

Monday, 8th April, 1940

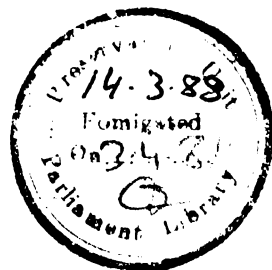
# THE COUNCIL OF STATE DEBATES

VOLUME I, 1940

*(16th February to 10th April, 1940)*

---

## SEVENTH SESSION OF THE FOURTH COUNCIL OF STATE, 1940



PUBLISHED BY THE MANAGER OF PUBLICATIONS, DELHI  
PRINTED BY THE MANAGER, GOVERNMENT OF INDIA PRESS, NEW DELHI  
1940

# CONTENTS.

	PAGES
<b>Friday, 16th February, 1940—</b>	
Members Sworn . . . . .	1
Questions and Answers . . . . .	1—4
Statements, etc., laid on the table . . . . .	4—7
Governor General's Assent to Bills . . . . .	7—8
Bills passed by the Legislative Assembly laid on the table . . . . .	8
Messages from His Excellency the Governor General . . . . .	8—9
Committee on Petitions . . . . .	9
Presentation of the Railway Budget for 1940-41 . . . . .	9—17
<b>Thursday, 22nd February, 1940—</b>	
Short Notice Question and Answer . . . . .	19—20
Motion for Adjournment <i>re</i> Unsatisfactory arrangements for admission of candidates to the Indian Audit and Accounts and Combined Services Examination—Disallowed . . . . .	20—23
Death of Sir Nasarvanji Choksy . . . . .	24—26
Registration (Emergency Powers) Bill—Considered and passed . . . . .	26
Foreigners Bill—Considered and passed . . . . .	26—27
Royal Indian Navy (Extension of Service) Bill—Considered and passed . . . . .	27—28
Offences on Ships and Aircraft Bill—Considered and passed . . . . .	28—29
<b>Friday, 23rd February, 1940—</b>	
Questions and Answers . . . . .	31—33
General Discussion of the Railway Budget for 1940-41 . . . . .	33—77
<b>Monday, 26th February, 1940—</b>	
Questions and Answers . . . . .	79—84
Bills passed by the Legislative Assembly laid on the table . . . . .	85
Ruling <i>re</i> Right of reply in a Motion for Adjournment . . . . .	85—90
Parsi Marriage and Divorce (Amendment) Bill—Motion to refer to Select Committee, adopted . . . . .	90—91
Standing Committee on Pilgrimage to the Hejas . . . . .	91
<b>Thursday, 29th February, 1940—</b>	
Parsi Marriage and Divorce (Amendment) Bill—Presentation of Report of Select Committee . . . . .	93
Statements, etc., laid on the table . . . . .	93
Presentation of the General Budget for 1940-41 . . . . .	93—104
Statement of Business . . . . .	104
<b>Monday, 4th March, 1940—</b>	
Questions and Answers . . . . .	105—126
Bills passed by the Legislative Assembly laid on the table . . . . .	126
Standing Committee on Pilgrimage to the Hejas . . . . .	126
Resolution <i>re</i> Price control policy—Withdrawn . . . . .	126—138
Parsi Marriage and Divorce (Amendment) Bill—Considered and passed . . . . .	139—140

	PAGES.
<b>Tuesday, 5th March, 1940—</b>	
Questions and Answers . . . . .	141—142
Standing Committee for Roads, 1940-41 . . . . .	142
Standing Committee on Pilgrimage to the Hejas . . . . .	143
Trade Marks Bill—Considered and passed . . . . .	143—145
Indian Coinage (Amendment) Bill—Considered and passed . . . . .	145—146
Factories (Amendment) Bill—Considered and passed, as amended . . . . .	146—149
Reserve Bank of India (Closing of Annual Accounts) Bill—Considered and passed . . . . .	149—150
Indian Emigration (Amendment) Bill—Considered and passed . . . . .	150
Reserve Bank of India (Amendment) Bill—Considered and passed . . . . .	150—151
Arbitration Bill—Considered and passed . . . . .	151—153
<b>Wednesday, 6th March, 1940—</b>	
Questions and Answers . . . . .	155—159
Statements, etc., laid on the table . . . . .	159
General Discussion of the General Budget for 1940-41 . . . . .	159—220
<b>Monday, 11th March, 1940—</b>	
Questions and Answers . . . . .	221—226
Bill passed by the Legislative Assembly laid on the table . . . . .	226
Standing Committee for Roads, 1940-41 . . . . .	226
Resolution <i>re</i> Making India self-sufficient in respect of defence—Negatived . . . . .	226—247
Resolution <i>re</i> Senior Government Inspectors of Railways—Adopted . . . . .	247—248
<b>Thursday, 14th March, 1940—</b>	
Condemnation of the outrage committed at the East India Association meeting resulting in the death of Sir Michael O'Dwyer and the wounding of Lord Zetland, Lord Lamington and Sir Louis Dane . . . . .	249—251
Questions and Answers . . . . .	251—255
Resolution <i>re</i> Contracts for supplies of food, etc., on Railways—Withdrawn . . . . .	255—270
Resolution <i>re</i> Raising of India to the status of a Self-governing Dominion—Withdrawn . . . . .	270—272
Statement of Business . . . . .	272—273
<b>Monday, 18th March, 1940—</b>	
Questions and Answers . . . . .	275—277
Resolution <i>re</i> Birth control—Adopted . . . . .	277—295
Delhi Masajid Bill—Introduced . . . . .	295—296
<b>Thursday, 21st March, 1940—</b>	
Member Sworn . . . . .	297
Statements, etc., laid on the table . . . . .	297—300
Bill passed by the Legislative Assembly laid on the table . . . . .	300
Standing Committee for the Department of Communications . . . . .	300
Standing Committee for the Department of Commerce . . . . .	301
Central Advisory Council for Railways . . . . .	301
Standing Committee for the Labour Department . . . . .	301
Standing Committee on Emigration . . . . .	301
Coal Mines Safety (Stowing) Amendment Bill—Considered and passed . . . . .	302
Income-tax Law Amendment Bill—Considered and passed . . . . .	302—303
Reserve Bank of India (Second Amendment) Bill—Considered and passed . . . . .	303—304
Statement of Business . . . . .	304

**Tuesday, 26th March, 1940—**

Questions and Answers . . . . .	305
Statements, etc., laid on the table . . . . .	305
Standing Committee for the Department of Communications . . . . .	306
Standing Committee for the Department of Commerce . . . . .	306
Standing Advisory Council for Railways . . . . .	306
Standing Committee for the Labour Department . . . . .	307
Standing Committee on Emigration . . . . .	307
Excess Profits Tax Bill—Motion to consider— <i>not concluded</i> . . . . .	307—342

**Wednesday, 27th March, 1940—**

Question and Answer . . . . .	343
Excess Profits Tax Bill—Considered and passed, as amended . . . . .	344—361

**Saturday, 30th March, 1940—**

Bill passed by the Legislative Assembly laid on the table . . . . .	363
Farewell speeches in connection with the retirement of Kunwar Sir Jagdish Prasad . . . . .	363—373

**Tuesday, 2nd April, 1940—**

Members Sworn . . . . .	375
Questions and Answers . . . . .	375—381
Bill passed by the Legislative Assembly laid on the table . . . . .	381
Indian Finance Bill—Motion to consider— <i>not concluded</i> . . . . .	381—418

**Wednesday, 3rd April, 1940—**

Member Sworn . . . . .	419
Statements, etc., laid on the table . . . . .	419—421
Bills passed by the Legislative Assembly laid on the table . . . . .	421
Message from the Legislative Assembly . . . . .	421
Indian Finance Bill—Considered and passed . . . . .	421—463
Statement of Business . . . . .	463

**Friday, 5th April, 1940—**

Bills passed by the Legislative Assembly laid on the table . . . . .	465
Messages from the Legislative Assembly . . . . .	465
Standing Committee for the Department of Commerce . . . . .	465
Central Advisory Council for Railways . . . . .	465 & 498
National Service (European British Subjects) Bill—Considered and passed . . . . .	466—497
Statement of Business . . . . .	498

**Monday, 8th April, 1940—**

Questions and Answers . . . . .	499—516
Bills passed by the Legislative Assembly laid on the table . . . . .	515—516
Defence of India (Amendment) Bill—Considered and passed . . . . .	516—522
Agricultural Produce Cess Bill—Considered and passed . . . . .	522—540
Insurance (Amendment) Bill—Considered and passed . . . . .	540—546
Indian Tariff (Amendment) Bill—Considered and passed . . . . .	546—547
Indian Tariff (Second Amendment) Bill—Considered and passed . . . . .	547—548
Statement of Business . . . . .	548—549

	PAGES.
<b>Wednesday, 10th April, 1940—</b>	
Questions and Answers . . . . .	551—556
Statements, etc., laid on the table . . . . .	556—557
Congratulations to the Honourable Sir Girja Shankar Bajpai . . . . .	557
Drugs Bill—Considered and passed . . . . .	557—565
Indian Mines (Amendment) Bill—Considered and passed . . . . .	565—566
Petroleum (Amendment) Bill—Considered and passed . . . . .	566
Motor Vehicles (Amendment) Bill—Considered and passed . . . . .	566—567

---

# COUNCIL OF STATE.

*Monday, 8th April, 1940.*

The Council met in the Council Chamber of the Council House at Eleven of the Clock, the Honourable the President in the Chair.

## QUESTIONS AND ANSWERS.

### RESOLUTIONS, ETC., ADOPTED BY THE CENTRAL ADVISORY COUNCIL FOR RAILWAYS.

76. THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS : (a) Will Government give the text of the resolutions or recommendations very recently adopted by the Central Advisory Council for Railways on a reference made by Honourable Member for Communications regarding food vending contracts on the State Railways which were the subject-matter of discussions on the resolutions moved in this connection in the current session of the Council of State and the Central Legislative Assembly ?

(b) Will Government state whether they have accepted all the recommendations very recently made by the Central Advisory Council for Railways ? If not, why not ?

(c) In case the recommendations have been accepted, will Government state whether the contracts of food supply vendors who hold contracts of more than two divisions will be cancelled for stations over two divisions ? If not, why not ?

(d) Will Government state the basis on which nominal licence fee will be assessed from food vendors ?

THE HONOURABLE SIB GUTHRIE RUSSELL : (a) I would refer the Honourable Member to the press communique issued on the 25th March last, a copy of which has been laid on the table.

(b) The answer to the first part is in the affirmative : the second part does not therefore arise.

(c) It is not proposed to disturb existing contracts provided that the service given continues to be satisfactory. The recommendations of the Council referred to future policy.

(d) In accordance with the recommendations of the Central Advisory Council for Railways at their meeting on 16th September, 1939, Railway Administrations will decide the amount of license fees to be recovered, acting in consultation with their Local Advisory Committees, taking into consideration the volume of business and the need for ensuring adequate supplies to passengers at reasonable rates.

### SILVER SALES.

77. THE HONOURABLE MR. HOSSAIN IMAM : Will Government give the following information regarding the sales of silver :—

(a) the weight in tolas of silver bullion (and of what fineness) sold in each financial year from 1935-36 to 1938-39 ;

( 499 )

A .

- (b) the sale price received each year in sterling or rupees in each financial year ;
- (c) the stock of silver on 1st April, 1935, additional stocks received from the Reserve Bank of India up to 31st March, 1939 and the balance on 31st March, 1939 ; and
- (d) the amount credited to customs in each financial year from the sale of Government silver up to 1938-39 ?

THE HONOURABLE MR. C. E. JONES : (a), (b) and (c). I would refer the Honourable Member to the Surplus Silver Stock Account and the Statement showing the transactions under "Purchases and Sales of Silver" under the grant for Currency in the annual Appropriation Accounts, copies of which are available in the Library.

(d) Nil.

#### SILVER SALES.

78. THE HONOURABLE MR. HOSSAIN IMAM : Will Government give the following details of silver sales in the year 1939-40 :—

- (a) the weight in tolas (and of what fineness) sold by London agent up to 13th December ;
- (b) the average price realised per tola and per ounce ;
- (c) the average market price in London on the sale dates ; and
- (d) the amounts received by way of customs duty over and above the sale prices ?

THE HONOURABLE MR. C. E. JONES : (a) About 66 million fine ounces.

(b) About 23½d. per standard ounce *plus* a premium of 3 3/8 per cent. in the case of sales for delivery in Bombay.

(c) About 23½d. per standard ounce.

(d) About Rs. 109 lakhs.

#### SILVER SALES.

79. THE HONOURABLE MR. HOSSAIN IMAM : Will Government give the details of sales of silver by the Reserve Bank of India from 14th December, 1939 to 29th February, 1940 (on the lines of the preceding question) ?

THE HONOURABLE MR. C. E. JONES : The Reserve Bank of India sold about 5½ million fine ounces of silver up to the end of February, 1940 of which 5 million ounces were in fine silver and the rest in rupee standard silver. The price varied from time to time with reference to market conditions. The entire price received has been credited to the head "Purchases and Sales of Silver" and no portion is being taken as custom duty.

#### SILVER IMPORTS.

80. THE HONOURABLE MR. HOSSAIN IMAM : Will Government give details of the profit-sharing scheme of licensed silver imports started since 18th December, 1939 :—

- (a) the amount imported each month up to 29th February, 1940 ;

(b) the gain and loss up to 29th February, 1940; and

(c) the maximum and minimum price on 15th March, 1940?

**THE HONOURABLE MR. C. E. JONES :** A copy of the notice issued by the Reserve Bank of India on the 18th December, 1939 to dealers in silver and the authorities of the Bullion Exchange and a copy of the revised notice issued by the Bank on the 11th March, 1940 are placed on the table of the House. The Honourable Member will see from the revised notice that since its issue no maximum and minimum price is fixed by the Reserve Bank of India for the sale of imported silver. There were no imports under the scheme prior to February, 1940. During February the imports amounted to 226,000 ounces and the profit to Government was Rs. 39,000.

**THE HONOURABLE MR. HOSSAIN IMAM :** Will the Government give a reply to part (c) the maximum and minimum price on 15th March?

**THE HONOURABLE MR. C. E. JONES :** I have already stated, Sir, that the revised notice was issued on the 11th March, 1940, and that since the issue of that revised notice, no maximum or minimum price has been fixed by the Reserve Bank.

*Notice to Dealers in Silver and the Authorities of the Bullion Exchange.*

In exercise of power conferred by the Government of India, Finance Department (Central Revenues) Notification No. 62, dated the 28th October, 1939, the Reserve Bank of India is prepared to grant licences for the import of silver by sea or land into British India subject to the following conditions :—

- (i) A licence holder must undertake to sell the imported silver at a price not below such minimum or above such maximum as may be fixed from time to time by the Reserve Bank of India;
- (ii) A licence holder must undertake to submit a true return of the cost of the silver as landed in India made up of the cost price, freight, insurance other importation charges and interest on capital;
- (iii) (a) A licence holder must agree to pay to the Reserve Bank of India a proportion of the difference between his selling price and the import parity in the following proportion :—

The first eight annas of the difference and four annas out of the next eight annas out of the first rupee to be retained by the licence holder and four annas to be paid to the Bank.

Out of the second rupee four annas to be retained by the licence holder and twelve annas paid to the Bank.

Out of the third rupee two annas to be retained by the licence holder and fourteen annas to be paid to the Bank.

Out of the fourth and subsequent rupees one anna to be retained by the licence holder and fifteen annas to be paid to the Bank.

- (b) Imports will be made entirely at the risk of the licence holder;
- (c) The decision of the Manager, Reserve Bank of India, in regard to the estimated import parity will be final for the purposes of determining the share to be paid to the Bank;
- (iv) Exchange in payment of the price of the imported silver must be done at the official control rates.
- (v) The amount to be paid to the Bank shall be deposited with the Manager of the Reserve Bank before a licence is actually issued.

2. An applicant for a licence should first find out from the Manager, Reserve Bank of India, Bombay, the minimum rate at which he may sell and state the quantity for which he requires a licence. He will then be asked to sign the required undertaking and



will be informed of the quantity for which a licence will be issued to him. A licence will not be issued for less than 100 bars. He will then proceed to fix up a selling contract on the basis of this information and should produce evidence to the satisfaction of the Manager that a genuine contract for the sale of that particular quantity of silver has been entered into. On his doing so and on his making the necessary deposit a licence to cover the quantity sold will be issued to him.

3. The conditions on which a licence will be granted are liable to be changed at any time at the discretion of the Reserve Bank of India.

RESERVE BANK OF INDIA,  
BOMBAY;  
Dated 18th December, 1939.

MANILAL B. NANAVATI,  
Deputy Governor.

*Notice to Dealers in silver and the Authorities of the Bullion Exchange.*

In exercise of power conferred by the Government of India, Finance Department Notification No. 7774-F. of the 18th December, 1939 and in modification of this office Notice to Dealers in silver and the Authorities of the Bullion Exchange dated the 18th December, 1939, the Reserve Bank of India is now prepared to grant licences for the import of silver by sea or land into British India subject to the following conditions:—

(1) (a) A licence holder must pay to the Reserve Bank of India a proportion of the difference between Rs. 62 per 100 tolas and the ready market price prevailing in the country of export on the day of the application at the current rate of exchange plus the import customs duty, in the following proportion:—

The first eight annas of the difference and four annas out of the next eight annas out of the first rupee to be retained by the licence holder and four annas to be paid to the bank.

Out of the second rupee four annas to be retained by the licence holder and twelve annas to the Bank.

Out of the third rupee two annas to be retained by the licence holder and fourteen annas to be paid to the Bank.

Out of the fourth and subsequent rupees one anna to be retained by the licence holder and fifteen annas to be paid to the Bank.

(b) Imports will be made entirely at the risk of the licence holder.

(c) The decision of the Manager, Reserve Bank of India, in regard to the price in the country of export will be final, for the purposes of determining the share to be paid to the Bank.

(ii) Exchange in payment of the price of the imported silver must be done at the official control rates.

(iii) The amount to be paid to the Bank shall be deposited with the Manager of the Reserve Bank before a licence is actually reissued.

2. An applicant for a licence should first find out from the Manager, Reserve Bank of India, Bombay, the maximum rate at which he may buy and state the quantity for which he requires a licence. He will then be asked to sign the required undertaking and will be informed of the quantity for which a licence will be issued to him. On his doing so and on his making the necessary payment a licence will be issued to him. A licence will not be issued for less than 100 bars.

3. The conditions on which a licence will be granted are liable to be changed at any time at the discretion of the Reserve Bank of India.

RESERVE BANK OF INDIA,  
BOMBAY;  
The 11th March, 1940.

VALUE OF TREASURY BILLS ISSUED TO THE RESERVE BANK.

81. THE HONOURABLE MR. HOSSAIN IMAM: Will Government state the amount of *ad hoc* securities transferred to the Reserve Bank of India since its inception up to 31st December, 1939 in exchange for silver rupees?

**THE HONOURABLE MR. C. E. JONES :** Treasury Bills of the nominal value of Rs. 15,06 lakhs have been issued to the Reserve Bank in payment of surplus rupees delivered by the Bank under section 36 (1) of the Reserve Bank of India Act.

**AVERAGE YIELD ON TREASURY BILLS.**

**82. THE HONOURABLE MR. HOSSAIN IMAM :** Will Government state the average rate of yield on *ad hoc* securities in the financial years 1935-36, 1936-37, 1937-38 and 1938-39 ?

**THE HONOURABLE MR. C. E. JONES :** The average yield for the year on Treasury Bills was 1.21 per cent. in 1935-36, .78 per cent. in 1936-37, .97 per cent. in 1937-38 and 1.63 per cent. in 1938-39.

**No. 1 Squadron, Indian Air Force.**

**83. THE HONOURABLE SIR A. P. PATRO :** (a) When was the Army Co-operative Squadron organised and what are the aims and objects of this squadron ?

(b) How many young men were recruited into it from the date of opening up to the end of 1939 ?

(c) When was the last batch recruited as airmen (*hawai* soldier) for being trained as wireless operators ?

(d) What was the age limit prescribed and what qualifications were required ?

(e) Are the recruits required to have passed the Matriculation examination or any equivalent examination such as S. S. L. C. (Madras) with science, i.e., physics and chemistry as the group subjects ?

**THE HONOURABLE MR. A. DE C. WILLIAMS** (on behalf of His Excellency the Commander-in-Chief) : I presume the Honourable Member is referring to No. 1 Squadron of the Indian Air Force. If so, the replies are as follows :—

(a) The Squadron will be completely formed and manned by October, 1940. Its role is to assist all branches of the army.

(b) 251.

(c) Eight on 2nd December, 1938. Four more at different times since.

(d) Age limit—18 to 22 years. Educational qualifications Matriculation.

(e) No.

**TRAINING OF WIRELESS OPERATORS AND SIGNALLERS AT THE AIR FORCE TECHNICAL TRAINING SCHOOL, AMBALA.**

**84. THE HONOURABLE SIR A. P. PATRO :** What is the period of training in the School of Air Force, Technical Training, Ambala, for the "Trades" for the apprentices undergoing the courses for signaller and wireless operator ?

(b) Is there a final examination both in theory and practice for these apprentices in wireless operation conducted by a Board of Experts, known as "Trade Board" ?

**THE HONOURABLE MR. A. DEC. WILLIAMS** (on behalf of His Excellency the Commander-in-Chief): (a) Two years.

(b) Yes.

**TRAINING OF WIRELESS OPERATORS AND SIGNALLERS AT THE AIR FORCE TECHNICAL TRAINING SCHOOL, AMBALA.**

**85. THE HONOURABLE SIR A. P. PATRO:** Are the airmen apprentices for signalling and wireless operation trained to operate on fighting aeroplanes such as the "Heart", "Audex" and "Wapiti" as part of their training at Ambala?

**THE HONOURABLE MR. A. DEC. WILLIAMS** (on behalf of His Excellency the Commander-in-Chief): The apprentices at the Air Force Technical Training School, Ambala, are primarily trained to operate Royal Air Force wireless sets on the ground, but they are given some air experience also.

**TRAINING OF WIRELESS OPERATORS AND SIGNALLERS AT THE AIR FORCE TECHNICAL TRAINING SCHOOL, AMBALA.**

**86. THE HONOURABLE SIR A. P. PATRO:** (a) How many airmen were already trained from the Air Force Technical School, Ambala, and how are they employed and under what designation and salary?

(b) How many young men and airmen, have completed their training and are ready to sit for the impending examination of the Board?

(c) Does the success in the qualifying examination as wireless operator and signalling entitle the candidate to work as an operator in an aeroplane of the Indian Air Force? Are they now so employed?

(d) What will be the rank and pay of the qualified wireless operator?

**THE HONOURABLE MR. A. DEC. WILLIAMS** (on behalf of His Excellency the Commander-in-Chief): (a) None, because the School at Ambala started only five months ago.

(b) 14.

(c) A man who has passed the examination would be eligible for the post of wireless operator for duty in an air crew if a vacancy existed. If there was no vacancy he would be employed on ground duties.

(d) The ranks and pay of qualified operators are as follows:—

Aircraftman II	Rs. 40
Aircraftman I	Rs. 55
Leading Aircraftmen	Rs. 70

Subsequent promotion depends on vacancies.

**BRANCHES OF TRAINING AT THE AIR FORCE TECHNICAL TRAINING SCHOOL, AMBALA.**

**87. THE HONOURABLE SIR A. P. PATRO:** (a) How many branches (trades) of technical instructions are taught in the Air Force Technical School?

(b) Are there any non-commissioned officers in the wireless operators "trade" in Ambala?

(c) How were these recruited and how old are they and do they possess any approved qualification? If so, what is it?

(d) Were any of these promoted to be sergeant, flight sergeant, and warrant officer?

(e) If so, how many of these and under what terms?

THE HONOURABLE MR. A. DEC. WILLIAMS (on behalf of His Excellency the Commander-in-Chief): (a) Five, namely, fitting, rigging, armament, electrical and wireless.

(b) There are as yet no Indian non-commissioned officers of this trade in the Indian Air Force.

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

#### PROMOTION OF WIRELESS OPERATORS AS WARRANT OFFICERS.

88. THE HONOURABLE SIR A. P. PATRO: Are there any rules prohibiting the appointment of wireless operators as warrant officers after they are qualified and certified by the Board?

THE HONOURABLE MR. A. DEC. WILLIAMS (on behalf of His Excellency the Commander-in-Chief): No.

#### EMPLOYMENT OF WIRELESS OPERATORS IN THE INDIAN AIR FORCE.

89. THE HONOURABLE SIR A. P. PATRO: Are any of the wireless operators trained and who have passed the examination of the Board now employed as wireless operators in the planes of the Indian Air Force? If not, what are the reasons for keeping them out after two years' training in the Technical School?

(b) Do Government propose to consider the advisability for discharging unconditionally the unemployed from air service whatever may be the period of original contract to serve in the Air Force?

(c) Do Government propose to frame rules for discharging unconditionally the wireless operators if they are too many for peace time work and are unable to employ all of them?

THE HONOURABLE MR. A. DEC. WILLIAMS (on behalf of His Excellency the Commander-in-Chief): (a) Yes, one to each aircraft *plus* a small reserve under training. The remainder are employed on ground duties.

(b) and (c). None are unemployed. The remaining parts of the question, therefore, do not arise.

#### PROMOTION OF AIRMEN AND WIRELESS OPERATORS TO WARRANT OFFICERS.

90. THE HONOURABLE SIR A. P. PATRO: How long does it take for qualified airmen and wireless operators to rise to the rank of warrant officers in the ordinary course in peace time and in war time?

THE HONOURABLE MR. A. DEC. WILLIAMS (on behalf of His Excellency the Commander-in-Chief): The squadron has not yet been in existence long enough to say.

## BARRACKS AND MESSES FOR AIRMEN.

91. THE HONOURABLE SIR A. P. PATRO : (a) Is there an airmen's mess and barracks for the Technical School intended for 50 apprentices ?

(b) Are 280 persons who are unconnected with regular air force being catered by this one mess ?

(c) How long since the outside deputations from flights are drafted into the Technical School mess and barracks ?

(d) Do Government propose to take steps to separate the two classes of mess and barracks ? If so, when will it be done ?

THE HONOURABLE MR. A. DEC. WILLIAMS (on behalf of His Excellency the Commander-in-Chief) : (a) No, for about 350.

(b) Yes, but the personnel concerned belong to the Volunteer Flights now embodied for service during the war.

(c) Recruits for the Volunteer Flights have used the mess and barracks since November, 1939.

(d) No.

## NUMBER OF APPRENTICES UNDERGOING TRAINING AT THE AIR FORCE TECHNICAL TRAINING SCHOOL, AMBALA.

92. THE HONOURABLE SIR A. P. PATRO : (a) How many Indian other rank and British other rank apprentices are being trained in the Air Force Technical School at Ambala ?

(b) Are they given uniforms, mess and barracks according to the standard of the Royal Air Force ?

(c) Are the airmen apprentices and wireless operators given the same uniforms and allowances ? If not, for what reasons are they denied these rights and privileges ?

THE HONOURABLE MR. A. DEC. WILLIAMS (on behalf of His Excellency the Commander-in-Chief) : (a) Those under training for the regular forces are apprentices and those for the Volunteer Flights were taken direct into the service. There are 50 Indian other rank apprentices, and 183 Indian and 93 British other ranks recruited direct.

(b) British and Indian other ranks are equipped, provisioned, and accommodated according to the scale authorised for them.

(c) Yes. The latter part of the question, therefore, does not arise.

## ASSISTANT STATION MASTERS, N.W.R.

93. THE HONOURABLE MR. P. N. SAPRU : (a) Has the scale of pay Rs. 260—10—300 of the posts of Assistant Station Master, Grade V, been devalued on the 4th October, 1938 to the scale of pay Rs. 200—10—250 of the posts of Assistant Station Master, Grade IV, by the General Manager, N. W. R. ?

(b) If the reply to part (a) be in the affirmative, will Government state—

(i) the date on which the scale of pay Rs. 260—10—300 for the posts of Assistant Station Master, Grade V, was sanctioned and introduced, respectively ;

- (ii) the number of posts in that scale, class and grade sanctioned at the time of its introduction ;
- (iii) the number of persons belonging to each community, European, Anglo-Indian, Hindu, Muslim, Sikh, Parsi, Indian Christian, etc., appointed at the time of introduction to those posts ;
- (iv) the number of persons belonging to each community, European Anglo-Indian, Hindu, Muslim, Sikh, Parsi, Indian Christian etc., holding those posts, on the 1st day of January, of April of August, of September and on the 3rd day of October, 1938;
- (v) the reasons for that devaluation ; and
- (vi) the rule, regulation, authority and the particular item of the delegation of the control of non-gazetted services, under which devaluation is permissible ?

**THE HONOURABLE SIR GUTHRIE RUSSELL :** (a) 57 posts of Assistant Station Masters, Grade V, Rs. 260—10—300, were abolished on 4th October, 1938.

(b) (i) to (v). I have called for such information as can readily be secured and will lay a reply on the table of the House in due course.

(vi) I would refer the Honourable Member to sections B and C of the Powers of the General Managers of State-managed Railways which are contained in Appendix X to the State Railway General Code, a copy of which is in the Library of the House.

#### ASSISTANT STATION MASTERS, N.W.R.

94. **THE HONOURABLE MR. P. N. SAPRU :** (a) Was the staff on the N. W. R. that has qualified in T-5, T-6, T-7 courses and in Control placed in an approved list drawn in 1937 and subsequently supplemented in 1938 and 1939 for appointment to the posts of Assistant Station Master, Grade V (260—10—300) and of Assistant Controllers (260—10—300) ?

(b) Have the posts of Assistant Station Masters, Grade V (260—10—300) been devalued to that of Assistant Station Master, Grade IV (200—10—250) on the 4th October 1938 and do the posts of Assistant Controllers remain intact ?

(c) Before the 4th October, 1938 were Assistant Station Masters, Grade V (260—10—300), Station Masters, Grade V (260—10—300) and Assistant Controllers, (260—10—300) considered equal in pay, seniority, responsibility, working, status and for promotion to higher grades ?

(d) If the replies to parts (a) to (c) be in the affirmative, will Government state :—

- (i) the number of staff (category from which drawn, and qualifications) on the approved lists of 1937, 1938 and 1939, respectively, and the number in each list remained waiting for promotion on the 1st day of March, 1940 together with the reasons therefor and specially for any supersession by the staff subsequently placed on subsequent lists of persons who were rejected for higher training (T-7 Course) or having undergone the training failed to pass over those who have acquired
  - higher efficiency ;

- (ii) how seniority is determined from the lists of 1937, 1938 and 1939 respectively and whether higher efficiency by passing T-7 Course is given due consideration when promotions are made out of those lists and how promotions are made from those lists ;
  - (iii) the reasons for subsequently preparing approved lists in 1938 and 1939 by adding new names from different categories when the staff already on the approved list of 1937 were waiting for promotion in large numbers with higher qualifications and efficiency than of those added subsequently in 1938 and 1939 ;
  - (iv) when and where the staff added in 1938 and 1939 to the list of 1937 were tried thoroughly as Assistant Station Masters and Assistant Controllers in short term vacancies before final recommendations for bringing them on those lists were made ; and
  - (v) the number, qualifications and categories of the staff maintained on the approved lists (prepared after 4th October, 1938) for (a) Assistant Station Masters and (b) Assistant Controllers, and the reasons for not placing the names of those (who have attained higher efficiency by qualifying in T-7 Course) on the lists for Assistant Controllers ?
- (e) Will Government lay on the table of the House the approved lists of 1937, 1938, 1939 and prepared after the 4th October, 1938 for Assistant Station Masters and Assistant Controllers, respectively ?

THE HONOURABLE SIR GUTHRIE RUSSELL : (a), (c) and (d). I have called for information and will lay a reply on the table of the House in due course.

(b) I would refer the Honourable Member to the reply I have given to part (a) of his preceding question. The posts of Assistant Controllers on Rs. 260—10—300 have not been abolished.

(e) No.

#### JAGADHRI TOWN OUT-AGENCY.

95. THE HONOURABLE MR. P. N. SAPRU : (a) Did the Secretary of State for India in Council acting by and through the Manager, N. W. R., enter into an agreement on the 20th August, 1911 in respect of the Jagadhri Town Out-agency with the Managing Director of Jagadhri Light Railway ?

(b) Did the Secretary of State for India in Council in terms of XV of that agreement acting by and through the Manager, N. W. R., agree to grant a first class free pass to the Managing Director, Jagadhri Light Railway, with two servants in 3rd class to travel between Saharanpur and Lahore in connection with the business of the Out-agency and was that term subsequently altered on the 22nd July and 4th August, 1933 by fifth corrigendum substituting Delhi for Saharanpur ?

(c) Did the Manager of the N. W. R., in the execution of the term agreed upon and acting on behalf of the Secretary of State for India in Council issue the Seasonal First Class Free Card Pass renewable year by year ?

(d) Is it a fact that the Agent, N. W. R., in a letter No. 14-P/2, dated the 7th April, 1937, has not renewed the Free Pass agreed upon in that term of the agreement for further years and directed to issue a card or cheque pass as CONSIDERED NECESSARY ?

(e) Did the Secretary of State for India in Council in terms of XIII—12 agree that the Managing Director will allow any officer of the N. W. R. a

free conveyance between the Out-agency and Jagadhri Railway Station WHENEVER REQUIRED ?

(f) Do Government propose to issue the Free First Class Pass for the future on the same terms and conditions as were agreed upon and have been in operation for the past 27 years ? If not, why not ? And how has the renewal been refused contrary to the modification of the terms of that agreement ?

THE HONOURABLE SIR GUTHRIE RUSSELL : (a) Yes.

(b) Yes.

(c) A first class card pass, valid for one year, was issued each year to the Managing Director, up to 1937.

(d) It is a fact that in the letter quoted the Agent issued instructions that the card pass should be withdrawn, but it is not a fact that the terms of the agreement stipulated that a card pass should be issued. The relevant clause in the agreement only provided that the Managing Director should receive a first class free pass, covering also two servants in the third class, between Delhi and Lahore, in connection with the business of the Out-agency. At the time the card pass was withdrawn, instructions were also issued that a cheque pass should be issued as considered necessary, which was in accordance with the revised policy adopted in such matters.

(e) The agreement provides for the free conveyance of any officer of the N. W. R. between Jagadhri railway station and the Out-agency whenever required by the Manager for the purpose of inspecting the Out-agency or for any purpose connected with the work of supervising the Out-agency business.

(f) In accordance with the terms of the agreement, a first class pass, covering also two servants, is granted to the Director for journeys as may be necessary in the business of the Out-agency, and it is not considered necessary to issue a card pass for this purpose.

REMARKS OF THE RESIDENT MAGISTRATE IN CRIMINAL CASE No. 864-A/3 OF 1939.

96. THE HONOURABLE MR. P. N. SAPRU : (a) Did the Resident Magistrate, 1st Class, exercising summary powers in Delhi Province announce on 28th November, 1939 in Criminal Case No. 864-A/3 of 1939 that before he closes that judgment he *deems his duty to point out* that this case does not appear to have been *properly investigated before a complaint was filed* in Court and it was obviously the *duty* of the prosecution to *thoroughly satisfy* themselves regarding the *IDENTITY* of the offender before prosecuting a gentleman of position and respectability ?

(b) Did the prosecution style and designate himself as "TICKET COURT INSPECTOR" in applications submitted to that Court on the 18th May, 1939, the 2nd June, 1939, the 13th October, 1939, the 14th November, 1939, and the 15th November, 1939 ?

(c) Did the Ticket Court Inspector in a petition dated the 2nd June, 1939 request that Court to correct the name of the accused person ?

(d) Did the Ticket Court Inspector in a petition dated the 15th November, 1939 give the name and address of the person travelling without ticket CARE OF the accused person ?

(e) Did the Resident Magistrate on a petition dated the 14th November, 1939 by the Ticket Court Inspector announce that in the first place the



request of the prosecution was very much belated and that it had been conceded by the parties that the signatures on Ex. P. A. and P. C. were not that of the accused ?

(f) Was the procedure prescribed in pages 43 to 48 of the N. W. R. Commercial Manual, 1935 observed and followed in the above case ?

(g) Did the National Federation of Railwaymen, Shahdara, Delhi, in its letters dated the 21st October, 1939, the 3rd November, 1939, the 27th November, 1939 and the 6th December, 1939 bring to the notice of Government the case as one due to non-observance of the rules and procedure by the railway administration ?

(h) Will Government state—

(i) who investigated the case ;

(ii) who sanctioned the prosecution ;

(iii) the action taken against the Railway servants responsible for non-observance of the rules and procedure ; and if no action has been taken, why not ; and

(iv) the nature of the punishment awarded to the railway servant who has designated himself as Ticket Court Inspector when no officer of that designation exists on the Railways ; if no punishment has been awarded, why not ?

**THE HONOURABLE SIR GUTHRIE RUSSELL :** (a) Yes, but the last two lines should read " before proceeding against the gentleman of the position and responsibility of Mr. Maqbool Mahmood ".

(b) The complainant in this case was the Crown and the Crown was represented by the Divisional Inspector of Special Ticket Examiners who used the designation " Ticket Court Inspector ".

(c) Yes.

(d) When the possibility of impersonation came to light the Court was petitioned on the date referred to by the Honourable Member to summon one Akhtar Hussain, A. D. C. to the Nawab of Sachin State, Bombay Presidency, whose address was C/o Meer Maqbool Mahmud, M.L.A., Punjab, Lahore.

(e) Yes.

(f) The procedure laid down in paragraph 148 on page 45 of the N. W. R. Commercial Manual in so far as it relates to cases under section 112 of the Indian Railways Act was followed by the Divisional Inspector of Special Ticket Examiners.

(g) Letters have been received from one, H. C. D. Mathur, who styles himself the Secretary of the National Federation of Railwaymen, Shahdara, Delhi, in which allegations of the nature referred to by the Honourable Member were made.

(h) (i) The Divisional Inspector, Special Ticket Examiners, under instructions of the Divisional Commercial Officer.

(ii) The Divisional Commercial Officer.

(iii) None. There was no question of non-observance of rules or procedure.

(iv) None. The railway servant in question committed none of the offences for which penalties are imposed on non-gazetted railway servants.

(At this stage, the Honourable the President vacated the Chair which was taken by the Honourable Sir Ramunni Menon.)

**ISSUE OF LICENCES TO ACT AS INSURANCE AGENTS FOR THE YEAR ENDING 31ST MARCH, 1941.**

**97. THE HONOURABLE PANDIT HIRDAY NATH KUNZRU :** (a) What is the number of applications received by Government for licences from persons desiring to act as insurance agents in the year, 1940-41 ?

(b) How many of these have been disposed of already and how long will it take to dispose of the remaining applications ? Have many of the applicants not received even acknowledgments from the licensing authorities ?

What steps do Government propose to take to secure the expeditious disposal of the applications now and in future ?

(c) Is it an offence under section 43 of the Insurance Act, 1938, for a person not holding a licence issued under section 42, to act as an insurance agent ? If so, how do Government propose to safeguard the position of those who are working as licensed insurance agents, but whose licences may not be renewed by the 31st March, 1940 ?

**THE HONOURABLE SIR ALAN LLOYD :** (a) and first portion of part (b). Full information regarding the number of applications is being collected and will be laid on the table of the House in due course. It is difficult to make an estimate of the time likely to be taken in disposing of outstanding applications but every effort is being made to complete the work as soon as possible.

Second portion of part (b). Yes. Due to the large number of applications received by the licensing authorities in the course of a short period of about three months it is not practicable, with the small staff at their disposal, to acknowledge each individual application.

Third portion of part (b). So far as Government is concerned, it is proposed to amend the Insurance Act, 1938, so as to spread the work evenly throughout the year thus avoiding accumulation near about 31st March each year.

(c) The reply to the first portion of this part is in the affirmative. As regards the second portion, instructions have already been issued to each licensing authority to ante-date to 1st April, 1940, all licences in respect of applications received by the 31st March, 1940 and found to be in order.

**PAYMENT OF FEES BY APPLICANTS FOR LICENCES TO ACT AS INSURANCE AGENTS.**

**98. THE HONOURABLE PANDIT HIRDAY NATH KUNZRU :** (a) Is a person desiring to act as an insurance agent required under Rule 16 of the Insurance Rules to " pay into the Reserve Bank of India or where there is no office of that Bank into the Imperial Bank of India acting as the Agent of that Bank or into any Government Treasury a fee of one rupee..... ? "

(b) Are Government aware that the Imperial Bank refuses to receive the fee in Indian States ? Do Government propose to ask the Imperial Bank to receive it in future or to take any other steps to remove the difficulty experienced at present by insurance agents in Indian States ?

(c) What arrangements have Government made or do they propose to make for making the payment of the fee in those States where there are no branches of the Imperial Bank ?

**THE HONOURABLE SIR ALAN LLOYD :** (a) Yes.

(b) and (c). The Imperial Bank can accept the fee only where it conducts Government treasury business as agent of the Reserve Bank of India. At places where there are no Government treasuries or no branches of the Imperial Bank doing Government business, applicants are being advised either to arrange to remit the fees by money order, etc., to the nearest Government Treasury or to arrange, through the chief agents or insurers for whom they act, to get the fees deposited on their behalf.

**APPOINTMENT OF AGENTS IN FIJI AND BRITISH GUIANA.**

**99. THE HONOURABLE PANDIT HIRDAY NATH KUNZRU :** (a) Did Government accept a Resolution moved in the Council of State in September, 1937, which asked that the higher authorities be moved to agree to the appointment of Agents of the Government of India in Fiji and British Guiana ?

(b) What action have Government taken on the Resolution ? Have His Majesty's Government agreed to the appointment of Agents in these colonies ?

**THE HONOURABLE MR. J. D. TYSON :** (a) Yes.

(b) Government have forwarded to His Majesty's Government a copy of the debate on the Resolution. The appointment of an Agent in Fiji has also been under separate correspondence with His Majesty's Government. No final decision has yet been communicated by His Majesty's Government. The case for a similar appointment in British Guiana was placed before the West India Royal Commission in the evidence given on behalf of the Government of India.

**THE HONOURABLE PANDIT HIRDAY NATH KUNZRU :** What is the recommendation of the West Indies Royal Commission on the subject of appointing an Agent of the Government of India in British Guiana ?

**THE HONOURABLE MR. J. D. TYSON :** The recommendations published make no reference to this request.

**THE HONOURABLE PANDIT HIRDAY NATH KUNZRU :** Have Government addressed any inquiry to His Majesty's Government on the subject ?

**THE HONOURABLE MR. J. D. TYSON :** Not yet.

**THE HONOURABLE MR. HOSSAIN IMAM :** When did the Government of India last communicate with His Majesty's Government ?

**THE HONOURABLE MR. J. D. TYSON :** Regarding which ? Fiji or British Guiana ?

**THE HONOURABLE MR. HOSSAIN IMAM :** Regarding both.

**THE HONOURABLE MR. J. D. TYSON :** Regarding British Guiana, I am not aware of any communication since the recommendations of the West India Royal Commission were made known. I cannot give the date of the last correspondence with His Majesty's Government about Fiji, but reminders have been sent.

RESOLUTIONS PASSED AT THE ALL-FIJI CONFERENCE.

100. THE HONOURABLE PANDIT HIRDAY NATH KUNZRU : Are Government aware of the resolutions passed at the All-Fiji Indian Conference held at Suva in October, 1938 ? If so, what steps have they taken to secure the redress of the grievances of the Indian community in respect of the leasing of agricultural land, education, appointment to the public services and the question of passports and domicile ?

THE HONOURABLE MR. J. D. TYSON : The reply to the first part is in the affirmative. As regards the second part I lay on the table of the House a statement indicating the developments in respect of the matters mentioned by the Honourable Member.

(i) *Leasing of agricultural land.*—The Government of Fiji recently published in the *Gazette* a Native Land Trust Bill, which seeks to provide for the administration of all native land by a Board, certain land being allocated for the exclusive use of Fijians, and the remainder being made available to non-Fijians, (including Indians), on lease. The Government of India have made suitable representations on the Bill to His Majesty's Government with a view to safeguarding legitimate Indian interests.

(ii) *Education.*—In pursuance of the proposals made by Mr. Mayhew in his report, the Government of Fiji have drawn up a programme of educational development covering a period of three years. Government are watching the progress that is being made in giving effect to this programme.

(iii) *Appointment to public services.*—Government have been assured by His Majesty's Government that there is no rule preventing the appointment of an Indian as such to any posts in Fiji except those that are concerned solely with Fijian administration.

(iv) *Immigration into Fiji.*—The Report of the Committee on Indian Immigration, which dealt, *inter alia*, with the question of permits and passports, has been published, and Government understand that the Colonial Government are willing to afford an opportunity for a debate on the Report in the Legislative Council if the Indian members so desire. The Government of India have, however, requested His Majesty's Government to defer, till the end of the war, consideration of the main recommendation of the Committee to fix a quota for Indian immigrants into Fiji.

APPOINTMENT OF A CONSULTING ENGINEER IN THE CENTRAL PUBLIC WORKS DEPARTMENT.

101. THE HONOURABLE PANDIT HIRDAY NATH KUNZRU : (a) Have Government appointed or do they propose to appoint a Consulting Engineer in the P. W. D., Central ? If so, why ?

(b) What is the name of the officer selected for appointment as Consulting Engineer and what was the post which he held before his appointment as such ?

THE HONOURABLE MR. M. S. A. HYDARI : (a) and (b). Government have decided to appoint a Consulting Engineer in the Central Public Works Department for a period of one year. Mr. F. T. Jones, Chief Engineer, Central Public Works Department, who will retire on the 30th July, 1940 will be appointed to the post on contract from that date. The Central Public Works Department has taken over responsibility for all central works in most of the provinces from the 1st April, 1940. This is an important administrative change and it was considered desirable to retain Mr. Jones' services for a year so that the new organization might be set in working order.

**THE HONOURABLE PANDIT HIRDAY NATH KUNZRU :** Have Government ever appointed a Consulting Engineer here before in addition to the Chief Engineer ?

**THE HONOURABLE MR. M. S. A. HYDARI :** Yes. There have been Consulting Engineers before.

**THE HONOURABLE PANDIT HIRDAY NATH KUNZRU :** I mean at the Headquarters advising the Chief Engineer ?

**THE HONOURABLE MR. M. S. A. HYDARI :** No, not advising the Chief Engineer.

**THE HONOURABLE MR. HOSSAIN IMAM :** What will be his position *vis-a-vis* the Chief Engineer ?

**THE HONOURABLE MR. M. S. A. HYDARI :** He will not be put in any supervisory position over the Chief Engineer. He will be Consulting Engineer to Government.

**THE HONOURABLE MR. HOSSAIN IMAM :** Will he have any direct control over the administration ?

**THE HONOURABLE MR. M. S. A. HYDARI :** No, Sir.

**THE HONOURABLE MR. P. N. SAPRU :** How will the spheres of the Consulting Engineer and the Chief Engineer be defined ?

**THE HONOURABLE MR. M. S. A. HYDARI :** In the usual way.

**THE HONOURABLE MR. P. N. SAPRU :** What will be the position of the Chief Engineer *vis-a-vis* the Government and what will be the position of the Consulting Engineer *vis-a-vis* the Government ?

**THE HONOURABLE MR. M. S. A. HYDARI :** I have already explained that in this case the Consulting Engineer has been appointed for a specific purpose, namely, to put through this new organization for a period of one year, and the proper delimitation of functions between the Chief Engineer and the Consulting Engineer is now being made. I would remind the Honourable Member that hitherto the Central Government have not been in charge of central works in the provinces.

**THE HONOURABLE PANDIT HIRDAY NATH KUNZRU :** Was the work so heavy that the Chief Engineer himself could not cope with it ?

**THE HONOURABLE MR. M. S. A. HYDARI :** It was not really only a question of heaviness of work. It is an entirely new departure.

**THE HONOURABLE PANDIT HIRDAY NATH KUNZRU :** Is there any change in the character of the duties requiring the assistance of another expert ?

**THE HONOURABLE MR. M. S. A. HYDARI :** I have just said, Sir, that hitherto the central works in the provinces were performed through the agency of the Provincial Public Works Departments. From the 1st April, 1940 we have assumed responsibility for these works ourselves as a measure

of efficiency and as a measure of economy. Mr. Jones was intimately connected with the working out of this new scheme. As it involves work all over India we thought it would be advisable if during the first year the man who had worked out the scheme should carry it into effect. After the year is over the work will form part of the ordinary responsibility of the Chief Engineer.

**THE HONOURABLE PANDIT HIRDAY NATH KUNZRU :** During this period will the Consulting Engineer be under the administrative control of the Chief Engineer ?

**THE HONOURABLE MR. M. S. A. HYDARI :** No.

**THE HONOURABLE PANDIT HIRDAY NATH KUNZRU :** He will be independent of the Chief Engineer ?

**THE HONOURABLE MR. M. S. A. HYDARI :** He will not be independent in the sense that he will have a different staff. The staff employed by the Consulting Engineer will be the staff borne on the cadre of the Central Public Works Department. As such the administrative control over that staff will be of the Chief Engineer.

**THE HONOURABLE MR. P. N. SAPRU :** Was the Chief Engineer consulted in regard to the appointment of a Consulting Engineer ?

**THE HONOURABLE MR. M. S. A. HYDARI :** Yes, Sir.

**THE HONOURABLE PANDIT HIRDAY NATH KUNZRU :** Why have not Government placed him under the control of the Chief Engineer ? What would have been the administrative difficulty had they done that ? If there was any administrative difficulty why did they not appoint an experienced Executive Engineer ?

**THE HONOURABLE MR. M. S. A. HYDARI :** That is an argument.

**THE HONOURABLE PANDIT HIRDAY NATH KUNZRU :** I say why did not Government put that officer under the Chief Engineer ? What would have been the administrative difficulty had they done so ?

(There was no answer.)

# **BILLS PASSED BY THE LEGISLATIVE ASSEMBLY LAID ON THE TABLE.**

**SECRETARY OF THE COUNCIL :** Sir, in pursuance of rule 25 of the Indian Legislative Rules, I lay on the table copies of the following Bills which were passed by the Legislative Assembly at its meetings held on the 5th and 6th April, 1940, namely :—

1. A Bill to regulate the import, manufacture, distribution and sale of drugs.

2. A Bill further to amend the Indian Mines Act, 1923.
3. A Bill further to amend the Petroleum Act, 1934.
4. A Bill further to amend the Motor Vehicles Act, 1939.

### DEFENCE OF INDIA (AMENDMENT) BILL.

**THE HONOURABLE MR. A. DEC. WILLIAMS** (Nominated Official): Sir, I move :

"That the Bill to amend the Defence of India Act, 1939, as passed by the Legislative Assembly, be taken into consideration."

This is a very short Bill, Sir, and I need add very little to what is stated in the Notes on Clauses. I would however enlarge somewhat upon sub-clause (a) of clause 2. The provision in the Act which this sub-clause seems to amend provides a power to make rules to prevent the prosecution of any purpose likely to prejudice His Majesty's relations with foreign Powers or to promote feelings of enmity and hatred between different classes of His Majesty's subjects. It has been considered advisable that as there is a provision in relation to foreign Powers there should be a similar provision in relation to States in India and further that machinery should be provided to deal with activities prejudicial to the maintenance of peaceful conditions in the tribal areas.

Sir, I move.

**THE HONOURABLE MR. HOSSAIN IMAM** (Bihar and Orissa : Muhammadan): Sir, the Honourable Mr. Williams has described this as a very short Bill. No doubt it is very short, but why was he rather economical in his speech. He has not given us an indication of the exact direction in which this Act is being amended. He has not explained what is meant by the relationship between His Majesty's Government and the Indian States. Does it contemplate that this Act will be used to prevent any sort of political agitation about the administration of the States in India, or is it only to prevent the relationship of paramountcy being endangered?

(At this stage the Honourable the President resumed the Chair.)

If it is with regard to paramountcy only, then we can have no objection; because that is a part of the life of the Indian States with which we are not interested. But so far as civil liberties are concerned, we claim a right to interfere in the actions of the Indian States. It is impossible to maintain water-tight compartments in British India whereby we will have liberties and responsibilities in British India with nothing being done in Indian States. The safeguard which existed at the time when the Honourable Mr. Williams introduced this original Bill in the other House does not exist now. At that time Provincial Governments were functioning in all the eleven provinces of British India, while today they are not functioning in seven provinces. One of the arguments which the Honourable Mr. Williams had used last September was that the power will rest in the hands of responsible people. Now that does not exist; only the Governors are in charge of the administration. A disturbing feature is the attitude that the Government of India has taken up, that it does not feel called upon to give information to the Legislature about the administration of the Act when we ask about it, that makes us doubtful whether it is advisable to give powers to the Central Government or not. I am not concerned with the latter two parts, the Chief Commissioners' Provinces and clause 3. I am only concerned with the change that is made in

regard to the operativeness of this Act with regard to States in India. If we are assured that this power will not be used to stop rightful agitation about maladministration in Indian States we can have no objection. The Honourable Member will realise what are our difficulties. Last year about this time we had firing at Jaipur. We had firing by the Congress provinces on the Mussalmans. The Congress can not be supposed to be very well inclined towards the Mussalmans; yet they acceded to our request and appointed a judicial enquiry at Bulandshahr to enquire into the shooting. Just now we had a shooting affray in Lahore. A Committee of two High Court Judges has been appointed. But when we asked for the appointment of a judicial enquiry to enquire into the Jaipur shooting it was refused. Is that a thing on which we can maintain silence? Is the Act to be used to stifle this rightful and most justifiable agitation which might be made against maladministration in Indian States? I do not know what is the intention behind the Act and therefore I cannot give any definite opinion until the Honourable Member enlightens us as to the scope of this measure.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU (United Provinces Northern : Non-Muhammadan): Sir, I give my whole-hearted support to the position taken up by my Honourable friend Mr. Hossain Imam. It is well known that there is great dissatisfaction in Indian States both on account of want of adequate standards of administration and of constitutional reforms. Agitation for a change in the present system both constitutionally and administratively is going on in most of the States. It will be deplorable if anything that we do prevents the subjects of Indian States from claiming the rights that are their due as citizens of the States. I give expression to this fear because while in British India the Government of India who take action under the Defence of India Act are also responsible for taking such action as might in the circumstances appear necessary or desirable for allaying tension in the States, while the Government of India will be responsible for the enforcement of the Defence of India Act, they will not be equally responsible for the redress of the grievances that may have led to an agitation regarded as undesirable by them. There the responsibility for the enforcement of the Act and for taking action of an ameliorative character will be in the hands of two different authorities. Misgovernment in the States may, therefore, it is feared, be shielded by any action taken by the Government of India who can always plead when complaints are made against the undesirable effect of the use of the Act that they are not responsible for the internal administration of any State. Sir, if the Government of India make themselves responsible for the exercise of powers under the Defence of India Act in the States, if they extend this Act to the States, then they must either accept the responsibility of ordering enquiries or taking such action as might appear suitable or give an undertaking on the lines asked for by my Honourable friend Mr. Hossain Imam. The present position is exceedingly unsatisfactory and we are afraid lest the use of the Defence of India Act should place the citizens of the States under a greater disadvantage than the people of India would labour under. We do not want that the Rulers of the States should under cover of the Defence of India Act regard themselves as free to treat their subjects in a harsher manner than the Government of India would dare or care to do here.

THE HONOURABLE MR. V. V. KALIKAR (Central Provinces : General) Sir, I have listened to the speech of my Honourable friend Mr. Williams very carefully, but I have not been convinced about the necessity of amending the



[ Mr. V. V. Kalikar. ]

Defence of India Act so soon as that. My Honourable friend Mr. Williams has not stated any facts or figures in support of his case that the Act needs amendment. The Bill, I understand, is to deal with attempts to prejudice the relations of His Majesty's Government with Indian States. I want to know from the Government whether cases have come to their notice of attempts made by the people to prejudice the relations of His Majesty's Government with Indian States. Unless, Sir, he gives some idea about the attempts that have been made or of the nature of the attempts that would be made in future, we are not in a position to decide one way or the other. So far as the actual working of the present Defence of India Act is concerned, statements were made in the other House that the powers under the Act have been abused in certain provinces. When this Act came before us last September the Government of India gave us an undertaking that they would be very careful in watching that the provisions of the Act are not abused in the provinces. Sir, I find from press reports that my Honourable friend Mr. Williams did not give any answer to these questions that were raised in the other House. My Honourable friend owes a duty to this House to explain to us the necessity of the present Bill and also the way in which the Government of India took care to watch carefully that the Act was not abused in the provinces. I find from reports, Sir, that Labour leaders are being arrested. Professor Ranga, a Member of the Assembly, has been arrested in Madras. In this morning's paper, I read that Miss Gokhale has also been interned. Sir, if people are being arrested or interned only for holding advanced political views, I beg to submit that the provisions of the Defence of India Act are misused. You cannot use these provisions against them unless they advocate violent views which result in violence. And, therefore, Sir, in my humble opinion, the provisions of this Act are being abused and if no proper care is taken by the Government of India this mischief will continue for ever. So far as the States are concerned, Sir, my Honourable friends Mr. Hossain Imam and Mr. Kunzru have explained the position and I fully agree with them. Sir, I think there is already on the Statute-book an Act for safeguarding the interests of the Indian States—I mean the Princes Protection Act. Did the Government of India receive any representation from the Princes that the Act should be amended? And if not, why has the present Bill been brought before us? Sir, these are the facts we want to know from the Government. Sir, I am not one of those who want to wipe away the Princely order but I submit, Sir, that the subjects of the Indian States have a right and a legitimate right to share in the responsibility of the administration of those States. If legitimate agitation is carried on for achieving that purpose, no measure should be undertaken which will prevent that attempt. Sir, it is feared in some quarters—and owing to past experience we think the fear is justified—that if this Bill is passed and no care is taken to use properly the provisions under this Bill, any legitimate agitation for getting a proper share in the administration of the States on the part of State subjects will be hampered. The Princes ought to move with the times. They cannot be free from this responsibility and say that they would like to be dictators in their own States. We know that in many of the States the administration is not up to the standard that obtains in British India. Therefore, I submit, if this Bill is passed, it is likely that any legitimate agitation on the part of British India for helping the subjects of the States is likely to be hampered. I, therefore, hope that my Honourable friend Mr. Williams will give us a correct idea of the situation as it stands now.

THE HONOURABLE MR. P. N. SAPRU (United Provinces Southern : Non-Muhammadan) : Sir, I should like to associate myself with all that has been said about this Bill by the Honourable Mr. Hossain Imam, the Honourable Pandit Kunzru, and the Honourable Mr. Kalikar. In the speech which he delivered, the Honourable Mr. Williams did not consider it necessary to tell us why this Bill was necessary. He gave us no facts or figures to show that there were any movements in the States which this Bill was intended to deal with. We should have liked to have had more information because on the material before us it is obviously impossible for us to say that a case has been made out for the extension of the powers under the Defence of India Act to the Indian States also. The Honourable Mr. Kalikar has very rightly pointed out that there is a Princes Protection Act already in existence. And there is one fact which we must always remember and that is this that, if the Princes have their treaty rights, the subjects, as Viscount Samuel in a very notable speech very well pointed out, have their moral rights also, and you have to balance these treaty rights and these moral rights ; and as many of us want constitutional government in our own country, it is not possible for us to withhold our sympathy from those who are working in a legitimate and constitutional manner for the enlargement of their civil and political liberties in Indian States. Sir, the administration in British India is different from the administration in Indian States. Here, when we are dealing with British India, we can often call to account the Honourable Mr. Williams for what he has done or for what he has omitted to do, but we may not always be able to deal in a similar manner with things that happen in another part of the country. Therefore, we have a moral responsibility in regard to this matter and on the material before us it is not possible for us to lend our support to this measure. This is all that I have got to say so far as this Bill is concerned.

THE HONOURABLE MR. A. DEC. WILLIAMS : Sir, I must confess that I am surprised to hear from the Honourable Mr. Sapru that he is unable to support this measure.

THE HONOURABLE MR. P. N. SAPRU : You have not supplied us with any material.

THE HONOURABLE MR. A. DEC. WILLIAMS : The comments on this Bill appear to be limited to two points,—the provision relating to the Indian States and the general working of the parent Act. My Honourable friend Mr. Hossain Imam, when he asked whether the amendment relating to the States had reference only to paramountcy, was carrying the discussion into very rarified strata of the constitution. I do not think that, when this amendment was under consideration, the word “paramountcy” was so much as mentioned. Alternatively, he inquired whether this amendment was made with regard to such activities as discussion in British India of the internal administration of States in India. Well, Sir, it certainly could have relation to such discussion. My Honourable friend asked whether I could give an assurance that the rule, if so amended, would not be used to interfere with “rightful” agitation in British India as regards Indian State administration.

Now, Sir, it is very difficult to decide what is “rightful” criticism. That is a matter, in the first instance, for the Executive Government to make up its mind about before taking action under the rule and later it would be for the courts to decide whether the criticism is, not “rightful”, but prejudicial to the relations between His Majesty and the Indian State. It is, as I say, a question for the Executive Government to make up its mind about in the

[ Mr. A. deC. Williams. ]

first instance before attempting to make use of the rule and the last resort for the courts to decide when the question of penalty arises for infringement of the rule or anything of that kind.

But I can assure Honourable Members that at the time of proposing this amendment Government had no intention of stifling reasonable criticism. They did not intend to use these powers to put down criticism which in relation to British Indian affairs would be regarded as reasonable. But it is quite impossible to define here and now what sort of criticism, what sort of newspaper articles, what sort of speeches, might or might not prejudice the relations between British India and the States—for that, in effect, means the relations between an Indian State and His Majesty ; for it is only through the Crown that British India has relations with the States.

I think Honourable Members must appreciate that there are activities which can make for unpleasantness as between the Government of India and the Government of a State, and surely they cannot countenance activities of that kind. I cannot give definite assurances, because I cannot say here and now what is legitimate criticism. But if criticism is reasonable, there is no intention to stifle that criticism—

THE HONOURABLE MR. HOSSAIN IMAM : May I ask what would be the attitude of the Government if *jathas* are sent, i.e., if people go from British India to Indian States to offer civil disobedience ?

THE HONOURABLE MR. A. DEC. WILLIAMS : I cannot possibly say, Sir. It would depend on the circumstances.

Then, my Honourable friend Mr. Kalikar, complained that I did not give any instances of activities calling for these powers. All I have to say is this, that this Bill is to supply an omission. If it had not escaped our notice, we would have included this provision in the Bill which became the Act last session. We were not asked at that time to produce instances of deleterious activities justifying all these powers. It was simply an omission ; and clearly, as I said in the other place, prevention is better than cure. There is no need to wait for the occurrence of these unsatisfactory activities before taking necessary powers.

The same applies to another question of my Honourable friend Mr. Kalikar as to whether the States themselves had been pressing for this amendment.

I come now to the second and more general question as to whether the very wide powers conferred by the main Act are being properly exercised and whether the Central Government is concerning itself with the manner in which those powers are exercised. I can only repeat the categorical statement, made by the Honourable Leader of the Legislative Assembly and reaffirmed by myself there, that on the whole the Central Government are satisfied that there is no material misuse of these powers. It is, of course, impossible to keep in complete detailed touch with all activities under the Act and Rules. But they are keeping in touch. Instances of what I might describe as minor abuses have come to their notice and they have seen to it that where they themselves consider an abuse has occurred, instructions or hints are given in the appropriate quarter so as to secure that there shall be no repetition. But I claim that on the whole there has been very little abuse of these powers.

There was never any assurance given that they would never be used against political activities where those activities are within the mischief of the rules and where the activities tend to lead to the results mentioned in the rules. An assurance was given that they would not be generally used for political purposes, and I maintain they are not so being used.

THE HONOURABLE SAIYED MOHAMED PADSHAH SAHIB BAHADUR (Madras : Muhammadan) : Sir, I had no intention of intervening in this debate at the outset, but I feel that after the speech which has just been made by my Honourable friend Mr. Williams, it is necessary that I should make my position clear if I am asked to cast my vote on this matter. I thought that when my Honourable friend Mr. Williams stood up for the second time, he would at least enlighten us as to the actual reasons which have induced the Government to bring forward this amendment. It was only in September last that the Defence of India Act was passed at the Council session in Simla and somehow we feel at a loss why Government have found themselves in a position to ask for an amendment of the Act so soon.

THE HONOURABLE THE PRESIDENT : I understand he has given two reasons, first, it was an omission in the main Act, and, secondly, prevention is better than cure.

THE HONOURABLE SAIYED MOHAMED PADSHAH SAHIB BAHADUR : I understand that, Sir, but I should like to know if there have been any specific instances at all which have disclosed the deficiency in this Act and which have justified the necessity for reinforcing the Act ? As my Honourable friends Mr. Hossain Imam, Pandit Kunzru and Mr. Sapru have said, it is impossible for us in India, who are agitating for our civil and political rights here, to withhold our sympathy from similar agitations in the Indian States. It is necessary that every possible assurance should be given to us so that we may feel no doubt that there would be any attempt made to restrain any movement in British India which would go to encourage the people in the Indian States who are legitimately and quite within their limits agitating for the liberalisation of the administration in the Indian States. I feel, Sir, that since there is already the Princes Protection Act, any attempt to prejudice the relations between British India and Indian States could be brought within the purview of the provisions of that Act. But whatever might be the reasons for the Government to ask for an amendment of the Defence of India Act, I feel that inasmuch as a great struggle is going on for the saving of the civil rights and liberties of the whole of humanity that the cause for which the Allies are fighting is one for which every one of us will have to do his best to support, I feel that one thing is clear to us, whatever might be our apprehensions regarding the way in which these things are managed, even if in some instances there are trivial abuses of the Defence of India Act, we have

12 NOON.

not to do anything which would go to embarrass the Government in the carrying on of their struggle. On this ground, Sir, I feel that we should all allow this Bill to be passed and at the same time request the Government to see that no provision of the Defence of India Act is abused. Of course we have been assured that the Government is acting with care and circumspection. At the same time we do ask the Government to take the utmost possible care that there is no complaint anywhere about the provisions of the Defence of India Act being too rigorously used.

**THE HONOURABLE THE PRESIDENT :** Motion moved :

"That the Bill to amend the Defence of India Act, 1939, as passed by the Legislative Assembly, be taken into consideration."

Question put and Motion adopted.

Clauses 2 and 3 were added to the Bill.

Clause 1 was added to the Bill.

The Title and Preamble were added to the Bill.

**THE HONOURABLE MR. A. DEC. WILLIAMS :** Sir, I move :

"That the Bill, as passed by the Legislative Assembly, be passed."

The Motion was adopted.

### AGRICULTURAL PRODUCE CESS BILL.

**THE HONOURABLE MR. J. D. TYSON** (Education, Health and Lands Secretary) : Sir, I move :

"That the Bill to make better financial provision for the Imperial Council of Agricultural Research, as passed by the Legislative Assembly, be taken into consideration."

Sir, the Bill itself is short and very simple, and I therefore propose in moving for consideration to devote myself rather to explaining the reasons for the measure than to describing the Bill textually. The object in a sentence is to provide the Imperial Council of Agricultural Research with an assured and reasonably stable income for the purposes of its general research by releasing it from the trammels of the Central Government's budgetary procedure and by allocating to it, under suitable restrictions, a special and, we hope, a more lucrative source of income. Honourable Members will recall that the Royal Commission on Agriculture in India, to whose recommendations the Imperial Council of Agricultural Research owes its inception, prescribed continuity of policy as essential to the satisfactory development of agricultural research, and that body also recognised that a programme of ordered advance would be possible only if the body entrusted with the direction and the co-ordination of that policy were placed in a secure financial position beyond the possibility, as I think they said, of prejudice from financial vicissitudes. They envisaged the establishment of an agricultural research fund with a grant of Rs. 50 lakhs from central revenues, and they also hoped that additional funds would be made available from time to time as financial considerations permitted. Now, Sir, in actual fact when the Imperial Council of Agricultural Research was set up in 1929 it was endowed with a capital grant of Rs. 25 lakhs, not Rs. 50 lakhs, and an annual grant of at least Rs. 5 lakhs was to be provided for scientific objects and another sum of about Rs. 2½ lakhs for the staff and secretariat of the Council. The Council of course also receives from Provinces and States a share of the cost of research schemes taken up for them. But the present legislation affects the provision of funds from the central revenues only, and I propose to confine my remarks to those funds provided from central revenues, and even to those funds only in so far as they concern the general research activities of the Council, because the present legislation does not affect the annual grant for the upkeep of the administrative staff and

establishment of the Council and it also does not affect the amount met from central revenues for sugar research and for marketing. These will continue for the present to be provided from central revenues.

**THE HONOURABLE PANDIT HIRDAY NATH KUNZRU :** What is the total of the grants made for research work in sugar and the work done for the marketing of agricultural produce ?

**THE HONOURABLE MR. J. D. TYSON :** I shall have to look that up. I will try to deal with that point in my reply.

Now, Sir, in the first ten years of its existence the Council received from central revenues for the purposes of its general research a sum of about Rs. 84 lakhs. That includes the initial grant of Rs. 25 lakhs. Against this, expenditure on research, starting at about a lakh in the year 1929-30, has averaged Rs. 6.84 lakhs a year in the same period. But this is the important thing ; the figures of expenditure in the eighth, ninth and tenth years all exceeded Rs. 11 lakhs, and the estimated expenditure in the year that has just closed was in the neighbourhood of Rs. 12½ lakhs. Allowing for accumulated interest the Council expected to have on the 31st March, 1940, for purposes of general research, a balance of Rs. 22.61 lakhs received from Central Government grants. But this is in no sense a free balance. The Council are required, for each individual scheme of research that they take up, to earmark funds to cover that scheme through the full term of its expected duration, and the Council therefore have very substantial commitments with respect to its apparent balance of Rs. 22.61 lakhs. In fact the Governing Body at its meeting of July last worked on the assumption that the unallocated balance of the Council on the 31st March would be only Rs. 3.19 lakhs. To this the Council, on past experience, could have expected to have added an annual Government grant of Rs. 5 lakhs and something on account of interest accumulated on money set aside to finance running schemes. They might have expected to start this year with something like Rs. 10 lakhs. Against these modest expectations the Council have a tentative programme which embraces schemes sanctioned by the Governing Body to take effect from the beginning of the current financial year, schemes very cogently recommended to the Council by Sir John Russell and Dr. Wright in their quinquennial report on the activities of the Council, and other schemes regarded by the Advisory Board as worthy of adoption and in some cases as very urgent. In fact the total annual requirements of the Council have been put by them at Rs. 15½ lakhs. Apart from the accumulated funds already earmarked for schemes in progress, they feel that they should be spending a figure of about Rs. 15 lakhs. It was to meet a situation of this kind, which had already been foreseen, that in December, 1937 the Governing Body of the Council asked the Central Government for a special non-recurring grant of Rs. 16 lakhs. Again in July, 1938, with an optimism apparently undiminished by the rejection of their former request, they approached Government for raising the recurring grant from Rs. 5 lakhs, which had been the normal figure, to Rs. 25 lakhs a year. This also had to be refused, and it was in these circumstances that the Governing Body in July of last year adopted, for recommendation to Government, the proposals on which the present Bill is based. These are that, in lieu of an annual budget grant to finance its general research activities, but I may say without renouncing hopes of an occasional crumb from the Honourable Finance Member's fiscal table, the Council should receive the net proceeds of a cess levied at a half of one per cent. *ad valorem*, i.e., half per cent. *ad valorem* on exports of certain agricultural and animal products not already subjected to any export duty or

[ Mr. J. D. Tyson. ]

cess. In the Bill before the House provision is made in clause 6 for the net proceeds of this cess—that is to say, the gross proceeds diminished only by the cost of collection—to be made over to the Imperial Council of Agricultural Research without the intervention of the ordinary budget procedure and these proceeds are to be expended by the Council “subject to such limitations as may be prescribed in rules made by the Central Government”. I would invite Honourable Members’ special attention to that last phrase “subject to such limitations as may be prescribed in rules made by the Central Government”. The agency for the collection of this cess will be the ordinary customs machinery and the Bill has been drafted to attract the existing customs law and procedure. The extra cost in which the collection of this cess will involve the customs authorities cannot without actual experience be accurately calculated, but an approximation of the net proceeds of the cess, allowing for what we think they will charge us for collecting it, on the commodities covered by the Schedule, gave a promise, at pre-war figures, of a receipt of about Rs. 14 lakhs by the Council. These receipts will go to finance schemes of general research. Government propose for the present, as I said already, to finance marketing and sugar research activities of the Council from central revenues and also to meet from central revenues the cost of the administration staff and the Secretariat.

Honourable Members will find that clause 8 of the Bill will enable the Council to accumulate a reserve fund. The intention is that, subject again to rules laid down in that behalf, in a good year an excess of receipts over some stipulated figure will be credited to a reserve fund. From that fund in a bad year the sum necessary to level up the cess receipts to the stipulated would be made available. If a substantial reserve fund can be accumulated in this way, it stands to reason that the stability of the Council’s income will be ensured and there should also be additional receipts by way of interest.

I need hardly tell the House that the principle of imposing a cess on an agricultural commodity for the purpose of financing research, even a cess collected as an export duty, is in no sense novel. There are cesses of this kind already on lac, cotton—it goes further than a cess on exports—tea, coffee; and we have taken care not to include in the Schedule any commodity which at present bears any cess or export duty. It would be rash to dogmatise as regards the question who will bear the cess. I suppose that at different times and in different degrees it may be borne by any one of the four classes, the producer, the dealer, the shipper and the consumer overseas, or it may be distributed between two or more of them. But wherever it may fall from time to time, it is, I submit, a very modest impost as compared, for example, with the impost of 6·1 per cent. on raw jute. Of course jute is by way of being a monopoly but take 3·1 per cent. on rice and 2·2 per cent. on coffee. The cess which we propose works out, for instance, at 120th part of an anna per lb. weight on fruit or vegetables; or to take another example, it works out at one-twenty-fourth of an anna on a “piece” (of 20 lbs.) for raw skins. The Bill as introduced in another place empowered Government to add to the commodities liable to cess in the Schedule. That provision has been removed from the Bill. New commodities cannot now be added to the Schedule without recourse to fresh legislation. But Honourable Members will see that the power to remove commodities from the Schedule by executive action still remains in clause 4 of the Bill. Government would therefore be in a position to afford relief if it was shown that in fact the cess was strangling the export trade in any particular commodity.

There is one other aspect, Sir, of the proposal to which I should like to make a brief reference and that is what I may call the constitutional aspect. Honourable Members may entertain an apprehension that we are in some measure weakening the responsibility of the Legislature by giving the Council an independent source of income. Now, Sir, even if we were doing that—and I hope to satisfy Honourable Members that we are not doing so—I would point out that the money will be in very safe hands. The composition of the Governing Body of the Council, in the first place, is very democratic. Besides 11 Provincial Ministers of Agriculture, there are two representatives of the Legislative Assembly and one representative each elected by this Honourable House and by Indian Commerce and Industry and by European Commerce. In other words, there are 16 elected and representative members on the Governing Body as against only three *ex-officio* members and two technical members who are chosen by the Advisory Board of the Imperial Council of Agricultural Research, and about six, I think, nominees of Indian States which have been affiliated to the Body. Even if we were handing the money over without any control whatsoever, it is in itself a responsible and reliable body to whom we are making it over. But as a matter of fact we are not proposing to give the governing body of the Imperial Council any freer hand with this money than they already enjoy. In fact, I think the effect of this Bill will be to make the control of Government at all events stricter. The present practice, once the budget grant has been voted, is that the governing body has power to utilise the money as it thinks best, subject only to general instructions laid down by the Government. There is no day to day interference, even under the existing circumstances, with the spending of that money. Certain general principles are laid down by Government and followed by the governing body. Within those limits they have a free hand. But in clause 6 of the present Bill Honourable Members will find that it is provided that the proceeds of the cess shall be expended by the Council subject to such *Rules* as are made in this behalf by the Central Government. So we are now substituting rules for the general instructions laid down before. It is true that we are eliminating the budget procedure in respect of the money which will be made available for the general research of the Council but that only represents a part of the money annually voted for the Council. As I have said already, the votes for the administrative staff—something like Rs. 2½ lakhs—and for certain activities in the way of marketing and sugar research will remain. The Legislature will still retain its full rights of interpellation and of moving Resolutions and will still vote on the grant for the permanent staff and some of the activities of the Council. Without its permanent staff, the Council cannot function, so that the Legislature will still retain its hold. Over and above this, Honourable Members will find that in clause 7 of the Bill it is provided that there shall be a Standing Finance Committee of the Council and on this Committee Government will have a representative and one of the representatives of the Legislature, that is to say, either the representative of this Honourable House or one of the two representatives of the Legislative Assembly will have a place on it. The procedure and the functions of this Standing Finance Committee will be regulated with the approval of Government. I venture to think, Sir, that it cannot be seriously contended that the Legislature will be in any way abrogating its powers of control over the Council.

Agricultural research, Sir, if it is to be productive of results, must take a long view. It is not a matter that can be taken up intensively when Government are in funds and dropped when the financial position is bad. Continuity is necessary and this involves planning ahead with a reasonable certainty as to ways and means. A scientific institution with a long term programme ought



[ Mr. J. D. Tyson. ]

to be able to depend on long-term financial resources. From this point of view, I venture to think that there are great and obvious advantages in relieving the Council in its general research programme from direct dependence on the vicissitudes of Government finance. I confidently commend the Bill, Sir, to the sympathetic consideration of the House.

Sir, I move.

THE HONOURABLE SIR A. P. PATRO (Nominated Non-Official) : Sir, it is very disappointing to me that the Government of India with a resource of Rs. 90 crores of revenue and a large portion of that revenue coming from the agricultural population, that they should again tax agricultural produce when it is exported to other countries. Sir, it seems to me that there is something rotten in the State of Denmark when the Government of India's finances are not adequate enough to contribute Rs. 14 lakhs annually as a fixed recurring grant for this Research Institute.

THE HONOURABLE THE PRESIDENT : Who will pay ? The producer or the consumer ?

THE HONOURABLE SIR A. P. PATRO : No one doubts that the industrialist, the agriculturist and the capitalist are all equally interested to see agricultural development in this country on scientific lines, that agriculture is carried on with labour-saving machines, that productive research should be applied in the matter of manures and the lifting of water, that all these economies and advantage should be introduced. All these experiments are tried by the Research Institute and what is being done ? This is one of the most important recommendations of the Agricultural Commission and it has been started no doubt at the time saying that everything would be done to revolutionise agricultural economics in this country. But is anything being done now, except in the matter of experimenting in two or three crops ? The rest is left where it was when it began. It is not want of finance. You have got enough experts trained both in other countries and those who have gained experience and knowledge from other sources. They are there, but my complaint is and has been all along that the results of these experiments have not been communicated to the real agriculturist. I know that you have published bulletins and books but what is the use of publishing the results of your research when you are not able to communicate them to the agriculturist ? When you cannot take help to the door of the agriculturist ? The agriculturist is not, as I said before, a fool, he is a man of strong common sense. Place before him the results of your experiments, convince him that they are economically and financially sound and he will readily take them up. What has been done so far with regard to this ? Research is necessary and we shall have to make researches in agricultural produce, but has anything been done till now in order to improve the agricultural economics in the provinces ?—to bring better methods to the door of the ryot in the villages ? Nothing has been done till now. And yet the Central Government, with such a huge revenue taken from the ryot, from the producer, is not able to spend Rs. 14 lakhs for the purpose of research work. What is the Government for ? Is the Government only to collect taxes ? Is the Government only for the purpose of imposing on the people taxes which they do not want ? Is it not there to see that their economic condition gradually improves as the revenues of the Government of India increase ? Take the last 12 years. What was the revenue 12 years or a decade back ? What is the revenue of the Government of India

today? And see how it has increased and multiplied to the extent of the present figure. Now during that time, I ask the Government in all sincerity, what steps did the Government take in order to effect a corresponding improvement in the agricultural economies of this country? People talk of industries and industrial improvement. How can you have industries when you have to import raw materials from other countries? When you do not provide facilities for growing and developing such raw material as would be useful for industries and for general consumption, it seems to me that to tax export of agricultural produce in order to get Rs. 14 lakhs creates a very, very unhealthy impression on the mind of the agricultural population of India that in addition to the burdens that they have to bear, even the Central Government is going to tax their produce now. Apart from what has been done in the provinces the Central Government now propose to tax these people in the name of research, and of providing better education and knowledge to the ryot. In spite of his earnest and sincere pleading, the Honourable Mover has not convinced me of the necessity for this step. The other day an announcement was made. It was acclaimed throughout the country that during the war Government are going to set up an expert committee and that the Finance Member has placed some money at their disposal for the purpose of supporting the development of the nascent industries in this country. When you are able to provide a certain sum of money for industrial development, why have you neglected the very source and life of the industry, namely, agriculture? The Government of India want to raise money from agricultural produce and use it again for the benefit of the agriculturist. What does this Government stand for? What is the policy of this Government with regard to agricultural economies? It is impossible to concede that they have any policy. Because Agriculture is a Provincial subject according to the Constitution Act of 1935, therefore they say they are not directly concerned; they are only to make research and communicate to the Provincial Governments. They leave it to the mercy of the Provincial Governments to carry the results of the research to practical operation. Why should the Central Government not contribute from its own funds. When it could spend Rs. 45 crores on expenditure other than defence, could they not spare Rs. 14 lakhs out of that sum for this purpose? Either the Finance Department are deliberately confusing the responsibility or the Government of India are not able to realise the importance of agricultural development. The Research Institute is one of the few institutions which is capable of doing good to the agriculturist. They can show by research in what ways improvements can be effected. The Government of India say that because they cannot provide enough funds for the Institute, the export of agricultural produce must be taxed. The Honourable Mover has said it may be the producer or the middleman or the consumer who may ultimately have to pay. Whoever it may, in the first place the tax has to be paid by the producer when the produce is exported, and ultimately it will fall back on his shoulders. Therefore, it seems to me that the Government of India have failed in their duty to the agriculturist. This Bill is, therefore, only a ruse. It is a method which no civilised Government would adopt. The Honourable Mover has said that it is only the products which are mentioned in the Schedule which will be taxed and not the others. It has become the custom that because the Government has committed mistakes before, therefore they must repeat the mistakes again. That is no explanation. Therefore, considering the responsibility of the Government of India to improve agriculture, this is one of the things which as an agriculturist and as representing the agriculturist, I do feel it my duty to urge their interests whenever they are neglected. (Referring to the Honourable Member next to him.) You cannot understand the real

[ Sir A. P. Patro.]

position. You live on a military pension, but we live by cultivating the soil and getting the best out of it. Therefore, we are anxious that the research work should be carried so that the agriculturists may be benefited. The principle of the Bill to tax is not at all worthy of a responsible Government. Therefore, I say that I am not in favour of imposing a new tax on exports as proposed.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU (United Provinces Northern : Non-Muhammadan) : Mr. President, it is clear from the speech of my Honourable friend Mr. Tyson that it is the unwillingness of the Central Government to give funds for general research that is driving the Imperial Council of Agricultural Research to ask for the imposition of an export duty on certain kinds of Indian agricultural produce. The Council asked for a non-recurring grant of Rs. 16 lakhs in 1937. That request was turned down. Next year it asked for a permanent grant of Rs. 25 lakhs a year. That too was turned down, and it was of course obvious that the Government of India, having refused a request for a non-recurring grant, would not agree to a request for the enhancement of the permanent grant. This year, taking the General and Railway Budgets together, taxation to the tune of Rs. 11 crores has been imposed. Yet, Government consider that in order to maintain work on which the prosperity of the country depends and also the production of some of those things which are needed for the prosecution of the war a special cess should be imposed. Is this an attitude which is in the slightest degree justified ? Government are going to continue the grant for sugar research. They are also going to continue the grant for marketing. But they wish to stop the grant which is given for general research. What is the reason for this policy ? Are they dissatisfied with the general research work done by the Council ? They asked Sir John Russell to investigate the value of the work done by the Council. What is his verdict ? Is it condemnatory of the work done by the Council or is it appreciative ? If Sir John Russell has not merely commended the work already done by the Council but has asked for its continuance and development, why is the Central Government ignoring the report of Sir John Russell and adopting a step-motherly—I had almost said a hostile—attitude towards the Imperial Council of Agricultural Research ? My Honourable friend Sir A. P. Patro referred to the contrast presented by the grant of Rs. 5 lakhs to a newly created Board called the Industrial and Scientific Research Board and the unwillingness to continue the general research work done by a body that has been in existence for nearly 12 years, and which was established on the recommendation of a Commission presided over by no less a personage than the present occupant of the exalted position of the Viceroy of India. Surely, my Honourable friend must justify the introduction of this Bill on some better grounds than general platitudes about the need for a reasonable and assured income for carrying on long-term scientific research. We all recognise the value of this work. We recognise the need, indeed the necessity, for providing the Imperial Council with an assured income, with funds that would enable it not merely to carry on its existing work but also to develop it. But there is no reason why Government should not from their general funds, specially when they have imposed taxation amounting to nearly Rs. 11 crores, provide the small amount of money required for the development of the Council's work.

Sir, my Honourable friend Mr. Tyson has told us that the principle of a cess is not a new one. Cesses are already levied on cotton, lac, tea and coffee—I think those are the illustrations that he gave—and he sees no reason why the imposition of a cess on the export of certain kinds of agricultural products

should be objected to in principle. Now, whatever might have been done in the past, that cannot be any guide to us when we are in a stronger position to bring pressure to bear on the Government of India and to have our views listened to. But there is a difference between the cotton, lac, tea and coffee committees and the Agricultural Research Council. These committees are, if I may say so, doing their work on a commercial basis. What I mean is that the value of the work done by them is likely to reach the cultivators soon. It is probable therefore that research work in respect of these commodities would lead to immediate commercial results. But general research work surely cannot be placed on that basis. It is bound to take some time to produce results of value and to have them accepted by the cultivators in the country. It is necessary therefore that this general scientific research should be fostered by Government with great care and that it should not be required to become self-supporting, as work in connection with commercial crops may in certain circumstances be justifiably asked to be. Sir, I fear that the difference between the attitude of the Government of India towards the newly started Industrial and Scientific Research Board and the Council of Agricultural Research is due to the fact that the Board of Industrial Research is something that was required immediately by a vocal public. The Government of India could not ignore the demand for such a Board without incurring great unpopularity. They have therefore quietly provided funds for this Board. The Imperial Council of Agricultural Research is however not in the public eye to the same extent as the Industrial Board is likely to be, and consequently they feel that they can easily adopt an unfavourable attitude towards it.

Sir, I should like in connection with this Bill, which raises certain constitutional questions regarding the Agricultural Council, to ask my Honourable friend Mr. Tyson to tell us what the position of this Council is. When the Council was established, I have good reason for knowing that the Honourable Sir Girja Shankar Bajpai put up a strong and able fight on its behalf and was able both to secure independence and funds for it. But last year Government arrived at a decision which has seriously reduced the status of the Council. Till last year the Council had the status of a Department of the Secretariat of the Government of India. In other words the Vice-Chairman of the Council was in the position of a Secretary to Government. This however has been changed. The Imperial Council has now become a section of the Education, Health and Lands Department, and the pay of the Vice-Chairman, which was Rs. 4,000 during the time of the two previous Vice-Chairmen, has now been reduced to Rs. 3,250.

**THE HONOURABLE MR. J. D. TYSON :** Has this anything to do with the Bill ?

**THE HONOURABLE PANDIT HIRDAY NATH KUNZRU :** You have raised questions with regard to the future position of the Council. You have tried to assure us that the status of the Council would not in any way be affected. I therefore want to point out that you have already taken action which affects the independence of the Council and the future development of its work. We have, on one side, Sir, the Supply Department, which is presided over by a Director General whose pay is higher than that of a Secretary and who, as he told us the other day, enjoys the powers of Government—

**THE HONOURABLE MR. H. DOW (Nominated Official) :** No, Sir ; I am afraid I never stated that. I stated that the War Supply Board had the powers of Government. I am not the War Supply Board. Very far from being the

[ Mr. H. Dow.]

War Supply Board, I represent one Department out of five Departments on the War Supply Board.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU : I paid a compliment to the Honourable Member by implying that he was the most important Member of the Board.

THE HONOURABLE MR. H. DOW : I am so unused to compliments that I hardly know how to answer them !

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU : When they are deserved they should not be answered ; they should be accepted with gratitude.

I was, Sir, contrasting the position of the Imperial Council with that of the Supply Board. On the one hand, there is the Supply Board which is in a specially advantageous position, which occupies a position midway between a Department of the Secretariat and a Member of the Viceroy's Executive Council, and there is, on the other hand, the Imperial Council of Agricultural Research the status of which has been reduced and which is being grudging a small grant of Rs. 14 or Rs. 15 lakhs a year in order to carry on work on which the welfare of the millions of inhabitants of this country depends, inhabitants who are the mainstay of the finances of the Provincial Governments and the Central Government.

Sir, there is one more point which I should like to dwell on before I sit down. It was urged by my Honourable friend Sir A. P. Patro. The research work done by the Imperial Council as testified to by Sir John Russell, is of the highest value ; yet, I am sorry to say, that no adequate efforts have been made by Government to bring the results of this research within reach of the masses. The Taxation Inquiry Committee, which considered the desirability or otherwise of imposing export duties, while recommending the imposition of such duties in certain cases, said :

" They would also recommend that a part of the proceeds of this export duty should be applied towards educating the cultivators to make an increased use of these artificial manures and thus increase the productivity of the soil ".

I draw the attention of the Government to this recommendation, because when Government impose a duty on agricultural produce it is necessary that some part of the proceeds should be used for carrying on propaganda among the cultivators and furthering what I might call developmental work.

I have, Sir, fortunately a more recent recommendation than that of the Taxation Inquiry Committee on this subject. Sir John Russell, to whose report I have already referred, laid great stress on the need for what I have called general developmental work. He said :

" A stage is now reached where a reorientation of the Council's activities should be considered.

" It may be laid down as a broad principle that the investigations fostered by the Council should be for the express purpose of improving agriculture."

—I should like the Council to note these words—" should be for the express purpose of improving agriculture"—

" The great need now is for fuller use of existing knowledge, rather than the accumulation of more knowledge for work on the cultivator's fields rather than in the laboratory ".

He further said :

" Agriculture in India is not merely an industry but the mode of life of a large part of the population. The scope of the Council's work must therefore be much wider than if the subject were purely a branch of technology "

He expanded this by saying :

" The Council's investigations should be directed to increasing the output per acre of food crops with a view both of ensuring full supplies and of liberating land for the growth of the supplementary crops and of fodder crops for the production of milk "

Now, what action have the Government taken to implement this recommendation of Sir John Russell ? I shall probably be told that direct work among the cultivators is primarily the concern of the Provincial Governments ; but I cannot allow the Central Government to take shelter behind such an excuse. They knew when they created the Agricultural Research Council that the provinces would never be able to find adequate funds for bringing the results of the researches carried on by the Council to the knowledge of the cultivators. They knew that the finances of the provinces would not permit them to undertake work on a large scale in this direction. Yet they thought that the establishment of such a Council was necessary. It seems to me therefore that by their action they also took upon themselves the implied duty of going to the cultivators, of informing them of the value of the work done by the Council, and of persuading them to accept the methods and suggestions favoured by the Council. I am sorry to say that such work has not been done on any appreciable scale. This is not the fault of the Council. The work of the Council was limited to research work. The fault is of the Central Government and they must tell us why this work has been lost sight of, why they have not taken adequate care to see that the research work bears fruit in practice.

THE HONOURABLE SIR A. P. PATRO : We are the dumb millions ; we are not vocal.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU : Yes, that is true of the people who are affected by the activities of the Research Council but that is happily not true of us. We can make ourselves heard by the Government of India and can even make ourselves unpleasant.

Sir, these are the main points that I wished to bring forward in connection with this Bill. I should have liked to say something more about the constitutional position of the Agricultural Research Council but, as my remarks made my Honourable friend Mr. Tyson uncomfortable, I curtailed them and did not refer to the position of the Cotton Committee and the Lac Committee and the other committees to which he referred, in their relation to the Agricultural Research Council. But this too is a matter requiring the attention of the Government. The commodities with which these committees are concerned are agricultural. You have an Agricultural Research Council now. Is it not desirable that all the research work carried on under the auspices of the Government should be co-ordinated and brought under the control of one body. Why are you having five or six different bodies carrying on work connected, broadly speaking, with the same field of activity ? Surely this requires some justification. I only hope that in putting this question I have not added to the difficulties of Mr. Tyson and that he will be able to throw some light on the reasons which have induced Government to have so many unco-ordinated and independent bodies carrying on investigations in the same field.

[Pandit Hirday Nath Kunzru.]

Sir, before I sit down I must make it plain that, unless my Honourable friend is able to give satisfactory replies to the questions that I have put, especially to the questions regarding the attitude of the Government towards the Council and the future scope of its activities in relation to general development and propaganda, I shall be compelled to oppose this Bill.

THE HONOURABLE MR. HOSSAIN IMAM (Bihar and Orissa : Muhammadan) : Mr. President, at this late hour I do not propose to make a long speech. I simply wish to state a few facts in order to clarify the position of those of us who were responsible for advising the Government to bring forward a measure of this nature. Sir, the Governing Body of the Imperial Council of Agricultural Research tried its best to avoid taxation of agricultural produce but we were practical men. We could not sit idle and simply malign the Government for not helping us. If they were not prepared to help us, we thought we should be up on our own legs and help ourselves. It was for this reason that reluctantly the Governing Body agreed to this measure being brought forward. The taxation of agricultural produce has been a part of the fiscal programme of the Government of India. The only item on which we had dissatisfaction with the Government was the non-inclusion of the income which the Government is deriving for its own benefit from the export duty on rice. Now all these duties on agricultural produce that are being levied at the moment,—excise duties,—all go to those bodies which are in charge of looking after the welfare of that particular production. For instance, the cotton excise duty goes to the Central Cotton Committee. A part of the sugar excise duty goes to the Sugar Committee. Now, out of the proceeds of the jute tax also, a part is made over to the Central Jute Committee. But of all these, rice is the only one which is selected by the Government of India to be retained and is not used for the benefit of the growers. The position of rice was a very important one as long as Burma formed part of British India. Then it was one of the big heads of income, but now with the separation of Burma it has become a very small source and there is nothing but sentimental grounds preventing the Government from handing over the proceeds from this also to the Imperial Council of Agricultural Research. I hope, Sir, that next year the Government will be not so stingy but will be more liberal ; and that the Finance Department will hand over the income to those who deserve to get it.

Sir, concurrently with the desire to increase our resources, the Governing Body was also anxious that the powers and functions of the Imperial Council of Agricultural Research should also be revised and extended. We are at the present moment restricted in our activities and it is necessary that, if we are to serve any useful purpose, our functions should be enlarged. Propaganda and dissemination of knowledge is of as great importance as inquiry and research into the scientific position. If we do not allow our knowledge to percolate to the cultivators, it would be wasted labour. In spite of all that we might achieve in the laboratories and preserve in books, if our conclusions are not translated into action, they will not benefit those who are engaged in this industry.

Then, Sir, a very important point was made by the Honourable Pandit Kunzru which had also some support in the Governing Body, that all the agricultural activities of the Government of India should be brought under one head. We have at the moment, Sir, the anomalous position of this Imperial Council controlling some of the activities and some of the activities being carried on independently of any advice from any committee by the Department of Education, Health and Lands. I refer, Sir, to the position about

dairy farms, about this research farm at New Pusa. All these things are under no control from any advisory body. There is not even any central committee or any statutory committee of any kind to advise them. Now, if we have got experts, agricultural experts, marketing experts, veterinary experts, on our bodies, why should the Government of India's activities in the field of agricultural research be outside the scope of this Council? And, as Mr. Tyson has very pertinently pointed out, this body—the Imperial Council—should command great respect, when you consider that all the Provincial Ministers are members of this body, when you further consider that Ministers of Indian States are also members of this body, and when the Central Legislature is also represented on that body.

A claim was made that the Governing Body should have some control over the staff employed in the Department itself, not all the staff but certain staff. But the Government could not concede this right to the Imperial Council. The Government want to keep this in their own hands. Although the members of the Imperial Council of Agricultural Research can appoint any number of staff they like in the provinces and States, they are incompetent to appoint even one person when they pool their knowledge. The Ministers of Agriculture are competent to appoint Provincial Directors of Agriculture but they are not fit enough to appoint even one person to this Council.

I rather feel that the Central Government are not as bad as they have been painted to be. They are still going to meet part of our cost in addition to the lakhs that we are going to receive as excise. I am positive that the pay and emoluments of the staff and advisers will be defrayed by the Central Government. I also have a feeling that the Government are going to continue to finance our marketing activities from their own funds and in addition they have promised to pay for sugar activities. Sir, we had hoped that concurrently with this Bill the Government will bring forward a Resolution in the Central Legislature or publish it in the Gazette modifying the scope and functions of the Imperial Council, because you cannot do the one thing without the other. If we have our resources increased, we wish that our activities too should be broadened. At the moment our activities are, as I said before, restricted. Sir, we would welcome any increased contribution which the Finance Department might be able to make to the resources of the Imperial Council. But, having the experience that we have of the Finance Department, I cannot bank upon it. I would, therefore, advise the Honourable Members of this Council, especially the agriculturists, to give their support to this Bill so that agriculture may stand on its own legs.

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

The Council re-assembled after Lunch at Half Past Two of the Clock, the Honourable the President in the Chair.

THE HONOURABLE MR. P. N. SAPRU (United Provinces Southern : Non-Muhammadan) : Sir, whatever may be the opinions on this Bill, there is no doubt that the Imperial Council of Agricultural Research is a most useful institution. It makes researches into various aspects of agriculture in this country. It has now been in existence for nearly 11 years and the Council of State is represented on it by a very energetic Member, my esteemed friend the Honourable Mr. Hossain Imam. We get an annual report of it every year and we are all familiar with its work, which is that of co-ordinating and promoting agricultural research. Now, there is just one question that I have to raise in regard to this Council of Agricultural Research. The Council was established after the



[Mr. P. N. Sapru.]

Report of the Royal Commission on Agriculture by a Government Resolution. As far as I can remember, the Agricultural Commission recommended that the Council should have statutory recognition. On page 5 of their Report they say :

" The Council of Agricultural Research and the agricultural research fund should be constituted by an Act of the Imperial Legislature. The position of the Council of Agricultural Research in relation to the administration of the research fund would be analogous to that of the Indian Central Cotton Committee in relation to the funds raised under the Indian Cotton Cess Act, 1923 ".

Then, Sir, they also proposed that the Council should be entrusted with the administration of a non-lapsing fund of Rs. 50 lakhs, to which additions should be made from time to time as financial conditions permit. Now, Sir, the question that I would like Mr. Tyson to answer is, why has this recommendation of the Agricultural Commission been ignored ? Why has the Council been constituted by an executive Resolution and not by an Act of the Central Legislature ? The Council has done special work in connection with sugar and the organisation of marketing of agricultural produce, and if I understood the Honourable Mr. Tyson rightly, Government have made so far a total grant of Rs. 85 lakhs, but in any year the Government grant has not exceeded Rs. 5 lakhs.

THE HONOURABLE MR. J. D. TYSON : If I might explain. It has exceeded Rs. 5 lakhs on occasion but that has been the general level.

THE HONOURABLE MR. P. N. SAPRU : As I understand the position, the Council has certain important schemes before it and the finances of the Council, as the finances of every other beneficent department, are not in a particularly satisfactory condition. They are in an unsatisfactory condition. Now, what the Bill proposes to do is to give to the Council, on which the Legislature is represented, some independent revenues. It proposes to allow the Council to levy an export duty or cess on certain commodities specified in the Schedule.

THE HONOURABLE MR. J. D. TYSON : Sir, if the Bill is passed, Government will itself levy this cess, and the Council will receive the proceeds less the cost of collection.

THE HONOURABLE MR. P. N. SAPRU : The administration of the cess will vest in the Council. The rate of duty is one-half per cent. *ad valorem*. The suggestion, I understand, is in accordance with the majority view of the Members of the Council. Now, the rate of duty is only one-half per cent. It strikes me that it is a very slight impost. Undoubtedly from the point of view of fundamental principle it is wrong to tax exports of agricultural produce. But, Sir, we have accepted this principle in a modified form in the case of certain other commodities like cotton, lac, tea and coffee and the Indian Central Cotton Committee manages the proceeds of the cotton cess. Also, looking into the Schedule, I find that care has been taken to see that no agricultural commodity which pays a cess already is included. Therefore there is no question of any double cess. This being the position, I take it that the House is being asked to give approval to a beneficent scheme, a scheme which will promote agriculture, which, as the Honourable Sir A. P. Patro pointed out, is the mainstay of our people. The burden is not, as I have said already, too heavy, and I do not think that exports even with price control in operation

will be affected in any appreciable degree by this slight impost. Therefore, I am not raising any objection to this cess, though I am free to recognise that in principle there is much to be said against taxing agricultural commodities of an exportable character at all. I would, however, like to make a few observations on the activities of the Council in general. First, Sir, I should like to say that I should like the Council to have a wider conception of its responsibilities and duties, to research not only into agricultural produce and methods of improving agriculture but research into the conditions of that essential commodity for all agricultural industry, namely, labour.

**THE HONOURABLE MR. HOSSAIN IMAM :** Widen the scope.

**THE HONOURABLE MR. P. N. SAPRU :** Yes, the Council should interest itself into the conditions of agricultural wage-earners, their conditions of work, the systems of tenancy in operation in various parts of the country, the rents payable by the tenants and the general question of their welfare. I know these are provincial subjects, but the Council can act as a co-ordinating agency where these questions of common interest can be discussed and researched into. Questions, for example, of fixation of rent, payments of rent, weights and measures for payments of rents in kind should also receive the attention of the Council. The constitution of the Council is given in the Annual Report and we have a very eminent personnel and a very distinguished member of the Civil Service as the Chairman of the Council, a man who was a most able Secretary in our province. Then we have the Secretary to the Government of India, Department of Education, Health and Lands; then we have the Ministers of Agriculture and the Dewans of certain States and we have representatives of the Assembly, the Council of State, Chambers of Commerce and the Sugar Industry. But I regret to find that there is no representative of the real agricultural interests in the country on the Council, namely, tenants, peasants and workers. I think there should be some representation provided in the Council for the largest class of the agricultural community, the peasants and the workers. I do not say that the representation should necessarily be through election. It may be difficult for you to start with to find suitable machinery for electing representatives of agricultural labour, but there should be some representative of agricultural labour, a real genuine representative of agricultural labour. You have in the Assembly a real genuine representative of the industrial workers. If you want to have a real representative of agricultural interests, I am sure you can find one and some machinery should be devised whereby agricultural labour can get representation in the Council. That is one suggestion which I have got to make so far as improving the personnel of the Council is concerned. I think it is not fair that Chambers of Commerce should have representation and the agriculturist should go without representation. Then, Sir, I should like the Honourable Mr. Tyson to tell us what Government have done with the report submitted by Sir John Russell about two years back. I think Sir John Russell recommended in that report that there should be propaganda and that there should be more effort to apply the researches to the development of agriculture. The report was made two years ago and I would like therefore to know what has been done with that report? Have you had any conferences with Provincial Ministers or have you had any consultations with Departments of Agriculture in the provinces in regard to the report? Has the report been considered by the Department of Agricultural Research? Have any conclusions been arrived at in regard to the recommendations made by Sir John Russell? These are questions on which I should like to be enlightened by the Honourable Mr. Tyson. Then, the Agricultural Commission pointed out that the basis of all agricultural

[Mr. P. N. Sapru.]

progress is experiment and that being so I think machinery should be devised which would bring to the knowledge of the average agriculturist in this country the results of the researches of the Imperial Council of Agricultural Research. The Council should organise and co-operate for this purpose with the Provincial Governments. It should organise demonstration farms and experimental farms. I think, Sir, if necessary—I am just making a suggestion for the consideration of the Honourable Mr. Tyson—we should depute some officer for a short time to study what is being done in the progressive State of Mysore in this connection. I was told by an Indian Civil Service officer who had just visited Mysore that they had made great progress in agriculture there; he was very much struck with some of the experimental farms he saw there and I should like Government to depute some officer to study what is being done in Mysore. He can be sent on a short deputation and if the Mysore experiment has any lessons for us, it may be tried in the Indian provinces also.

There is one other observation that I should like to make and that is about the Vice-Chairman of the Council of Agricultural Research. The Vice-Chairman of the Council of Agricultural Research until recently had the status of a Secretary to the Government of India. Now, Sir,—

THE HONOURABLE SIR ALAN LLOYD : What has this to do with the Bill ?

THE HONOURABLE MR. P. N. SAPRU : I think we can offer these observations of a general character ?

THE HONOURABLE SIR ALAN LLOYD : This is not the Finance Bill.

THE HONOURABLE MR. P. N. SAPRU : I know it is not the Finance Bill, but the administration of the Council of Agricultural Research—

THE HONOURABLE THE PRESIDENT : Your colleague has already spoken on it. You can proceed to the next point.

THE HONOURABLE MR. P. N. SAPRU : The point has been emphasised by the Honourable Pandit Kunzru ; I should just like to express my agreement with what Pandit Kunzru has said about the position of the Vice-Chairman of the Council of Agricultural Research. Then there are two officers shown in the list of officers of the Department, one is called the Agricultural Commissioner with the Government of India and the other is called the Animal Husbandry Commissioner with the Government of India. I should like to know what exactly is the relation in which these officers stand to the Council, what is the control that the Council exercises over these officers?

THE HONOURABLE MR. HOSSAIN IMAM : No control.

THE HONOURABLE MR. P. N. SAPRU : The Honourable Mr. Hossain Imam, who is a member of the Council, says that the Council exercises no control. I think they should be brought under the control of the Council and that is a suggestion that I would make to the Honourable Mr. Tyson.

I have already indicated that I am not raising any objection to this Bill, because it is going to provide the Council with funds. I do not think that the treatment of the Council by the Government in the past has been what it should have been. It has been to a certain extent step-motherly. But I

recognise, Sir, that the Council needs independent funds and therefore I am not raising any objection to this Bill. This is all that I have got to say about this Bill.

**THE HONOURABLE MR. J. D. TYSON :** Sir, my Honourable friend Pandit Kunzru asked for certain figures which arose out of something I said in moving for consideration of the Bill. I have been able to put my hand on them now and I am grateful to Pandit Kunzru for enabling me to show Honourable Members their magnitude. The total liability for sugar research on the 1st of April, 1939 (I have only got the figures up to the 1st April, 1939), was Rs. 37·43 lakhs, of which Rs. 28·83 lakhs represents the actual expenditure up to that date, and Government had made grants totalling Rs. 31·42 lakhs for that purpose up to the same date. These figures do not include expenditure on account of the maintenance of the Imperial Institute of Sugar Technology : this is maintained directly from central revenues : it was established in 1936 and costs about Rs. 2½ lakhs a year.

Now, Sir, I come to the criticism which has been made by several Honourable Members that Government ought to have met the needs of the Imperial Council of Agricultural Research out of ordinary taxation. Well, Sir, they have done so so far, but it is very largely a matter of the needs of the Council outrunning the capacity of the Government to find the money from existing taxation receipts without imposing further taxation. One does not blame the Council of Agricultural Research for this. The fact is that when you take up research in a wide field like the agricultural field, the very success of one item of research leads to other items of research becoming desirable and in that way undoubtedly the grasp of the Council has extended. As regards this year, Honourable Members heard the financial statement and discussed it in this House. I do not know whether Honourable Members got the impression that there was any scope for increasing the Government grant from Rs. 5 lakhs to, say, Rs. 15 lakhs this year from existing resources of Government : but even if Government had been able to find funds this year, there would have been no stability in the position, and stability as regards its future resources is very desirable for a long term institution like a research institution. Whether it is right or wrong, Honourable Members will realise that in times of financial stringency, and particularly I should say in war time, the claims of a long-term thing like research are apt to take a back place. We therefore feel that it is better for the sake of the Council that they should be given a separate source of revenue and that they should not have to depend on the luck of the budget each year for their grant. Even if we had taken the course of asking for separate taxation as such, the proceeds would only have gone into the general revenues. We could not say that the proceeds of any separate tax would have been allocated even this year to the Council of Agricultural Research, let alone in the future. And therefore for the sake of the stability of the income of the Council, Government have favoured the measure that is put forward by this Bill.

Then, Sir, turning to another point, it has been said, and it is a criticism with which I personally, if I may say so, have much sympathy, that the results of research are very slow in reaching the agriculturists. I think that would be so in every country. There is bound to be a great lag before the results of research can reach and be adopted by so conservative a person as the cultivator or farmer. But I have been referred in this connection to the work of certain cess committees which deal with specific single commodities. I think it is probably true,—I hope it is true,—that the work of these cess committees,

[Mr. J. D. Tyson.]

is reflected more quickly than the work of the Imperial Council in the commodities with which they deal. In the first place, for the commodities with which they deal, they handle proportionately very much larger sums of money. The receipts of the Lac Cess Committee are Rs. 3½ lakhs. The Cotton Cess Committee handles a budget of about Rs. 7½ lakhs. The Tea Cess Committee handles a colossal sum—I believe something over Rs. 40 lakhs. And naturally when all this money is devoted to research in the interests of one commodity, there ought to be a quicker and greater return to the commodity than when sums of something like Rs. 11 lakhs are spent on research in the very wide field of animal husbandry and agriculture. But Honourable Members must not forget that these industries pay for what they get. Whereas the modest cess that we are asking for is only one-half per cent., the cesses by which these other committees' labours are supported are : jute 6·1 per cent., rice 3·1 per cent., coffee 2·2 per cent., lac 1·7 per cent. They are a great deal higher. But that the producers do actually benefit from the labours of the Imperial Council of Agricultural Research is not, I think, seriously contested. Their researches for important varieties of sugarcane and rice have been of immense benefit already to the people of the countryside. These improved seeds and strains have been made available. And in animal husbandry, I believe it is true to say that their discoveries for the prevention of rinderpest have already saved lakhs and lakhs of head of cattle for the cultivator. And when all is said and done, whether Honourable Members like it or not, it is in the main a provincial responsibility to carry to the cultivator the fruits of research. I have no reason to suppose that the provinces are not aware of their responsibilities in the matter and doing their best, with considerable success, to shoulder those responsibilities. There are constitutional difficulties about entrusting the Central Government with developmental work. The Imperial Council of Agricultural Research cannot perhaps undertake direct developmental work but they are a research body and they can make research into the way in which the fruits of their research can be brought home to the cultivator. As the question has been raised what has been done on Sir John Russell's recommendations, I may say that developmental research to see how the results can be brought home to the cultivator has been taken up recently by the Council. This is a question which the Council have in their mind, and they are prepared to devote attention to it.

Reference was also made to the existence of separate committees whose researches extend only to a single commodity in each case. Possibly all of them pre-existed the Imperial Council of Agricultural Research. But I understand that in fact co-ordination between them *inter se* and between them and the Imperial Council is very close,—largely through common membership of the different bodies.

My Honourable friend Mr. Kunzru thinks that I was embarrassed by his reference to the status of the Imperial Council. I did not mean to give him that impression. I do not see that the change which was made in the position of the Council last year was at all relevant to the Bill that we are now discussing. But I do welcome the opportunity to say that there has been no intention of reducing or impairing the status of the Imperial Council in any way. The resolution by which the change was made on the 5th January, 1939, gave a reason, namely, to enable the Council more fully to carry out its primary functions and to relieve it of all unnecessary routine. The object, I understand, really was to put the Council in the position which was originally envisaged by the Agricultural Commission. As I say, in any case, that was done

before this Bill was drawn up and I do not think that the matter is in any way connected with this Bill.

The Honourable Mr. Hossain Imam, for whose support to this measure I am very grateful, has made a suggestion. He has asked whether the existing Institutions of Research under the Central Government should not be placed under the Imperial Council of Agricultural Research. That again has no very immediate reference to the matter under discussion in the House. But I may say that it has been considered. But the Imperial Council has no research institutions under it. It is a co-ordinating body and Government have felt that there are difficulties in giving it charge also of institutions which do research work directly. I believe there is collaboration between these various institutions and the Imperial Council as regards the working out of their programmes. Of course, these institutions do a certain amount of research work for, and in that respect under the direction of, the Imperial Council of Agricultural Research.

The question has been asked why the Imperial Council has been established by executive resolution rather than by statute. I have not had time to go back into the history of that, but there is an advantage in its being set up by an executive notification only. A statute could only apply to British India. It could not apply to the Indian States and it is desirable that we should secure, and we have been successful in securing, the co-operation of six or seven Indian States. We have their representatives on the Governing Body. We are anxious to maintain that position.

I have been asked what action Government have taken on the report of Sir John Russell and Dr. Wright. This is hardly the occasion for a discussion of the action that has been taken—

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU : The question did not relate to all the recommendations of these officers but to their recommendation regarding the practical utilisation of the researches carried on by the Council.

THE HONOURABLE MR. J. D. TYSON : I had not the Honourable Mr. Kunzru's question in view but the Honourable Mr. Sapru's. So far as that specific recommendation goes, I have already said that the Council have made it a further subject of research as to how their researches can be brought home to the cultivator! As regards the other points made by the Honourable Mr. Sapru—his suggestion for widening the scope of the Council's investigations and for widening the personnel of the Council, they are on record and I think it would not be within the scope of the discussion on this Bill to give any views on them.

I think I have answered all the points connected with the Bill.

THE HONOURABLE MR. HOSSAIN IMAM : On a point of information, Sir. May I ask the Honourable Member to enlighten us whether linseed and groundnuts will be subject to this excise duty or not?

THE HONOURABLE MR. J. D. TYSON : Yes, Sir.

THE HONOURABLE THE PRESIDENT : Motion moved :

"That the Bill to make better financial provisions for the Imperial Council of Agricultural Research, as passed by the Legislative Assembly, be taken into consideration."

Question put and Motion adopted.

Clause 2 was added to the Bill.

The Schedule was added to the Bill.

Clause 3 was added to the Bill.

Clauses 4 to 9 were added to the Bill.

Clause 1 was added to the Bill.

The Title and Preamble were added to the Bill.

THE HONOURABLE MR. J. D. TYSON : Sir, I move :

" That the Bill, as passed by the Legislative Assembly, be passed."

The Motion was adopted.

---

### INSURANCE (AMENDMENT) BILL.

THE HONOURABLE SIR ALAN LLOYD (Commerce Secretary) : Sir, I move :

" That the Bill further to amend the Insurance Act, 1938, as passed by the Legislative Assembly, be taken into consideration."

This Bill, Sir, is twice as long as the one with which we have just dealt, but I do not think it will require quite so much of the attention of the House for the reason that it cannot be said to introduce, as the last Bill did, an important new principle into the administration. It is, as the Statement of Objects and Reasons makes clear, a Bill designed to improve a measure which was only recently passed by the Legislature and which was only brought into actual operation in July, 1939. The Insurance Act, 1938, Sir, was a very important measure. It introduced a lot of entirely new functions for the Government Department concerned, and also, it is almost fair to say, actually involved the creation of a new Government Department. It is hardly to be wondered at that within a few months of the Act coming into operation it should be found that, despite the best endeavours of those who contributed to the drafting and amending of the Bill as it passed through the Legislature, a certain amount of grit had got into the machinery and a certain amount of defects were to be found in the machine. Honourable Members probably include many who have purchased a new motor car and it will have been their experience that it is quite a little time before the engine is tuned up and adjusted so as to run really well. That is what may be said to be the position of the Insurance Branch of the Department which I represent in applying the Insurance Act. We have found a number of points, many of comparatively minor importance, some of great practical importance, which have called for readjustment and rectification. This Bill deals with a selection of those points. We have left others, those which were not urgent and those which we felt might perhaps be controversial or might raise matters of principle that could not very well be put before the Legislature without previous circulation in the country, for a second Bill which it is hoped will come before the Legislature at the next session. What is left and what we have before us today consists almost entirely of measures for the removal of ambiguities and uncertainties and for the removal of practical inconveniences which the literal application of the provisions of the Act has been found to create—inconveniences both to the administration and to the insurance companies themselves. That I think is

a fair description of practically the whole of the Bill, with the exception of one group of two clauses which refer to concessions that can be made in the case of insurance companies registered in an Indian State in order that our own insurance companies may enjoy the privileged position which in practice they have enjoyed in the past in Indian States. It is very necessary, as we have no power of coercing States in this matter, to be able to offer those States reasonable facilities in the way of reciprocity, so that we can offer to their companies, if they have any, facilities which we want those States to offer to our own companies when doing business in the States. And that is a matter we consider of urgency, and it really does not involve a new principle either. It is merely an amendment. The principle was already accepted in the passing of section 116 of the existing Act, but we are merely amending that section because we find it did not go quite far enough, and we have also found that it would be useful to have the power to accept as suitable for investment securities issued by Indian States if they are specified as approved by the Central Government.

The Bill, Sir, as I have indicated, had to be dealt with too rapidly to be circulated for public opinion. But I have heard very little in the way of criticism since the Bill was published on its introduction in the other place, and I believe that this justifies my claim that we made our selection on the principles which I have mentioned correctly ; that is to say, we did choose non-controversial matters. I have also said that we confined ourselves to urgent matters. With this explanation I commend the Bill to the acceptance of the House.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU (United Provinces Northern : Non-Muhammadian) : Sir, I want to offer a few observations on two clauses of the Bill, 7 and 14. Clause 7 of the Bill amends section 35 of the Insurance Act, which relates to the conditions under which a life insurance business can be amalgamated with another business of the same kind. The present procedure in respect of amalgamation is laid down mainly in sub-section 3 of this section. The point that I wish to refer to is that Government have hitherto accepted the actuarial or other reports on which a scheme for amalgamation was based and have only required an additional report by an independent actuary on the proposed amalgamation. It will however in future be necessary for each of the companies concerned to submit a new actuarial report in addition to the report of an independent actuary which was hitherto necessary. There are two questions that arise in this connection. One relates to the position of companies which applied for amalgamation before the introduction of the Bill. Will the amendment when passed apply to those companies ? I refer to the case of these companies because if they have to wait now for a fresh actuarial valuation which will take time and which will cost some money, their business might be affected. The delay in amalgamation may prejudice the future position of the companies. New customers may be discouraged by the delay in amalgamation from insuring their lives with these companies. I hope that Government will consider the cases of such companies sympathetically.

The other point relates to the position of small companies which want to amalgamate. When this question was raised in the other House the Honourable the Commerce Member gave an assurance that where one of the companies concerned had a standing which was well known to Government a fresh actuarial valuation would be dispensed with. It should, however, be borne in mind that it is mainly small companies that wish to amalgamate. I believe this has been the experience all over the world. If you accept the existing actuarial valuation only where a big company is concerned, it means that you



[Pandit Hirday Nath Kunzru.]

want the smaller companies to be absorbed by the bigger companies. It is desirable, however, that the smaller companies should amalgamate to strengthen themselves. This will be an advantage to those who want to insure their lives and will place life insurance work in future on a sounder basis. Government should not therefore exempt the companies wanting to amalgamate from the need for submitting a fresh actuarial report only where one of the companies is big and well known to them. They ought to make it possible for the smaller companies whose position has hitherto been sound and whose unsound practices, if they were to indulge in them, would soon come to the knowledge of the Insurance Superintendent to be sympathetically treated. The actuarial reports are not more than five years' old. It is quite possible for a company which was thoroughly sound when the actuarial report was published to let its position deteriorate afterwards. Surely if such a thing takes place, the Superintendent of Insurance, if he is fully conversant with the work of the insurance companies, will quickly come to know of it. I hope, therefore, that where the companies concerned wishing to amalgamate are small but are known to be sound the same concession would be extended to them as the Honourable the Commerce Member has agreed to extend in cases where one of the companies has a standing well known to Government.

The second clause about which I should like to make a few remarks is clause 14. It seeks to introduce a new section in the Insurance Act. It requires the Court to give the Superintendent of Insurance an opportunity of being heard before it passes any orders on a scheme for amalgamation. Section 35 of the Act to which I have already referred requires that certain papers relating to the scheme of amalgamation which are specified in this section shall at least two months before the application is made—that is before the application for amalgamation is made to a Court—be sent to the Central Government. It further provides that certified copies of certain documents shall also be submitted to the Central Government along with the other papers. One should have thought therefore that the Superintendent of Insurance would have ample time to form his opinion regarding the scheme of amalgamation and to oppose it if he thought it necessary. I want to know, therefore, why it is sought to introduce a new section the purport of which I have already explained. I hope that the new section would not be used unsympathetically and that it would not cause unnecessary delay in bringing about amalgamation where it is desirable. I hope my Honourable friend Sir Alan Lloyd will be able to assure us that Government do not propose to delay unduly schemes of amalgamation and that they will consider sympathetically schemes for amalgamation where small companies are concerned.

THE HONOURABLE MR. HOSSAIN IMAM (Bihar and Orissa : Muhammadan) : Mr. President, I wish to say a few words. Sir Alan Lloyd justified the bringing of this Bill on the ground that it did not bring any contentious amendments and he has frightened us already that a bigger Bill is in store which may take a long time. This Bill is long enough and comprehensive enough not to be allowed to be disposed of without some enlightenment. I should like to remind the House that when the main Insurance Act came before the Legislature it took more than a year to dispose of. In that Act a further step to clarify and set right was taken in this way. After the Legislative Assembly had finished the Bill, the Council of State did not take it up immediately but it allowed the Government a recess of more than a month to revise up the wording and to tone it up ; with the result that when

it came up to this House, you will remember, Sir, we had a special session and it was thoroughly revised and touched up. Although we finished the Bill in November, 1937, the Act received the assent of the Governor General in 1938 and was brought into effect in June, 1939. All this time it was being revised and examined. The result of it is now before us. The Honourable Pandit Kunzru has drawn attention to two specific clauses. I also wish to draw attention to clause 10 of the Bill. Here, Sir, the fundamental principle of the Insurance Act is being changed. A provident society under the amending Act cannot transact any business of more than Rs. 500 or of an annuity of more than Rs. 50, whereas under the present Act—the old section 102C has now become 118—a specific amendment was made in this House on my Motion and Government accepted that under certain conditions some kinds of provident societies would be exempted from that limit. I refer, Sir, specifically to pages 690, 910 and 953 of the Council of State Debates, Volume 2, 1937. I should like to read the words of the Honourable Mr. Bartley who moved the amendment. In this amendment, Sir, on page 953, the power was given to the Superintendent of Insurance to exempt—

“any mutual or provident insurance society composed wholly of Government servants or of railway servants which has been exempted from any or all of the provisions of the Provident Insurance Societies Act, 1912”.

Moving the amendment, Mr. Bartley said :—

“The class referred to in clause (b) is a new importation to cover certain provident insurance societies which it was desired by the Honourable Mr. Hossain Imam to include and which were not apparently covered by the wording which we adopted in the original draft”.

The provision was made, that the Superintendent of Insurance can exempt provident societies of railwaymen or of Government servants, if he is satisfied that they are running efficiently from the point of view of the provisions of this Act, meaning thereby that, although they would be registered under the provident societies part of this Act, yet they can transact business of more than Rs. 500. Here, Sir, it is penalised. New section 66 has been inserted to the effect that—

“no provident society shall undertake any form of insurance not falling within the limits fixed by sub-section (1) of section 65, nor shall any provident society be eligible to be registered under section 3”.

A solemn assurance was given by the Government that exemption could be made and now it is repudiated without so much as any justification for doing this. Provident societies, Sir, when they deal with the public have to undergo certain restrictions because the rules for provident societies are different from those for insurance. But when action is confined to a small body of men like Government servants or railway servants, they do not stand in competition with the general insurers. This matter should be re-examined. Further than this, Sir, I find that it will now be very difficult for any provident society if it wants to convert itself into a mutual to do so under the present amending Act. It will have to go through the whole process of voluntary liquidation and then it can be registered as a mutual society. That thing will make the question more difficult than it is at the present moment. So, instead of making it easier for the work to be done I feel that there might be places where you are making it much more difficult. But, my only hope is, Sir, that, when he brings forward his comprehensive Bill, the bigger Bill about which he has promised us, all this will be rectified. So I would like to suggest to the Honourable Member that instead of waiting to introduce a Bill in the

[Mr. Hossain Imam.]

Legislative Assembly, if he could possibly publish it in the Gazette long before the Assembly meets, that will help us and make it possible for all of us to give the Bill further consideration and make it better.

THE HONOURABLE SIR ALAN LLOYD : Sir, I think I can express my gratitude to the House for the cordial reception they have given to this Bill. The criticisms which have been made are, I feel, not of any great substance, and at the same time are not embarrassing to answer. My Honourable friend Pandit Kunzru said referring to clause 7 that hitherto we have been accepting what he described as the ordinary actuarial reports. Well, Sir, I think I must remind him that "hitherto" does not cover a long period of time; we have been only taking these since last July. So I do not think any squatter's rights have been acquired in that matter. He asked two questions—the first relating to the position of companies which have applied for amalgamation before the introduction of the Bill. I suppose he wants an assurance that the Central Government would be prepared to undertake to guarantee that they would make a direction under the proviso which appears in the last part of clause 7 in all such cases. I regret to say, Sir, that I cannot give such an assurance. It does seem to me quite possible that there may be cases of concerns which have applied for amalgamation before the introduction of this Bill, in which in the interests of the policy-holders it is necessary to secure somewhat more up-to-date actuarial reports. What is to be remembered, Sir, is that a great many of the concerns which are applying for amalgamation are doing so or are probably doing so for the reason that singly they find it difficult to make the prescribed deposits, whereas if they work together that difficulty will be reduced. Well, the companies that satisfy that description are very largely companies in what may be described as an immature stage, and the conditions of such immature companies are apt to change very rapidly and in a very short space of time. For that reason, Sir, I cannot give a positive assurance of the kind indicated, although I will certainly see to it that special attention is paid to the difficulties of companies which have already applied for amalgamation and in particular that every effort is made to avoid the enforcement of the provisions of the Bill, if and when it becomes law, being allowed to be used in such a way as to cause any avoidable delay whatever.

What I have said, Sir, in part covers the Honourable Pandit's second question, which related to the position of small companies. In that he referred to the explanation, which was given by the Honourable the Commerce Member in another place, that the proviso which, as I say, appears at the end of clause 7 was meant to enable the Central Government in its discretion to dispense with the most up-to-date actuarial accounts in the case of big and well-known companies. Well, Sir, I think I can say without hesitation that that was illustrative rather than exhaustive. We certainly retain and hope to retain the exercise of our discretion in any case in which the Superintendent of Insurance has good reason to feel that the condition of the company has not changed so rapidly as to make a valuation four or five years old an inadequate basis for examination of a proposal for amalgamation. More than that I do not think I can say. It would be no use having legislated for a power of discretion and then at the same time binding oneself not to exercise that discretion. I do think, Sir, that it should really be sufficient for me to point out that we shall not necessarily confine ourselves to any one particular description of companies.

The Honourable Pandit's second point referred to clause 14. Now this clause makes it certain that the Superintendent of Insurance shall have an

opportunity of making himself heard before an order of the court is passed under various sections and one of these which attracted the Honourable Pandit's particular attention was section 36. It is, I am afraid, actually the fact that already several cases have occurred in connection with this particular section—section 36—where the court has passed orders before the Superintendent of Insurance was himself satisfied that the necessary preliminaries had been complied with. When the law itself requires that two months' notice shall be given to Government before the application is made in court, surely it is a small matter to say that at the end of that time, the court shall not pass orders without giving the Superintendent of Insurance a hearing. And that is the effect, as I see it, of the clause in its relation to section 36. I submit, Sir, that so far as that criticism is concerned, it is not very firmly founded.

Turning to the remarks made by my Honourable friend Mr. Hossain Imam, perhaps the House will share with me the opinion that the subject is so highly technical that we may well take advantage of the concluding portion of his speech and undertake to examine it all very carefully before another Bill is introduced. I do not for one moment suggest that it will be out of order when the time comes for any one to suggest any amendments to the law as we propose to make it now. I would, however, before leaving it at that, just like to make one general observation. This is one of those cases where ambiguity or lack of clarity do cause great inconvenience. Under the law as it stands it is not really clear whether a single policy issued after the commencement of the Act would not take the Society outside Part III even if it had been inadvertently issued. At the same time, it is arguable that its registration cannot be cancelled, because the moment it issues a policy, the Society takes itself outside Part III, which includes the section that provides for cancellation. Then, after that stage, the position of the existing business which has been undertaken becomes uncertain.

Another aspect of the matter which must appeal to the House more than administrative difficulties is that to allow a Provident Society to change itself into an insurer without the fullest opportunity for the views of the policy-holders to be known is not really fair to policy-holders who have been in the habit of relying upon the protection which their interests are given by the law applicable to Provident Societies and the consequent mixing up of their vested interests with the interests of new entrants who may come into the Society after it had converted itself into an insurance company would create a confusion of principles. That, I think, is really a point of considerable value—that we should get a clear cut line between Provident Societies and Insurance companies, and if the Provident Society wishes to do other business, it should wind itself up and become an insurance company. Subject to that, I won't go into further details because we are going to have an opportunity of discussing this matter in the future.

I am very grateful to my Honourable friend for the suggestion that we should publish our proposals for legislation well in advance of the next session and not merely circulate and then postpone the passing of the Bill to another six months or so. I think I can safely say that it is extremely probable that that will be the line of action that we will adopt. I certainly hope myself that we shall be able to take that line of action. I have nothing more to say, Sir.

THE HONOURABLE THE PRESIDENT : Motion moved :

"That the Bill further to amend the Insurance Act, 1938, as passed by the Legislative Assembly, be taken into consideration."

Question put and Motion adopted.

Clauses 2 to 19 were added to the Bill.

Clause 1 was added to the Bill.

The Title and Preamble were added to the Bill.

THE HONOURABLE SIR ALAN LLOYD : Sir, I move :

" That The Bill, as passed by the Legislative Assembly, be passed."

The Motion was adopted.

---

### INDIAN TARIFF (AMENDMENT) BILL.

THE HONOURABLE SIR ALAN LLOYD (Commerce Secretary) : Sir, I move :

" That the Bill further to amend the Indian Tariff Act, 1934, as passed by the Legislative Assembly, be taken into consideration."

This Bill, Sir, unlike the last one, is extremely short. Unlike the last one also, it introduces a new principle and so I do not think I ought to make my remarks quite so short as might be proportionate to the size of the Bill. The proposal contained in the Bill, as explained in the Statement of Objects and Reasons, is briefly this. It is to make insurance fund—in kind, not in cash—intended to safeguard the Indian tanning industry against interruption of its activities owing to possible shipping difficulties in obtaining supplies of wattle bark from South Africa. Wattle bark is a very important material for the tanning industry, especially as operated in Southern India, and there is no Indian substitute which even if equal in quality is available in such large and certain supplies as that which can be obtained from South Africa. Ensuring adequate supplies is a most important matter not only for the maintenance of the normal activities of the tanning industry, but also because the operations of that industry acquire special importance during war time, since so much of the leather which it produces is required for military purposes. When it was realised that with growing restrictions on the freedom of shipping there was some possibility of interference with regular supplies, and while the price was still within measurable distance of what it was before, it was decided by the Government that it was desirable at once to lay down a reserve stock of 7,500 tons of wattle bark, which is equivalent to a three months' reserve. I hope we shall not be accused of being rash in our inference that the shipping difficulties which might occur would not operate for more than three months. Still, when you enter an insurance business without any previous actuarial data, you must have some theory in your mind. This was the theory that we adopted, that interference for more than three months was not likely to be encountered.

Now, Sir, the object of this being done is for the benefit of the industry, in order to make sure that their work is not interrupted, and it was felt that quite the best way of financing it was to ask the industry itself to pay in the form of this import duty on what has hitherto been admitted free of duty, as being a raw material. The rate of duty is not a heavy one and it is not intended to maintain the duty in force after a figure has been reached which may be taken as guaranteeing us against loss on resale after conditions change at the end of the war, if the price has by then fallen appreciably below the price at which we have bought the stock. It is not on the basis of the price of the

stock that we have calculated the figure of duty we have charged, but on the basis of the estimate of possible loss on resale on return to something more like pre-war conditions. Here again we have no actuarial data to go upon, but we have worked on the assumption of a fall in price to something like the average level of the last three years ; the price we have bought at is 30 per cent. above that level.

That, Sir, I think explains the reasons why we have thought it desirable to ask the Legislature to agree to this measure, and I do not think there is much of a technical nature that I need detain the House with.

Sir, I move.

The Motion was adopted.

Clause 2 was added to the Bill.

Clause 1 was added to the Bill.

The Title and Preamble were added to the Bill.

THE HONOURABLE SIR ALAN LLOYD : Sir, I move :

" That the Bill, as passed by the Legislative Assembly, be passed."

The Motion was adopted.

## INDIAN TARIFF (SECOND AMENDMENT) BILL.

THE HONOURABLE SIR ALAN LLOYD (Commerce Secretary) : Sir, I move :

" That the Bill further to amend the Indian Tariff Act, 1934 (Second Amendment), as passed by the Legislative Assembly, be taken into consideration."

As the Statement of Objects and Reasons shows, Sir, the object of this Bill is to carry on for a little time longer certain protective duties which expired on the 31st March last. In each case the reason is that the circumstances created by the war have created an uncertain and unsettled position which makes it impossible for us to feel our feet on a firm basis for formulating any alternative proposal. We do not on the one hand think, either in the case of wheat, and broken rice or of silk, that there can be no case at all for maintaining a protective duty at any level. Moreover we could not allow the duty on silk to be done away with altogether, if only for revenue reasons. We are satisfied in all cases that the changes in price level created by the war, and particularly enhancement of the rates of steamer freight, insurance and so forth, have created a condition under which the existing duties, if not excessive, are adequate. We therefore propose in present conditions to carry on the existing duties, always remembering that should the position become clearer, even within the brief lifetime that we propose for these extended duties, so that it is possible to come to a definite conclusion that the rate of duty is either excessive or insufficient, the executive Government has authority to take immediate action under the appropriate section of the Indian Tariff Act. With these brief remarks I commend this Bill to the attention of the House.

THE HONOURABLE MR. HOSSAIN IMAM (Bihar and Orissa : Mahammadan) : On a point of information, Sir. Will Sir Alan Lloyd inform us whether

[Mr. Hossain Imam.]

the last four lines printed on this Bill which have been erased were inadvertently printed or is it that at the moment the taxes are being realised under an Ordinance? What is the position, Sir?

THE HONOURABLE SIR ALAN LLOYD: No, Sir, this declaration under the Provisional Collection of Taxes Act is necessary. There is no question of an Ordinance. There is no reduction of duty in the Tariff Act at the moment on any of these commodities since the 31st March, but under the Provisional Collection of Taxes Act they are being collected. This declaration in this Bill merely indicates the legal foundation for the recovery of duty at the rate proposed in this Bill.

THE HONOURABLE THE PRESIDENT: Then am I to understand that the declaration stands part of the Bill?

THE HONOURABLE SIR ALAN LLOYD: No, Sir, it is not part of the Bill. It is printed with the Bill. I think perhaps it might have been left out before it came before this House.

THE HONOURABLE MR. HOSSAIN IMAM: I think the Legislative Department should enlighten us on this point.

THE HONOURABLE SIR ALAN LLOYD: I will draw the attention of the Legislative Department to the point.

THE HONOURABLE THE PRESIDENT: Motion moved:

"That the Bill further to amend the Indian Tariff Act, 1934 (Second Amendment), as passed by the Legislative Assembly, be taken into consideration."

Question put and Motion adopted.

Clause 2 was added to the Bill.

Clause 1 was added to the Bill.

The Title and Preamble were added to the Bill.

THE HONOURABLE SIR ALAN LLOYD: Sir, I move:

"That the Bill, as passed by the Legislative Assembly, be passed."

The Motion was adopted.

---

#### STATEMENT OF BUSINESS.

THE HONOURABLE SIR REGINALD MAXWELL (Leader of the House): Sir, I understand that Honourable Members have no objection to the following four Bills being taken up on Wednesday, the 10th April, and I would request you, Sir, to waive the requirement of three days' notice:—

1. A Bill to regulate the import, manufacture, distribution and sale of drugs.
2. A Bill further to amend the Indian Mines Act, 1923.
3. A Bill further to amend the Petroleum Act, 1934.
4. A Bill further to amend the Motor Vehicles Act, 1939.

THE HONOURABLE THE PRESIDENT : Has any Honourable Member any objection ?

SEVERAL HONOURABLE MEMBERS : No, Sir.

---

The Council then adjourned till Eleven of the Clock on Wednesday, the 10th April, 1940.

---