

31st March 1941

THE

# LEGISLATIVE ASSEMBLY DEBATES

Official Report

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Volume II, 1941

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THIRTEENTH SESSION

OF THE

FIFTH LEGISLATIVE ASSEMBLY,  
1941



NEW DELHI : PRINTED BY THE MANAGER  
GOVERNMENT OF INDIA PRESS : 1941.

# Legislative Assembly

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# LEGISLATIVE ASSEMBLY.

Monday, 31st March, 1941

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

## STARRED QUESTIONS AND ANSWERS.

### (a) ORAL ANSWERS.

#### NON-ELIGIBILITY OF INDIAN WARRANT OFFICERS OF THE INDIAN ARMY ORDNANCE CORPS FOR EMERGENCY COMMISSIONS.

**555. \*Mr. Amarendra Nath Chattopadhyaya:** (a) Will the Defence Secretary please state if the Indian Warrant Officers of the Ordnance Branch of the Army are eligible for appointment in the Emergency Commission like other ranks of the other Branches of the Army, if not, why not?

(b) If the reply to part (a) be in the affirmative, has any of the Indian Warrant Officers so far been granted Emergency Commission? If so, how many?

(c) What are the Branches of the Army, *e.g.*, supply, transport, etc., etc., in which the cadre of the Indian Warrant Officers was created and members of which have since been given Emergency Commission?

(d) Is he aware that in certain branches of their services, the Indian Warrant Officers have been promoted to the Viceroy's Commission whereas the Indian Warrant Officers of the Ordnance Branch have not been granted such commissions so far?

(e) Is he aware of the rapid promotions in other Branches of the Army and in many cases to the King's Commission, *e.g.*, Emergency Commission?

(f) Does he propose to call for recommendations for the Emergency (King) Commission from this Branch of the Army also? If not, why not?

(g) Is he prepared to see that the Indian Warrant Officers and other ranks of the Ordnance Branch of the Army are also given their due share in the promotion to the Emergency (King's) Commission like other Branches? If not, why not?

**Mr. C. M. G. Ogilvie:** (a), (f) and (g). I refer the Honourable Member to the answer given on the 13th March, 1941, to starred question No. 415.

(b) On the assumption that the Honourable Member is referring to the Indian Army Ordnance Corps, no Indian Warrant Officer has so far been granted an emergency commission.

(c) No Indian Warrant Officer has as yet been given an emergency commission, though eight have been selected, and are now under training. They were selected from the Royal Indian Army Service Corps, Army Educational Corps, and the Hyderabad Regiment.

(d) Yes, where the rank of Warrant Officer has been abolished. This is not so in the Indian Army Ordnance Corps which contains both Viceroy's commissioned officers and Indian warrant officers.

(e) Generally speaking promotion has been accelerated owing to the expansion of the Army.

**NON-ELIGIBILITY OF INDIAN WARRANT OFFICERS OF THE INDIAN ARMY ORDNANCE CORPS FOR EMERGENCY COMMISSIONS.**

**556. \*Bhai Parma Nand:** With reference to the reply to question No. 415, dated 18th March, 1941, regarding the release of warrant officers for emergency commissions, will the Defence Secretary please state:

(a) If Government have started training men for the duties of Indian Warrant Officers of the Indian Army Ordnance Corps; if so, since when and how many men have been trained for such duties; if not, why not; and

(b) if any of the trainees for the duties of Indian Warrant Officers of the Indian Army Ordnance Corps have been released for emergency commissions; if so, how many and for which Commissions; if not, why not?

**Mr. C. M. G. Ogilvie:** (a) Yes. Since February, 1940, 42 have been trained and confirmed.

(b) No. They have only just completed their training as Warrant Officers, of which class there is a shortage.

**Bhai Parma Nand:** May I know if the previously trained Warrant Officers want to apply for Emergency Commission, would they be allowed to do so?

**Mr. C. M. G. Ogilvie:** There is at present a shortage in the class of Ordnance Warrant Officers, who are trained and specialised personnel, and until that shortage is made good, it will not be in the interest of the service to allow them to apply for Emergency Commission. In due course, it is hoped that the shortage will be rectified.

**Bhai Parma Nand:** How long?

**Mr. C. M. G. Ogilvie:** That, I am afraid, I cannot at present say.

**Bhai Parma Nand:** Does it mean that you want to block all people who are already trained?

**Mr. C. M. G. Ogilvie:** It only means that where you cannot do without a certain article, and you cannot replace it, you must keep it for the time being where it is.

NON-GRANT OF COMMISSIONS TO THE WARRANT OFFICERS OF THE INDIAN MEDICAL DEPARTMENT.

557. \*Mr. Amarendra Nath Chattopadhyaya: (a) Will the Defence Secretary please state whether it is true that Warrant Officers of the Indian Medical Department who had proceeded on Field Service during the last Great War, are now being sent out again on Field Service, 25 years later, in their self-same, substantive rank as Warrant Officers? Can the same be said, generally, of other units in the British Army?

(b) Are not Warrant Officers of the Indian Medical Department being drafted out in independent charge of Units, as Officers-in-Charge of Medical Stores' Depots, Prisoners' of War Camps, Sub Charges of Hospitals, Ambulance Units, etc., where non-Commissioned Officers and Warrant Officers of other units and departments conducting similar duties are being granted commissions? If so, why are officers of the Indian Medical Department excluded from similar consideration and treatment?

(c) Why do Government deny officers of the Indian Medical Department a Commission?

(d) Is it not a fact that Non-Commissioned Officers and Warrant Officers of the Royal Indian Army Service Corps, Indian Army Ordnance Corps, the Military Engineering Service and other branches are being granted Commissions beyond all proportion to that of the Indian Medical Department officers? If so, why?

(e) Is it not a fact that all branches and services in the British Army are being entitled to the benefits of 'Separation Allowance' and other forms of relief, financially and otherwise, for the support of their families, whilst engaged on Field Service, the Indian Medical Department alone is denied this relief? If so, why?

Mr. C. M. G. Ogilvie: (a) Yes, it is true. The percentage of commissions in the Assistant Surgeon Branch of the Indian Medical Department is limited by rule.

(b), (c) and (d). Warrant Officers of the Indian Medical Department have been posted in independent charge of two Medical Store Depots. They are also employed in sub-charge of hospitals. The Indian Medical Department has fared less well in the matter of commissions than the other services because the Department has not expanded.

The question of granting emergency commissions in the Indian Medical Service to selected Assistant Surgeons in the Indian Medical Department is, however, being considered and I hope to be able to make an announcement on the subject shortly.

(e) A special rate of expatriation allowance at Rs. 50 per mensem to Senior Assistant Surgeons and Rs. 40 per mensem to Warrant Officers was sanctioned with effect from the 3rd of September, 1939. This allowance is considerably higher than separation allowance for Warrant Officers.

SPECIAL POLICE OFFICERS IN THE DELHI CITY.

558. \*Mr. Amarendra Nath Chattopadhyaya: (a) Will the Honourable the Home Member please refer to the judgment in the case of Crown *versus* Imdad-ul-Rashid Sabri decided in a court at Delhi on the 17th February, 1941, and state whether it is a fact that the special police officer who appeared as a prosecution witness in the case was a previous convict and in the words of the court "a liar"?

(b) Will he please state whether it is not a fact that the so called special police officers are invariably used as search and prosecution witnesses in Crown cases by the Police in Delhi?

(c) Will he please place on the table a list showing the names of persons who have been enlisted as special police officers in the Delhi City during the last six years, showing the number and kind of fire-arms possessed by each of them and the income-tax paid by each of these special police officers?

(d) Is he prepared to see that the appointment to the special police officers cadre is made, if at all, from amongst reliable and respectable persons who at least pay sufficient income-tax?

(e) Will he please state why these special police officers, who do not pay any income-tax, are permitted to retain these fire-arms, and how does the Honourable Member intend regulating their appointments?

**The Honourable Sir Reginald Maxwell:** Particulars have been called for from the Chief Commissioner, Delhi, and a reply will be laid on the table of the House in due course.

**PROMOTION OF CIVILIAN (INDIAN) SUB-DIVISIONAL OFFICERS OF THE ELECTRICAL AND MECHANICAL BRANCH OF THE MILITARY ENGINEER SERVICES TO GAZETTED RANKS.**

559. **\*Mr. Amarendra Nath Chattopadhyaya:** (a) Will the Defence Secretary please state if the strength of the Civilian (Indian) Sub-Divisional Officers in the Electrical and Mechanical Branch of the Military Engineering Service is 25 per cent. of the total strength of Sub-Divisional Officers as against 58 per cent. of the Civilian Sub-Divisional Officers in the Building and Roads Branch? If not, what is it? If the figures are correct, why is it at such a low level?

(b) Is he aware that about 25 per cent. of the Civilian Sub-Divisional Officers of the Building and Roads Branch have been given promotion to the gazetted rank of Assistant Garrison Engineers, etc.?

(c) Is he aware that out of fourteen Civilian Sub-Divisional Officers in the Electrical and Mechanical Branch, only one has been promoted to the gazetted rank of Assistant Garrison Engineer, whereas out of forty-four Military (Europeans) Sub-Divisional Officers, fourteen have been promoted?

(d) Why has no percentage been fixed for the promotion of Civilian Sub-Divisional Officers of the Electrical and Mechanical Branch to the gazetted rank of the Assistant Garrison Engineer?

(e) Is he aware that there is not a single Indian gazetted officer in the Electrical and Mechanical Branch?

(f) What are the academic and technical qualifications of each of Military Sub-Divisional Officers who have been promoted to the gazetted rank from the Electrical and Mechanical Branch, and in what capacities are they employed?

(g) Is he prepared to consider the desirability of giving due share to the Civilian (Indian) Sub-Divisional Officers of the Electrical and Mechanical Branch in the matter of promotion to the gazetted rank? If not, why not?

**Mr. C. M. G. Ogilvie:** (a) to (g). A statement is laid on the table.

*Statement regarding Sub-Divisional Officers of the Electrical and Mechanical Branch of the Military Engineer Services.*

(a) The civilian Sub-Divisional Officers in the Electrical and Mechanical Branch of the Military Engineer Services constitute 26 per cent. of the total, against 50 per cent. in the Buildings and Roads Branch.

A scheme was sanctioned in 1939 by which 15 appointments of Sub-Divisional Officers in the Electrical and Mechanical Branch of the Military Engineer Services would be filled as they become vacant by civilians instead of military officers. As a result of the war, the change has not taken place so quickly as was expected, and nine of these 15 appointments are still filled by military officers. A further 23 civilian Sub-Divisional Officers have, however, been employed in a temporary capacity, who have not been included in the percentages mentioned above.

As vacancies occur in the permanent establishment they will be filled from among these 23 civilians.

(b) The figure is actually 30 per cent.

(c) The figures are substantially correct, except that 23 military Sub-Divisional Officers have been given Emergency Commissions instead of 14. Officers in the Electrical and Mechanical Branch are specialists employed in an advisory capacity and there are only 19 Gazetted appointments which could be held by civilians in this Branch compared with 196 in that for Buildings and Roads. There are 3 Assistant Garrison Engineers on the Electrical and Mechanical side against 106 on the Buildings and Roads side, and there are therefore naturally fewer promotions open to civilians on this side.

(d) No percentage has been fixed for promotion in either Branch, either for military or civil Sub-Divisional Officers, because promotions are made to fill vacancies.

(e) Yes.

(f) and (g). Military Sub-Divisional Officers are recruited from the military mechanist category of the Royal Engineers. They have passed the trade qualifications laid down in military regulations as electricians or mechanists, receive their training at the School of Military Engineering, Chatham, and are required to qualify in the prescribed examinations of the City and Guilds of London Institute.

A separate statement is appended, showing the capacities in which those who have been granted Emergency Commissions are at present employed.

For the majority of these appointments, military knowledge and training are necessary; but for the remainder, such as Assistant Garrison Engineers, civilian Indian Sub-Divisional Officers will be considered for promotion in the same way as the military Sub-Divisional Officers, and judged by the same standards.

*Statement showing the capacities in which the military Sub-Divisional Officers of the Military Engineer Services promoted to temporary commissioned rank are employed.*

Rank and Name.	Capacity in which employed.
1. Lieutenant (A. C.) J. S. Hackworthy	Attached Garrison Engineer's Office, Kirkee.
2. Lieutenant (A. C.) C. E. Knott	Inspector of Royal Engineers Machinery, Peshawar.
3. Lieutenant (A. C.) A. C. Woodcock	Assistant Garrison Engineer E/M, Rawalpindi.
4. Lieutenant (A. C.) S. W. Parker	Assistant Garrison Engineer, Bannu.
5. Lieutenant (A. C.) G. W. D. Black	Workshop Officer, Sappers and Miners Training Centre.
6. Lieutenant (A. C.) C. W. Palmer	Reserve Base Engineer Park, Lahore.

7. Lieutenant (A. C.) W. J. J. Kennedy.	Section Officer, No. 1 Engineer Store (Base) Depot.
8. Lieutenant C. J. Cornwell	Attached to Commander, Royal Engineers Sind.
9. Lieutenant W. J. Webb	Inspector of Royal Engineers, Machinery Bannu.
10. Lieutenant J. A. Horriott	Inspector of Royal Engineers Machinery, Quetta.
11. Lieutenant W. Carney	Inspector of Royal Engineers Machinery Dehra Dun.
12. Lieutenant J. Harrison	Deputy Chief Engineer's Office, Lahore.
13. Lieutenant H. F. Hudd	Section Officer, No. 1 Engineer (Base) Workshop.
14. Lieutenant R. T. Clarke	Section Officer, No. 1 Engineer (Base) Workshop.
15. Lieutenant T. Gleeson	Section Officer, No. 1 Engineer (Base) Workshop.
16. Lieutenant J. A. Wells	Section Officer, No. 1 Engineer (Base) Workshop.
17. Lieutenant J. W. Herrington	Unit Officer, Excavating Machinery Group Indian Engineers.
18. Lieutenant S. W. Olyott	Unit Officer, Excavating Machinery Group Indian Engineers.
19. Lieutenant V. Elton	Unit Officer, Excavating Machinery Group Indian Engineers.
20. Lieutenant F. G. Trevelyan	No. 1 Electrical/Mechanical Company, Lahore.
21. Lieutenant J. H. Partridge	Field Engineer, Headquarters, Divisional Engineers (Overseas).
22. Lieutenant W. Kitchen	No. 18 Field Coy., Royal Bombay Sappers and Miners (Middle East).
23. Lieutenant A. N. Danniell	Inspector of Royal Engineers Machinery Factory Works Section, Department of Supply, Calcutta.

**LICENSES FOR PREPARATION OF AYURVEDIC MEDICINES FROM NATURAL  
FERMENTED INGREDIENTS IN DELHI.**

560. \*Mr. Akhil Chandra Datta: (a) Will the Honourable the Finance Member be pleased to state whether it is a fact that no rules have been framed by the Excise Department in Delhi City for granting licenses to private individual or Ayurvedic firms for preparation of Ayurvedic pharmacopoeial medicines by natural fermented process which very often results in producing more than 20 per cent. alcohol?

(b) Are Government aware that the absence of such rules is detrimental to the proper development of the Ayurvedic system of medicine?

(c) Is it a fact that in Bengal and Bihar there are rules framed by Government for distillation of drugs having more than 40 per cent. alcohol prepared in their private distillery?

(d) Is it a fact that the Majumdar Ayurvedic Pharmaceutical Works in New Delhi applied for license for preparing certain Ayurvedic pharmacopoeial drugs by the process of natural fermentation and distillation containing more than 20 per cent. natural alcohol and that it offered to pay excise duty on their production, but the excise department made an exorbitant demand for the maintenance of a special staff for the said firm alone and that the firm being unable to agree to that, its application was rejected by the Deputy Commissioner's order dated the 23rd February, 1940, No. 108/Excise, without giving any reason for that?

(e) Are Government aware that the preparation of such medicines in Delhi would confer a great benefit to the suffering public there and if so, are Government prepared to issue instructions for the granting of such licences to the *bona fide* Ayurvedic firms and medical practitioners in Delhi?

(f) Are Government aware that Mahuwa wine and *Ganja* are essential ingredients for the preparation of several important Ayurvedic medicines?

(g) Are Government aware that these things are never allowed to be imported into Delhi, although there is no such restriction in other Provinces?

(h) Are Government prepared to modify their order and allow the import of such things for the preparation of Ayurvedic medicines?

**The Honourable Sir Jeremy Raisman:** (a) to (h). The information is being collected and will be laid on the table in due course.

#### PROMOTION TO THE SPECIAL GRADE OF THE SECOND DIVISION IN THE ARMY HEADQUARTERS.

**561. \*Qazi Muhammad Ahmad Kazmi:** (a) Will the Defence Secretary please state whether it is or it is not a fact that promotion to the special grade of the Second Division in the Army Headquarters is confined to those clerks who:

(i) have spent two years on the maximum of the ordinary grade, and

(ii) have shown special merit and capacity?

(b) Is it or is it not a fact that "long service" has always been regarded as an essential qualification for promotion to the special grade?

**Mr. C. M. G. Ogilvie:** (a) (i) and (ii). Yes

(b) Yes, combined with the conditions referred to in part (a) of the question.

#### PROMOTION TO THE SPECIAL GRADE OF THE SECOND DIVISION IN THE ARMY HEADQUARTERS.

**562. \*Qazi Muhammad Ahmad Kazmi:** Will the Defence Secretary please lay on the table a statement showing during the last two years:

(a) the number of special grade vacancies allotted to each branch;

(b) the number of appointments filled in that grade in each branch;

(c) the number of vacancies still to be filled in each branch, as well as the date from which these vacancies are not filled and the reason for not filling them; and

(d) the number of Second Division clerks who have completed two years on the maximum of the ordinary grade and have not yet been promoted to special grade as well as the date of their completion of second year in that grade?

**Mr. O. M. G. Ogilvie:** (a) to (d). A statement is laid on the table.

*Statement showing the Number of Special Grade Appointments, etc., in Branches of Army Headquarters.*

	a	b	c	d
<b>Branch of Army Headquarters, etc.</b>	<b>Number of special grade appointments allotted.</b>	<b>Number of special grade appointments filled.</b>	<b>Number of vacancies still to be filled as well as the date from which vacancies are not filled and the reason for not filling them.</b>	<b>Number of 2nd Division clerks who have completed 2 years on the maximum of the ordinary grade and not yet promoted to special grade as well as the date of their completion of 2nd year in that grade.</b>
General Staff .	3	3	<i>Nil.</i>	<i>Nil.</i>
Adjutant General	4	4	<i>Nil.</i>	2 both on 31-3-38.
Quartermaster General.	3	3	<i>Nil.</i>	3 (1 on 1-4-32 1 on 1-2-36 & 1 on 1-4-38).
Master General of the Ordnance.	4	2	2 from 4-9-36 Not filled in the absence of persons fulfilling the conditions prescribed for appointment to the Special Grade.	9 (1 on 1-4-32, 1 on 1-2-37, 1 on 1-9-37, 2 on 1-4-38, 2 on 1-2-39, 1 on 1-9-39 & 1 on 13-3-40).
Military Secretary .	1	1	<i>Nil.</i>	2 (1 on 1-4-25 & 1 on 1-4-30).
Engineer-in-Chief .	2	2	<i>Nil.</i>	3 (1 on 31-12-35, 1 on 31-3-38 & 1 on 31-3-39).
Medical Directorate Private Secretary to His Excellency the Commander-in- Chief.	2	2	<i>Nil.</i>	3 (all on 31-3-38). 1 on 1-4-32.
Deputy Director of Ordnance Services (Provision).	2	..	2 from 2-8-40. Not filled in the absence of persons fulfilling the conditions prescribed for appointment to the Special Grade.	..
Air Headquarters .	1	1	<i>Nil.</i>	2 (1 on 31-1-37 & 1 on 1-2-36).
<b>Totals .</b>	<b>22</b>	<b>18</b>	<b>4 (2 from 4-9-36 &amp; 2 from 2-8-40).</b>	<b>25</b>

PROMOTION TO THE SPECIAL GRADE OF THE SECOND DIVISION IN THE ARMY HEADQUARTERS.

**563. \*Qazi Muhammad Ahmad Kazmi:** (a) Will the Defence Secretary please state the reason for not filling the special grade vacancies?

(b) Have Government considered the advisability of issuing necessary instructions to the branches of the Army Headquarters to fill the vacancies and that those individuals who have "long services" and are being retired in 1941, 1942, 1943, and 1944 be promoted to the special grade?

**Mr. C. M. G. Ogilvie:** (a) and (b). I refer the Honourable Member to the statement laid on the table in reply to his previous question.

THEFTS AND BURGLARIES IN NEW DELHI.

**564. \*Mr. Muhammad Azhar Ali:** (a) Will the Honourable the Home Member please state the number of thefts or burglaries which have occurred in New Delhi during the period 11th February to 20th March, 1941?

(b) Will the Honourable Member please state the number and locality of the quarters in which the above thefts took place?

(c) Will the Honourable Member please state the dates on which the said thefts took place?

(d) Will the Honourable Member please state the time—approximately, if not definitely—when these thefts occurred?

(e) Will the Honourable Member please state whether the tenants concerned reported the period of time during which they left their quarters vacant? If so, will he please state such time in each case?

(f) In how many cases of such thefts were the quarters altogether vacant?

(g) In how many cases of such thefts were all the luggage in the quarters—cash, jewellery, clothes, boxes, sewing machines, etc.,—taken away? What was the number of packages so taken away in each case?

(h) Have the police authorities taken any action to prevent such thefts? If so, what is that action?

(i) Have the police authorities taken any steps to trace the thefts and/or to recover the stolen property? If so, what are those steps, and how much property has been recovered?

(j) How many thieves have been arrested in connection with these thefts?

**The Honourable Sir Reginald Maxwell:** The information has been called for and will be laid on the table in due course.

**Mr. Muhammad Azhar Ali:** Is it a fact that police constables are said to be involved in these robberies and thefts and that a peon by name Muhammad Maksud Khan of the Lady Hardinge Hospital was beaten and looted on 1st March in which also some police constables are involved?

**The Honourable Sir Reginald Maxwell:** The Honourable Member seems to be seeking information which is outside the terms of this question.

**UNSATISFACTORY CONDITIONS OF THE POSTAL SYSTEM IN EGYPT AND SUDAN IN  
FIELD POST OFFICES.**

**565. \*Mr. Muhammad Azhar Ali:** (a) Will the Defence Secretary please state whether Government are aware of the existence of the most unsatisfactory conditions of the postal system in Egypt and Sudan in field post offices?

(b) Is it not the rule rather than the exception that letters and other articles destined for members of the Forces are being delivered weeks in arrears of their receipt in those countries;

(c) Is it true that the Christmas mail calculated to arrive in time for the season is in many cases still undelivered?

(d) Is it true that sea mail and, particularly, air mail letters despatched with mathematical precision, weekly, are generally delivered in accumulated lots, all together, weeks after their arrival due wholly to antiquated postal arrangements of distribution and delivery?

(e) Are Government aware that edible articles consigned to the troops in November and December last were only delivered when their contents were no longer fit for consumption?

(f) Are the postal arrangements in Egypt and Sudan conducted and controlled by personnel of the Indian Post Office?

(g) Are Government aware that there is a strong feeling of doubt and despondency that the means and method pursued in these countries by the post office are fundamentally responsible for the prevalence of these unsatisfactory conditions?

(h) Are Government prepared to cause a searching enquiry and investigation into the breakdown and collapse of the postal arrangements in Egypt and Sudan and deal immediately with those responsible for the said state of affairs? If not, why not?

**Mr. C. M. G. Ogilvie:** (a), (g) and (h). While the Government of India do not regard past arrangements as entirely satisfactory, they recognise the great difficulties with which the postal units have had to deal owing to the sudden movements of units; to the necessity of secrecy as to their whereabouts; to the adoption of the convoy system; and, lastly, to the failure of correspondents in India to address their letters correctly. They are satisfied that a steady improvement is being made, and that there is now no undue delay.

(b) Serious delays after arrival in Egypt and the Sudan are now the exception rather than the rule.

(c) and (d). Not only has Christmas mail been delivered, but mails posted in India for over a month later have been delivered. Parcels however may take considerably longer than letters. It is true that letters arrive in batches.

(e) No.

(f) The normal postal arrangements of Egypt and the Sudan are conducted by the postal services of those countries. If a letter intended for a member of the Expeditionary Force in Egypt or the Sudan is correctly addressed to the Base Postal Depot, Bombay, the letter will be dealt with entirely by military staff. If, however, a letter is not addressed to

the Depot it will be delivered to the normal postal system of the country concerned and some delay may ensue, because the officials of that postal system naturally do not know where units are to be found.

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STATEMENTS LAID ON THE TABLE.

*Information promised in reply to part (c) of unstarred question No. 107 asked by Mr. Muhammad Azhar Ali on the 10th March, 1941.*

REMOVALS FROM SERVICE ON EAST INDIAN RAILWAY.

(c) The reply is in the negative.

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*Information promised in reply to unstarred question No. 129 asked by Mr. Muhammad Azhar Ali on the 15th March, 1941.*

PROMOTION OF INSPECTORS OF STATION ACCOUNTS AND OF THE STAFF OF THE TRAFFIC ACCOUNTS BRANCH TO GAZETTED POSTS ON EAST INDIAN RAILWAY.

- (a) Yes, *vide* rules 121 (2) and 126 of the State Railway Code for the Accounts Department Part I, a copy of which is available in the library of the House.
- (b) Yes, to the post of Assistant Accounts Officers.
- (c) Yes, two, to the rank of Assistant Accounts Officers.
- (d) The reply to both the parts of this question is in the affirmative.
- (e) and (f). Do not arise.

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*Information promised in reply to unstarred questions Nos. 154 and 155 asked by Qazi Muhammad Ahmad Kazmi on the 20th March, 1941.*

BOX PORTERS AT MORADABAD RAILWAY STATION.

No. 154.—(a) Six.

(b) Eight.

(c) It is not a fact that the duty hours of Box Porters working in Coaching Yards have been increased to eliminate the necessity of employing more men. Their duty hours have been extended as on investigation, it was found that there was no justification for treating them as continuous workers.

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BOX PORTERS AT MORADABAD RAILWAY STATION.

No. 155.—(a) The average weight of a loaded guard's box with complete equipment for both passenger and goods trains is one maund. The average number of trains that each box porter has to attend during his shift is 20.

(b) Yes. Coaching Yard Box Porters, Watermen, Lampmen, Sweepers, Waiting room bearers, ayahs and Rivet porters.

(c) The Honourable Member is referred to rule 1 of Subsidiary Instructions in Appendix XI of the State Railway General Code

## MOTION FOR ADJOURNMENT.

### ARREST AND DETENTION OF MR. TRILOKI NATH SINGH OF LUCKNOW.

**Mr. President** (The Honourable Sir Abdur Rahim): I have received notice of a motion for adjournment of the business of the House from Qazi Muhammad Ahmad Kazmi. He wishes to discuss a definite matter of urgent public importance, *viz.*, the failure of the Government of India to fulfil its undertaking to this House by not issuing proper instructions and keeping proper control over Provincial Governments in the matter of the enforcement of Defence of India Act and Rules and the consequent misuse by the said Governments of the powers under the said Act and Rules as appears from the arrest and detention of Mr. Triloki Nath Singh, Chairman, District Board, Lucknow under section 129-A (a) of Defence of India Rules, who had lodged a strong protest against the undue interest taken by the District Authorities in the matter of no-confidence motion against the Chairman, as reported in the *Hindustan Times*, dated the 31st March (Page 7). Has the Honourable Member got any personal knowledge of the fact or has he relied only on this report?

**Qazi Muhammad Ahmad Kazmi**: A letter was written by Mr. Triloki Nath Singh which was printed in the *Pioneer* of the 23rd regarding . . . . .

**Mr. President** (The Honourable Sir Abdur Rahim): Was the letter written by him to the Honourable Member?

**Qazi Muhammad Ahmad Kazmi**: It was written to the District Magistrate and it has been published in the *Pioneer*.

**Mr. President** (The Honourable Sir Abdur Rahim): That may be, but beyond what has appeared in the *Hindustan Times* has the Honourable Member got any knowledge of the facts or made any inquiries?

**Qazi Muhammad Ahmad Kazmi**: I have got copies of some of the letters addressed by the gentleman to the District Magistrate and it was only on the 23rd that he wrote this letter . . . . .

**Mr. President** (The Honourable Sir Abdur Rahim): Why does the Honourable Member say that it was owing to that protest that he was arrested.

**Qazi Muhammad Ahmad Kazmi**: Because he was not engaged in any political action whatever. It was only a dispute that was going on between him, the District Magistrate and the Commissioner regarding the Chairmanship.

**Mr. President** (The Honourable Sir Abdur Rahim): The next thing that I want to know is, how is the action taken by the local authorities against the undertaking given by the Government of India? It has been pointed out to the Honourable Member, time after time, that the local authorities are responsible for administering the rules.

**Qazi Muhammad Ahmad Kazmi:** Sir, I want your ruling as to whether they are not bound to see that this Act is properly administered by the local authorities. While the Defence of India Bill was before this House, suspicions were expressed by many Members as to whether it would be properly administered and whether the provisions would not be misused. And the Leader of the House at that time said, on the 8th September, 1939, in referring to the speech made by Sardar Sant Singh:

"He said that I should have given an assurance of the kind that was given in the House of Commons by Mr. Winston Churchill. I do not know whether Mr. Churchill was at that time a member of the Government, I do not think he was; but one of the reasons which he put forward for persuading the House to accept the emergency measure was the assurance which Sardar Sant Singh read out, and with all sincerity, on behalf of the Government I proceed to give that assurance to this House in those very words."

**Mr. President** (The Honourable Sir Abdur Rahim): What are the terms of the assurance?

**Qazi Muhammad Ahmad Kazmi:** I will read that. This is taken from Mr. Churchill's statement:

"This is a war to establish and revise the stature of man. Perhaps it may seem a paradox that a war undertaken in the name of liberty and right should require as a necessary part of its process the surrender for the time being of so many valuable liberties and rights."

Then come the words on which I rely:

"We are sure that these liberties will be in hands which will not abuse them and which will cherish and guard them and we look forward to the day confidently when our liberties and rights will be restored to us and when we shall be able to share them with people to whom such blessings are known."

**Mr. President** (The Honourable Sir Abdur Rahim): All that he said was that he had confidence in the authorities who will administer the Act.

**Qazi Muhammad Ahmad Kazmi:** He said further on:

"As I have said, I repeat this assurance on behalf of the Government. I hope that that will be some comfort to Sardar Sant Singh."

Now, Sir, in giving this assurance that it will not be abused . . . . .

**Mr. President** (The Honourable Sir Abdur Rahim): The assurance does not go so far as to say that the Government of India will exercise supervision over the way in which the Act and the rules are administered by each Provincial Government in each individual case. There was apparently no such assurance. The motion is disallowed.

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#### MESSAGE FROM THE COUNCIL OF STATE.

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

"I am directed to inform you that the Council of State at its meeting held on the 29th March, 1941, agreed without any amendment to the following Bills which were passed by the Legislative Assembly at its meetings held on the 22nd and the 24th March, 1941, namely.

1. A Bill to extend the date up to which certain duties characterised as protective in the First Schedule to the Indian Tariff Act, 1934, shall have effect;
2. A Bill further to amend the Indian Tariff Act, 1934;

[Secretary of the Assembly.]

3. A Bill to provide for the imposition and collection of an excise duty on tyres; and
4. A Bill further to amend the Excess Profits Tax Act, 1940."

THE INSURANCE (AMENDMENT) BILL—*contd.*

**Mr. President** (The Honourable Sir Abdur Rahim): The question is: "That clause 4, as amended, stand part of Bill."

**Dr. P. N. Banerjee** (Calcutta Suburbs: Non-Muhammadan Urban): Sir, I beg leave of the House to withdraw amendment\* No. 20, which I had moved, and substitute it by another amendment.

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

**Dr. P. N. Banerjee**: Sir, I now beg to move:

"That in clause 4 of the Bill, in sub-section (5) of the proposed section 3A, for the words 'on being satisfied that the insurer has fulfilled' the words 'on fulfilment by the insurer of' shall be substituted."

This is not exactly what I wanted. I wanted one rupee but now I will have to be satisfied with one anna. Some of my friends would perhaps say that I should not have agreed to this compromise. But as there is no chance of getting the whole thing I will have to be satisfied with a very small part. Now, I should like to point out what difference it makes in the clauses of this Bill by the insertion of this amendment. In the Bill as it emerged from the Select Committee the words are, "on being satisfied". The meaning of that is that the insurers would have to satisfy the Superintendent that the provisions of that section were fulfilled. The amendment now moved removes the words "on being satisfied". It is not necessary for the insurers to satisfy the Superintendent of Insurance, but it is necessary for them to fulfil the conditions laid down in that section.

**Mr. President** (The Honourable Sir Abdur Rahim): The Chair understands there is no dispute about this amendment?

**Dr. P. N. Banerjee**: Yes, but I wish to satisfy my friends on this side. It may be argued that the question whether the conditions have been fulfilled or not will depend on the Superintendent of Insurance. That is a difficulty. The Superintendent still may say that the conditions have not been fulfilled. But the amendment which I have just moved is an improvement on the existing clause; and I would ask my friends in this House to accept it.

"That in clause 4 of the Bill, in sub-section (5) of the proposed section 3A, for the words 'being satisfied that the insurer has fulfilled the requirements of this section' the following be substituted:

'receipt of the application for the renewal of a registration together with a receipt from the Reserve Bank of India or the Imperial Bank of India, or a Government treasury about the payment of the prescribed fee shall within a fortnight from the date of the application.'

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

"That in clause 4 of the Bill, in sub-section (5) of the proposed section 3A, for the words 'on being satisfied that the insurer has fulfilled' the words 'on fulfilment by the insurer of' shall be substituted."

The motion was adopted.

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

"That clause 4, as amended, stand part of the Bill."

The motion was adopted.

Clause 4, as amended, was added to the Bill.

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

"That clause 13 stand part of the Bill."

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

"That clause 13 of the Bill be omitted."

This is rather a small matter. This clause seeks to amend section 17 of the Act. It is very interesting to observe that there have already been 6 amendments of this section and this will be the seventh amendment in the course of over two years. This is a record of which the Department may very well be proud. Section 17 of the Act deals with the exemption from certain provisions of the Indian Companies Act of 1913 and contains the following words:

"such copies so sent shall be dealt with in all respects as if they were filed in accordance with that section."

But although that is the object of this section, namely, exemption from the provisions of the Indian Companies Act, and although it was intended that such copies so sent shall be dealt with in all respects as if they were filed in accordance with that section, it is now proposed to levy a filing fee, that is, that there should be no exemption so far as filing fees are concerned. That is the proposal. Of course, it is a small matter; but at the same time it shows to what extent the attempt for placing further financial burdens upon the companies has gone. Nothing remains unexplored for the purpose of raising fresh taxation. These are small matters, but involve some questions of principle. I, therefore, move.

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

"That clause 13 of the Bill be omitted."

**The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar** (Member for Commerce and Labour): Sir, the position is very simple. Section 17 requires that certain things, that ought to be done under the Companies Act, need not be done. If there was any question of exempting filing fees or even a case of foregoing certain revenues, it would have been specifically put there. As a matter of fact, that was not the intention, and companies have paid the filing fees, and Registrars of Joint Stock Companies have accepted them. One or two cases have arisen where the Registrar has felt a doubt whether this exemption goes so far as to concede exemption from the filing fees. It is only to clarify the position that this amendment has been suggested.

**Mr. Amarendra Nath Chattopadhyaya** (Burdwan Division: Non-Muhammadan Rural): Will the Honourable Member explain what is meant by "same fees" in this clause 13?

**The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar:** The same fee as was chargeable to similar copies sent by any other company that is not an insurance company: that is to say, the fees will be the same as it used to be and as it continues to be under the Companies Act. The exemption does not extend to the question covered by this amendment.

**Mr. Akhil Chandra Datta:** Apart from the merits of the matter, the language is rather unhappy.

**The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar:** I shall have that examined.

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

"That clause 13 of the Bill be omitted."

The motion was negatived.

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

"That clause 13 stand part of the Bill."

The motion was adopted.

Clause 13 was added to the Bill.

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

"That clause 14 stand part of the Bill."

**Mr. Amarendra Nath Chattopadhyaya:** Sir, I move:

"That in clause 14 of the Bill, in the proposed proviso, for the word 'four', occurring in the third line, the word 'six' be substituted."

This clause is an amendment of section 21 of the Act. That section—sub-section (2)—deals with the power of the court to direct the acceptance of any return by the Superintendent. The difficulty lies in this: the Superintendent has got enormous powers under this Act, and, therefore, those who are running companies should be given some facilities with regard to time. The proposed proviso says that no application shall be entertained unless it is made within four months. My amendment is that this four months should be extended to six months. It will not hamper the Government with regard to getting money. It is only a question of two months more. I hope Government will accept this amendment.

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

"That in clause 14 of the Bill, in the proposed proviso, for the word 'four', occurring in the third line, the word 'six' be substituted."

**The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar:** Sir, the House will find that in the Bill, as introduced, the period was 3 months: the Select Committee went into this very carefully, and we conceded that it may extend up to four months. This is a case where the

insurer has to make up his mind whether to apply to the court, and four months is ample time for that purpose. Any longer delay will impede the preparation of the year book which is already out of date. It will also mean that the interests of the policy holders will suffer if matters which are serious enough to require the Superintendent of Insurance to take certain action are delayed up to six months. I believe we have met the position of Insurance companies amply by extending the period from three to four months in the Select Committee.

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

"That in clause 14 of the Bill, in the proposed proviso, for the word 'four', occurring in the third line, the word 'six' be substituted."

The motion was negatived.

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

"That clause 14 stand part of the Bill."

The motion was adopted.

Clause 14 was added to the Bill.

Clauses 15, 16 and 17 were added to the Bill.

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

"That clause 18 stand part of the Bill."

**Mr. Amarendra Nath Chattopadhyaya**: Sir, I move:

"That in sub-clause (a) of clause 18 of the Bill, to the proposed sub-section (2) the following proviso be added:

'Provided that an insurer shall be deemed to have complied with the provisions of Section 27 if fifty per cent. of the book value of head office building of an insurer can make up the deficiency in the amount required to be invested in Government securities or other approved securities.'

Clause 18 deals with section 28 of the Act which is concerned with the statement of investments of assets. Section 27 of the original Act deals with investment of assets and restriction on loans. My amendment only adds that the assets of the insurance company which are in their own buildings should be taken as security and should be adjusted against any deficit in the deposits. The insurer has under this section to submit a statement of the assets. The amendment is:

"Provided that an insurer shall be deemed to have complied with the provisions of Section 27 if fifty per cent. of the book value of head office building of an insurer can make up the deficiency in the amount required to be invested in Government securities or other approved securities."

Sir, the Government securities are there, and there are also other approved securities, and even in spite of all these securities there is a deficiency, then fifty per cent. of the book value of head office building of an insurer should be adjusted to make up for the deficiency. Sir, this is a very reasonable amendment, and I hope the Honourable the Commerce Member will have no difficulty in accepting this.

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

"That in sub-clause (a) of clause 18 of the Bill, to the proposed sub-section (2) the following proviso be added:

'Provided that an insurer shall be deemed to have complied with the provisions of Section 27 if fifty per cent. of the book value of head office building of an insurer can make up the deficiency in the amount required to be invested in Government securities or other approved securities.'

**The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar:**

Sir, I think it would help the House if I indicated my position broadly with reference to this and the following amendments. These amendments to section 27 of the Act are not referred to in this section at all. I have not taken objection on a point of order, because I think it would be easier if I state my views on this subject on merits. Section 27 requires that a certain percentage of the assets should be kept in the Reserve Bank in the form of securities. What the Honourable Members are trying to do is to widen the scope of those assets by including the cost of the head office buildings. The proposal, that all head office buildings should be included, have been made. There is also an alternative proposal that the head office buildings in Presidency-towns should be included. This question was gone into very thoroughly on the last occasion when the Insurance Bill was passed. The House will remember that the proposal of the Select Committee was that 66 per cent. of the assets should be kept in this form, and during the Committee stage in this House on the original Bill it was reduced to 55 per cent. I am unable to accept any further reduction, Sir, specially through this indirect method of amending section 28 of the Act instead of by the direct method of amending section 27. This is not the time when the nature of the assets, as is required under section 27, could be weakened. The question of the head offices is a very difficult question. These assets have to be kept with the Reserve Bank, and the House will remember that on the last occasion Sir Nripendra Nath Sircar was not willing to include even first mortgage of houses in Presidency-towns among the securities intended to be included under section 27. The value of head offices, the difficulty of the Reserve Bank having to ascertain the title deeds of these offices, the difficulty whether these are such liquid assets as would guarantee to the policyholder that certain portions of the assets are kept in the Reserve Bank, these are all difficulties which are even of a graver nature now than when the original Bill was passed. Under these circumstances, I should like to indicate the position of the Government quite frankly, that they are unable to accept any alteration of section 27 in the directions contemplated by the various amendments at the present juncture in particular. If at any time it is possible to widen the scope, it may be that head offices in Presidency-towns alone may be thought of. At that stage the conditions under which the valuation of those head offices could be included, the terms of their valuation, whether it should be on a rental basis or otherwise, will all have to be carefully considered. But, at the same time, I must say that if it is only a question of head offices in Presidency-towns, all the indications are that the younger life insurance companies and the smaller insurance companies will be up against such a proposal, and they will feel that they have been discriminated against very badly, because many of these younger companies have their head offices away from the Presidency-towns, in small towns in the mofussil. Until all those circumstances, Sir, my position is that at the present time I cannot contemplate widening the scope of the securities included under section 27 of the Act.

**Mr. T. Chapman-Mortimer (Bengal: European):** Sir, I did not realise when amendment No. 25 was being moved that the Honourable the Commerce Member would reply to all the amendments to clause 18 of the Bill as he has done, and I should like to know, Sir, whether you will give your ruling to allow him to reply to a point which I wish to make, either now or later to amendment No. 27 when it is moved by Dr. Banerjea . . . .

**Mr. President** (The Honourable Sir Abdur Rahim): Well, if that will satisfy other Honourable Members, the Chair would not mind adopting that course. In that case the Chair does not know if other Honourable Members want to move their amendments or not.

**Mr. T. Chapman-Mortimer**: That is my point. I take it that because the Honourable the Commerce Member has replied, as he has done, my friend, Dr. Banerjea, will move his amendment, and I may speak on that, and the Honourable the Commerce Member will perhaps reply at that stage; in other words . . . .

**Mr. President** (The Honourable Sir Abdur Rahim): There are quite a number of amendments regarding this.

**Dr. P. N. Banerjea**: Not only that . . . .

**Mr. President** (The Honourable Sir Abdur Rahim): Do the Honourable Members want to move all of them and discuss them? If the Honourable Member can fix upon any particular amendment the discussion of which will solve his difficulty, then it might be . . . .

**Dr. P. N. Banerjea**: There are several amendments, Sir, and the scope of these amendments is not the same. There are amendments not only with reference to clause 18 of the Bill, but also with reference to clause 2, namely, the definition clause . . . .

**The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar**: I may say to clarify the position that I thought the House would like to have a general statement from me about the whole position. Of course, I am prepared to reply to individual amendments if they are moved.

**Mr. T. Chapman-Mortimer**: We are very grateful to the Honourable Member. We only wanted to be sure that you would not rule him out of order when he rose to reply . . . .

**Mr. President** (The Honourable Sir Abdur Rahim): Unless they are covered by these amendments.

**Mr. Akhil Chandra Datta**: Sir, two very important questions are involved in this amendment. One is the question of deposit to be kept with the Government to safeguard the interests of the policy holders, and the question of the scope of approved securities. The Honourable the Commerce Member has told us very kindly that most of these provisions, at least some of these amendments, are made to meet the wishes of the insurance companies so as to make their position easy enough. May I tell him,—he knows it very well—that if there was one question on which there is an insistent demand from the insurance companies, it was on this question of 55 per cent., and regarding the interpretation of the 55 per cent., as also regarding the enlargement of the scope of the definition of approved securities. As a matter of fact, I find that the very first item, among the numerous, which was mentioned by the Government in the

[Mr. Akhil Chandra Datta.]

memorandum they had issued for discussion was this, that section 2, clause (3), the proposal for the definition of approved securities should be further extended to include the head office building . . . and so on. As a matter of fact, all the insurance journals even after the introduction of this Bill, have been insistently demanding that that grievance should be remedied when this amending Bill was being considered. The Honourable the Commerce Member has told us that in the original Bill it was 66 per cent., but he knows that it was made 66 per cent. by the Select Committee. The original proposal of Sir Nripendra Sircar was 33 1/3 per cent. That was the original proposal of the Government, but for reasons with which I need not trouble the House,—that story is well-known to those who took part in the discussion of that Bill,—it is unfortunate that it was raised to 66 per cent. by the Select Committee, and the Government thought it proper to give their consent to reducing it to 50 per cent. So that argument does not help the Honourable the Commerce Member. If we read the history of the existing provision and if we read the earlier history of the provision in the Act of 1912, and of the Draft Bill of 1925—if we go into the entire history of the whole question and if we take into account the position of the law on this particular matter in England, then it will be clear that this provision is a very drastic provision and there is no justification for it. But we are not at liberty to open that question. That provision is an accomplished fact and we must accept it. Here is a very limited proposal, namely, that the value of the head office building may be taken into account. To a certain extent, the Honourable the Commerce Member himself admits that it will not be improper to extend the scope to buildings, but he says that it ought to be confined to those in Presidency towns only. A building, if it has a value in Calcutta or Bombay has its value also in the mofussil. That makes no difference in principle.

**The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar:** Not on the return that the building may fetch.

**Mr. Akhil Chandra Datta:** The value will depend upon the return.

**The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar:** The value will depend upon the cost of the building.

**Mr. M. S. Aney** (Berar: Non-Muhammadan): I would not like you to commit yourself to that position.

**Mr. Akhil Chandra Datta:** I am afraid I could not follow the Honourable Member. If a Calcutta building has a value, if a mofussil building has a value, the cost of the building will also be taken into consideration at the time of assessing the value of the mofussil building.

**The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar:** That is so.

**Mr. Akhil Chandra Datta:** So, as a matter of principle, there should be no distinction made, if you concede, as the Honourable Member has conceded, that he is prepared to go to this length, namely, buildings in the big cities,—then I do not see any reason why that should not be extended to the mofussil buildings also. I am sure the Honourable the

Commerce Member will bear me out when I say that there is a regular cry about this bit of amendment from all insurance companies. Even today I have received an insurance journal which repeats the demand. Every insurance journal has demanded it. My submission is that this amendment does not go far enough, but even so, as it is, it should be accepted. I do not know if it is a question of revenue either. It is not a question of direct revenue. The question is how much should be invested in the gilt-edged securities and in other securities. That is the whole question. If the Government are at all anxious to meet the wishes of insurance companies this is a point in which they should do so.

**Mr. M. Ghiasuddin** (Punjab: Landholders): As regards this clause 18 and the amendment which is now under consideration, I should like to have an assurance from the Honourable the Commerce Member before this clause and the amendment are put to the House. There is a Note of Dissent which is signed by Sir Cowasji Jehangir, Mr. Essak Sait and myself. I will read that portion of the Note of Dissent as relates to clause 18:

“Sub-section 1 requires an insurer to furnish within thirty-one days from the beginning of the year a statement showing as at 31st of December the assets held invested in accordance with section 27 and all other particulars necessary to establish that the requirements of that section have been complied with. It is understood that the figures given by insurance companies with regard to their liabilities of policies on their books, their total premium income, their total income from interest, etc., and their total outgo can only be approximate. It is further understood that if reasonable care is taken in making the approximations, the statement made by a company will not be challenged by the Insurance Department.”

When the Honourable the Commerce Member replies to the debate generally on clause 18, I hope he will give an assurance that the spirit underlying this part of the Note of Dissent will be accepted.

**Mr. T. Chapman-Mortimer**: The Honourable Member has just made precisely the point that I had intended to raise myself. I hope very much that the Honourable the Commerce Member will see his way to meet the House on this point.

It will be readily understood by those who are familiar with the working of the Insurance Act that it is not easy for the insurers, in every case, to submit absolutely correct returns such as would be certified by their auditors when they come to be audited. We, therefore, feel that if an insurer *bona fide* submits his list of assets and shows that they are approximately 55 per cent., then if later when his accounts are audited, it shows that there was a variation of some small amount between the audited accounts and the return as prepared by him in the very short time allowed under this clause,—that he will not be hardly treated by the Department. I believe the Department,—the Superintendent of Insurance in particular, is fully alive to this difficulty. He knows the difficulties of insurers and I am quite sure that he will treat the matter leniently, but that is not to say that I am putting in a plea of any kind or sort for people who put in incorrect returns or for companies that fail to comply with the obligations under the section. Not at all. All I am asking is that if a company *bona fide* has made a return under this section and later on when the accounts are audited some months later, it transpires that the return was not absolutely correct, they will not be penalised *merely* on that account. They may, of course, be penalised on

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some other account, but not *merely* on that account. I support the argument of my Honourable friend, Mr. Ghiasuddin, and I hope that the Honourable the Commerce Member will see his way to meet the House on this point.

**Dr. F. X. DeSouza** (Nominated Non-Official): Sir, the Honourable the Commerce Member has indicated in no uncertain terms his attitude towards the amendment seeking to enlarge the scope of the definition of an approved security. With regard to head office buildings, he said that this was not the time to consider inclusion of head office buildings in the category of approved securities because this was war time and one did not know what might happen. Then, he said, whatever may be his view in future about buildings in Presidency Towns, he certainly will not consider that head office buildings in the mofussil towns should be so included. This is a clear indication of his attitude, but with all due deference, I should like to appeal to that eminently Madras quality, the quality of sweet reasonableness. I should like to tell him that this is not the time when he should do anything which will have the effect of weakening the financial condition of smaller companies. As I said the other day, their incomes, I mean the incomes of small insurance companies, are dwindling. Business is slack and lapsed policies becoming increasingly frequent. If so, will it not be a relief to them to say that their head office buildings will be regarded as part of the approved securities and what is the objection? He says that it is not at all certain that they will give any return but why not? The other securities, the Government securities, may be fluid securities, as he calls them but don't they fluctuate? Did not Government paper fall very low during the last war? Compared to that, the head office buildings in a large town or in a presidency town is a very great advantage. Then again, I strongly protest, with all due deference, against his indication of his policy that he is not going to consider the buildings in smaller cities as "approved securities". Why not? Is not the value of a given building in a city like Bangalore as good as a building in Calcutta or Bombay? Does it not yield as much proportionate return? You may not have such palatial buildings fetching fabulous rents but the return on these buildings, whether they are in Bangalore, Calcutta, Madras or Bombay yields the same percentage. What we ask for is that a rough estimate say 50 per cent. of the capital value of the head office building should be taken into account and I respectfully ask the Commerce Member not to discriminate between the head office buildings in the presidency towns and those in smaller towns. That is all I have to say on this amendment.

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

"That in sub-clause (a) of clause 18 of the Bill, to the proposed sub-section (2) the following proviso be added:

'Provided that an insurer shall be deemed to have complied with the provisions of Section 27 if fifty per cent. of the book value of head office building of an insurer can make up the deficiency in the amount required to be invested in Government securities or other approved securities.'

The motion was negatived.

**Dr. P. N. Banerjee:** I beg to move:

"That in sub-clause (a) of clause 18 of the Bill, the proposed sub-section (3) be omitted."

This does not involve a question of principle, the principle to which my Honourable friend, the Commerce Member, referred a few minutes ago. This clause refers to the power which is to be given to the Superintendent of Insurance for insisting on full particulars being given with regard to the quarterly statements which are to be made. I may explain in this connection that in the existing Act, the Act which was passed four years ago, it is laid down that each insurer has to submit six-monthly returns to the Superintendent of Insurance. Now, under the amending Bill, the Honourable the Commerce Member wants to substitute three-monthly statements for six monthly statements but in these three monthly statements he does not require certain details to be given. To that extent it is an improvement, because it is not possible to give any details of the investments and assets and so forth every three months. The papers may not be ready; the Head office of an insurance company may not get particulars from its branch offices: and there may be various other difficulties. So far I support the amending provision of the amending Bill. This is to be found in sub-clause (2) of clause 18. But sub-clause (3) goes further. It says:

"The Superintendent of Insurance may at his discretion require any insurer to whom sub-section (1) applies to submit before the 1st day of August in each or any year a statement of the nature referred to in sub-section (1), certified as required by that sub-section and prepared as at the 30th day of June."

This has to be read with sub-section (1) and sub-section (1) mentions—I will not read the whole sub-section—the assets held invested in accordance with section 27 and all other particulars necessary to establish that the requirements of that section have been complied with, and such statement shall be certified by a principal officer of the insurer.

Sir, in my opinion, these statements with full particulars relating to assets, investments and other things should be insisted on only once during the year and during every quarter of the year the statements laying down in broad outlines the assets of the investments should be given,—not all those details. If that is insisted on, there will be a great deal of difficulty on the part of the insurers. Besides, this sub-section gives the Superintendent of Insurance very great power. It gives him the discretion to direct that the statement must be submitted before the 1st of August. If the Superintendent takes up a hostile attitude towards any insurer, he can put him to great trouble. The Superintendent enjoys already very great powers and I would not trust him with this power. What would be the result of entrusting him with such power. You insist on all the particulars being supplied every year, but in the middle of the year, on the 1st of August, you again compel him to give all particulars and have that certified by an actuary. This sub-section is not necessary and it will hamper the business of every insurance company. I therefore suggest that while sub-clauses (1) and (2) should be retained sub-clause (3) which gives the Superintendent of Insurance discretionary power in requiring particulars to be given for half the year be omitted. This is not a very great demand that I am making. That is indeed a very modest demand. Why should it be necessary to give the Superintendent of Insurance this power which may be abused?

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

"That in sub-clause (a) of clause 18 of the Bill, the proposed sub-section (3) be omitted."

**Mr. J. H. Thomas** (Government of India: Nominated Official): I should like to point out that this scheme, as outlined in clause 18 of the Bill, has already been agreed to by the insurance interests. I do not think it is going too far to say that the whole scheme of clause 18 is their suggestion.

**Dr. P. N. Banerjea**: As for the third part, I have received a letter from many insurance companies. They are opposed to it. They are not opposed to the first and the second parts but they are opposed to the third part.

**The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar**: Sir, the Honourable Member has already said that the essentials of these schemes have been accepted by the insurance companies, and it is really at their instance that this clause has been framed. The original section required, every six months, all the particulars to be provided for by the insurance companies. This was considered a great hardship by the insurance companies. I admit that there are two conflicting interests to reconcile.—one, of the insurance which felt it a hardship that twice a year they should give the entire details, and, two, the interests of the policy holders which would have to be safeguarded against a possible evasion of these provisions. The first and the second sub-sections, as Dr. Banerjea realises, have been provided to facilitate the task of insurance companies, but the third sub-section relates to the possible case where an insurance company evades this responsibility, and for special reasons, the Superintendent of Insurance, in the interests of the policy holders is empowered to ask them to provide for a second return. It is only for very rare cases, and as there is a possibility of evasion and in the interests of policy holders, this provision has been made in this clause. Now, as regards the general manner in which this would work, I shall take this opportunity of explaining with reference to the remarks made by my two Honourable friends, Mr. Ghiasuddin and Mr. Chapman-Mortimer, that we wish to make it perfectly clear that these quarterly statements cannot be absolutely accurate. Government recognise that fact; in fact, it is expected that only approximations can be arrived at, and approximations will be accepted by the Superintendent of Insurance. If, as my Honourable friend, Mr. Chapman-Mortimer, suggested, the *bona fides* of the statements are assured and there is no desire to keep back or put forward a statement which, in essence, is false or known to be false, then, if that is not the case, any approximation will be accepted by the Superintendent of Insurance. We do not require a perfectly accurate statement. We realise that it is impossible to have such a perfectly accurate statement. In calculating these assets, and in making a list of these assets, one may not be able to follow, with precision, the whole of the position, and, therefore, we are perfectly willing that this statement, to be submitted quarterly, should give the figures which may not entirely agree with the audited figures in the return to be submitted later, but are a sufficient approximation to be realistic for our purposes.

**Mr. Amarendra Nath Chattopadhyaya**: Will the Honourable Member explain why it is said "before the 1st of August"?

**The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar**: "Certified as required by that sub-section and prepared as at the 30th day of June": it requires one month's more time after the 30th day of June, and thus it is "before the 1st of August."

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

"That in sub-clause (a) of clause 18 of the Bill, the proposed sub-section (3) be omitted."

The motion was negatived.

**Maulvi Muhammad Abdul Ghani** (Tirhut Division: Muhammadan): Sir, there is no quorum, I think?

(The Bell was then rung, and there was a quorum.)

**Dr. P. N. Banerjee**: Sir, I move:

"That in sub-clause (a) of clause 18 of the Bill, for the proposed sub-section (3) the following be substituted:

'(3) The investment made by the insurer in Policy loans and the deposits made by the insurer under section 7 shall be taken into account for the purpose of fulfilling the obligation regarding investment of 55 per cent. or such smaller amount as the case may be of the Policy liabilities as per section 27.'"

Sir, I thank the Honourable the Commerce Member for his attitude towards this amendment; he says that he will not raise any question of order with regard to it. So far, it is quite all right. Now the Honourable the Commerce Member suggested a few minutes ago that this amendment seeks to alter or amend section 27 of the Act. But I do not wish to amend the Act in any way. What I wish to do is to make the meaning of that section quite clear so as to give proper instructions to the Superintendent of Insurance with regard to that interpretation. I do not wish to amend it. Now I should like to read before the House the section 27 which runs thus:

"Every insurer incorporated or domiciled in British India shall, subject to the provisions of sub-section (3), at all times invest and hold invested assets equivalent to not less than fifty-five per cent. of the sum of the amount of his liabilities to policy-holders in India on account of matured claims and the amount required to meet the liability on policies of life insurance maturing for payment in India, less the amount of any deposit made under section 7 (or section 98) by the insurer in respect of his life insurance business and less any amount due to the insurer for loans granted by him . . . ."

Sir, the interpretation that has been put by the Superintendent of Insurance is that out of this 55 per cent. what will have to be deducted is the amount of deposit and also the amount of loans granted to the policy-holders. Now is that interpretation justified? The Superintendent of Insurance is an able man and I know he knows the English language. He can easily see that there is a comma after the words "payment in India" and before the word "less". Therefore, it cannot be interpreted in the way in which he wishes to interpret it. So far as the English language is concerned, there is no doubt unless he wishes to introduce a new grammar and a new system of punctuation. Then coming to the substance of it, Sir, you know that this section was considered very thoroughly by the Assembly four years ago, and the question was what percentage of the investments should be made absolutely safe. Many amendments were moved; and ultimately it was decided that 55 per cent. should be absolutely safe, and the remaining 45 per cent. should be left to the discretion of the insurer to invest in any profitable manner he might think fit. I do not think any Member of this House said on that occasion that from the 55 per cent. the deposits should be excluded. Why should the deposits be excluded? The question is about the safety of the money of the policy-holders. Now, is the deposit which is in the hands of the

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Government insecure? If that be so, then there was no necessity for requiring any deposit. The deposit was required in order to make the position of the money of the policy-holders quite secure. Now it is proposed to deduct that. I do not know what sense there is in taking this view. Then, there is also another matter. The loans are given to the policy-holders on life insurance policies within their surrender value. Is that not absolutely secure? If the re-payment is not made by the policy-holders, then the surrender value is attached by the insurer. Therefore, these two items are absolutely secure. The point which was debated here time and again on that occasion was: What is the percentage of the assets which should be held in a perfectly secure position? Now, can it be said that these are insecure loans? The purpose of the Act is entirely evaded when such an interpretation is put. Apart from the grammatical construction of this sentence, I suggest that, substantially, this interpretation cannot be held good.

Sir, I will read another portion of this section. "This investment should be made in the manner following, namely, 25 per cent. of the said sum in Government securities and a further sum equal to not less than 30 per cent. of the said sum in approved securities." So, the Legislature went into great detail as to the amount of secure investments. It laid down that 55 per cent. of the assets should be invested in such a manner and the remaining amount, 45 per cent., should be left to the option of the insurer to invest in such a profitable manner as he might think fit. I do not see any point in arguing that the sum of deposit that is held with the Government is not secure. Does my Honourable friend think that the British Government will lose the war and therefore the deposit that is held with the Government is an insecure amount? In that case, what about the other securities? It is an absurd position to take up. Then, also, what about the loans which are given to the policy-holders within their surrender value? If the policy-holders are unable to pay back the loans, then their surrender value goes. Thus the insurer takes the amount from the policy-holder. He has got that amount in his own hands and he forfeits that amount. What reason can there be for putting this interpretation?

Sir, I am not alone in putting this interpretation but I have heard that many eminent lawyers also have put the interpretation which I have put. One of the Members of this House, Mr. Sri Prakasa, who was a member of the Select Committee at that time and who took a great deal of interest in this matter, expressed himself as follows: "The object of this is to over-estimate the amount." That is to say, not to fix it at 55 per cent. but to raise the amount to 75 per cent. Why should it be so? It is misinterpreting the law. The Superintendent of Insurance has not been given the power to make laws; he is to follow the law that is laid down. Now, my friend, Mr. Sri Prakasa, says that this really means over-estimation. He is definitely of the opinion, and he expresses it in an article published in the *Insurance Herald* that "there was and could have been no idea like that." He proceeds further:

"I am quite clear and definite in my mind that the intention of the Legislature was that 55 per cent. of the liabilities of policy-holders should be absolutely secure and a company should have 45 per cent. and not more than that for investments at their own discretion on terms that they regard as best in their own interests."

This is the view of a person whom all will regard as an honest person who took a great deal of interest at the time of the passing of this Bill and who was a member of the Select Committee as well as a Member of the Assembly. Sir, I hope the time has now come to make this point perfectly clear. The Superintendent of Insurance should not be given the power to legislate in a matter of this sort. His business is only to administer the law and not to legislate. I am sorry that he has sought to legislate.

I have been informed from many quarters that this matter was placed before the Honourable the Commerce Member, but he took up a different position. He said that the aggrieved persons could go to a court of law. Now, there are various difficulties in going to a court of law. In the first place, there is the question of the cost. The suit has to be taken up to the High Court and the small companies find it very difficult to meet the cost. Secondly, there is the question of the loss of prestige. Propaganda will be made against these companies; it will be said that their position is not sound and they are not able to invest 55 per cent. of their assets in approved securities. For these reasons it is not possible for the small and young companies to go to the law courts to have the question settled. But the position is absolutely clear. There cannot be a shred of doubt about the clearness of this interpretation and I hope the Honourable the Commerce Member who is fair-minded on some occasions. . . .

**An Honourable Member:** What do you mean by that?

**Dr. P. N. Banerjea:** I do not mean that on other occasions he is not fair-minded, but sometimes he does not look at questions from the same angle of vision from which we look at them. But he is a fair-minded man, and I hope he will consider this question and accept my amendment. You should not compel the Insurance Companies to go to a court of law in order to have this point cleared up.

Sir, if we look at it from whatever aspect we like, I think the Superintendent of Insurance has been wrong and his view should not prevail. I do not wish to blame the Honourable the Commerce Member for the attitude he has taken up, and his attitude has been interpreted in some quarters as one of inferiority complex. I do not however hold that view. He is not regarded as suffering from an inferiority complex because the Superintendent of Insurance happens to be an Englishman. He can treat his European subordinates just as they deserve to be treated, but it may be said that he thinks that the Superintendent of Insurance is an expert on the subject and that he himself is not an expert, and therefore he bows to the decision of the Superintendent in this matter. If that be so, I ask him to consider whether any such provision exists in the English law of England. The Superintendent of Insurance is familiar with the English law; can he tell us whether any such thing exists in England? If not, the Honourable the Commerce Member should not bow to the decision of the Superintendent of Insurance. Although the Honourable the Commerce Member may not be an expert, he is an intelligent man and he possesses fine common sense.

**Mr. President** (The Honourable Sir Abdur Rahim): All that is not relevant to the amendment.

**Dr. P. N. Banerjea:** These are matters which have got to be decided not only by experts but by men who possess common sense and intelligence. In England what do we find? Who is the War Minister? He is a civilian.

**Mr. President** (The Honourable Sir Abdur Rahim): The Honourable Member need not dilate on.

**Dr. P. N. Banerjea:** I emphasise once again that the interpretation of this matter should not be left entirely in the hands of an expert like the Superintendent of Insurance.

**The Honourable Sir Muhammad Zafrullah Khan** (Leader of the House): Or like Professors of Economics.

**Dr. P. N. Banerjea:** Professors of Economics possess common sense.

**The Honourable Sir Muhammad Zafrullah Khan:** Why should not the Superintendent of Insurance possess the same common sense?

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

"That in sub-clause (a) of clause 18 of the Bill, for the proposed sub-section (3) the following be substituted:

'(3) The investment made by the insurer in Policy loans and the deposits made by the insurer under section 7 shall be taken into account for the purpose of fulfilling the obligation regarding investment of 55 per cent. or such smaller amount as the case may be of the Policy liabilities as per section 27.'

**Dr. F. X. De Souza:** Sir, I move:

"That in sub-clause (a) of clause 18 of the Bill, for the proposed sub-section (3) the following be substituted:

'(3) The investment made by the insurer in Policy loans and the deposits made by the insurer under section 7 shall be taken into account for the purpose of fulfilling the obligation regarding investment of 55 per cent. or such smaller amount as the case may be of the Policy liabilities as per section 27.

Provided further that securities of Indian States are recognised as approved securities'."

Sir, I need not say very much on this amendment because my Honourable friend, Dr. Banerjea, has elaborated it at great length. The question, as he said, is one of interpretation. Personally I think his view of the interpretation is correct. I think the Superintendent of Insurance or rather the special technical actuaries in his office have given a very narrow interpretation. I think the interpretation should be that a deposit of two lakhs made by the companies under section 27 of the Act should not be deducted from the total policy liabilities and the 55 per cent. should be calculated on the policy liabilities and the security of two lakhs should be deducted afterwards. I make the position quite clear by giving a concrete illustration. Take a company with, say, policy liabilities of 15 lakhs. Then, if the interpretation put upon it by the Superintendent of Insurance is accepted, what happens? As much as Rs. 7,13,000 will have to be deposited in Government securities. Whereas if the interpretation for which I contend is accepted, only 6½ lakhs will have to be

invested in Government securities. The result is there is a difference of  $1\frac{1}{2}$  lakhs, in the money invested in Government securities thereby reducing *protanto* the income derived from the investments of the companies. I do not wish to elaborate this point further as Dr. Banerjea has already done it. All that I wish to say is this about the proviso which I have added as an addition to this amendment. Honourable Members are aware that several Indian States like Mysore, Kashmir and Travancore have got their own insurance Acts which are in force, and so far as Mysore is concerned, the Act is almost word for word a copy of the Indian Act, except that the words 'Government of Mysore' are substituted for the words 'Government of India'. The result is they want that investment of 55 per cent. securities should be made in Government of Mysore securities. Now, Sir, take the case of a company which is operating both in British India and in an Indian State. What is their position? Strictly speaking, if the law is interpreted in the strict sense of the word, you will have to invest 55 per cent. in Mysore Government securities, and another 55 per cent. in Government of India securities, making a total of 110 per cent. which, of course, is absurd. What I do say is this. Securities of Mysore and other States of similar financial status should be recognised as *pari passu* with Government of India securities. I say so for this reason: their market quotations on the stock exchange of Madras, Bombay and Calcutta are sometimes higher than the market quotations of the Government of India securities. It may be argued what is the guarantee that their financial soundness will continue. The answer is obvious. Before any Indian State is allowed to float any loan, they require the sanction of the Government of India, so that behind the Indian State concerned, there is the guarantee more or less of the Government of India. I, therefore, hope there will be no difficulty and I am sure the Honourable the Commerce Member will accept the proviso which I have moved that the Indian State Government securities will be recognised as on the same footing as the Government of India securities for the purpose of calculating the 55 per cent. deposit. That is all I have to say.

**Mr. President** (The Honourable Sir Abdur Rahim): Further amendment moved:

"That in sub-clause (a) of clause 18 of the Bill, for the proposed sub-section (3) the following be substituted:

(3) The investment made by the insurer on Policy loans and the deposits made by the insurer under section 7 shall be taken into account for the purpose of fulfilling the obligation regarding the investment of 55 per cent. or such smaller amount as the case may be of the Policy liabilities as per section 27.

Provided further that securities of Indian States are recognised as approved securities."

**Mr. T. Chapman-Mortimer**: Sir, I think there has been a certain amount of misapprehension in connection with this clause. The position really is that it has to be considered along with section 27 of the main Act. And if Honourable Members will turn to section 27 they will find this,—it will perhaps help Honourable Members to understand if I read the section:

"Every insurer incorporated or domiciled in British India shall, subject to the provisions of sub-section (3), at all times invest and hold invested assets equivalent to not less than fifty-five per cent. of the sum of the amount of his liabilities to holders of life insurance policies in India on account of matured claims and the amount required to meet the liability on policies of life insurance . . . ." etc

[Mr. T. Chapman Mortimer.]

The use of the word "liability" was deliberate. It was put in, if my recollection is correct, at the time when this Bill was passed in order to make it perfectly clear that it would be 55 per cent. of the net liabilities and not 55 per cent. gross. Where a man has insured his life for (say) Rs. 10,000 and has borrowed from the insurer, against the surrender value, perhaps Rs. 1,000, the net liability is the difference between the amount advanced and the surrender value. I think if that is accepted it may be that Govt. can accept this amendment,—if not exactly as worded, at all events in some form which would be acceptable to my Honourable friend, Dr. Banerjea. If Government are of this opinion,—and I hope they will be,—I would suggest that the matter be left over until after Lunch and we could perhaps agree to an amendment which would meet the wishes of Dr. Banerjea and also of Government.

**Mr. Akhil Chandra Datta:** Sir, there are two things in this amendment of Dr. Banerjea. He wants that this investment of 55 per cent. should include two things,—first policy loans and then deposit made under section 7. It is not merely a question of interpretation. So far as the question of interpretation goes I think the language is quite clear, and it has been very lucidly explained by Dr. Banerjea. There can be no manner of doubt as to the plain meaning of these plain words. But that interpretation is confirmed when we consider the object of this control of investment. The whole question is about the control of investment by insurance companies. Our fundamental objection was that there should be no control of investment; that the insurance companies should have absolute freedom in the matter of investment as they know how to manage their own business and what sort of investment will be beneficial to the shareholders and to the policyholders. But then Government took another view. They thought that after all the insurance companies may not invest their money very properly and therefore for the benefit of the policyholders they want to interfere with the internal management of the insurance companies with regard to the mode of investment. There was a lot of discussion as to the two systems, Canadian and English, and as to which system should be adopted in India. In the end it was the English system that was adopted, namely, the policy of minimum interference and maximum publicity. The whole of the Insurance Act was based on that principle and there were occasions during the passage of the Act when Sir Nripendra Sircar used to tell us that the power of Government in the matter of control has been sufficiently tightened up. We have accepted the principle of control over investment; the question now is, to what extent should that control go? On that, Sir, the real question is, what is the object of this control of investment? After all, it is for the benefit of the policyholders. It is said that you must invest your money (say) in Government securities to make the position of policyholders absolutely safe. Let us accept that principle. Now Dr. Banerjea wants that the investment of 55 per cent. should include the deposit under section 7. Section 7 says this:

"Every insurer . . . . shall deposit and keep deposited with the Reserve Bank of India . . . . for and on behalf of the Central Government cash or approved securities . . . ." etc.

So the deposit under section 7 is made with the Central Government; it is made with the Reserve Bank of India for and on behalf of the Central Government. Is not that a sufficient safeguard for the policyholders? Is a gilt-edged security a greater security for the benefit of the policyholders than a cash deposit with the Central Government? It passes the comprehension of any one with common sense, it is impossible to appreciate the view which has been taken, namely, that 55 per cent. should be over and above the deposit under section 9, and over and above the policy loans. You want the position of the policyholders to be safeguarded. The policy loan money is already in the hands of the policyholders. It is merely shedding crocodile tears to say that for the benefit of the policyholders you must take away money from the policyholders or take away the money from the Central Government. Therefore, speaking for myself, I should think that the section itself is very clear and it was not at all necessary to have an amendment like this; but I know the reason why Dr. Banerjea is moving this amendment.

**Dr. P. N. Banerjea:** I am not amending the section: I am merely giving instruction to the Superintendent of Insurance.

**Mr. Akhil Chandra Datta:** I was submitting that really the section speaks for itself, and no instruction is necessary. However, he has moved this amendment, because, as a matter of fact, a wrong interpretation has been put upon this section by the Superintendent of Insurance.

May I say one word with regard to one of the most outstanding features of this Amending Bill? One of the objects is to increase the powers of the Superintendent of Insurance. In the main Act, as much control as possible has been taken by the Government. It does not stand to reason that further power and more power for interference and for control should be given to the Superintendent of Insurance; and, without meaning any disrespect for the present Superintendent, the experience of this short period as to the way in which the Act and the rules are being worked and interpreted shows that it is high time that there should be a halt, and no further powers should be given to the Superintendent. The existing powers are already sufficient. I support the amendment.

**The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar:** Sir, my Honourable friend, Dr. Banerjea, says that his amendment is not really an amendment of section 27 of the Act—it is intended to give certain instructions to the Superintendent of Insurance. I believe he has entirely misconceived the scope and functions of the Superintendent of Insurance: otherwise I cannot understand why he should have made the remarks about the Superintendent on this particular clause at least. The Superintendent of Insurance himself has not interpreted the legal provisions of the Act. It is the legal advisers of the Government of India that interpret these legal provisions, and the Superintendent is guided by that interpretation. I am advised by the legal advisers of the Government of India that section 27 means what the Superintendent has in effect carried out. Let me put it this way. There are four different items involved in section 27. It is a question of one of two formulæ—55 per cent. of A *plus* B *minus* C *plus* D, or 55 per cent. of A *plus* B, *minus* the whole of C *plus* D; and the interpretation that has been put

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by the legal advisers is that the 55 per cent. refers to [(A plus B) minus (C plus D)]. It is a question of legal interpretation; and the Superintendent does not come into the picture at all except in carrying out what has been interpreted legally for him or to him by the legal advisers of the Government . . . . .

**Mr. M. S. Aney:** May I just ask one question, whether, before carrying out what he understood to be the meaning of this section, he referred the matter to the legal advisers and then passed his orders?

**The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar:** Normally I would not have liked to say what happened within the corridors of the Secretariat, but in this case I may go so far as to say that the Superintendent did refer the matter to the legal advisers and has abided by the interpretation put upon this section by the legal advisers. Therefore, it comes to this, that this is really a matter which should be settled in a court of law if there are two interpretations that can possibly be put on the section. It is nobody's desire to amend section 27 on this particular point, and, therefore, if any insurance company would take the matter to a court of law—and I invite them to do so .

**An Honourable Member:** Why do you not take it yourself?

**The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar:** Because my advisers have said the position is quite clear . . . . .

**Dr. P. N. Banerjee:** Your advisers are wrong, as has been pointed out.

**The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar:** If any insurance company takes this as a test case—and I would invite them without any reflection on their capacity to pay, to take this matter as a test case to the courts—I can give this assurance, that if the decision of the court goes against us, the Government of India will not try to amend section 27 so as to restore the interpretation that we have put on that section. I think that is a fair undertaking.

**Dr. F. K. DeSouza:** Will you pay the costs?

**The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar:** I am prepared to consider even that, provided it is a reasonable thing, and other preliminaries with reference to it are settled with the Government of India beforehand . . . . .

**Dr. P. N. Banerjee:** Not exceeding Rs. 50,000?

**The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar:** If you engage a barrister from England specially for the purpose or pay a fabulous sum to counsel in India, I do not think I can undertake to even consider the matter. But I do earnestly suggest that this matter may be treated as a test case and taken to a court of law, and I can give an undertaking that if the decision of the court is against the interpretation put on it by the legal advisers of the Government of India, the Government of India agree not to further amend this section so as to restore the original interpretation that we have put on that section.

Now, as regards my Honourable friend, Dr. DeSouza's proviso, I would have been very glad to accept it but for the fact that I anticipated it and provided in the amending Bill of 1940 the exact thing that Dr. DeSouza wants. The Bill has been so amended that I am not surprised that Honourable Members have not been following these amendments as closely as they would otherwise have done. In the first place, in section 116 itself, the Government of India have power to recognise the deposits of some of the States securities. It says:

"The Central Government may, by notification in the official Gazette, exempt any insurer constituted, incorporated or domiciled in an Indian State from the provisions of section 7, or section 98 relating to deposits or from the provisions of sub-section (2) of section 27 relating to the keeping of assets in India either absolutely or subject to such conditions or modifications as may be specified in the notification."

That was the original section, but I went further in 1940 when I introduced an amending Bill and placed the States on a basis of reciprocity with British India, and the approved securities definition itself has been amended so as to include "any security issued by the Government of an Indian State and specified as an approved security for the purposes of this Act by the Central Government by notification in the official Gazette". You will find no difficulty with reference to a State like Mysore . . .

**Dr. F. X. DeSouza:** Has a notification to that effect been issued to the insurance companies concerned, because I understand that the company in which I am interested addressed a letter to the Superintendent of Insurance and the only answer they got was that it is under consideration. It has been under consideration for a long time.

**The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar:** What is under consideration is the question of the settlement of reciprocity right as between particular States and British India. Certain formalities have to be gone through, but the position is perfectly clear and has been made clear by the amendment of the Act. We have got the power to include it in approved securities. Under those circumstances I very regretfully oppose the amendments.

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

"That in sub-clause (a) of clause 18 of the Bill, for the proposed sub-section (3) the following be substituted:

(3) The investment made by the insurer in Policy loans and the deposits made by the insurer under section 7 shall be taken into account for the purpose of fulfilling the obligation regarding investment of 55 per cent. or such smaller amount as the case may be of the Policy liabilities as per section 27."

The motion was negatived.

**Mr. President** (The Honourable Sir Abdur Rahim): Does Dr. DeSouza want the Chair to put his amendment?

**Dr. F. X. DeSouza:** Sir, I beg leave of the House to withdraw my amendment.

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

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

"That clause 18 stand part of the Bill."

The motion was adopted.

Clause 18 was added to the Bill.

Clause 19 was added to the Bill.

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

"That clause 20 stand part of the Bill."

**Mr. Amarendra Nath Chattopadhyaya**: Sir, I move:

"That in sub-clause (a) of clause 20 of the Bill, before the words 'order an investigation' the words 'with the approval of the Central Government' be inserted."

Sir, the same controversy is there about the power of the Superintendent of Insurance. Before the Superintendent orders an investigation, if there should be a controversy between the Superintendent and the insurance company, the controversy should be referred to the Government. That is the position. The Honourable the Commerce Member said that whenever there is any case for interpretation, the Superintendent can send for investigation on his own responsibility if he thinks fit, and if that is permitted, then the parties will be aggrieved. So it is better that this investigation should be ordered with the approval of the Central Government. I hope this amendment will be accepted by the Honourable Member in charge.

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

"That in sub-clause (a) of clause 20 of the Bill, before the words 'order an investigation' the words 'with the approval of the Central Government' be inserted."

**The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar**: Sir, Honourable Members may recall to memory the fact that in the original Bill as introduced in the House the words "subject to the control of the Central Government" were inserted. The Select Committee removed those words and thought it better to give this power to the Superintendent of Insurance. In the absence of any reason why this power should not continue with the Superintendent of Insurance and in the absence of any suggestion that this power has been abused, I do not think I can go back on this decision of the House.

**Mr. M. S. Aney**: Sir, I only want to know what made my friend change his mind.

**The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar**: I was referring to the original Bill introduced by my predecessor.

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

"That in sub-clause (a) of clause 20 of the Bill, before the words 'order an investigation' the words 'with the approval of the Central Government' be inserted."

The motion was negatived.

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

"That clause 20 stand part of the Bill."

The motion was adopted.

Clause 20 was added to the Bill.

Clauses 21 and 22 were added to the Bill.

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

"That clause 23 stand part of the Bill."

**Mr. Amarendra Nath Chattopadhyaya:** Sir, I move:

"That in clause 23 of the Bill, part (c) of the proposed proviso be omitted."

Part (c) reads:

"While the deposit last mentioned in clause (a) remains uncompleted, no accession, resulting from the arrangement to the amount already deposited by the insurer carrying on the amalgamated business or the person to whom the business is transferred shall be appropriated as payment or part payment of any instalment of deposit subsequently due from him under section 7 or section 98."

Sir, we have observed that it has been said that nothing can be changed in this amending Bill with regard to investment of approved securities. So when we move amendments on these lines, we feel very diffident as to the fate of our amendments. The clause which the Government have put in in this proviso is quite wrong, because it creates difficulties to insurers, particularly to small insurers. This part should be omitted as I have suggested, with a view to enable the small insurers to get time to pay up their deposits. Their deposits might have been paid by their own assets, which the Government have not accepted. Therefore, if this sub-clause (c) of the proviso were omitted, it would go a long way to help the insurance companies, particularly the smaller ones. Sir, I move.

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

"That in clause 23 of the Bill, part (c) of the proposed proviso be omitted."

**The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar:** Sir, if I explain the very simple procedure in this case, probably the House will realise that there is no hardship in this matter at all. There are two companies, A and B; each of them, under section 27, is depositing a certain amount. A and B. amalgamate. The amalgamated company then continues to deposit what it originally had to deposit. It is not that the deposit amount is in any way increased. What my friend suggests is that the amount deposited by the B company should be set off for further deposits. There would have been something in that if the total amount of the deposit was not limited, but the total amount is only two lakhs. When the deposit is paid originally, then there is no second deposit claimed under the Act. Therefore, it merely means that for the rest of the period for which, let us say, the senior amalgamated company has to continue to pay its deposit, the Honourable Member wants that those deposits should not be continued, and that credit should be given for that portion of the

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deposit which has been brought over to the senior company by the junior company. It seems to me that, in the interest of the policyholders, that is not a provision which can be accepted. Moreover, the House is aware, that so far as the young companies are concerned, the amount of their deposit has been reduced by one half during the period of the war and for one year thereafter. That is a remedy that has been given to them in these hard times, and I do not think that consistently with the interest of the policyholders I can accept this amendment.

**Mr. President** (The Honourable Sir Abdur Rahim): The question is: "That in clause 23 of the Bill, part (c) of the proposed proviso be omitted." The motion was negatived.

**Mr. President** (The Honourable Sir Abdur Rahim): The question is: "That clause 23 stand part of the Bill." The motion was adopted. Clause 23 was added to the Bill. Clauses 24 and 25 were added to the Bill.

**Mr. President** (The Honourable Sir Abdur Rahim): The question is: "That clause 26 stand part of the Bill."

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

"That in sub-clause (b) of clause 26 of the Bill, in the proposed proviso, for the word 'and' the word 'or' be substituted."

Sir, this is a purely drafting amendment. When the Bill was originally amended in the Select Committee the words "and its re-assignment in repayment of the loan" were inserted. Unfortunately, owing to a mistake the word "and" was used; in fact it should have been "or", for this very important reason that a loan might not be repaid and in fact it might be outstanding when the policy matured. In such a case, therefore, there would be no question of re-assignment. I hope the Honourable the Commerce Member will see his way to accept this amendment.

**Mr. President** (The Honourable Sir Abdur Rahim): Amendment moved: "That in sub-clause (b) of clause 26 of the Bill, in the proposed proviso, for the word 'and' the word 'or' be substituted."

**The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar:** Sir, I accept the amendment.

**Mr. President** (The Honourable Sir Abdur Rahim): The question is: "That in sub-clause (b) of clause 26 of the Bill, in the proposed proviso, for the word 'and' the word 'or' be substituted." The motion was adopted.

**Mr. President** (The Honourable Sir Abdur Rahim): The question is: "That clause 26, as amended, stand part of the Bill." The motion was adopted. Clause 26, as amended, was added to the Bill.

**Mr. President** (The Honourable Sir Abdur Rahim): The question is :  
"That clause 27 stand part of the Bill."

**Mr. Amarendra Nath Chattopadhyaya:** Sir, I move :

"That in sub-clause (a) (ii) of clause 27 of the Bill, for the words 'satisfies the prescribed conditions establishing that he is a *bona fide* insurance agent employed by the insurer' the words 'has secured three policies on three different lives' be substituted."

These are only two or three words which I wish to add in this sub-clause, and I hope the Honourable the Commerce Member will accept this suggestion of mine.

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

"That in sub-clause (a) (ii) of clause 27 of the Bill, for the words 'satisfies the prescribed conditions establishing that he is a *bona fide* insurance agent employed by the insurer' the words 'has secured three policies on three different lives' be substituted."

**The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar:** The

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House knows that in the Select Committee this question of a *bona fide* agent was discussed, and it is pointed out in the report that Government are prepared to consider only one test of a *bona fide* agent, that is, an agent who has insured six lives in addition to his own. Now, my Honourable friend suggests that three lives should be sufficient. My difficulty is this. I do not know whether we shall not be doing an injustice to the agents themselves by accepting this provision. A very big assured may easily get two or three other small lives insured for a small premium and then get the benefit of all that rebate for himself, and we shall therefore be doing an injustice to the agents proper. It is for that reason that we have fixed six lives exclusive of their own. We might be doing really an injustice to the agents and depriving them of their legitimate commission if we were to merely fix it at three lives . . . .

**Mr. Amarendra Nath Chattopadhyaya:** You are thinking of licensed insurers.

**The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar:** I am thinking of policy-holders who wanted to get the rebates for themselves and thereby depriving the agents of their legitimate commission. If a man wants to insure for Rs. 100,000, he may get three of his servants insured for a thousand rupees and he will get a very handsome rebate, on his own life and this would deprive the legitimate agent of his earnings.

**An Honourable Member:** But rebates are not allowed.

**Mr. T. Chapman-Mortimer:** I entirely believe what the Honourable the Commerce Member has said and I also oppose this amendment, but I should be glad if he would clarify one point which is rather troubling me at the moment. I am appointed, say, as an agent. When I am so appointed, I obviously cannot have brought in or introduced any business prior to that, and it does trouble me a little to know how exactly an insurer will stand if he pays to me the commission on, say, the life of my Honourable friend, the Leader of another Party. I get this perfectly *bona fide* business, I introduced it. It is a small point, but it is one of those little things that may be perfectly clear to those who drafted the Bill and also to the legal pandits; but it certainly seems to me a little difficult to understand what the position will be in such a case.

**The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar:** I think the position is quite plain. Suppose I start life as an agent of an insurance company. If I want to insure my own life and get rebate on that, I shall not be entitled to that rebate, or I ought not to insure my own life until I have done six lives. When I have done that, when I have insured six lives, then on my own life insurance I get a rebate. That is prohibited by the section as it stands. This is to enable the agent to get the rebate. The rebate is not only on the first premium but is a continuing rebate on all renewals also, so that the agent will get the benefit of it so far as renewal of premia are concerned even if he has insured before he has done six other lives.

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

“That in sub-clause (a) (ii) of clause 27 of the Bill, for the words ‘satisfies the prescribed conditions establishing that he is a *bona fide* insurance agent employed by the insurer’ the words ‘has secured three policies on three different lives’ be substituted.”

The motion was negatived.

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

“That clause 27 stand part of the Bill.”

The motion was adopted.

Clause 27 was added to the Bill.

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

“That clause 28 stand part of the Bill.”

**Mr. Amarendra Nath Chattopadhyaya:** I move:

“That sub-clause (a) of clause 28 of the Bill be omitted.”

Sub-clause (a) of the clause runs as follows:

“In sub-section (1), for the words ‘one rupee’ the words ‘three rupees’ and for the words ‘making an application under this section’ the words ‘making an application in the prescribed manner’ shall be substituted.”

I strongly object, and I have been objecting all the time to the enhancement of the license fee, and this sub-clause of clause 28 enhances the fee to three rupees from one rupee. The agents have to work very hard, and the section originally said that the fee ought to be one rupee, but because the Government want to have some money for running the department they want to fleece everybody. They began with registration and renewal, and they are levying even on the poor agents for whom the Honourable the Commerce Member has sympathy. I, therefore, submit that this sub-clause enhancing the amount to three rupees should be omitted and that one rupee should be maintained. With these words, I move the amendment.

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

“That sub-clause (a) of clause 28 of the Bill be omitted.”

**Dr. P. N. Banerjee:** I support this amendment and I do so on two grounds. In the first place, this clause of the Bill seeks to tax the poor. The agents are generally poor men although there may be a very few among the agents who are rich or well to do. Now, it is very undesirable to place any burden on the poor. When the Honourable the Commerce Member said that it was his object to get money and that it was solely for that purpose that he introduced the registration renewal fee I did not oppose it although I suggested a slight reduction in the rate. I sought

to reduce the maximum from Rs. 1,000 to 500. It was perhaps right to levy an annual fee on insurance companies. But it is not right to increase the taxation on the poor by 200 per cent. My second ground is that this matter was discussed at great length when the Bill was passed in 1937. The original intention of the Government was to fix the licence fee at Rs. 3. Amendments were moved and I remember one of the amendments was carried,—I do not exactly remember whether Sir Nripendra Sircar accepted the amendment or it was carried in spite of his opposition. Here was a decision of the Assembly taken after full discussion about four years ago, and shall we go back upon this decision? I do not think we should. I, therefore, strongly support this amendment.

**Mr. M. S. Aney:** As this sub-clause seeks to go back to the original intention which the Government had, namely, of imposing a fee Rs. 3, in contravention of what the House has decided when the Bill was passed, I think Government ought to make out a proper case before they can ask us to sanction this enhancement to Rs. 3 from one rupee. I want to know from the Honourable Member what are the circumstances which have come to his notice during the administration of the Act, which make it necessary for him to demand this increase? What are those circumstances, or does he think that this is also a new source of income with which he should help his Honourable Colleague sitting on his left. If he wants to help him there are other sources of income which he can tap and which he has already tapped. This enhancement of the fee will go to create a very undesirable situation and the poor men will suffer for nothing. I fear the opportunities which these men have for getting some kind of employment by applying for this licence are being reduced by the Honourable Member for nothing and he is giving them no compensation in return. My second objection is this. In section 42 as it is, it is only an application that is necessary. Here my friend says: 'application in the prescribed manner'. That thing has come again. When there is mention of an application in the prescribed form, it means a technical affair. If there is any slight mistake here and there, on that ground the application may be rejected. Therefore, I think there is absolutely no necessity why the original wording should be changed, unless it is idea of the Superintendent that he must have some power to reject the applications on some technical ground or another. At least the change that is proposed to be made is not backed up by any reasons as would commend themselves to this House. For these two reasons I support the amendment which has been moved by Mr. Amarendra Nath Chattopadhyaya. There should be no more taxation.

**Mr. Akhil Chandra Datta:** I support this amendment. If we analyse the whole thing, what are these agents. I should like to describe them in this way. They are labourers.

**The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar:** I think they will resent it. I have reason to know it.

**Mr. Akhil Chandra Datta:** I know they will reject the word but in substance they are labourers, field workers.

**An Honourable Member:** They call themselves field workers.

**Mr. Akhil Chandra Datta:** That is the word that is usually used with regard to these agents but without going into the propriety of the word, in substance they are workers. What is the principle of taxing these people? They bring business. They contribute to the success of the industry. Do you tax the worker in other industries? Then why do you single out this particular class of workers for taxing them? Now, you require a licence to be taken out by an agent. Is the whole object to raise some revenue only? Now, Sir, the position is this. The Honourable the Commerce Member complains piteously that the work of the Department is increasing and that they cannot cope with the work with the existing staff. He says 'we require a larger staff' and he also wants more money for running the Department. Then, Sir, he says 'I had knocked at the door of the Finance Member and he would not give me any money'. Now, having got a refusal there, he is now knocking at the door of the agents for a slight increase of the licence fees. That is the position. I do not think that the anxiety to raise revenue should go that length. I support the amendment.

**The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar:** I said that a certain portion of the money is required for carrying on the work of the Department, and the scheme provides that part of it should be found from the agents and part of it from the life insurance companies, and that is the reason why this amount has been raised from one rupee to three rupees.

**An Honourable Member:** Three times?

**The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar:** It looks very high in percentages, but I may say, this proposition was put before the Agents' representatives. I do not claim to have their approval for it, but I think it is not so unfair as is suggested in this House. The agents, I must say, are not in the position of labourers. They call themselves field workers. That is a technical term given to those working in the field where lives can be insured. I do not want to make comparisons with other kinds of municipal and other taxes that are levied. What does a peon pay for a licence for a cycle in a municipality per year? What does a chauffeur pay for renewing his driving licence? Surely the agents are not either so badly off and are not in that position either. It seems to me that we are carrying our sympathy a great deal too far in suggesting that Rs. 3 will be a very serious hardship to them.

My Honourable friend asked, what was the reason for revising the decision of this House? At that time I find that my Honourable predecessor, Sir Nripendra Nath Sircar, said that he was not in a position to fix the rate of fee, as to whether it should be Rs. 2. or Rs. 2-8-0, or Rs. 1-8-0, or Rs. 3. He said:

"We have no means of knowing what it will cost the Department, but we have no desire to make profit out of the Department."

A non-official gentleman, whose name has been constantly referred to in this House, Mr. Sri Prakasa, on the other hand, laid down the proposition that the Department should be self-supporting. I said the other day that I am not prepared to go even as far as that. At the present time, we do think that the necessities of the Department are such that we require money. One of the difficulties at the time when Sir Nripendra Nath

Sircar was dealing with the subject was that they did not know what the number of agents would be, and they were unable to calculate what amount they would get by way of licence fees. The expectations at that time were that the figures would be anything between a lakh and a quarter to a lakh and fifty thousand. The number of agents all over India is only 50,000, whereas, at that time, it was anticipated that on the rupee basis we might get anything between a lakh and a lakh and a half.

Secondly, as I have already explained, the expenditure of the Department is more than was anticipated at that time. On these two grounds, we feel that these amounts should be fixed as in the amending Bill. I may repeat what I have already said, that it is not the desire of the Department to make any profit or to get this money handed over to the general revenues, and, therefore, while Rs. 3 has been fixed in the Act, it may be possible, to start with this year, when the Government prescribe by rule, not to go to the unit of Rs. 3, but propose a slightly lower sum, Rs. 3 being the maximum amount. Under those circumstances, I regret I am unable to accept this amendment.

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

"That sub-clause (a) of clause 28 of the Bill be omitted."

The motion was negatived.

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

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

**Dr. F. X. DeSouza**: Mr. Deputy President, I beg to move:

"That sub-clause (a) of clause 28 of the Bill be omitted."

"That agents holding a license of any of the Indian States be exempted from taking a license in British India."

**The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar**: On a point of order, Sir, this is not within the scope of the amending Bill at all.

**Mr. Deputy President** (Mr. Akhil Chandra Datta): The latter portion is not in order, and the first portion is outside the scope of the Bill.

**Dr. F. X. DeSouza**: Sir, I will then move the first portion . . . .

**Mr. Deputy President** (Mr. Akhil Chandra Datta): No, one portion is out of order and another portion deals with a question which has already been decided, and, therefore, this cannot be moved.

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

"That in sub-clause (a) of clause 28 of the Bill, for the words 'three rupees' the words 'two rupees' be substituted."

Sir, having heard from the Honourable the Commerce Member that he meant it to be the maximum, I hope and believe that he will accept this amendment of mine requesting him to agree to substitute for the words

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“three rupees” the words “two rupees”. Sir, my point is with regard to the difficulties which this additional license fee will create amongst the agents; and as he has given us a hope that immediately he was not going to have three rupees from them. I hope he will be pleased to accept this amendment of mine making it two rupees in substitution for three rupees I hope he will accept this amendment.

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

“That in sub-clause (a) of clause 28 of the Bill, for the words ‘three rupees’ the words ‘two rupees’ be substituted.”

**The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar:** Sir, I am afraid I cannot accept this amendment. I have already said that it is very probable that the full amount of three rupees may not be levied, but it is not desirable that the limit should be two rupees.

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

“That in sub-clause (a) of clause 28 of the Bill, for the words ‘three rupees’ the words ‘three rupees’ be omitted.”

The motion was negatived.

**Mr. Amarendra Nath Chattopadhyaya:** Sir, I move:

“That in sub-clause (a) of clause 28 of the Bill, all the words occurring after the words ‘three rupees’ be omitted.”

Sir, sub-section (1) runs thus:

“The Superintendent of Insurance or an officer authorised by him in this behalf shall, in the prescribed manner and on payment of the prescribed fee which shall not be more than one rupee, issue to any individual making an application under this section ..... a license to act as an insurance agent . . . .”

Sir, it is only creating a further complexity and nothing else. An application should I think be sufficient—why you should have the words “in the prescribed manner”, I cannot understand. I would therefore request the omission of these words. I think, Sir, that they are absolutely superfluous and not required. I hope my Honourable friend will accept the motion.

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

“That in sub-clause (a) of clause 28 of the Bill, all the words occurring after the words ‘three rupees’ be omitted.”

**The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar:** Sir, agents resort to all sorts of forms which it is very difficult for the Insurance Department even to understand. We propose to prescribe a simple form which the agents may accept and they may then fill in the details, and that is the only reason why this “prescribed” manner has been provided for.

**Mr. Amarendra Nath Chattopadhyaya:** This had not been prescribed before?

**The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar:** No.

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

"That in sub-clause (a) of clause 28 of the Bill, all the words occurring after the words 'three rupees' be omitted."

The motion was negatived.

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

"That sub-clause (b) of clause 28 of the Bill be omitted."

Sub-clause (b) runs thus:

"the prescribed fee which shall not be more than three rupees, and an additional fee of a prescribed amount not exceeding one rupee by way of penalty if the application for renewal of the license does not reach the issuing authority before the date on which the license ceases to remain in force."

Sir, this is a penalty clause; in addition to three rupees, one will have to pay one rupee more for not putting one's application in the prescribed manner and within prescribed time. This Bill is practically, therefore, a punitive Bill, there is penalty after penalty. This it is really extremely difficult for us to support in any way. It is clear that such a sort of penalty should not be levied on those who are working under a very difficult situation, I mean the agents, having at the same time to pay more license fees. I think this penalty clause should be removed and I hope the Honourable Member will be amenable to this reasonable amendment.

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

"That sub-clause (b) of clause 28 of the Bill be omitted."

The motion was negatived.

**Mr. Amarendra Nath Chattopadhyaya:** Sir, I move:

"That in sub-clause (c) of clause 28 of the Bill, in the proposed proviso in part (i) (b), for the word 'may', occurring in the fifth line, the words 'shall ordinarily' be substituted."

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

"That in sub-clause (c) of clause 28 of the Bill, in the proposed proviso in part (i) (b), for the word 'may', occurring in the fifth line, the words 'shall ordinarily' be substituted."

**The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar:** Sir, I accept the amendment.

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

"That in sub-clause (c) of clause 28 of the Bill, in the proposed proviso in part (i) (b), for the word 'may', occurring in the fifth line, the words 'shall ordinarily' be substituted."

The motion was adopted.

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

"That clause 28, as amended, stand part of the Bill "

The motion was adopted.

Clause 28, as amended, was added to the Bill.

Clauses 29 and 30 were added to the Bill.

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

"That clause 31 stand part of the Bill."

**Mr. Amarendra Nath Chattopadhyaya:** Sir, I move:

"That sub-clause (a) of clause 31 of the Bill be omitted."

• Sub-clause (a) of clause 31 runs as follows:

"for the words 'was on a material matter and fraudulently made' the words 'was on a material matter or suppressed facts which it was material to disclose and that it was fraudulently made' shall be substituted, and after the words 'that the statement was false' the words 'or that it suppressed facts which it was material to disclose' shall be added."

I do not understand why this sub-clause has been added to clause 31. In order to understand the significance of this amendment I will read out section 45 of the Insurance Act, which runs thus:

"No policy of life insurance effected before the commencement of this Act shall after the expiry of two years from the date of commencement of this Act and no policy of life insurance effected after the coming into force of this Act shall, after the expiry of two years from the date on which it was effected, be called in question by an insurer on the ground that a statement made in the proposal for insurance or in any report of a medical officer, or referee or friend of the insured, or in any other document leading to the issue of the policy, was inaccurate or false, unless the insurer shows that such statement was on a material matter and fraudulently made by the policy-holder and that the policy-holder knew at the time of making it that the statement was false."

This section was clear as to the time, which was two years. Now, Sir, the amendment of section 45 reads thus: (I have already read out the first part of it.)

"(b) the following proviso shall be added, namely:

'Provided that nothing in this section shall prevent the insurer from calling for proof of age at any time if he is entitled to do so, and no policy shall be deemed to be called in question merely because the terms of the policy are adjusted on subsequent proof that the age of the life insured was incorrectly stated in the proposal.'

This is an absurd proposition. If a man insures his life at the age of 25 for an endowment policy and if it is found out when he is 38 years of age that he made a false statement with regard to his age, the Superintendent of Insurance can say that he is not going to respect his policy. The object of section 45 was that two years should be enough for an insurer to know all about the statements made by the policy-holder or his agent or his doctor or his friends. In the case I have mentioned, it will be a conspiracy to defraud the company at the start and everybody will be in the conspiracy. If the policyholder has been trusted by the insurer, why should there be an amendment to this section. It is an absurd proposition to say that so long as the policy is not respected at the time of maturity, the insurer will not have any difficulty to say that he made a false statement on the statement of somebody else. This statement is so absurd that I hope it will not be allowed to go on the Statute-book. Therefore, I commend this amendment for the favourable consideration of the House and I trust that it will be accepted by the Government.

Sir, I move:

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

"That sub-clause (a) of clause 31 of the Bill be omitted"

**The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar:** Mr. Deputy President, this Insurance Bill is indeed like a jig-saw puzzle, and I shall tell the House why. This particular amendment has been put forward at the instance of the Insurance Companies. The Superintendent

of Insurance, who is supposed to invite all sorts of powers to himself, was against this proposal. As a matter of fact, I had to hear both sides, and, as I said, at one stage I acted as an arbitrator, and my award on this occasion came on the side of the Insurance Companies, because I felt that they had some grievance in the matter. In this country the proof of age is a very difficult matter. Even the educated people do not know exactly their own age. When a policyholder insures his life and gives an age, and if, after two years, the Insurance Company is precluded from questioning it altogether, whatever the reasons for questioning it, it was represented to me that it was a great hardship on the Insurance Companies. Moreover, the Honourable Member will find that failure to reveal a certain fact which is referred to in section 45 was not a ground for calling a policy in question, but the Honourable Member is surely aware that an omission of a certain fact makes fraud much easier with consequent damage to the interest of the honest policyholder. Under these circumstances, I felt that certain latitude should be given, and that if certain facts are proved, these two years should not be an absolute bar to influence companies to re-open this question. As I said, the balance of advantage as between the policyholders and the Insurance Companies has to be taken into consideration, and on this matter I felt that the original section was a real hardship to Insurance Companies. That is the sole reason why I was prepared to accept this particular clause.

**Mr. M. S. Aney:** Sir, I am sorry I cannot agree with the award which my Honourable friend has given in deciding the dispute that was referred to him. I would certainly not have chosen him as my arbitrator at all had the choice rested with me. The thing is this. If this amendment is allowed to go, all that we succeeded in doing when this Bill was passed is completely washed away and we are reduced to the same original position of confusion against which we had to protest and we fought so bitterly and brought about the change in the Act. In my opinion it opens the floodgates of litigation in almost every possible case where an insurance company may find it difficult to meet the claims of the man for one reason or another and the main object in bringing about this amendment at that time was to prevent this kind of delay as a consequence of litigation on the part of the insuring company to meet the claims which were really due at the proper time. The element that is now being added is not that if there is any material irregularity or misstatement of material fact, but what is considered suppressed facts. Well, Sir, 'suppressed facts' open a very wide field. We do not know exactly what are those suppressed facts which will be considered as material for the purpose or which will be considered as his duty to disclose. All the various items which an insured person is called upon to fill are certainly items on which he is expected to give true information of and if there is going to be any misapprehension with regard to these items which are mentioned in that form, and every one of them, on which for one reason or another the company may be in a position to take exception after two years, will be considered as one on which information was suppressed and which they may also hold it was necessary for them to disclose. I do not think where the line of distinction or demarcation it will be possible for the court or anybody else to draw. The original section made it perfectly clear that certain material facts had been already excluded from the operation; as regards other mis-statements, the duty was thrown upon the insurance company to satisfy itself and find out the truth within the period of two years. They have got

[Mr. M. S. Aney.]

the machinery, they have got their medical examiners, they have got every other facility with which to satisfy themselves as regards accuracy of the information on which the policy was sanctioned by them. If within that period they had failed to do anything, then they have to suffer for their laches, and there is absolutely no equity whatsoever in their favour. If the arbitrator was swayed away by consideration of equity, they are in my opinion inequitable. That is all I have to say in support of the amendment moved by my Honourable friend, Mr. Amarendra Nath Chattopadhyaya.

**Dr. P. N. Banerjea:** Sir, the leader of my Party, Mr. Aney, the 3 P.M. eminent lawyer that he is, has argued this point fully. Now, Sir, the Honourable the Commerce Member has said that he was looking at the question from the point of view of the insurance companies, and that this amendment was brought forward at their suggestion. We, on this side of the House, took up the position that justice should be done to all the interests involved, particularly we should look to the interests of the policy-holder, because of all the parties concerned, the policy-holder is the weakest party. Therefore, in this case, I would support the interests of the policy-holder and, if necessary, oppose the interest of the insurance company. I request the Honourable the Commerce Member to look at the question from this angle of vision, namely, the point of view of the policy-holder, and when there is a dispute between the company and the policy-holder, and if the policy-holder's attitude is justified, it is his duty to support the policy-holder.

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

"That sub-clause (a) of clause 31 of the Bill be omitted."

The Assembly divided:

AYES—16.

Abdul Ghani, Manvi Muhammad.  
Aney, Mr. M. S.  
Azhar Ali, Mr. Muhammad.  
Banerjea, Dr. P. N.  
Chattopadhyaya, Mr. Amarendra Nath.  
Das, Pandit Nilakantha.  
Deshmukh, Mr. Govind V.  
Fazl-i-Haq Piracha, Khan Bahadur Shaikh.

Ghiasuddin, Mr. M.  
Ghulam Bhik Nairang, Syed.  
Mehta, Mr. Jannadas M.  
Muhammad Ahmad Kazmi, Qazi  
Murtuza Sahib Bahadur, Maulvi Syed.  
Parma Nand, Bhai.  
Siddique Ali Khan, Nawab.  
Zafar Ali Khan, Maulana.

NOES—30.

Abdul Hamid, Khan Sahib Shaikh.  
Ahmad Nawaz Khan, Major Nawab Sir.  
Bewoor, Sir Gurunath.  
Caroe, Mr. O. K.  
Chapman-Mortimer, Mr. T.  
Clow, The Honourable Sir Andrew.  
Dalal, Dr. R. D.  
Dalpat Singh, Sardar Bahadur Captain.  
DeSouza, Dr. F. X.  
Gopaldaswami, Mr. R. A.  
Ikramullah, Mr. Muhammad.  
Ismael Ali Khan, Kunwar Hajee.  
Kamaluddin Ahmed, Shams-ul-Ulema.  
Kushalpal Singh, Raja Bahadur.  
Maxwell, The Honourable Sir Reginald.

Mazharul Islam, Maulvi.  
Miller, Mr. C. C.  
Muazzam Sahib Bahadur, Mr. Muhammad.  
Mudaliar, The Honourable Diwan Bahadur Sir A. Ramaswami.  
Mukharji, Mr. Basanta Kumar.  
Oulsnam, Mr. S. H. Y.  
Pillay, Mr. T. S. S.  
Rahman, Lieut.-Colonel M. A.  
Scott, Mr. J. Ramsay.  
Sivarsaj, Rao Sahib N.  
Spence, Sir George.  
Staig, Mr. B. M.  
Thakur Singh, Captain.  
Thomas, Mr. J. H.  
Tyson, Mr. J. D.

The motion was negatived.

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

"That sub-clause (b) of clause 31 of the Bill be omitted."

Sub-clause (b) insert the following proviso in section 45:

"Provided that nothing in this section shall prevent the insurer from calling for proof of age at any time if he is entitled to do so, and no policy shall be deemed to be called in question merely because the terms of the policy are adjusted on subsequent proof that the age of the life insured was incorrectly stated in the proposal."

I have already spoken on the absurdity of this clause. The insurer can at any time call for proof of age of any policy-holder. I cannot imagine the miserable condition of the policy-holder that he may be questioned at any time about the age which he had mentioned when he took out the policy; and there is no time limit. I do not know why the Commerce Member introduced such an absurd proposition. A man might have taken out a policy at the age of 20 but after paying premium for 30 years when the policy has matured and he expects to get the insurance money, having paid premium for all these years, his age may be challenged as incorrect. The case of the policy-holders has been absolutely ruined by this clause. Sir, the Commerce Member said that he was an arbitrator between the policy-holders and the insurers.

**The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar:** So far as this clause is concerned, it is the Select Committee that was the arbitrator, not I.

**Mr. Amarendra Nath Chattopadhyaya:** In that case there should be a censure on the Select Committee. It is an awfully absurd proposition and I am really astonished that the Select Committee, among whom we find the name of Sir Cowasji Jehangir who is an expert in insurance, introduced this provision with a view to protect the insurers against the policy-holders. It is the policy-holders who create insurance business and help the insurers to get fat salaries and bonuses. And to protect the insurers such an absurd clause has been introduced that no sane man can accept it and I am sure the Commerce Member will not accept it. Neither from the point of view of common sense nor from the point of view of a sense of justice can this be supported. Sir, I move.

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

"That sub-clause (b) of clause 31 of the Bill be omitted."

**Mr. M. S. Aney:** Sir, may I ask a question? The clause says, "Provided that nothing in this section shall prevent an insurer from calling for proof of age at any time if he is entitled to do so". What is the meaning of these last words, "if he is entitled to do so"? I hope the Honourable Member will explain this.

**Mr. T. Chapman-Mortimer:** Sir, I think there has been some misapprehension about this amendment as there has been in the case of others. As the Honourable the Commerce Member has pointed out, it is a very complicated Bill and it is not always very easy to understand exactly the implication of a few simple words like "and" or "or" in an amendment. But, briefly, the position is this. As I understand it, the Honourable the Mover of this motion has talked as though there were no safeguards at all for the insured persons. Of course that is entirely incorrect. I shall not weary the House by reading section 45 of the Act because it is a very long section, but if Honourable Members who have a copy by them will turn

[Mr. T. Chapman-Mortimer.]

to that section they will see that, briefly, a policy cannot be called in question on the ground of mis-statement after two years. That is the law as it stands, but it is perfectly obvious that a mis-statement can be of two kinds. It can be a *bona-fide* mis-statement because either the medical officer or the insured person made a mistake in filling up the form or it can be a mistake in which the mistake was deliberate; and it is in order to deal with that latter class of case that this sub-clause (b) of clause 31 is now proposed to be inserted.

"Provided that nothing in this section shall prevent an insurer from calling for proof of age at any time, if he is entitled to do so."

I would emphasise these last words and repeat them, "if he is entitled to do so". He is not entitled in certain cases which are laid down and he must have a legal case under his ordinary insurance policy forms. If he has not got that case he cannot call for proof of age at any time; he must comply strictly with the terms of section 45. But we do know that there is a class of person, unfortunately, who for the sake of getting a cheap insurance make certain statements which are not correct statements in regard to his age. He knows perfectly well that they are not correct: nobody else is in a position to challenge him at that time. Later on it may very well be that certain facts come to the notice of the insurer, and he then knows that Mr. A had made a false statement. In that case he would be entitled,—provided in other respects also he is entitled,—to call for proof of age; and then the assured would have to pay, as he ought to pay, the proper premium which would have been imposed upon him had he correctly given his age when he took out the policy. It is simply to deal with that class of case that this proviso was drafted and, as Honourable Members will see, amended in Select Committee and amended in such a way as to protect to the full the honest assured. It will not protect the dishonest one, but who wants to protect him? I suggest not my Honourable friend the Mover of this amendment—at least I hope not. Sir, I oppose the amendment.

**The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar:** Sir, my Honourable friend, Mr. Aney, wanted to know what the meaning of the phrase is—"if he is entitled to do so". That, I feel, Mr. Chapman-Mortimer has not explained. There are certain life insurance companies which in their policy state that age must be proved before the policy comes into effect. That is, by their policy they are entitled to ask for proof of age. Therefore, they can ask for proof of age; and if the proof of age shows that the age is something other than what the assured said at that time, they are entitled to readjust their policy according to the age that is proved. That is why this amendment was moved in Select Committee.

**Mr. Amarendra Nath Chattopadhyaya:** Is it not a fact that proof of age must be given before the policy can be issued?

**The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar:** It is unnecessary to prove the age . . . .

**Mr. Govind V. Deshmukh** (Nagpur Division: Non-Muhammadan): May I know why the amendment of the Select Committee was not put in the explicit words as has been suggested by my friend, Mr. Chapman-

Mortimer, instead of leaving it like this that is vague? My friend suggested that it is only the case of deliberate mis-statement of age that is meant to be covered. Then why not put in those specific words "in case of deliberate mis-statement of age"?

**The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar:** Deliberate or otherwise—I think Mr. Chapman-Mortimer said. It may not be deliberate, but still it is a mis-statement of age and proof of age has to be secured. If the company is entitled to ask for proof of age in its policy, where it says that the policy is not effective till age has been proved, it can do so: many British and Indian companies do so in their policy, that until proof of age is produced the policy will not be effective, and then that proof of age has to be produced and insurance companies will not be precluded from asking for proof of age.

**Mr. T. Chapman-Mortimer:** If you will permit me, Sir, to add a word, it is simply this: that if in the case of a policy where it is laid down very clearly and specifically that they are entitled to call for proof of age and that they will not pay till they have had that proof of age, this amendment which is now being proposed is not to the interest of the insurer nearly so much as it is to the interest of the assured, or rather, I should say, of his heirs and successors or assignees as the case may be. It is *they* who are going to be benefited by this much more than the insurer, because the insurer will say "I want to be satisfied. The man is dead and you must find proof of age and you must call his widow or children or others who can supply proof" . . . .

**Mr. M. S. Aney:** Suppose they do not get any one to supply proof, what is it you want to suggest? You do not solve the real difficulty. Suppose they fail to get proof after the death of this man and this company insists upon it, what is going to happen?

**Mr. T. Chapman-Mortimer:** The point is that the company, under the law as it will stand if this amendment goes, will be in a position to insist upon proof of age during the lifetime of the assured himself or herself, and within his lifetime . . . .

**Mr. Govind V. Deshmukh:** Put down those words there: your words are very vague.

**Mr. T. Chapman-Mortimer:** The words are, I think, very clear; they may seem a little vague, but in fact they are correct.

**Mr. Deputy President (Mr. Akhil Chandra Datta):** The Honourable Member cannot make a third speech.

**Mr. Govind V. Deshmukh:** Sir, I support the amendment of my friend Mr. Chattopadhyaya. I have gathered from the explanation that it was really the case of deliberate misstatement about age which was intended to be dealt with; but I have pointed out that there could have been in this section a specific mention about this fact that if there is a deliberate misstatement of age then the company is entitled to call for proof from the other side or the policy may be impeached on that

[Mr. Govind V. Deshmukh.]

ground. But as it has transpired after this discussion, it is meant to cover other cases also. The question of the proof of age is a very difficult one. It was really the intention the last time when this clause was included, that after a particular period the policy should not be challenged: it was with the idea of safeguarding the policyholders who are mostly illiterates. If a company wishes to challenge a policy, it should be during the lifetime of the assured that the policy should be challenged; it would then be for the man to provide proof of age. He has to undergo all that trouble. But if he dies, who is to come forward to prove his age, who is to go all over the place to get proof of his age? If a company wants any proof of age and see that they do not suffer by any false or deliberate misstatement of age, then it is their business to go round and see that the proper correct statement of age is made. They should not be in a hurry to accept any policy or increase their business merely on the ground that they are getting so much business—saying, never mind what happens now we can challenge this policy afterwards. They should be very particular from the beginning; if they wish to secure business, they should not secure business by any means and afterwards seek to profit by the hurry or through the greed of the canvassing agent or other persons and turn round and say to the widow or the small children that the policy was not a correct policy and they challenge the policy and ask them to produce evidence of age, and say there was a deliberate misstatement of age. I submit this amending Bill takes away the right which was granted last time to protect the policyholders who are illiterates. India is not England; and we must take into consideration that 999 policyholders out of 1,000 or their widows who survive them are illiterates: they know nothing about this business at all. So, in order that the policyholders should not suffer, a heavy burden should be thrown upon these insurers who want to secure business; that they must from the very beginning secure proof of age, and it should be taken for granted, the moment a policyholder's policy is accepted and the period, according to the old Bill, of two years elapses, that there is a correct statement of age.

**Mr. Deputy President** (Mr. Akhil Chandra Datta): The question is: "That sub-clause (b) of clause 31 of the Bill be omitted." The motion was negatived.

**Mr. Deputy President** (Mr. Akhil Chandra Datta): The question is: "That clause 31 stand part of the Bill."

The motion was adopted.  
 Clause 31 was added to the Bill.  
 Clause 32 was added to the Bill.

**Mr. Deputy President** (Mr. Akhil Chandra Datta): The question is: "That clause 33 stand part of the Bill."

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

"That in sub-clause (b) of clause 33 of the Bill, in the proposed sub-section (2), for the word 'three' the word 'six' be substituted."

I think, Sir, it will help Honourable Members to appreciate the point of this amendment if I call their attention briefly to section 48 of the Act. That section provides that a certain proportion,—25 per cent. of the Board of insurer which is incorporated as an Indian company,—should be persons representing the policyholders; that is to say, one fourth of the Board will represent the policyholders. Now, Sir, in the Bill as proposed, the time limit within which notice must be given is three months, but the admission cards and proxies for the meeting have to be arranged for some time before, and it is very essential to prevent people, who have not really got any right to attend, from coming in simply because the company has not been able, in the time at their disposal, to make absolutely certain that only policy-holders have received the cards of admission and proxies. Naturally, in the case of small insurers, the question does not arise to the same extent, because they will have a smaller number of policyholders, and they will probably be scattered over the area, say in a province like Bengal. But if you take the case of an insurer, such as the Oriental Life Insurance Company or any other company comparable to that or even quarter of that size, their position might be extremely difficult. What we suggest here is that instead of giving only three months as the qualifying period, you should have six months. That would not altogether get rid of the danger by any means. The danger will still be there of persons who may be able to attend and vote because nobody would be able to check up the lists. But although the danger will not be eliminated by the acceptance of this amendment, I think it will be considerably minimised. I, therefore, commend this amendment to the support of the House and the acceptance of Government.

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

“That in sub-clause (b) of clause 33 of the Bill, in the proposed sub-section (2), for the word ‘three’ the word ‘six’ be substituted.”

**Dr. P. N. Banerjee:** Sir, this amendment seems to me to be a very reasonable one, and I support it.

**The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar:** Sir, as the main Parties in the House have accepted this amendment, I dare not oppose it.

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

“That in sub-clause (b) of clause 33 of the Bill, in the proposed sub-section (2), for the word ‘three’ the word ‘six’ be substituted.”

The motion was adopted.

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

“That in sub-clause (b) of clause 33 of the Bill, to the proposed sub-section (2) the following proviso be added:

‘Provided that the assignment of a policy to the person who took out the policy shall not disqualify that person for being eligible for election as a director under sub-section (1).’

Sir, there is a printing error here,—the word “for” should be “from”. It will then read “.....that person from being eligible for election as a director under sub-section (1)”. This is a very simple amendment, and I am perfectly certain that it will commend itself to

[Mr. T. Chapman-Mortimer.]

all sides of the House without any long speech from me. It is simply to ensure that in the matter of voting a person shall not be disqualified from the right of vote merely by reason of the fact that he has for the time being assigned his policy to some one from whom he has negotiated a loan, for example, either from a bank or from some one else. That is not the intention. The intention is that the policyholder who has taken out the policy should be entitled to vote in the election of directors. Sir, I move.

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

"That in sub-clause (b) of clause 33 of the Bill, to the proposed sub-section (2) the following proviso be added:

'Provided that the assignment of a policy to the person who took out the policy shall not disqualify that person from being eligible for election as a director under sub-section (1).'

**Mr. M. S. Aney**: Sir, I support the amendment, but I do not agree with the change that my friend has proposed. Grammatically or idiomatically the construction of the sentence, as it is in the Bill, is much better than the change now proposed. 'Shall not disqualify that person for being eligible' is as good as and much better than 'from being eligible'.

**Mr. T. Chapman-Mortimer**: If that is the feeling of Honourable Members whose knowledge of the English language is much better than my own, I bow to their decision. My only point is that we want more clarity in the words. If Government's own draftsman changed the word 'for' for the word 'from' purposely, then I apologise for my lack of understanding. I have no objection if the House accepts the wording as it is, provided the intention is made quite clear.

**The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar**: Sir, I accept the amendment. As regards the language, it has been carefully scrutinised, and I am given to understand,—I don't put myself forward as an authority on the English language,—I dare not,—but I am given to understand that this language is all right and is in the proper form.

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

"That in sub-clause (b) of clause 33 of the Bill, to the proposed sub-section (2) the following proviso be added:

'Provided that the assignment of a policy to the person who took out the policy shall not disqualify that person for being eligible for election as a director under sub-section (1).'

The motion was adopted.

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

"That clause 33, as amended, stand part of the Bill"

The motion was adopted.

Clause 33, as amended, was added to the Bill.

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

"That clause 34 stand part of the Bill."

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

"That in clause 34 of the Bill, in the proviso to the proposed section 49, for the words 'to be adopted in any valuation in respect of which a return is made under section 15', the words 'adopted in the valuation disclosing the aforesaid surplus' be substituted."

As Honourable Members will appreciate, this is a very difficult technical clause to explain. But very briefly the position is this, that the wording of the Bill as it stands relates to calculation of the interest basis in *any* valuation. What, of course, is meant is the calculation in the *particular* valuation to which reference is made. I do not think I can make the point more clear than that, and I hope that it will be sufficient for me to press the Government to accept the amendment . . .

**Mr. M. S. Aney:** Do you want us to vote without understanding?

**Mr. T. Chapman-Mortimer:** I am not asking Honourable Members to vote without understanding the position. All I am saying is this, that it is a difficult amendment to argue. The point really is this, that you want to have a valuation basis in a *particular* valuation to be considered,—not in *any* valuation,—it may be a valuation of 1 year or 5 years,—you want to be sure it is the valuation for the year 1 or for the year 5 as the case may be. Sir, I move.

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

"That in clause 34 of the Bill, in the proviso to the proposed section 49, for the words 'to be adopted in any valuation in respect of which a return is made under section 15', the words 'adopted in the valuation disclosing the aforesaid surplus' be substituted."

**The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar:** Sir, I accept the amendment.

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

"That in clause 34 of the Bill, in the proviso to the proposed section 49, for the words 'to be adopted in any valuation in respect of which a return is made under section 15', the words 'adopted in the valuation disclosing the aforesaid surplus' be substituted."

The motion was adopted.

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

"That clause 34, as amended, stand part of the Bill."

The motion was adopted.

Clause 34, as amended, was added to the Bill.

Clauses 35, 36, 37 and 38 were added to the Bill.

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

"That clause 39 stand part of the Bill."

**Mr. Amarendra Nath Chattopadhyaya:** I beg to move:

"That part (iii) of sub-clause (a) of clause 39 of the Bill be omitted."

[Mr. Amarendra Nath Chattopadhyaya.]

This is an amendment of section 70 of the Act. Part (iii) of sub-clause (a) of clause 39 runs as follows:

“The word ‘and’ at the end of clause (c) shall be omitted, and after clause (d) the following word and clause shall be added, namely:

‘and

(e) the prescribed fee for registration being not more than two hundred rupees’.”

I want to omit this portion altogether, though I do not think that I am going to get it omitted. However, I move the amendment.

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

“That part (iii) of sub-clause (a) of clause 39 of the Bill be omitted.”

**The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar:** I regret very much that I am unable to accept this amendment. The scheme of the Act is, so far as the levy of fees is concerned, to get a certain initial registration fee from new insurance companies and a similar fee from new provident societies. The House has already passed the clause relating to the levy of registration of fee from new insurance companies. Consistent with that, I trust that the House will now accept the provision for registration of new provident societies.

**Dr. P. N. Banerjea:** Does it apply to co-operative societies also?

**The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar:** No. Only provident societies.

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

“That part (iii) of sub-clause (a) of clause 39 of the Bill be omitted.”

The motion was negatived.

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

“That clause 39 stand part of the Bill.”

The motion was adopted.

Clause 39 was added to the Bill.

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

“That clause 40 stand part of the Bill.”

**Mr. Amarendra Nath Chattopadhyaya:** I beg to move:

“That clause 40 of the Bill be omitted.”

With a view to running this Department, the Honourable the Commerce Member has become very greedy. He won't allow anybody to escape his greed. This is a new section added after section 70. Of course, the law, if it is to be made, is to be made for all. We feel that if these licensing fees and registration fees are enhanced, it is very difficult for the new companies and small companies to go on. That is my complaint all along. My Honourable friend wants money; and he wants to whip the lame horse or milk the dry cow. In the process many companies will collapse as an effect of this Bill. Sir, I move.

**Mr. Deputy President** (Mr. Akhil Chandra Datta): Amendment moved: "That clause 40 of the Bill be omitted."

**The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar:** I regret I cannot accept this amendment. The scheme of the Act is to have a renewal registration fee from insurance companies and provident societies, and I cannot make a distinction between one kind of insurance and another kind of insurance. With reference to the last remark of my Honourable friend, I am perfectly certain that he is over-painting a gloomy picture of the future of these companies, and I am entirely confident that this levy will not jeopardise their existence or continuance.

**Mr. Deputy President** (Mr. Akhil Chandra Datta): The question is: "That clause 40 of the Bill be omitted."  
The motion was negatived.

**Mr. Deputy President** (Mr. Akhil Chandra Datta): The question is: "That clause 40 stand part of the Bill."  
The motion was adopted.  
Clause 40 was added to the Bill.  
Clauses 41 to 60, both inclusive, were added to the Bill.

**Mr. Deputy President** (Mr. Akhil Chandra Datta): The question is: "That clause 61 stand part of the Bill."

**Dr. P. N. Banerjea:** I move:

"That in sub-clause (a) of clause 61 of the Bill, in the second proviso to the proposed sub-section (1), for the words 'accepted in this behalf by the Superintendent of Insurance' the words 'approved by a qualified actuary' be substituted."

This refers to the acquisition of surrender values by policies and a power is given with regard to the formula to be adopted in this behalf. In the Bill it is proposed that the approval should be by the Superintendent of Insurance, but I say that this formula should be that it may be approved by an actuary. An actuary is well acquainted with these matters and he is the proper person to approve the formula. With these words, I move.

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

"That in sub-clause (a) of clause 61 of the Bill, in the second proviso to the proposed sub-section (1), for the words 'accepted in this behalf by the Superintendent of Insurance' the words 'approved by a qualified actuary' be substituted."

**The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar:** Sir, this is one of the clauses that were considered most carefully by the Select Committee. As Honourable Members will see, it has been amended very largely by the Select Committee and the position of the insurance companies was fully taken into consideration. I said earlier in reply to the debate when I asked the House to take this Bill into consideration, that clause 61 is a clause which is essentially framed for the benefit of the policyholders so that they may be quite aware of what their position is with reference to the surrender value of their policies. The clause, as

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it stands, has made it easy for the insurance companies, without detailed calculations and printed bulky volumes illustrating the surrender value at various stages of various policies, which is the practice now so far as life insurance companies are concerned,—it has been made easy for the life insurance companies to devise a formula which may be acceptable. If we leave it to the different actuaries, it will mean that it will not be easy to judge whether the formula is sufficient, and whether it is framed in such a way that the policyholders can easily calculate for himself what the surrender value of his policy is. Different actuaries may have different ways of framing this formula, and it is considered necessary in the interests of the policyholders that the Superintendent of Insurance should be the person to judge of the propriety of the formula, and whether it is so framed as to enable the policyholder to calculate for himself the surrender value. The phrase “qualified actuary” will lead to difficulties. If it means fully qualified actuaries, it means Fellows, and if it means partially qualified actuaries, it means Associates. If it is fully qualified actuaries, there are half a dozen or seven or eight only, and the difficulty of every life insurance company going to a qualified actuary and having his advice over this matter will be very great. On all these grounds, I am unable to accept the amendment.

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

“That in sub-clause (a) of clause 61 of the Bill, in the second proviso to the proposed sub-section (1), for the words ‘accepted in this behalf by the Superintendent of Insurance’ the words ‘approved by a qualified actuary’ be substituted.”

The motion was negatived.

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

“That clause 61 stand part of the Bill.”

The motion was adopted.

Clause 61 was added to the Bill.

Clauses 62 to 71, both inclusive, were added to the Bill.

The Schedule was added to the Bill.

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

“That clause 2 stand part of the Bill.”

**Mr. Amarendra Nath Chattopadhyaya:** Sir, I move:

“That before the existing sub-clause (a) of clause 2 of the Bill, the following be inserted and the existing sub-clauses (a) and (b) be re-lettered as (b) and (c) respectively:

‘(a) to clause (3) the following shall be added at the end:

and buildings of the companies in large commercial towns including their Head Office buildings, railway shares where the principal or interest is guaranteed by the Provincial or Central Government, and debentures floated and secured on their revenues by District Municipalities and District Boards’.”

The Honourable the Commerce Member has given us some idea about securities during the debate in the course of the day but I could not agree with him that only in the Presidency towns the buildings of the insurance companies may be accepted as securities in times to come. But Sir, the insurance companies have set up big buildings not only in Presidency towns but also they have their own houses in district towns

where they carry on their business and when they have invested some money I do not know on what grounds these securities will not be accepted as securities by the Government. They have also purchased shares in railways and also debentures and also the loans given to the policyholders and why should not these securities be accepted as approved securities. If these are not going to be accepted, then how can they invest at all. These are their own assets and if these assets are not acceptable to Government as securities, then the insurance company will really go down and all these companies will be killed and, therefore, I beg to add this amendment to clause 2 that the buildings of the companies should be accepted at 50 per cent. of the book value. It is a very reasonable proposition. There should be no question about including them as securities.

At this time of terrible war, when air raids are possible buildings may be insecure as securities. But as a matter of fact, everything is insecure in this time of war. It is a very trying time no doubt and at such a time these insurance companies should not be hit. We should expect the Honourable the Commerce Member to take all these facts into consideration. Sir, we have not been able to make him accept any of our many amendments which have undoubtedly seemed to be very reasonable to us. He could not accept them because he was unable to do it. He would have been able to appreciate our point of view had he been sitting on this side of the House instead of, on that side. But while sitting on the other side, I understand his difficulties. With regard to our interests in the insurance business, we have to take into consideration the real difficulties from which the insurance companies are suffering and those companies which have already invested their money in land and buildings will now be thrown out to suffer on account of the Government's way of assessing the securities or prescribing securities. These companies will in consequence suffer a great deal and particularly nowadays. If these small companies or the medium companies, if they have securities of the kind I have mentioned, they should be allowed to use their assets as securities and the assets are in the form of their buildings, shares, debentures and so on. It is in this form that ordinarily the old companies have their assets. Therefore I would ask the Honourable the Commerce Member to take these facts into consideration and I am sure he will allow these to be taken as securities. If he is not able to accept my amendment presently, I trust he will give it his consideration and accept it later on. It is a very reasonable and sensible amendment. Sir, I move.

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

"That before the existing sub-clause (a) of clause 2 of the Bill, the following be inserted and the existing sub-clauses (a) and (b) be re-lettered as (b) and (c) respectively :

'(a) to clause (3) the following shall be added at the end :

'and buildings of the companies in large commercial towns including their Head Office buildings, railway shares where the principal or interest is guaranteed by the Provincial or Central Government and debentures floated and secured on their revenues by District Municipalities and District Boards'."

**The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar**: Sir, I trust the House will excuse me if I pointed out that this must be known to all the Honourable Members of the House,—that there is no embargo

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on any insurance company having a head office building of its own in any place it likes, that there, is no prohibition for investing a part of its funds in such head office buildings, that this definition of "approved securities" merely means that for the purposes of section 27, "to keep 55 per cent. of their assets in a certain manner", the value of a head office building shall not be taken into account for that purpose. Therefore, it would be giving a wrong impression altogether if one were to suggest that an insurance company cannot have part of its assets in the form of a head office building. I want to make that position perfectly clear. Secondly, my Honourable friend will, I trust, realise my difficulty in accepting the amendment. He speaks of head office buildings in large commercial towns. It is very difficult to define what a large commercial town means or is. Secondly, as I said, a positive distinction may be made between head office buildings in Presidency-towns or in some selected cities and head offices elsewhere. It was pointed out that the value of a head office building is the same anywhere, and that in any case the values can be based on the rental basis, which is exactly what is done with reference to buildings in Presidency-towns. But the difficulty is this. Whereas, in Presidency-towns, normally there is a demand for such buildings and a rental value can be assessed. It must be the experience of Honourable Members that there are huge buildings whose cost nobody can question, but which, from the point of view of rentals, may not yield any appreciable amount at all. It is well-known—I can give an instance of a famous town in my own Presidency where buildings worth Rs. 10 lakhs or Rs. 8 lakhs were constructed, in Chettinad, for example, but if anybody were to go and occupy them, the rental would be not something in relation to a building costing lakhs. Now, that is one of the difficulties in having this form of securities among the "approved securities". The building is there, it has cost so much, but what good will it be to the policyholder if, on the one hand, it cannot be sold to any other person—and there are buildings like that—and, on the other hand, it is not an investment in the sense that it can get a reasonable rental year after year without much difficulty . . . .

**Dr. P. X. DeSouza:** For the sake of information, Sir, if an adequate return is guaranteed, is the Honourable Member prepared to consider, for instance, a head office in Bangalore?

**The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar:** The Honourable Member says, "if an adequate return is guaranteed", and gives an instance, one of the few exceptions, of a growing town where such a thing may be had. I think it is possible to make a distinction between one set of towns and another, but it is very difficult to make that distinction, and, therefore, I suggested in an earlier speech of mine that probably the category of Presidency-towns stands by itself, but even that has to be very carefully considered . . . .

**Mr. M. S. Aney:** The Honourable Member said "and probably some selected towns"—that is what the Honourable Member said; now he is again modifying it.

**The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar:** So far as the present stage is concerned, I am unable to accept any amendment with reference to Presidency-towns or otherwise.

**Mr. M. S. Aney:** We are asking what your future policy is.

**The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar:** With reference to Presidency towns or other selected towns, it is possible that a more careful investigation and a more careful distinction may be drawn between Presidency-towns and a few other selected towns and "other places." When that investigation is made, and when that distinction is possible to be drawn, whether insurance companies would accept them, or whether the charge would be made that Government were trying to discriminate between one set of insurance companies and another, will also have to be considered. If, at that time, there is some amount of unanimity amongst insurance companies, young and old, then probably the Government may be in a position to consider at that time this extension of the definition of "approved securities" and it may be so made as to include head office buildings in Presidency-towns and in those very few selected towns which may come, more or less by their ambition and status and other features, under the category of Presidency-towns, but at the present moment I am unable to accept this amendment.

**Mr. M. S. Aney:** Sir, I have no hope, and I do not want, that the amendment should be accepted, but as regards the statement the Honourable Member has made, there is much for us to consider. He imagines a position that it is possible to make a distinction between certain presidency towns and certain selected towns and "other towns" as regards the buildings of the insurance companies to be considered as assets or security. Now, on that point, while he was developing his argument on that point, he suggested that even then he is not quite sure whether the charge of having made a discrimination between the smaller companies and the bigger companies might not be levelled against anybody who would try to make a distinction like that and who would consider certain buildings in certain kinds of towns as fit to be considered as proper securities. He thereby suggested that that proposition would be capable of consideration by the Government only when there is a possibility of a unanimous understanding or agreement between the smaller companies and the bigger companies as to what kind of towns and what cities should be considered proper by them for this purpose! I am afraid this theory of an "agreement between conflicting parties" and "unanimity" between them is gradually permeating very much into other Departments of Government also and all progress is being kept dependent and made contingent upon such agreements, and that is rather becoming a growing menace in my opinion. I would, therefore, appeal to the Honourable Member to save himself and the country from the danger of any kind of theory of that kind at any rate so far as his own Department is concerned. That is all I have to say.

**Mr. T. Chapman-Mortimer:** Sir, it had not been my intention to intervene on this discussion, but in view of the trend that the debate has taken I feel I must say a few words. I think there is a very great deal of misapprehension in the minds of many people in regard to investments held by insurance companies. At least some Honourable Members I think will remember that at the time when this was discussed in Simla three or four years ago, we, on these Benches, very strongly took exception to the provisions of section 27 as it now is—which is the section that we must consider and bear in mind when you are talking about

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"approved securities". I remember arguing—not in this House it is true, not in quite these terms—with the Leader of the Opposition, Mr. Bhulabhai Desai, and I said to him: "you are trying to put insurers in a strait jacket when you insist that they must have their investments in certain particular classes of holding," and he laughed at me and suggested that I did not know what I was talking about, when I asked what would happen if the value of Government securities were to change—and we all of us have seen in a very few years the difference between borrowing by Government at five or six per cent. and their borrowing today at three and three and a half, and much less in the case of treasuries. So much for the views of the Honourable the Leader of the Opposition, now, unfortunately, absent; but that was his argument and it was largely due to his Party and their attitude that we have section 27 . . . .

**Mr. M. S. Aney:** Unholy alliance between them and the Government Benches then?

**Mr. T. Chapman-Mortimer:** Well, it was largely at their instigation that this was done; we warned them at the time that it would make difficulties for insurers. Sir, it is not my intention now to get up and say anything by way of attacking absent people when I am making my point about this question of the definition of "approved securities" . . . .

**Mr. M. S. Aney:** But very often you do that?

**Mr. T. Chapman-Mortimer:** Sometimes it is necessary. The point is this. An insurer must, by the nature of his business, keep his assets as fluid as possible. If he is thinking of locking up assets in buildings, however valuable, in companies, however good; if these assets are not of a nature that they can be easily realized when required to meet policies when they fall due; then they might as well not exist at all. That is why the definition of approved securities is drawn in the very tight terms that it is. That is not the same thing as section 27. Section 27, of course, brings in securities and the definition of approved securities, but that definition must stand as it is. If you are going to allow insurers to invest in all classes of real property even in the Presidency-towns, as my Honourable friend, the Commerce Member, has pointed out, you get large blocks of valuable property which in under ten years' time may be worth a quarter.

**Mr. M. S. Aney:** What is the practice in England?

**Mr. T. Chapman-Mortimer:** In England no decent Insurance Company  
4 P.M. ever considers investments in the buildings of its head office as part of its assets. Of course, they do invest money in head office buildings and so on but they are long ago written off by careful finance and sound financial policy. I just wanted to make that point because lot of people seem to think that Government have somehow been unjust in allowing this matter to remain open. I do not think so at all. I think Government's view, quite correctly, is that section 27 must remain at present as it stands. As far as the definition of approved securities is concerned, they cannot possibly, in the present circumstances, agree to any change in that definition for the reason that the assets of insurers must be in a highly liquid form.

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

"That before the existing sub-clause (a) of clause 2 of the Bill, the following be inserted and the existing sub-clauses (a) and (b) be re-lettered as (b) and (c) respectively :

(a) to clause (3) the following shall be added at the end :

'and buildings of the companies in large commercial towns including their Head Office buildings, railway shares where the principal or interest is guaranteed by the Provincial or Central Government, and debentures floated and secured on their revenues by District Municipalities and District Board.'

The motion was negatived.

**Dr. P. N. Banerjee:** Sir, I move :

"That before the existing sub-clause (a) of clause 2 of the Bill, the following be inserted and the existing sub-clauses (a) and (b) be re-lettered as (b) and (c) respectively :

(a) to clause (3) the following shall be added at the end :

'and Head Office buildings of the insurance companies situated in any of the Presidency towns.'

Sir, my amendment is of a much more modest character than the amendment which was moved by my Honourable friend, Mr. Chattopadhyaya. I am thankful to the Honourable the Commerce Member for the sympathy which he has already expressed in regard to this amendment. The head office buildings in the Presidency towns do, as a matter of fact, exist on a footing different from the head office buildings in other towns, particularly the smaller towns. Such head office buildings are regarded as trustee securities for many purposes, and for investment purposes these buildings are far more paying or revenue-yielding than Government securities or other kinds of approved securities. So far as the risk is concerned, there is much less risk in investment in these securities than in any other securities.

As regards the discrimination to which my Honourable friend referred, allow me to point out that discrimination has already been made in the Act itself. In the list of approved securities are mentioned the debentures raised by the City Improvement Trust in any Presidency town. So, there is no difficulty with regard to the question of discrimination. But I do not wish to press this amendment at the present moment as the Commerce Member has already expressed his sympathy and is prepared to consider the question. I agree with him that he may also add after 'Presidency towns' some other large towns, for example, the Provincial capitals and places like Bangalore which are very flourishing.

**Mr. Deputy President** (Mr. Akhil Chandra Datta): Is the Honourable Member moving his amendment?

**Dr. P. N. Banerjee:** I have already moved it. I should also like the Honourable Member to tell us when it will be possible for him to take this matter into consideration. This question of discrimination is not of very great importance. During the lunch hour I was going through the list of the Insurance Companies. I find that of the non-Indian companies 95 per cent. have their head offices in Presidency towns and the 75 per cent. of the Indian Companies, roughly speaking, are in the Presidency towns. As regards the remaining 25 per cent., if you make a provision for those which are located in the bigger towns, only a few companies will

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be left. There need not be any difficulty to deter him from taking this matter into consideration at an early date. He has his difficulties which I appreciate, but so far as the limited nature of the amendment is concerned, even war conditions do not justify any delay. That is what I wish to submit for his decision with regard to this matter and I will withdraw my amendment with the request that this matter may be taken into consideration at a very early date.

**Mr. Deputy President** (Mr. Akhil Chandra Datta) : In view of the fact that the Honourable Member has already expressed his desire to withdraw his amendment, it need not be put to the House.

**Mr. M. S. Aney**: Is it to be taken as moved or not?

**Dr. P. N. Banerjee**: I have already moved it.

**Mr. M. S. Aney**: As the amendment has been moved, it cannot be withdrawn without our leave.

**Mr. Deputy President** (Mr. Akhil Chandra Datta) : He has certainly moved it, but before it was put to the House, he said that he wants to withdraw it. That is practically saying that he is not moving it.

**Mr. M. S. Aney**: My point of order is this. A motion can be said to be moved only when the Member in charge moves it and when the Chair says : "Motion moved". That is the point. When a Member says : "I move my amendment", is there any option to the Chair except to say : "Motion moved"? In my opinion, there is no option for the Chair on that point. In view of the remarks that he has made that he also wishes to withdraw it, the Chair may later on put the other motion that he may be allowed to withdraw it.

**Mr. Deputy President** (Mr. Akhil Chandra Datta) : Apart from the technical aspect of the question, if we look at it from the point of substance, the position is this. He has no doubt moved it, but before it was put to the House, he said that he would not press it, and, therefore, substantially he does not move it. A motion is taken as moved when the Chair put it to the House. But before that stage was reached, the Honourable the Mover has declared that he does not want the verdict of the House. Is it any good, under the circumstances, to put it to the House?

The question is :

"That clause 2 stand part of the Bill."

The motion was adopted.

Clause 2 was added to the Bill.

Clause 1 was added to the Bill.

The Title and the Preamble were added to the Bill.

**The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar**: Sir I move :

"That the Bill, as amended, be passed."

Sir, I do not think any long speech is necessary from me at this stage. I am very thankful to Honourable Members of this House for the helpful criticism which they have advanced in the course of the discussion on this Bill and for their helpful attitude altogether. As I anticipated at the beginning, there were only two or three provisions which could be considered controversial.

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

It is not my fault that on these questions which I considered as vital questions, I was not able to meet the wishes of some Honourable Members. The House will now realise that though this Bill is a ponderous Bill of 71 clauses, the main issues were whether the levy of renewal registration fee or the initial registration fee for Life Insurance Associations and for Provident Associations should be made or not, whether the Agents' fees should be increased or not, and whether the approved securities should be enlarged or not. Beyond these issues, there were actually no other issues which were of a serious controversial nature. If I have been unable to meet the wishes of some Honourable Members on these matters, I have explained my attitude of the difficulties that stood in the way of the Government meeting them in these respects. Sir, I commend the Bill for the acceptance of the House.

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

"That the Bill, as amended, be passed."

**Mr. T. Chapman-Mortimer**: Sir, there is very little that I wish to say at this stage except this. We have now had within four years one major Bill and one very big Amendment Bill to the Insurance Law of this country and I think the two Honourable Members of the Government concerned, Sir Nripendra Sircar and the Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar, the present Commerce Member, can feel with justice that they have done one of the best pieces of work for their country that has not been done by men in their position for a very long time on a measure of this type.

**Mr. Akhil Chandra Datta**: Why "for their country"?

**Mr. T. Chapman-Mortimer**: Yes, all right, for our country, but in the sense in which I used it, it was correct. I have not very much to add to it except this: having seen the great care expended by Government and by Members of this House first on the substantive Bill and now on this very important Amendment Bill, I do hope that it means that we can look forward to a fairly long period during which the insurers and the insuring public will settle down to working this piece of legislation. I feel, Sir, that this is one of the most necessary things of this time. The Act itself has been in operation only for a short time and it has not been possible for Government to clear up a great deal of the difficulties that in fact the Act was designed to meet. They are in the process of doing that now, and I am quite sure that in the course of the next two or three years, the Honourable the Commerce Member and his staff will have completed this very important work and placed the insurance business in India in a position that most countries in the world might well envy. Sir, I support the measure.

**Dr. F. X. DeSouza:** Sir, I wish to say very very few words at the third reading stage of the measure. I think the House has been very fortunate in having an important measure of this kind piloted through by the Honourable the Commerce Member. In the course of the debate, I described his attitude as one of sweet reasonableness, an attitude characteristic of all our Madrasis. Sir, I think it to be an attitude of sweet reasonableness because when he came before the House, he told us frankly, I want so much money, I want to get it at any cost. So, I wondered how he was going to get it. There were several ways open to him and one was the old Imperial Roman way: *sic volo, sic jubeo stat pro ratione voluntas*—thus I will, thus I command, my will stands in place of reason. That was not the method adopted by the Honourable the Commerce Member. There was another method followed by King John when he imposed the royal levies. He called a certain number of Jews before him and said that he would levy large sums of money to be paid immediately by the guilds. When the Jews said, why, the answer was, "it is in my power to have every tooth of every one of you pulled out, I shall not do that; instead I shall impose this royal levy". This again was not the method followed by the Honourable the Commerce Member. He showed sweet reasonableness in every way. For instance, he did not take shelter behind technical pleas, *e.g.*, whether it was an amendment under sections 27 or 28. He immediately gave way and said, all right, I shall not take shelter behind this plea. I shall allow the amendment to be moved. In my long experience of this Assembly for over eleven years, I have never seen an attitude like this among Government Members. Again, when he saw there was the interpretation of a particular clause in dispute and he held one view and we, on this side of the House held the opposite view, he said, take this matter up to the Courts, and I, on behalf of the Government of India, undertake to pay the cost.

**Mr. M. S. Aney:** I am sure he did not say in so many words. Ask him to repeat them again.

**Dr. F. X. DeSouza:** Let him contradict it. Then, we, coming from the Indian States, are especially grateful to him. Formerly whenever we put questions about reciprocity to Government, we were told that the matter will be considered or that the matter is in course of negotiation. That is all the answer we get. But today, we have got on the floor of the House assurances from him that he would positively carry out the suggestions made by us. If legislation is conducted on these lines so responsive to the opposition I, for one, would not press that this Government should be replaced by another Government more technically responsible to the House. With these words, I resume my seat.

**Dr. P. N. Banerjee:** Sir, the clauses of the Bill have been considered and passed and it is time for us now to take stock of our gains and losses and to consider the effects of the provisions which we have adopted. Now, it seems to me that we, on this side of the House, have lost a great deal, although we have made some slight gains. These slight gains refer only to the amendments which have been accepted by my Honourable friend the Commerce Member. But more important than these actual

gains, I think, our gains are with regard to the assurances which he has given in regard to the investments and approved securities. These are real gains.

As regards the effect of the provisions of this Bill, I may point out that this has been a taxation measure. The burden will fall to a large extent on the insurance companies, and the smaller insurance companies will feel the burden to a much greater extent than the larger companies. Then, again, a portion of the burden will also fall on the insurance agents who are mostly poor, and they will keenly feel the burden. In this connection I should like to urge on the Commerce Member to see that extravagant expenditure is not incurred in this department. Expansion is needed no doubt in order that the department may do justice to the work undertaken by it; a certain amount of expansion is needed, but let not the expansion go so far as to involve extravagant expenditure. I would request the Commerce Member to keep a watchful eye always on the development of this department so that no further taxation may be levied in future.

As regards the effects of the other provisions of the Bill, I should like to say a few words about the principle which has been accepted with regard to supervision. The principle which was adopted in 1937 with a substantial modification was the English principle of 'minimum of interference with maximum of publicity'. Now this modification has gone further and we find that far greater powers will be assumed by the Superintendent of Insurance and his department in regard to the administration of the Act. To what extent the grant of this power is justified or not it is premature for me to say just now, but I should like to say a word about the assurance that was given by Sir Nripendra Sircar who piloted the Bill of 1937. Yesterday I referred to this matter and the Honourable the Commerce Member asked me to quote what he actually said. He said many things at different times but this is what he said on the 2nd October, 1937 (page 2985 of the Assembly Debates) :

"It is the younger companies with their insecure finances, with their difficult conditions, that are more likely to receive the prompt attention of the Superintendent rather than the bigger ones. I venture to think that when the young companies have a little time for reflection, when the propaganda is over and when they come to think over what they have gained, they will see that there is no justification for saying that they have lost all along the line."

Those were his words, and I hope the Honourable the Commerce Member will give us the assurance that the very large, very extensive, and—drastic powers which have been vested in the Superintendent of Insurance will be properly used. I may add in this connection that complaints have reached my ears from time to time about the exercise of these powers by the Superintendent and his assistants. I do not take all these complaints at their face value; I know there is a great deal of exaggeration in these complaints and people who suffer always make a great deal of their grievances. They make their grievances appear in a much more formidable light than these really are. But still I should like to request the Commerce Member so to organise the department that the Superintendent and his assistants may exercise their powers with sympathy and with circumspection. I should like just to mention the fact that when the new Superintendent was first appointed he was hailed by the insurance companies as a friend, philosopher and guide; but later on their attitude changed. I hope the insurance companies were in the wrong and the Superintendent of Insurance was in the right. I indulge in this hope and

[Dr. P. N. Banerjea.]

I also express the hope that in future he will so exercise his powers as not to put the smaller and younger companies in difficulty, that he will be a friend and guide to them rather than a dictator and a person who is always ready to punish or oppress them. He has the power to impose various penalties, he has the power to cancel their registration. I hope he will not exercise these powers without a great deal of circumspection; and I hope that before exercising his drastic powers he will take the insurers into his confidence, point out their mistakes, and if they have done anything wrong, to try to right those wrongs. I hope he will not act as a dictator but as a friend and a guide.

Sir, with regard to the other matters about which assurances have been given by my Honourable friend, the Commerce Member, I hope he will decide those questions at the earliest possible moment so that hope deferred may not make the heart sick. With these observations, I support the motion.

**Mr. M. S. Aney:** Sir, we are glad that this important measure has been considered by the House within a very reasonable time and, ultimately, the report of the Select Committee is practically upheld by this House, if not in every detail, in almost all the important provisions.

Sir, when once before I rose to take part in the discussion of this Bill I took exception to one principle which I considered was underlying this Bill, namely, that Government intend to make this Department a self-supporting one, and in order that it should be so they think proper to levy fees and taxes by bringing in this legislation. Although I have no objection to the Department requiring the insurance companies and others concerned to pay certain legitimate fees, I am opposed on principle to this very idea itself. I have given my reasons when I made my speech on certain amendments before, and I do not want to repeat them. But I want to point out that Government should not labour under this conception at all that the Department is to be self-sufficient and that they should always look upon the insurance companies and others who have to deal with them as sources of revenue to maintain them. In my opinion it is a wrong idea and, therefore, it is only by way of warning that I am repeating that point.

Having said that, there is another point also to which I wish to refer. My Honourable friend, the Commerce Member, has been described by my another friend, Dr. DeSouza, as a sweet reasonable man in the House, which he certainly is. I do not deny him that compliment which he richly deserves. While discussing section 27 he told us that the question was one of interpretation, whether the 55 per cent. liabilities to be invested in certain approved securities could also be said to include the deposits on policy loans or not—according to him that was a point of interpretation; and according to him we learn that the advice they gave in their Legal Department was that under the law as it is, that cannot be done, and, therefore, he has made a sporting offer to which reference was made by my friend, Dr. DeSouza, that the matter should be taken to court, and he is even prepared to bear the costs which the litigants will have to bear in taking the matter to court. I am glad to hear that, but I do not think that is a proper way of approaching the question at all. The point is this:

supposing it is a matter on which there is a possibility of different interpretations. According to one class of lawyers the view is that such kind of securities cannot be included for the purpose of approved securities under that section; while according to others, they can be. If there is a point like that, the position which the Government Member has to take is not, which of the two views is correct, but which of the two is the proper thing in the interests of the people. From that point of view he has to look at the question because that is in his hands; he can amend the law and make it conform not only to the intention of those who made the first Act, but in accordance with the way in which the thing ought to be done. What ought to be done must be carefully borne in mind by him rather than what was done and what was the object before. My point is this: he has scrupulously not disclosed to us his own mind, what view he himself shares. Of course, the fact that the present Bill opposes a particular point of view indicates that he is inclined more favourably to the advice which was given to him by the Legal Department of the Government. But my point is this: does he think that that is a more equitable view? Does he think that the exclusion of these important securities from 55 per cent. is the proper way to do the thing? If that is not so, he himself, instead of driving the people to a court of law and getting the matter interpreted there and a decision taken, he himself should come forward with a suggestion so as to make the section altogether beyond doubt and get section 27 amended in such a way as to permit his Department to treat the deposit amount and the loans, as proper approved securities. That is what he should do, in my opinion . . . .

**Dr. F. X. DeSouza:** Would such an amendment be within the scope of the present Bill?

**Mr. M. S. Aney:** I say that he should come to a decision like that instead of asking the people to have recourse to a court of law. It may be that he is correct according to that law, but supposing this is the right thing to do, he should do it. It is one thing for private parties to have recourse to a court of justice and get the thing rightly done. It is another thing for the Government, when they find that there is an ambiguity in the law, that they should not urge the parties to run to a court and get the matter settled there. It is in their hands to make the law proper . . . .

**Dr. F. X. DeSouza:** He will have to bring in another Bill.

**Mr. M. S. Aney:** He can certainly do so. What trouble is there for him? Government can easily bring in an amending Bill—they do not take much time in driving one member out and bringing another member in and in the same way, they can easily bring in another Bill without much difficulty if not in this Session, at least in the next Session. What I mean is this: it is not proper for the Government to ask us to go to a court of justice and say "If you succeed, well and good: I am not going to do anything further: I will abide by the court's decision." But I say "No." For God's sake do not ask us to go to a court. Legislatures are intended to save litigation, to prevent people from being driven to a court of justice and wasting their energies in that way. The legislature is there to settle matters and show people the correct thing to do, so that litigation can be avoided. (Interruption). That is the misfortune of those people and the responsibility of those who help them in doing it. So my suggestion is

[Mr. M. S. Aney.]

this: even now, instead of thinking that he has made a sporting offer, I will ask him to reconsider the position and see whether the demand that was made on this side of the House in regard to the inclusion of these three things as approved securities is a proper one or not. If he considers the matter, I am sure he will come to the conclusion that they are as good securities as any other approved securities that he can think of and he will reconsider his decision and come here with an amending Bill instead of asking us to depend on the decision of a court of law, which we do not know what it will be. It is rather asking us to depend upon something uncertain.

Then, after that, there is one more point and that is this: if there is one thing for which I am a little sorry today on account of the passing of this Bill, it is only this: when we passed the last bill into law, the one thing which gave universal satisfaction was that so far as the rights of the policy-holders are concerned, any defects in the policy which had crept in there were to have no effect whatsoever in affecting their interests later on, if for two years no step was taken by the insurance company to detect and rectify: the policy-holder felt himself free from any kind of bother in getting his claim at the proper time. That was thought to be a great achievement and improvement, made in the interests of the policy-holders: and the House congratulated the Honourable Member in charge for having taken up that stand in the Bill. What I now find is this: somehow or other the big insurance companies who were not satisfied with the Act have now succeeded in undermining that to a great extent. The advantage that was then secured to policy-holders is likely to be undermined to a great extent on account of the new wording that is now put in the Act; and, although I have much to say in favour of the Bill that is now going to be passed, this one clause makes me think that we have taken a reactionary step which the House should not have taken . . . .

**Dr. P. N. Banerjee:** Let that clause be amended in the other House.

**Mr. M. S. Aney:** I do not know; if he was so inclined he could have done it here; but the position is this: this is a point which is likely to be adversely criticised and rightly criticised in my opinion, outside; and I cannot congratulate the House upon having given its consent to that particular amendment.

Sir, apart from that I must admit as every other Member has admitted that the Honourable the Commerce Member in charge of the Bill was certainly helpful, and it is because of that helpful attitude that we could finish discussion of this extremely complicated Bill within such a short time and yet without feeling in any way handicapped. I congratulate him on having successfully piloted it and congratulate the House also on having made certain necessary improvements in the old Act.

**Syed Ghulam Bhik Nairang** (East Punjab: Muhammadan): Sir, as our working hours for the day are drawing to a close, I do not propose to make anything like a speech on this occasion. I shall merely content myself with offering my very warm congratulations to the Honourable the Commerce Member for having piloted this Bill through this House with such conspicuous ability and sweet reasonableness that I think it is a remarkable success.

The Bill was certainly very complicated. It had a number of clauses to which there were so many amendments, and many of the amendments were keenly contested. We were, moreover, at the fag end of the Session, and it might have put the patience of another Member in charge of a Bill like this to a very severe test, but I must congratulate our Honourable friend, the Commerce Member, on maintaining an attitude of unruffled open-mindedness throughout in answering questions and explaining all points connected with the various provisions. As far as I am concerned, he quite convinced me about the propriety of the major portion of the provisions which were sought to be amended, and showed that the attitude of the Government was right, and the amendments were unnecessary. While offering him congratulations on his success, I may without repeating what has been said by my friends, Dr. Banerjea and Mr. Aney, join them in calling the attention of the Honourable the Commerce Member to the points raised by them in their speeches during the Third Reading. Those points really do deserve the close attention of the Honourable the Commerce Member, and although the present position appears to be that he is not able to do more than what he has done for meeting the wishes of the insurance companies or the assured, I hope he will bear these matters in mind, and will see that the Superintendent of Insurance, in future, deals with insurance companies in such a way that he may be looked upon as their real guide, philosopher and friend, and that the Commerce Member will particularly see if he can meet the wishes of the insurance companies in the matter of enlarging the scope of approved securities. These appear to have been the two great points which loomed large in the speeches of my friends, Dr. Banerjea and Mr. Aney, and I hope they will be attended to by the Honourable the Commerce Member. With these few remarks, I support the motion for the third reading of the Bill.

**The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar:** Sir, I should like to thank Honourable Members who have spoken on the Third Reading for their very kindly references to me. I am deeply touched by these references. Let me frankly state that for the last one year at least I have not taken the subject of insurance as a minor charge in my portfolio, but I have devoted considerable time and attention to this subject. The Act was passed, and it came into effect, as Honourable Members are aware, only a short time back. The Superintendent of Insurance came across a great many difficulties in working this Act, and when these difficulties were brought to my notice, in spite of the fact that I was, candidly speaking, pre-occupied with what were more pressing demands on my time, I felt that I could not in any way neglect this important Act, but that I should take all steps that were necessary to consider the difficulties that had arisen in the working of the Act. As I told the House before, I took care to consult the interests concerned, called a Conference of insurance companies, agents and others interested, and the result of those deliberations I laid before the House in the form of this amending Bill. I am glad to see that the labours of about nine or ten months at least have now been accepted by this House in all essential particulars.

I should like to make an observation with reference to Dr. Banerjea's reference to the Superintendent of Insurance. Sir, I said that I have taken a keen interest in the working of the Insurance Act. I and the

[Sir A. Ramaswami Mudaliar.]

Secretary of my Department have devoted a considerable time to examining the cases which had come under the review of the Superintendent of Insurance. Though the powers of the Superintendent in many of these matters are Statutory powers, we still took the opportunity of examining his decisions, and if only Honourable Members had been in my place, they would, so far from complaining of the Superintendent of Insurance taking hasty action in these matters, have thanked him for the forbearance he has shown from time to time for the opportunities that he has given to insurance companies time and again to rectify their mistakes, and for the latitude he has shown to those companies. In some of these cases—the facts are very ugly,—I can tell you that any Superintendent of Insurance who has the interests of the policyholders at heart cannot for a moment take any other attitude than what my friend, Mr. Thomas, has taken. These facts cannot, for obvious reasons, be revealed, and any body, with a sense of responsibility to the policyholders, must necessarily at one stage or other, after having given the largest latitude to those companies, come down with a heavy hand. It is in these cases that the full facts are not known to the public, but what is known is that registration has been cancelled by an apparently unsympathetic, unkind, expert Superintendent of Insurance. That is not a correct attitude to take. As I have said, I have myself examined at least a dozen of these cases when applications were made to me for a review of these cases, though I have not the power of review under the Statute, still I took the opportunity of calling for the files and looking into those things, and I can assure the House that in this matter his inquisitorial powers or his powers of correction have not been used in that unguarded, harsh and unkind manner they are supposed to have been used . . . .

**Mr. M. S. Aney:** May I say one thing, Sir. When drastic steps like that have to be taken, will it not be better to state the reasons as to why that step was taken, I mean for cancelling the registration of a company. The grounds why registration was cancelled should be published.

**The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar:** I am prepared to consider this suggestion in consultation with the Superintendent of Insurance. But I can tell you this that there are companies and companies which, for one reason or another, put off and put off paying the requisite amount or returning the requisite documents postponing the actuarial report or even filing the documents at the proper stage, and there are methods by which this process can be elongated, all the while, the securities are depreciating, the policyholders' interests are becoming most insecure, till, ultimately, an overwhelming catastrophe might be the result so far as the policyholders are concerned. These facts have to be taken into consideration when you assess the work of the Superintendent of Insurance and his supervision of these companies. I myself have been responsible for introducing three amending Bills, and I understand that Sir Nripendra Nath Sircar had to introduce an amending Bill almost as soon as the main Act was passed. But I have the satisfaction that all these amending Bills were passed for the benefit of insurance companies. The first amending Bill that I introduced myself last year was to give the right of reciprocity to companies in Indian States. It was a thing which was asked for by the insurance companies, and it is

due to their pressure that we introduce that measure. The second amending Bill was introduced only in February last to excuse the deposits that had to be made by younger life insurance companies,—again on pressing demand made by these insurance companies. The third amending Bill is the present one, and the House will see that most of its provisions,—apart from the levy provision which has been called a taxation provision, and I said frankly that I wanted this provision—these provisions also are for the benefit of the companies. I trust that the chapter of amending Bills on the Insurance Act is for the time being at any rate closed and I shall not be put to the necessity of coming again before the House with another insurance amending Bill. As for the other assurances that I have given, I shall stand by those assurances and consider how far and when they can be implemented.

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

“That the Bill, as amended, be passed.”

The motion was adopted.

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### THE DELHI RESTRICTION OF USES OF LAND BILL.

**Mr. J. D. Tyson** (Secretary, Department of Education, Health and Lands) : Sir, I beg to move :

“That the Bill to regulate in the Province of Delhi the use of land for purposes other than agricultural purposes, as reported by the Select Committee, be taken into consideration.”

**Syed Ghulam Bhik Nairang** (East Punjab : Muhammadan) : As it is now only eight minutes to 5, may I suggest that perhaps this work may be reserved for the whole of tomorrow?

**Mr. J. D. Tyson** : I shall not take more than five minutes, Sir.

**Mr. President** (The Honourable Sir Abdur Rahim) : Very well.

**Mr. J. D. Tyson** : Honourable Members will have observed that the Bill, as it has emerged from the Select Committee, has been only very slightly modified. The modifications mainly are in the direction of securing further publicity for notice of intention to declare an area controlled; secondly, of exclusion in the administration of the Act of possibly interested parties and the inclusion as parties at the “objection” stage of all possible interested persons. Thirdly, there is an alleviation of the conditions under which permission to build can be granted and of the penalties enforceable against recalcitrants; and lastly, specific provision has been introduced making it clear that buildings of a religious character are excluded from the operation of the measure. The Select Committee’s Report was unanimous except on this last point. As his note of Dissent has indicated, Mr. Abdul Ghani felt that the Committee had not gone far enough in protecting land used for religious purposes. I cannot, of course, speak for the Select Committee, but from this side of the House I will say at once that we shall do our best at the consideration stage to meet the points that Mr. Abdul Ghani has made in his brief Minute of Dissent. The only other thing that I would say is this. I shall not

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anticipate the other amendments now. On some of them I am afraid I must stand firm, when they come up; but I hope that, while I cannot promise to make any "sporting offers", I hope that in general I shall be able to show that the spirit of "sweet reasonableness", of which we have heard something this afternoon, is not confined to Honourable Members who come from Southern India. Sir, I move.

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

"That the Bill to regulate in the Province of Delhi the use of land for purposes other than agricultural purposes, as reported by the Select Committee, be taken into consideration."

Perhaps the House would like the discussion to begin tomorrow.

The Assembly then adjourned till Eleven of the Clock on Tuesday, the 1st April, 1941.