) whether it is also a fact that Muslims with western technical qualifications and mature experience have been offering themselves as candidates, whenever the question of fresh appointments by the Public Service Commission and* promotions by the department to the aforementioned cadre has arisen ;
- (d) if the answer to part (c) be in the affirmative, why no Muslim has so far been appointed to any of the posts mentioned in part (a) ; and
- (e) whether Government are prepared to consider the case of any qualified Muslim candidate for appointment as an Assistant Signal Engineer on the North Western Railway with a view to removing the communal inequality and redressing the grievance of Musalmans ?

The Honourable Sir Saiyid Sultan Ahmad : (a) Four Europeans and Anglo-Indians ; three Hindus.

(b) Yes.

(c) and (d). Direct recruitment to the Signal Engineering Department of the North Western Railway was last made in 1936. Although Government reserved one of the vacancies for a Muslim and three Muslim candidates applied for the post, the Public Service Commission did not consider any of them suitable for appointment. This deficiency was, however, adjusted by increasing the Muslim quota in direct recruitment to the Indian Railway Service of Engineers. Government do not make promotions on communal basis.

(e) In view of the reply to parts (c) and (d) above, this does not arise.

Maulana Zafar Ali Khan : May I ask whether it is a fact that in order to remove the glaring inequality between the communities in the North Western Railway superior service, 60 per cent. shares have been granted to the Mussalmans.

The Honourable Sir Saiyid Sultan Ahmad : That is subject to efficiency and not on a communal basis.

Maulana Zafar Ali Khan : Then how is it that the Government gave the Mussalmans this promise that they will receive 60 per cent. share in order to remove inequality ?

The Honourable Sir Saiyid Sultan Ahmad : Subject to efficiency, I take it.

Maulana Zafar Ali Khan : I know there are men who have received training in England and are efficient, but their repeated requests to Government have been without avail ?

The Honourable Sir Saiyid Sultan Ahmad : It is not a question. The Honourable Member has already got the information.

RAILWAY LANDS GIVEN ON LEASE BY THE BENGAL NAGPUR RAILWAY.

376. ***Seth Govind Dass :** Will the Honourable Member in charge of Commerce and Railways be pleased to state :

- (a) whether there is a clause, in the agreement entered into between the Bengal Nagpur Railway Company and the Secretary of State in Council, that railway lands should not be given on lease for industrial and mill purposes ;
- (b) whether Government are aware that the Bengal Nagpur Railway Company have given lease of the railway lands in contravention of that clause of the agreement ;
- (c) if not, whether they have ascertained from the Bengal Nagpur Railway and satisfied themselves in the matter whether such terms of the agreement have not been contravened ;
- (d) the penalties stipulated for the breach of terms in the contract ;
- (e) if Government are satisfied that there has been a contravention (breach) of the terms of contract, whether they propose to enforce the penalties stipulated, if any, if not, why not ;
- (f) whether Government are aware that the Bengal Nagpur Railway, having given the lease of railway lands for industrial and mill purposes to some have refused to give the same benefit to other merchants, when requested ;
- (g) whether Government propose taking steps in the matter to have the clause of the agreement in question modified, or see that the conditions stipulated upon in the agreement are honoured ; and
- (h) in the event of any changes made in the agreement, which authority is competent to deal with the matter, Government's or that of the Secretary of State in Council ?

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

(b) to (e). Do not arise.

(f) Government have no information. Rules for the lease of available railway lands are contained in Section V of the " Revised Rules relating to the Acquisition of Land for Railway Purposes, 1918 ", as reprinted in 1935, a copy of which is available in the Library of the House. Under these rules leasing or licensing of surplus railway lands to outsiders is within the discretion of the Railway Administrations concerned.

(g) Government do not contemplate making any change in the agreement, in this particular regard. The second half of this part of the question does not arise, in view of the reply to (a).

(h) Does not arise.

Mr. T. S. Avinashilingam Chettiar : May I know who gets the money coming out of this lease ? Does it go to the Railway Company or to the Government ?

The Honourable Sir Saiyid Sultan Ahmad : I have no information about it. If the Honourable Member will kindly put a question down, I will get the information.

Mr. T. S. Avinashilingam Chettiar : May I ask on what terms these leases have been given to the Railway Company, whether they have been given only for the purpose of the Railways or for someother purposes as well ?

The Honourable Sir Saiyid Sultan Ahmad : The lands have been given to the Railway Company for the purposes for which the lease was granted.

Mr. T. S. Avinashilingam Chettiar : That is what I want. May I know the purpose for which the lease is given to them ?

The Honourable Sir Saiyid Sultan Ahmad : That can be laid on the table, that is, the lease between the Government and the Bengal Nagpur Railway.

Seth Govind Das : May I know what is the principle on which the Railway Company gives this lease to the mercantile community ?

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

Mr. T. S. Avinashilingam Chettiar : May I know whether it is a fact that ordinarily lands are given to railways only for purposes of railways ? Will Government examine the matter and see whether the land does not belong to them ?

The Honourable Sir Saiyid Sultan Ahmad : The Railways get the lease of land and they are entitled to make use of the land in any way they please.

Mr. T. S. Avinashilingam Chettiar : Is that a part of the lease ?

The Honourable Sir Saiyid Sultan Ahmad : Yes, I believe so.

Mr. S. Satyamurti : Is the answer given by my Honourable friend that the Railways can make use of the land in any way they like, based on his study of the agreement made between the Secretary of the Railway Company and the Government ? I should like to know what is the basis on which my Honourable friend has given the answer that the public land given to Railways for railway purposes can be used by them for any purpose whatever.

The Honourable Sir Saiyid Sultan Ahmad : They can, of course, use it for any purposes connected with the Railways.

Mr. S. Satyamurti : Have Government examined the question whether the particular lease granted by the Bengal Nagpur Railway for industrial and mill purposes is connected in any way with railway purposes ?

The Honourable Sir Saiyid Sultan Ahmad : I have not personally examined it but I take it that it must have been examined.

Mr. S. Satyamurti : Will the Honourable Member examine this lease and see whether the Railways are not walking away with money, which they ought not to get for themselves ?

The Honourable Sir Saiyid Sultan Ahmad : I will make inquiries.

Mr. T. S. Avinashilingam Chettiar : May I ask whether a copy of the lease is in the Library ?

The Honourable Sir Saiyid Sultan Ahmad : Yes, there is a copy in the Library.

Seth Govind Das : May I know if any executive orders have been given by the Railway in this connection ?

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

ALLOTMENT MADE TO BURMA FROM THE DEPRECIATION FUND OF THE INDIAN RAILWAYS.

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

- (a) whether the Amery Tribunal allotted as the share of Burma 148 lakhs of rupees from the Depreciation Fund of the Indian Railways ;
- (b) whether the total profits of Burma Railways, ever since its inception, have been only about 231 lakhs of rupees ; and
- (c) if so, the grounds on which the above allotment was made to Burma ?

Mr. B. M. Staig : (a) and (b). The attention of the Honourable Member is invited to the reply given to his starred question No. 1 in this House on the 23rd August, 1937.

(c) The attention of the Honourable Member is invited to paragraphs 26, 40 and 41 of the Report of the Amery Tribunal, a copy of which has been placed in the Library.

Mr. T. S. Avinashilingam Chettiar : May I ask whether the Government are satisfied with the reasons given in the award of the Amery Tribunal ?

Mr. B. M. Staig : So far as I am aware, Government are completely satisfied.

Mr. T. S. Avinashilingam Chettiar : What exactly are the reasons given by the Tribunal ?

Mr. B. M. Staig : Paragraph 41 gives the basis of the Tribunal's award.

Mr. T. S. Avinashilingam Chettiar : Have they.....

Mr. President (The Honourable Sir Abdur Rahim) : Has the Honourable Member read the paragraph referred to ?

Mr. T. S. Avinashilingam Chettiar : It is patent that they get a profit of 241 lakhs. Will you kindly ask him to read paragraph 41 ?

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

PROCEDURE *re* INVITING OPINIONS FROM THE PROVINCIAL GOVERNMENTS.

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

- (a) when the Central Government want the opinions of Provincial Governments, whom they usually address—the Governor or the Governor and his Cabinet of Ministers ;
- (b) whether there has been any change in the procedure since the inauguration of Provincial Autonomy ; and
- (c) whether opinions (when sent to the Central Government) are those of the Governor alone, or of the Cabinet and the Governor ?

The Honourable Sir Nripendra Sircar : This question and question No. 381 should have been addressed to the representative of the Home Department.

APPEALS OF THE EAST INDIAN RAILWAY EMPLOYEES WITHHELD BY DIVISIONAL SUPERINTENDENTS.

379. *Mr. Mohan Lal Saksena : (a) Is the Honourable the Railway Member aware that a very large number of appeals of the employees on the East Indian Railway addressed to the Agent and the Secretary, Railway Board, are withheld by the various Divisional Superintendents ?

(b) Are there any rules in this behalf ? If so, will the Honourable Member enquire whether they are fully complied with ?

(c) Are the Divisional Superintendents required to submit any monthly or periodical statements of applications and appeals so withheld ? If not, is the Honourable Member prepared to consider the feasibility of introducing some such safeguard ?

(d) What remedy, if any, do the rules prescribe for the employees whose appeals or representations are wrongfully withheld ?

The Honourable Sir Saiyid Sultan Ahmad : (a) Government are not aware of any appeals which lie to the Railway Board having been wrongfully withheld. As regards appeals which lie to the Agent, East Indian Railway, Government have no information. I may, however, add for the information of the Honourable Member that this is a matter which is entirely within the competence of the Agent, East Indian Railway, to deal with.

(b) As regards the first part, the reply is in the affirmative. As regards the second part, Government have no reason to believe that the rules are not being followed on the East Indian Railway.

(c) and (d). As regards the first part of part (c) and part (d) of the question, I would refer the Honourable Member to the rule regulating discipline and rights of appeal of non-gazetted railway servants, a copy of which is in the Library of the House. The latter part of (c) does not arise.

EMPLOYEES OF THE GREAT INDIAN PENINSULA RAILWAY TRANSFERRED TO OTHER RAILWAYS.

380. *Mr. Mohan Lal Saksena : (a) Will the Honourable the Railway Member be pleased to state if any employees of the Great Indian Peninsula Railway were transferred to other railways, including the East Indian Railway because of their being involved in the Railway strike of 1930 ? If so, are they still employed on the foreign lines far away from their residence ?

(b) Are Government prepared to consider the feasibility of reverting them to the Great Indian Peninsula Railway ?

The Honourable Sir Saiyid Sultan Ahmad : (a) As regards the first part, I would refer the Honourable Member to the reply given to the second part of part (b) of starred question No. 1203 asked by Bhai Parma Nand on the 13th March, 1936, in this House.

As regards the second part, Government have no information.

(b) I would refer the Honourable Member to the reply given to part (c) of question No. 403 asked by Mr. Joshi in this House on the 20th March, 1936.

COST OF ESTABLISHMENT AND MAINTENANCE OF THE FEDERAL COURT.

†381. *Mr. Mohan Lal Saksena : (a) Will the Honourable the Leader of the House be pleased to state what the total cost of establishment and maintenance of Federal Court will be ?

(b) What will be the total number of likely cases that may come before the Court ?

(c) What is the total number of Judges and their respective salaries ?

(d) In addition to judicial work, will they have any other duties ?

(e) Are Government aware that there is very little prospect of work for the Federal Court, and do Government propose to devise ways and means to reduce the unnecessary expenditure ?

The Honourable Sir Nripendra Sircar : I have already said that this question should have been addressed to the Home Department.

REFORMS OFFICE.

382. *Mr. Mohan Lal Saksena : (a) Will the Honourable the Leader of the House state what were the functions of the Reforms Department ?

(b) What is the total annual expenditure on the Department ?

(c) With the introduction of Provincial Autonomy, has not the work of the Department been considerably reduced ? If not, why not ?

(d) Why is not the Department amalgamated with the Home Department ?

(e) How long will the Reforms Department be continued as a separate Department ?

The Honourable Sir Nripendra Sircar : (a) The function of the Reforms Office is to deal with matters relating to constitutional reform.

(b) and (e). I refer the Honourable Member to the reply I gave to Mr. Satyamurti's starred question No. 14 on the 23rd August, and the supplementaries.

(c) With the introduction of Provincial Autonomy, the work of the Reforms Office has decreased to a certain extent. Consequently there has been a reduction in the establishment. It is now largely employed on matters connected with the establishment of the Federation.

(d) Government of India consider it necessary that the Reforms Office should be separate and that it should not be amalgamated with the Home or any other Department.

Mr. S. Satyamurti : With reference to the answer to clause (a) of the question, may I know whether one of the functions of the Reforms Department is to advise the Governor General under the Government of India Act, 1935, on matters which are vested in him " in his discretion " or, " in his individual judgment " ?

The Honourable Sir Nripendra Sircar : No, Sir.

Mr. S. Satyamurti : With regard to the answer to clause (e) of the question, may I know whether the Government's intention at present is to keep the Reforms Department permanently, as a separate Department ?

The Honourable Sir Nripendra Sircar : I will not use the word ' permanently ', but Government propose to keep the Department as long as it is necessary.

Mr. S. Satyamurti : Have Government made any calculation, at least roughly, as to the period of time for which they propose to keep the Reforms Department in existence ?

The Honourable Sir Nripendra Sircar : No, Sir.

Mr. S. Satyamurti : Will the Government consider the desirability of closing the Reforms Department on the inauguration of the Federation, whenever it comes ?

The Honourable Sir Nripendra Sircar : That is a hypothetical question. The Federation has not yet come.

Mr. Mohan Lal Saksena : With regard to part (c) of the question, may I know if there has been any reduction in staff ? If so, how much ?

The Honourable Sir Nripendra Sircar : I have said that there has been a reduction of staff. I cannot give the exact information as to how many men have been reduced.

Seth Govind Das : Has the reduction of staff been in proportion to the decrease of work ?

Mr. President (The Honourable Sir Abdur Rahim) : That he cannot say.

INTRODUCTION OF A BILL REGARDING THE INDIAN CHARTERED ACCOUNTANTS.

383. ***Mr. Mohan Lal Saksena :** Will the Honourable the Law Member be pleased to state when Government contemplate introducing any Bill regarding the Indian Chartered Accountants as promised last year ?

The Honourable Sir Nripendra Sircar : The matter referred to in the question is still under consideration.

Mr. Mohan Lal Saksena : May I ask how long the Government will take to come to a final decision ?

The Honourable Sir Nripendra Sircar : I cannot say how long it will take. It is doing its business with reasonable expedition, but I cannot make any calculation in months or in days.

FILLING UP OF THE POST OF THE CHIEF MEDICAL OFFICER OF THE EAST INDIAN RAILWAY.

384. ***Seth Govind Das :** Will the Honourable Member for Railways be pleased to state :

- (a) whether it is a fact that there are four posts of Chief Medical Officers on the Indian State Railways ;
- (b) the number of posts (out of the four) held by Europeans at present ;
- (c) by whom the post vacated by Sir H. Suhrawardy (Medical Officer in Chief of the East Indian Railway) has been filled ;
- (d) whether Government have decided to fill the post by appointing a junior European Medical Officer, while senior and competent Indian officers are available ; and if so, their reasons therefor ?

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

(b) Three.

(c) and (d). Government have come to no decision as yet. Dr. F. E. R. Laborda is for the time being officiating as Chief Medical Officer, East Indian Railway. When making permanent arrangements the claims of all Medical Officers, Europeans and Indians, will be fully considered.

Seth Govind Das : Does the Honourable Member think that the proportion of Indians in the service is sufficient ?

The Honourable Sir Saiyid Sultan Ahmad : That is a matter of opinion. I cannot answer that question.

Qazi Muhammad Ahmad Kazmi : What is the reason when the post was permanently vacant that a junior officer was appointed to fill up the post without considering the claims of all ?

The Honourable Sir Saiyid Sultan Ahmad : The question does not arise from the answer I gave.

Qazi Muhammad Ahmad Kazmi : The answer was that a junior man has been appointed and that the claims of all the officers will be considered afterwards ?

The Honourable Sir Saiyid Sultan Ahmad : I never used the word ' junior ' at all anywhere.

Qazi Muhammad Ahmad Kazmi : The fact is that an officer has been appointed without considering his qualifications. Was he appointed temporarily ?

The Honourable Sir Saiyid Sultan Ahmad : I did not say, without considering the qualifications.

Qazi Muhammad Ahmad Kazmi : The claims of all persons were not considered when making this appointment ?

The Honourable Sir Saiyid Sultan Ahmad : I am afraid the Honourable Member has not quite followed, if I may respectfully say so, the question put by Seth Govind Das.

REDUCTION IN THE PRICE OF THE INDIAN RICE.

385. ***Seth Govind Das :** Will the Honourable Member for Commerce and Railways be pleased to state :

- (a) whether it is a fact that the rate of freight by steamer on rice from Rangoon to Bombay in the years 1919 and 1920 was somewhere about Rs. 18 a ton ;
- (b) whether it is a fact that the present rate of freight is, on the same goods from Rangoon to Bombay, only Rs. 6 per ton ;
- (c) whether the reduction of freight is due to the competition between the steamer companies, viz., the B. B. S. I. Co., Ltd., and the Scindia Steamship Company ;
- (d) whether Government took any steps to prevent this competition that reduced the price of rice in India owing to the Burma rice being dumped in this country at cheaper rate ;
- (e) if not, why Government did not take necessary steps in the matter ; and
- (f) whether Government propose taking steps, now that Burma is separated from India and in order to keep the price of Indian rice up ?

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

Seth Govind Das : Will it be before the close of this Session ?

The Honourable Sir Saiyid Sultan Ahmad : I hope so.

INDIAN SHIPPING COMPANIES.

386. ***Seth Govind Das** : Will the Honourable Member for Commerce and Railways be pleased to state :

- (a) the number of Shipping Companies (Indian) started during the last 40 years and which were closed down ;
- (b) their aggregate subscribed capital lost ; and
- (c) main reasons for the Indian shipping concerns for closing their business ?

The Honourable Sir Saiyid Sultan Ahmad : (a), (b) and (c). There are no official statistics available, and Government do not see sufficient justification for instituting inquiries from other sources which would have to cover so long a period as forty years and could not be expected to give full or accurate information.

Seth Govind Das : On account of the failure of so many companies, this industry being of great national importance, do Government not think it desirable to collect this information, because in case they collect this information, the Government might like to introduce some legislation ?

The Honourable Sir Saiyid Sultan Ahmad : Not until we are satisfied that by doing that we will get full and accurate information. We are satisfied that that will not be possible.

Seth Govind Das : Not even approximate information about that.

The Honourable Sir Saiyid Sultan Ahmad : Government do not like to act on approximate information.

Seth Govind Das : Very near to correct and accurate information ?

(No reply.)

Mr. T. S. Avinashilingam Chettiar : Are Government not able to collect information for a period of forty years or are they not able to collect information for any period at all ?

The Honourable Sir Saiyid Sultan Ahmad : The question referred to forty years and the answer relates to that.

Seth Govind Das : Can't you collect information for 20 years or 15 years or even ten years ?

The Honourable Sir Saiyid Sultan Ahmad : I have given the answer that it is impossible to give full or accurate information.

Mr. T. S. Avinashilingam Chettiar : I asked a question whether the information was not available for a period of 40 years or for any period and I did not get an answer ?

The Honourable Sir Saiyid Sultan Ahmad : The official statistics are not there in existence and therefore we can only have unofficial figures which are not quite accurate.

INDIAN SHIPPING COMPANIES.

387. ***Seth Govind Das :** Will the Honourable Member for Commerce and Railways be pleased to state :

- (a) the total percentage of Indian shipping tonnage in the coastal trade as against British Shipping Companies in the Indian Coastal Trade ;
- (b) the total share of Indian Shipping in the Overseas Trade of India as compared with that of English Shipping Companies ;
- (c) the total tonnage capacity of Indian ships and the number of steamships ;
- (d) the number of steamships the British India Steam Navigation Company owns in India and their total capacity ;
- (e) the average total number of men employed annually in England in the ship building and repairing industry ; and
- (f) the average total number of men employed annually in this country (1) in the ship-building, and (2) in the ship repairing industry ?

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

Seth Govind Das : Will the information be available before the end of this Session.

The Honourable Sir Saiyid Sultan Ahmad : I cannot give a definite answer. It may be or it may not be available.

SUSPENSION OF RAILWAY TRAFFIC BETWEEN PARSARMA AND SUPAUL.

388. ***Babu Kailash Behari Lal :** (a) Will the Honourable Member for Commerce and Railways be pleased to state if it is a fact that every year the railway traffic is suspended between Parsarma and Supaul on account of flood, and that passengers are put to hardships on account of want of arrangement by the Railway authorities ?

(b) Do the Railway authorities contemplate remedying this grievance by constructing a bridge on the spot, or by making some other arrangement for the prompt crossing of the passengers ?

The Honourable Sir Saiyid Sultan Ahmad : (a) I understand that there are causeways at mile 39 between Supaul and Parsarma on the Mansi-Bhaptiah Section of the Bengal and North Western Railway which are liable to be flooded during the rains. When this occurs, the train service is interrupted, but transhipment by boat is arranged, provided that the water through the causeways does not rise above the safety limit.

(b) I am sending a copy of this question and of my reply to the Agent, Bengal and North Western Railway, for such action as he considers necessary.

Babu Kailash Behari Lal : Has the attention of the Government been drawn to the articles in *Searchlight* regarding this matter ?

The Honourable Sir Saiyid Sultan Ahmad : Not officially. I get a copy of *Searchlight* myself and I have looked into it.

Babu Kailash Behari Lal : Has the attention of the Government been drawn to the article in the issue of *Searchlight*, dated the 14th July, 1937 ?

The Honourable Sir Saiyid Sultan Ahmad : I gave the answer. Yes, unofficially.

Babu Kailash Behari Lal : May I know if Government instituted any enquiry about that complaint ?

The Honourable Sir Saiyid Sultan Ahmad : Yes ; this was taken up with the Bengal and North Western Railway who report that on that day the water rose above the safety level and transhipment of passengers had to be suspended and I may inform the Honourable Member that Mr. Mukherjee has lodged a claim for Rs. 517 against Bengal and North Western Railway.

Babu Kailash Behari Lal : Is it a fact that the trolley was used by the son of a railway servant on that day, but first class passengers were refused the use of trolley ?

The Honourable Sir Saiyid Sultan Ahmad : I have no information to that effect at all.

DISCONTINUANCE OF THE RAILWAY LINE BETWEEN CINNAMARA AND TITABA JUNCTION, ETC.

389. ***Mr. Kuladhar Chaliha :** (a) Will the Honourable the Railway Member be pleased to state whether the Jorhat Provincial Railway is going to be taken up by the Assam Bengal Railway, or by the Railway Board ? If so, when ?

(b) Is it a fact that the Assam Bengal Railway or the Railway Board intend to discontinue the line between Cinnamara and Titabar Junction of the said line ?

(c) Are Government aware of the strong public feeling against the discontinuance of the said line ?

(d) Will Government please state whether the connection with the steamerghat at Kokilamukh will be kept up by the Assam Bengal Railway or by the Railway Board whichever takes up the said line ?

(e) Are Government aware that the public demands the connection of the Jorhat Town with the steamerghat at Kokilamukh ?

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

LAVATORIES IN THIRD AND INTERMEDIATE CLASS CARRIAGES OF THE ASSAM BENGAL RAILWAY.

390. ***Mr. Kuladhar Chaliha :** (a) Will the Honourable the Railway Member be pleased to state how many third and intermediate class carriages of the Assam Bengal Railway have been provided with lights in lavatories and their sizes increased from 2 ft. 4 inches to the standard size ?

(b) Will Government be pleased to state whether the lavatories of third and intermediate class carriages of the Assam Bengal Railway are provided with basins and looking glasses for the convenience of the passengers ?

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

TAKING OVER OF THE ASSAM BENGAL RAILWAY BY GOVERNMENT.

391. ***Mr. Muhammad Anwar-ul-Azim :** Will the Honourable Member for Railways be pleased to state when the Assam Bengal Railway will be taken up by Government ?

The Honourable Sir Saiyid Sultan Ahmad : The earliest date on which Government can exercise the option to determine the contract with the Assam Bengal Railway Company is the 31st December, 1941. The question has not yet been considered at all.

T. I. AS. ON THE ASSAM BENGAL RAILWAY.

392. ***Mr. Muhammad Anwar-ul-Azim :** Will the Honourable Member for Railways please state the number of T. I. A.'s on the Assam Bengal Railway and what is the number of the Muslims among them ?

The Honourable Sir Saiyid Sultan Ahmad : With your permission, Sir, I propose to reply to question Nos. 392, 393, 394, 395 and 396 together.

I am collecting information and will lay a reply on the table of the House in due course.

TRAFFIC INSPECTORS ON THE ASSAM BENGAL RAILWAY.

†393. ***Mr. Muhammad Anwar-ul-Azim :** Will the Honourable Member for Railways please state the number of Traffic Inspectors on the Assam Bengal Railway and what is the number of Muslims in that cadre ?

MUSLIM OFFICERS IN THE MEDICAL DEPARTMENT OF THE ASSAM BENGAL RAILWAY.

†394. ***Mr. Muhammad Anwar-ul-Azim :** Will the Honourable Member for Railways be pleased to state how many Muslim officers are there on the Assam Bengal Railway in the Medical Department, including upper subordinates ?

OFFICERS RECRUITED BY THE ASSAM BENGAL RAILWAY IN THE AUDIT DEPARTMENT.

†395. ***Mr. Muhammad Anwar-ul-Azim :** (a) Will the Honourable Member for Railways be pleased to state how many officers have been recruited by the Assam Bengal Railway in the Audit Department, during the last two years, and what are their qualifications ?

†For answer to this question, see answer to starred question No. 392.

(b) What are the qualifications of the Chief Auditor ?

(c) Were any of these posts advertised ?

ENGINEERS RECRUITED BY THE ASSAM BENGAL RAILWAY.

†396. ***Mr. Muhammad Anwar-ul-Asim** : Will the Honourable Member for Railways be pleased to state how many engineers have been recruited by the Assam Bengal Railway during the last four years, and how many of them are Muslims ? Have they kept to the ratio fixed by Government in this matter ?

POLITICAL STATUS OF GOVERNMENT IN NEGOTIATING TRADE AGREEMENTS WITH CEYLON, DOMINIONS AND FOREIGN COUNTRIES.

397. ***Mr. G. V. Deshmukh** : Will the Honourable Member for Commerce and Railways be pleased to state what is the political status of the Government of India in negotiating trade agreements (i) with the Dominions and Ceylon, and (ii) with foreign countries ? What is the nature and extent of control by the British Government in respect of these agreements ?

The Honourable Sir Saiyid Sultan Ahmad : Sir, with your permission, I shall answer questions Nos. 397 and 398 together.

I would invite the attention of the Honourable Member to the provisions of section 314 of the Government of India Act, 1935, regarding the general control of the Secretary of State over the acts of the Governor General and the Governor General in Council. India does not enjoy as regards the negotiation of Trade Agreements the same political status as the self-governing Dominions but the difference is more of form than substance since as a matter of practice it has been established that Trade Agreements shall be negotiated by the Government of India direct with other empire countries and also foreign countries.

Seth Govind Das : Are Government aware that sometimes difference in form becomes more than difference in substance ?

The Honourable Sir Saiyid Sultan Ahmad : Possibly.

Mr. S. Satyamurti : There is a specific question in the last part, namely :

“ What is the nature and extent of control by the British Government in respect of these agreements ? ”

The Honourable Sir Saiyid Sultan Ahmad : I have referred to section 314 of the Government of India Act.

Mr. S. Satyamurti : My Honourable friend referred to the Secretary of State for India. I am not concerned with the Secretary of State for India. I am asking specifically, apart from the Secretary of State for India who is part of the governmental machinery for India, what is the nature and extent of control exercised by the British Government. I am asking as a matter of fact, and not as a matter of law

†For answer to this question, see answer to starred question No. 392.

just now, the control exercised by the British Government in respect of these agreements.

The Honourable Sir Saiyid Sultan Ahmad : As far as at present advised—I have not gone into the Government of India Act very carefully—there is no control by the British Government except through the Secretary of State.

Mr. S. Satyamurti : I want to know whether the Secretary of State, the extent to which he has control, takes his decision in consultation with the Government of India, or takes orders from the British Government.

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

Mr. S. Satyamurti : With respect to the pending Indo-British trade negotiations in London, does the Secretary of State for India take any part in them or about them? If he does so, does he do it as Secretary of State for India carrying out the wishes of the Government of India, or the commands of His Majesty's Government?

The Honourable Sir Saiyid Sultan Ahmad : I am sure he does not take the commands of His Majesty's Government. The other part of the question, I cannot answer.

Mr. S. Satyamurti : Does he take the advice of His Majesty's Government?

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

Mr. N. M. Joshi : Is it not a fact that the Secretary of State for India is a Member of the British Cabinet and as such he is bound to take their advice?

Mr. S. Satyamurti : I have read the Act carefully, and I say he is not bound to, in such matters.

POLITICAL STATUS OF GOVERNMENT IN NEGOTIATING TRADE AGREEMENTS WITH CEYLON, DOMINIONS AND FOREIGN COUNTRIES.

†398. ***Mr. G. V. Deshmukh :** Will the Honourable Member for Commerce and Railways be pleased to state if the Government of India occupies the same political status as the self-governing dominions in negotiating trade agreement (a) with one another, and (b) with foreign countries? What is the nature and extent of control by the British Government in respect of trade agreements?

EFFECT OF THE CHINA-JAPANESE WAR ON INDIAN TRADE AND COMMERCE.

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

- (a) what has been the effect of the China-Japanese war on Indian trade and commerce ;

†For answer to this question, see answer to starred question No. 397.

- (b) whether the imports and exports from and to China and Japan have been affected by the war ; and
- (c) if so, to what extent and effect ?

The Honourable Sir Saiyid Sultan Ahmad : (a) to (c). It is presumed that the Honourable Member refers to the current hostilities and not to the China-Japanese war of 1894. It is obviously too early yet to estimate the effect of Sino-Japanese hostilities on Indian trade and commerce.

RECRUITMENT OF SINDHIS ON THE NORTH WESTERN RAILWAY.

400. ***Mr. Lalchand Navalrai :** (a) Is the attention of the Honourable Member for Commerce and Railways been drawn to the information published in the *Karachi Daily*, dated Saturday, the 14th August, 1937, under the caption " Sindhis in North Western Railway glaring injustice " showing difficulties for Sindhis being recruited on the North Western Railway ?

(b) Is it a fact that the final selection for recruitment to Railway services is made in the Headquarter's office at Lahore ? If so, on what system are the candidates sent from various divisions of the North Western Railway for final selection to the Head Office and on what system are they finally selected ?

(c) Is it a fact that the process of selection, before the divisional system came into existence, was to make the recruitment locally in each District or Division ? If so, why is not that system of local recruitment being followed now instead of making double selection both in the Division and at the Headquarters of the Agency ?

(d) Will the Honourable Member be pleased to state the number of Sindhi candidates selected for employment at each of the four selections made at the Headquarter since 1935 ?

(e) Is it a fact that from Karachi Division not even as many candidates are sent up for selection as there are vacancies in that Division ? If so, why ?

(f) In view of the fact that there is a general complaint that Sindhis do not receive fair treatment at the Headquarter, are Government prepared, as a matter of a rule or a convention, to guarantee a number of places for Sindhis for selection at these boards in order to give a fair and reasonable share of appointments to them, or make some other arrangement to remove their grievance ?

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

(b) and (c). Government have no information. These are matters of detailed administration within the competence of the Agent, North Western Railway, to decide, to whom a copy of the question has been sent for such action as he may consider necessary.

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

(e) and (f). Government have not laid down any restriction on a territorial basis for recruitment to railway services, and see no reason to do so.

ANALYSIS OF REPLIES RECEIVED FROM THE STATES TO THE VICEROY'S LETTER ENQUIRING INTO THEIR VIEWS ON FEDERATION.

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

- (a) whether it is a fact that the Political Department had for some time been engaged in consultation with the Government of India and the Secretary of State in a detailed analysis of the replies received from the States to the Viceroy's letter last August inquiring into their views on Federation ;
- (b) whether, as a result of this analysis, the issues have been clarified, and what those issues are ;
- (c) whether certain decisions on these issues will be arrived at soon and the next stage in the Federal negotiations will be pursued and if so, when ; and
- (d) whether the Indian Legislature will be consulted, or any other steps taken to ascertain British Indian opinion on the issues involved before final decisions are taken and if not, why not ?

The Honourable Sir Nripendra Sircar : (a) Yes.

(b) Yes ; it is not in the public interest to make any statement at this stage as to the nature of those issues.

(c) It is hoped so, but no date can be given.

(d) The attention of the Honourable Member is invited to the reply I gave to part (b) of his question No. 211 on the 31st August last.

Mr. S. Satyamurti : With reference to the answer to parts (a) and (b) of the question, may I know whether any final decisions have been arrived at on these issues ?

The Honourable Sir Nripendra Sircar : There cannot be any final decision until the Instrument of Accession is signed.

Mr. S. Satyamurti : May I know whether, before final decisions are reached leading to the signing of the Instruments of Accession, any opportunity will be given or availed of by Government to ascertain British Indian opinion, either through this House or in any other manner ?

The Honourable Sir Nripendra Sircar : I cannot give any undertaking at the present moment.

Mr. S. Satyamurti : Have Government considered this question, or are they considering this question ?

The Honourable Sir Nripendra Sircar : They must have considered the question.

Mr. S. Satyamurti : Have they come to any decision ?

The Honourable Sir Nripendra Sircar : The decision is that no undertaking is to be given now.

SHORT NOTICE QUESTION AND ANSWER.

ADDITIONAL RAILWAY FACILITIES FOR PASSENGERS DURING THE *Pitripaksha* FAIR AT GAYA.

Mr. Ram Narayan Singh : (a) Is the Honourable the Railway Member aware of the fact that the annual All-India *Pitripaksha* fair at Gaya is likely to begin from the third week of this month and that an unusually large number of Hindu pilgrims from all parts of the country gather there to perform religious duties ?

(b) If the answer to part (a) be in the affirmative, will the Honourable the Railway Member be pleased to state whether the Railway authorities there are making all possible special arrangements to cope with the situation, and, if so, what ?

(c) In view of the circumstances mentioned in parts (a) and (b) above, will the Honourable the Railway Member be pleased to state whether additional arrangements for more temporary resting sheds, running of special trains, more latrines, greater supply of water, sale of tickets all twenty-four hours at the station and also in the town and all such other necessary arrangements are being made ?

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

(b) and (c). Yes. The additional arrangements being made to cater for the convenience of the pilgrims include the following :

- (i) the introduction of an additional train daily between Patna and Gaya in either direction ;
- (ii) stoppage of Poonpoo-Gaya Branch trains at Poonpoo meia platform ;
- (iii) opening of Palmerganj bathing ghat station on the banks of Poonpoo river ;
- (iv) opening of a city booking office at Gaya ;
- (v) introduction of twenty-four hours booking at Gaya station ;
- (vi) opening of an enquiry office in the third class passengers' waiting hall at Gaya ;
- (vii) additional coaching stock is being stabled at suitable points with which to strengthen trains to meet traffic requirements ;
- (viii) suitable waiting halls already exist at Gaya and Poonpoo ;
- (ix) the necessary medical and sanitary arrangements are being made in conjunction with the Local Government authorities ;
- (x) the period of availability of cheap week-end tickets is being extended.

Mr. Sri Prakasa : Is it not a fact that these pilgrims go to Gaya for the welfare of their dead ancestors, and not themselves ?

The Honourable Sir Saiyid Sultan Ahmad : The Honourable Member ought to know that better.

UNSTARRED QUESTIONS AND ANSWERS.

COLD STORAGE STATIONS ESTABLISHED IN INDIA.

57. Mr. Badri Dutt Pande : Will the Honourable Member for Commerce please state if any cold storage stations have been established in India ? If so, where, and at what cost ?

The Honourable Sir Saiyid Sultan Ahmad : The question does not concern me. It should have been addressed to the Secretary, Defence Department.

INDIAN INSURANCE COMPANIES.

58. Mr. Sri Prakasa : Will the Honourable Member for Commerce and Railways state :

- (a) the names of Indian insurance companies transacting life insurance business on the 10th August, 1937, and subject to the provisions of the Indian Life Assurance Companies Act, 1912, with the following particulars about them :
 - (i) year of establishment, (ii) paid up capital, (iii) deposits made upto the 10th August, 1937, under section 4 (1) of the said Act ;
- (b) the names of companies that were defaulters for deposits under section 4 (1) of the above mentioned Act and the dates since they have been such defaulters, as also the amounts due for such deposits from them ;
- (c) the names of companies to whom warning had been given regarding any default made by them for non-payment of such deposits ; and
- (d) the names of such companies that had been notified under section 34 of the Indian Life Assurance Companies Act, for being defaulters for non-payment of statutory deposits ?

The Honourable Sir Saiyid Sultan Ahmad : Information is being collected, and a statement will be laid on the table of the House in due course.

TICKET COLLECTORS AT MANMAD STATION ON THE GREAT INDIAN PENINSULA RAILWAY.

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

- (a) whether it is a fact that the number of Ticket Collectors at Manmad Station on the Great Indian Peninsula Railway was reduced from 21 to 15 in 1934 ;
- (b) whether it is not a fact that they were classified as " continuous " workers and were getting a day's holiday in a week ;
- (c) whether it is a fact that they were re-classified as " intermittent " workers after the above reduction in the staff was effected in 1934 ; and

- (d) if so, whether Government are considering to bring those Ticket Collectors under the category of continuous workers and thus restore them to their former classification ; if not, why not ?

The Honourable Sir Saiyid Sultan Ahmad : With your permission, Sir, I propose to reply to questions Nos. 59, 60 and 65 together.

Government have no information. I may add for the information of the Honourable Member that the Hours of Employment Regulations are in force on the Great Indian Peninsula Railway, and Government have no reason to think that they are being infringed. I am, however, sending a copy of the questions to the Supervisor, Railway Labour, for such action as he may consider necessary.

HOURS OF WORK OF SHUNTING MASTERS AT THE POONA RAILWAY STATION.

†60. **Mr. N. M. Joshi :** Will the Honourable the Railway Member be pleased to state :

- (a) whether it is a fact that the shunting masters all over the Great Indian Peninsula Railway are required to work eight hours' a day ;
- (b) whether it is not a fact that the shunting masters working in goods and passenger yards at Poona Station are required to work ten hours ;
- (c) if so, why this differentiation is made and whether Government propose to reduce the working hours of those shunting masters to eight ; and
- (d) if not, why not ?

SUPPLY OF FREE UNIFORMS TO CABINMEN ON THE GREAT INDIAN PENINSULA RAILWAY.

61. **Mr. N. M. Joshi :** Will the Honourable the Railway Member be pleased to state :

- (a) whether it is a fact that the cabinmen on all Railways, excepting the Great Indian Peninsula Railway, get free uniforms ;
- (b) if so, whether Government propose to give a uniform treatment to the same class of employees over all railways ; and
- (c) if not, why not ?

The Honourable Sir Saiyid Sultan Ahmad : Government have no information. These are matters of detailed administration within the competence of the Agents of Railways to decide.

†For answer to this question, see answer to unstarred question No. 59.

RESTORATION OF TRAVELLING ALLOWANCE TO *Hamals* WORKING ON CERTAIN STATIONS ON THE GREAT INDIAN PENINSULA RAILWAY.

62. **Mr. N. M. Joshi** : Will the Honourable the Railway Member be pleased to state :

- (a) whether it is a fact that a batch of 24 *hamals*, who were working on "tranship" trains between Sholapur and Dhond on the Great Indian Peninsula Railway, were attached to Sholapur station pay-sheet till 1935 ;
- (b) whether it is not a fact that *hamals*, working on "tranship" trains at other stations, are attached to the station pay-sheets and not to goods shed pay-sheets ;
- (c) whether it is a fact that in 1935 the said 24 *hamals* at Sholapur were attached to goods shed pay-sheet, and were thus deprived of their monthly travelling allowance which roughly amounted to Rs. 8 per head ;
- (d) if so, whether Government are considering the question of re-classifying them under their old category and restore to them their travelling allowance ; and
- (e) if not, why not ?

The Honourable Sir Saiyid Sultan Ahmad : Government have no information. These are matters of detailed administration within the competence of the Agent, Great Indian Peninsula Railway, to decide, to whom a copy of the question has been sent for such action as he may consider necessary.

LEAVE ENJOYED BY THE EMPLOYEES ON THE GREAT INDIAN PENINSULA RAILWAY.

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

- (a) the total number of employees working on the Great Indian Peninsula Railway during the year 1936-37 ;
- (b) the total number of days during which the employees enjoyed leave in the year 1936-37 ;
- (c) the total number of employees who enjoyed leave during 1936-37 ;
- (d) the duration of the average leave enjoyed by an employee on the Great Indian Peninsula Railway during 1936-37 ?

The Honourable Sir Saiyid Sultan Ahmad : (a) The latest information available with Government will be found in the statement at pages 234 and 235 of Volume II of the Railway Board's Report on Indian Railways for 1935-36, a copy of which is in the Library of the House.

(b) to (d). Government have no information, and they do not consider that the amount of time and labour involved in its collection will be justified by the results.

CONTINUOUS AND INTERMITTENT WORKERS ON THE GREAT INDIAN PENINSULA RAILWAY.

64. Mr. N. M. Joshi : Will the Honourable Member for Commerce and Railways be pleased to state the total number of "Continuous" and "Intermittent" workers on the Great Indian Peninsula Railway during the years 1934-35, 1935-36 and 1936-37, under the Hours of Employment Act ?

The Honourable Sir Saiyid Sultan Ahmad : The information available with Government will be found in Appendix to the Annual Report on the working of the Hours of Employment Regulations on certain Class I Railways during the year 1936-37, a copy of which is in the Library of the House.

HOURS OF WORK OF CABINMEN IN CERTAIN CABINS ON THE GREAT INDIAN PENINSULA RAILWAY.

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

- (a) whether it is a fact that the cabinmen in Mazagaon and Elphinstone cabins (between Victoria Terminus and Kurla) on the Great Indian Peninsula Railway are required to work continuously for 12 hours a day ; and
- (b) if so, whether the Hours of Employment Act is made applicable to them ; if not, why not ?

RUNNING OF AN ADDITIONAL EXPRESS BETWEEN MADRAS AND ERNAKULAM.

66. Mr. C. N. Muthuranga Mudaliar : (a) Will the Honourable Member for Railways state whether it is proposed to run a new train called the "Cochin Express" from Madras to Ernakulam from 1st October next ?

(b) Is it proposed to run it shortly after the Malabar and the Blue Mountain Express ?

(c) Are Government aware that both the above Express trains are usually badly over-crowded ?

(d) Is it proposed to put in third class carriages, and, if so, how many ?

(e) Do Government propose to consider the desirability of starting the train in the evening, say at 4 or 5 P.M. so that the train can reach Ernakulam early next morning ?

(f) Are Government prepared to consider the desirability of running one or more Express trains composed entirely of third and intermediate class carriages between Madras and Ernakulam ?

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

(b) No. The Cochin Express will leave Madras in front of the Malabar and Blue Mountain Expresses.

(c) Government understand that the Malabar and Blue Mountain Expresses are now usually full and these trains are strengthened when necessary by extra coaches being attached.

†For answer to this question, see answer to unstarred question No. 59.

(d) Yes. Provision is being made to accommodate 262 third class passengers from Madras in the new train.

(e) The new train will leave Madras at 19.25 hours and arrive Ernakulam at 9.45 hours the following morning. An earlier departure would not suit the Madras public and it is considered that the proposed timings best meet the public convenience.

(f) This is a matter within the competence of the South Indian Railway Administration and the suggestion will be conveyed to the Agent for his consideration.

THE INSURANCE BILL.

Mr. President (The Honourable Sir Abdur Rahim) : The House will now resume discussion of the following amendment to clause 3 moved by **Mr. Sri Prakasa** yesterday :

“ That to sub-clause (1) of clause 3 of the Bill, the following proviso be added :

‘ Provided that if an insurer, incorporated under the Indian Companies Act, 1913, notifies to the Superintendent of Insurance, within three months from the commencement of this Act, his intention to amalgamate with or to transfer his business to another insurer, the provisions of this sub-section shall not apply to him for a period not exceeding twelve months from the date of the commencement of this Act ’.”

The Honourable Sir Nripendra Sircar (Law Member) : Sir, before the discussion goes on, may I mention one matter ? Amendments Nos. 20 to 30 have stood over, and I was quite agreeable and I am still agreeable to that. But I should like the House to dispose of them next week, either on Monday or Tuesday. My difficulty is this that they are wanted for drafting section 26, the one which relates to the keeping of assets, and I have got to prepare my drafts either on the basis of those definitions being accepted by the House or those definitions being refused. If clause 26 and these amendments are taken up together, it will be impossible for me to put up alternative drafts. I do not want them to be taken up today, but I believe there is no objection if they are taken up either on Monday or on Tuesday. Sir, with regard to the amendment moved by my Honourable friend, **Mr. Sri Prakasa**, yesterday, I object to it on behalf of Government and we oppose the scheme which is indicated in the amendment, that is to say, to give them some time and then notify and then get twelve months to make up their minds as to what they are doing. I am afraid I cannot accept this amendment which is really not wanted.

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

“ That to sub-clause (1) of clause 3 of the Bill, the following proviso be added :

‘ Provided that if an insurer, incorporated under the Indian Companies Act, 1913, notifies to the Superintendent of Insurance, within three months from the commencement of this Act, his intention to amalgamate with or to transfer his business to another insurer, the provisions of this sub-section shall not apply to him for a period not exceeding twelve months from the date of the commencement of this Act ’.”

The motion was negatived.

Mr. M. Ananthasayanam Ayyangar (Madras ceded Districts and Chittoor : Non-Muhammadian Rural) : Sir, I beg to move :

“ That to sub-clause (1) of clause 3 of the Bill, the following proviso be added :

‘ Provided that these provisions shall not apply to an Indian insurer for a period of twelve months who intimates to the Superintendent of Insurance within three months of coming into force of this Act, his decision to amalgamate with another insurer and undertakes not to transact any new business in the interval ’.”

The object of this is that in case the existing companies are not able to provide the deposit required under clause 6, they are given only three months now but they must be given 12 months so that they may be given time to negotiate with another company for amalgamation. I have provided for time in this proviso not for any evasion of this rule but for merely keeping the company on for a period of 12 months. Within the first three months the insurer should intimate to the Superintendent his intention to amalgamate. During the rest of the period he is actually proceeding with the amalgamation and in that period no new business should be transacted. They can only collect premia that are due on the existing policies, for otherwise, if new business is transacted, it will go on endlessly to the detriment of the new policy holders. Sir, I submit it is a most reasonable amendment and I hope the House will accept it. Sir, I move.

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

“ That to sub-clause (1) of clause 3 of the Bill, the following proviso be added :

‘ Provided that these provisions shall not apply to an Indian insurer for a period of twelve months who intimates to the Superintendent of Insurance within three months of coming into force of this Act, his decision to amalgamate with another insurer and undertakes not to transact any new business in the interval ’.”

Mr. S. C. Sen (Government of India : Nominated Official) : Sir, I oppose this amendment. The object of this amendment is to create a period of interregnum for a period of 12 months in favour of a company which seeks amalgamation and the reasons given are that the company ought to be allowed to carry on one part of its business, namely, the collection of the premia in order to enable it to keep the business going pending the scheme of amalgamation. The sections do not impose any obligation upon a company which does not want to carry on new business either to register or to make any deposits. It is only if the company wants to carry on business that it is required to register or to make a deposit.

Mr. M. Ananthasayanam Ayyangar : The business of collecting premia, even on old policies, is business under this Act. Therefore, the company is prohibited from doing that business though it may not carry on new business.

Mr. S. C. Sen : The main basis upon which the company wants to amalgamate is that it is unable to carry on business by itself and, therefore, it must take the help of another company and amalgamate with it in order to enable it to carry on business. Therefore, if that is a company which is unable to carry on business of its own, why should it be allowed a

period of 12 months within which it can collect further premia on the off chance that it may succeed in amalgamating with another company. What is to happen if the amalgamation does not come off? The suggestion is not at all reasonable and what I submit for the consideration of the Honourable Mover is that it is necessary, for the purposes of such a company which cannot go on of its own, either to make up its mind beforehand or otherwise to put a stop and not incur further liabilities to its policy holders in the shape of receiving premia unless the amalgamation is pretty certain of coming off. On these grounds, I oppose the amendment.

Mr. K. Santhanam (Tanjore *cum* Trichinopoly : Non-Muhammadan Rural) : Sir, I am rather surprised at this opposition from Mr. Sen. If you look at section 60 (2), you will find that a similar discretion has been given to the Superintendent of Insurance to give upto one year, and the consequence of this opposition, if this amendment is rejected, will be that every company which is not able to provide the deposit will be compulsorily forced into liquidation. It is not to the advantage of the policy holder, it is not to the advantage of the country that such a consequence should ensue. After all what is asked for is, that this company should keep itself alive so that it may merge itself into another company, and it is provided in the amendment that no new business should be transacted—only that the old business should be kept alive, so that it may be handed intact to the other company. If such a possibility is there, what is the difficulty in giving nine months' time? After all, the other company with which this will be amalgamated will make deposits and the other company will be a guarantee that this company will be amalgamated with it. If no new business is to be transacted, the old policy holders will not suffer in the least because, at the most, only one half-yearly or quarterly premium will be collected : probably even that money will not be paid till the amalgamation is complete. Only the right of collection will be there. I think this amendment is quite necessary for giving relief to a large number of companies. The Leader of the House has quoted instances of companies not being able to get on just now : they will not be able to get on under the new conditions. Therefore, it is the duty of the Government to have some provision for these companies. It is no good saying : "You should go into liquidation and all your policy holders must lose their policies." I say that that is not fair. We suggest that the Government should consider seriously about accepting this amendment. I may also draw the attention of the House to the fact that amalgamation takes a very long time : you cannot decide on amalgamation today and have it carried out tomorrow. You have to have a shareholders meeting, special resolutions and policy holders meetings, and, therefore, it will take six months or eight months. This is the least possible period which is consistent with the idea of amalgamation and so I suggest that the House should carry this amendment and give relief to many companies which may not be able to fall in with the new scheme.

Mr. T. Chapman-Mortimer (Bengal : European) : Sir, we on those benches have considerable sympathy with the point of view expressed by my Honourable friend, the Mover of this motion, and also with the remarks of my Honourable friend, Mr. Santhanam. He has pointed out that this is a matter which is very closely associated with the amalgamations that we foresee must take place if life assurance especially, and Indian assurance is general, is to be put on a sound footing. On the other hand, we also

[Mr. T. Chapman-Mortimer.]

see the force of the arguments of my Honourable friend, Mr. Sen, and we feel that it will be much better not to press this amendment now, but to consider together whether we cannot frame a suitable amendment to come in the amalgamation section, so that we can, on the one hand, facilitate amalgamation of some small companies, and, on the other hand, meet the very real dangers and difficulties that my Honourable friend, Mr. Sen, has pointed out. Sir, I oppose the amendment.

Mr. Sami Vencatachalam Chetty (Madras : Indian Commerce) : Sir, I think in this matter Government must take a very large view of the state of such companies which *bonâ fide* want to carry on their business but for the restrictions that have been imposed under this Act. It is not from the point of view of the companies that we are arguing, but it is more from the point of view of the interests of the policy holders involved in these companies that we are pressing this amendment. If it is not the intention of the Government to affect these policy holders who have done business with the companies which will not be able to stand the rigours of the conditions of this Bill, it is necessary that facilities should be given to these companies who want to protect the interests of the policy holders. I suppose when amalgamation offers a chance for retrieving the business of any company which is not able to carry on business individually, reasonable facilities should be given. There are a number of cases in which companies feel that they may not be able to get the large capital and the large deposit that may be required as soon as this Act is passed, and the only way in which they can be honest towards their policy holders is to seek affiliation with some big company so that the policy holders might not be affected, and in order to enable them to carry out their honest intentions towards the policy holders, time must be given, and it is not as if under the cover of this time they can carry on their trade and affect the policy holders' interests much larger than what they are today; because within three months the intention to affiliate must be given to the Superintendent of Insurance; and that intention itself will be ample notification to the policy holders whether they are convinced of the attempts of the company to affiliate and amalgamate with other companies, and therefore the premia that they will have to pay will be quite safe. If they feel that this attempt to amalgamate is not quite substantial or quite sound, they will themselves not pay the premium. Apart from that there is already the initial deposit of Rs. 25,000 of these companies with the Government and therefore the risk that the policy holder incurs is covered by the Rs. 25,000 which is already there. There is no additional risk which the policy holders will incur on account of this attempt. On the other hand, they will be protected. As regards my friend, Mr. Chapman-Mortimer's sympathy with the motive of this amendment he talked of some other opportunity to give effect to this intention: I want to know what is really the place and the situation that we can possibly give.....

Mr. T. Chapman-Mortimer : Clause 30.

Mr. Sami Vencatachalam Chetty : In that case we would only require an assurance from the Government that they will be able to consider this matter when the proper occasion arises, in which case we may consider the question of withdrawing this amendment.

Mr. Bhulabhai J. Desai (Bombay Northern Division : Non-Muhamadan Rural) : Sir, may I call attention to clauses 30 and 31, not with a view to examining them in detail, but with a view to submitting this ; that the process of amalgamation there pointed out would have little or no value because if within three months the company has got to find the deposit, the process of amalgamation as pointed out and provided in clauses 30 and 31 will not be completed within that period, because as you see in sub-clause (3) of clause 30, the amount of time required for the several notices there mentioned may easily exceed three months. What I would suggest at this stage is this, that if when these sections are taken up a petition is being filed, the court can give extension of time for deposit to the company which has so petitioned for amalgamation, the objection will be met, and it would also be a reasonable guarantee that time is not being taken up only with the object of wasting it and at the end of the year to find themselves in the same position. I therefore submit this that, if when sections 30 and 31 are considered, the amalgamating company is allowed sufficient time for the purpose of making the deposit required under the Act on a petition being filed for that purpose, it will meet the requirements, and it will also check a mere evasion of the Act.

The Honourable Sir Nripendra Sircar : Sir, there cannot be any

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objection to consider the proposition which the Honourable the Leader of the Opposition has suggested which, *primâ facie*, is a reasonable one, but I only want to point out one fact. Speaker after speaker has proceeded on the assumption that they have got to do something in a day or two, that amalgamation will take time and so on, but it must not be forgotten that if this Bill is passed, surely the Government will not think of bringing it into operation the next day or the next month or even within two months, because it is making such drastic changes that six months' time is the minimum I can think of. So I wish to point out that when this matter comes up, they will get a reasonable time for amalgamation.

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

"That to sub-clause (1) of clause 3 of the Bill, the following proviso be added :

'Provided that these provisions shall not apply to an Indian insurer for a period of twelve months who intimates to the Superintendent of Insurance within three months of coming into force of this Act, his decision to amalgamate with another insurer and undertakes not to transact any new business in the interval.'

Mr. M. Ananthasayanam Ayyangar : Sir, in view of the assurance given by the Honourable the Law Member, I beg leave of the House to withdraw the amendment.

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

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

"That in sub-clause (2) (b) of clause 3 of the Bill, for the words 'in any other case' the words 'in the case of an insurer specified in sub-clause (a) (iv) of clause 8 of section 2' be substituted."

Sir, this clause really links up with our previous amendment, and also with 58 and 60 which hang together. With your permission, I should like to move them together, as it will simplify debate.....

Mr. President (The Honourable Sir Abdur Rahim) : Why don't you put in one amendment ? That will be far more convenient.

Mr. T. Chapman-Mortimer : No, Sir, they relate to different parts of the clauses. So I shall move them separately if you have no objection.

Mr. President (The Honourable Sir Abdur Rahim) : All right.

Mr. T. Chapman-Mortimer : The object of this amendment, Sir, is really to clear up the meaning of the interpretation of the section. This sub-section (2) (b) was inserted, as Honourable Members are aware, by the Select Committee, and the intention was to provide for the case of firms as well as the case of companies. But as the clause is now drafted, it says there "and in any other case"—that would include not merely firms but it would also cover companies incorporated abroad ; and if Honourable Members will look further down the section, they will observe what has been provided,—the names and addresses of proprietors. That is all-right for the case of firms, but in the case of companies, proprietors and shareholders are really the same people. If Honourable Members will turn to clause 25 of the Bill, they will see that it is there provided that whenever any alteration occurs or is made which affects any of the matters which are required under the provisions of sub-section (2) of section 3 to accompany an application, they must immediately furnish particulars of the alteration made. Well, Sir, it is obviously quite impossible for companies with hundreds and thousands of shareholders to notify the Registrar every time a change is made, and our amendments No. 56 and the following amendments Nos. 58 and 60 are designed to clarify that position. If our amendment goes in, then the clause will read thus : "and in the case of an insurer specified in sub-clause (a) (ii) of clause 8 of section 2", that is to say, the names and addresses of the proprietors, i.e., the partners and managers in British India ; then we go on in our subsequent amendments to say "and in any other case", that is to say, firms or companies outside British India—these would then come in and they would have to provide the full address of the principal office of the insurer in British India. Then, we have a further amendment to say that they must also provide the name of the manager at such office ; in other words, they would have to do the same thing as is provided in other cases. Sir, I move.

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

"That in sub-clause (2) (b) of clause 3 of the Bill, for the words 'in any other case' the words 'in the case of an insurer specified in sub-clause (a) (ii) of clause 8 of section 2' be substituted."

The Honourable Sir Nripendra Sircar : Sir, as the ambiguity is one for which we cannot disclaim responsibility, I may explain to the House why the word "proprietor" was put in. Our idea was that there may be insurance companies consisting of firms or of individuals, and we intended the word "proprietor" should also apply in those cases. It was not our intention that the list of shareholders or any changes in the shareholders' list should be communicated to the Superintendent. I think there may be some force in what has just been urged, that in the case of companies it may be said that the shareholders

are the proprietors, but I doubt it very much, but it is not our intention that the list of shareholders or any changes in the shareholders' list should be sent to the Superintendent. In that view, therefore, I have no objection to accept the amendment, but I have reasonable doubts as to whether, in the case of companies, "proprietors" will include shareholders, but I do not want any doubt to remain.

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

"That in sub-clause (2) (b) of clause 3 of the Bill, for the words 'in any other case' the words 'in the case of an insurer specified in sub-clause (a) (ii) of clause 8 of section 2' be substituted."

The motion was adopted.

Mr. President (The Honourable Sir Abdur Rahim) : I think it will be more convenient if the Honourable Member, Mr. Chapman-Mortimer, moves the other amendments which are connected.

Mr. T. Chapman-Mortimer : Very well, Sir, I will move 58 and 60. Sir, I move :

"That in sub-clause (2) (b) of clause 3 of the Bill, after the words 'British India', in line 6, the words 'and in any other case' be inserted."

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

"That in sub-clause (2) (b) of clause 3 of the Bill, after the words 'British India', in line 6, the words 'and in any other case' be inserted."

The motion was adopted.

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

"That in sub-clause (2) (b) of clause 3 of the Bill, after the words 'British India', in line 7, the words 'and the name of the manager at such office' be inserted."

Mr. M. Ananthasayanam Ayyangar : Amendments Nos. 56 and 58 have been adopted for the purpose of clarifying as to whether proprietors meant shareholders or not. But so far as this amendment No. 60 is concerned, the names of Directors need not be given at all though it is a company whose principal place of business is here, but it will give only the name of the manager. You must have the names of directors in addition as in the case of companies incorporated under the Indian Companies Act, and I therefore suggest that the names of the directors also should be given.

Mr. F. E. James (Madras : European) : May I point out that in clause 54 there is a provision that a list of the Directors, if the insurer is a company, should be filed with the Superintendent of Insurance.

Mr. Bhulabhai J. Desai : That is all the greater reason why it should be here, because this is the stage of inception, of application, so that if the words "names of the Directors and managers" were used, then it would cover the whole ground and bring it in a line with that clause.

Mr. T. Chapman-Mortimer : I have no objection.

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

“ That in sub-clause (2) (b) of clause 3 of the Bill, after the words ‘ British India ’, in line 7, the words ‘ and the names of the directors and the manager at such office ’ be inserted.”

The motion was adopted.

Mr. K. Santhanam : I beg to move :

“ That in sub-clause (2) (b) of clause 3 of the Bill, after the word ‘ manager ’ the words ‘ and other principal officers ’ be inserted.”

The principal officers have been given some functions and it is necessary that from the outset their names should be sent to the Superintendent. I think it is a purely clarifying amendment and I hope it will be accepted.

The Honourable Sir Nripendra Sircar : I think it is unnecessary and embarrassing. They have got to disclose the names of the manager and of the directors and my friend wants the names of the principal officers. Who are principal officers is not defined in the Bill. The manager is considered one of the principal officers. It is really of no use to anybody to get the names of certain persons who have not been defined at all.

Mr. M. Ananthasayanam Ayyangar : May I refer my Honourable friend to the definition clause (10) where it says, ‘ Managing Agent ’, ‘ manager ’ and ‘ officer ’ have the meanings assigned to those expressions in clauses (9-A), (9), and (11) respectively of section 2 of the Indian Companies Act.”

The Honourable Sir Nripendra Sircar : Officers have been defined but not principal officers.

Mr. M. Ananthasayanam Ayyangar : “ Principal officers ” find a place in the various sections of the Act, what a principal officer has to do lest there should be a mistake if the man who performs the functions of the manager may perform those functions without the designation of manager. It is the principal officer that has to file affidavits. The manager’s designation may not be there and some other person may be doing that work. All cannot be principal officers and a principal officer can be defined when there is a definition of an officer. It is necessary that the names of principal officers should be given for the same purpose for which the name of a manager is given and the name of the director is required in the clause.

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

“ That in sub-clause (2) (b) of clause 3 of the Bill, after the word ‘ manager ’ the words ‘ and other principal officers ’ be inserted.”

The motion was negatived.

Mr. Sami Vencatachelam Chetty : I move :

“ That in sub-clause (2) (d) of clause 3 of the Bill, after the words ‘ the principal officer of the insurer ’ the words ‘ authorised in that behalf ’ be inserted.”

Certain statements have got to be made by this person before the Superintendent of Insurance. Such statements are *ipso facto* taken to be authorised statements of the principal officer. It may be that he was not authorised to do so. It is necessary that he should be safeguarded by an authority from the principal officer to make the affidavit that is necessary.

The Honourable Sir Nripendra Sircar : I accept that amendment.

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

“ That in sub-clause (2) (d) of clause 3 of the Bill, after the words ‘ the principal officer of the insurer ’ the words ‘ authorised in that behalf ’ be inserted.”

The motion was adopted.

Mr. P. J. Griffiths (Assam : European) : I move :

“ That sub-clause (2) (e) of clause 3 of the Bill be omitted.”

We dislike this clause not because it involves any practical difficulties or any special principle is involved. We dislike it merely because it appears to us a somewhat clumsy method of achieving the desired end. Roughly speaking, the clause states that a non-Indian insurer before he starts business in India must file an affidavit stating what restrictions are in force in his own country on the carrying on of insurance business by Indians. We fully agree that the Government of India ought and indeed must have full information on that point. But we are not prepared to admit that on such an important matter the Government should depend for its information merely upon affidavits filed by would-be insurance company. After all, you would have a Superintendent of Insurance and he is going to be paid more than Rs. 500 a month and I am sure he will do his job well. There will be no difficulty on his part in ascertaining the law or the practice in force in the different countries concerned. After all, laws and regulations are not esoteric matters ; they are contained in books of statute and manuals of regulations and it will be perfectly easy for the Government to obtain those statutes and those regulations and to be fully aware of the conditions in those countries without compelling the filing of these affidavits.

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

“ That sub-clause (2) (e) of clause 3 of the Bill be omitted.”

Mr. Husenbhai Abdullahhai Laljee (Bombay Central Division : Muhammadan Rural) : I rise to oppose the amendment that has been moved by my Honourable friend. My Honourable friend said that the Government are supposed to be, or are, in fact, fully aware of the conditions prevailing in foreign countries. Only last year I gave notice of a question to which a lengthy reply was given in the month of August saying that the information would be collected. In my question I had asked the same point that has just arisen. I asked what was the condition under which the Indians were trading in those countries, and the reply was that, so far as the British Colonies and the Dominions were concerned, they were collecting the information and so far as the outward world is concerned I am sorry to say our Government said they did not think it would be commensurate with the labour and the trouble involved to find out the conditions that existed. Sir, up to now, I have not received any reply and I do not think I regret to say that our

[Mr. Husenbai Abdullabhai Laljee.]

Government is aware of the condition prevailing. Therefore, I do hope that those who wish to come to my country to trade and do business and make some money should be able to say what is the condition they are prepared to give to my people and what are the conditions prevailing there. Furthermore, I know it for a fact that in the foreign countries conditions are changing from day to day, according to the alliances they make and we find that the conditions which prevailed a couple of months ago do not prevail today. Therefore, I think the provision made is really fair and equitable and the gentlemen who wish to come to this country ought to make that declaration.

Sir H. P. Mody (Bombay Millowners' Association : Indian Commerce) : I am not in agreement with the amendment on another ground. I think the provision does not go far enough. After all, what is the value to be attached to the affidavit of an applicant himself ? I am not suggesting that he would make a false declaration. He may not have sufficient knowledge, and the affidavit of such an officer should not be regarded as sufficient for the purpose. Once we concede that we are entitled to know whether any restrictions have been imposed upon our nationals in another country, we should have something more than the statement of a party who is interested. My own submission would be that the application should be accompanied by an affidavit of some responsible statutory authority of the country. I, therefore, do not agree with the amendment, and I think the provision itself does not go far enough. It should be strengthened.

The Honourable Sir Nripendra Sircar : I oppose the amendment. I think my Honourable friend, Mr. Griffiths, is of opinion that it is difficult for the Czecho-Slovakian to tell us what his law is but it is quite easy for the Indian in Delhi to find out that law. And not only law. It is a question of practice. One can imagine the difficulty of the officers at Delhi or Simla to find out the practice prevailing in Rumania, Czecho-Slovakia or Australia....

Mr. Sri Prakasa (Allahabad and Jhansi Divisions : Non-Muhammadan Rural) : Or Timbuctoo !

The Honourable Sir Nripendra Sircar : But I thought the laws of Timbuctoo were well known to us. (Laughter.) He says that it may be that the officer who will swear the affidavit does not know the laws of his own country. Let him take a little trouble to find that out. If he has got to do insurance business, it is up to him to exert himself just a little and find out the law prevailing in his own country. I submit there is no reason why this section should be deleted. It is said that the thing to be achieved is quite all right but our method is clumsy but I cannot conceive of a more elegant method and, therefore, we have followed this clumsy method. If the gentleman is not aware of his law and if he can prove it in a court of justice, he may escape the three years' rigorous imprisonment which is the penalty embodied here. I oppose the amendment.

Mr. B. Das (Orissa Division : Non-Muhammadan) : I would not have spoken but the sense of co-operation and good will of the United Kingdom gentleman, like my Honourable friend, Mr. Griffiths, has prompted me to take part in this debate. I am glad the Government have

opposed this amendment. I want to know the mentality of the representatives of the United Kingdom who are sitting in the European Group. They have secured certain protection and they are deemed to be Indians but I want to know how far, in their own minds, they identify themselves with the interests of Indians, in the fight with the common enemy, the foreigners, including the Dominions. Probably my friend, Mr. Griffiths, has a soft corner for the Dominions. Has it not happened before the War that every Tom, Dick and Harry, every Japanese.....

Mr. President (The Honourable Sir Abdur Rahim) : The Honourable Member need not go into all that.

Mr. B. Das : I want to show why this affidavit is necessary. I will give the House certain figures which will make my friend, Mr. Griffiths, and Members of the European Group shudder and they will not move another discriminating amendment like this. It is well-known that Japan does not permit an Indian insurance company to handle business and imposes a sum of 30 lakhs of rupees to carry out business in Japan. Italy imposes about 20 lakhs.....

The Honourable Sir Nripendra Sircar : Is this heavy cannon necessary for killing this mosquito ? (Laughter.)

Mr. B. Das : I want my friends the Members of the European Group to realise the degree of their offence. They are showing so much sympathy to foreigners who are exploiting India and they want to do this only to help the Dominions.

Mr. P. J. Griffiths : May I make it quite clear that in this particular matter we are not concerned with the question of retaliation at all. We are merely saying that Government should not depend for their information on this clumsy method.

Mr. President (The Honourable Sir Abdur Rahim) : The question is : "That sub-clause (2) (c) of clause 3 of the Bill be omitted."

The motion was negatived.

Babu Baijnath Bajoria (Marwari Association ; Indian Commerce) : Sir, I move :

"That in part (c) of sub-clause (2) of clause 3 of the Bill, the word 'British' be omitted."

This clause is meant for foreigners and if the word 'British' is there it means that people outside British India will also have to give this statement. Then it will apply to subjects of Indian States. I do not think it is the intention of this House that the subjects of Indian States resident in India should furnish all these particulars. In my opinion, subjects of Indian States are as much Indians as British Indian subjects and there should not be any discrimination between British Indian subjects and subjects of Indian States in the Bill. Otherwise the business of those people who come from Indian States and do business in British India will be greatly hampered. I hope Government will accept this amendment.

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

"That in part (c) of sub-clause (2) of clause 3 of the Bill, the word 'British' be omitted."

The Honourable Sir Nripendra Sircar : Sir, I oppose this amendment. I am told that there are about 670 States in India, and I am not familiar with the laws of all these 670 States. I am not aware whether in all the States there is anything about insurance or insurance law.

Mr Sri Prakasa : They are insured by the British Government.

The Honourable Sir Nripendra Sircar : We have got to consider not only the position as it exists today, but as it may exist hereafter. I am not sure what laws will be passed in the States.

Babu Baijnath Bajoria : The States are also coming under the Federation.

The Honourable Sir Nripendra Sircar : My friend says that the States are coming under the Federation. I believe he is the astrologer I was looking for. (Laughter.)

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

“ That in part (c) of sub-clause (2) of clause 3 of the Bill, the word ‘ British ’ be omitted.”

The motion was negatived.

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

“ That after sub-clause (2) (c) of clause 3 of the Bill, the following new part be inserted and the subsequent part be re-lettered accordingly :

‘ (f) In the case of an insurer mentioned in sub-clause (e), a declaration verified by an affidavit declaring that it carries on its independent business and issues policies in its own name at its principal place of business or domicile and is not subsidiary to or merged in or amalgamated with any other insurer and ’.”

The object of this amendment is to avoid companies, which really have no existence in foreign countries, carrying on business here. They are merely registered in their own country and come here and do the insurance business. Neither the public opinion of their country nor the public opinion of this country would be responsible for their properly maintaining certain reserves or for carrying on their business properly. A number of such companies have already been in existence in this country and their names are given in the Appendix to the Blue Book, to which a reference has already been made by the Leader of the House as the *de luxe* edition. Honourable Members will find from this Appendix how numerous these companies are which have been trading under practically a false name. When they are asked to submit a balance-sheet or the profit and loss account, they refer to the balance-sheet of some other company which is in existence in a foreign country. I draw the attention of the Honourable Members to page 93 of this *de luxe* edition.

The Honourable Sir Nripendra Sircar : I know her very well !

Mr. M. Ananthasayanam Ayyangar : This is the list of subsidiary companies which appear to have no separate identity.

"Asiatic Fire Insurance Co.	Owned by 'Sun' Fire Office of London. Cannot trace any independent existence. Inquiry for balance sheet produced balance sheet of Sun Fire.
Eastern Insurance Co. Ltd.	Incorporated in the 'Triton' of Calcutta. Inquiry for balance sheet produced that of 'Triton'.
Equitable Fire Office	..	All shares bought by 'London and Lancashire' in 1901. Paid part cash and part shares in 'London and Lancashire'. (Some of our own friends are also carrying on business with this company.)
Greater Britain Insurance Corporation, Ltd.	..	Direct Fire and Accident business acquired by 'North British and Mercantile' in 1921. The 'Greater Britain' appears to have been wound up in 1922.
Imperial Insurance Co.	..	Shareholders given shares of 'Alliance' of London, in 1902. (It is not responsible nor is subject to any of the laws or provisions which might be incorporated in this Act.)"
Indian Guarantee and General Insurance Co. of Bombay."		

Now, Sir, I do not want to quote all the names of the various Companies but the list contains about 25 names of companies. But even this scanty information is not available regarding those companies which are mentioned towards the end on page 95, such as, Batavia Sea and Fire Insurance Company, Limited, British Traders Insurance Company, Limited, China Fire Insurance Company, Limited, Eastern United Assurance Corporation, Limited, Java Sea and Fire Insurance Company, Limited, Maiji Fire Insurance Company, Limited, Yangtze Insurance Company, Limited. These are all subsidiary companies but, as they are established outside Great Britain and India, we have no information as to their position. All are working in India. These mushroom companies have, unfortunately, escaped the all-vigilant eye of the Honourable the Leader of the House. He was very anxious to put down the black mushrooms of this country and I do not know why he is not so anxious about the white mushrooms from other countries. Many provisions have been made in this Bill with reference to the existing companies and the policy-holders have been given representation on the Directorate. But if they are foreign companies, we have absolutely no such representation on their Directorate. Besides, these foreign companies are carrying on their business elsewhere also. Is it not necessary, in the absence of safeguards, also to know that these foreign companies are really sound companies and are subject to public criticism in their own country? Are we to allow those companies which have no existence in their own country but want to carry on their business here by deceiving our people? Sir, if any safeguard is necessary, it is in the case of such companies and the growth of such companies should be immediately put down.

As regards the opinions that have been collected, I wish to quote one opinion which is to be found on page 5. It says :

"The Committee in their experience have known several instances where foreign insurance companies, although not carrying on any insurance business in their own country, purport to do insurance business in India in their own Indian name."

[Mr. Ananthasayanam Ayyangar.]

If these companies want agents, they call themselves by some particular names and, when they are scratched, they say that they are doing business on behalf of some important company. But all the same they do their own business. They have already got their touring agents. Therefore, it is necessary, in the interests of the existing companies here and also the policy-holders, that these foreign companies should not be allowed to continue any longer.

One word more, Sir, and I have done. I find that almost every word that has been incorporated in the Bill, as it has emerged from the Select Committee, is to be found in the suggestions which have been incorporated in the *de luxe* edition before it developed into such a good edition as this. I do not know how the Members of the Select Committee or the Leader of the House can say much against this *de luxe* edition. All the same, justice requires that we who use so many portions of the book ought not to make light of this book. I, therefore, request the House to adopt this amendment.

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

“ That after sub-clause (2) (e) of clause 3 of the Bill, the following new part be inserted and the subsequent part be re-lettered accordingly :

‘ (f) In the case of an insurer mentioned in sub-clause (e), a declaration verified by an affidavit declaring that it carries on its independent business and issues policies in its own name at its principal place of business or domicile and is not subsidiary to or merged in or amalgamated with any other insurer and ’.”

The Honourable Sir Nripendra Sircar : Sir, I oppose the amendment. If that is my friend's speech where he has not been carried away, I wonder what will happen if that calamity takes place. Whether the foreign company is a mushroom or whether it is a toadstool, if it wants to do business here it has got to make the large deposits, it has got to keep assets, and it is subject to all the control and powers of investigation of the Superintendent. We are not concerned as to what its position is in the foreign country. Secondly, we must be consistent. We have shown no consideration to the subsidiaries. My Honourable friends of the European Group are going to move an amendment (No. 156) to the effect that these subsidiaries may be taken as subsidiaries and the subsidiaries *plus* the principal company may make one deposit and things of that kind. I am going to oppose that amendment and the Select Committee also did not accept it. But I have not yet understood what is a calamity which is going to happen to the policy-holders or to the Indian insurance business if a company, whether it is a principal company or a subsidiary company or a substantial company or an insolvent company. If that comes to carry out business, it has got to comply with all the conditions which the Select Committee has put on companies including foreign companies. I absolutely see no necessity for this amendment. Of course, theoretically everything is possible. A company which is going to carry on business has got to say that, in its own place of origin, it issues policies in its own name. Supposing it does not, what does it matter to us whether it issues policies in its own name or in the name of any other particular company. If any one carries on business, we are

only concerned with the question whether it is a foreign company or an Indian company and if it keeps heavy deposit and keeps its assets subject to the control of the Superintendent, we feel quite secure.

Mr. B. Das : Sir, I have a similar amendment (No. 107), and I am sorry to say that though I listened most attentively to the Honourable the Law Member, I cannot take such a broad view as the Honourable the Leader of the House has taken, naturally because I am the affected party. This Insurance Bill, if passed into law, is going to put certain restrictions on foreign insurance companies and foreign exploiters. The Honourable the Law Member admits that there are certain companies that may not be doing insurance business in their home country, but when they work in India, they have to conform to the rules and procedure as laid down in the Bill, they have to put down the deposit that is specified in clause 6 of the Bill and they can carry on business....

The Honourable Sir Nripendra Sircar : And keep assets.

Mr. B. Das : Of course. What the Indian insurer wants is this ; he does not want any more competition from outside foreign companies. We know, to our cost, how German doctors have been coming out from Germany and are practising in every odd place in India taking away the bread out of the mouth of doctors, though not out of such eminent surgeons like my Honourable friend, Dr. Deshmukh. We do not want such a company that was started with the original purpose of doing insurance business in certain foreign countries or even in the United Kingdom, but did not carry on that business in the home country, but coming to India it blossoms forth as "European"—it always adds a premium to their names and to their appearance in this country—such subsidiary companies carry on better business and they give more inducements to their Agents and to the policy-holders, and they carry on a competitive trade. If, Sir, the original and the only purpose of this Insurance Bill is to develop Indian insurance industries and to restrict competition, this clause is essential and necessary and I appeal to the Honourable the Law Member to consider it from that aspect. We do not want bogus companies from Czecho-Slovakia or Japan or Germany to come here and in spite of their paying necessary securities to the Government, and carry on competitive insurance business in India.

Mr. K. Santhanam : Sir, there are one or two important aspects which were not pointed out by the several speakers. For instance, in the case of a general insurance company, it is not asked to keep any other assets except a deposit of one lakh. A fire insurance company can collect a crore as premium and spend it away within the year or knock it away. Unless we know that it is a company well established somewhere, we can have no hold on it. Secondly, the conditions imposed by this Bill are minimum conditions. They are not maximum conditions. Therefore, when we lay down minimum conditions, we expect that all the business done will be trustworthy business. Again if there is a surplus, and if the surplus is carried away, it does matter to us. We are interested in seeing that the surplus is utilised by people doing legitimate business and not by interlopers. If it is a well-established company, if it does honest business in the country and if its business is likely to be stable, then it will be of some advantage to the country. Suppose some mushroom companies come and knock away a large sum of money in one

[Mr. K. Santhanam.]

or two years, how does it benefit this country ? I, therefore, suggest that this amendment is a very useful amendment, it is a necessary clause and I do not see any harm in enacting it. Moreover, if the Honourable the Law Member wants to oppose this clause, he should have given some reasons which he has not done. What is wrong if this clause is incorporated in this Bill ? How will this Bill suffer ? How will the insurance business suffer ? Will anybody suffer by a provision like this ? I suggest it is a useful amendment which the Honourable the Leader of the House ought to accept. Even if he opposes this, because he does not think it proper to accept many amendments proposed by the Opposition, I suggest that the House should accept it and I suppose then the Government will not raise any objection.

Mr. Husenbhai Abdullabhai Laljee : May I know, Sir, if the Honourable the Law Member is aware of the fact that in foreign countries big companies establish subsidiary companies in different parts of the world to meet the requirements of those parts of the world. Now, Sir, assuming it is a fact—and it is a fact—that Italian or American or German companies establish subsidiary companies in France, England and other countries and do business there in life and other insurance and if those companies come in here and establish business in New Delhi, then under what law will they come so far as reciprocity is concerned. Will the Honourable the Law Member treat them as a foreign company—Italian or American or German or United Kingdom ? This is going on actually and it is a fact. I should like the Honourable the Leader of the House to consider this aspect of the question seriously specially with regard to clause 53 because our real objective is we want to treat these foreign companies in the same way as they treat us. We ought not to allow them to evade the law which they ought to be prepared to carry out unless they treat us as equals in their countries. I can give half a dozen such instances where foreign companies carry on business here.

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

“ That after sub-clause (2) (e) of clause 3 of the Bill, the following new part be inserted and the subsequent part be re-lettered accordingly :

‘ (f) In the case of an insurer mentioned in sub-clause (e), a declaration verified by an affidavit declaring that it carries on its independent business and issues policies in its own name at its principal place of business or domicile and is not subsidiary to or merged in or amalgamated with any other insurer and ’.”

The Assembly divided :

AYES—47.

Abdul Qaiyum, Mr.
Abdullah, Mr. H. M.
Aney, Mr. M. S.
Ayyangar, Mr. M. Ananthasayanam.
Banerjee, Dr. P. N.
Chaliha, Mr. Kuladhar.
Chattopadhyaya, Mr. Amarendra Nath.
Chaudhury, Mr. Brojendra Narayan.
Chettiar, Mr. T. S. Avinashilingam.
Chetty, Mr. Sami Venkatachalam.

Chunder, Mr. N. O.
Das, Mr. B.
Datta, Mr. Akhil Chandra.
Desai, Mr. Bhulabhai J.
Deshmukh, Dr. G. V.
Deshmukh, Mr. G. V.
Gadgil, Mr. N. V.
Govind Das, Seth.
Gupta, Mr. K. S.
Hans Raj, Raizada.

AYES—contd.

Hosmani, Mr. S. K.
Jogendra Singh, Sirdar.
Joseph, Mr. George.
Kailash Behari Lal, Babu.
Laljee, Mr. Husenbhai Abdullahai.
Maitra, Pandit Lakshmi Kanta.
Malaviya, Pandit Krishna Kant.
Mangal Singh, Sardar.
Mudaliar, Mr. C. N. Muthuranga.
Muhammad Ahmad Kazmi, Qazi.
Pande, Mr. Badri Dutt.
Parma Nand, Bhai.
Raghubir Narayan Singh, Choudhri.
Ramayan Prasad, Mr.

Rao, Mr. Thirumala.
Saksena, Mr. Mohan Lal.
Sant Singh, Sardar.
Santhanam, Mr. K.
Satyamurti, Mr. S.
Sham Lal, Mr.
Sheodass Daga, Seth.
Singh, Mr. Gauri Shankar.
Singh, Mr. Ram Narayan.
Sinha, Mr. Satya Narayan.
Som, Mr. Surya Kumar.
Sri Prakasa, Mr.
Varma, Mr. B. B.

NOES—61.

Abdul Ghani, Maulvi Muhammad.
Abdul Hamid, Khan Bahadur Sir.
Ahmad Nawaz Khan, Major Nawab Sir.
Aikman, Mr. A.
Anwar-ul-Azim, Mr. Muhammad.
Bajoria, Babu Baijnath.
Bajpai, Sir Girja Shankar.
Bhutto, Mr. Nabi Baksh Illahi Baksh.
Buss, Mr. L. C.
Chanda, Mr. A. K.
Chapman-Mortimer, Mr. T.
Dalal, Dr. R. D.
Dalpat Singh, Sardar Bahadur Captain.
DeSouza, Dr. F. X.
Essak Sait, Mr. H. A. Sathar H.
Fazl-i-Ilahi, Khan Sahib Shaikh.
Ghiasuddin, Mr. M.
Ghulam Bhik Nairang, Syed.
Ghulam Muhammad, Mr.
Gidney, Mr. C. W. A.
Griffiths, Mr. P. J.
Grigg, The Honourable Sir James.
Hudson, Sir Leslie.
Ismail Khan, Haji Chaudhury Muhammad.
James, Mr. F. E.
Jawahar Singh, Sardar Bahadur Sardar Sir.
Jehangir, Sir Cowasji.
Jinnah, Mr. M. A.
Kamaluddin Ahmed, Shams-ul-Ulema.
Lang, Mr. J. O.
Mackeown, Mr. J. A.
Manavedan Raja, Rao Bahadur K. O.

Mani, Mr. R. S.
Mehta, Mr. S. L.
Mody, Sir H. P.
Mudie, Mr. B. F.
Murid Hussain Qureshi, Khan Bahadur Nawab Makhdom.
Nagarkar, Mr. C. B.
Nayudu, Diwan Bahadur B. V. Sri Hari Rao.
Ogilvie, Mr. C. M. G.
Parsons, Lieut.-Colonel A. E. B.
Pursell, Mr. R. S.
Rahman, Lieut.-Colonel M. A.
Roy, Mr. S. N.
Scott, Mr. J. Ramsay.
Sen, Mr. S. C.
Shaukat Ali, Maulana.
Sheehy, Mr. J. F.
Sher Muhammad Khan, Captain Sardar Sir.
Siddique Ali Khan, Khan Sahib Nawab.
Sircar, The Honourable Sir Nripendra.
Sivraj, Rao Sahib N.
Spence, Mr. G. H.
Staig, Mr. B. M.
Stewart, The Honourable Sir Thomas.
Sukthankar, Mr. Y. N.
Sultan Ahmad, The Honourable Sir Saiyid.
Thorne, Mr. J. A.
Tylden-Pattenson, Mr. A. E.
Zafar Ali Khan, Maulana.
Ziauddin Ahmad, Dr.

The motion was negatived.

Mr. Sami Vencatachelam Chetty : Sir, I beg to move :

“ That after sub-clause (2) (c) of clause 3 of the Bill, the following be inserted :

‘ (ee) a certified copy of the prospectus, if any, and of the table of assured rates, commissions and advantages together with all other terms and conditions offered to policyholders together with a certificate by a qualified actuary that such rates, commissions and advantages, etc., are workable and sound ’.”

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

“ That after sub-clause (2) (e) of clause 3 of the Bill, the following be inserted :

‘ (ee) a certified copy of the prospectus, if any, and of the table of assured rates, commissions and advantages together with all other terms and conditions offered to policyholders together with a certificate by a qualified actuary that such rates, commissions and advantages, etc., are workable and sound ’.”

The Honourable Sir Nripendra Sircar : Sir, I shall accept this amendment. I do not think this is really any burden on anybody. As a matter of fact, all responsible companies get their tables vetted by an actuary. I accept the amendment.

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

“ That after sub-clause (2) (e) of clause 3 of the Bill, the following be inserted :

‘ (ee) a certified copy of the prospectus, if any, and of the table of assured rates, commissions and advantages together with all other terms and conditions offered to policyholders together with a certificate by a qualified actuary that such rates, commissions and advantages, etc., are workable and sound ’.”

The motion was adopted.

Mr. Sami Vencatachalam Chetty : Sir, I suggest that the next three amendments, i.e., Nos. 67, 68 and 69 may be taken up and discussed together as they relate to the same subject.

The Honourable Sir Nripendra Sircar : May I venture to make a suggestion ? The three amendments are whether the
1 P.M. fees should be Rs. 25, Rs. 50 or Rs. 100. Moving them separately and having separate speeches will be rather a waste of time of the House.....

Mr. M. A. Jinnah (Bombay City : Muhammadan Urban) : What are you prepared to accept ?

The Honourable Sir Nripendra Sircar : Of course I prefer Rs. 100 to Rs. 25.

Mr. F. E. James : Sir, I move :

“ That to sub-clause (2) (f) of clause 3 of the Bill, the words ‘ which shall not exceed fifty rupees ’ be added at the end.”

This is a very small amendment, and I shall make a very small speech. It is a very small request that we ask the Honourable Member in charge—I hope he has no homicidal tendencies today. But the point about requesting that there should be a figure mentioned in the Bill is that we should prefer to see exactly what registration fee will be charged. We have suggested the figure of Rs. 50 because we believe that the prescribed fee should be a nominal one. The applicant for registration has to do a large number of things before he can get registration : he has to produce a number of documents : he has then to bring a certificate that he has made the requisite deposit in the Reserve Bank. If it is a new company, he has to put down a certain amount of working capital. Therefore the fee, purely for registration, once he has fulfilled all the other

conditions, should be a nominal one. There are other amendments—there is one suggesting that it should be Rs. 100 for each class of business. I suggest that might possibly work hardship on a small company which is doing several classes of business, to have to put down Rs. 500 or Rs. 600 merely for registration, after it had fulfilled all the other obligations which are placed upon the shoulders of insurers. I do hope, therefore, that the nominal nature of the fee—whether it is 50 or 25 or even 100—will be accepted.....

An Honourable Member : 50 for each class of business ?

Mr. F. E. James : Actually it will work out in this way : the insurer will have to fulfil all the conditions in the Act : even if he were transacting more than one class of business, he would pay only 50. But if after registration of that business he wanted to transact any other class of business as an insurer he would then have to get registration again in connection with that particular class of business. We do rather object to having to pay the prescribed fee *ab initio* for every class of business. That, we suggest, is not necessary, since all the other conditions have to be fulfilled before the stage is reached when the prescribed fee has to be paid. Sir, I move.

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

“ That to sub-clause (2) (f) of clause 3 of the Bill, the words ‘ which shall not exceed fifty rupees ’ be added at the end.”

Mr. K. Santhanam : Sir, I move :

“ That to sub-clause (2) (f) of clause 3 of the Bill, the words ‘ being not more than Rs. 100 for each class of business ’ be added at the end.”

I have to say only one word. We are incurring a lot of expenditure by creating this office of Superintendent of Insurance, and I do not see why the general taxpayer should pay for it, and I suggest that the provision for each class of insurance business is important : the insurer who does many classes of business is certainly a rich man and he should certainly be able to pay this Rs. 100 which is less than the commission given even to the poorest agent, and, therefore, I move this amendment.

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

“ That to sub-clause (2) (f) of clause 3 of the Bill, the words ‘ being not more than Rs. 100 for each class of business ’ be added at the end.”

The Honourable Sir Nripendra Sircar : Sir, I accept the last amendment. I would add only one sentence, that my Honourable friend, Mr. James, in talking of my homicidal mania when Rs. 50 is proposed, probably shows that he has lost all sense of proportion : for the companies in whose interest he is speaking, 50 is not a thousandth part of a drop of blood.

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

“ That to sub-clause (2) (f) of clause 3 of the Bill, the words ‘ which shall not exceed fifty rupees ’ be added at the end.”

The motion was negatived.

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

“ That to sub-clause (g) (f) of clause 3 of the Bill, the words ‘ being not more than Rs. 100 for each class of business ’ be added at the end.”

The motion was adopted.

Dr. Ziauddin Ahmad (United Provinces Southern Divisions : Muhammadan Rural) : Sir, I beg to move :

“ That for sub-clause (g) of clause 3 of the Bill, the following be substituted :

‘ In the case of any insurer having his principal place of business or domicile outside British India, the Governor General in Council may direct the Superintendent of Insurance to withhold registration or may cancel a registration already made, if he is satisfied that in the country in which such insurer has his principal place of business or domicile, companies incorporated in British India are debarred from carrying on the business of insurance, or that any requirement imposed on such insurer under the provisions of section 53 is not satisfied ’.”

I am only restoring the original provision of the Bill. The difference between the original provision and the recommendation of the Select Committee is that the Select Committee has said that this should be done automatically by the Superintendent of Insurance : the word “ shall ” is used in both cases ; but I thought, when there was a case of retaliation, it will affect not only in insurance business, but we have to consider the general political conditions of the country. It may be possible in some cases to have retaliation, but sometimes the political condition between the two countries is such that retaliation in an automatic manner may not be desirable. As my friend, Mr. Husenbhai Abdullabhai Laljee, just pointed out, there are certain companies which really have interests, not in one country alone, but in several countries, and if in one country we ever apply the principle of retaliation, we may not be able to do it in another country. Therefore, I think we really ought to invest this power in the Governor General in Council who should be the final authority to decide whether he should or should not apply that principle, or it should not be done in an automatic manner as proposed by the Select Committee. All that I am trying to do is to restore the provisions of the Bill as originally proposed by the Government. Sir, I move.

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

“ That for sub-clause (g) of clause 3 of the Bill, the following be substituted :

‘ In the case of any insurer having his principal place of business or domicile outside British India, the Governor General in Council may direct the Superintendent of Insurance to withhold registration or may cancel a registration already made, if he is satisfied that in the country in which such insurer has his principal place of business or domicile, companies incorporated in British India are debarred from carrying on the business of insurance, or that any requirement imposed on such insurer under the provisions of section 53 is not satisfied ’.”

The Honourable Sir Nripendra Sircar : I oppose this amendment. I agreed yesterday in answer, I believe, to a question from my friend, Mr. Jinnah, that I propose that there shall be a right of appeal in a case of this kind, but no amendment has yet been handed in, and it is for this reason.....

Mr. Bhulabhai J. Desai : It has been.

The Honourable Sir Nripendra Sircar : Our idea is to put that as (1) after section 88 so that there is time yet.....

Mr. M. A. Jinnah : I would prefer that.

The Honourable Sir Nripendra Sircar : That being so, I see no reason whatever why a discretion should be given to somebody as to whether this should be put into operation or not. If any wrong has been done by the Superintendent, the idea is, and I am quite sure the House will agree with me, later on, to give a right of appeal to go to the Court, and there is no reason why a matter of this kind should be left to the discretion of anybody. Sir, I oppose the amendment.

Mr. L. C. Buss (Nominated Non-Official) : Sir, I rise to support the amendment proposed by my friend, Dr. Ziauddin Ahmad. I do so not because we here have any desire to interfere with the right of the Indian Legislature to take action against countries who legislate against India, but because the clause, as it stands, is far too wide. In particular, I support very strongly the re-introduction of the permissive principle because I feel that the Superintendent of Insurance should have discretion to consider whether, for example, a case arising out of the provisions of clause 53 is important or it is merely technical or trivial. Take again a case where an individual residing abroad is involved in some case of moral turpitude and is turned out of the country. In such a case it would, as the clause stands in the Bill, be obligatory to take action against all insurers of that country operating in India by refusing or cancelling their registration.....

Mr. M. A. Jinnah : Give an instance of moral turpitude.

Mr. L. C. Buss : I will deal with it later. It does not even appear necessary that the individual concerned should have any connection with insurance or contemplate becoming an insurer. It would be sufficient to bring insurers of that country working in India within the scope of clause 3 (3) if the individual to whom I have referred above was in the position of being debarred from doing insurance business there by being turned out of the country, or to carry it a step further, by being incarcerated in jail, and, therefore, incapable of carrying on such business. That, Sir, is the position as I see it, and I have no doubt a situation of this sort was not contemplated when the clause was amended by the Select Committee. I, therefore, strongly support the amendment of my friend, Dr. Ziauddin Ahmad, which, I consider, fully meets any situation which is contemplated by the clause.

Mr. M. Ananthasayanam Ayyangar : I should like to say something on this, Sir.

Mr. President (The Honourable Sir Abdur Rahim) : The Honourable Member can speak 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.

Dr. P. N. Banerjee (Calcutta Suburbs : Non-Muhammadan Urban) : I rise to oppose the amendment moved by my Honourable friend, Dr. Ziauddin Ahmad. This amendment seeks to make two changes in the provisions of this sub-clause. The first is that the responsibility for taking action in this matter is thrown on the Governor General in Council, and the second is that he wants to make it optional instead of making it obligatory. As regards the first point, I do not see why this responsibility should be thrown on the shoulders of the Governor General in Council. It is the business of the Superintendent of Insurance and surely it is for him to take note whether any disability exists against Indians in other countries. As regards the second, I am surprised to find that an eminent man of the position of my Honourable friend who occupies a seat as an elected Member of this House should move this amendment. Are we devoid of all sense of self-respect that we should make it optional ? Disabilities have been heaped upon us in all the countries of the world, and are we going to sit silent and make a provision like this optional ? I hope that this House will reject this amendment without any division.

Mr. T. S. Avinashilingam Chettiar (Salem and Coimbatore *cum* North Arcot : Non-Muhammadan Rural) : We on this side of the House are always against giving any powers to the Governor General or the Governor General in Council whenever it is possible not to give him that. and in the present case this is a matter in which the Governor General need not interpolate at all. It is within the province of the Superintendent of Insurance to find out whether there is any discrimination made against the insurance companies of this country in the country of origin of the company which applies. We do not see any reason why the Governor General should butt in between the Superintendent of Insurance and the order that he makes about the insurance company of any other country. Secondly, as my Honourable friend, Dr. Banerjee, has said, it makes it optional, and as we know that blood is thicker than water, in many cases the option may be exercised in favour of the foreign companies. So we do not want to leave any loophole in this clause, and the clause as it stands is quite all right. We oppose the amendment.

Mr. B. Das : Sub-clause (3) of clause 3 is the keystone of the whole structure of the Insurance Bill and if that is modified to any extent it takes away all the possible advantages that the Indian insurer can get and takes away all the penalties that have been designed by the Select Committee to ban foreign insurers. When this Bill is passed into law it will be the first enactment that will have a retaliatory provision against foreign companies and foreign countries barring, of course, the U. K. Therefore, it is very essential. I wish that the provisions of this clause could be extended to other cases of discrimination. If the Italians can drive out Mahomed Ali Stores from Abyssinia we can drive out every Italian from the land of India. but we are going to legislate that only Italian insurance companies will be banned or will be retaliated upon. The same thing happens in the

case of Japanese insurance companies. I talked about it this morning and I again say that the Japanese are very much anti-Indian and they try not to allow any Indian company to trade in Japan. Under this clause, the Superintendent of Insurance will take action. My Honourable friend, Dr. Ziauddin Ahmad, forgets that the Superintendent of Insurance shall withhold registration or cancel a registration. Then power should be given to one officer and not to the Governor General in Council who will not exist after a year or two and which will become the Central Government.

One word more. My Honourable friend, Mr. Buss,—I have a great deal of sympathy with him because he and I have visited Paris and Berlin and have had our moral turpitudes. (Laughter.) But I never knew that the moral turpitude of individuals or of individual companies should be taken into account and that particular nations should be banned. The clause does not aim at the moral turpitude of one Indian individual or one Indian insurer but aims at the good of India as a whole. I believe in his sweet reminiscences of past life my Honourable friend applied those reminiscences wrongly to a big country like India.

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

“ That for sub-clause (3) of clause 3 of the Bill, the following be substituted :

‘ In the case of any insurer having his principal place of business or domicile outside British India, the Governor General in Council may direct the Superintendent of Insurance to withhold registration or may cancel a registration already made, if he is satisfied that in the country in which such insurer has his principal place of business or domicile, companies incorporated in British India are debarred from carrying on the business of insurance, or that any requirement imposed on such insurer under the provisions of section 53 is not satisfied ’.”

The motion was negatived.

Mr. L. C. Buss : I move :

“ That in sub-clause (3) of clause 3 of the Bill, for the words ‘ Indian nationals ’, occurring in the seventh line, the words ‘ companies incorporated in British India ’ be substituted.”

This raises the point which I hope I made clear when I was speaking on Dr. Ziauddin Ahmad's amendment, that the inclusion of “ Indian nationals ” greatly widens the scope and implications of the clause which makes it possible for insurers from outside India to lose their registration in India for reasons quite other than restrictions on the carrying on of insurance business by Indian companies in that foreign country ; for example, the exclusion of an undesirable character from a foreign country or the conviction of an Indian for some crime having nothing to do with insurance or any other business. I do not think I need take up the time of the House in elaborating that argument. From what I have said before, it is clear what we have in mind and I move.

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

“ That in sub-clause (3) of clause 3 of the Bill, for the words ‘ Indian nationals ’, occurring in the seventh line, the words ‘ companies incorporated in British India ’ be substituted.”

Mr. Bhulabhai J. Desai : I think if the words, which are intended to be substituted, are read, it becomes meaningless. I hope my Honourable friend will appreciate it, because it comes to this that though an Indian may be debarred from carrying on business in Italy, if an Italian or seven Italians incorporate themselves into a company in India,—notwithstanding that fact this clause would not apply. I need not say more.

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

“ That in sub-clause (3) of clause 3 of the Bill, for the words ‘ Indian nationals ’, occurring in the seventh line, the words ‘ companies incorporated in British India ’ be substituted.”

The motion was negatived.

The Honourable Sir Nripendra Sircar : I do not move this amendment*. If necessary, I shall insert suitable words in the relevant clauses.

Mr. S. Satyamurti (Madras City : Non-Muhammadian Urban) : I beg to move :

“ That to clause 3 of the Bill, the following new sub-clause be added :

‘ (6) The Superintendent of Insurance shall, on being satisfied that the applicant has fulfilled all the requirements of the Act, applicable to him, grant the insurer, a certificate of registration ’.”

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

“ That to clause 3 of the Bill, the following new sub-clause be added :

‘ (6) The Superintendent of Insurance shall, on being satisfied that the applicant has fulfilled all the requirements of the Act, applicable to him, grant the insurer, a certificate of registration ’.”

The Honourable Sir Nripendra Sircar : I accept the amendment.

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

“ That to clause 3 of the Bill, the following new sub-clause be added :

‘ (6) The Superintendent of Insurance shall, on being satisfied that the applicant has fulfilled all the requirements of the Act, applicable to him, grant the insurer, a certificate of registration ’.”

The motion was adopted.

Mr. S. Satyamurti : I beg to move :

“ That to clause 3 of the Bill, the following new sub-clause be added :

‘ (6) An appeal shall lie to the court from an order of the Superintendent of Insurance refusing to register, or cancelling the registration of an insurer ’.”

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

“ That to clause 3 of the Bill, the following new sub-clause be added :

‘ (6) An appeal shall lie to the court from an order of the Superintendent of Insurance refusing to register, or cancelling the registration of an insurer ’.”

““ That in sub-clause (4) of clause 3 of the Bill, the words ‘ or of section 26 or 26A as to the maintenance of assets in British India ’ be added at the end.”

The Honourable Sir Nripendra Sircar : May I make a suggestion. I accept the principle of this amendment, although I may have some thing to say about the language, because the Code is not mentioned. I suggested this morning that we should have a section in the miscellaneous provisions laying down what are the orders under the different sections under which an appeal will lie. Mr. Jinnah thought that would be more convenient. If you agree, I would request you to withdraw this amendment on the assurance that the principle of this amendment will be accepted by me.

Mr. S. Satyamurti : In view of the assurance, I beg leave of the House to withdraw the amendment.

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

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

“ That clause 3A stand part of the Bill.”

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

“ That clause 3A of the Bill be omitted.”

The reasons which have prompted this amendment have been agitated in this House, and I need not mention them over again. I, therefore, move that this clause be deleted.

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

“ That clause 3A of the Bill be omitted.”

The motion was adopted.

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

“ That after clause 3 of the Bill, the following new clause be inserted :

‘ 3A. No insurer shall carry on any business upon the dividing principle, that is to say, on the principle that the benefit secured by a policy is not fixed but depends either wholly or partly on the results of a distribution amongst policies maturing for payment within certain time limits of certain sums ’.”

The life insurance companies which have been in existence on the principle of this dividing plan have been discouraged by the actuaries and also by the expert, my Honourable friend, Mr. Sen. So far as the Provident Societies are concerned, this principle has been adopted and dividing companies are not allowed to exist beyond one year. Even that one year's grace can be allowed by the Superintendent of Insurance if he is satisfied that within that year it will be so altered as to be able to carry on life insurance business under this Act. A similar provision, I believe, inadvertently has been omitted in the earlier portion relating to the life insurance business. In fact, there is absolutely no principle involved in the dividing plan. The principle on which the dividing plan is framed is a mere wager. A man has to go on paying for 10 or 15 years equal sums and at the end of that period he may get a fraction of whatever amount is

[Mr. M. Ananthasayanam Ayyangar.]

collected during that year. This practice is not based upon any particular principle. In this connection, I would like to refer to the report of the Actuary for the year 1935. In paragraph 5 of the report, it is stated :

“ Some Indian companies transact life assurance business on the dividing plan under which the sum assured is not fixed but depends on the division of a portion of each year's premium income amongst the claims arising in that year. The defects of dividing insurance business have been explained at length in the previous issues of the Year Book and hardly need repetition. Most of the companies which transacted dividing insurance business realised that they could not continue this business for a long time. It is accordingly highly essential that those companies which still transact this class of business should stop it forthwith and consult actuaries with a view to converting their existing business into ordinary life assurance business on sound principles.”

It is, therefore, necessary that the insurance companies which continue on this dividing line ought not to be allowed to carry on their business.

Dr. P. N. Banerjea : On a question of information, Sir. Is not the dividing principle given up in this Bill ? It is a bad principle and it has been given up. Then, why do you introduce this amendment ?

Mr. M. Ananthasayanam Ayyangar : Unfortunately this provision is still in the Bill. A provision is made for the Provident Societies to do away with the dividing plan societies. This amendment refers only to the earlier portions and Chapter III relates to Provident Societies. I am only trying to have the same principle worked out in the earlier portion if the House accepts my amendment.

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

“ That after clause 3 of the Bill, the following new clause be inserted :

‘ 3A. No insurer shall carry on any business upon the dividing principle, that is to say, on the principle that the benefit secured by a policy is not fixed but depends either wholly or partly on the results of a distribution amongst policies maturing for payment within certain time limits of certain sums ’.”

The Honourable Sir Nripendra Sircar : Sir, I fully accept the principle of this amendment. What I intend to do I may be permitted to explain. As clause 43 deals with certain restrictions, I propose to put in clause 43A, between which and this amendment there is no real difference but only a slight difference in language. If I may just read out what I intend to add :

“ No insurer shall, after the commencement of this Act (*those words are not here*) undertake any business upon the dividing principle, that is to say, on the principle that the benefit secured by a policy is not fixed but depends either wholly or partly on the results of a distribution amongst policies maturing for payment within certain time limits of certain sums.”

As I said, there is no difference in substance, but I think the slight change in the language is an improvement and the other place is the proper place. So, if my Honourable friend will accept the assurance that I shall move for the addition of clause 43A, I hope he will agree to withdraw it on that understanding.

Mr. M. Ananthasayanam Ayyangar : On the assurance given by the Honourable the Leader of the House, I beg leave of the House to withdraw the amendment.

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

Mr. K. Santhanam : Sir, I beg to move :

“ That after clause 3 of the Bill, the following new clause be added :

‘ 3A. No insurer, not being a provident society to which Part III of this Act applies, shall pay or undertake to pay on any policy of life insurance an annuity of fifty rupees or less or a gross sum of rupees five hundred or less provided that this shall not prevent an insurer from converting any policy into a paid up policy of any value or payment of surrender value of any amount ’.”

I may add only one word of explanation. The Provident Societies cannot issue policies for more than this sum and the object of this amendment is to keep them aloof from life insurance companies. As I understand that Government is going to accept this amendment, I do not want to indulge in a long speech.

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

“ That after clause 3 of the Bill, the following new clause be added :

‘ 3A. No insurer, not being a provident society to which Part III of this Act applies, shall pay or undertake to pay on any policy of life insurance an annuity of fifty rupees or less or a gross sum of rupees five hundred or less provided that this shall not prevent an insurer from converting any policy into a paid up policy of any value or payment of surrender value of any amount ’.”

The Honourable Sir Nripendra Sircar : Sir, I accept the amendment.

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

“ That after clause 3 of the Bill, the following new clause be added :

‘ 3A. No insurer, not being a provident society to which Part III of this Act applies, shall pay or undertake to pay on any policy of life insurance an annuity of fifty rupees or less or a gross sum of rupees five hundred or less provided that this shall not prevent an insurer from converting any policy into a paid up policy of any value or payment of surrender value of any amount ’.”

The motion was adopted.

Mr. T. Chapman-Mortimer : Sir, may I ask what is the position now

3 P.M. in regard to the debate generally ? We found once or twice today that the Congress Members propose some amendments and immediately the Honourable the Law Member in charge of the Bill accepts them and the motion is put to vote before any one else had any chance of expressing his opinion on that point. I would like to have your ruling in the matter. Am I to take it that when the Honourable the Law Member accepts a motion moved, that is the end of the matter ?

Some Honourable Members : No, no.

Mr. S. Satyamurti : The House has got to vote on the motion.

The Honourable Sir Nripendra Sircar : May I make a statement ? My Honourable friend, Mr. Chapman-Mortimer, did not raise this point when I accepted his amendment. (Laughter.) Surely whether I get up immediately after the Mover or after the ‘nth’ speaker has spoken, it is quite open to my Honourable friend to continue the debate. I submit there is no point of order.

Mr. S. Satyamurti : It is all a question of nervousness.

Mr. Deputy President (Mr. Akhil Chandra Datta) : As a matter of fact, although Mr. Chapman-Mortimer got up he at once sat down without waiting to be called upon. There was no other Member willing to speak, and that was why I put the motion to the House. Now, on the point raised, the mere fact that the Honourable Member in charge of the Bill accepts a motion does not bar anybody else from speaking.

Mr. T. Chapman-Mortimer : That is all I wanted to know. I apologise to the House for my ignorance on that point. Now, I know that even if the Government Member accepts a motion, other Honourable Members can speak.

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

“ That clause 4 stand part of the Bill.”

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

“ That in sub-clause (2) of clause 4 of the Bill, for the word ‘ may ’, occurring in the sixth line, the word ‘ shall ’ be substituted.”

Sir, if Honourable Members turn to clause 4, sub-clause (2), which has been added by the Select Committee, they will find it reads thus :

“ If an insurer, through inadvertence or otherwise, is without such consent as aforesaid registered by a name identical with that by which an insurer in existence is previously registered, or so nearly resembling it as to be calculated to deceive the first mentioned insurer may with the sanction of the Superintendent of Insurance change his name.”

I submit, Sir, that it should not be open to the second insurer to continue the same name after it has been registered by mistake. If a mistake has been committed, it is but proper that it should be rectified. The second insurer should be required by law to change his name and therefore I suggest that instead of the word ‘ may ’, the word ‘ shall ’ be substituted. Sir, I move.

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

“ That in sub-clause (2) of clause 4 of the Bill, for the word ‘ may ’, occurring in the sixth line, the word ‘ shall ’ be substituted.”

Babu Baijnath Bajoria : Sir, I rise to support this amendment. It is really undesirable that there should be two companies with the same or similar name and if the word ‘ may ’ is retained, then the second company may or may not change its name. So, in my opinion, it should be ‘ shall ’ so that the second company must be forced by law to change its name to another name with the approval of the Superintendent. Sir, I support the amendment with these words.

Mr. George Joseph (Madura and Ramnad *cum* Tinnevely : Non-Muhammadan Rural) : Sir, I quite agree with the substance and the purpose that is sought to be achieved by this amendment. But as a question of simple literary purism, may I suggest that the word ‘ shall ’ makes—I will not say nonsense—but very awkward reading. “ With the sanction of the Superintendent of Insurance ”, as a condition in addition to the word ‘ shall ’ becomes very wrong. If the substance of the amendment is to be secured, I shall suggest that the whole of that sub-clause might be recast and the word ‘ shall ’ can be introduced in the proper context. When you obtain the sanction of the Superintendent of Insurance, there is no

use your saying that the first mentioned insurer 'shall' change. Supposing the Superintendent does not give sanction, what is the unfortunate man to do? Therefore, I think the word 'may' is the accurate language, but naturally the difficulty is there. With all respect I would suggest that the whole sentence might be recast and redrafted so as to make the meaning clear. But according to the amendment, the word "shall", if introduced there, will be extremely unhappy and inaccurate.

Mr. T. Chapman-Mortimer : Sir, I agree with my Honourable friend, Mr. George Joseph, that this amendment is not quite so easy or simple as it looks, and I strongly suggest that we should adhere to the present wording in the Bill. If Honourable Members will remember, when the Indian Companies Bill was amended recently, there was a certain amount of talk about this very matter, and, in the end, so as to meet the requirement of the case, it was decided to leave it as it was. The wording here is substantially the same as the wording in the Companies Act except the substitution of the word "insurer" for the word "company". I, therefore, suggest that for that reason alone, the House should consider it and retain it. There is another point of view to be considered, and that is that if Honourable Members will look at the definition of an "insurer", they will see that it includes not merely insurers in this country, but insurers from all parts of the world. It may easily happen that you have companies in India and companies in other countries both trading *bonâ fide* for many years past with a very similar name. I suggest that discretion should be left to the Superintendent to decide whether or not the first named insurer or the man who has got himself registered later on should change his name. I suggest that it should be discretionary power and not a mandatory power.

Mr. N. C. Chunder (Calcutta : Non-Muhammadan Urban) : May I suggest a small alteration? I suggest that we change the expression "with the sanction of" into "when called upon by". This alteration will make the sentence read all right.

Mr. F. E. James : Might I suggest that this matter might stand over. My Honourable friend, Mr. Chunder, might give notice of the amendment, which he has suggested, to meet the convenience of the House. It is very difficult to deal with this without notice of an amendment.

The Honourable Sir Nripendra Sircar : If the matter is going to stand over on the ground that two days' notice has not been given, I would like to point out that I am prepared to accept amendment No. 9 in the name of my Honourable friend, Mr. Ananthasayanam Ayyangar, which reads :

"Provided that the restriction in this clause shall not apply to existing insurers."

What I wanted to say was that that had really to be put in here and if this thing is going to be redrafted and if my Honourable friend is going to give notice, that may still be taken into consideration so that this amendment may be unnecessary. I am making this suggestion that if this matter is standing over, whoever drafts it may kindly take into consideration amendment No. 9. That may be incorporated and in one amendment we can finish both.

Mr. Deputy President (Mr. Akhil Chandra Datta) : I think this matter may stand over.

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

“ That to clause 4 of the Bill, the following new sub-clause be added :

- ‘ (3) No insurer other than a provident society to which Part III applies, who begins to carry on insurance business after the commencement of this Act, shall adopt as its name and no such insurer carrying on business before the commencement of this Act shall continue after the expiry of six months from the commencement thereof to use as its name, any combination of words, which include the word ‘ provident ’.”

This is only complementary to clause 58 in the chapter relating to provident societies. I understand Government have no objection to it.

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

“ That to clause 4 of the Bill, the following new sub-clause be added :

- ‘ (3) No insurer other than a provident society to which Part III applies, who begins to carry on insurance business after the commencement of this Act, shall adopt as its name and no such insurer carrying on business before the commencement of this Act shall continue after the expiry of six months from the commencement thereof to use as its name, any combination of words, which include the word ‘ provident ’.”

Mr. T. Chapman-Mortimer : Sir, I regret to find myself in opposition to my Honourable friend opposite on this matter. Though I perfectly understand the reasons that prompted him to move this amendment,—and very sound reasons they are,—I suggest that, as it is worded, he is going far beyond what he himself intended. There are famous well-known companies that have been in existence in some cases for 80 or 100 years or more that use the word “ provident ” in their names. And I again remind the House that “ no insurer ” now is not merely confined to insurers incorporated in British India ; it refers to insurers all over the world, and I suggest that the amendment as it is now worded should be opposed. There are at least three or four names that I can think of straightaway, world famous names, that employ the word “ provident ” in their names.

The Honourable Sir Nripendra Sircar : Sir, I am not aware of the companies which will be put to difficulty by this amendment being accepted. But surely as there is no objection to this being applied so far as we are concerned, if there is any difficulty by reason of any company being hit,—we have no desire to hit them,—could we not have it as, “ No insurer incorporated in British India ”, etc.? If it is limited to that, my friend's point is met.

Mr. Bhulabhai J. Desai : That defeats the object of the amendment.

The Honourable Sir Nripendra Sircar : My position is that I do not know anything about these companies which will be hit. Is my friend absolutely sure that there are insurance companies which are carrying on insurance business in India using “ provident ” as part of its name ?

Mr. F. E. James : Sir, may I just say one word ? There are such companies who use the name “ provident ”, and if the Honourable Member agrees to hold it over for some time we shall be able to supply him with a list of well-established companies using the word “ provident ”.

Mr. Bhulabhai J. Desai : Sir, I may point out that the whole object of the amendment would be defeated if any company, does not matter from where it hails, is allowed to carry on business in a name part of which is "provident". The object of this amendment is to caution persons dealing with companies and prevent them from getting into the wrong people, that whereas they are really insuring with an ordinary insurance company they are not dealing with a provident company. The distinction between provident societies and insurance companies is now so well drawn that it does not require any further argument. If that distinction is to have any value at all, the object of this amendment is to see that no person reading the word "provident" as part of a company's name may be misled into dealing with that particular company as a provident company. And, therefore, the mere fact that somebody else may have difficulties does not affect the issue. It certainly cannot be a sound principle to say that difficulties if any should be removed so far as Indian companies are concerned but they should not be removed so far as non-Indian companies are concerned.

Mr. K. Santhanam : Sir, clause 58 runs thus :

"No provident society established after the commencement of this Act shall adopt as its name, and no provident society established before the commencement of this Act shall continue after the expiry of six months from the commencement thereof to use as its name, any combination of words which fails to include the word 'provident' or which includes the word 'life'."

Now, today, there are many concerns which are called provident life societies. Now these companies and firms are asked not to continue their names. I do not see why other companies also should not be asked not to continue their names. You cannot, in fact, give privileges to foreign companies more than for our own companies. It is a restriction we are placing on ourselves and I do not see why foreigners should object to placing it on themselves.

The Honourable Sir Nripendra Sircar : Sir, may I just add a word with the permission of the Chair, as I have no right of reply? Some names have been given to me by Mr. James and the European Group but I do not find these names in the Insurance Year Book that they are carrying on business here. So my friend's assertion of fact is not borne out of our Blue Book.

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

"That to clause 4 of the Bill, the following new sub-clause be added :

'(5) No insurer other than a provident society to which Part III applies, who begins to carry on insurance business after the commencement of this Act, shall adopt as its name and no such insurer carrying on business before the commencement of this Act shall continue after the expiry of six months from the commencement thereof to use as its name, any combination of words, which include the word 'provident'."

The motion was adopted.

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

"That clause 5 stand part of the Bill."

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Mr. Sri Prakasa : Sir, I should like to move amendment No. 11 on supplementary list No. 1, instead of No. 114 on the main list. It refers to the same subject. I move :

“ That in clause 5 of the Bill, after the words ‘ No insurer ’, in line 1, the words ‘ incorporated after, or ’ be added.”

There are only two matters on which I should like to draw the attention of the House. The clause in the original Bill was No. 4, and it ran thus :

“ No firm established or company incorporated in British India.....”

I am only quoting the relevant words. Now the Bill, as it has emerged from the Select Committee, uses the word ‘ insurer ’ instead of ‘ firm ’ or ‘ company ’; and so this word has been introduced here as well. The idea of the original Bill was that the date governing the provisions of this section should not apply to actual commencement of the business, but only to the incorporation of the company. That is quite clear by clause 4 of the original Bill. I really think that there has been some mistake in the drafting of this section. If we turn to sub-clause (3) of the following clause, clause 6, we find the words :

“ an insurer incorporated before, or carrying on any insurance business before.....”

That means that the idea is to have this phraseology. So I think the same language should be adopted here as well.

I have one other purpose : if the clause stands as it is proposed, then a large number of companies who were actually incorporated before the mystic date given in the clause, will be hit and hit adversely. That cannot be the purpose of this Bill. It takes about three months to get the necessary certificate in the circumlocution offices of the Government after company is actually incorporated. Therefore, if we have the clause as it stands, then all companies that were incorporated in the months of September and October and could not start business before the 31st day of December, 1936, because they could not get the necessary commencement certificate owing to the formalities involved, will all be regarded as new companies and come under the disabilities that now pertain to new companies. I am sure that this simple amendment of mine will be acceptable to the House. Sir, I move.

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

“ That in clause 5 of the Bill, after the words ‘ No insurer ’, in line 1, the words ‘ incorporated after, or ’ be added.”

The motion was adopted.

Mr. Sri Prakasa : Sir, I move :

“ That in clause 5 of the Bill, after the word ‘ commenced ’ the words ‘ or commences ’ be inserted.”

It is only a matter of language : as the clause deals with the companies that will commence business in the future also, these words may be inserted just to make the meaning clear. Sir, I move.

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

“ That in clause 5 of the Bill, after the word ‘ commenced ’ the words ‘ or commences ’ be inserted.”

The motion was adopted.

Dr. P. N. Banerjea : Sir, I move :

“ That in clause 5 of the Bill, for the words and figures ‘ 31st day of December, 1936 ’ the words and figures ‘ 31st day of January, 1937 ’ be substituted.”

Clause 5 relates to the requirements as to working capital ; and a line is drawn between existing companies and future companies. For this purpose the date which is accepted is the 31st December, 1936. This Bill was introduced in the Legislative Assembly on the 26th January, 1937. If the existing provision is retained then it will apply to companies which had been incorporated or which had commenced business before the Bill was even introduced. That would be an unfair attitude to take up towards these companies. I understand that quite a number of companies was incorporated or commenced business between the 31st December, 1936 and the date of introduction of this Bill

Mr. S. C. Sen : Would my Honourable friend explain why they were eager to be incorporated within that period ?

Dr. P. N. Banerjea : They wanted to be incorporated in the ordinary course : there was no question of eagerness. We are not concerned with psychology here. It is quite possible that in the ordinary course of business some companies were incorporated on the 3rd of January or the 10th January or the 15th January, 1937.....

The Honourable Sir Nripendra Sircar : May I try to bring a little peace ? While I will not insist on the 31st December, 1936, I am willing to accept Mr. Sri Prakasa's amendment No. 120, which fixes 26th January, 1937, because the Bill was introduced on the 27th January and this is an appropriate date and it is very difficult to resist Mr. Sri Prakasa when he is bent on getting something. If Mr. Sri Prakasa will agree and if Dr. Banerjea will agree to put the date as the 26th January, I shall accept.

Dr. P. N. Banerjea : All right, Sir. I beg leave of the House to withdraw my amendment.

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

Mr. Sri Prakasa : Sir, I move :

“ That in clause 5 of the Bill, for the words and figures ‘ 31st day of December, 1936 ’ the words and figures ‘ 26th day of January, 1937 ’ be substituted.”

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

“ That in clause 5 of the Bill, for the words and figures ‘ 31st day of December, 1936 ’ the words and figures ‘ 26th day of January, 1937 ’ be substituted.”

The motion was adopted.

Mr. Mathuradas Vissanji (Indian Merchants' Chamber and Bureau : Indian Commerce) : Sir, I move :

“ That in clause 5 of the Bill, for the words ‘ fifty thousand rupees ’ the words ‘ ten per cent. of the total issued and paid up capital of the company if the insurer is a company ’ be substituted.”

I have given another amendment of a similar nature, Sir, and they both go together. My object in moving this amendment is to maintain a proper proportion and equity in the concerns which have no capital or which have a high capital. The strength of a company is not at all going

[Mr. Mathuradas Vissanji.]

to be diminished by the acceptance of this amendment ; in any case the minimum deposit of Rs. 50,000 will be maintained. Supposing the capital of a company is 5 lakhs, then 10 per cent. is maintained with the Government but supposing the paid up capital is 10 lakhs, the deposit required will be about one lakh. So a proper proportion and equity will be maintained, and therefore I have brought forward this amendment.

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

“ That in clause 5 of the Bill, for the words ‘ fifty thousand rupees ’ the words ‘ ten per cent. of the total issued and paid up capital of the company if the insurer is a company ’ be substituted.”

The Honourable Sir Nripendra Sircar : Sir, I oppose this amendment. The Select Committee has very carefully considered the matter. They have come to the conclusion that this is a minimum requirement which should be enforced, and while we have every sympathy for growing insurance companies, we do not really want a number of sickly companies to grow up. This 10 per cent. may mean only Rs. 5,000. I spoke on this subject in the general discussion, and, therefore, I have nothing further to add. Sir, I oppose the motion.

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

“ That in clause 5 of the Bill, for the words ‘ fifty thousand rupees ’ the words ‘ ten per cent. of the total issued and paid up capital of the company if the insurer is a company ’ be substituted.”

The motion was negatived.

Mr. Sami Venkatachalam Chetty : Sir, my amendment is :

“ That in clause 5 of the Bill, for the words ‘ deposits to be made under this Act ’ the words ‘ amount required under section 6 before or at the time of application for registration is made ’ be substituted.”

Sir, there is another amendment in the name of Mr. Sri Prakasa, and as that amendment seems to be better than mine, I don't wish to move it.

The Honourable Sir Nripendra Sircar : I may say, Sir, that I prefer amendment No. 130 to No. 129, from the language point of view.

Mr. Sri Prakasa : Sir, I move :

“ That in clause 5 of the Bill, for the words ‘ deposits to be made under this Act ’ the words ‘ amount required under section 6 before or at the time of application for registration is made ’ be substituted.”

The Honourable the Law Member has obliged me, and so I am going to oblige him in return by moving this amendment. Sir, I move.

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

“ That in clause 5 of the Bill, for the words ‘ deposits to be made under this Act ’ the words ‘ amount required under section 6 before or at the time of application for registration is made ’ be substituted.”

The motion was adopted.

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

“ That clause 5, as amended,.....”

Maulana Zafar Ali Khan (East Central Punjab : Muhammadan) : Sir, there is an amendment which stands in my name, and that is No. 15 on Supplementary List No. 1.

Mr. Deputy President (Mr. Akhil Chandra Datta) : I am extremely sorry. The Honourable Member ought to have got up in proper time. He is too late now.

Maulana Zafar Ali Khan : It is not my mistake, Sir. I was not called

Mr. Deputy President (Mr. Akhil Chandra Datta) : The position was made clear by the Honourable the President yesterday, that, so far as the supplementary lists are concerned, it is for Honourable Member concerned to get up and move them, and he also distinctly said that the Chair would not call out Honourable Members by name.....

Maulana Zafar Ali Khan : Sir, I would most respectfully draw your attention to the fact that the names of Honourable Members who have given notice of amendments are called out from the Chair. My amendment is already on the supplementary list, it is No. 15, and my name was not called out.

Mr. Deputy President (Mr. Akhil Chandra Datta) : I am sorry I have already given my ruling. The question is

Dr. Ziauddin Ahmad : Sir, when an amendment is already on the list, unless the Member concerned withdraws it or is not present in the House, he has got a right to move it. The Mover of an amendment cannot stand up by himself unless his name is called out.

Mr. Deputy President (Mr. Akhil Chandra Datta) : That is not a correct statement of the position. The mere fact that a certain Honourable Member is in the House does not matter much. It is for him to get up at the proper time.

Mr. F. E. James : Sir, may I make a submission to you ? As I understand the position, you have just indicated that where an Honourable Member's amendment is on the supplementary list, the responsibility is upon him to catch your eye before the clause is put. I understand that that was said yesterday. But, with very great respect, may I say that it puts an Honourable Member in a rather difficult position, and in the particular case, which is now under consideration, the Honourable Member, in whose name this amendment stands, did not really have an adequate opportunity to catch your eye before you put the clause to the House. I think there is a danger of an Honourable Member having an important amendment on the Supplementary List being put to a very great disadvantage for no fault of his.

Maulana Zafar Ali Khan : Besides I got up in time.

Some Honourable Members : No.

Mr. Deputy President (Mr. Akhil Chandra Datta) : Although I must repeat that as a matter of right the Honourable Member cannot ask the Chair to give him a chance now, still I do not like that there should be any feeling of grievance. If the House desires, I shall allow the Honourable Member to move his amendment.

Several Honourable Members : Yes.

Maulana Zafar Ali Khan : I beg to move .

“ That in clause 5 of the Bill, for the word ‘ fifty ’ the word ‘ twenty-five ’ be substituted.”

I move it with great trepidation, because this very amendment was to have been moved by Messrs. Kuladhar Chaliha, Sami Vencatachalam Chetty, K. Santhanam, M. Ananthasayanam Ayyangar and Mohan Lal Saksena, but they did not move it. It seems to me that nobody advocates the cause of the poor in these days, and I am afraid capitalistic tendencies are creeping into this side of the House (pointing to Congress Benches). So a poor man like myself holds the brief for the poor.

Mr. Badri Dutt Pande (Rohilkund and Kumaon Divisions : Non-Muhammadan Rural) : Why did you not vote for Rs. 500 salary yesterday ? (Laughter.)

Maulana Zafar Ali Khan : I see before me the Honourable the Law Member who is in charge of the Bill. I have been hearing his speeches and I am afraid he will, after I have finished, get up and say, “ We do not want mushroom companies. We want big companies with big capital behind them.” But the object of this Bill is to encourage insurance throughout the length and breadth of India, and they are poor people in this country. They cannot scrape altogether in some instances more than Rs. 25,000. Even Rs. 25,000 is too much for them, but in the case of the new companies if the amount could be brought down from Rs. 50,000 to 25,000 it would be doing great good to the country. After all, what is the objection ? They say that these mushroom companies would not be able to carry on. There is this Bill, and as it emerges from this discussion it will be an Act of draconian rigour. With the powers of the Superintendent of Insurance, executive and judicial, authority being centered in him, with the powers of inspection, with the powers of sudden visits, and all sorts of other rigorous powers you will be able to see to it that those companies come up to your standard of efficiency and honesty. If they are not honest or if they are not efficient, and if they do not perform their duties in the manner in which they are required to do, then wind them up. There is another aspect of the question and that aspect is Islamic. As I said the other day the Muslims regard insurance and have been regarding insurance as a legalised form of gambling. (Interruptions.) With the utmost difficulty some of the theologians assured them that it was not gambling but that it was a provision against the rainy day and therefore they ought not to fight shy of insurance. We are bringing the Muslim public round to this view and you know that the Muslims of India are comparatively very poor and not so rich as their neighbours. There is only one Muslim company. Other companies might come in. So if the amount of Rs. 25,000 was substituted in this Bill it would be doing lasting good to a great minority community of India. I think I can appeal only to the “ sweet reasonableness ” of the Honourable the Law Member.....

The Honourable Sir Nripendra Sircar : None exists. (Laughter.)

Maulana Zafar Ali Khan :reasonableness which kills sometimes.....

An Honourable Member : Hoping against hope.

Maulana Zafar Ali Khan : When you are against me, it is hoping against hope ; when there is a conspiracy between the Opposition and the Government Benches I think my case is lost. But I still hope against hope that this amendment will be accepted by the House.

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

“ That in clause 5 of the Bill, for the word ‘ fifty ’ the word ‘ twenty-five ’ be substituted.”

Dr. Ziauddin Ahmad : I do not take part in the discussion of this Bill or any of its clauses in a communal spirit, because I believe that it represents the interest of the people and not the interest of one particular section of the community. One point I should like to make, and that is, are we or are we not in favour of extending insurance business in this country ? We have just passed an amendment exempting companies that came into existence in January, 1937. We are now passing a measure by means of which we regulate the establishment of future companies and we say that no company should be started unless it has got sufficient capital, firstly, deposit with the Reserve Bank, secondly, to carry on their business, and thirdly, Rs. 50,000 for capital expenditure. The collection of a large sum is absolutely essential in case a new company wishes to be established. May I say that the insurance business as it is now carried on in this country is appealing to the people of big towns, to commercial magnates, but it has not yet gone down to the masses of India. I think it is very desirable that we should encourage the establishment of smaller industries in the smaller towns and not confine this business to towns like Bombay, Calcutta or Allahabad. My friends say that the money will be unsafe. In the case of the life insurance company, the money will always be forthcoming from the very inception of this particular company. Therefore, if we want to encourage the establishment of smaller insurance companies and to habituate the people to insure their lives more and more, then we ought to give every facility to the smaller companies coming into existence and carrying on business for the benefit of those persons who cannot have an approach to the insurance companies in Calcutta and Bombay. With these words, I support the amendment.

Mr. Amarendra Nath Chattopadhyaya (Burdwan Division : Non-Muhammadan Rural) : I rise to support this amendment and I heartily support it. I know how difficult it is to raise capital in our country. If the working capital is fixed at Rs. 50,000, I think there will be a very few companies coming forward and perhaps many companies which have been working for the last three or four years will have to go out. It is very difficult to convince the people who are rich about the difficulties of the middle class people and poor men who take to business. From the reports which I have got before me I can say with all the emphasis at my command that our companies have not done anything to deserve discouragement. There may be some companies which are yet struggling and the Honourable the Leader of the House had said that not only mercy should be adopted towards these insurance companies but there should be justice. I am afraid that no rich man has ever done justice to poor men and those companies which have already become rich and have got crores of life funds have no sympathy for the poor companies. Otherwise, they could have helped the poor struggling

[Mr. Amarendra Nath Chattopadhyaya.]
 concerns. I have got before me a report of total business of ten years, from 1922 to 1933. The total business remaining at force at the end of the year 1922 was 87 crores and in 1933 it was 119 crores. The net income of the insurance business from premiums and interest was 7 crores and the claims came to 2 crores. Life assurance funds during 1933 amounted to 127 crores. The average rate of interest earned on the life funds during the year was 5.70 per cent. In these circumstances I do not understand why in spite of such results this new clause of 50,000 for working expenses should be introduced. I am sure that the authors of this Bill have found it impossible to tolerate the growth of mushroom companies. I welcome mushroom companies because I see a change in the mentality of the people to take more to industry than to service. By combining some capital, they may be able to eke out an independent livelihood and create employment for many young men and if the Honourable the Leader of the House condescends to accept this little diminution in the amount of working capital, I believe many companies will be able to come into existence and carry on.

Mr. S. Satyamurti : I oppose this amendment. I do not welcome mushroom companies. I should like to eat mushrooms if I can get them ; but in business, I do not like mushroom companies. I am glad that my friend the Vice-Chancellor of the Aligarh University said that this clause is not discussed in a communal spirit. Maulana Zafar Ali Khan pleaded for this clause, on behalf of the poor Muslims.

Maulana Zafar Ali Khan : I never said that.

Mr. S. Satyamurti : On behalf of the people of India and especially of the poorest of policy holders, I want to tell him one other syllogism. All Mussalmans are not poor. Those Muslims who promote insurance companies are not likely to be the poorest of Muslims.

Maulana Shaukat Ali (Cities of the United Provinces : Muhammadan Urban) : The majority of them are poor.

Mr. S. Satyamurti : Those Muslims who promote insurance companies are not likely to be the poorest among the Muslims.

4 P.M.

There is no point in the argument that because Mussalmans are poor, therefore you ought to reduce the amount. My next point is this. We constantly hear of young companies, minor companies, poor companies and so on ; but I want to plead the cause of one other party, namely, the policy holders. We believe that insurance is not industry. What is the industry in insurance ? You take my money, and you invest it, and you pay up the claims when you are called upon to do so. A man who wants to make profits goes to the share market. The humble man who invests in a policy wants security, and he wants to see that, if anything happens to him, his wife and children may not be in the streets. Therefore, it seems to me that, in enacting insurance legislation, the dominant consideration ought to be the interests of the policy holders and the financial soundness of the company. It has been argued more than once in this House, and I see a great deal of force in that argument, that when a new company is started, it must, *ex-hypothesi*, spend more out of its premium income for building up business in competition with older companies, indigenous or foreign. I entirely

sympathise with that view. Nobody on these benches wants the big companies to strangle younger companies by unhealthy competition. At the same time, the argument must also lead to the further admission on the part of those who advance it that, if young companies and new companies must spend more of their premium income over building up new business, they must have the sound financial backing of the deposits of 2 lakhs to be built up in the course of a few years and the working capital of Rs. 50,000, besides the deposits and the preliminary expenses. Therefore, this Rs. 50,000 is the absolute minimum on which the House, I think, ought to insist, in order to guarantee the safety and the sound progress of these younger companies and those who depend upon them, namely, the policy holders and those who may be left behind by these policy holders. They must be secure of their money. I do not think that any company is likely to be started on other conditions. Let us remember also that this clause 5 applies to those who carry on the business of life insurance in British India, after the 31st day of December, 1936. We are not talking of existing young companies, but we are talking of companies to come into existence hereafter. So far, we have heard powerful arguments and some of them have gone home to this House that if certain companies have been functioning, on the whole, successfully under the existing law, we ought not to make conditions more difficult for them; at least not more difficult than is actually necessary. But when we are enacting legislation for the first time for companies to carry on business hereafter, I submit with some confidence that there is no unnecessary hardship, if the House demands that they should have a working capital of Rs. 50,000. It seems to me that it is not good for the progress of any business in this country, that we should have a lesser standard than is absolutely necessary. I am as keen as any other Honourable Member that we must promote business and industry in this country, although I do not grant insurance to be an industry. I want insurance business to progress; I want Indian companies to progress; and I want the insurance habit to spread in my country. It can spread only if we support the growth and development of sound companies. I, therefore, submit that this amendment will not serve the interests of anybody at all. It will certainly not serve the interests of the policy holders, and ought, therefore, to be rejected by this House.

The Honourable Sir Nripendra Sircar : I hope the strength of my opposition will not be judged by the length of my speech. I oppose the amendment.

Mr. M. Ananthasayanam Ayyangar : Sir, reference has been made to some of us who have tabled a similar amendment on this subject and are not moving it. I ask you to refer to Chapter IV which relates to mutual insurance companies and co-operative insurance societies which are for the benefit of policy holders and are not proprietary concerns started for the benefit of proprietors. In the case of the mutual and co-operative societies the amount required for working capital is Rs. 25,000 and not Rs. 50,000. A reduction has been made. In the case of the insurance companies let the policy holders assure themselves that they have a substantial working capital otherwise there will be started mushroom companies and it will be difficult for the policy holders to realise their moneys at the time the policies mature. That is the reason why we have

[Mr. M. Ananthasayanam Ayyangar.]

not moved our amendment and also because necessary provision has been made in the case of those companies which deserve it.

Mr. Suryya Kumar Som (Dacca Division : Non-Muhammadan Rural) : I support this amendment. I may be in a minority, but I must give expression to the public opinion, at least on a matter which concerns the poor people. In these days of unemployment, there are a large number of graduates with character and capacity who do not find employment nor do they find funds to start business. They are capable men and possess very good physique and capacity, but they have neither the money nor the opportunities for getting employment. When there is so much unemployment in the country, I am afraid, I cannot support the policy of this Bill. We find that our Honourable friend, Mr. Sen, who made an inquiry into this business, also reported Rs. 25,000 as working capital. That is how he began. Let us see now what is the motive behind this large working capital. Is it the intention that whoever wants to start an insurance company should undergo some suffering and sacrifice, as penance for starting insurance company? If he is required to raise a lakh of rupees or Rs. 50,000, it is apparent that he will have to roam about the country in order to collect such a large sum. But the question is—why this sum is necessary? This working capital of Rs. 50,000 is not necessary for carrying on the insurance business because in this business we find that you take the money from the policy holders for a certain length of time and it is after a long time that that money becomes due. A large working capital may be necessary for other industrial movements but it is not so necessary in the case of the insurance business. This provision has been introduced only to kill or stop the mushroom companies. Now, Sir, according to this Bill, there is some bad odour about these mushroom companies. I do not think the Leader of the House means by mushroom companies those companies which are started by very honest and capable men who do not possess as much capital as the Birla's and the Tata's. I think by mushroom companies he means those companies which are started by men of indifferent character, who have no capital and who are not very sure of or anxious for their success. They are more after starting the companies and enjoying their funds than making them successful. I think that is what he means by mushroom companies. Why should smaller companies started by honest and capable men with small capital should be penalised especially at this time when our principle should be to encourage middle class men to start business with smaller sums provided they work honestly and possess the working capacity. But here I find that honesty, capacity and education is given the go-bye. By the Indian Companies Act, I found that the industry was handed over to Birlas and Tatas and by this Insurance Bill, the industry is handed over not to such big men but to men like my Honourable friend Babu Baijnath Bajoria.

Babu Baijnath Bajoria : Will the policy holders be paid by honesty, capacity and education or by money?

Mr. Suryya Kumar Som : I am coming to that. Now, so far as the policy holders' interest is concerned, I think by clause 26 you have sufficiently provided for their safety because the whole life fund is to be deposited in Government and Trust securities. So you find that the policy holders' interest is fully safeguarded.

The Honourable Sir Nripendra Sircar : What is the good of depositing a negative life fund ?

Mr. Suryya Kumar Som : If I do not insure any life, there will be no fund and so no loss. The companies only will be the losers. Why do you prevent young men going about to start insurance companies. If they do not get any business, it does not injure anybody. Nobody suffers thereby. The policy holders' interest has been secured and when you have done that, I submit that so much working capital is not necessary for the insurance company. It will not also be desirable to fix such a heavy sum. With these words, I support the amendment of my Honourable friend.

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

“ That in clause 5 of the Bill, for the word ‘ fifty ’ the word ‘ twenty-five ’ be substituted.”

The motion was negatived.

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

“ That clause 5, as amended, stand part of the Bill.”

The motion was adopted.

Clause 5, as amended, was added to the Bill.

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

“ That clause 6 stand part of the Bill.”

Mr. Amarendra Nath Chattopadhyaya : Sir, I beg to move :

“ That in sub-clause (1) of clause 6 of the Bill, for the words ‘ market value ’ the words ‘ face value ’ be substituted.”

Sir, I do not think any speech is necessary from me to commend this amendment for the acceptance of the House.

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

“ That in sub-clause (1) of clause 6 of the Bill, for the words ‘ market value ’ the words ‘ face value ’ be substituted.”

The Honourable Sir Nripendra Sircar : I shall follow the very good example of the Mover and make no speech, but simply oppose the amendment.

Dr. P. N. Banerjea : Sir, I support this amendment on the ground that the market value of securities might change from day to day, but the face value does not change. (Laughter.) When you take the market value, you have to calculate the amount from time to time and that leads to all sorts of complexity. When the market value of securities appreciates, what will you do ? Will you return part of the securities to the insurer ? What is the proposal in the Bill ? If that is not done, then it will be doing great injustice to the insurer. On the other hand, when the market value depreciates, then you will ask the insurer to make good the deficiency.

The Honourable Sir Nripendra Sircar : No ; it is not in the present Bill.

Dr. P. N. Banerjee : But subsequently what will be done ? I mean on the day when he makes a deposit, the securities will be of certain value, but if they change subsequently in value, what do you propose to do ?

The Honourable Sir Nripendra Sircar : Nothing.

Dr. Ziauddin Ahmad : When the insurer is called upon to deposit by instalments, the value will change from year to year.

Dr. P. N. Banerjee : There will be a provision in the Bill that the deposit is to be made in the course of seven or ten years. But from the very beginning you will not be able to compute the value of the total amount to be reached which may be either less than two lakhs or more.

The Honourable Sir Nripendra Sircar : How will the face value improve it ?

Dr. P. N. Banerjee : The face value will remain constant. I am afraid the Bill introduces a great deal of complexity when payment is to be made by instalments. If the instalment system had not been there, there would have been no difficulty.

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

“ That in sub-clause (1) of clause 6 of the Bill, for the words ‘ market value ’ the words ‘ face value ’ be substituted.”

The motion was negatived.

Mr. Deputy President (Mr. Akhil Chandra Datta) : Amendment No. 138. If any Honourable Member does not wish to move the amendment standing in his name, in all fairness to the Chair he must get up and say he does not move it. Otherwise the time of the House is wasted.

Dr. Ziauddin Ahmad : I do not move my amendment No. 138.*

Mr. Amarendra Nath Chattopadhyaya : Sir, I move :

“ That in sub-clause (1) (a) of clause 6 of the Bill, for the words ‘ two hundred thousand rupees ’ the words ‘ one hundred thousand rupees ’ be substituted.”

I know that this amendment also will share the same fate as my previous amendment. I submit that a sum of Rs. 200,000 in respect of life fund is absolutely of no value. When life funds grow, then the security deposit of Rs. 100,000 or Rs. 200,000 will have no value and will be of no consequence. In case of those insurers who will not accumulate life funds, they will die a natural death. Consequently I appeal to my Honourable friends of the Congress Group to see if they can support this amendment.

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

“ That in sub-clause (1) (a) of clause 6 of the Bill, for the words ‘ two hundred thousand rupees ’ the words ‘ one hundred thousand rupees ’ be substituted.”

“ That for sub-clause (1) of clause 6 of the Bill, the following be substituted :
(a) where the business done ought to be done in life insurance only, 25 per cent. of the total assets with a minimum of Rs. 50,000 ”.

Dr. Ziauddin Ahmad : Sir, I rise to support this amendment, and my reason is this that life insurance is on a different footing from accident insurance. Here we have not got to pay the policies immediately. From the history of life insurance companies we find that in the first few years they get more and have to pay less, and after a few years their capital increases substantially, and therefore it is not necessary that a big deposit should be expected from them at the very outset. Sir, I support the motion.

Mr. Suryya Kumar Som : Sir, I again rise to support the amendment and on the very same principle. I find that this deposit is useless and unnecessary, when in clause 26 we have provided that the whole life fund shall be deposited with Government or in some safe security. So the policy holder's interest has been made absolutely safe. Then we have provided that mushroom companies should have Rs. 50,000 as working capital. Then why does this question of deposit arise? In whose interest and for what reason? I do not find any reason for it. Up to this time there was no provision for the life funds being deposited with Government or deposited in safe securities. Of course that question would have arisen only then because there was no safety for the policy holders. But here we have already provided that the whole life fund should be deposited with Government or in safe securities; and we have again provided Rs. 50,000 for working capital which is rather too high. Then why should such a big sum be deposited with Government and enrich the Government exchequer? And they will pay you only 1, or 2 or $1\frac{1}{2}$ per cent. interest. I appeal to the House to consider this. I should also like to hear from those who oppose this, what the necessity is for demanding such a high deposit when the interest of the policy holders is safe and the working capital is already in hand. This deposit taken with Rs. 50,000 as working capital will make it impossible for ordinary men to start any insurance business. Sir, I appeal to my friends on the Congress benches to support this amendment.

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

“That in sub-clause (1) (a) of clause 6 of the Bill, for the words ‘two hundred thousand rupees’ the words ‘one hundred thousand rupees’ be substituted.”

The motion was negatived.

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

“That in part (b) of sub-clause (1) of clause 6 of the Bill, the words ‘and fifty’ be omitted.”

I ought to explain that this particular amendment should be read with the succeeding amendments put in by our Group. Their effect is this : that we reduce the deposits for Fire, Marine, Accident and Miscellaneous from $1\frac{1}{2}$ lakhs to 1 lakh; and then as far as Life plus three other classes are concerned, from $4\frac{1}{2}$ lakhs to 4 lakhs; as far as no Life plus two other classes are concerned, from $2\frac{1}{2}$ to 2 lakhs; and as far as no Life plus three others are concerned, from $3\frac{1}{2}$ to 3 lakhs. The reason why we have made a differentiation between life insurance and other classes of insurance is that in the case of life insurance the liability is far more extended than in the case of other classes of insurance. That is why we did not support the previous amendment; we have left the life insurance deposit at its original figure of 2 lakhs.

[Mr. F. E. James.]

The short point is this : that the reason for deposits is to prevent companies with inadequate financial backing from coming into being and getting registered under this Act. We consider that on the whole for other classes of insurance than life, 1 lakh is sufficient ; and therefore this amendment should be considered with the other amendments that follow as part of a general scheme for the reduction of the deposits on the non-life classes of insurance.

Sir, I move.

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

" That in part (b) of sub-clause (1) of clause 6 of the Bill, the words ' and fifty ' be omitted."

The Honourable Sir Nripendra Sircar : Sir, I oppose this amendment.

Dr. P. N. Banerjee : Sir, during the last half hour we have been advocating the cause of the poor and the small. Now, we have begun to advocate the cause of the rich and the well-to-do, and of those who can afford to deposit large sums. I hope the Government will not accede to this request.....

The Honourable Sir Nripendra Sircar : I said I opposed it.

Dr. P. N. Banerjee : Yes, but without a speech, on the ground that brevity is the soul of wit. I do not object on the ground of principle to this amendment, but I find that my friends did not think it necessary to support the demands made from this side of the House. Reciprocity is the rule of life. " Do unto others as you would be done by ". That should be the motto of our friends in future.

Mr. T. Chapman-Mortimer : Sir, it was not my intention to intervene in the discussion on this particular amendment ; but in view of the remarks passed by my Honourable friend and colleague from Bengal, I must just make our position quite clear. There is a good deal of difference in principle between the position of people doing life insurance and people doing ordinary business of insurance in non-life classes.....

Mr. S. Satyamurti : You must pay more !

Mr. T. Chapman-Mortimer : No, Sir ; we must pay less ! In the first place, we suggest along with the Government that you should demand 2 lakhs from people who do life business, and I would like to remind my friend that we did support him and will support him in regard to extending the time limit within which deposits must be paid in the case of companies doing life insurance. But I should like just to explain for the benefit of the House why it is that you require a larger deposit for life business than you do for non-life, and the reason is quite obvious. In the case of life business, you undertake a contract which is going to extend throughout the whole life or in certain cases over the greater part of the life of the assured, and it is for that reason that you require to insist that there should be larger security or rather I should say larger guarantee of the stability of the person who is doing the insurance. There is no question at all of our doing something for the rich and not for the poor.

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

“ That in part (b) of sub-clause (1) of clause 6 of the Bill, the words ‘ and fifty ’ be omitted.”

The motion was negatived.

Dr. Ziauddin Ahmad : Sir, on a point of order : I have given in an amendment which is coming on later that no insurer.....

Mr. Deputy President (Mr. Akhil Chandra Datta) : What is the amendment that the Honourable Member is speaking about ?

Dr. Ziauddin Ahmad : I am talking in connection with No. 145.

Mr. Deputy President (Mr. Akhil Chandra Datta) : That has not yet been called.

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

Dr. Ziauddin Ahmad : Sir, before I move my amendment No. 145, I would like to have your ruling on one point. The object of this amendment is that no company carrying on life assurance business should engage in other forms of insurance. I have given notice of an amendment which says that no such combination should be permitted, and, therefore, I would like to know whether the debate should be taken up on this amendment or any other amendment.

The Honourable Sir Nripendra Sircar : What is the other amendment ?

Dr. Ziauddin Ahmad : No. 257.

Mr. President (The Honourable Sir Abdur Rahim) : As this is an amendment which would affect the entire structure of this Bill, I should like to know whether any amendment has been passed so far, especially in the definition clause No. 2, which would affect this amendment.

Dr. Ziauddin Ahmad : If you permit me to move amendment No. 257 when the time comes, then I will not move this amendment now.

Mr. President (The Honourable Sir Abdur Rahim) : That I cannot allow now. I will allow the Honourable Member to move his amendment No. 145 unless it is barred by anything that is passed by this House.

Dr. Ziauddin Ahmad : Then, I move :

“ That sub-clause (1) (f) of clause 6 of the Bill be omitted.”

The intention of this amendment, which I have explicitly mentioned in a subsequent amendment is that no insurer carrying on business specified in part (a) of clause 6 (1) shall carry on the business specified in parts (b), (c), and (d) of the same sub-clause : that is, any insurer carrying on business in life should not be permitted to carry on insurance in the other three forms, that is, fire, marine and accident. That is really my intention. Sir, this is a very important....

Mr. President (The Honourable Sir Abdur Rahim) : It has been pointed out to me that clause (1) (e) has already been adopted by the House, and clause (1) (e) says “ where the business done or to be done includes life insurance and any one of the three classes specified in clauses (b), (c) and (d) ” and so on. That has been adopted by the House.

Dr. Ziauddin Ahmad : No, Sir, nothing has been adopted. No voting has taken place on (e).

Mr. President (The Honourable Sir Abdur Rahim) : Is there any amendment to that ?

The Honourable Sir Nripendra Sircar : No, Sir.

Mr. President (The Honourable Sir Abdur Rahim) : Then, the Honourable Member's amendment is barred.

Mr. M. S. Aney (Berar : Non-Muhammadan) : An amendment cannot be barred, because it has not been adopted.....

Mr. President (The Honourable Sir Abdur Rahim) : I understand voting on the clause has not been taken, but the amendment has been adopted. I think Mr. Aney is right. I thought there was an amendment and it was put to the vote.

The Honourable Member can go on with his speech.

Dr. Ziauddin Ahmad : Thank you, Sir. The point that I was trying to impress upon Honourable Members was that there should be a clear differentiation between life insurance and other forms of insurance like fire, marine and accident. The last three forms stand on an entirely different footing. In the case of life insurance, we have to keep in view prominently the interest of the policy-holders from first to the last, but in the case of other forms of insurance, the position is very different. Therefore, it is very desirable that a company dealing with life insurance should not be permitted to engage itself in other forms of insurance which involve grave risk and which may endanger the position of the policy-holders. Probably the Honourable the Law Member may say that sufficient safeguards have been provided to see that the accounts of life policy-holders are kept separate from the accounts maintained for other forms of insurance, but I feel, Sir, that it is not a very satisfactory arrangement, and my reasons are these. In the first place, you may say that in the case of life policies, you have long term payments, that is to say, payments are not to be made immediately, but they are to be made after a long period ; but, in the case of other forms of insurance like accidents, fire, etc., the payments to be made are really short term contracts, and, therefore, the position is entirely different. Suppose a man has insured in a company which is carrying on business in life, as well as in fire, and that company has accepted a fire policy for, say, 20 or 30 lakhs, and there is a fire. Then the company will have to meet the claims of the fire accident. No doubt, there is a provision for maintaining separate sets of accounts, one for life, and others for accidents, marine and fire, but the company is the same, the directors and shareholders of the company are the same. I do not know if provision has been made to see that if one part of the company goes into liquidation, the other parts of the company can continue its business. Even assuming there is some such provision, if a company, which is doing life business, goes into liquidation in respect of the other forms of business, there will be very great nervousness on the part of the policy-holders whether the company will be able to meet the life claims, and it is very doubtful whether the provisions in the Bill will be able to save the interest of the policy-holders sufficiently. In that case, a large number of policy-holders

will hesitate to make payments of premiums and keep their policies alive, because they will feel that the company has sustained a huge loss on account of fire and that it will not be able to meet the life claims when they are put forward. That is one difficulty which I have in mind.

Then, my second difficulty is this, the method of investment differs in these two cases. In the case of life insurance, the company does not want the money immediately. They want to invest their capital in such a way as to get the money after a long interval, whereas, in the case of other forms of insurance, they want the money in hard cash to be paid in full immediately an accident takes place.

Then, again, in the case of fire, marine and accident insurance, the interest is limited to shareholders of the company, but in the case of life insurance it is the policyholders who are most interested. Suppose a company has a capital of, say, 50 lakhs, 25 lakhs would belong to policyholders side and the other 25 lakhs to the other three sides of the company, then in the 50 lakhs side the policyholders are interested, while, in the other side, it is the directors and shareholders who will be interested. It is quite possible that the company will invest their money in profitable concerns—only that portion which belongs to other forms of insurance—and will not invest the money belonging to the life insurance in those investments which bring the maximum amount of profit. If the two sides belong to the same directors, and, in one of them, they have got the entire interest, and, in the other, only a partial interest, it is but human weakness that they will look after the part in which they have got more interest than the one in which they have not got so much interest. Therefore, I am afraid that, in the manner of investment, differentiation will be made to the detriment of the policyholders and to the benefit of the shareholders. These things have been examined, and the Honourable the Law Member will bear me out when I say that in America after experiments they have come to the conclusion that an insurance company dealing with life business should not enter into any other form of insurance business, but should confine itself to life insurance business only. If America has come to such a conclusion, I do not see why we should not learn from the wisdom of other countries. Canada also is coming to this view, and why should we, with all this experience, repeat the mistakes that had been committed in the past? I understand that the British companies have not yet adopted this particular principle, but I am perfectly sure that it will be adopted sooner or later in Britain. When we are discussing this Bill, we should lay down very definitely, if not for the past, at least for the future that companies which are started for doing life insurance business should deal with that business only and not combine it with other forms of insurance business, that is, fire, marine and accident. I do not want to penalise companies which are already in existence. Let them carry on their business as best as they possibly can. But in the case of new companies, which will come into existence, it would be a mistake to allow them to carry on business in both kinds of insurance business, and it would be exceedingly unsafe to allow them to do so. A company, after acquiring some experience in one form of insurance, may perhaps add to it another form of insurance, but it is exceedingly dangerous to start with these two forms from the very outset. In the case of life insurance, payment may be postponed for a considerable time, but the income is constantly there. In the case of other forms of insurance, it is only a small payment, and if there happens to be no accident, the money is safe ;

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but if, in the beginning, there is any kind of big accident, I am afraid that the reputation of the insurer will be ruined, and that will also affect the business on the life side also. It is, therefore, very desirable that we should separate these two things together (Laughter), and we ought to become wiser by the example of America, Canada and other countries.

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

“ That sub-clause (1) (f) of clause 6 of the Bill be omitted.”

The Honourable Sir Nripendra Sircar : I oppose the amendment.

Dr. Ziauddin Ahmad : As usual.

The Honourable Sir Nripendra Sircar : As usual I oppose objectionable amendments. (Laughter.) My Honourable friend has no objection really to combining life insurance with other business from the business point of view. I do not understand that he has any objection from the point of view of morality or health. What is his objection ? It has been done in America and therefore that is the strongest argument for adopting that here. I have been in America, and without going into details, I may warn my Honourable friend that he need not do whatever is done in America. (Laughter.) My Honourable friend has completely overlooked sub-clause (3) of clause 9 :

“ The life insurance fund shall be as absolutely the security of the life policy-holders as though it belonged to an insurer carrying on no other business than life insurance business and shall not be liable for any contracts of the insurer for which it would not have been liable had the business of the insurer been only that of life insurance and shall not be applied directly or indirectly for any purposes other than those of life insurance.”

Dr. Ziauddin Ahmad : What would happen if the company goes into liquidation in that particular business ?

The Honourable Sir Nripendra Sircar : That is provided for in the Bill. So far as the life insurance part is concerned, it runs no risk from other parts of the business. My Honourable friend started by saying that those are three different kinds of things and therefore they ought not to be combined, that you cannot combine life with fire or with marine. That again shows that logic is prevailing over business point of view or over common sense. I would put an example before my Honourable friend which may appeal to him, showing that the two can be combined. Suppose I insure the life of a horse, then it is both life insurance and accident insurance. (Laughter.) I do not want to take my speech over the day. I have very little to add. Talking seriously, I have not heard any convincing argument from my Honourable friend as to why two different kinds of business should not be combined. You might as well say that the man who is selling mangoes should not sell another kind of fruit because the interest of the mango will be in conflict with the interest of the pears. (Laughter.) I do not think that is a very reasonable argument. I oppose the amendment.

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

“ That sub-clause (1) (f) of clause 6 of the Bill be omitted.”

The motion was negatived.

The Assembly then adjourned till Eleven of the Clock on Thursday, the 9th September, 1937.