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THE

LEGISLATIVE ASSEMBLY DEBATES

Official Report

Volume II, 1941

THIRTEENTH SESSION OF THE FIFTH LEGISLATIVE ASSEMBLY, 1941



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Legislative Assembly

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SIR H. P. MODY, K.B.E., M.L.A.

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LEGISLATIVE ASSEMBLY.

Saturday, 29th 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.

MEMBER SWORN.

Mr. Bertie Munro Staig, C.S.I., M.L.A. (Financial Commissioner for Railways).

STARRED QUESTIONS AND ANSWERS.

(a) ORAL ANSWERS.

PAUCITY OF MUSLIMS IN THE STAFF OF THE IMPERIAL VETERINARY RESEARCH INSTITUTE.

527. *Nawab Siddique Ali Khan (on behalf of Sir Syed Raza Ali): (a) With reference to the information supplied by Government and printed at pages 1105 and 1106 of the Legislative Assembly Debates, Volume V, in answer to starred question No. 141, asked in this House on the 18th November, 1940, regarding paucity of Muslims in the staff of the Imperial Veterinary Research Institute, will the Education Secretary please state how the percentage of Muslims employed in "clerical staff", "other staff" and "farm staff" rose from "12.1", "nil" and "16.6" in 1933 to "16.6", "50" and "23.1" respectively, in 1934 when no Muslim was appointed in 1934 or 1935?

(b) Does the veterinary staff consist of two classes of officials, namely, veterinary inspectors and dressers, or is there any other class too? What are the scales of pay of each class?

(c) Is it true that all the Muslims in the veterinary staff are employed as dressers? If so, what steps do Government propose to take to appoint an adequate number of Muslims to posts of veterinary inspectors?

Mr. J. D. Tyson: (a) Details of the changes which occurred in the communal composition of the staff employed at the Imperial Veterinary Research Institute between April, 1933 and 1934 are being obtained and will be supplied to the House when available.

(b) The veterinary staff consists of veterinary inspectors and dressers only. A statement showing the scales of pay of these classes is laid on the table.

(c) I would refer the Honourable Member to the information supplied in answer to part (b) of Haji Chaudhury Muhammad Ismail Khan's starred question No. 149 asked on the 18th November, 1940.

Posts and Designation.	Old rates of pay.		Revised rates of pay.	
	Rs.		Rs.	
Senior Veterinary Inspector .	250—10—350	.	200—8—280	
Veterinary Inspector . .	125—6—185—(E. B.) —6—245	.	100—5—150—(E. B.) —5—200	
Senior Dresser	50—2—60	.	45—2—55	
Dresser	40—2—50	.	35—1—45	

Sir Syed Raza Ali: Will the Honourable Member please answer the last part of (c),—namely, if so, what steps do Government propose to take to appoint an adequate number of Muslims to posts of Veterinary Inspectors?

Mr. J. D. Tyson: There are four out of fifteen at the present moment. That is more than the quota.

PAUCITY OF MUSLIMS IN THE STAFF OF THE IMPERIAL VETERINARY RESEARCH INSTITUTE.

528. *Nawab Siddique Ali Khan (on behalf of Sir Syed Raza Ali): (a) With reference to the answer to starred question No. 144, asked on the 18th November, 1940, regarding paucity of Muslims in the staff of the Imperial Veterinary Research Institute, will the Education Secretary please state whether the rule with regard to educational qualifications was in force at the Imperial Veterinary Research Institute in the matter of recruitment for clerical posts before 1930?

(b) If the answer to part (a) be in the negative, will Government please state in which year the rule came into force, and also state why it was not enforced earlier?

(c) If the answer to part (a) be in the affirmative, why were non-Muslim non-Matriculates preferred to Muslim Matriculates? Was any effort made, and if so what, to recruit for these seven posts men possessing proper educational qualifications?

(d) Can the Education Secretary please state whether seven Muslims without possessing the prescribed educational qualifications were permanently appointed to any section or office under the Department of Education, Health and Lands within living memory?

(e) Did the officer or officers responsible for the appointment of the seven non-Muslim non-Matriculates apply to the Government of India

for exempting them from the rule with regard to educational qualifications? If so, what orders did the Government of India pass?

Mr. J. D. Tyson: (a) and (b). Government are not aware of the existence of any rule prescribing minimum educational qualifications for recruitment to clerical posts at the Imperial Veterinary Research Institute.

(c)—(e). Do not arise.

Sir Syed Raza Ali: May I know, Sir, whether it is a fact that, so far as the clerical establishment is concerned, it is open to the head of the office in that Department to appoint a non-matriculate to a post carrying a salary of Rs. 150 a month?

Mr. J. D. Tyson: So far as I know, there is no rule against it.

Sir Syed Raza Ali: Do Government, as a matter of policy, consider that it is a sound and right policy to pursue?

Mr. J. D. Tyson: That is asking for a matter of opinion, I think.

Sir Syed Raza Ali: I am asking my friend on a question of policy, and not opinion?

Mr. Govind V. Deshmukh: May it not be that this man is getting his salary because of his efficiency?

(No reply.)

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

STARTING OF AN INDIAN SHIP-BUILDING YARD.

529. *Mr. Akhil Chandra Datta: Will the Honourable the Commerce Member be pleased to state if any project for the establishment of a ship-building yard and building modern ships in that yard, has been started in India and if so, who has started that project?

The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar: With your permission, Sir, I propose to reply to questions Nos. 529, 530, 531 and 535 together and would refer the Honourable Member to paragraph 3 of the Commerce Department press communique, dated the 16th December, 1940, copies of which are in the Library.

STARTING OF AN INDIAN SHIP-BUILDING YARD.

†530. *Mr. Akhil Chandra Datta: With reference to the statement made by Sir Alan Lloyd in the Council of State on the 29th November, 1940 that

“Government are not proposing to encourage actively the merchant shipbuilding industry in India as part of their war effort.”

will the Honourable the Commerce Member be pleased to state whether Government have reconsidered their position and whether the building of

† For answer to this question, see answer to question No. 529.

ships in India, under the present circumstances, is considered by them as war effort and whether they are prepared to look upon the establishment of the proposed shipbuilding yard as such? If not, why not?

STARTING OF AN INDIAN SHIP-BUILDING YARD.

†531. ***Mr. Akhil Chandra Datta:** With reference to the statement made by Mr. Ronald Cross, the British Minister of Shipping in August last that he would welcome all efforts for building ships in "the shipyards of the Dominions and elsewhere" and the appeal made by Admiral Fitzherbert last year that "the sooner a shipbuilding industry is started the better for India", will the Honourable the Commerce Member be pleased to state what steps the Government of India have taken, or propose to take, to help the establishment of a shipbuilding yard in India and to secure for that yard all facilities for building modern ships in that yard?

STARTING OF AN INDIAN SHIP-BUILDING YARD.

532. ***Mr. Akhil Chandra Datta:** Is the Commerce Member aware of the extreme shortage of shipping tonnage experience for the import and export trade of the country and that merchant shipping plays a very important part in the defence of the country during a war? Will the Honourable the Commerce Member be pleased to state what steps the Government of India have taken or propose to take to remove the shortage of shipping and whether they are prepared to help all projects for buildings ships in India?

The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar: The reply to the first portion is in the affirmative. As regards the second portion, the Government of India are in constant communication with the Ministry of Shipping Agents to ensure the best utilisation of the available shipping, but in war time such utilisation must depend on the priority assigned to various commodities.

STARTING OF AN INDIAN SHIP-BUILDING YARD.

533. ***Mr. Akhil Chandra Datta:** (a) Will the Honourable the Commerce Member be pleased to state if the Scindia Steam Navigation Company has requested the Government of India (i) to use their good offices with His Majesty's Government for importing technicians for its shipbuilding yard from the United Kingdom, and (ii) for importing the shipbuilding machinery necessary for its shipbuilding yard from the United Kingdom?

(b) If the answer to part (a) be in the affirmative, will he be pleased to state what action Government have taken in connection with these requests and whether they have impressed upon His Majesty's Government that they consider the establishment of this shipbuilding yard and the building of ships therein as quite essential for India and as a part of India's war effort? If not, why not?

† For answer to this question, see answer to question No. 529.

The Honourable Sir Muhammad Zafrullah Khan: (a) Yes.

(b) The Government of India have been in correspondence with His Majesty's Government on the subject but they are not prepared to disclose the nature of their recommendations.

PROPOSAL OF THE SCINDIA STEAM NAVIGATION COMPANY FOR TRANSFERRING A SHIP-BUILDING YARD FROM UNITED KINGDOM TO INDIA.

†534. ***Mr. Akhil Chandra Datta:** (a) Will the Honourable the Commerce Member be pleased to state if the Scindia Steam Navigation Company requested the Government of India to use their good offices with His Majesty's Government for enabling them for the bodily transfer of a shipbuilding yard from the United Kingdom to India and whether the Scindia Company gave an undertaking that they were prepared to place the ships, being built in that yard during the period of the war, at the disposal of His Majesty's Government on reasonable terms?

(b) If the answer to part (a) be in the affirmative, will the Honourable Member be pleased to state what steps Government took, or propose to take, in connection therewith?

The Honourable Sir Muhammad Zafrullah Khan: (a) The answer to the first part of the question is that this suggestion was considered as one method of enabling the Scindia Company to start its ship-building project in India. The answer to the second part is that the Company wanted Government to charter half the ships to be built, for the period of the war.

(b) The suggestion was considered in consultation with His Majesty's Government who are not prepared to accept it.

GOVERNMENT POLICY TOWARDS SHIP-BUILDING INDUSTRY IN INDIA.

†‡535. ***Mr. Akhil Chandra Datta:** Will the Honourable the Commerce Member be pleased to state the present policy of the Government of India towards the establishment of the shipbuilding industry in this country and the extent to which they are prepared to help the project of the Scindia Company for establishing its shipbuilding yard and help that Company in securing all the facilities that it needs for starting building of ships in that yard?

LICENSING OF RICE IMPORT BY MAURITIUS GOVERNMENT AND DISTRIBUTION OF FREIGHTS BY BRITISH INDIA STEAM NAVIGATION COMPANY.

§536. ***Mr. Lalchand Navalrai:** (a) Is the Honourable the Commerce Member aware that the Colonial Government of Mauritius has regulated its importation of rice by means of a licensing system?

(b) Are Government aware that the only shipping company operating between India and Mauritius is the British India Steam Navigation

† Answer to this question laid on the table, the questioner having exhausted his quota.

‡ For answer to this question, see answer to question No. 529.

§ Answer to this question laid on the table, the questioner being absent.

Company, Limited, and that Company is disregarding the import license granted by the Government of Mauritius in its distribution of freights?

(c) If the answer to part (b) be in the affirmative, what do Government propose to do to ensure inter-control between import licenses granted by Mauritius Government and the distribution of freights by the shipping company?

(d) Is it a fact that the Colonial Government of Mauritius has intimated the Indian Government of their system of import and requested the Government to co-ordinate it with freights distributions here?

(e) If the answer to part (d) be in the affirmative, what do Government propose to do to enable the importers to import rice according to their import licenses?

The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar : (a) Yes.

(b) Government understand that the distribution of space among exporters by the shipping company is made on the basis of past shipments of general cargo while licences are granted in Mauritius to each importer on the basis of the quantity of rice imported by him during 1940.

(c) and (e). The question of correlating the procedure for the distribution of freight space in India with the import licensing system in Mauritius is under correspondence with the Shipping Controller.

(d) Yes.

ORDER OF THE NEW DELHI MUNICIPAL COMMITTEE RE KEEPERS' CONTROL OVER BARKING OF DOGS.

†537. ***Mr. Amarendra Nath Chattopadhyaya:** (a) Will the Secretary for Education, Health and Lands be pleased to state the text of the order passed by the New Delhi Municipal Committee under the signature of the Secretary of the said municipality on the 8th March, 1941, in relation to owners and keepers of dogs keeping their dogs under control so that their barking might not create disturbance to the sleep of residents of New Delhi; breach of which would be punishable under section 147 of the Punjab Municipal Act?

(b) Was there any petition signed by many residents of New Delhi submitted to the said municipality? If so, will the Honourable Member lay it on the table?

(c) Has any owner or keeper of dogs been prosecuted under the above section? If so, what penalty was adjudged in his case?

(d) If the penalty be in the shape of fine, what was the minimum and the maximum amount realised?

(e) Will the Honourable Member be pleased to lay on the table a list of all persons prosecuted, giving details of fines realised?

(f) Will this order be used as an ordinance, or will regular evidences be adduced and admitted by Court to try such prosecutions?

† Answer to this question laid on the table, the questioner being absent.

(g) Will such prosecutions be dealt with summarily and no appeal shall lie against punishments?

(h) Will this measure remain as a war-measure, or will it be used as a permanent civic-measure against owners and keepers of dogs and dogs themselves?

(i) Where there any petitions submitted by any number of people residing in New Delhi, whose sleep has been disturbed by barking of dogs at night, and if not will the Honourable Member be pleased to state what led the New Delhi Municipality to take such steps all of a sudden against owners and keepers of dogs in New Delhi?

Mr. J. D. Tyson: (a) A copy of the order referred to by the Honourable Member is laid on the table of the House.

(b) and (i). No general petition was received, but complaints with regard to the barking of dogs at night in various localities were made by individuals from time to time on the telephone and by letter.

(c), (d) and (e). Nineteen prosecutions have been launched. So far orders have been passed in one case, in which a fine of Rs. 10 was imposed; the other cases are pending.

(f), (g) and (h). The action has been taken under the ordinary municipal law, and the trials will be conducted accordingly. There is no question of any Ordinance or special war measure.

Order.

All keepers and owners of dogs in New Delhi are hereby ordered to keep their dogs under such control and inside such enclosed space at night, so that their barking be not a cause of interference with the sleep of residents of New Delhi. Breach of this order may be punishable under section 147 of the Punjab Municipal Act, 1911.

†538*.

CERTAIN APPOINTMENTS MADE IN THE CENTRAL PUBLIC WORKS DEPARTMENT.

539. *Bhai Parma Nand: Will the Honourable the Labour Member please state the number of appointments made in the Central Public Works Department, including the Provincial Circle, during the four years ending December 1940:

- (i) in the clerical and other classes of regular establishment, and
- (ii) on the work charged establishment to the posts carrying pay in excess of Rs. 20 per mensem?

The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar: I regret that I cannot undertake to collect the information asked for by the Honourable Member as it would involve an amount of time and labour disproportionate to the result.

WIREMEN IN THE ELECTRICAL AND PROVINCIAL DIVISIONS, CENTRAL PUBLIC WORKS DEPARTMENT.

540. *Bhai Parma Nand: (a) Will the Honourable the Labour Member please state whether any circular letter was issued in the Public Works Department in August 1940, laying down that in future none but licensed persons would be recruited to the post of wireman in the Electrical and Provincial Divisions?

(b) If the reply to part (a) be in the affirmative, will the Honourable Member please state:

- (i) the number of unlicensed wiremen appointed subsequent to the issue of the circular letter in question; and
- (ii) the number of unlicensed wiremen whose pay was increased after August 1940, and the amount by which it was increased in each case?

The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar: (a) A circular was issued by the Central Public Works Department in December, 1940, directing that all new recruits to the Department should possess the certificates of competency required under the local Electricity Rules.

(b) The information is being collected and will be laid on the table of the House in due course.

GRANT OF CONVEYANCE ALLOWANCE TO MEMBERS OF THE WORK-CHARGE ESTABLISHMENT, CENTRAL PUBLIC WORKS DEPARTMENT.

541. *Bhai Parma Nand: With reference to the reply to starred question No. 185 of the 26th February, 1941, regarding work-charged staff in the Central Public Works Department, will the Honourable the Labour Member please state the amount of cycle or conveyance allowance included in the pay of the various classes of the work-charged staff?

The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar: It is not practicable to specify exactly the amount included in the pay of the members of the work-charged staff on account of cycle or conveyance allowance.

DECLARATIONS OF PROPERTIES OWNED BY EMPLOYEES OF THE CENTRAL PUBLIC WORKS DEPARTMENT.

542. *Bhai Parma Nand: Will the Honourable the Labour Member please state:

- (a) whether every Government servant in the Central Public Works Department (including the Provincial Circle) has made to the Government through the usual channel, a declaration of all immoveable property held or acquired, from time to time, by him or by his wife or by any member:

of his family living with or in any way dependent upon him, and if so, whether the Honourable Member will please lay on the table a consolidated statement of all such properties with full particulars, showing therein the pay drawn from time to time by and length of service of, each such Government servant, the value of each property acquired by each individual while in the service of the Government, where each property is situated and how it is being utilized now, and whether the same was constructed or acquired by obtaining advance of any kind from Government;

- (b) whether steps have ever been taken to enquire from the Municipalities and the Revenue Officers concerned what properties are owned in their jurisdictions by the Central Public Works Department employees, and if not, whether the advisability of taking such steps will be considered;
- (c) how the values of the properties owned by the employees of the Central Public Works Department compare with those owned by Government servants employed in the Government of India Secretariat and other attached offices, drawing equal pays; and
- (d) whether Government servants domiciled in Asia are prohibited from acquiring immoveable properties in India and if so, whether such servants of the Central Public Works Department do not hold any properties, but if they do, what is the value of each such property?

The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar: (a)

The answer to the first part of the question is in the affirmative. The declarations are made with reference to the Government Servants' Conduct Rules, and Government do not consider it desirable in the public interest to publish in this House or elsewhere the declarations made under these rules by officials serving in the Central Public Works or any other Department.

(b) No. It is open to the head of a Department to make necessary enquiries, if he so desires, in any particular case.

(c) No comparison of the kind suggested has been made.

(d) No. The second portion does not arise.

COMMUNAL COMPOSITION OF STAFF OF THE HORTICULTURAL DIVISION, CENTRAL PUBLIC WORKS DEPARTMENT.

543. *Khan Bahadur Shaikh Fazl-i-Haq Piracha: Will the Honourable the Labour Member please lay on the table a detailed statement showing the number of employees belonging to different communities working in different branches of the Horticultural Division, including accounts and correspondence branches, draftsmen, outdoor subordinates and chaudhris?

The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar: A statement is laid on the table.

Statement showing the number of employees belonging to different communities working in different branches of the Horticultural Division, Central Public Works Department, New Delhi.

Community.	No. of Correspondence Clerks including Head Clerk.		
	Permanent.	Temporary.	Total.
<i>Correspondence Branch—</i>			
Hindus	2	2	4
Muslims	2	..	2
Total			6
<i>Accounts Branch—</i>			
Hindus	8		8
Sikhs	2		2
Total			10
<i>Drawing Branch—</i>			
Hindus	1	1	2
<i>Horticultural Subordinates—</i>			
Hindus	4	..	4
Muslims	2	..	2
Sikh	1	..	1
Total			7
<i>Executive Subordinates—</i>			
Hindus	2	..	2
<i>Labour Verifier—</i>			
Hindu	1		1
<i>Supervisor, Irrigation Water Supply</i>			
Muslim	1		1
<i>Forest Ranger—</i>			
Muslim	1		1 (on deputation from the Punjab Gov- ernment.)
<i>Garden Chowdhries (Regular Establishment)—</i>			
Community.	Permanent.	Temporary.	Total.
<i>I Grade.</i>			
Hindus	4		4
<i>II Grade—</i>			
Hindus	2		2
Muslims	2		2
Total			4
<i>III Grade.</i>			
Hindus	2		2
Muslim	1		1
Total			3
Gardens Chowdhries.			Work Charged Establishment Nos.
Hindus			46
Muslims			15
Sikh			1
Christians			2
Total			64

**COMMUNAL COMPOSITION OF CONTRACTORS OF THE HORTICULTURAL DIVISION,
CENTRAL PUBLIC WORKS DEPARTMENT.**

544. *Khan Bahadur Shaikh Fazl-i-Haq Piracha: Will the Honourable the Labour Member please state the number of contractors belonging to different communities who are working in the Horticultural Division and the amount of work each one of them has done during this year?

The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar: A statement is laid on the table.

Statement showing the Number of Contractors belonging to different Communities who have worked in the Horticultural Division, Central Public Works Department, during the year 1940-41 with the amount of work awarded to each Community.

Name of Community.	Number of contractors.	Amount of work. Rs.
Hindu	11	66,433
Muslim	2	5,202
Sikh	3	4,328

MUSLIMS IN HIGHER POSTS OF THE GOVERNMENT OF INDIA PRESS, NEW DELHI.

545. *Maulvi Muhammad Abdul Ghani (on behalf of Maulana Zafar Ali Khan): (a) Will the Honourable the Labour Member please state the total number of higher posts, viz., Head Assistant, Assistants, Accountant, General Storekeeper, Head Computer, Cashier and Estimator in the office of the Government of India Press, New Delhi? How many of them are held by Muslims?

(b) Is it not a fact that the percentage of Muslims in the higher posts is already very low in the clerical staff which will further diminish by the retirement of the present Muslim Head Assistant?

(c) Is the Honourable Member prepared to assure this House that the post of Head Assistant will be filled up by a suitable Muslim officer? If not, why not?

The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar: (a) The total number of the higher posts in the Government of India Press, New Delhi, mentioned by the Honourable Member, is ten, of which two are held by Muslims.

(b) The existing proportion of Muslims in the posts mentioned works out to 20 per cent. which I am unable to regard as very low. The retirement of the present Muslim Head Assistant will reduce that percentage.

(c) No. The post is a selection post and an assurance to appoint a Muslim would not be in conformity with the existing rules regulating the filling of the post.

Maulvi Muhammad Abdul Ghani: The question is about a suitable Muslim Officer. If a suitable Muslim Officer is available, may I know if the Government will entertain him or not?

The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar: If a suitable Muslim officer is available, his case will be considered.

**ALLAHABAD HIGH COURT JUDGMENT CONCERNING EXPROPRIATION WITHOUT
COMPENSATION OF BUILDING SITES UNDER THE UNITED PROVINCES
TOWN IMPROVEMENT ACT.**

†546. ***Pandit Lakshmi Kanta Maitra:** (a) Will the Education Secretary please state whether the attention of Government has been drawn to a full Bench decision of the Allahabad High Court, reported in 50 Allahabad, 470, laying down that under the United Provinces Town Improvement Act the owner of a valuable building site which may be lying vacant, is liable to be expropriated without compensation and that such an enactment is fraught with much possible hardship to owners of property which has become subject to the operations of the Act?

(b) If so, are Government prepared to amend the law and substitute a more equitable basis of compensation?

Mr. J. D. Tyson: (a) Yes.

(b) The observation quoted was made in 1928. Since then the Act has been in operation in Cawnpore, Lucknow, and Allahabad, and the Government of the United Provinces have not found it necessary to make any modification on the lines suggested. Government, therefore, at present see no need to change the form of the Act as applied to Delhi.

**DISSATISFACTION AGAINST THE CONSTITUTION AND PROCEDURE OF THE
TRIBUNAL CONSTITUTED UNDER THE UNITED PROVINCES TOWN
IMPROVEMENT ACT.**

†547. ***Pandit Lakshmi Kanta Maitra:** Will the Education Secretary please state whether Government are aware that the Tribunal constituted under the United Provinces Town Improvement Act is a predominantly official body and the land-owners are dissatisfied by its constitution and procedure and feel further aggrieved by the omission of provisions as regards right of appeal to the High Court which are provided in the United Provinces Land Improvement Act?

Mr. J. D. Tyson: Government are not aware of the dissatisfaction mentioned. The Tribunal in Delhi, to which the Honourable Member presumably refers, consists of the District Judge of Delhi as Chairman, one non-official and one retired official. Government have under consideration the question of extending to Delhi the provisions of the United Provinces Town Improvement (Appeals) Act, 1920.

BUILDING PLANS SANCTIONED BY THE DELHI IMPROVEMENT TRUST.

†548. ***Mr. Amarendra Nath Chattopadhyaya:** (a) Will the Education Secretary please state the number of building plans which were sanctioned by the Delhi Improvement Trust since 1st January, 1940, on first application and without attaching any proviso or conditions to such sanctions?

(b) How many building plans were sanctioned subject to any conditions on first application?

(c) In how many cases were the lessees required to submit the building plans for the second time and were then sanctioned with or without any conditions?

†Answer to this question laid on the table, the questioner being absent.

(d) In how many cases were such plans required to be submitted for the third and fourth time and then sanctioned?

(e) Is he further aware that the building plans prepared by one of the two draftsmen of the Building section of the Trust are sanctioned at once, or without creating any trouble?

(f) Is he aware that there is a general grievance against the Trust and people actually repent for having purchased land or a building under the Trust?

(g) In view of the attitude taken up by the Building Inspector or his section, are Government prepared to appoint more draftsmen to prepare plans for the public and charge a nominal fee only from the public for credit to the Trust?

(h) Does he propose to set up an independent enquiry into the working of the Building section in order to set matters right and place the report before the House? If not, why not?

Mr. J. D. Tyson: With your permission, Sir, I shall answer questions Nos. 548 and 549 together. The information has been called for and a reply will be furnished to the House when it is received.

CASE AGAINST ONE MR. MUL CHAND BY THE DELHI IMPROVEMENT TRUST.

†‡549. ***Mr. Amarendra Nath Chattopadhyaya:** (a) Is the Education Secretary aware that one, Mr. Mul Chand was proceeded against by the Delhi Improvement Trust for certain deviations in his building and fined Rs. 25 by the court?

(b) Is he aware that the said Mr. Mul Chand appealed to the High Court against these orders?

(c) Is he further aware that the High Court set aside the punishment and ordered the refund of money realized from him as fine?

(d) Is he further aware that this is the only case in which the defendant went up to the High Court and the same has been decided against the Trust?

(e) What is the percentage of convictions in the cases sent up for trial during the last two calendar years?

(f) Does he propose to have all the cases reviewed by an independent enquiry to find out how far the Building section has been responsible for unnecessary proceedings against the public? If not, why not?

PROCEDURE FOR DISPOSAL OF THE DELHI IMPROVEMENT TRUST PLOTS OF LAND.

†550. ***Mr. Amarendra Nath Chattopadhyaya:** (a) Is the Education Secretary aware that the land under the Delhi Improvement Trust is either granted on lease by or on the recommendation of Mr. Om Prakash Gupta, Lands Officer of the Trust? If not, who settles the business on behalf of the Trust regarding the sale of the land?

† Answer to this question laid on the table, the questioner being absent.

‡ For answer to this question, see answer to question No. 548.

(b) Under what conditions and at what price have the plots of lands been recently given in Darya Gunj to the following gentlemen :

(1) Mr. Gupta, Municipal Engineer, Delhi;

(2) Mr. Hanuman Pershad Gupta, Municipal Commissioner and a Trustee of the Delhi Improvement Trust; and

(3) Mr. A. C. Gupta, Executive Engineer, North Western Railway?

(c) Is he aware that some people had offered to pay much more or almost double the rate than that for which these plots have been given to these gentlemen? If not, is he now prepared to sell them by public auction? If not, why not?

(d) What were the other offers, and why were all these rejected in favour of the above mentioned gentlemen?

(e) What were the reasons for the departure from the usual procedure regarding the disposal of land and why did the Lands Officer not invite tenders in these cases and did not sell the land to the highest bidders and why were these not sold through their agents?

(f) Is he prepared to institute an enquiry in order to find out similar kind of cases and the circumstances in which such sales were made by the Lands Officer?

(g) What steps does the Honourable Member propose to take to see that the disposal of land is done by public auction and not as mentioned above?

Mr. J. D. Tyson: (a) No. The Chairman makes recommendations, which are put up to the Board for final orders.

(b) The plots have been leased, under the conditions specified in the standard lease deed, at Rs. 10 per square yard in each case.

(c) and (d). The premium was accepted in each case at the market rate fixed by the Trust. No other offers were received up to the time of acceptance.

(e) There was no departure from the usual procedure.

(f) and (g). Government see no reason to institute a special enquiry or to alter the existing procedure.

FACILITIES FOR DIRECT DEALINGS WITH THE CHAIRMAN OF THE DELHI IMPROVEMENT TRUST.

†551. ***Mr. Amarendra Nath Chattopadhyaya:** (a) Is the Education Secretary aware that people including very respectable men who come to see the Chairman of the Delhi Improvement Trust, are first made to see the personal assistant who is only a junior assistant of the Secretariat, who allows or refuses the people to see the Chairman?

(b) Has the Trust ever considered the desirability of appointing a gazetted officer, or someone with higher standing, to deal with the public, or to change the present procedure by allowing the public to have direct dealings with the Chairman rather than a clerk—his personal assistant? If not, why not?

Mr. J. D. Tyson: (a) Government have no reason to believe that the Chairman is not available for interviews with gentlemen who call during

† Answer to this question laid on the table, the questioner being absent.

interview hours or who make appointments with him. The Personal Assistant is not authorised either to grant or refuse interviews with the Chairman.

(b) Does not arise.

PROVISION OF FACILITIES IN THE PARKS IN KAROL BAGH, DELHI.

†552. ***Mr. Amarendra Nath Chattopadhyaya:** (a) Is the Education Secretary aware that although the Delhi Improvement Trust have provided some parks in Karol Bagh, yet neither benches nor light have so far been provided in such parks for the convenience or use of the public?

(b) Is he aware that no grass has yet been grown in these parks?

(c) How long does the Trust intend to take to provide such facilities with which it is concerned?

Mr. J. D. Tyson: (a), (b) and (c). The provision of benches and lights in the park will be considered by the Trust as soon as possible. There is only one park in the Karol Bagh area. Grass was laid in it before the last monsoon.

OPENING OF THE PUBLIC LATRINES BUILT IN KAROL BAGH, DELHI.

†553. ***Mr. Amarendra Nath Chattopadhyaya:** (a) Is the Education Secretary aware that the public latrines provided by the Delhi Improvement Trust in Karol Bagh about two years ago have not been opened as yet for use by the public, with the result that every available open space including the open storm water drains is being fouled by the public?

(b) Is he also aware that the plight of the people living in Karol Bagh due to the most insanitary conditions of the locality has become all the more deplorable?

(c) Is he also aware that in spite of repeated representations by the public to open the latrines at least in the most thickly populated area the authorities have paid no heed so far?

(d) Is he prepared to take necessary steps in getting the locality improved?

Mr. J. D. Tyson: The information has been called for and a reply will be furnished to the House when it is received.

COMPLAINTS AGAINST THE CHAUKIDAR AT THE BHULI BHATIARI TANK, DELHI.

†554. ***Mr. Amarendra Nath Chattopadhyaya:** (a) Will the Honourable Member for Labour please refer to his replies to all the parts of starred question No. 251 on the 20th September, 1939, and state in detail the complaints received so far against the chaukidar in charge of the Bhuli Bhatiari Tank, Delhi, under the Central Public Works Department?

(b) In how many cases did the said chaukidar take law in his own hands and severely beat respectable citizens?

(c) Is he aware that this chaukidar is a dismissed police official? If not, what is the previous record of his service?

† Answer to this question laid on the table, the questioner being absent.

(d) What does the Honourable Member propose to do in the matter?

The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar: The information is being collected and will be laid on the table of the House in due course.

MESSAGE FROM THE COUNCIL OF STATE.

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

"Sir, I am directed to inform you that the Council of State, at its meeting held on the 28th March, 1941, agreed, without any amendment, to the Bill to fix the duty on salt manufactured in, or imported by land into, certain parts of British India, to vary the rate of the excise duty on matches leviable under the Matches (Excise Duty) Act, 1934, to vary the rate of excise duty on mechanical lighters leviable under the Mechanical Lighters (Excise Duty) Act, 1934, to vary the rate of the duty on artificial silk yarn and thread leviable under the Indian Tariff Act, 1934, to fix maximum rates of postage under the Indian Post Office Act, 1898, to fix rates of income-tax and super-tax and to continue the charge and levy of excess profits tax and fix the rate at which excess profits tax shall be charged, which was passed by the Legislative Assembly at its meeting held on the 22nd March, 1941."

STATEMENT LAID ON THE TABLE.

NET EARNINGS OF RECENTLY CONSTRUCTED RAILWAY LINES.

The Honourable Sir Andrew Glow (Member for Railways and Communications): Sir, I lay on the table a statement showing the net earnings for the financial year 1939-40 of recently constructed railway lines.

Statement showing net earnings during the financial year 1939-40 of new Railway Lines opened on and after the 1st April 1933.

Note:—Only such lines as are entirely open and have been working for a full year are included.

Serial No.	Name of project.	working Railway.	Gauge.	Mileage.	Date of opening.	Net income creditable to the project for			Estimated percentage return of income on capital outlay some years after opening as estimated originally.
						1939-40.	1938-39.	1939-40.	
1	2	3	4	5	6	7	8	9	
1	Jhudo-Pithoro	Jodhpur	Metre	64.11	1-6-1935	2,59,947	8.59	11.28	6.12
2	Agastampalli-Point Calimere.	South Indian	Metre	5.50	20-1-1936	—16,663 (a)	—5.95 (a)	—4.96 (a)	—10.5 (b)

(a) Excludes net earnings of existing lines from new traffic interchanged with new railway but estimated return took into account such credit.

(b) Government were committed to the construction of the line as part of the terms of transfer of the Tanjore District Board Lines to the South Indian Railway. It was estimated that a loss of Rs. 37,500 would accrue to Government on an outlay of Rs. 3½ lakhs.

DEMANDS FOR SUPPLEMENTARY GRANTS FOR 1940-41—*contd.*

DEMAND No. 47—AVIATION—*contd.*

Mr. President (The Honourable Sir Abdur Rahim): The House will now resume discussion of the Demands for Supplementary Grants. Demand No. 47 is before the House.

The Honourable Sir Andrew Clow (Member for Railways and Communications): Sir, when we adjourned last night, we were discussing the Supplementary Demand for aviation. I would thank those Honourable Members who gave their support to the demand and I shall endeavour to deal with some of the points that were raised. I cannot deal with all of them because I feel sure that you would rapidly pull me up as irrelevant if I attempted to do so. I was asked by Mr. Chattopadhyaya to deliver a lecture on the general progress of aviation in India, and there were also allusions to gliding which does not come within the present grant. I may, however, be permitted to say that we have offered financial assistance on certain conditions to the Indian Gliding Association and that under the leadership of Sir Homi Mehta they are going ahead at Poona. They have imported some gliding machines and others are being manufactured in India. They have engaged an instructor who will shortly be in a position to start on active work.

The present demand relates to training of pilots and ground staff with a view to Air Force requirements. Our aim, as the House knows, was to train 300 pilots a year and 2,000 men for ground staff. So far as pilots are concerned, the grant has been devoted mainly to training pilots who were selected last year and who form the third group of men so selected. We got about 141 men in this selection and 28 of these were taken up at once by the Air Force for commissions. About 101 of the remainder were placed for training at the flying clubs and 36 of these had to withdraw or be discharged as unsuitable. I think Mr. Abdul Ghani suspected that communal considerations had come in in this direction, but I can assure him that that is not the case. Any one who is rejected is rejected on a review by Air Force officers, and, as a matter of fact, the number of Muslims who failed to stay the course is by no means large. Out of the 36 I mentioned, only six are Muslims. A number have passed to the Air Force schools and in the result we still have a considerable number of men, I think, 50 or 60, actually training at the moment at the flying clubs, and we have still about 14 who were waiting to be posted.

Sir Syed Raza Ali (Cities of the United Provinces: Muhammadan Urban): The Honourable Member said that out of the 36 rejected, six were Muslims. What about those who qualified? How many of them were Muslims?

The Honourable Sir Andrew Clow: I am afraid I have not got the figures with me here, but I believe, of this selected group over 20 were Muslims.

Sir Syed Raza Ali: 20 out of?

The Honourable Sir Andrew Clow: The number originally secured was about 141. Somewhere over 20; I have not got the exact figure here. The men who are now waiting to be posted will be taken on in a fortnight, and the committee which makes the final selection for these pilots is holding another meeting on Monday to select from further men who have applied. The preliminary selection has been done by committees appointed by Provincial Governments.

I was asked how long the training takes. That depends on circumstances including the aptitude of the pupil. There are really four stages in the training. The first is at the flying clubs and is a preliminary training in flying. The next stage, which is at a school in the Air Force, involves no flying. It is a short course of six weeks in which instruction is given in various subjects, discipline is taught and pupils receive a further training. Then they go on to an elementary flying training school in the Air Force, and finally, in the fourth stage, to an Air Force service Training School. We are mainly concerned here with the first stage, which is the stage in the flying clubs, although we are giving a certain assistance at the third stage, that is, in the elementary training schools in the Air Force. We are assisting in meeting the cost of flying and in providing machines. These include not merely aeroplanes but Link trainers, of which we have imported three. These are included in the demand here for stores. These Link trainers, as the House knows, are machines in which we reproduce the same conditions, as far as possible, as are encountered by people who are going in the air, but the person never actually leaves the ground. He is instructed, in this very ingenious machine by an instructor with a telephone attached to it. Even advanced training like training in night flying can be given with the aid of that machine.

Mr. M. S. Aney (Berar: Non-Muhammadan): The man can learn flying without leaving the ground?

The Honourable Sir Andrew Clow: No, but he can get some useful training towards being a pilot without leaving the ground. In fact, you can bring about conditions which are not easy to bring about with safety with a comparatively untrained pilot. Thus you can train him in landing on ground in the dark by means of these machines before he actually tries that experiment in real flying.

The scheme for training mechanics is also going on well. At first we had considerable difficulty in getting good numbers and that was because we tried to insist on men coming with a certain amount of actual technical experience and aptitude. As the House knows, there is a great shortage of men of that type in India; at the moment there is an extraordinarily keen demand for them and it became evident that if we were going to insist on that qualification, we should never get all the men we wanted. We have, therefore, had to resort to taking lads who have sufficient general education to make it likely that with training they would develop into competent mechanics. I was asked about the length of the course. The original intention was that the course should in all cases last for a year, but urgent needs have led to a modification of that intention. The Air Force now take a certain number of men, the better men, after not less than four months' training, and they give them further training of a more intensive kind. Those who are not so selected go on until the Air Force want them or until they complete the full course of one year.

We have at the moment over 700 men under training and we have over 200 approved candidates who are waiting to be posted. There are about 1,100 applicants who have been selected for interviews and I think the prospects are that we shall have in the first year the number of men that we want. Mr. Chattopadhyaya asked about the arrangements for selecting these. We have had to make more than one change in the arrangements and the orders of September to which he referred are no longer applicable. The present decision is that the selection will be done in future by permanent Air Force Recruiting Boards consisting entirely of Air Force personnel.

I was asked also a question about the post-war position. It is extremely difficult for any one to forecast the position that will confront us after the war. The apprehension in the Honourable Member's mind seemed to be that we should not have sufficient men, either as pilots or as ground engineers, in order to meet the growing development of Civil Aviation that we all hope to see. Personally, I do not share that apprehension. If the war continues any time, I think the chances are rather in the other direction—that we shall find a number of men well qualified and well experienced, possibly in greater numbers than even a very big expansion in civil aviation can absorb. But I would say, as regards the ground staff at least, I do not think the training they are getting will be altogether useless to them if they turn to other branches of industry. We have suffered for years from a lack of skilled labour in India and have long leeway to make up if we are going to see that industrial expansion which is so ardently desired.

Maulvi Muhammad Abdul Ghani (Tirhut Division: Muhammadan Rural): May I ask from the Honourable Member what was the number of selected candidates at the Delhi Flying Club for training. How many of them were Muslims and how many were turned out?

The Honourable Sir Andrew Clow: I have not got the figures for the individual clubs here. With the assistance of the Director of Civil Aviation, I have been able to look into the cases of those rejected at the Delhi Flying Club and there is no ground for the belief that this was due to bias in the mind of any particular individual who is there employed.

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

"That a supplementary sum not exceeding Rs. 24,45,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending on the 31st day of March, 1941, in respect of 'Aviation'."

The motion was adopted.

DEMAND NO. 48—BROADCASTING.

The Honourable Sir Jeremy Raisman (Finance Member): Sir, I move:

"That a supplementary sum not exceeding Rs. 1,50,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending on the 31st day of March, 1941, in respect of 'Broadcasting'."

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

"That a supplementary sum not exceeding Rs. 1,50,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending on the 31st day of March, 1941, in respect of 'Broadcasting'."

The motion was adopted.

DEMAND NO. 51—COMMERCIAL INTELLIGENCE AND STATISTICS.

The Honourable Sir Jeremy Raisman: Sir, I move:

"That a supplementary sum not exceeding Rs. 37,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending on the 31st day of March, 1941, in respect of 'Commercial Intelligence and Statistics'."

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

"That a supplementary sum not exceeding Rs. 37,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending on the 31st day of March, 1941, in respect of 'Commercial Intelligence and Statistics'."

Mr. Amarendra Nath Chattopadhyaya (Burdwan Division: Non-Muhammadan Rural): Sir, I rise to move . . .

Mr. President (The Honourable Sir Abdur Rahim): Does this come within the scope of this grant?

The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar (Member for Commerce and Labour): Yes.

Mr. President (The Honourable Sir Abdur Rahim): Then, no amendment is necessary. That amendment is not in order. The Honourable Member can speak on the motion.

Mr. Amarendra Nath Chattopadhyaya: In that case, I speak on the motion. Footnote (a) says: Due to the deputation of the Economic Adviser to the Government of India to the United States of America on a trade mission. This is a matter which requires elucidation on the floor of the House. Then the second is the appointment of a voted officer in place of a non-voted officer. On this point also we want enlightenment from the Honourable Member. The third point is the cost of passages and travelling allowances of the new Trade Commissioner to Japan and his staff. We would like to be enlightened on these three points by the Honourable Member in charge. We also want information about the opening of the new office of the Indian Government Trade Commissioner in Australia.

Dr. P. N. Banerjee (Calcutta Suburbs: Non-Muhammadan Urban): Sir, this demand relates to the Statistical Research Branch of the Department of Commercial Intelligence and Statistics. Before I come to the grant for Rs. 15,000, I wish to say a word about the organisation and the work of this branch. It seems to me that the organisation and work of this Department is not very satisfactory, but at the present moment I do not wish to discuss this question. I wish to have a talk with the Honourable the Commerce Member in order that the work of this branch may be improved substantially.

I will confine my remarks only to the demand for Rs. 15,000 which is due to the deputation of Dr. Gregory to America on a trade mission. I have no desire to question the qualifications of Dr. Gregory. He belongs to the same vocation to which I belonged a few years ago. He was a Reader in Economics in the University of London and wrote a few books the value of which has not been above criticism.

An Honourable Member: What about your books?

Dr. P. N. Banerjea: That is for you to decide. You may speak on the subject. However, I do not question his general competence but I do feel that he has not been able to master the details of the trade and commerce of India. In this connection, I should like to invite the attention of the House to the fact that when he was first appointed as Economic Adviser to the Government of India, there was an adjournment motion moved in this House.

Sir Abdul Halim Ghuznavi (Dacca *cum* Mymensingh: Muhammadan Rural): Do you know the reason why?

Dr. P. N. Banerjea: I did take part in the debate on the adjournment motion and I know the reason. The reason was that the people of India, as represented in this House, did not feel confidence in Dr. Gregory.

Some Honourable Members: No, no.

Mr. President (The Honourable Sir Abdur Rahim): The Chair does not think the Honourable Member ought to discuss that. No doubt an adjournment motion was moved, but any way, that is past.

Dr. P. N. Banerjea: Since then, Sir, Dr. Gregory's work has not been of such a nature as to inspire much confidence

Sir F. E. James (Madras: European): May I rise to a point of order, Sir. My Honourable friend referred to an adjournment motion moved in this House. I think it is only right that the meaning of that adjournment motion should not be misinterpreted in the sense in which it has been misinterpreted. That adjournment motion was based upon the desire of this House that an "Indian" should be appointed and not Dr. Gregory, but it was in no way, either in discussion at that time or by the final note, a reflection upon the ability of Dr. Gregory.

Dr. P. N. Banerjea: I would ask my friend, Sir F. E. James, to look up the debate.

An Honourable Member from the European Benches: He has.

Dr. P. N. Banerjea: This is no misinterpretation; what I am saying is the correct thing. Sir, since his appointment, the work that he has done has not inspired confidence in the commercial community of this country. As soon as it was announced that Dr. Gregory was to be associated with Dr. Meek on a mission to America, the Federation of Indian Chambers of Commerce lodged its protest and asked the Honourable the Commerce Member to have an Indian as a delegate to America. Sir, I do not know why that request was turned down. The reason why an Englishman was preferred to an Indian is not known; I do not know what the exact reason was, but the attitude of the Government of India must have been influenced by one of three reasons. In the first place, perhaps the Government of India thought that no capable Indian was available for this kind of work. Now, if that was the case, then I must lodge my emphatic

[Dr. P. N. Banerjea.]

protest against that attitude. It would be a slur on the intelligentsia of this country to say that not a single Indian economist or industrialist was available in this country for undertaking this work.

Sir Abdul Halim Ghuznavi: Who said that?

Dr. P. N. Banerjea: Then, what were the reasons? I am considering the reasons which might have prompted the Commerce Member of the Government of India to send Dr. Gregory.

Sir Abdul Halim Ghuznavi: Instead of you?

Dr. P. N. Banerjea: I was not a candidate; you shut up!

Mr. President (The Honourable Sir Abdur Rahim): Order, order. That is not the way to address an Honourable Member of this House.

Sir F. E. James: Sir, I understand that this demand relates to commercial intelligence and statistics, and the only item relating to the Economic Adviser to the Government of India is an amount for the expenses of the deputation to the United States of America on a trade mission. I submit that it is completely out of order for there to be a general discussion upon the abilities of Dr. Gregory to hold this particular office, and, I would ask your ruling on that point—whether this discussion is not limited to *this* item of expenditure.

Mr. M. S. Aney: May I submit, Sir, before you give your ruling, that inasmuch as this Rs. 15,000 which forms part of the Supplementary Demand relates to the deputation, it is open to this House to say whether the deputation was proper or not, and in that connection, if, unfortunately, the merits of Dr. Gregory are under discussion, the House cannot help that, and anything said in the discussion which does not go beyond that point would not I think entitle Sir F. E. James to say that the matter should be ruled out of order; it is perfectly relevant to the discussion.

Mr. President (The Honourable Sir Abdur Rahim): It has been pointed out that one of the items amounting to Rs. 15,000 relates to the economic deputation to the U. S. A. which consisted of Dr. Gregory and Dr. Meek, and the Chair is asked to state that Dr. Banerjea, in discussing the merits of this deputation or of one of its members, is not in order. The Chair quite agrees with Sir F. E. James that it is not desirable in this House to discuss the merits of individual officers serving under the Government of India, but the Chair does not think it could say that Dr. Banerjea is not in order in arguing that the deputation ought not to have been constituted as it was. The Chair does hope, however, that Dr. Banerjea will refrain as much as possible from casting any reflections on an officer serving under the Government of India.

Dr. P. N. Banerjea: Sir, I thank you for your observations. It was not my intention to discuss the general qualifications of Dr. Gregory, but I was considering his fitness for undertaking this mission and I was urging

that Indians were available for this kind of work and Indians could have done the work better. I am protesting against the appointment of a non-Indian for this deputation or mission, whichever way you would like to put it. Sir, in the first place, we shall have to consider whether a suitable Indian was available or not in this country. I maintain that many suitable Indians were available amongst economists as well as industrialists. There are Indian industrialists in this country who would have been able to do the work far more satisfactorily than the work has been carried out by Dr. Gregory. Thus that question is easily answered—the availability of suitable Indians. It might have been in the minds of the Government of India that Indians were not to be sent on a deputation, because the Government of India perhaps thought that Indians did not know their own interests, being minor children; and the trustees, therefore, thought it fit to send a European for this purpose. The third reason which might have prompted the Government of India was that Indians could not be trusted for this arduous work. Now this mistrust has always had a baneful effect on the attitude of the Government of India towards the children of the soil. Even during this war this mistrust has not disappeared. That is a very unsatisfactory state of things, and we are entitled to know why this mistrust of Indians still continues.

Sir, now I shall discuss the Report which has been presented by Dr. Meek and his associate Dr. Gregory. This report does not appear to me to be at all satisfactory. As the *Hindu* of Madras points out, this report could have been written by Dr. Gregory or anybody else without visiting America. (Interruption.) The *Hindu* is a responsible paper—I hope it will not be regarded as an irresponsible paper by the Honourable the Finance Member. Sir, only after going through some of the articles in respect of which there can be an export trade from India to the United States, the authors of the Report say in conclusion that there are only two articles, namely, manganese and mica which have an export market in United States. The Honourable the Commerce Member said in this House the other day that, only for these two things and for nothing else, the deputation was justified. I do not think so. The deputation did not make any new discovery. The Commerce Department and the Department of Commercial Intelligence and Statistics ought to have known that India produces manganese and mica in large quantities and that both these are regarded as essential war materials in the United States. If this Department did not possess that information, I must say that his Department was very ill-equipped and needed overhauling. For making this discovery, Dr. Gregory need not have been sent to America. If an Indian delegation had been sent, that delegation would have gone carefully into all the other things in which export trade could be developed. Such an Indian delegation might also have considered the other aspect of the question, namely, imports from America to this country, because unilateral trade relations can never be of very long standing or satisfactory. In this country machinery is demanded for the industrial development of the country and America is the fittest place from which machinery could be imported. But this side of the question was not considered at all. I, therefore, think that the appointment of an Englishman—I do not raise the question of race—but I do say that the appointment of a person who is not fully conversant with the economic conditions of this country was a mistake.

[Dr. P. N. Banerjee.]

Coming to the cost of the delegation it seems to me that it is a very large amount—Rs. 15,000 for a deputation to America. I do not know for what period he stayed in America. Even if he spent two or three months, the amount which is provided seems to me to be exorbitant.

Mr. Govind V. Deshmukh: You must consider the style of living.

Dr. P. N. Banerjee: My Honourable friend suggests that having regard to the style of living of Dr. Gregory, it is not a very exorbitant sum. I do not know that.

The Honourable Sir Jeremy Raisman: Does the Honourable Member know the cost of passage to America and back just now?

Dr. P. N. Banerjee: Yes, the cost of passage is much greater than it used to be, but even then Rs. 15,000 is a very large sum to be provided for this purpose.

Then, Sir, I wish to raise another question. This matter being a very important one ought to have been placed before the Standing Finance Committee. Yesterday the Honourable the Finance Member said that in placing matters before the Standing Finance Committee, two criteria were taken into account. In the first place, for non-recurring grants expenditure involving a minimum amount of one lakh of rupees was placed before the Standing Finance Committee, and for recurring grants, the limit was Rs. 25,000. I think, Sir, this is not quite right. You may spend in the total very large sums, each expenditure amounting to Rs. 10,000, Rs. 15,000 or Rs. 20,000. What I would urge is that this limitation should be done away with, and that any expenditure amounting to Rs. 10,000 or more should be placed before the Standing Finance Committee. Besides, I would urge that whenever any question of principle is concerned, that matter should go before the Standing Finance Committee. When that is done, then and then only will the Standing Finance Committee be able to do its work properly. Otherwise, the Standing Finance Committee will be of no use to this House or to the country.

Sir, before I resume my seat, I wish to make it clear that it was not my intention to speak disparagingly of Dr. Gregory, but I must once more say most emphatically that he was not the fit person to be chosen for this purpose.

The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar: Sir, I must confess that I have rarely listened to a speech from my Honourable friend, Dr. Banerjee, with which I was less in sympathy and about which I feel sure that he will regret when he reconsiders the position. He has dragged an officer's name into this debate and has made remarks and cast aspersions about him

Dr. P. N. Banerjee: No aspersions, please.

The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar: which are thoroughly unjustified, especially when he remembers that he is himself a Professor of Economics. I feel sure that that is not the kind

of criticism which can be fairly levelled against that officer. I feel personally very strongly on these remarks, because Dr. Gregory is one of the few officers on whom I have constantly continually depended during the last 18 months, particularly since the outbreak of the war and whose advice has been invaluable to me in all matters relating to the difficult trade and commercial situation in this country.

My Honourable friend referred to the debate on the adjournment motion which took place in this House where some remarks were made about this appointment. I will only read the concluding speech of an Honourable Member, a non-official gentleman, my Honourable friend, Mr. Muhammad Nauman, who summarised that debate in these words:

"The spirit in which the Opposition has made this protest is absolutely correct in the sense that they want to limit the importation of Europeans as far as they can but on occasions it should be permissible and our friends should not insist on such protests in season and out of season. In this case, where Opposition Members have accepted that Mr. Gregory is a man of international reputation and exceptional merit in economics, I do not see the sense of protest."

I will not add anything to what has been so well summarised by an Opposition Member . . .

Dr. P. N. Banerjee: Read other speeches. Read my own speech. Read Mr. Satyamurti's speech.

The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar: Yes, the Honourable Member made a speech almost in the same terms in which he made the speech today. I had hoped that the passage of time would have mellowed the feelings that the Honourable Member may have had on the subject.

Now, Sir, leaving Dr. Gregory's reputation apart which does not stand in need of vindication by me, leaving that apart, let me come to the more pointed observation that my Honourable friend made regarding the suitability of my sending Dr. Gregory on this particular mission. I say once more that I could not have made a better selection. It is true that the Federation of Indian Chambers of Commerce and some other commercial bodies protested and sent in their memoranda. In fairness to them, it must be said that they made those protests when they were in complete ignorance or misunderstanding of the nature and the scope of the special mission on which Dr. Gregory and Dr. Meek had been sent. They understood that this mission was to form some sort of trade pact with the United States and they naturally stated that if any question of trade agreement was to be arrived at, non-official commercial opinion should be associated, but even they did not suggest that Dr. Gregory and Dr. Meek should not have gone. Their point was that commercial men should have been associated with the mission and when I explained to them that this was purely a sort of fact-finding commission, that they did not intend to arrive at any agreement with United States, that they were merely there to survey the situation and to make a report to the Government of India on the situation as it developed at the time after the war had broken out, I think in fairness to the commercial bodies, I must say that most of them, at any rate, recognised the reasonableness of the position that the Government had taken and the reasonableness of the fact that this particular official mission was sent out.

[Diwan Bahadur Sir A. Ramaswami Mudaliar.]

That Dr. Banerjea should now have ignored all that has appeared in the papers and should have said that this mission should not have been sent and that protests were made by the Federation means that he has not followed the entire story about this mission. Now, let me come to a positive justification of why I was responsible for sending Dr. Gregory on this mission. Dr. Gregory had been in the United States of America before. He had been associated with a very important mission which His Majesty's Government had sent to America some years earlier. He had acquaintances and he had contacts with the officials of the United States Government and these contacts and acquaintances were most invaluable in the mission that he had undertaken. It was not possible for any Indian, however eminent he may be as a professor of economics or as a commercial magnate, to have these contacts and these acquaintances with the Treasury and other officials of the United States Government which Dr. Gregory had already commanded and which he could avail himself fully and did avail himself to the fullest extent when he actually went on that mission. I am, unfortunately, in the position that I cannot publish the whole of the report. The report that has been placed in the hands of the public is only an extract from the full report that Dr. Gregory has submitted to the Government of India. There were confidential matters there relating to key industries and relating to the American requirements with reference to war effort that I could not possibly release for public consumption because it may get into the hands of those who either directly or indirectly were or could be in contact with the enemy. All that has been taken out and this is an expurgated edition of the report that I have had to place before the public. But let not my Honourable friend forget that the expurgated report that he has seen of the most valuable mission, the nature of the work that they had to do, the investigation that they had to make, the inquiries that they had to conduct, the information that they had to obtain, could only have been obtained by a person in the position of Dr. Gregory with, as I said, the adventitious aid so far as the Government of India is concerned of his previous connections and of his previous acquaintances with the officials of the United States Treasury. But, Sir, I do not want to dilate on the report itself. There are some persons who will never be convinced and I have seen in my limited experience—I am speaking generally now—that while it is said no two scientists agree an economist sometimes does not agree even with himself. With that state of mind, it will be a work of supererogation on my part if I were to try to convince my Honourable friend, Dr. Banerjea, once more of the valuable material that is contained in this report.

Mr. M. S. Aney: That should be the reason for you to make an attempt to convince him.

The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar: Not on a Supplementary Demand and not in this House. Speaking seriously, my Honourable friend referred to the views of a paper in this House. I have nothing to say against that paper. But let me make a personal confession. I was myself for seven years the editor of an English daily newspaper called the *Justice*. In an honorary capacity I did the work and day after day I sat in my editorial chair and I think it is the same experience of any other editor. Our greatest anxiety is to find material

for the 'leader' and when a report of this nature comes, we are very glad. We, the editors, speaking generally, though there are exceptions, go through reports like this in about half an hour at the most and immediately produce a leader. I would not, if I were a Professor of Economics, take my lessons from the editorials on commercial and economic subjects which appear in the daily newspapers. I shall not say the same thing of weeklies or monthlies or journals of that kind. And, therefore, I wish that Dr. Banerjea had studied the report more carefully and had not got his appreciation of that report, at least to a certain extent, from the newspaper editorials.

Sir F. E. James: Some papers had written editorials about it before it was published.

The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar: I should not be surprised if they did that.

Now, let me turn to the question that my Honourable friend, Mr. Chattopadhyaya, has raised. There was a Trade Commissioner in Japan. He was an officer of the Imperial Customs Service and was appointed before 1924. He was one of those officers whose salary was treated as non-voted. His place has now been taken by an officer of the same service appointed at a later date whose salary is treated as voted. That is the reason for the statement that a voted officer has been substituted for a non-voted officer. As regards the Australian Trade Commissioner, it is the same series of arrangements. The Japanese Trade Commissioner has been transferred to Australia to open the new Trade Commissioner's office there and an officer from the Commerce Department has been sent to Japan for the purpose.

Mr. Amarendra Nath Chattopadhyaya: Is he an Indian?

The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar: Both are Indians.

I do not think there is any other subject which is to be covered by me. As regards the item of expenditure, I may say that both Dr. Gregory and Sir David Meek to complete their report in as short a time as possible had to fly to America. They went first to Hongkong and then from Hongkong they went by air all the way to America. This amount of Rs. 15,000 represents merely their travelling allowance and other items connected with the expenses both of passage and stay in that country.

Honourable Members: The question may now be put.

Sir Syed Raza Ali: Sir, I have only a very few observations to make. It is unfortunate that my Honourable friend, Dr. Banerjea, should have, in the course of the discussion on this motion, brought in the fitness and suitability of Dr. Gregory to be a member of the Delegation that went to the United States of America to make certain inquiries. In fact, if I understood him rightly, his main point was that the Government had no justification for not associating with this Delegation at least one Indian member.

Sir Abdul Halim Ghaznavi: He wanted an Indian to go.

Sir Syed Raza Ali: I believe the Delegation consisted of two members, one was Dr. Gregory and the other was Sir David Meek. Let me point out that I do not claim to know Dr. Gregory very well, but from what I have seen of his work, it is unfortunate that disparaging remarks should be made in this House about this distinguished officer who has done his duty, so far as I can see, to the entire satisfaction of the people with a reasonable frame of mind. I know the other member of the Delegation personally. I have had to work with him in close co-operation, I mean Sir David Meek. Sir David Meek's authority on economic and industrial questions relating to India is very high indeed. Further, I can say from personal experience that Sir David Meek is one of those men—and I say this from personal experience, having worked with him on more than one Committee—whose outlook, while dealing with industrial, economic and commercial questions relating to India, always was to find out a course of action which would be really beneficial to India. When he was serving in this country, and even after that, his one desire was to serve the country in whose service he was. I have found him devoting hours patiently to find out as to what was the course to be adopted with a view to furthering Indian interests. From what I know, although I admit my information is not first-hand,—I believe Dr. Gregory commands a similar position. Therefore, I do consider that it was very unfortunate for my Honourable friend to have made the remark that he did in the course of his speech. In any case, let me make it quite clear that I entirely dissociate myself from the remarks, which my Honourable friend let fall in the course of his speech, concerning Dr. Gregory.

Having said that, let me now come to the main point. There I must say that I am more or less in accord with my Honourable friend, Dr. Banerjea, and my Honourable friend, Mr. Chattopādhyaya, who was the first speaker. I am particularly led to make these remarks because of the apparently conciliatory speech made by my Honourable friend, the Commerce Member. Let us see what the Commerce Member says. I do not want to go into the personal question of the appointment of Dr. Gregory, but I am led to make these remarks because of certain observations that the Commerce Member made. As I said, the seeming reasonableness of the Commerce Member was there, but unfortunately in saying what he did he committed himself to a policy with which, I am sure, non-official Members of this House can never be in sympathy. Let us see what he said. Quite apart from paying a well-deserved compliment to Dr. Gregory on his ability and on the manner in which he conducted this inquiry, he also sought to justify his appointment on the ground that Mr. Gregory was well-known in America, that Dr. Gregory had access to so many officials, and that Dr. Gregory was a man who, because of his previous knowledge of the United States, would find it easier to conduct an inquiry of this character than any Indian. I believe I am not misrepresenting what my Honourable friend said. If that is so, does my Honourable friend realise what this confession amounts to? We know in what condition India is; we know the difficulties with which Indians have to contend. If his logic is true, that would be a perpetual argument in favour of excluding Indians from commissions and duties of a similar character.

The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar: No, Sir. My Honourable friend is reading more into my speech than I intended. At the time, for the purpose and in the circumstances in

which we were then, to get a report in a reasonable time and to get it in those circumstances Dr. Gregory was the right man. That is all that I said. There was no policy indicated in that. I never said that Indians can never go and conduct any of these inquiries, merely because they are strangers to the country. On the other hand, every Trade Commissioner that has been appointed by the Commerce Department, except for the United Kingdom itself, has been an Indian. It is a policy which has been consistently pursued; I have only inherited that policy from my predecessor, and I see no reason to depart from that policy either.

Sir Syed Raza Ali: I am very glad that my Honourable friend, the Commerce Member, has made this addendum to his speech. If that is the policy of the Government of India, I do not think I have much to say against it except this that I do not quite understand why it should not have been possible for my Honourable friend to send a delegation of two as he did, with this change that it was open to him to appoint one Englishman and one Indian.

The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar: Sir, I may say that, as a matter of fact, the Trade Commissioner in New York, Mr. Malik, who is an Indian, was associated with this mission. And so far as Sir David Meek was concerned, I took the opportunity of his passing through New York back to London to have him also associated with Dr. Gregory. He had to return to London, and he could return to London in those circumstances and at that time only through America; and, therefore, I suggested that Sir David Meek might also be associated with Dr. Gregory. The report is of Dr. Gregory and Sir David Meek, but throughout these investigations, to the extent that he could help, Mr. Malik, our Trade Commissioner in New York, was associated with this mission.

Sir Syed Raza Ali: I welcome this additional information which the Commerce Member has given. But I am sure the Commerce Member realises that to be in the position of an assessor, as our Trade Commissioner in the United States was, is not the same thing as being a member of the delegation that drafts the report and puts signatures on a well-considered report. The position is entirely different. I do not want to rub it in too much, but I do ask the Commerce Member to realise that it is radically wrong for the Government of India not to appoint Indians on such delegations. I must say that on these delegations there must, if possible, be a majority of Indians, or, if not a majority, at least 50 per cent. of Indians. Otherwise, the reports of these delegations are not going to command the confidence of the country.

Then, Sir, it was quite open to my Honourable friend to go into the history of how the editorial leading articles were produced, but let me tell him that I have been a careful reader of some of these leading articles, and I must say that I take off my hat to some of the writers that contribute these leading articles on Indian economic, political and other subjects.

The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar: So do I.

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

Sir Syed Raza Ali: My point is only this. I earnestly request the Commerce Member that in future and as long as he holds this office, if he is responsible for sending any delegations out of India to make commercial, economic or other inquiries, he should make it a point to have, if possible, a majority of Indians on these delegations, and in no case should the proportion of Indians on these delegations be less than fifty-fifty.

Several Honourable Members: The question may now be put.

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

"That the question may now be put."

The motion was adopted.

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

"That a supplementary sum not exceeding Rs. 37,000 be granted to the Governor-General in Council to defray the charges which will come in course of payment during the year ending on the 31st day of March, 1941, in respect of 'Commercial Intelligence and Statistics'."

The motion was adopted.

DEMAND No. 52—CENSUS.

The Honourable Sir Jeremy Raisman: Sir, I move :

"That a supplementary sum not exceeding Rs. 77,000 be granted to the Governor-General in Council to defray the charges which will come in course of payment during the year ending on the 31st day of March, 1941, in respect of 'Census'."

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

"That a supplementary sum not exceeding Rs. 77,000 be granted to the Governor-General in Council to defray the charges which will come in course of payment during the year ending on the 31st day of March, 1941, in respect of 'Census'."

There is a cut motion in the name of Mr. Azhar Ali who wants the demand to be omitted. That is out of order. There is another cut motion in the name of Mr. Chattopadhyaya who wants to discuss the Census operations. That is also out of order. The thing can be discussed on the motion itself.

Mr. Muhammad Azhar Ali (Lucknow and Fyzabad Divisions: Muhammadan Rural): All right, Sir. I will discuss on the motion itself. It is very unfortunate that on discussions about these demands the issues are clouded. Anybody drags in personalities. I do not wish to drag in any personality. The Government of India generally publish . . .

Mr. M. S. Aney: May I rise to a point of order on this matter? This is not a new service or anything like that. It is only some extra expenditure that has been placed here in the form of a Supplementary Demand about Census. There was a demand for Census placed before us when the regular budget was passed by this House, and the whole question of census policy was discussed then. Would any discussion about census policy or general census operations now be in order on this Supplementary Demand, unless that discussion relates to the particular expenditure provided for here?

The Honourable Sir Reginald Maxwell (Home Member): Sir, the demand is only in respect of additional expenditure on paper and printing and transport of enumeration pads.

Mr. President (The Honourable Sir Abdur Rahim): This is only part of the demand for census operations. That being so, the Honourable Member cannot discuss those questions over again.

Mr. Muhammad Azhar Ali: I am only confining myself to the rise in the cost of paper and nothing more. Sir, it is a very common thing when something is wanted which cannot be clearly expressed, then such items are put in as rise in price of paper, etc. My submission is that with the war conditions before us the Budget was passed by this House; and the expenditure that was sanctioned before ought to have been enough so far as the paper was concerned. However, it is said that the price of paper has risen and they want more, and I have no objection. But we see stated further in the footnote "unforeseen expenditure on the transport of enumeration pads." Even if more pads were required I could understand and see that as the price of paper has risen therefore, more money was required for pads. But my submission is, are the sources of transport reduced simply because some railway lines have been dismantled? If not, what are the reasons? Can there be any good reason for saying that in the communication and transmission of these pads there is some paucity? I cannot possibly understand it. I mean to say that there is no proper justification mentioned here and that is my only point.

The Honourable Sir Reginald Maxwell: Sir, I think it might be helpful to the House if I gave a little further explanation in amplification of the note which has been printed below this demand, so that Honourable Members might know what we are really talking about. The Supplementary Grant is wanted in respect of two things: one is the rise in the cost of paper and printing charges since the Budget was drawn up, on account of the war. On that point I might mention that an enormous quantity of paper is used for the actual enumeration and all the operations leading up to it. In fact, 3,571,501 enumeration pads had to be printed including 522,000 odd pads which were required by Indian States and in respect of which we shall get a refund of Rs. 73,000 from the States . . .

Mr. M. S. Aney: What is the enumeration pad like? How big is it?

The Honourable Sir Reginald Maxwell: It is rather like that (shows a slip block)—perhaps a little larger. I think all Honourable Members mostly have seen it. The rise in the cost of paper is a thing that could not have been foreseen, and to ask the House for a Supplementary Grant to cover it is, I think, not unreasonable.

The other main matter included in this item is the cost of transport of enumeration pads from Calcutta, where they were printed, to the various provincial, district and tahsil headquarters throughout India. In the past these schedules were printed in the provinces; but on the occasion of this census, all the enumeration pads have been printed at the Government of India Press, Calcutta. That was because it was worked out that that was the most economical way of obtaining this stuff and the cost of transportation from Calcutta to all these other centres is estimated to be about Rs. 60,000. No account of this item was taken at the time when

[Sir Reginald Maxwell.]

the Budget was prepared, as it was not possible then to anticipate with any degree of accuracy the expenditure that would be required; but it is a perfectly simple demand, and now that the amount is known I think the House will have no difficulty about granting it.

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

"That a supplementary sum not exceeding Rs. 77,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending on the 31st day of March, 1941, in respect of 'Census'."

The motion was adopted.

DEMAND No. 56—MISCELLANEOUS DEPARTMENTS.

The Honourable Sir Jeremy Raisman: Sir, I move: .

"That a supplementary sum not exceeding Rs. 58,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending on the 31st day of March, 1941, in respect of 'Miscellaneous Departments'."

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

"That a supplementary sum not exceeding Rs. 58,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending on the 31st day of March, 1941, in respect of 'Miscellaneous Departments'."

There is an amendment in the name of Mr. Azhar Ali, who wants to discuss the appointment of the Court of Inquiry. Is that covered by the demand?

Mr. Muhammad Azhar Ali: I do not wish to take much time of the House, but I would only like to know how these courts are constituted.

An Honourable Member: Move your amendment first.

Mr. Muhammad Azhar Ali: I move, Sir, that the demand . . .

Mr. President (The Honourable Sir Abdur Rahim): The Chair has ruled the amendment out of order. The Honourable Member can discuss the question of the appointment of the Court of Inquiry on the motion itself.

Mr. Muhammad Azhar Ali: My only point is how are these courts constituted? It is said here ". . . under the Trades Disputes Act, 1929." What will be the qualifications of these people? Will they be travelling from place to place? In what manner is the money spent? Are any Indians appointed on these courts or are they confined to some experts on trades unions? Are any members of this House to be associated or is it confined to outsiders drawn from trade and commerce? These are my points.

The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar: Sir, this is a court of inquiry about which the House, I think, had the fullest information because it discussed the recommendations of this court of

inquiry some time back. My Honourable friend asked whether Indians are appointed on this court. This court of inquiry was constituted under the Trades Disputes Act of 1929, with reference to a dispute that had arisen between railway employees and the railway as regards dearness allowance. The President was the Honourable Justice Sir B. N. Rau and the members were Sir Shafaat Ahmad Khan and Mr. Hughes, a member of the Indian Civil Service in Bengal, who had some considerable experience of labour problems. Persons of judicial mind and persons who are generally by their experience qualified to deal with these questions are taken for the Court of Inquiry.

Mr. M. S. Aney: May I know, Sir, whether in the costs shown here of officers employed on the court of inquiry, the salary of the Judge whose services are lent to the Government of India is also included?

The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar: The voted portion is included. The non-voted portion is not included.

Mr. M. S. Aney: This does not exactly give us the idea of the total cost which the Government of India had to incur.

The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar: No, it does not.

Mr. M. S. Aney: May I know what will be the total cost?

The Honourable Sir Jeremy Raisman: The total cost will be found in the Demand for Grants.

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

"That a supplementary sum not exceeding Rs. 58,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending on the 31st day of March, 1941, in respect of 'Miscellaneous Departments'."

The motion was adopted.

DEMAND No. 57—CURRENCY.

The Honourable Sir Jeremy Raisman: Sir, I move:

"That a supplementary sum not exceeding Rs. 24,18,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending on the 31st day of March, 1941, in respect of 'Currency'."

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

"That a supplementary sum not exceeding Rs. 24,18,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending on the 31st day of March, 1941, in respect of 'Currency'."

The motion was adopted.

DEMAND No. 58—MINT.

The Honourable Sir Jeremy Raisman: Sir, I move:

"That a supplementary sum not exceeding Rs. 15,00,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending on the 31st day of March, 1941, in respect of 'Mint'."

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

"That a supplementary sum not exceeding Rs. 15,00,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending on the 31st day of March, 1941, in respect of 'Mint'."

The motion was adopted.

DEMAND No. 62—STATIONERY AND PRINTING.

The Honourable Sir Jeremy Raisman: Sir, I move:

"That a supplementary sum not exceeding Rs. 7,75,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending on the 31st day of March, 1941, in respect of 'Stationery and Printing'."

Mr. President (The Honourable Sir Abdur Rahim): There is an amendment in the name of Mr. Azhar Ali. Does he want to move it?

Mr. Muhammad Azhar Ali: I don't want to move it, Sir.

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

"That a supplementary sum not exceeding Rs. 7,75,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending on the 31st day of March, 1941, in respect of 'Stationery and Printing'."

The motion was adopted.

DEMAND No. 63—MISCELLANEOUS.

The Honourable Sir Jeremy Raisman: Sir, I move:

"That a supplementary sum not exceeding Rs. 1,75,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending on the 31st day of March, 1941, in respect of 'Miscellaneous'."

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

"That a supplementary sum not exceeding Rs. 1,75,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending on the 31st day of March, 1941, in respect of 'Miscellaneous'."

The motion was adopted.

DEMAND No. 67—AJMER-MERWARA.

The Honourable Sir Jeremy Raisman: Sir, I move:

"That a supplementary sum not exceeding Rs. 17,59,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending on the 31st day of March, 1941, in respect of 'Ajmer-Merwara'."

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

"That a supplementary sum not exceeding Rs. 17,59,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending on the 31st day of March, 1941, in respect of 'Ajmer-Merwara'."

Pandit Nilakantha Das (Orissa Division: Non-Muhammadan): Sir, I want to ask a few questions. In the Finance Committee the sum contemplated was Rs. 15,67,000. Now the demand is for Rs. 17,59,000. What is this increase due to? It was expected that the monsoon would be better this year and there would be no famine relief works in that area. We should like to know what the monsoon conditions were and what they are now in that area and whether any work is going on there, and if so, what is likely to be the expenditure next year. Some information is required on these points.

The Honourable Sir Jeremy Raisman: Considerable details were placed before the Standing Finance Committee. We could not be sure when famine conditions would entirely cease and when relief works would actually be closed, and if there has been an increase, as it appears there has been, between the time that this was placed before the Standing Finance Committee and the Supplementary Demand which has now come to the House, that must be due to the fact that further relief works continued to be necessary after that date, and consequently the sum has increased. As regards the future, I must refer my friend to the Budget speech and the demands for grants for the coming year. I believe, as far as I can recollect, no provision has now been made for the coming year as it is hoped that these famine conditions have now ceased.

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

"That a supplementary sum not exceeding Rs. 17,59,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending on the 31st day of March, 1941, in respect of 'Ajmer-Merwara'."

The motion was adopted.

DEMAND No. 69—ANDAMAN AND NICOBAR ISLANDS.

The Honourable Sir Jeremy Raisman: Sir, I move:

"That a supplementary sum not exceeding Rs. 2,55,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending on the 31st day of March, 1941, in respect of 'Andaman and Nicobar Islands'."

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

"That a supplementary sum not exceeding Rs. 2,55,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending on the 31st day of March, 1941, in respect of 'Andaman and Nicobar Islands'."

Pandit Nilakantha Das: Sir, with regard to item (f) in the Note at page 37, I should like to know what is the present arrangement made there for convicts. Are these Islands still a convict settlement, if so, for how long will they remain like that?

Mr. President (The Honourable Sir Abdur Rahim): The Honourable Member is really a raising question of policy.

Pandit Nilakantha Das: I simply want to know what is the arrangement now for convicts

Mr. President (The Honourable Sir Abdur Rahim): Arrangement for what? The Honourable Member will find details of the expenditure in the book.

The Honourable Sir Reginald Maxwell: Sir, may I explain that there has been no change in the arrangements in the Andaman Islands. It is still a convict settlement as before. How long it will remain as such is a different question which I cannot now answer, not being endowed with the gift of prophecy.

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

"That a supplementary sum not exceeding Rs. 2,55,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending on the 31st day of March, 1941, in respect of 'Andaman and Nicobar Islands'."

The motion was adopted.

DEMAND NO. 71—INDIAN POSTS AND TELEGRAPHS—STORES SUSPENSE.

The Honourable Sir Jeremy Raisman: Sir, I move:

"That a supplementary sum not exceeding Rs. 2,91,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending on the 31st day of March, 1941, in respect of 'Indian Posts and Telegraphs—Stores Suspense'."

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

"That a supplementary sum not exceeding Rs. 2,51,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending on the 31st day of March, 1941, in respect of 'Indian Posts and Telegraphs—Stores Suspense'."

The motion was adopted.

DEMAND NO. 72-A.—INDIAN POSTS AND TELEGRAPHS—CAPITAL OUTLAY—APPROPRIATION TO THE TELEPHONE DEVELOPMENT FUND.

The Honourable Sir Jeremy Raisman: Sir, I move:

"That a supplementary sum not exceeding Rs. 4,75,00,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending on the 31st day of March, 1941, in respect of 'Indian Posts and Telegraphs—Capital Outlay—Appropriation to the Telephone Development Fund'."

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

"That a supplementary sum not exceeding Rs. 4,75,00,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending on the 31st day of March, 1941, in respect of 'Indian Posts and Telegraphs—Capital Outlay—Appropriation to the Telephone Development Fund'."

The motion was adopted.

DEMAND NO. 76 —INTEREST-FREE ADVANCES.

The Honourable Sir Jeremy Raisman: Sir, I move:

"That a supplementary sum not exceeding Rs. 1,04,00,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending on the 31st day of March, 1941, in respect of 'Interest-free Advances'."

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

"That a supplementary sum not exceeding Rs. 1,04,00,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending on the 31st day of March, 1941, in respect of 'Interest-free Advances'."

The motion was adopted.

DEMAND NO. 77—LOANS AND ADVANCES BEARING INTEREST.

The Honourable Sir Jeremy Raisman: Sir, I move:

"That a supplementary sum not exceeding Rs. 89,00,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending on the 31st day of March, 1941, in respect of 'Loans and Advances bearing Interest'."

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

"That a supplementary sum not exceeding Rs. 89,00,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending on the 31st day of March, 1941, in respect of 'Loans and Advances bearing Interest'."

The motion was adopted.

THE INSURANCE (AMENDMENT) BILL.

The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar (Member for Commerce and Labour): Sir, I move:

"That the Bill further to amend the Insurance Act, 1938, as reported by the Select Committee, be taken into consideration."

I explained the purpose of the Bill when I introduced it. The Select Committee has very carefully gone through the Bill and has made certain amendments. I shall deal only with some of the main amendments that have been made by the Select Committee.

In the original Bill it was suggested that renewal of registration should be in a prescribed manner. The Select Committee felt that conditions might be imposed on this renewal which had nothing to do with the main purpose for which this renewal was sought, namely, to get certain funds for the administration of the department. Therefore, it has deleted those words and made it an automatic renewal, that is to say, that if the fee is paid, there is no other condition attached to the renewal and renewal will be, as a matter of course, granted by the Superintendent of Insurance.

Dr. P. N. Banerjea (Calcutta Suburbs: Non-Muhammadan Urban): That is merely a financial provision?

The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar: It is purely a financial provision, it does not seek in any way to interfere with the normal course of renewal and registration and there is no other purpose except to get a certain amount as renewal fee under the provision that has been made. Secondly, regarding the amount also there has been a great deal of misconception. The Bill provides that the maximum fee is Rs. 1,000, but several companies, especially the younger life insurance companies and those who are not on the top of the business, felt that they might be mulcted in charges very much higher than was anticipated. It is not considered desirable to put the actual amounts in the Bill itself, but I have undertaken that the charges will not be above those which are stated in the Select Committee's report. The charges are businesses according to the amounts of premia collected and the scale will be as suggested here. I may say also that it is not the intention to impose the scale as it stands immediately. It will be imposed at such rate as may be desirable to meet the expenses of the department. There is one other observation, that I should like to make

Sir Cowasji Jehangir (Bombay City: Non-Muhammadan Urban): Will the Honourable Member read out the Select Committee's report in connection with fees so that it may go on record?

The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar:
The Select Committee has stated:

"In connection with the fees which are to be prescribed under sub-section (2) of the new section we have been informed on behalf of Government that the scale of charges contemplated will be such as to fix the fee at one hundred rupees where the annual premium income of the insurer in the class of business concerned is one lakh of rupees or less, two hundred rupees when it exceeds one but does not exceed two lakhs, three hundred rupees when it exceeds two but does not exceed four lakhs, five hundred rupees when it exceeds four but does not exceed six lakhs, seven hundred and fifty rupees when it exceeds six but does not exceed ten lakhs, and one thousand rupees when it exceeds ten lakhs. The scale will also secure (and that was the point that I was going to refer to) that the total of the fees payable in respect of all classes of business exclusive of life insurance business will not exceed fifteen hundred rupees."

That is to say, in the case of miscellaneous insurance companies which may have fire, accident and other policies, apart from life business,—they will not have to pay, whatever their business may be—Rs. 1,000 is the maximum for each of these, but the overall maximum is Rs. 1,500 only.

With reference to the provision that has been made that an agent can get a rebate on his own life, it has been provided that in the case of a *bona fide* agent this can be done. Doubts have been thrown on what is meant by a *bona fide* agent, and it has been stated on behalf of the Government that an agent will be considered a *bona fide* agent, who has secured at least six life policies including his own.

A great deal of controversy has risen over clause 61, which provides for measuring the guaranteed surrender value of a policy. We took the view that under the Act as it stands there must be some indication to the policyholder of what kind of guaranteed surrender value he will obtain at any stage over his life policy. It is not our purpose to ask the insurance companies to have detailed and bulky volumes stating year after year with reference to various policies and premia paid, the surrender value absolutely but if any indication is given by means of a formula which can easily enable the policyholder to arrive at the figure by himself the department will be satisfied with that indication, and an amendment has been made accordingly to meet the wishes of the life insurance companies in this matter. I do not think I need go into any further details in regard to the amendments that have been made. The Select Committee's Report was presented on the 6th March. It was published in the Gazette the following Saturday and the amended Bill has been before the House and the country for well over three weeks and I suggest that the Bill may be now taken into consideration.

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

"That the Bill further to amend the Insurance Act, 1938, as reported by the Select Committee, be taken into consideration."

Mr. Muhammad Azhar Ali (Lucknow and Fyzabad Divisions: Muhammadan Rural): In the Select Committee, it was said that in the case of appeals, the Central Government will allow an appeal. The Honourable Member promised to consider that suggestion.

Sir Cowasji Jehangir: Appeal about what?

Mr. Muhammad Azhar Ali: You will see from the Dissenting Note you have written on clause 4. I want to know whether the Honourable Member has considered this.

Sir Cowasji Jehangir: The Honourable Member alluded to clause 61 and to the formula. Now, I believe it is clearly understood that if the insurance companies state in the policy that the guaranteed surrender value would be a certain percentage of the premiums paid, it would be accepted by Government as satisfying the provisions of this sub-section. I take it that it is correct.

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

Mr. T. Chapman-Mortimer (Bengal: European): Sir, I rise to support the motion before the House. There is very little I wish to say at this stage, though when we come to clause 4 I shall have a few remarks to make. The Bill as it has emerged from the Select Committee is in a form which I am sure will commend itself to all Honourable Members. It has cleared up one or two administrative difficulties and removed certain technical flaws which came to light during our discussions in that place. When we come to clause 4, as I have said, I shall have some remarks to make on the question of fees to be prescribed; but at this stage I only want to add just this, that there has been lot of misapprehension in the minds of certain Member as to the nature of the amendments sought to be made to the Act by this Bill and I do hope that Honourable Members will realise that Government in taking the action they have done now are simply trying to clear up practical difficulties of administration and are not doing anything which necessitates or should necessitate at this stage a great deal of fresh discussion and the taking up a great deal of time. Because I am quite sure that as Honourable Members are able to discuss their various difficulties with experts they will find that this Bill with its 71 clauses, though it looks formidable, is in fact much less formidable than it looks. Sir, I support the motion.

Mr. Amarendra Nath Chattopadhyaya (Burdwan Division: Non-Muhammadian Rural): I am afraid the Honourable the Commerce Member is in a hurry. Sir, having some connection with insurance matters, I feel nervous at the hurry with which it is sought to pass such a big Bill and, therefore, I would have liked to hear from the Honourable the Commerce Member about the improvements he had made upon the original Act, after the Select Committee made its report. It is a big Bill with 70 clauses. Insurance matters are very intricate and complicated and require a good deal of study, calculation and experience in the line. When the Act was passed last time and when Sir N. N. Sircar sponsored the Bill, we had a discussion lasting over one month. The discussion went on from day to day and within two years from the date of passing that Act, it has been found wanting in many respects. When it was passed into an Act, we had felt various difficulties with regard to small companies and with regard to the starting of future companies. The controversy during the passing of the Act lay mostly in the following facts. There were companies belonging to India, United Kingdom companies, Empire companies, foreign companies and small companies. Every such company had to be taken into account and after entering into very detailed discussions and after a very tough fight between the oppositionists and the Government, the original Bill was passed into an Act.

Mr. President (The Honourable Sir Abdur Rahim): The Honourable Member need not go into the past. He should confine himself to the Bill before the House.

Mr. Amarendra Nath Chattopadhyaya: I shall come to that.

Mr. President (The Honourable Sir Abdur Rahim): It is no use taking up the time of the House regarding what took place at the time when the Insurance Bill was passed.

Mr. Amarendra Nath Chattopadhyaya: The present Bill has become necessary on account of certain defects in the working of the original Act.

Mr. President (The Honourable Sir Abdur Rahim): The Honourable Member may discuss the defects which this Bill seeks to remedy. That is the scope of the discussion on this motion. The Honourable Member cannot go beyond that.

Mr. Amarendra Nath Chattopadhyaya: It is a fact that the Honourable Member has found difficulty in the working of the Act. He has not given us any details regarding the real difficulties that are met with in the working of the Act. We feel that the real difficulty lies in the interpretation given by the Superintendent in matters of initial deposits.

Mr. President (The Honourable Sir Abdur Rahim): Is that dealt with in this Bill?

Mr. Amarendra Nath Chattopadhyaya: No, Sir.

Mr. President (The Honourable Sir Abdur Rahim): Then the Honourable Member cannot raise that point.

Mr. Amarendra Nath Chattopadhyaya: Sir, I find some difficulty, and, therefore, I mention it

Mr. President (The Honourable Sir Abdur Rahim): The Honourable Member must confine himself to this Bill; it is an amending Bill.

Mr. Amarendra Nath Chattopadhyaya: Sir, an amending Bill that has come from the Select Committee does also require some time for being discussed and should not be rushed through and it should not be discussed in a hurry.

Mr. President (The Honourable Sir Abdur Rahim): Nobody says that. The only thing is that the Honourable Member must confine himself to the Bill before the House.

Mr. Amarendra Nath Chattopadhyaya: Sir, the original Bill took . . .

Mr. President (The Honourable Sir Abdur Rahim): It does not follow that if the original Bill took one month to discuss, therefore this must take half a month. If the Honourable Member has not anything more to say

Mr. Amarendra Nath Chattopadhyaya: Sir, the object of the present Bill is the removal of some flaws and administrative difficulties which have come to light during eighteen months during which this Act has been in operation. That is what the Honourable Member has said. Sir, with that

in view, he has brought in some amendments which to me seem to be not acceptable and which contain provisions worse than the original Bill in some respects.

Mr. President (The Honourable Sir Abdur Rahim): The Honourable Member has nothing to say about the present Bill itself? Unless he has something, relevant to this motion, to say—up to now he has not mentioned one word which is relevant to the motion before the House.

Sir Cowasji Jehangir: My Honourable friend, Sir, has conceived many ideas, but has brought forth nothing.

Mr. President (The Honourable Sir Abdur Rahim): The Honourable Member so far has been wandering outside the scope of the Bill.

Mr. Amarendra Nath Chattopadhyaya: I thought I was free to discuss the present Bill in connection with the old Bill.

Mr. President (The Honourable Sir Abdur Rahim): No, no.

Mr. Amarendra Nath Chattopadhyaya: Therefore, I am now coming to the first point, that of renewal of registration. Sir, the Indian Companies Act does not prescribe any renewal of registration and this present Bill has taken to an innovation in that respect. Why should an insurance company be required to keep any register year after year? The Honourable the Commerce Member has not given us any reason for that, except that he wants money. If that be the only reason, he should have found that in other ways than this. It is a great handicap to the companies which are known to be the smaller ones and for companies which will be started hereafter. Sir, there is also a penalty clause. But even if a company is to be registered by the payment of certain amount, why should it not be automatically registered?

Sir Cowasji Jehangir: It is. The Select Committee did it. They cannot refuse. They have only to pay the money and then it is automatically registered whatever happens. The whole object of the Bill is that they want money.

Mr. Amarendra Nath Chattopadhyaya: Why should it be the object of the Bill to get money? If Government maintain a very expensive Department, why should companies pay for that? That is the question which I put before the House and request Honourable Members to explain. The renewal of registration itself is not desirable for a company which has already been registered under the Indian Companies Act, and, further, agents are required to get their licences and the cost of licensing has been increased. Now why should it be increased? The agents are poor workers who work for the companies, and formerly they used to get some commission. That commission is now lessened, and even on that, they have to pay more licence fees. That is also wrong. Just because Government want money, therefore it must be had from any quarter whether they are able to pay it or not, whether it is equitable or not, fair or just or not fair and just—it does not care. That is what I want to put before the Honourable the Commerce Member. Sir, the first objection has reference to this renewal of licence by payment of licence fees year after year. The next objection is that the insurance agents should not be taxed further.

Mr. President (The Honourable Sir Abdur Rahim): Which clause is Honourable Member referring to?

Mr. Amarendra Nath Chattopadhyaya: I am speaking generally on all the provisions of the Bill.

An Honourable Member: Clause 4, I think.

Mr. Amarendra Nath Chattopadhyaya: Sir, the licence has been a handicap, and, further, increasing the licensing fees would be doing a wrong. Sir, really speaking, the expenses of the Department may be enhanced to any amount at the sweet will and pleasure of the Government, but to meet that expense by taxing these companies is to do them harm, harm to the shareholders and all those who run the companies

Mr. President (The Honourable Sir Abdur Rahim): The Honourable Member has already mentioned that.

Sir Cowasji Jehangir: These objections are to the clauses and they had better be dealt with when the clauses are before the House—that is the most convenient way of dealing with them.

Mr. President (The Honourable Sir Abdur Rahim): Yes. There are a number of amendments.

Mr. Amarendra Nath Chattopadhyaya: Sir, the insurance companies do contribute to the central exchequer by means of the investments, and they naturally expect some return. The enhancement of the income-tax is already there and in spite of that further taxation is being levied on them.

Mr. President (The Honourable Sir Abdur Rahim): The Honourable I.P.M. Member has said that more than once.

(The Honourable Member remained silent.)

Honourable Member's pauses seem to take more time than the speech itself. The Honourable Member had better wait till the clauses are discussed.

Mr. Amarendra Nath Chattopadhyaya: I know, Sir, the Bill will be discussed clause by clause later.

Mr. President (The Honourable Sir Abdur Rahim): That will be the best opportunity for the Honourable Member to discuss his points.

(The Honourable Member again remained silent.)

The Chair has to ask the Honourable Member to get on with his speech or to close his remarks. The Honourable Member is making no progress at all.

Mr. Amarendra Nath Chattopadhyaya: The matter is this. You are asking me to speak simply on this Bill

Mr. President (The Honourable Sir Abdur Rahim): Rather on the motion before the House.

Mr. Amarendra Nath Chattopadhyaya: But this Bill is comprehensive and consequently I have to take into account the original Bill.

Mr. President (The Honourable Sir Abdur Rahim): The Honourable Member cannot do that. The Chair has already ruled it. If the Honourable Member has no other remarks to offer, he must resume his seat.

(The Honourable Member again remained silent.)

Surely, the Honourable Member ought not to waste the time of the House in this way.

Mr. Amarendra Nath Chattopadhyaya: Regarding the power of superintendence, it is really painful for me to draw the attention of the Honourable the Commerce Member. With regard to the interpretations of the different sections of the Bill, he has already got

Mr. President (The Honourable Sir Abdur Rahim): Which is the clause the Honourable Member is referring to?

Sir Cowasji Jehangir: There is no such clause.

Mr. President (The Honourable Sir Abdur Rahim): The Honourable Member must confine himself to the Bill.

Mr. Amarendra Nath Chattopadhyaya: It is the amendment of section 7.

Mr. President (The Honourable Sir Abdur Rahim): The Chair should perhaps ask the Honourable Member to resume his seat.

(The Honourable Member again remained silent.)

The Honourable Member must resume his seat.

Mr. Amarendra Nath Chattopadhyaya: I am sitting down, Sir, but I do not know why?

Mr. President (The Honourable Sir Abdur Rahim): Because the Honourable Member does not know how to deal with the motion before the House.

Mr. Muhammad Nauman (Patna and Chota Nagpur *cum* Orissa: Muhammadan): Sir, it is really difficult to speak on the consideration stage of this Bill without making any reference to the previous Bill which has been passed in 1938. The difficulty is that the Honourable Member in charge of the Bill did not explain to us really in the most lucid manner that he should have done what difficulties he felt for which it was necessary to bring in this amending Bill. The Members of the House are otherwise busy and it is really difficult to digest the interpretations which might be put on the amendments which had been made on the floor of this House. Sir, if I am expected to discuss the clauses at the consideration stage, it will be rather out of the way. The only general remark that I want to make is that so far as I have been able to compare the Bill, I do not see that there is much improvement effected so far as the insured is concerned. Of course, some improvements seem to have been made for affording certain

[Mr. Muhammad Nauman.]

facilities to the Insurance Companies. But the Honourable Member has not given any particular clause or any amendments by which the rights of the insured have been preserved or a clause has been introduced by which the rights of the people who insure their lives and properties have been made more safe.

Now, Sir, as a general remarks, I would like to know what is meant by sub-clause (a) of clause 3 which runs thus :

"In the proviso to sub-section (1), for the words, brackets and figures 'the expiry of one month from the commencement of the Insurance (Amendment) Act, 1940' the words 'such date as may be fixed in this behalf by the Central Government by notification in the official Gazette' shall be substituted."

In that case, it means that the Government will notify the dates in the *Gazette* and a particular stipulated time was not at least approved by the people interested in the Insurance Companies. Personally, I feel that a limitation of period was better than the stipulation that it will be notified from time to time in the official *Gazette*. Then, again, regarding the Superintendent of Insurance. The powers which were conferred on him under the Act were sufficient and I cannot understand why the Honourable Member has thought it necessary to put in a proviso in sections amending same.

Then, Sir, having regard to the general nature of the Bill, I find that two Members of my Party who sat on the Select Committee have appended a Note of Dissent. I do not want to take the time of the House by reading them out but I do hope and trust that the Government have realised that it is not a Bill which could be rushed through or which should be passed without receiving the approval of the entire House. Of course, it is a technical Bill. There are the legal difficulties and there are also those difficulties which the Honourable Member might have felt in its working. But I am not in a position to refer to clauses in the general discussion. I must, however, say this that among the Members who have written a Note of Dissent is my eminent friend, the greatest financier and a man of great eminence, I mean Sir Cowasji Jehangir.

Sir Cowasji Jehangir: We have only put on record where Government have met us. We have asked two questions and we will refer to them when the clauses of the Bill are taken up. The rest is to put something on record and we hope Government mean to confirm it.

Mr. Muhammad Nauman: What I was trying to make out before the House was this that we have not been able to appreciate the advantages of bringing this Bill at this stage. At all events, we do not approve of the manner in which the Bill has been brought before the House. With these remarks, I oppose the motion before the House, as everything is being rushed through.

The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar: Sir, my Honourable friend, the last speaker, complained that I did not explain the provisions of this Bill. Sir, it was at the stage when I introduced the measure that I explained some of the provisions of this Bill. At this stage when the House is being requested to take the Bill into consideration, I could only refer to certain amendments which have been made by the Select Committee and explain to the House all the main amendments made and I thought I had successfully done so.

With reference to policyholders, I am very glad that my Honourable friend, Mr. Muhammad Nauman, is keen on safeguarding their interests and I certainly am also looking at the Bill from that point of view and he will find that section 61 has been specifically introduced in the Bill declaring the guaranteed surrender value to be known to the policyholder and that is a provision directly in favour of the policyholder because he is assured that he gets a certain value in case he is surrendering his policy. With reference to most of the other provisions regarding which amendments have been necessitated, I explained at an earlier stage that these amendments were required because the working of the Act had brought certain difficulties into light. I also stated on that occasion that various life insurance companies and their representatives had met the Commerce Department and the Superintendent of Insurance in particular and it is with reference to those discussions that were held that these amendments have been brought before the House.

Sir Cowasji Jehangir: I must add that the Honourable Member has been most reasonable throughout.

Dr. P. N. Banerjee: Does the Honourable Member's reply mean that there is an end of the debate. There are other speakers who wish to take part in the debate.

Mr. President (The Honourable Sir Abdur Rahim): The Chair waited for some time before it called the Honourable Member to reply. Nobody else stood up. The question is:

"That the Bill further to amend the Insurance Act, 1938, as reported by the Select Committee, be taken into consideration."

The motion was adopted.

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. President (The Honourable Sir Abdur Rahim) in the Chair.

Mr. President (The Honourable Sir Abdur Rahim): The question is: "That clause 3 stand part of the Bill."

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

"That sub-clause (b) of clause 3 of the Bill be omitted."

This clause seeks to amend clause (g) of sub-section (2) of section 3. Clause (g) provides that the prescribed fee for registration should not be more than one hundred rupees for each class of business. The proposed amendment seeks to raise the initial registration fee from Rs. 100 for each class to Rs. 500. Before dealing with this amendment I may be allowed to express our appreciation of this Bill so far as certain provisions are concerned, removing certain difficulties and giving some benefits to the policyholders. But so far as this particular provision is concerned I am afraid we cannot possibly support it. The proposal is to raise the initial fee from Rs. 100 to Rs. 500. I must say that this amount is very exorbitant and unreasonable and I may be permitted to make a passing reference as to how the existing provision of Rs. 100 was made in the original Bill. There was an amendment moved by the European Group that it

[Mr. Akhil Chandra Datta.]

should be Rs. 50 and not Rs. 100; and Rs. 50 not for each class of business but the total initial fee for all classes of business. I mention this proposal of the European Group particularly because the European Party, generally speaking, are interested in big insurance companies, but all the same we are grateful to them that in the interests of the smaller companies that proposal was made by Sir Frederick James. Two things should be noted. The amount proposed was Rs. 50 and that was the total fee for all classes of business. Anyhow, that proposal was not accepted and Rs. 100 was the amount fixed. Now it is proposed to raise it to Rs. 500. After all, what is the object of this Bill?

We have been told by the Honourable the Commerce Member that one of the objects, in fact one of the two objects, of this Bill is to ease the position of the insurance companies. May I ask whether a provision like this is going to ease the position of the insurance companies or will impose fresh burdens upon them? Along with this financial provision we will save our time if I refer to two other amendments. One is about the annual registration fee not exceeding one thousand rupees; that is for the insurers. Then again for the provident societies the annual registration fee is Rs. 200. Not only these big things but even the poor agent has not been spared. His licence fee has been raised from Re. 1 to Rs. 3. Therefore I say that all this is not going to ease the position of the insurers but will impose fresh burdens. The Commerce Member told us that that was the object but in the Statement of Objects and Reasons I find that this is not the real object. There it is said that the object is to raise revenue. But is it proper to raise revenue like this from the insurance companies? After all, this is an infant industry in this country so far as the Indian insurance companies are concerned. During this time of war when the industry is admittedly hard hit,—I do not think any one will question the fact that their business has fallen,—is it proper that these fresh burdens should be imposed on these insurance companies? So, really, this increased taxation during the war is practically a war taxation and another edition, if I may say so, of the Finance Bill. It is said that some of these provisions have been made to meet the wishes of the insurance companies. But it cannot be said that this increase in the initial fee and the imposition of the annual fee, etc., will be for the benefit of the insurance companies, or for the matter of that, for the benefit of the policyholders. But I need not labour this point. It is admitted in so many words in the Statement of Objects and Reasons that revenue is the only consideration, the one dominant consideration, for these new proposals. War may require money but certainly this is not the quarter from which money should be expected. Before imposing these burdens at this time of war, it was certainly fair to consider whether this is the time at all events when such burdens can be imposed, without regard at all to the interests or the welfare of the industry and without any regard to the question as to whether these are burdens which these infant Indian institutions can bear.

Now, it is said that a lot of money is required for the administration of the Department. On that question we are in a position of disadvantage, because we have got no materials on that point before us. We have not been given any materials. The question is what are the total costs of the administration of the Insurance Department? What is it now that is being received from the insurance companies and what is the deficit?

What is likely to be the yield of the proposed taxation? These are figures which have not been given to us. If you really ask us to vote a thing like this, why should you not take us into confidence? Let us have the figures so that we can vote intelligently and with some sense of responsibility. In the absence of these figures, I shall ask the Honourable the Commerce Member to consider this: if, without giving us these figures, you ask us to vote for this taxation, you really ask us to do something which is not proper for us to do. May I say this also, that in these matters I really feel that we are entitled to claim more from the Honourable the Commerce Member, a non-I. C. S. Indian, than we can expect reasonably from the other members of the treasury benches. There is another reason. You talk of the cost of administration. Insurance companies certainly make a substantial contribution towards the revenues of the Central Government in the shape of income-tax and in other ways. So this requires the serious consideration of the Honourable the Commerce Member. We are nobody here: we are not in the picture at all. When we move an amendment, we move it for the consideration of the Honourable the Commerce Member. If he agrees, well and good; if not, it is lost. Therefore, may I remind him of what he told us when moving the Select Committee motion—he told us very fairly and very frankly that these proposals in the Bill are not the last word, and in fact there is room for further consideration. That was his very significant observation. May I hope that this provision in the Bill, even as it has emerged from the Select Committee, is not the last word and that there is room still for further consideration? Sir, I move.

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

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

Sir Cowasji Jehangir: Mr. President, I am certain all Members of the Select Committee regretted the absence of my Honourable friend who has moved this amendment, from the proceedings of the Select Committee. We were given to understand that he was unavoidably absent. If he had been present

Dr. P. N. Banerjee: You ought to have postponed the sittings.

Mr. Akhil Chandra Datta: I sent a wire from Calcutta for postponing.

Sir Cowasji Jehangir: I do not know whether Select Committee meetings can be postponed for one Member—that is for the Commerce Member to reply

Mr. Akhil Chandra Datta: Not one, but more than one.

Sir Cowasji Jehangir: As far as I am concerned, I should have been against any postponement—I frankly say so, because, it would be most inconvenient for everybody to have postponed the Select Committee's proceedings; but that is neither here nor there. I only expressed my regret at his absence; and I realise that it was for unavoidable reasons. But if he had been present, I think a good many of the remarks he made would have been made in the Select Committee and would have been

[Sir Cowasji Jehangir.]

answered. The main point my Honourable friend has made is that small companies are now being taxed. That is a fact. This Bill is for the purpose of raising money for the running of the Department; and it cannot be denied; there is no doubt about it. The amendment he moves is one which will not save very much to insurance companies. When a new insurance company comes into existence, according to the Act they have to pay a fee of Rs. 100 maximum. The Bill raises that initial fee to Rs. 500. My Honourable friend objects to that. He may have very good reasons for objecting, but I would point out that considering the other measures of taxation that he embodied in this Bill, the one he has alluded to is comparatively a small thing. It is one fee paid when a new company comes into existence and that fee is never paid again; and I would ask my Honourable friend that if an insurance company is brought into existence and if it grumbles about paying an initial fee of Rs. 500—one fee—the financial stability of that company cannot be very good; and he ought to be the last person to encourage life insurance companies coming into existence who cannot even afford to pay once Rs. 500 as an initial fee.

Then, my Honourable friend raised a question of how this Department is going to be financed in the future. Up to now, Government have undertaken the financing of this Department except with a very small amount which comes from the fees paid by agents. Government have now come to the conclusion that this Department which has been brought into existence for the benefit of insurance companies should be financed, partly at any rate, by the insurance companies themselves; but I am not going into what this Department is going to cost Government—that is for my Honourable friend, the Commerce Member, to explain—but I will say one thing, that he did explain all the figures not only to the Select Committee, but even to representatives of insurance companies who met him on more than one occasion to my knowledge; and in fairness to him

Mr. Akhil Chandra Datta: The Bill is to be passed, not by those people, but by the Members of this House.

Sir Cowasji Jehangir: This is one of those matters that can only be discussed fairly and squarely in the Select Committee, and it was done in the Select Committee. The point I was trying to make was that all these figures were given to the Select Committee and to the representatives of insurance companies who met the Honourable the Commerce Member on more than one occasion, and, I am sure, the representatives of those insurance companies would now like me to express their thanks to the Commerce Member for the great courtesy he showed them throughout, while discussing this Bill. I know to my knowledge that he spent hours with them—they have told me so.

Now, Sir, I am not going into those figures as to what amount the Department is going to cost—I will leave that to the Honourable the Commerce Member—he will give those figures, as he gave the figures to the Select Committee. But I am interested in one point which I have mentioned in my Note. Naturally, we asked what would be the contribution of Government towards the running of this Department, and we were told that Government at present could not afford to give more than a lakh and fifty thousand rupees, and that the insurance companies would have to make up the balance, whatever it was. Well, we thought that rather hard on insurance companies and somewhat uncertain. Some representatives of

insurance companies, and perhaps some of the public, are of the opinion that a Department like this, which is for the benefit of hundreds and thousands of people who are insured, should be borne by the taxpayer. Government may have other views. That is only one point of view. Some insurance companies are of opinion that it is equitable for Government to call upon them to contribute, but that contribution should also be equitable, and when we are told that Government will not contribute more than a lakh and fifty thousand rupees, we feel that some assurance should be forthcoming from Government that that figure of one lakh and fifty thousand will not be a permanent figure. If the activities of the Department expand, if more insurance companies come into existence, as they are bound to do, then Government will, in equity, see that their contribution is more than one lakh and fifty thousand. Therefore, I do ask at this stage for an assurance from my Honourable friend, the Commerce Member, which I have already stated in the Note signed by myself and by two of my Honourable friends of the Muslims League Party. What we have said is this, and I shall read it out so that it may go on the records of the House:

"We were also given to understand that Government's contribution to the cost of the working of the Department would not be more than one lakh and fifty thousand rupees. We would like it made clear that Government's contribution will not be less than one lakh and fifty thousand, and that in the future, if circumstances demand, this contribution will not be the maximum."

I would like an assurance from my Honourable friend, the Commerce Member, to this effect. If that is obtained, I for one would be satisfied that on this amendment itself which has been moved by my friend, the Deputy President, there will be nothing further to say. I will repeat my point of view. This is one fixed contribution that insurance companies are asked to pay when they come into existence. Whether it should be Rs. 100 or Rs. 500 as the maximum is the issue before the House, and I do contend that if new insurance companies come into existence, they should have enough financial stability so as to be able to pay Rs. 500 as an initial fee. When we come to the question of contributions to be made every year to Government, then the matter will be entirely different. We have discussed that in the Select Committee, and we will discuss it on clause 4. I would suggest to my friend, the Deputy President, that this is a small matter compared to others that we shall discuss. If we get the assurance that I have asked for from my Honourable friend, the Commerce Member, that the contribution of Government will be minimum one lakh and fifty thousand, and that in the future it will not be the maximum, it will be above one lakh and fifty thousand if circumstances demand, I feel we should all be satisfied.

I would take this opportunity to thank,—and this is not mere empty thanks, but I do express my thanks most sincerely to the Commerce Member,—for the very serious consideration he gave not only to the Bill, but to all that we have said and for the ready manner in which he met many of the suggestions which are now embodied in the Select Committee's Report and in the Bill. I would like to make this acknowledgment publicly. It is not often that I get an opportunity of making such expressions of thanks to members of the Government. He has been dealing with the Bill in a most exhaustive manner, and we have to thank him considering the strength of the opposition that exists in the House today. On the whole, we feel that with the exception of one or two small things that we may discuss later on, the Bill is fairly satisfactory. If anybody contends

[Sir Cowasji Jhangir.]

that insurance companies should make no contribution, then they are against the Bill altogether. Having admitted that some contribution has to be made or should be made, I consider that the terms of this Bill are fair and equitable.

I would also mention one thing more, Mr. President, for the benefit of my friends who are interested in small insurance companies, and that is that the Select Committee's mind was concentrated on these small companies. This Bill does not affect big companies; it affects small companies and the mind of the Select Committee was concentrated on the interests of these small companies. And speaking for myself, may I be allowed to inform my friends that whatever amendments that have gone into the Bill suggested by Members of the Select Committee, are entirely in the interests of the small companies. Therefore, I do hope and trust that my friends who are interested in these small companies will realise that the Select Committee have done their best under the circumstances. After all, it is a pill to swallow by way of taxation. We know we have had to do a great deal of swallowing of such pills, and this pill will be one more, which has more equity behind it than other taxation Bills we have passed.

Mr. T. Chapman-Mortimer: Sir, the Honourable the Baronet from Bombay has touched on an aspect of this matter, to which I should like to add a few words. I think there has been a good deal of misunderstanding arising out of a point which was made in the Statement of Objects and Reasons in the Bill as originally introduced, where it was indicated that the scale of charges to be levied by way of fees should be such as to bring in a sufficient amount to make the Department self-supporting. Well, Sir, this is a matter of principle, to which we in this Group attach a very great deal of importance. We can appreciate that in any calculation which Government may make in arriving at the scale of fees to be charged, obviously they must have some regard to the amount of money that they want to raise. At the same time, Government have a clear duty to administer certain laws, and certain Departments, in the interests of the public, and our point is that we consider that the principle of earmarking certain revenues for the support of these Departments is fundamentally wrong. It is a point which has come up in the United Kingdom, and it is a point which has cropped up in various Provincial Governments in this country. It is a most objectionable principle, and I cannot express too strongly the views of this Group on the point.

Now, Sir, the Government have given us certain assurances which we very much welcome and appreciate. They have also in the Select Committee stage undertaken that a sum of approximately one lakh and fifty thousand rupees will be made available towards the cost of this Department. But what is the position going to be as the Department grows, as it must inevitably grow; and as it grows more money will be needed. Is the attitude of Government going to be—we have given one lakh and fifty thousand rupees and that will be the only amount of allotment towards the expenditure of this Department, and that anything beyond that must be raised by way of fees? If that is the attitude of Government, Sir, then we on these benches most strongly protest against it. We know perfectly well that they must have money; we know perfectly well that in making calculations of this kind they have to have regard to the nature of the

expenditure involved; but the principle is absolutely wrong that they should mulct a certain small section because it happens that that section is an easy target and is well-to-do. Most insurers, even small insurers are able to pay more taxation than other people. Further, more, they are very big payers of income-tax and other direct taxes of that sort. Now, Sir, I know there is this temptation on the part of the Government—namely, the temptation to finance a Department by the earmarking of funds levied under their rule making powers. I am not particularly charging the Honourable the Commerce Member, with it, but he has, unfortunately, in the Statement of Objects and Reasons of the original Bill, used certain words which have certainly aroused anxiety in regard to the Government's attitude towards this principle, and I hope to hear from him that he shares our feelings in the matter, and that in future perhaps, Government will be rather careful not to give the kind of reason in their Statement of Objects and Reasons they have given as a reason for levying taxation in this indirect manner, because that is what it amounts to.

We are giving Government power under the rules to levy certain fees.

3 P. M. They can do that at their own sweet will. It is perfectly true that they have to lay these on the table of the House, but that is not quite the same thing as coming to this House for money for the Department when it needs more money. We, therefore, should like to record our strong protest against any suggestion that that is so. If the Honourable the Commerce Member can assure us, as I hope he can, that, as this Department grows, more money will be forthcoming, we should welcome it. We realise that he cannot bind the Finance Member, still less can he bind future Finance Members. But it should be recognised by Government that in the case of a Department of this kind which must grow, in the interests not of insurers but of the public, Government will find the funds to meet the extra cost of the Department as it is required, Sir, I oppose the amendment.

Mr. M. S. Aney (Berar: Non-Muhammadan): It is the enunciation of the principle to which my Honourable friends, Sir Cowasji Jehangir and Mr. Chapman-Mortimer, have rightly taken exception to, that has made me to rise in my seat and give my support to the objection taken. I think it is really a fundamental mistake on the part of the Government to expect that the Government Department shall be dependent solely upon the income that they will be able to raise by way of fees and other revenues under the powers given them under the Bill. The Government's assurance that they will be able to contribute Rs. 1,50,000 may for the time being go to allay the apprehensions of the people, but, as was pointed out, as the Department grows, the expenditure may increase, and once this principle is conceded, there is no knowing how the Government will be tempted to abuse the powers to increase the levies to make up deficit or the extra expenditure that they may have to incur. In my opinion, this in itself is a wrong principle. Further, there is a greater danger in accepting this principle. If the Department's existence is going to depend largely upon the revenues to be derived from the insurance companies in this form and that form. I believe the Department will be influenced more by those who make a larger contribution to the Department in the form of fees, and the bigger insurance companies will directly and indirectly be more responsible in controlling the Department than those

[Mr. M. S. Aney.]

negligible parts of the insurance world, I mean, the smaller companies. This is a danger of a more serious nature in my opinion, a danger that is likely to affect the independence which the Department must always be in a position to exercise if it is to carry on its duties to the satisfaction of the insured and insuring world.

Sir Cowasji Jehangir: I may point out that there is a much greater danger that the Department may be inclined to become extravagant if the insurance companies are going to pay the balance while the Government's contribution is limited. It is a check on that extravagance that we desire. If Government are going to contribute more, then the Finance Department will look after the interests of the taxpayer better and put a curb on the extravagance of the department

Mr. President (The Honourable Sir Abdur Rahim): The Honourable Member is making a speech.

Mr. M. S. Aney: That was the second point that I was going to come to. I am glad that my Honourable friend who omitted to mention that point in his speech, has himself expounded it, while I was going to make a reference to it. There is not only the danger of the independence of the Insurance Department being in jeopardy on account of the greater control of the bigger companies being exercised on account of the larger contribution that they make,—there is also another danger that the control which the Finance Department ought to ordinarily exercise over the department in the matter of expenditure may not be so rigid and strict as it should be. So, the danger of extravagance is also there. In view of both these dangers I consider that the principle on which this Bill is based is vitiated at its very inception. Of course, I do not think that there is anything wrong in demanding an initial fee at all. What should be the amount of that fee is a different question, and considering the circumstances under which the insurance companies that are working now and the new companies that will come into existence, will be placed, a demand for an initial fee of Rs. 500 is a matter which deserves to be seriously considered before the House can commit itself to that position.

Dr. F. X. DeSouza (Nominated Non-Official): This Bill is nothing if it is not outspoken in the Statement of Objects and Reasons. Frankly speaking, the object of the Bill is to squeeze out more money from the Insurance companies.

Mr. M. S. Aney: This is the third Finance Bill before you.

Dr. F. X. DeSouza: Para. 4 of the Statement says:

“The Bill also provides for an annual fee for renewal of registration of insurers and provident societies and for an increase of the fee charged for agents' licences. These provisions are necessary in order to increase the realisations under the Act so as to cover the present direct cost of administration.”

Frankly, this is a Taxation Bill. I suppose I have some responsibility to this House and to the country. If as a responsible Member I am asked to vote on the provisions of this Bill, I ask, has the Honourable Member

treated me as a responsible man? Has he put before me or any of the other Members what exactly is the present expenditure on the Department

The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar: The Honourable Member as a responsible Member of this House has studied the Budget which the Honourable the Finance Member introduced the other day, if so, he will find from the Budget, figures of the present expenditure of the Department.

Dr. P. N. Banerjee (Calcutta Suburb: Non-Muhammadan Urban): Is it possible to curtail that expenditure?

Dr. F. X. DeSouza: Has any effort been made to scrutinise that expenditure, to curtail that expenditure, has it been subjected to any examination by anybody? It is all very well for the Department to say, "Oh, Yes. We want money to run the show efficiently. We want more money. You, small companies, are spending more money than the bigger companies for the same service. You want to vie with big companies. You are having more staff. We want to check that." Has any examination been made by a responsible individual or responsible committee as to what exactly should be the expenses that should be incurred by smaller companies. Nothing of the kind. It is a case of the pot calling the kettle black. Government say, "You insurance companies are extravagant." The small insurance companies retort "You Government Departments are extravagant." I suggest that before we are called upon to vote for higher figures now demanded as fees, some explanation should be given to us as to the indispensable expenditure on the Government Department, and a reasonable figure for expenditure on a small company. When we compare those, then only shall we, as responsible Members of this House, be in a position to say whether an enhancement of the fee now charged should take place.

Apart from that general question, I ask whether this is the proper time for a levy of enhanced fee or for introducing renewal fees on small insurance companies. Everybody knows the war is on. Business is slack. The income of insurance companies is dwindling. They will all tell you that lapsed policies are frequent. They will all tell you that applications for surrender values are plentiful and yet you tell them: 'Pay and go on paying more and more'. How can we pay at this time? Do you want to kill these companies. Many representatives of the smaller companies think that this is the thin end of the wedge and that Government do not wish the smaller companies to thrive in this country and they want to kill them and that they want the foreign companies to work here. I do not believe that Government have any such malicious motive but the effect of these enhanced fees and increasing the renewal fees will certainly be that a good many of the small companies in the mofussil and in the provinces will have to close down. I do not wish to elaborate the point further because I have put in several amendments about the renewal fees and the registration fees but at the present stage all that I ask the Government to do, before rushing this Bill through, is to put before the House a statement showing the absolutely necessary cost of the expenditure of the Government Department and the average cost of the expenditure of an ordinary company and when we have satisfied ourselves whether

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the companies are extravagant or the Government is extravagant, then we shall be in a position to give a responsible vote. Otherwise it will be an irresponsible vote.

The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar:

Mr. President: On this particular amendment of the Honourable the Deputy President, the discussion has ranged over a wider field than was anticipated by me. I am glad that that discussion has ranged over a wider field because it affords me even at this early stage an opportunity to make the position of the Government clear. So far as the particular amendment of the Honourable the Deputy President is concerned, my friend, Sir Cowasji Jehangir, has pointed out that the levy of Rs. 500 is only on new insurance companies which may hereafter come into existence. The Act has all through made a differentiation between the new insurance companies which may hereafter come into existence and old insurance companies that are already in existence. My Honourable friend referred to a motion, an amendment which was moved by the European Group on the last occasion but he will notice that that amendment related to existing companies, the companies which have already come into existence and it certainly would have been a hardship if they had been asked to pay a very high registration fee but new companies are treated in a different way. The deposits that they have to make under clause 7 are higher than that which existing companies have to pay and I do not think any long justification is necessary from me for commending this particular proposal to the House.

A more interesting discussion ranged over the question of whether the Government was committed to the policy of making this Department self-supporting. I may at once say that we are not committed to any such policy. The Honourable Member referred to the Statement of Objects and Reasons and my friend, Dr. DeSouza, read out that portion of it. Clause 4 of the Statement of Objects and Reasons makes it clear that these provisions are necessary in order to increase the realisations under the Act, so as to cover the present direct cost of administration. I underline the words 'present cost'. It does not commit the House to a policy that whenever the cost of administration of this Department increases the whole of that increase should be borne in one way or other by the companies or the agents or the interests concerned. I did not put that forward as a proposition at all and neither is there any question of earmarking the funds for any particular purpose.

Dr. P. N. Banerjee: Covering cost means that.

The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar:

The words have to be very carefully considered. Emphasis is not only on the word 'present' but also on the words 'direct cost'. Now, direct cost as opposed to indirect cost has a special meaning in finance. Indirect costs are those relating to pensions and things like that and that is excluded from this statement but apart from that I, myself do not feel that I can lay down here and now that the maximum contribution which the general taxpayer will pay for the cost of this administration is the lakh and fifty thousand provided in the Budget this year. I do not commit this House nor am I committing myself to the position that that is the maximum that

is to be paid. If at any time the Department is so expanded that further sources of revenue have to be explored, the question of what further direct contribution the general revenues also have to make towards that additional expenditure will have to be considered. I know that there has been some little apprehension on the part of the insurance companies that if the whole of the extra cost has to be borne by the insurance companies on the one hand, there may be an extravagant growth of staff. On the other hand, it may be an easy way of getting more money from the insurance companies. I should like to disabuse them altogether of that idea. I do not think I should like to come forward even in this thin House with a proposition like that.

Dr. P. N. Banerjee: Your successor may do it.

The Honourable Diwan Bahadur Sir A. Rāmaswami Mudaliar: I do not think that I or any successor of mine will lightly come forward and ask for a contribution from the insurance companies or their agents without at the same time putting before the House the whole position from the point of view of the general taxpayers and the general revenues. At present, I have got the maximum that I can get from the Finance Member for the running of this Department and I feel that with my responsibility to this Department I cannot administer it properly if the staff is not expanded and the only way I can expand that staff is by getting additional resources from the interests directly concerned. Let me say one thing more. This proposal has been called a taxation proposal. Any proposal that seeks to augment the revenues of the Government is in that sense a taxation proposal but it has been necessitated in the interests of the companies themselves. When I examined the complaints that have been made about the delay in the disposal of applications by agents of companies, the delay in looking into various questions relating to the insurance companies and sending proper replies to them at the proper time, I felt convinced that it was absolutely impossible for the Superintendent of Insurance with the very inadequate staff at his disposal to do anything more than what he is doing and therefore in that sense this proposal is really in the interests of the insurance companies and the interests involved in insurance companies and it is from that point of view that the proposal of raising these additional revenues has been put forward and I trust that with the explanation that I have suggested, the House will accept the proposals put forward in the amended Bill.

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

"That sub-clause (b) of clause 3 of the Bill is omitted."

The motion was negatived.

Mr. Akhil Chandra Datta: Sir, I move:

"That for sub-clause (b) of clause 3 of the Bill the following be substituted:

'(b) in clause (g) of sub-section (2), for the words 'one hundred rupees' the words 'two hundred and fifty rupees' shall be substituted'."

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

"That for sub-clause (b) of clause 3 of the Bill the following be substituted:

'(b) in clause (g) of sub-section (2), for the words 'one hundred rupees' the words 'two hundred and fifty rupees' shall be substituted'."

Mr. President (The Honourable Sir Abdur Rahim) The Honourable Member may now speak on his amendment.

Mr. Akhil Chandra Datta: Sir, the amendment which I have moved, whether it is acceptable or not, speaks for itself, and no speech is necessary.

The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar: I oppose the amendment.

Mr. Akhil Chandra Datta: You are taking advantage of my abstention from making a speech; I wanted only to save time.

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

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

'(b) in clause (g) of sub-section (2), for the words 'one hundred rupees' the words 'two hundred and fifty rupees' shall be substituted'."

The motion was negatived.

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

"That in sub-clause (c) of clause 3 of the Bill, in the proposed words after the proposed clause (e), after the words 'Superintendent of Insurance may' the words 'with the sanction of the Court' be inserted."

Sir, this part of the clause which we are considering at the present moment refers to the cancellation of registration. As it at present stands, it reads thus:

"and the Superintendent of Insurance may cancel the registration of an insurer if the insurer has failed to have the registration renewed:"

Now, Sir, the cancellation of registration is a very drastic punishment. Other punishments may be awarded, and in any case, before the final and drastic punishment is awarded, I think the matter should have the sanction of the Court. That is the object of my motion. If this is not done, the Superintendent of Insurance will be vested with very great powers, and he may be in a position to kill companies which incur his displeasure. There should be some safeguard and the safeguard which I propose is that this cancellation should be only with the sanction of the court.

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

"That in sub-clause (c) of clause 3 of the Bill, in the proposed words after the proposed clause (e), after the words 'Superintendent of Insurance may' the words 'with the sanction of the Court' be inserted."

The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar: Sir, this is merely a question of the cancellation of registration if the renewal fee is not paid; there is no other consideration, and there is no need for the Court to adjudicate on such an issue. There is a penalty clause and the Superintendent of Insurance can, at any time, as soon as the penalty is paid, excuse the insurance company concerned.

Dr. P. N. Banerjea: It is entirely at his discretion.

The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar: There is no discretion at all in this matter. The moment a renewal fee is

paid, he is bound to restore the registration. It is not one of those cases where there is any discretion on the part of the Superintendent of Insurance, and I do not see how the Court can go into this matter; it would merely mean that it will be impossible for a long time to collect the renewal fee.

Mr. Lalchand Navalrai (Sind: Non-Muhammadan Rural): Sir, it is clear that the power is solely in the hands of the Superintendent of Insurance, and, as the explanation has now been given by the Honourable the Commerce Member, he says that if he does not pay the renewal fee, then only he can cancel it. But in not paying the renewal fee also, there are several questions to be considered. He may have certain reasons, and it may be that those reasons may not appeal to the Superintendent and may appeal to an authority higher than that. At any rate to give this power exclusively into the hands of the Superintendent without any further check over it is not desirable; if there had been any check provided in the Act, that would have been a different question. Sir, from my own point of view, my feeling is that if I have not paid the renewal fee for very just and reasonable causes, then . . .

The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar: Can the Honourable Member give the House any indication of what those just and reasonable causes are—not for the man, but for the company?

Mr. Lalchand Navalrai: Yes, for the company also, I say, they may have certain reasons. It may have gone to pay, and it may not have been accepted, there may be many many things like that. That is only one reason, there may be several reasons. It is for the Honourable Member to understand that there are several reasons, and to give that power into the hands of the Superintendent is not desirable; there should be some check over it, and as it is, I feel that there should be some check. For these reasons, I support the amendment.

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

“That in sub-clause (c) of clause 3 of the Bill, in the proposed words after the proposed clause (e) after the words ‘Superintendent of Insurance may’ the words ‘with the sanction of the Court’ be inserted.”

The motion was negatived.

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

“That in sub-clause (c) of clause 3 of the Bill, in the proposed words after the proposed clause (e), for the words ‘have the registration renewed’ the words ‘pay the annual fee’ be substituted.”

In the Statement of Objects and Reasons appended to this Bill it has been mentioned that money is the principal consideration in regard to the renewal of registration, and this morning the Honourable the Commerce Member made that point perfectly clear. He said that it is only a financial provision and it has no other purpose. If that be so, I should like to re-word the provisions of this section. We should, instead of making it obligatory on the insurer to have his registration renewed every year, do something else. I say let him pay an annual fee. Now as regards the renewal of registration, there are many difficulties, and I may point out to this House that this renewal is not the rule in Great Britain. There is no renewal of annual registration in the United Kingdom, and so far as

[Dr. P. N. Banerjea.]

I know there is a provision for renewal of registration only in Canada. I do not think there is such a provision in any other country.

Now, we all know that the insurance laws of Canada are exceedingly stringent, and why should we go to that country in order to import our provisions in this regard? If the payment of the annual fee is the only thing that is needed, why not state that in clear terms? Why leave any ambiguity in this matter? I think that the provisions relating to renewal of registration will lead to many difficulties and they will hang like a sword of Damocles on the heads of the smaller and younger companies. Their opponents may urge that next time the companies' registration would not be renewed. Propaganda may be made against them. My Honourable friend by my side has just pointed out that it will be an automatic renewal of registration. If that be so, why don't you put it in the form of payment of an annual fee? Why do you make a renewal of registration compulsory? Various things may happen. Suppose the application is not quite correct and when it reaches the Superintendent of Insurance, he may find some flaws in it. What will happen then? There will be delay and as soon as the year is out, the registration is automatically cancelled. This is wrong. Why should the sword of Damocles always hang over the heads of the young and the small companies? It does not affect, I know, the bigger companies. As Sir Cowasji Jehangir has pointed out, this Bill affects only the smaller and the younger companies, and it does not affect the bigger companies. But we should not look to the interests of the smaller companies. It was said by my friend, Dr. DeSouza, that people are under a misapprehension that it is the intention of the Government to kill the smaller companies in the interests of

Sir Cowasji Jehangir: May I point out to the Honourable Member that the Select Committee has done exactly what he wants. The Commerce Member will point that out to him.

Dr. P. N. Banerjea: I will tell you what the difficulty is. Dr. DeSouza said that there was a feeling in some quarters that in the interests of the bigger companies and the bigger non-Indian companies, the smaller companies were to be sacrificed. I do not think that is the intention of the Government, but there is that feeling. Why should there be that feeling? You should remove that feeling by making a straightforward provision. Why are you making a round-about provision like this? Why are you making it compulsory to have the registration renewed every year? You may say that every insurer must pay an annual fee and if that annual fee is not paid, then the registration may be cancelled. That would be a very straightforward course to take. Why do you insist on registration being renewed? Does that practice exist in the United Kingdom? Why should we think here of those things which do not exist in the United Kingdom or most of the other countries of the world? Various things may occur. For instance, there may be a dispute as to the amount which is to be paid annually. The amount according to the Schedule which was read out this morning would vary from Rs. 50 to Rs. 1,000. As regards the calculation of the amount to be paid by each insurer, there may be a difference of opinion between the insurer and the Superintendent of Insurance, and on that ground the Superintendent may hold up the renewal of registration. As soon as it lapses, he will say the registration has lapsed and no renewal is possible. The Superintendent of Insurance is not necessarily an ideal

person. He may or may not be fair-minded. He may have some grudge against a particular Insurance Company and he may give that company the extreme penalty. Why should we invest the Superintendent with such a power? It is not necessary at all. If the object is merely to collect money, let us say it in a straightforward manner that every Insurance Company shall pay an annual fee and let the fee be fixed in this Bill. Sir, I urge that this amendment be considered carefully by the Honourable the Commerce Member and by this House.

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

“That in sub-clause (c) of clause 3 of the Bill, in the proposed words after the proposed clause (e), for the words ‘have the registration renewed’ the words ‘pay the annual fee’ be substituted.”

Mr. T. Chapman-Mortimer: Sir, I think the Honourable the Mover of this amendment is under a misapprehension. It is quite true that in the Bill, as originally proposed, this point to which he has drawn attention was not clear. There was no doubt then that if that had remained in its original wording, all that he has stated would have been correct. But, as a matter of fact, very careful attention was given to this point in the Select Committee; and the Government, I am very glad to say, accepted the amendment proposed to get rid of all this doubt and misapprehension to which the Honourable Member has drawn attention. Sir, I really feel that he should withdraw his amendment.

Dr. P. N. Banerjee: May I ask a question? Will it be necessary to make an application?

Sir Cowasji Jehangir: No.

Mr. T. Chapman-Mortimer: The Honourable Member has really to read clause 4 with this clause in order to understand the point fully. If he reads clause 4 carefully and the new section 3A, he will see that the two clauses taken together make the position quite clear. I would assure him that most careful attention was given to this point in the Select Committee and I know I am speaking also for my Honourable friend from Bombay when I say that he pressed this point very strongly on Government; and Government, I repeat, were good enough to see their way to accept the amendment and make the position absolutely clear. It is now automatic. Of course, an application has to be made annually in the proper form because you have to pay your cheque or notes along with some form, otherwise you cannot make the proper payment to the Government.

Dr. P. N. Banerjee: It may be argued that the application is not in the proper form.

Mr. T. Chapman-Mortimer: The Doctor in this case is not showing his usual learned perspicacity. The point was carefully considered and necessary and suitable amendments were moved and accepted by the Government. Then, Sir, I draw your attention to the new section which was inserted in clause 4 as sub-section (3), which runs thus:

“The prescribed fee for the renewal of a registration for any year shall be paid into the Reserve Bank of India, or, where there is no office of that Bank, into the Imperial Bank of India acting as the agent of that Bank, or into any Government

[Mr. T. Chapman-Mortimer.]

treasury, and the receipt shall be sent along with the application for renewal of the registration."

The point there is this. It is not that you should have all your forms submitted again to get a registration, but it is simply to give evidence that you have, in fact, paid the fee. As soon as that evidence is forthcoming, it then all becomes automatic. Sir, I oppose the amendment.

Dr. F. X. DeSouza: Sir, my Honourable friend who has just spoken against this amendment has spoken from the point of view of a *Bara Sahib* of Calcutta and not the humble individual who is the manager of a small company in the mofassil. If the humble individual had to make his application in the prescribed form and pay the prescribed fee to the mighty personage called the Superintendent of Insurance in Simla or Delhi, anybody who is familiar with the procedure of Government offices in this country will agree that he will have to wait long for an answer. We all know the harassment to which such applicants are subjected by petty clerks in Government offices and their underlings who do not miss a single opportunity of squeezing a little *Bakshish* from them. Why should you expose the general managers of these small companies to all this harassment? Frankly speaking, the renewal is made automatically. The sole object of this section is to recover a certain fee. Why not then simply say: "Pay that fee" without exposing the man to all the harassment, the trouble and the annoyance. We do not know what may happen to the application when it comes to be considered on the Olympic heights of Simla. I feel great trepidation when I contemplate this. I am speaking for the ordinary small insurance companies.

Sir Cowasji Jehangir: You were a High Court Judge. Is the wording clear to your mind? Are you satisfied with the wording? Are you satisfied with the amendment that is made in the Bill?

Dr. F. X. DeSouza: It is not clear, and that is why I got up to speak.

The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar: Sir, as I was listening to my Honourable friend, Dr. F. X. DeSouza, whom I have known so well for several years, I was myself in a state of trepidation and I was about to ask the House that if they had any tears to shed to be prepared and to shed them now for the *chota sahib* of Mangalore. No, Sir. I do not think my Honourable friend, even in his enthusiasm for advocating the cause of young life insurance companies has done justice to what the Select Committee has done in this matter. If my Honourable friend will look at the Bill as it was introduced, he will see that the clause read that "application should be made in the prescribed manner", and the suspicion of the Select Committee was that 'prescribed manner' may mean prescribing various forms and conditions which are unconnected with the mere receipt of additional revenue from the insurance companies. They took that into consideration and said this must be an automatic renewal of registration and the only thing that is to be done is for the insurance company to satisfy the Superintendent of Insurance that it has deposited the renewal fee in the Reserve Bank or a Branch of the Imperial Bank, attach that receipt to a letter that it may send in any form whatsoever. There is no question of approaching the underlings, except it be the underlings of my Honourable friend, Sir Gurunath Bewoor, of the Postal Department. There is no question of any direct

contact with the Superintendent of Insurance or with any of his subordinates. It is purely a letter which is carried as His Majesty's Mail from Mangalore to New Delhi or Simla, carrying this precious receipt of renewal fee of my Honourable friend's company or of the company in which he may be interested and enclosed with that receipt a bare letter to the Superintendent of Insurance saying: herewith my renewal fee, please renew my registration. There is no form going to be prescribed, no set words which are going to be printed, no additional information which is going to be asked from the company. All that is required is a receipt from the Reserve Bank or any branch of the Imperial Bank attached to a letter on which must be shown obviously the name of the company which is sending the receipt.

Mr. M. S. Aney: Sir, I am glad the Honourable Member in charge of the Bill has made the position perfectly clear as to what the application should mean. With that assurance of course there will be little difficulty in accepting the clause as it is found. In that case, I must say, if that is the sole object, if that is the real object, if the object was that there should be automatic renewal on payment of the fee, then I am sure the wording in the sub-clause need not be so elaborate as it is made here at present. That could have been arranged in a very different way and in a few sentences even. I can not give much credit to the draftsmen of this clause, if that was the only object. Where is the need for the wording 'application for renewal of registration' to be made by the insurer? That means an application has to be made to the Superintendent of Insurance. It also means that the application is to be accompanied by a receipt for payment of money deposited somewhere. These two things have to go to the Superintendent of Insurance. Whether it is a particular form prescribed or not is a different matter. Failure to send that application involves a penalty which is mentioned here. So the importance of an application being made to the Superintendent of Insurance within a certain time is there. If the idea simply was that on payment of a certain sum of money on a particular date or by the end of the year, renewal of the licence should automatically take place, then the only thing that is required to be mentioned in this clause is: "On production of a receipt by the insurer on a certain date of the money required to be paid the company shall be declared as renewed or its license shall be declared to have been renewed". Some such wording would have been sufficient. My point is that all the elaborate wording in the clause is not necessary. It makes a distinction between application and receipt and the accompanying of the application with a receipt.

Sir Cowasji Jehangir: Will the Honourable Member please read the lines underlined on page 2, "as provided in sub-section (3) by evidence of payment of the prescribed fee . . ."

You pay and that is evidence.

Mr. M. S. Aney: It is evidence of payment, but the making of the application is there. I am satisfied with one fact and that is that the Honourable Member has just now declared that it does not mean any application in a particular form, that any flaw in that application will not come in the way. That is the only saving thing which I have got from him. But the need for an application being made in time, as well as the

[Mr. M. S. Aney.]

payment also being made in time and the application accompanying that receipt for that payment—all these three things are there. They could have simply sent a receipt with a letter and be finished with it.

The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar: That is all that is required. Even under the Honourable Member's amendment if you say, pay the annual fee, surely that payment of the annual fee must be communicated to the Superintendent of Insurance.

Dr. P. N. Banerjee: Then why not accept my amendment.

Mr. M. S. Aney: In my view, on production of a receipt on such and such a date, the thing should have been renewed, that would have been sufficient. Anyhow with the explanation I have got, I have nothing more to fear from the section itself.

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

"That in sub-clause (c) of clause 3 of the Bill, in the proposed words after the proposed clause (e), for the words 'have the registration renewed' the words 'pay the annual fee' be substituted."

The motion was negatived.

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

"That in sub-clause (e) of clause 3 of the Bill, for the word, brackets and figure 'sub-section (3)', the word, brackets and figure 'sub-section (4)' be substituted."

Sir, if Honourable Members will turn to clause 4 of the Bill, they will find that the Select Committee inserted a new sub-section 3 to the proposed new section 3-A, and as a result of that amendment carried in the Select Committee, a consequential amendment then became necessary and that is the one I have just read out. This is purely consequential. Sir, I move.

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

"That in sub-clause (e) of clause 3 of the Bill, for the word, brackets and figure 'sub-section (3)', the word, brackets and figure 'sub-section (4)' be substituted."

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

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

"That in sub-clause (e) of clause 3 of the Bill, for the word, brackets and figure 'sub-section (3)', the word, brackets and figure 'sub-section (4)' be substituted."

The motion was adopted.

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

"That clause 3, as amended, stand part of the Bill."

The motion was adopted.

Clause 3, as amended, was added to the Bill.

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

"That clause 4 stand part of the Bill."

Mr. Akhil Chandra Datta: Sir, I move:

"That clause 4 of the Bill be omitted."

Sir Cowasji Jehangir: Sir, this amendment is out of order, because it is a negative amendment.

Mr. President (The Honourable Sir Abdur Rahim): We have been allowing such amendments.

Mr. Akhil Chandra Datta: Sir, I think in spite of the attitude of my Honourable friend, Sir Cowasji Jehangir, . . .

Sir Cowasji Jehangir: What have I done?

Mr. Akhil Chandra Datta: You want to shut me out even from moving this amendment. Sir, I was submitting that in spite of the attitude of my Honourable friend, Sir Cowasji Jehangir, with respect to the amendment that I had moved with regard to the increase of the initial fee, I thought, Sir, that I had some hope that this amendment might receive some little support even from him. But it is disappointing to me to find that he would not even allow me to move this amendment, and raised a technical objection. Sir, this is entirely a new provision. This Bill is called an amending Bill. To a certain point it is certainly an amending Bill but at the same time, it is equally true that with respect to a very substantial portion of the Bill it is not an amending Bill at all. It has introduced many new provisions based on absolutely new principles. So that portion of the Bill cannot be called an amending Bill. Clause 4 seeks to insert a new section as section 3A. The first sub-clause is that there must be an annual registration.

"An insurer who has been granted a certificate of registration under section 3 shall have the registration renewed annually for each year after that ending on the 31st day of December, 1941."

In the first place it is a new principle which has been introduced and I protest against this principle. This is a principle on a very fundamental point introduced only two or three years after the passing of the main Act in 1938. In spite of that very comprehensive legislation in 1938 this question of annual renewal of registration is raised. I have no exact recollection but my impression is that the point was raised and given up. Either it was raised and given up or it was not raised at all. In either case my submission is that a radical change like this involving the introduction of a new principle should not have been made in this Bill so soon after the passing of the original Act. That is about annual registration. The next sub-clause is about the application for the renewal of registration. There has been some discussion on this point while the last amendment was under discussion and so I do not like to take up the time of the House by going over the same ground again. But I may be permitted to point out that in spite of the so-called automatic registration the fact does remain, as was pointed out by my Leader, that you have got to make an application and make it within a certain time; and the time is the essence of the matter because later on in sub-section (4) we find that if the application is not made in time there is a penalty which is of a substantial kind,—a penalty not exceeding the prescribed fee payable by him. The fee has been prescribed in sub-clause (2) and I am coming to it presently; but there is a penalty.

We are of course thankful to the Select Committee to the extent that it has been made to some extent automatic, but I do not know if there is very much virtue in that. They want money; that is the naked demand

[Mr. Akhil Chandra Datta.]

and they do not make any secret of it. The object of this provision, as stated in the Statement of Objects and Reasons, is that they want money. They have got the money, and having got it they have become very generous and say, "Never mind all these details; let the procedure be simplified, we are satisfied with the money; let it go to the Reserve Bank or Imperial Bank and we do not want anything else." However the sting is still there about the procedure and about the harassment, even apart from the question of money which still remains there.

The next provision in this sub-clause is the annual fee not exceeding one thousand rupees. It is interesting to note that while the initial fee is five hundred rupees the annual fee is one thousand rupees maximum. This is very unusual and very unreasonable. In all cases of such imposition, for instance, the succession duty and other duties of that character, one finds that the initial duty is always much larger than the annual duty at the time of renewal; but here it is quite the reverse, and while the initial fee is five hundred rupees, the annual renewal fee is one thousand. Let us see the extent to which the amendment is being made as compared with the main Act. There it was one hundred rupees once for all; now it is five hundred at the beginning and a maximum of one thousand each year. A moment's reflection will show the difference from the point of view of the money that is to be paid,—the difference between the Act and the present proposed amendment. The difference will be that after 20 years it may amount to a figure in the neighbourhood of Rs. 20,000. The sum of course is an amount not exceeding one thousand rupees for each class of insurance. If there is a company doing several classes of insurance they will have to pay several thousands. Then, Sir, there is another element in this sub-clause. This sum of one thousand rupees may vary according to the volume of business done by the insurer in India in each class of insurance business to which the registration relates. I do not know if I am correct when I say that nowhere has there been any provision made as to how and by whom and through what machinery the volume of business is to be ascertained and the amount of fee to be fixed. I cannot speak with very great confidence but my impression is that there is no provision. If there is no provision anywhere within the four corners of the Bill, it is after all very vague and indefinite and the amount will vary according to the volume of business. Who is to fix the volume of business?

The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar: The Select Committee's report mentioned that and I have repeated that assurance here. It is based on the premium collected in the previous year.

Dr. P. N. Banerjee: That will not be regarded as sufficient in a court of law. The report of a Select Committee is not considered in a court of law.

The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar: But the rules will be framed on those lines. I have indicated it in the Select Committee's report and in my assurance given on the floor of the House that that is what the rule will contain.

Mr. Akhil Chandra Datta: That, I must admit, indicates some improvement but the position still remains very unsatisfactory. It will depend upon the amount of premium. Then what is the other standard? How will the amount of the premium alone be sufficient for the Superintendent to fix the amount of the annual fee?

The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar: The audited accounts will show what the premium collected by the company is.

Mr. Akhil Chandra Datta: So far as the premium is concerned, we have it there. I concede that. But is that alone sufficient? . . .

The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar: That is the sole criterion.

Mr. Akhil Chandra Datta: Of what?

The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar: For the scale of charges which are going to be fixed in the rules.

Mr. Akhil Chandra Datta: Even then we are not yet free from the tyranny of the rules. I have nothing to say against sub-clause 4 P.M. (3), because if payment has to be made, that is a very satisfactory mode of payment. Let us now come to sub-clause (4). There, the position as I have already indicated is that if payment is not made within a fixed time there will in addition be such penalty not exceeding the prescribed fee payable by the insurer as the Superintendent of Insurance may require. Therefore, first of all there is the fee of Rs. 1,000 annually and then if there is a delay the penalty is levied and it is for the Superintendent of Insurance to decide that amount. The amount of the penalty will be determined by the Superintendent.

The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar: Subject to a maximum.

Mr. Akhil Chandra Datta: Of course; the whole thing is subject to a maximum; that does not give us very much comfort.

Sir Cowasji Jehangir: What is the maximum?

Mr. Akhil Chandra Datta: The maximum is Rs. 1,000 on each class of business.

Sir Cowasji Jehangir: The maximum is the fee that the company has to pay according to that scale.

Mr. Akhil Chandra Datta: I am sorry; but it is perfectly clear that the maximum is Rs. 1,000 and subject to that maximum . . .

Mr. M. S. Aney: That was in the original Bill: the Select Committee has amended that and said that the maximum penalty can only be the renewal fee of each insurance company which varies according to the premium that it collects in the previous year.

Sir Cowasji Jehangir: That is what I was trying to point out to you.

Mr. M. S. Aney: He can, including penalty, recover twice as much as that,—“such penalty not exceeding the prescribed fee payable by him.”

Mr. Akhil Chandra Datta: It may be Rs. 500 or Rs. 1,000. So I say that the penalty is equal to the amount of the renewal fee. I am only trying to emphasise the enormity of the fee that is sought to be imposed. That is my point. Sir Cowasji Jehangir's idea is that if there is a company which cannot pay Rs. 500 it should not start a business like that; and Mr. Chapman-Mortimer who has been described as the *Burra Sahib* of Calcutta holds similar views. So, between the two big businesses of Bombay and Calcutta the poor small companies are crushed. This reminds me of the great struggle that was waged—Mr. Chapman-Mortimer is looking at me and he knows the whole thing better than anybody else—during the passage of the main Act: there was a fight between big business and small business. I never expected that anything like that would happen with regard to this Bill also. I am sorry to find that Sir Cowasji Jehangir is looking at this matter from his own point of view, from the point of view of big business and never gives a thought for the small companies. What is Rs. 500 to Sir Cowasji Jehangir is Rs. 5,000 or Rs. 5 lakhs for other people. My submission is this: As pointed out by my Honourable friend, Sir Cowasji Jehangir, I must admit that the increase of the initial fee from Rs. 100 to Rs. 500 is not so serious as the annually fee because the amount is much larger and because it is recurring annually and, therefore, may I hope that at least as far as this particular demand is concerned I shall have the support of Sir Cowasji Jehangir and Mr. Chapman-Mortimer? Sir, I move.

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

“That clause 4 of the Bill be omitted.”

Mr. M. S. Aney: Sir, there is one small point on which I want to have an explanation from the Honourable Member in charge. When we discussed the last amendment moved by my friend, Dr. Banerjea, we had to make a reference to this clause 4; and in that connection there was some discussion about this application and so on. My Honourable friend has given us an assurance that all that the word ‘application’ here meant is only some kind of letter communicating the fact of the payment to the Superintendent and nothing more. But there is one legal point which I want to bring to his notice. There is some such Act as a Stamp Act existing in this country and in that Stamp Act in the Schedule there is a provision that applications not provided for otherwise are required to put a stamp of a minimum value of 12 annas or something like that. It differs in different provinces but in my province the minimum is 12 annas. If the word ‘application’ is here and a mere letter is sent without a stamp of 12 annas, it is just possible that the Superintendent of Insurance may not treat it as an application within the meaning of the law, in spite of the fact that the amount required by him to be paid was duly deposited in time and the receipt is enclosed with it: in that case for failure of having made an application in time, it is possible that he will be driven to the necessity of thinking about the imposition of a penalty. That is the point which I want the Honourable Member to consider. It has struck

me and so I brought it to his notice—the word ‘application’ being there the provisions of the Stamp Act are likely to be extended to this also.

Mr. T. Chapman-Mortimer: Sir, I am very sorry that in spite of the entreaties of the Deputy President, I cannot support him on this amendment

Mr. Akhil Chandra Datta: I knew as much.

Mr. T. Chapman-Mortimer: not because I have no Sympathy for the small companies but because, in fact, very considerable improvements were made to the Bill, and particularly with regard to this clause, for the sake of small companies; and as I say these amendments have been made and I think he has not given sufficient consideration to that fact. In that connection I would like, briefly, to quote from an article I have here in the *Times of India*:

“Considerable improvements to meet the wishes of the insurance companies of India have been made in the Insurance Act Amendment Bill which was introduced last month in the Indian Legislative Assembly. One of the most important concessions secured by insurers from the select committee relates to the annual fees of registration payable by insurance companies to Government.”

In other words, under this very clause, and in regard to which we have a note here in the Notes on Clauses. I do not think it is necessary to read the whole of it, because

Mr. M. S. Aney: What were you reading from?

Mr. T. Chapman-Mortimer: I was reading from the Insurance Supplement to the *Times of India*.

Dr. P. N. Banerjea: Considerable improvement, no doubt; but it does not say that it is not capable of further improvement.

Mr. Akhil Chandra Datta: Is there any financial concession given by the Select Committee?

Mr. T. Chapman-Mortimer: Yes. Sir, most definitely, and I am sure the Honourable the Commerce Member will confirm that fact. Very considerable financial concessions were, in fact, made, and I hope the Honourable the Commerce Member will quote the very words

Mr. Akhil Chandra Datta: With regard to this clause?

Mr. T. Chapman-Mortimer: Yes, Sir.

In view of that, Sir, I regret very much I cannot support this amendment.

Sir Cowasji Jehangir: Mr. President, I think my Honourable friend, Mr. Akhil Chandra Datta, is rather unfair to the Members of the Select Committee. If his point is that insurance companies should not be made to pay any fee or any contribution to the working of the Department, I can understand his point of view, and I can understand his amendment that clause 4 be omitted. If clause 4 is omitted, then all contributions to Government for the maintenance of this Department will be wiped out.

[Sir Cowasji Jehangir.]

The whole Bill may then be withdrawn. The very essence of the Bill is that some contribution should be made by insurance companies towards the Department. If you once admit that,—and I see that my friend is not prepared to admit it,—but if others are prepared to admit it, then let us see what concessions we members of the Select Committee have been able to obtain from the Honourable the Commerce Member and which he so kindly granted. Let us see what they are. You will see from the Select Committee's Report under clause 4 that a table of fees is laid down. It is binding on the Government. It was embodied in the Honourable the Commerce Member's speech when he introduced this Bill just now, and it is binding on Government. There my Honourable friend will see that it is Rs. 100 per annum for an insurer whose premium is one lakh of rupees. Now, let me tell my friend that in the original suggestion that was made by Government to the Select Committee the scale was a higher one,—double that amount.

Mr. Akhil Chandra Datta: There was none in the Bill.

Sir Cowasji Jehangir: My friend will try and follow me. I am trying my best to explain the position. Maximums are laid down under the Bill. We were not prepared to accept those maximums or leave the discretion to Government to fix the fees. We said we wanted some sort of assurance as to what the fees were going to be. The best way of doing it we thought was to put down in the Select Committee's Report and make it binding on Government instead of putting it in the Bill itself. If it was once put in the Bill, then we could not go to Government to get the fees reduced; it will be fixed. But if it is put down in the Select Committee's Report, as the Government agreed to do, they cannot raise the fees straightaway arbitrarily

Mr. Akhil Chandra Datta: That is the relief?

Sir Cowasji Jehangir: Certainly, they cannot raise it, because the maximum is laid down in the Bill, but the minimum is in the Select Committee's Report

Dr. P. N. Banerjee: That is not binding on anybody.

Sir Cowasji Jehangir: Sir, I maintain that it is binding on Government.

Mr. M. S. Aney: In his statement the whole thing is reproduced as part of his speech and so far as he is concerned, he cannot get out of it.

Dr. P. N. Banerjee: It will not be binding on his successor.

Sir Cowasji Jehangir: We are not all Nazis where everything that is said here can be torn and put into the wastepaper basket within 24 hours. We expect ordinary morality and ordinary sense of justice, and when a Select Committee has made a recommendation and it is accepted by the Honourable Member in charge on the floor of the House, it is as good as if it is put down in the Bill itself. Therefore, let me assure my friend that the Select Committee did their very best to see that small companies

paid the minimum amount—it is Rs. 100 for a premium of one lakh of rupees. If small companies have a premium of a lakh per annum, then, surely, Rs. 100 is not too much. But the amount was reduced due to the efforts of the Select Committee from Rs. 200 to Rs. 100,—the minimum originally suggested was Rs. 200, but we begged of the Honourable Member in charge to make it Rs. 100, and it has been reduced to that figure, and this was done entirely in the interests of small companies. The whole Report is in the interests of small companies. Then not to be present at the Select Committee meetings when one is a Member and to come and say here that Members did not

Mr. Akhil Chandra Datta: On a point of order, Sir.

Mr. President (The Honourable Sir Abdur Rahim): What is the point of order?

Mr. Akhil Chandra Datta: The point of order is this. As to what happened in the Select Committee, as to who was or was not present at the Select Committee meetings, these are matters which cannot be discussed here.

Mr. President (The Honourable Sir Abdur Rahim): Any discussion that has taken place in the Select Committee surely cannot be criticised here, but as to the Members who might not have been present, the Chair does not see there is any harm in mentioning that fact.

Sir Cowasji Jehangir: Sir, I maintain that it is not fair to criticise the Members of the Select Committee as my friend has done

Mr. Akhil Chandra Datta: No, I have not done it.

Sir Cowasji Jehangir: Yes, you did so. He pointed to two Members of the Select Committee, he referred to my friend, Mr. Chapman-Mortimer and to myself

Mr. Akhil Chandra Datta: Not as Members of the Select Committee, but as Members of this House.

Sir Cowasji Jehangir: Not only as Members of this House, but my friend referred to the speeches made by us. He tried to make out that we did not protect the small companies. I contest that statement. I contest the charge that the Select Committee's Report and the Honourable Member in charge did not give consideration to the pleadings on behalf of small companies. The minimum amount of fees they will have to pay is due to the efforts of some of us of the Select Committee. It is laid down now in black and white. It begins with Rs. 100 for companies who have a premium of one lakh. It might have been different. My point is the unfairness of the criticism that has been levelled. My friend will realise that when we sit on Select Committees, we try our best to represent all interests. The big companies do not come into it. We were merely representing the small insurance companies as Members of this House, and I contend that on the whole this Bill is fair and equitable, if once you admit that, some fee should be paid. If your contention is that no fees should be paid,—and I believe that is my friend's contention,—then I have nothing to say. Everybody is entitled to have his view

Dr. P. N. Banerjee: You cannot say that the Select Committee's Report is sacrosanct.

Sir Cowasji Jehangir: But once that is conceded, I do contend that we have done our very best for small companies, and that small companies have come out very well indeed.

Dr. P. N. Banerjee: Further improvements can be made; it is not sacrosanct.

Sir Cowasji Jehangir: No more is the Bill, no more will it be when it becomes an Act. I contend that the words of the Honourable the Commerce Member on the floor of this House have the same effect as the Bill itself. What interpretation the courts of law will put upon it, I cannot say; I admit there is that difficulty. But when it comes to the scale of fee, maximum having been laid down in the House, I contend that that scale of fees is as good as having been put into the Bill itself. I again contend that small companies have done very well indeed. This continual grumbling that small companies have not done well will not help in this House. What does help is a frank admission as to what has been obtained. Ask for more by all means, but make a frank admission that certain concessions have been obtained which are worth having. Such complaints cannot certainly come from the mouth of Honourable Members who had an opportunity of influencing the Select Committee but did not take the opportunity of doing so

Dr. P. N. Banerjee: You should not hammer on that point too much.

Mr. Akhil Chandra Datta: I did not say anything at all so as to cast a reflection on any Member of the Select Committee. Not one word did I say against any Member of the Select Committee. I only referred to the Government. I said if they were satisfied that they wanted money, but I did not utter even a single syllable against any Member of the Select Committee. It was very unfair of my friend, Sir Cowasji Jehangir, to suggest that I have been unfair to the Select Committee.

The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar: The Honourable the Deputy President wants this clause to be omitted, that is to say, he does not want this additional revenue that I want,—he does not want the Government to raise this additional revenue from the companies. Naturally he will follow up his logic by moving a similar motion with regard to an increase in the agents' fees. I have stated that in the position in which the general revenues are today I cannot carry on my responsibility as a Member in charge of the Department, without getting this additional revenue, and having taken all the circumstances into consideration, and having tried to be as fair and just as possible between the conflicting interests. I have come to the conclusion that this is the amount that is required and this is the manner in which that amount can be distributed between those who can afford to pay it. Therefore, we must agree to differ on fundamentals if my Honourable friend wants this clause to be deleted.

As regards the question which has, unfortunately, been raised about small companies and big companies, there I must frankly confess that the Honourable Member was not doing justice to the big companies. I will

put this consideration before him. The maximum provided in the Bill was Rs. 1,000. That maximum has not in any way been reduced. I have given no assurance whatever that the maximum will be reduced, and the big companies which my Honourable friend has in mind will all pay the maximum amount of Rs. 1,000. They did not come out of the Select Committee with any better proposition than that contained in the Bill, and the scale that has been set up in the Select Committee's report itself shows that the big companies will pay that maximum amount. The Honourable Member referred to two Honourable Members of this House and their interests in certain companies. I can at once tell him that those two companies will pay the maximum amount of Rs. 1,000 and no concession has been shown to them. On the other hand, an amendment later in the list shows that my Honourable friend is equally solicitous about big companies, because he tries to reduce the maximum from Rs. 1,000 to Rs. 500,—an amendment, of course, which I am going to oppose because I do not think that these big companies cannot afford to pay that Rs. 1,000. As regards small companies, I must say this that time and again I have shown great consideration for the difficulties of the small companies, and I have by active sympathy proved that I am considering all the difficulties of the small companies. It was only the other day that this House passed a Bill giving certain relief to small companies with reference to the deposits that they had to make under section 7 of the Bill.

Dr. P. N. Banerjee: The object was to smoothen the passage of this Bill.

The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar: If I had been so clever as all that, I would have put that provision in this Bill and not have that Bill separately introduced and passed into an Act. If I had put that provision into this Bill, many Honourable Members would have been so anxious to get that provision through that they would not have opposed the passing of this Bill. I wanted to do what is fair to the small companies, as soon as possible.

Coming to the point raised by my Honourable friend, Mr. Aney, the Superintendent of Insurance, I am quite certain, is not going to suggest that any stamp should be affixed to the application, but it is possible that under the Indian Stamp Act some authority or other may suggest that a stamp should be affixed. In that case the Honourable Member is aware that there is a provision in the Indian Stamp Act whereby the Central Government can exempt any application from the levy of stamp fees. The Government of India are prepared to issue the necessary notification so as to exempt these applications from such stamp fees, should that contingency at any time arise.

Babu Baijnath Bajoria (Marwari Association: Indian Commerce): As regards the scale, Sir Cowasji Jehangir said that it is much better to have it in the report of the Select Committee and have an assurance from the Honourable Member than to prescribe it in the Bill itself, because, in that case, you might have a reduction in the scale. I for one do not believe that there will be a reduction in the scale. That is our experience. When once a scale is fixed, there is more chance of the scale being raised than being lowered. That is the exact reason why I prefer that the scale

[Babu Baijnath Bajoria.]

should be included in the Bill itself. I quite appreciate that the Honourable the Commerce Member will stand by his word and the scale will remain as it is, but if necessity arises and if he wants more money for the running of this department, as the maximum has already been fixed at Rs. 1,000, he won't be able to raise the maximum amount payable by any insurance company beyond Rs. 1,000, but he may try to increase the scale which has been fixed for the smaller, or the not very big companies. Probably, then, without reference to this House, under the rules he will increase the rate which is payable from Rs. 100 to Rs. 200, and so on; he may double the rate as long as he does not go beyond the maximum which is prescribed in this Bill. For these reasons, I think it will be much better if the scale is provided in this Bill itself, so that if there is going to be any change in the scale the House will be consulted. Again, I think the penalty provided is much too high. This is just like the income-tax. You have provided for a penalty of 100 per cent. There may be a delay of a few days, or a week or so, but still the Superintendent of Insurance, if he wants to have his pound of flesh, he will get two pounds of flesh instead of one pound. I think that the penalty should not exceed half the prescribed fee payable by an insurance company. I hope that these remarks of mine will be considered by the Honourable the Commerce Member.

Some Honourable Members: Let the question be now put.

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

"That the question be now put."

The motion was adopted.

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

"That clause 4 of the Bill be omitted."

The motion was negatived.

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

"That in clause 4 of the Bill, for sub-section (2) of the proposed section 3A, the following be substituted:

'(2) The annual fee shall not be less than fifty rupees or more than five hundred rupees for each class of insurance business, but shall vary according to the volume of business done by the insurer in India in each class of insurance business.'

Sir, as pointed out by the Honourable the Commerce Member a few minutes ago, I want to do justice to both the big companies and the small companies. In the case of big companies the maximum is reduced and in the case of small companies a minimum is fixed, and that minimum is, I think, somewhat lower than the minimum suggested in the Commerce Member's schedule. Sir, it is very necessary to provide in the Bill itself the maximum and the minimum. The Honourable the Commerce Member has given us some assurances. I accept those assurances so far as his own statement goes but he will not be here for all time to come. His successor may not stand by those assurances and may change the schedule at his pleasure. In this connection, I wish to point out to this House that when the Insurance Act was amended four years ago, Sir N. N. Sircar gave some assurances. He was a great man, no less great than our Commerce Member. His assurances in some respects have not been respected.

The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar: That is a very serious statement and, therefore, I should like the Honourable Member to be fair to himself and to me and to the Government of India by pointing out which particular assurances of my Honourable predecessor have been ignored by me.

Dr. P. N. Banerjee: I will give you instances on Monday. It depends very often on the interpretation. I will give one instance immediately. As regards investments, they were fixed at 55 per cent. of the total amount of assets but it has been interpreted in a different way by the Superintendent of Insurance. I was present in the House then. It was made positively clear by everybody that that was the intention but they have gone back upon that intention. It is the clear opinion of lawyers like Sir Tej Bahadur Sapru that that interpretation put by the Superintendent cannot be put; but the Honourable the Commerce Member has not brought forward a Bill to clear up that point. However, I do not want to raise that question at the present moment. I say different interpretations are put upon particular sections of the Act and law courts do not take into consideration the speeches made by Honourable Members or the assurances which are given by them. I accept his assurance, but the assurance will not be taken into consideration by any law court. That is my contention. That is not really relevant to this.

Here, what I want to do is to fix the maximum and the minimum in the Act itself so that the big insurance companies, the medium size insurance companies and the small companies may know what they have to pay and although as Sir Cowasji Jehangir has pointed out the Select Committee has made certain concessions, the last word has not yet been said. I would ask the Honourable the Commerce Member not to take up the attitude that whatever was done by the Select Committee cannot be changed. What happened when Sir Nripendra Nath Sircar was the Member and he piloted the Bill? There were many discussions for nearly four weeks and many of the decisions of the Select Committee were turned down and new provisions were inserted. I hope the Commerce Member will not be intolerant of criticism in this House but will adopt an attitude of sweet reasonableness and if we are able to convince him, let him not stand by the report of the Select Committee. If we are unable to convince him, then let our amendments be thrown out. On a previous occasion I moved an amendment which was eminently reasonable. I still maintain that it was eminently reasonable but it was not acceptable to him. That was very unfortunate.

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

"That in clause 4 of the Bill, for sub-section (2) of the proposed section 3A, the following be substituted :

'(2) The annual fee shall not be less than fifty rupees or more than five hundred rupees for each class of insurance business, but shall vary according to the volume of business done by the insurer in India in each class of insurance business.'

Mr. Amarendra Nath Chattopadhyaya: This clause 4 is the most important clause of this Bill. The present amendment of Dr. Banerjee says that the annual fee shall not be less than fifty rupees or more than

[Mr. Amarendra Nath Chattopadhyaya.]

five hundred rupees for each class of insurance business, but shall vary according to the volume of business done by the insurer in India in each class of insurance business.

Sir, this Bill is meant for creating a fund for the working or running of the Department and nothing else and we have been trying from the beginning of discussion of this Bill to show that it will be a great handicap to the small companies.

[At this stage, Mr. President (The Honourable Sir Abdur Rahim) vacated the Chair, which was then occupied by Mr. Deputy President (Mr. Akhil Chandra Datta).]

We know as the present House is constituted we cannot have anything passed according to our desires. Therefore, it is proper for the Honourable the Commerce Member to take into consideration the real difficulty with which we are faced. This clause may be divided into two parts. One is about the registration fee and the other is the power of the Superintendent of Insurance. At present the Superintendent can make the fee prohibitive for any small company. We know of a case in which the Superintendent has already shown that he interprets the law in one way and others interpret it in other ways. We ask the Honourable the Commerce Member whether the interpretation of laws should be left in the hands of the Superintendent. With regard to the fees to be charged, we should like to point out with all the emphasis at our command that the difficulties of the small companies should be taken into consideration. Our Deputy President has tabled an amendment in this respect in order to meet the difficulties of the small companies. We ought to find out whether the small companies are in a position to pay these fees. It is not the object of this Bill to throttle the struggling companies by making these fees prohibitive for them. The fees should be within the means of these small companies if fees have to be realised at all.

Sir, it is very well to say that fees of Rs. 500 is nothing for an insurance company to start with. It may be so in the case of those companies which have already secured their position and who have the capital, but there are companies, and there may be companies, which may not have the capital required at the outset and the necessary security, and knowing that, the Honourable the Commerce Member still proposes to do this, I enter my protest. The position of the smaller companies during the war, I submit, has to be taken into consideration. Now, at the present moment, insurance companies are not faring very well, and particularly the smaller companies are faring very badly; and if you pass this Bill into Act now, it will do them real harm. Therefore, I would appeal to the Honourable the Commerce Member to revise his opinion with regard to the fees. The fees which he thinks to be very small may not really be small for the smaller companies—whether it is one lakh, two lakhs or five lakhs. He may be pleased to devise a scheme beginning from 5 lakhs. Sir, in connection with the last Bill we had fought on behalf of the smaller companies that though they had gained nothing substantial yet had gains to a certain extent, but we are feeling the same difficulty now with this Bill. The big companies have nothing to lose, nothing to suffer, and only the smaller companies have to suffer, and this clause 4 provides a scale of payment which may be detrimental to the interests of the smaller companies and I would, therefore, request the Honourable the Commerce Member to revise his opinion

about this and try to find out a better solution of this question which is troubling us.

The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar: Sir, my Honourable friend has only fixed two limits—Rs. 50 as the minimum and Rs. 500 as the maximum. It is perfectly open for the Superintendent of Insurance, in making the rule, to vary it in any way he likes. On the other hand, the Select Committee's Report from which I have read out extracts on the floor of this House lays down this scale of fees. Sir, my friend, Mr. Bajoria, said that it was preferable to have the scale in the Act itself. I do not agree with him and I shall tell you why. The scale of fees has been mentioned in the Select Committee's Report and it is our intention, in framing the rule, at least this year, to raise no more than is absolutely necessary and I am in a position to state now that it is more than possible, it is quite probable, that the scale that is laid down in the rule will be even less than what has been mentioned in the Select Committee's Report. My Honourable friend, Sir Cowasji Jehangir, adverted to that fact. It may not be necessary to raise the whole of this amount according to this scale at present and we do not want to make a profit out of that. We just want to do no more than what was intended when the Bill was first introduced, and according to the Statement of Objects and Reasons to just get what is necessary for meeting the additional direct charges of this establishment. I cannot exactly mention the scale now, but I am in a position to state that the scale which will be introduced by rule and which will be laid before this House at its next Session will be a sum less than what has been indicated in the Select Committee's Report.

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

I opposé the motion.

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

"That in clause 4 of the Bill, for sub-section (2) of the proposed section 3A, the following be substituted:

'(2) The annual fee shall not be less than fifty rupees or more than five hundred rupees for each class of insurance business, but shall vary according to the volume of business done by the insurer in India in each class of insurance business.'"

The motion was negatived.

Dr. P. N. Banerjea: I wish to move No. 16.

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

Dr. P. N. Banerjea: No, not consequential. Sir, I move:

"That in clause 4 of the Bill, in sub-section (3) of the proposed section 3A, for the words 'along with the application for renewal of the registration' the words 'to the Superintendent of Insurance' be substituted."

Sir, my Honourable friend, Mr. Aney, has pointed out the difficulties of an application. Although the Honourable the Commerce Member has given some assurance, it will be better to do away with the application altogether. Therefore, what I suggest is that the sending of the receipt for that amount

[Dr. P. N. Banerjea.]

would suffice. Sir, the sub-clause which exists in the present Bill reads like this: .

"The prescribed fee for the renewal of a registration, etc., etc., and the receipt shall be sent along with the application for renewal of the registration."

What I suggest is that the prescribed fee having been paid, the receipt should be sent to the Superintendent of Insurance. He gets the money, and that is enough. Why have the application at all? As soon as he gets the money in whatever form, it may be said that the mere sending of the receipt for the deposit with the Reserve Bank of India or the Imperial Bank of India or the Government treasury ought to suffice without necessitating an application in any particular form.

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

"That in clause 4 of the Bill, in sub-section (3) of the proposed section 3A, for the words 'along with the application for renewal of the registration' the words 'to the Superintendent of Insurance' be substituted."

The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar: Sir, I am afraid I have to oppose the amendment. Sub-clause (2) reads as follows:

"An application for the renewal of a registration for any year shall be made by the insurer to the Superintendent of Insurance",—

and this sub-clause says that the receipt shall be sent along with the application referred to in sub-clause (2) to the Superintendent of Insurance.

Dr. P. N. Banerjea: If it is not sent along with the application, then? The application will be invalid?

The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar: What is the purpose? If it is not sent along with the application, it means the two things go by two posts to the Superintendent of Insurance, one by which the application is sent and one by which the receipt is sent

Dr. P. N. Banerjea: Through carelessness or something else, the application may not be sent at one and the same time?

The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar: Sir, I am unable to agree to this amendment.

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

"That in clause 4 of the Bill, in sub-section (3) of the proposed section 3A, for the words 'along with the application for renewal of the registration' the words 'to the Superintendent of Insurance' be substituted."

The motion was negatived.

Mr. Amarendra Nath Chattopadhyaya: Sir, I move:

"That in clause 4 of the Bill, to sub-section (4) of the proposed section 3A, the following proviso be added:

'Provided that an appeal shall lie to the Central Government from an order passed by the Superintendent of Insurance imposing a penalty on the insurer'."

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

"That in clause 4 of the Bill, to sub-section (4) of the proposed section 3A, the following proviso be added :

'Provided that an appeal shall lie to the Central Government from an order passed by the Superintendent of Insurance imposing a penalty on the insurer'."

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 clause 4 of the Bill, to sub-section (4) of the proposed section 3A, the following proviso be added :

'Provided that an appeal shall lie to the Central Government from an order passed by the Superintendent of Insurance imposing a penalty on the insurer'."

The motion was adopted.

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

"That in clause 4 of the Bill, in sub-section (5) of the proposed section 3-A, 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'."

Sir, the difficulty with regard to application has been pointed out, but the Honourable the Commerce Member says that the renewal will be automatic. Now, in order that the renewal may be really automatic, we should remove the words that "the Superintendent shall be satisfied". sub-clause (5) stands thus :

"The Superintendent of Insurance shall, on being satisfied that the insurer has fulfilled the requirements of this section".

He will have to satisfy himself. In that case, the automatic application is not correct. What the Honourable the Commerce Member says is that the application will be automatic, but sub-clause (5) says that the Superintendent will have to be satisfied. In my wording there is no ambiguity; it is absolutely clear. The application is there and as soon as the application and the money are received, the thing is finished. A time-limit is given, otherwise there may be a difficulty. Suppose on the 15th of December the amount is sent and the office of the Superintendent may remain very busy for a week, and on the 23rd or the 24th the office may be closed. So, during the month of December he does not get a renewal. In order to avoid all this, I say that within a fortnight the registration will be renewed.

This is a very modest demand and it will make the working of the section automatic. Nothing else can make it automatic so long as the word "satisfied" is there. The Superintendent may say that he is not satisfied. But my amendment makes the working quite automatic. The money is there and the application is there and within a fortnight the Superintendent will have to renew it. I think it is a reasonable proposal and I hope the Honourable the Commerce Member will accept this proposal.

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

"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.'

The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar: Sir, the last sub-section relates to the requirements of the other clauses of this section. Those requirements are two in number. Firstly, that the renewal fee is to be paid. Secondly, when the renewal fee is not paid and a penalty is attached to it, the renewal fee *plus* the penalty is to be paid. If I accept the amendment of the Honourable Member, it deals only with the first part of this clause. I submit that the language of the amendment could be substituted for the present language if it relates only to the renewal of fee in the first instance, but if it is to cover the penalty also, then my Honourable friend's amendment does not cover it.

Dr. P. N. Banerjee: I see that point. In that case, I will ask the Honourable Member to make an addition. We are closing this evening. It can be done on Monday.

The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar: I have no objection to having this held over for the time being.

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

"That clause 5 stand part of the Bill."

Sir Cowasji Jehangir: Sir, I move:

"That in sub-clause (b) of clause 5 of the Bill, in the proposed sub-section (2), after the words 'not less than fifty' the words 'or such smaller number as may be approved by the Superintendent of Insurance' be inserted."

I do not think it requires many words to explain the meaning of this amendment. It gives latitude to Government to allow a smaller number than 50 to be included in a group policy. This is a facility to the smaller companies. In the old Bill there was the definition of 'group policy'. In this Bill that definition has been eliminated and full discretion has been given to the Superintendent. Everybody agrees to that. But one exception has been made. In the Bill it is said that the minimum number that shall form the group policy can be 50. In my amendment a further discretion is given to the Superintendent whereby a lesser number than 50 can be allowed by him if he so chooses, and a group policy can be issued with a lesser number than 50. That is all I have to say in support of this amendment.

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

"That in sub-clause (b) of clause 5 of the Bill, in the proposed sub-section (2), after the words 'not less than fifty' the words 'or such smaller number as may be approved by the Superintendent of Insurance' be inserted."

The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar: Sir, so long as the discretion is left to the Superintendent of Insurance as regards the number, I have no objection, and I accept this amendment.

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

"That in sub-clause (b) of clause 5 of the Bill, in the proposed sub-section (2), after the words 'not less than fifty' the words 'or such smaller number as may be approved by the Superintendent of Insurance' be inserted."

The motion was adopted.

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

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

The motion was adopted.

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

Clauses 6 to 12 were added to the Bill.

The Assembly then adjourned till Eleven of the Clock on Monday, the 31st March, 1941.