

Monday
5th December, 1949

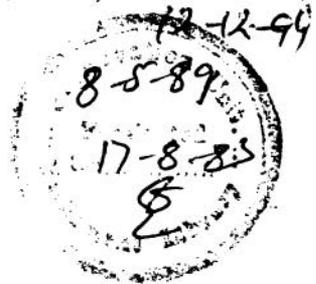
THE
CONSTITUENT ASSEMBLY OF INDIA
(LEGISLATIVE) DEBATES

(PART I—QUESTIONS AND ANSWERS)

OFFICIAL REPORT

VOLUME IV, 1949

(28th November to 24th December, 1949)



SIXTH SESSION
OF THE
CONSTITUENT ASSEMBLY OF INDIA
(LEGISLATIVE)

1949

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CONSTITUENT ASSEMBLY OF INDIA (LEGISLATIVE) DEBATES

PART I—QUESTIONS AND ANSWERS

Monday, 5th December, 1949

The Assembly met in the Assembly Chamber of the Council House at a Quarter to Eleven of the Clock, Mr. Speaker (The Honourable Mr. G. V. Mavalankar) in the Chair.

DECLARATION

The following Member made the Declaration under Rule 4:

Mr. Mohammad Ahmad Kazmi (U. P. Muslim).

STARRED QUESTIONS AND ANSWERS

(a) ORAL ANSWERS

DRINKING WATER AT RAILWAY STATIONS

*263. **Shri B. K. Sidhva:** (a) Will the Honourable Minister of Railways be pleased to state whether cold drinking water is available at Delhi Station on payment of one pice per glass?

(b) Is it a fact that ice water is distributed free of charge by Railway authorities at various stations during summer season?

(c) What are the duties of the Railway authorities regarding distribution of cold drinking water to passengers?

(d) Has the consent of the Local Advisory Committee of East Punjab Railway been taken for charging one pice per glass for supplying water?

(e) What is the total amount derived from this sale of water and what is the expenditure per day?

(f) Is the supply of this cold water financed by Government or by contractors?

The Honourable Shri K. Santhanam: (a) Yes, electrically cooled water is supplied at one pice per glass, in addition to the usual free supply of drinking water.

(b) No. Only water cooled in earthen vessels is distributed at various stations free of charge during summer season or throughout the year as may be deemed necessary.

(c) The supply of drinking water is one of the amenities provided by Railway Administrations to travelling passengers.

(d) Yes.

(e) The total amount derived from the sale of ice water at Delhi main station from 1st May, 1949 to 15th October, 1949 was Rs. 6,834/11/-, i.e. about Rs. 41 per day and the expenditure per day was Rs. 28 approximately. The profits are being applied to improving and extending this service.

(f) The supply of this cold water is financed by Government.

Shri B. K. Siddha: May I know whether at any time in the past Government have charged the passengers for the supply of drinking water?

The Honourable Shri K. Santhanam: In the past no electrically cooled water was supplied anywhere.

Shri B. K. Siddha: Was ice water supplied free of charge or not?

The Honourable Shri K. Santhanam: Only water cooled in pots used to be supplied.

Shri B. K. Siddha: Has the Honourable Minister seen in the N. W. Railway that water in pots with ice put in them has been supplied?

The Honourable Shri K. Santhanam: Water cooled in pots has been supplied and is being supplied at many stations. So far as I know, no electrically cooled water was supplied before this.

Shri Sita Ram S. Jajoo: Do Government propose to have similar schemes on different Railways?

The Honourable Shri K. Santhanam: We are contemplating the extension of this system on other Railways also.

Sardar Bhopinder Singh Man: Do Government continue the practice of supplying cold water in this cold season also?

Mr. Speaker: I am not allowing that question.

Shri Aji Prasad Jain: I heard the Honourable Minister saying that the profits are being used for increasing the amenities. May I know the system that is being adopted and the kind of amenities that are being provided from the profits?

The Honourable Shri K. Santhanam: From one platform we are putting cooling machines in other platforms and we are putting the same machines in other stations also.

Mr. Frank Anthony: Is it a fact that vendors are appointed to sell water described as 'Hindu water'?

The Honourable Shri K. Santhanam: There is no such discrimination anywhere in the Railways at present.

Shri B. K. Siddha: May I know if a Betterment Fund exists for giving amenities to the public and if it is so, why should the public be charged for supply of electrically cooled water and why should it not be supplied free of charge from that Fund?

The Honourable Shri K. Santhanam: I may explain that the charge for electrically cooled water is for the benefit of the passengers. The charge ensures that the limited amount of water available is not wasted and that it is not used indiscriminately by the large number of porters and other station staff. This charge is also for providing adequate staff to keep the water clean and make the distribution easy for passengers. This system was introduced for that purpose, not from any profit-making motive. Otherwise, passengers may not get as much water or water in such a sanitary fashion as they are getting at present.

DEVELOPMENT OF KANDLA AS A MAJOR PORT

*264. **Shri R. K. Sidhva:** (a) Will the Honourable Minister of Transport be pleased to state whether it is a fact that the Government of India have appointed a Committee to go into the question of water supply position in Cutch in view of the development of Kandla as a major port?

(b) If so, what is the name of the Committee and has their report been received?

(c) What will be the total cost of such a scheme?

(d) What will be the total supply of water daily to Kandla?

The Honourable Shri N. Gopalaswami Ayyangar: (a) Yes.

(b) The name of the Committee is the Kandla Water Supply Committee. An advance copy of their report has been received.

(c) The cost of any scheme of water supply depends upon the population which it is intended to serve. In the case of Kandla it will, in the first instance, be necessary to provide for a population of about 50,000 persons. Provision will also have to be made for the growth of population in the future as a result of development. While it is estimated that the cost of the arrangements for supplying the immediate requirements may not exceed Rs. 20 lakhs, firm estimates have not been worked out. It is also not possible at this stage to give any estimates for the cost of the long range schemes.

(d) The immediate requirements for the next two years during the stage of development will be about 2.5 million gallons for a day on the basis of an estimated consumption of 50 gallons of water per head per day of population, including the needs of industry and bulk users. The Committee is of the opinion that by tapping surface sources as well as underground supplies, it should be possible to meet a ten-fold increase in demand, subject to arrangements for proper conservation of water supply, in a period of 90 years.

Shri R. K. Sidhva: May I know whether geologists have in the past made any report regarding the supply of water in this area and whether that has been taken into consideration?

The Honourable Shri N. Gopalaswami Ayyangar: I do not know about the previous geological reports, but I think some surveys were made in the past. A geologist was on this Committee helping it from a geological point of view.

Shri R. K. Sidhva: If it is germane, may I with your permission ask the following question? What is the progress of the Kandla Harbour Survey?

Mr. Speaker: That is another question.

Shri Mahavir Tyagi: What is the source of supply of this water? Is it tubewells or some other source?

The Honourable Shri N. Gopalaswami Ayyangar: The scheme is to build a few reservoirs at different places and also to construct wells and a pipeline scheme for the supply of water to the area.

Shri Kishorimohan Tripathi: What is the population of Kandla?

The Honourable Shri N. Gopalaswami Ayyangar: It is negligible at present.

ENVELOPES AND POSTCARDS (NEW DESIGNS)

*265. **Shri R. K. Sidhva:** (a) Will the Honourable Minister of Communications be pleased to state why the embossed envelopes and post cards have not yet been printed with a new design after the attainment of Independence?

(b) What are the causes for delay and when are the newly embossed envelopes and post cards likely to be issued?

(c) Have the new designs for this purpose been finalised and if so, what are these designs?

Shri Khurshed Lal (Deputy Minister of Communications): (a) Envelopes and post cards of the new design are already on sale at post offices.

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

Shri R. K. Sidhva: May I know whether there are still in existence post cards and envelopes with the King's effigy and, if so, how many times, after the attainment of freedom, were they got printed with the King's effigy?

Shri Khurshed Lal: The old pattern envelopes and post cards are no longer in production in the Security Press. Whatever old pattern stamps are on sale are from the stock left unsold in the post offices and these must be used in the interests of national economy. I would not be able to tell my honourable friend how many times they were got printed after 15th August 1947.

Shri P. T. Chacko: May I know whether the figure of God or Goddess is printed on these?

Shri Khurshed Lal: Not except on the archaeological series.

Shri H. V. Kamath: Are steps taken to see that all post offices are supplied with adequate stocks of these envelopes and postcards?

Mr. Speaker: Order, order.

Shri Ajit Prasad Jain: May I know what time did it take, after obtaining independence, to print the new designs?

Shri Khurshed Lal: The new design envelopes were issued in June, 1949 and the new post cards in October, 1949.

Shri H. V. Kamath: Is it a fact that several post offices in the country are without an adequate stock of envelopes and cards of these new designs?

Shri Khurshed Lal: There may be post offices which have not got the new design post cards and envelopes. It is our intention to use up all the old patterns of these envelopes and post cards.

Shri R. K. Sidhva: As the Deputy Minister told us that they were printed in June 1949, I want to know whether any envelopes and post cards were printed in the old pattern after 15th August 1947?

Mr. Speaker: What is the point of the enquiry?

Shri R. K. Sidhva: The point of the enquiry is that post cards and envelopes were printed in the old pattern later.

Mr. Speaker: He has already contradicted that. This is not a point for information, but for cross-examination.

INTERNATIONAL CIVIL AVIATION ORGANISATION

*266. **Shri R. K. Sidhva**: (a) Will the Honourable Minister of Communications be pleased to state whether it is a fact that under laws of the International Civil Aviation Organization, international air-ports should not lie within a radius of about 10 miles of any flying club, slaughter house or tannery?

(b) If so, are there any air-ports in India which infringe this regulation?

(c) Do Government intend to follow the International Civil Aviation Organisation laws?

(3) If there are any such air-ports which do not comply with these requirements, what steps Government intend to take and which are such ports?

Shri Khurshed Lal (Deputy Minister of Communications): (a) No, but International Civil Aviation Organisation's recommendations and standards are to the effect that training of student pilots should be so arranged that they do not constitute a hazard to air navigation, and are aimed generally to eliminate such hazards. The flight of vultures, attracted by a slaughter house or tannery may, according to the facts of each case, constitute such hazard.

(b) Does not arise; but the vultures near Santa Cruz due to a slaughter house and tanneries in the vicinity, constitute a hazard to safety of air navigation. Also, when Santa Cruz airport is fully developed, it may become necessary to shift the Bombay Flying Club from Juhu.

(c) Yes, to the extent of India's resources.

(d) The question of shifting the slaughter house and tanneries away from the vicinity of Santa Cruz airport is under negotiation with the authorities concerned.

Shri R. K. Sidhva: Have the Government asked the Bombay Government to remove the slaughter house from its present position within three years and whether they have considered the steps they intend to take during that period for the safety of the aircrafts?

Shri Khurshed Lal: As I said, we have already taken up the matter with the Bombay Municipal Corporation for the removal of the slaughter house from there. But no time-limit has been fixed. We are trying to expedite the removal as much as possible.

IMPORT OF GRAM

*267. **Shri R. K. Sidhva:** (a) Will the Honourable Minister of Food be pleased to state whether gram is surplus in the country?

(b) What has been the quantity of production of gram in 1947, 1948 and 1949, and what has been the consumption during the same period?

(c) Has any quantity of gram been imported from foreign countries in 1947, 1948 and 1949? If so, what was the quantity?

The Honourable Shri Jairamdas Doulatram: (a) The country is more or less self-sufficient in gram.

(b) Production during each of the years 1947, 1948 and 1949 was 3.7 million tons, 4.5 million tons and 4.6 million tons respectively. Statistics of consumption of gram are not available but it may be assumed, except for the usual carry-over, the quantity produced in a year is consumed during the year.

(c) No gram has been imported on Government account in 1947, 1948 and 1949.

Shri R. K. Sidhva: The Honourable Minister stated that no grams were imported on Government account. May I know whether any gram was imported on any other account?

The Honourable Shri Jairamdas Doulatram: It could only be on trade account, because during that time there was no control on gram.

Shri R. K. Sidhva: In 1948 there was control on gram.

The Honourable Shri Jairamdas Doulatram: There was no control during the period that gram was imported.

Shri R. K. Sidhva: May I ask whether it is not a fact that Government imported from Aden a certain quantity in the latter part of 1948?

The Honourable Shri Jairamdas Doulatram: I have given the information. Government have not imported gram.

Shri R. K. Sidhva: May I ask whether any gram was imported from Aden and, if so, what is the quantity, in what year and by whom?

Mr. Speaker: Order, order.

Shri M. Tirumala Rao: Is it a fact that large quantities of gram are lying in P.E.P.S.U. and East Punjab?

The Honourable Shri Jairamdas Doulatram: I do not think it is even now lying there. There was a large surplus declared by P.E.P.S.U. and East Punjab. That was at a very late stage.

I will give the House some information on this matter, because I know there is some amount of criticism in regard to it. The P.E.P.S.U. Government declared in September some 50,000 tons as surplus. We allocated that surplus to various Governments. Then again on 15th November they declared 15,000 tons as surplus and this again was allocated to some provinces. Again in January they declared a surplus of 15,000 tons and this also was allocated. Again there was a surplus and this too we allocated to the Provinces. The difficulty arose because they declared a surplus in July this year.

Sardar Bhopinder Singh Man: May I know whether these quantities which were allocated to different provinces were subsequently removed from the *mandis*?

The Honourable Shri Jairamdas Doulatram: Most of the gram was sent to the provinces. I believe the whole quantity has been sent to the provinces.

Shri Deshbandhu Gupta: May I know whether the figures supplied by P.E.P.S.U. were correct and that there really was no wastage?

The Honourable Shri Jairamdas Doulatram: In P.E.P.S.U. the administrative machinery is not up to the mark. As the Government is not directly procuring we were not able to get reliable data. We are trying to see that the administrative machinery is brought upto the mark.

Shri Mahavir Tyagi: Was it in the knowledge of Government that gram was imported from foreign countries and, if so, why they did not take steps to stop it?

The Honourable Shri Jairamdas Doulatram: In August 1948 the Commerce Ministry decided to relax their import regulations regarding the commodities that should be allowed to be imported. At that time gram was not under control. Only one per cent. of the total production here was imported. The import amounted to 35,000 tons as against the production in India of 38,00,000 tons.

Shri Ajit Prasad Jain: Do Government maintain figures of gram that go to rot?

The Honourable Shri Jairamdas Doulatram: Government have no record of any commodity that goes to rot, not only gram but of other commodities also.

Shri R. K. Sidhva: May I know the price of gram in Punjab and Jaipur and Jodhpur?

The Honourable Shri Jairamdas Doulatram: I would require notice of the question.

STATE RAILWAYS

*268. **Shri R. K. Sidhva:** (a) Will the Honourable Minister of Railways be pleased to state the names of the Railways belonging to the Indian States which came under control of the Government of India after the States' merger with various provinces or otherwise?

(b) What had been the total strength and income of each Railway before it was taken over by the Government of India?

(c) Are there still any Railways under the control of Indian States? If so, which are they and when are they likely to be taken over?

(d) Are all these Railways self-supporting?

The Honourable Shri N. Gopalaswami Ayyangar: (a) and (b). I place a statement on the Table of the House (See *Appendix VIII, annexure No. 1*), Part I of which gives full details of Railways belonging to Indian States which have come under the control of the Government of India. The expression 'strength of each railway' is not clear, perhaps the Honourable Member refers to the length, i.e., route mileage.

(c) Details of Railways which are still under the control of Indian States or Unions are given in Part II of the statement. These Railways will be taken over by the Government of India on 1st April, 1950.

(d) The financial results for 1948-49 of all these Railways would appear to indicate that except for the Jodhpur Railway, the rest are self-supporting.

PUSA DAIRY FARM

*269. **Shri Mahavir Tyagi:** (a) Will the Honourable Minister of Agriculture be pleased to state the quantity of milk daily produced in the Pusa Dairy Farm?

(b) What is the cost price of milk per seer and at what rates is it supplied to:

(i) the employees of the Pusa Institute; and

(ii) the public at large?

The Honourable Shri Jairamdas Doulatram: (a) Eight hundred and twenty-five to eight hundred and eighty-five seers.

(b) The cost comes to six and a half annas a seer. The sale rate of milk for both (i) and (ii) is eight annas a seer, delivery at the Institute.

Shri Mahavir Tyagi: May I have the quantity consumed in the Institute itself and the quantity sold in the open market?

The Honourable Shri Jairamdas Doulatram: I would not be able to give the figures. Probably a good portion is consumed in the Institute by the students and the low-paid staff.

Shri Mahavir Tyagi: May I know if most of the milk produced is consumed by the employees of the Institution itself?

The Honourable Shri Jairamdas Doulatram: I have not got the figures, but I am prepared to supply them.

Shri B. P. Jhunjhunwala: What are the items taken into account in arriving at the cost of production in the dairy?

The Honourable Shri Jairamdas Doulatram: All the various charges including a portion of administrative charges and also depreciation.

Shri B. P. Jhunjhunwala: May I know whether the Institute is doing anything to improve the stock of the cattle?

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

The Honourable Shri Jairamdas Doulatram: It has done a great deal to improve the stock of the cattle. Previously the yield of milk per cow was 12 lbs. Now it has been increased to 20 lbs.

Shri Mahavir Tyagi: May I know if the Government has issued any instructions with regard to the quantity of milk to be consumed in the Institute itself? What I want to know is whether there is any restriction placed on the use of milk in the Institute itself.

The Honourable Shri Jairamdas Doulatram: At present there is no restriction, but the whole question is being reviewed.

Shri Mohan Lal Gantam: May I know if the Government is buying any milk at a higher rate than that at which it is selling from this Dairy, and, if so, why cannot the Government purchase from the Dairy itself?

The Honourable Shri Jairamdas Doulatram: I have no knowledge of Government purchasing any milk from outside.

Shri Mohan Lal Gantam: The Government should be purchasing milk in its different institutions like hospitals, etc. In these Institutions is the Government purchasing at a higher price than that at which it is selling in this Dairy? If so, why cannot the Government purchase from this Dairy itself?

The Honourable Shri Jairamdas Doulatram: A proposal to hand over the surplus to hospitals is under consideration.

Shri Mahavir Tyagi: May I know the purpose for which Government is maintaining this Dairy?

The Honourable Shri Jairamdas Doulatram: The purpose is to improve cattle of the Sahiwal breed.

GROUND-NUT-CAKE-FLOUR

***270. Dr. Mono Mohon Das:** Will the Honourable Minister of Food be pleased to state:

(a) the institutions and laboratories where experiments have been carried out with ground-nut-cake-flour as to its suitability for human consumption; and

(b) the results of such experiments?

The Honourable Shri Jairamdas Doulatram: (a) (i) Nutrition Research Laboratory, Coonoor; (ii) Central Food Technological Institute, Mysore; (iii) All India Institute of Hygiene and Public Health, Calcutta; (iv) Haffkine Institute, Bombay; (v) Nutrition Adviser, Director General of Health Services, Ministry of Health, New Delhi; and (vi) Ministry of Food Laboratory.

(b) The result of these experiments have shown that if ground-nut-cake-flour is of good quality and free from grit and rancidity it could be used with wheat atta to the extent of 5 per cent.

Dr. Mono Mohon Das: Is there any country in this world which uses this ground-nut-cake-flour and, if so, is there any difference in the chemical composition of the ground-nut-cake-flour they use and that we are going to use here?

The Honourable Shri Jairamdas Doulatram: I cannot say if ground-nut-flour mixed with wheat flour is used anywhere else. So far as the quality is concerned, if we have to introduce this at all, the Government does not propose to use any quality which is not absolutely fit for human consumption.

Dr. Mono Mohon Das: May I know whether ground-nut-cake-flour is used in the U.S.A.?

The Honourable Shri Jairamdas Doulatram: It is used in the U.S.A. for various purposes for human consumption but not in the form of flour.

Dr. V. Subramaniam: May I know for how long ground-nut-cake-flour mixed with atta keeps its quality without decomposing?

The Honourable Shri Jairamdas Doulatram: About five weeks in Delhi, but this period will differ from place to place.

Dr. V. Subramaniam: Will the Government take necessary precautions to see that ground-nut-flour mixed with atta is not used beyond this period?

The Honourable Shri Jairamdas Doulatram: Government will take every precaution to see that this is not used beyond the period when it gets rancid.

Dr. Mono Mohon Das: May I know whether Government has arrived at any decision to introduce ground-nut-cake-flour as an item of food in the rationing of the country?

The Honourable Shri Jairamdas Doulatram: No final decision has been arrived at yet.

Shri H. V. Kamath: Have all the Honourable Ministers given a fair trial to this commodity in their daily diet? Has the Honourable Minister at least done so?

Mr. Speaker: Order, order.

Shri M. Ananthasayanam Ayyangar: Does the Honourable Minister know that an experiment was made of mixing this ground-nut-cake-flour, cakes were prepared and distributed to about 150 girls of the Lady Irwin College and that after that, the girls were suffering from nausea and many suffered from diarrhoea.

Mr. Speaker: I am afraid I cannot allow this question.

Shri M. Ananthasayanam Ayyangar: I am only making an enquiry.

Mr. Speaker: Dr. Deshmukh.

Dr. P. S. Deshmukh: May I know, Sir, whether this proposal to use on a large scale the ground-nut-cake-flour for human consumption is in conformity with the Gandhian principles, since it will deprive cattle of their feed?

Mr. Speaker: Order, order.

Shri Deshbandu Gupta: May I know the estimated cost of groundnut-cake-flour per maund?

The Honourable Shri Jairamdas Doulatram: At Bombay, it will be Rs. 9 per maund F.O.R.

Shri B. P. Jhunjhunwala: What are the other uses to which ground-nut-cake-flour is put, and whether the quantities available are sufficient for those purposes?

The Honourable Shri Jairamdas Doulatram: It is used as manure, and the quantity available is not sufficient for manuring purposes.

HIMALAYAN EXPEDITIONS

*271. **Dr. Mono Mohon Das:** Will the Honourable Minister of Communications be pleased to state:

(a) how many expeditions have up to date, been sent by Government to the Himalayas for finding a suitable site for the establishment of a Research Institute at high altitude; and

(b) the expenses incurred by Government on each of these expeditions?

Shri Khurshed Lal (Deputy Minister of Communications): (a) The Indian Meteorological Department and the Central Water-power, Irrigation and Navigation Commission have to undertake joint tours to certain areas in the Western Himalayas for Hydrometeorological and Snow Survey work. It has been arranged that these tours should be taken advantage of for surveying possible sites for the establishment of a high-level Research Station in the Himalayas. Three such tours have so far been undertaken.

(b) The expenditure incurred on these tours was respectively Rs. 14,800, Rs. 16,400 and Rs. 9,800. The major part of this expenditure was in connection with the Hydrometeorological and Snow Survey work.

Dr. Mono Mohon Das: May I know whether these expeditions have come to any successful conclusion?

Shri Khurshed Lal: As I said, no site has yet been fixed upon.

Dr. Bakhshi Tak Chand: What were the places these expeditions went to and when?

Shri Khurshed Lal: The first was in June-July, 1948 to Badrinath and Kairi Pass areas; the second was in May-June, 1949 to Sikkim and Jumnotri areas; and the third was in August-September, 1949 to Bara Lacha area.

Shri H. V. Kamath: May I know whether there were any casualties in these expeditions?

Shri Khurshed Lal: Not any that I know of.

Dr. Mono Mohon Das: Is Government contemplating any such further expeditions?

Shri Khurshed Lal: These expeditions were undertaken for some other work and advantage was taken of that to examine sites for this purpose also. They were not undertaken primarily for the purpose of fixing a site.

Shri Mahavir Tyagi: For what other purposes?

Shri Khurshed Lal: I said they were undertaken for Hydrometeorological and Snow Survey work.

OBSERVATORY ON THE HIMALAYAS

*272. **Dr. Mono Mohon Das:** (a) Will the Honourable Minister of Communications be pleased to state whether the scheme for establishing a multi purpose observatory on the Himalayas has been finalised?

(b) If so, where will it be situated? (c) What will be the cost of (i) construction; (ii) equipments; and (iii) maintenance of the said observatory?

Shri Khurshed Lal (Deputy Minister of Communications): (a) No, Sir.

(b) Does not arise.

(c) I am not in a position to give any estimates at this stage.

NEW POST OFFICES

*273. **Shri Satis Chandra Samanta:** Will the Honourable Minister of Communications be pleased to state:

(a) how many villages, with a population of two thousand and over, applied to the Government for opening Post Offices in their respective areas in the years 1948 and 1949;

- (b) in how many cases their requests have been complied with;
- (c) how many applications are under consideration; and
- (d) how many cases have been rejected?

Shri Khurshed Lal (Deputy Minister of Communications): (a) 9,619 during the period from January, 1948 to October, 1949.

- (b) 2,040.
- (c) 1,428.
- (d) 151.

Shri Satis Chandra Samanta: May I know whether any Post Offices were asked to deposit some money and, if so, how much money has been deposited by them?

Shri Khurshed Lal: I do not know that any Post Offices are asked to deposit any money.

Sardar Bhopinder Singh Man: May I know the policy of the Government as regards the establishment of Post Offices in villages which have a population of less than two thousand?

Shri Khurshed Lal: In these cases we try to accommodate the villages as much as we can by combining two or three of them.

Shri Satis Chandra Samanta: What are the principles governing the opening of Post Offices?

Shri Khurshed Lal: Post Offices are opened on certain principles. As I have said, of the four thousand applications received, only 151 have been rejected.

Shri R. K. Sidhva: The Honourable Minister stated in the last Budget Session that the increase in the postage stamps and post-cards was due to the opening of new Post Offices in villages. May I know from 1st April 1949 to October, how many Post Offices were opened?

Shri Khurshed Lal: About 1,500 Post Offices have been opened since the 1st of April this year.

Shri Ajit Prasad Jain: May I know what has been the additional cost on the opening of these 1,500 Post Offices?

The Honourable Mr. Rafi Ahmad Kidwai: It was said in this House that we will open Post Offices where the loss in the first year will not exceed Rs. 750 and therefore wherever the estimated loss is not more than Rs. 750 in the first year, we have opened Post Offices and the applications that were rejected were from places where the loss would have been more than Rs. 750 a year.

Shri Ajit Prasad Jain: What I asked was about the total cost and not the cost which has been incurred on each individual Post Office or the maximum of cost which can be incurred on individual Post Offices. May I have an idea of the total cost which Government have incurred in the total year?

The Honourable Mr. Rafi Ahmad Kidwai: The total cost can be calculated if we have got the returns but our estimate was that in any Post Office newly opened, we will incur a loss of not more than Rs. 750 a year.

Shri Ajit Prasad Jain: May I know whether the Government have any scheme of running mobile Post Offices like the mobile treasuries in the U.P.?

The Honourable Mr. Rafi Ahmad Kidwai: We have approved that experiment but we have not got any definite scheme as yet.

Shri S. V. Krishnamoorthy Rao: What is the number of villages with a population of 2,000 and which are not served by the Post Offices?

Shri Khurshed Lal: The total number of villages with a population of over 2,000 in India is 16,178. The number of villages which had post offices on or before 31st March 1949, was 9934, the number of Post Offices opened in such villages from 1st April, 1949 to 31st October, 1949 is 1762.

Shri H. V. Kamath: Is it a fact that the scheme of mobile Post Offices was attempted in the Central Provinces but has since been abandoned?

Shri Khurshed Lal: Some experiments were made but we have not yet come to any definite conclusion.

Sardar Bhopinder Singh Man: What number of these 1,500 Post Offices which were opened last year were in those groups of villages which have population less than 2,000 and what number is confined to the villages which have got more than 2,000 population?

Shri Khurshed Lal: We have not differentiated that way. Either the village should have a population of 2,000 itself or roundabout that must have that population. I won't be able to give the Honourable Member exact figures.

Shri P. T. Chacko: May I know when the integration of the Department is completed, whether the Government intend to convert all the Anjal offices in the State of Travancore and Cochin as Post Offices?

Shri Khurshed Lal: The question of Anjal offices in the State of Travancore and Cochin is under our active examination as to what we are going to do after the 1st April 1950. In any case, we do not intend to decrease the facilities which the people have already got.

Shri R. K. Sidhva: Are the 1,500 post offices full-fledged post offices, *i.e.*, doing all postal transactions?

Shri Khurshed Lal: All sorts.

Mr. Speaker: Order, order.

Shri O. V. Alagesan: Is it expected that the Post Offices will be self-sufficient after the first year?

Shri Khurshed Lal: They are not expected to be self-sufficient after the first year.

DEVELOPMENT OF KANDLA PORT

*274. **Shri Satis Chandra Samanta:** (a) Will the Honourable Minister of Transport be pleased to state the progress so far made to develop Kaudla as a major port?

(b) How long will it take to complete the work?

The Honourable Shri N. Gopalaswami Ayyangar: (a) For the co-ordinated development of Kandla Port, Railway and the hinterland, a high-level Organisation under a Development Commissioner has been set up and the engineering and other staff necessary has been and is being recruited. An advisory Committee has been established with Shri Kasturbhai Lalbhai as Chairman to advise the Government in regard to the various development plans connected with the project. Priority is being given to the metre gauge rail link to the port and a special Officer has been put in charge of this construction. The question of water supply has been examined by a Committee and boring is

expected to start shortly. Construction of quarters and land reclamation will also commence shortly. Improvements to navigational aids immediately necessary in the Gulf of Cutch have been decided upon. Hydrographic, land and traffic surveys of the port area are well under way. Arrangements have been made for the visit of Consulting Engineers to the port for a reconnaissance survey for deciding along with other matters, the actual site of the berths.

(b) About four years.

Shri Satis Chandra Samanta: How much money has been spent in the construction of the Kandla Port and how much the whole scheme will cost?

The Honourable Shri N. Gopaldaswami Ayyangar: Rs. 15 lakhs have been allotted for expenditure in the current year. I have not got the figures of actual expenditure up-to-date.

Shri R. K. Sidhva: May I know whether the owners of the salt factory adjoining this Kandla Port approached the Government with the request that the salt factory should be allowed to be retained and otherwise it will cost the Government a great deal of amount? May I know whether any representation has been made and if so, whether a committee has been appointed to consider this point.

The Honourable Shri N. Gopaldaswami Ayyangar: A representation has been received and it is under consideration.

RAILWAY BOGIES AND LOCOMOTIVES

†*275. **Seth Govind Das:** Will the Honourable Minister of Railways be pleased to state the number of bogies manufactured and locomotives assembled or manufactured in India during the financial years 1947-48 and 1948-49?

The Honourable Shri N. Gopaldaswami Ayyangar: It is presumed that by the word 'Bogies' the Honourable Member means 'Bogie Coaches'. The numbers of such coaches built in India are:

	1947-48	1948-49
Broad Gauge	90	111
Metre Gauge	15	84

The manufacture of locomotives in India has not yet properly commenced. This will start at the Chittaranjan Workshops next year. In spite of the limited workshop resources so far, however, one BG Tank Engine was built at Ajmer during 1947-48 and four during 1948-49.

In the case of some of the locomotives imported from abroad, assembling has to be done at Railway Workshops at ports. During 1947-48, eight imported locomotives were assembled; during 1948-49, 36 were assembled. Wherever possible, shipping arrangements are made to enable import of completely assembled locomotives.

ACCIDENTS ON THE RAILWAYS

†*273. **Seth Govind Das:** (a) Will the Honourable Minister of Railways be pleased to state whether Government are aware that serious accidents occur on the Railways due to the overcrowding, sitting of passengers on the roof and standing of passengers outside the doors of trains?

(b) If so, do Government propose to run only one-class-trains like the Janata Express on suitable railway-lines?

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

The Honourable Shri N. Gopalaswami Ayyangar: (a) There has been no accident directly attributable to overcrowding in compartments, but certain accidents have taken place on account of persons travelling on footboards and roofs of carriages. To a certain extent these dangerous practices are to be attributed to non-purchase of tickets and other irregularities not connected with overcrowding in compartments.

(b) All possible steps, including the running of purely class three trains, continue to be taken to meet the problem of overcrowding.

Grow More Food

†277. **Shri B. L. Malviya:** (a) Will the Honourable Minister of Agriculture be pleased to state the figures for the year beginning with June, 1948 of (i) the net area of land cultivated, (ii) the area left fallow and (iii) the area of cultivable waste lands in India?

(b) With what success have steps been taken for growing more food?

(c) What steps have been taken to tap the recently found water resources in the deserts of Rajputana?

The Honourable Shri Jai Ramdas Doultram: (a) Full information is not available for 1948-49. It is being collected and will be made available as soon as it is ready.

(b) A statement is placed on the Table of the House showing the additional production of food-grains achieved under intensive cultivation schemes in Provinces in 1947-48 and 1948-49, as reported by the provinces.

(c) It has been decided to set up an exploration unit provided with modern equipment for exploring and developing the underground water resources of Rajasthan.

STATEMENT

The additional production achieved during 1947-48 and 1948-49 under G. M. F. Schemes.

(Figures in lakh tons)

Name of Province	1947-48	1948-49 (Increase over 1947-48 production)
(1) Assam	0.20	0.51
(2) Bihar	0.79	0.53
(3) Bombay	0.65	0.60
(4) C. P. and Berar	0.26	0.48
(5) East Punjab	0.01	0.09
(6) Madras	3.00	2.79
(7) Orissa	0.12	0.16
(8) U. P.	1.56	1.86
(9) West Bengal	0.13	0.26
TOTAL	6.72	7.28

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

DELHI TRANSPORT SERVICE

278. Shri Kishorimohan Tripathi: (a) Will the Honourable Minister of Transport be pleased to state what price Government had to pay when taking over the bus-services in Delhi and New Delhi, now known as the Delhi Transport Service?

(b) What was the total number of vehicles which the Government took over?

(c) When was the taking over completed?

(d) How many of the vehicles taken over were not in order?

(e) How many new vehicles have been added to the fleet after Government took over?

(f) What is the total number of vehicles now actually plying?

The Honourable Shri K. Santhanam: (a) The price payable was Rs. 26,00,280.

(b) 188 buses and 21 miscellaneous vehicles such as trucks, cars, motor cycles, jeeps, etc.

(c) On 14th May, 1948.

(d) 44 were undergoing repairs.

(e) 127.

(f) The number of buses in actual use is 195 and the average number of buses plying daily is 150.

Shri Kishorimohan Tripathi: Out of the vehicles that had been taken from the G.N.I.T. what is the number that is actually on line today?

The Honourable Shri K. Santhanam: About 70 are in actual use.

Dr. P. S. Deshmukh: What is the estimate of buses required to meet all the requirements of the traffic.

The Honourable Shri K. Santhanam: The full estimate is 300.

Shri Deshbandhu Gupta: Are Government satisfied that the payment of Rs. 26 lakhs was not an over-payment?

The Honourable Shri K. Santhanam: A Valuation Board was appointed consisting of Mr. S. V. Ayyar, Cost Accountant, Ministry of Finance, Mr. B. K. Lal, Service Representative of General Motors, Mr. H. A. Arshacony of General Motors, whose decision was binding on both parties.

Shri H. R. Guruv Reddy: What is the cost of each of the new vehicles that ply on the road?

The Honourable Shri K. Santhanam: I am afraid, I will require notice of that.

Shri Arun Chandra Guha: Is the service running at a loss to Government?

The Honourable Shri K. Santhanam: No. The other day I stated that the profit was expected to be about Rs. 10 lakhs for the current year.

Shri H. V. Kamath: Is the Honourable Minister aware of the general complaint that this bus service is still unpunctual and irregular?

The Honourable Shri K. Santhanam: My information is that recently the buses are running fairly punctually.

Shri Deshbandhu Gupta: Out of the 188 buses taken over as many as 118

are out of order. Do Government hope to recover some of them or have they all been declared irrecoverable?

The Honourable Shri K. Santhanam: Sir, some twelve buses were bought in 1943, eighteen in 1944, thirty-one in 1945, and fifteen in 1946 and therefore many of them are to be scrapped and some of them are to undergo major repairs before they can be put on the road.

Cardar Bhopinder Singh Man: As regards the sum of Rs. 26 lakhs which was paid to the Delhi Transport, did it include the price of the carriages and the workshop only or did it include a royalty or good-will as well?

The Honourable Shri K. Santhanam: Sir, the price included an amount of Rs. 88,100 for good-will compensation, Rs. 20,53,179 for cost of vehicles, Rs. 8,15,735 for spare parts, Rs. 25,975 for machine tools and Rs. 35,700 for furniture and fittings and Rs. 81,591 for stationery and stores.

Shri Kishorimohan Tripathi: May I know the name of the gentleman who negotiated the deal on behalf of the GNIT and the gentleman on behalf of the Government?

Mr. Speaker: Name of the gentleman?

Shri Kishorimohan Tripathi: I mean the name of the officer.

Dr. P. S. Deshmukh: May I know if the Transport Ministry has made any efforts to secure vehicles from the Disposals Department?

The Honourable Shri K. Santhanam: I do not know if the Disposals Department had any vehicles suitable for a service like the Delhi Transport Service. However, I require notice of that question.

Pandit Balkrishna Sharma: My friend Mr. Tripathi put a question with a view to know the name of the gentleman who negotiated the deal on behalf of the GNIT and perhaps you were pleased to rule it out of order. May I submit that this is not a personal question.

Mr. Speaker: I do not want any argument over that question.

Shri M. Tirumala Rao: Sir, the Honourable Minister just now gave the names of the officers on the Valuation Board. We only want to know the name of the Managing Director of the GNIT.....

Mr. Speaker: The question is not a proper one for answer.

Shri S. V. Krishnamoorthy Rao: May I know how the fares in Delhi compare with those in Bombay and Calcutta?

The Honourable Shri K. Santhanam: The rates in Delhi are certainly much higher than those in Bombay or Calcutta and they have to be higher in view of the traffic being concentrated during certain periods of the day and no traffic offering during the rest of the day.

Shri L. Krishnaswami Bharathi: The Honourable Minister stated that he requires three hundred buses to meet the requirements of Delhi. Do Government propose to increase the number and if so, when?

The Honourable Shri K. Santhanam: We are expecting to set up the Delhi Transport Authority and as soon as that Authority comes into being I expect that it will take the necessary steps in the direction.

Mr. Speaker: Next question.

D. T. S. STRIKE

*279. **Shri Kishorimohan Tripathi:** (a) Will the Honourable Minister of Transport be pleased to state why the D.T.S. employees went on strike in August, 1949?

(b) What were the demands of the strikers?

(c) Have any of these demands now been met by Government?

(d) What was the total number of the strikers?

(e) Have all the strikers been re-employed now?

(f) If not, how many of them have not yet been taken back in service and why?

The Honourable Shri K. Santhanam: (a) The Delhi Transport Service employees put forth certain demands for revision of pay and allowances and improved service conditions and demanded that they should be met by the Government within a month. Their representatives were interviewed by me on 9th August and were informed that their demands were being examined and Government's decision would be communicated to them by a specified date which was 30th September, 1949. The employees however under advice of their leaders went on strike from 10th August, 1949.

(b) and (c). I would invite the attention of the Honourable Member to the written reply given to part (b) of the question by the Honourable Shri V. C. Keava Rao on the 30th November, 1949.

(d) 1,227.

(e) No.

(f) 141 strikers still remain to be re-employed. Their re-employment will be considered as and when vacancies arise.

Dr. P. S. Deshmukh: On a point of order, Sir, a similar or identical question has been answered already.

Mr. Speaker: That is what I was thinking. Let the answer be there but we will not have any supplementary questions. Next question.

NIGHT AIR MAIL SERVICE.

*280. **Shri O. V. Alagesan:** (a) Will the Honourable Minister of Communications be pleased to state what was the total quantity of mail carried by night air mail service when it was in operation before the last monsoon season?

(b) What percentage of the total mail was carried by night air mail service?

(c) What expenditure has been incurred by the Government for the carrying of night air mail during the above period?

Shri Khurshed Lal (Deputy Minister of Communications): (a) 458,917 lbs. from 31st January, 1949, to 8th June, 1949.

(b) Of the total mail carried during the period 31st January, 1949 to 8th June, 1949, approximately 3.2 per cent. of the weight was carried by the Night Mail Service.

(c) Rs. 5,79,284/10/-.

Shri O. V. Alagesan: What is the present percentage of the mail that is being carried by the night air mail?

Shri Khurshed Lal: About 25 per cent. of the total mail is carried by air. As to how much out of that is carried by the night air mail I require notice.

Dr. P. S. Deshmukh: What is the average number of passengers carried every night by the night air mail service?

Shri Khurshed Lal: It does not arise out of this question.

NIGHT AIR MAIL SERVICE

*281. **Shri O. V. Alagesan:** (a) Will the Honourable Minister of Communications be pleased to state the names of the companies which were given the contracts to carry night air mail when it was first introduced?

(b) What are the companies which have been given the contract to carry night air mail from 15th October 1949?

(c) What is the procedure adopted in granting these contracts?

Shri Khurshed Lal (Deputy Minister of Communications): (a) The Indian Overseas Airlines Limited from the 31st January, 1949, under a provisional licence which expired on June 30, 1949.

(b) One Company, namely, the Himalayan Aviation Limited under a provisional licence for three months.

(c) Licences were granted in accordance with the Indian Aircraft Rules, 1937. Prior to that, consultations had been held with all air transport companies in regard to the terms of carriage of mails by air by night.

Shri O. V. Alagesan: In view of the fact that night air mail service is economically sound, is it proposed to extend the scheme?

Shri Khurshed Lal: We are considering the possibility of extending the night air mail service.

Shri H. V. Kamath: Who are the Managing Directors of the Himalayan Aviation Ltd.?

The Honourable Mr. Rafi Ahmad Kidwai: There is a question on that coming up.

Shri R. K. Sidhva: The provisional licence granted to them was for three months only. Is it contemplated to extend the period or some other procedure is contemplated?

Shri Khurshed Lal: The matter will be considered by the Air Transport Licensing Board in due course.

Shri H. V. Kamath: Sir, Question No. 286 may not be reached.

Mr. Speaker: Let us make an effort to reach it.

MESSAGE RATE SYSTEM (TELEPHONES)

*282. **Shri Arun Chandra Guha:** (a) Will the Honourable Minister of Communications be pleased to state in how many cities, Message Rate System for telephone has been introduced?

(b) What is the rate in the different cities?

Shri Khurshed Lal (Deputy Minister of Communications): (a) The message rate is current in eight cities.

(b) In Amritsar, Kanpur, Delhi and Poona, subscribers pay a fixed monthly rental of Rs. 10 per telephone plus call charges at twelve calls to the rupee.

In Bombay and Ahmedabad, the fixed monthly rental is Rs. 12 while calls are charged at As. -/1/6 each. In Madras, the fixed monthly rental is Rs. 12 while the call charges are As. -/1/6 per call up to 80 calls and As. -/1/3 per call thereafter for all calls made in any one month. *

In Calcutta the fixed monthly rental is Rs. 15 and calls are payable at As. -/2/- each. If the subscriber does not make more than 80 calls in one month, he gets a refund of Rs. 3 from the fixed rental but pays for calls at the rate of ten calls for Rs. 1/8/-.

Shri R. K. Sidhva: Why are there different rates prevailing in the different cities?

Shri Khurshed Lal: In the departmental exchanges the charges are the same. But in the exchanges that we took over from companies they had different rates. We are now trying to bring in uniformity.

Shri Arun Chandra Guha: May I know the reason why the rate is higher in Calcutta?

Shri Khurshed Lal: These are the rates which were being charged by the company at the time it was operating. Now in view of the fact that we are going to incur a huge expenditure for providing an automatic exchange in Calcutta we are examining the question as to what should be the proper charge in Calcutta.

Shri Arun Chandra Guha: When do the Government propose to introduce the automatic system in Calcutta and when do they expect the rates to be reduced?

Shri Khurshed Lal: The scheme will cost about fifteen crores of rupees for Calcutta and it will take about five years to complete. I cannot give any assurance to my honourable friend that the charges will be reduced. That will depend on what the scheme costs in its entirety.

Shri R. K. Sidhva: If a wrong number is obtained through the mistake of the exchange is the charge for the call refunded?

The Honourable Mr. Rafi Ahmad Kidwai: That depends upon the Honourable Member himself.

Shri R. K. Sidhva: I said "through the mistake of the exchange".

Mr. Speaker: It is a question of rules.

Shri R. K. Sidhva: Have any complaints been made by subscribers for wrong number and have refunds of the calls been considered?

The Honourable Mr. Rafi Ahmad Kidwai: If an immediate complaint is made refund is allowed.

Shri R. K. Sidhva: How many complaints have been made by subscribers in Bombay?

The Honourable Mr. Rafi Ahmad Kidwai: The General Manager, Bombay, will be able to give the reply.

Prof. K. T. Shah: What has been the effect on the volume of the traffic by the introduction of the message rate system? Has there been any decline in volume and if so, how much?

Shri Khurshed Lal: The volume of the traffic has considerably declined and the service has consequently improved.

Shri Mohan Lal Gautam: On what date would the General Manager, Bombay, be present in the House to reply to that question?

Mr. Speaker: Order, order.

Shri Arun Chandra Guha: Are we to take that till the installation of the automatic system in Calcutta there cannot be any reduction in the charges, i.e., not within five years?

Shri Khurshed Lal: The matter of fixing the proper charges in Calcutta is at present under consideration.

Shri Arun Chandra Guha: At least the rental charge for the instruments can be reduced immediately?

Shri Khurshed Lal: All these questions will be taken into consideration.

Shri B. K. Sidhva: Would you allow an Honourable Minister in reply to a question to refer to the General Manager, Bombay? If likewise every Honourable Minister asks the questioner to refer to his officers, would that be a correct procedure?

Mr. Speaker: The only point is that he requires notice to answer such a question.

Prof. N. G. Ranga: Is it not the duty of the Honourable Minister to say that he requires notice instead of suggesting someone of his subordinate officers.

Mr. Speaker: The matter does not require any serious notice.

Shri B. K. Sidhva: But it is not courtesy to the House.

Mr. Speaker: Order, order.

JUTE

***283. Sardar Mukam Singh:** (a) Will the Honourable Minister of Agriculture be pleased to state what is the total quantity of jute and jute products exported from India in 1946-47?

(b) What were the areas under jute cultivation in the financial years 1947-48 and 1948-49?

(c) What facilities do Government propose to provide to make India self-sufficient in jute?

(d) Has any financial aid been given to the peasants and if so, what is the amount given and what is the plan?

(e) Has any survey of land been made in Orissa and Assam to ascertain the areas suitable for jute cultivation?

The Honourable Shri Jairamdas Doulatram: (a) and (b). Two statements are placed on the Table of the House. (See Appendix VIII, annexure No. 2.)

(c) Facilities to be provided to the cultivators are: (i) improved seeds; (ii) allocation of fertilizers; and (iii) technical help for the control of pests and diseases of jute.

(d) The Government of Orissa have offered subsidies on seeds and have also offered irrigation water at reduced rates of tax to the peasants. The U.P. Government also give subsidies for seeds to the peasants. The question of giving financial aid from the Centre is now under consideration by Government.

(e) A rough survey was made by the Indian Central Jute Committee in 1948 but a detailed survey is now being undertaken by field parties in these provinces.

Sardar Mukam Singh: Has the Honourable Minister taken notice of some press reports that jute can be grown in Konkan districts of Bombay Presidency?

The Honourable Shri Jairamdas Doulatram: Yes, Sir.

Sardar Hukam Singh: Are any steps being taken, to facilitate and help these people to grow jute in those districts?

The Honourable Shri Jairamdas Doulatram: That matter also will be considered at the next meeting of the officials concerned with jute production which will be held in the middle of this month.

Sardar Hukam Singh: Are any steps being taken to survey different parts of the country with a view to find out whether there are possibilities of growing jute in other parts of the country?

The Honourable Shri Jairamdas Doulatram: The whole matter is being considered and wherever it is possible to increase the production of jute that area will be included in the programme.

Shri H. V. Kamath: Will the new scheme result in the diversion of land under food crops and thus adversely affect the Grow More Food campaign?

The Honourable Shri Jairamdas Doulatram: No. The idea is to coordinate the programmes and not to reduce the area which is otherwise intended for food production. If to any extent the food production in any particular Province is affected to that extent food production will be increased in other parts of the country.

Shri P. T. Chacko: May I know whether Government are encouraging jute cultivation in the low lands in Travancore and whether the same is affecting food production?

The Honourable Shri Jairamdas Doulatram: It will not be allowed to affect the food production scheme.

Shri Krishna Chandra Sharma: May I know what is the area under jute cultivation?

The Honourable Shri Jairamdas Doulatram: I have given it in the statement. For 1948-49 the area was 7,65,605 acres.

SUGAR AND SUGAR-CANE

*284. **Shri Ajit Prasad Jain:** (a) Will the Honourable Minister of Agriculture be pleased to state the price of sugar-cane fixed by Government for the ensuing current season?

(b) What is the corresponding selling price of sugar fixed by Government?

(c) What are the factors that have been taken into account in fixing the price of sugar-cane?

The Honourable Shri Jairamdas Doulatram: (a) Rs. 1/10/- per maund in U.P.

(b) Rs. 28/8/0 for E-27 grade sugar.

(c) In fixing the price the provincial governments generally take into account the cost of production of cane and the relative prices of competitive crops.

Shri Ajit Prasad Jain: Sir, in view of the fact that Government are allotting some time for a discussion of this question I do not propose to put any supplementaries now. But I would be obliged if the Honourable Minister can inform the House when he is going to fix the date for the discussion of the sugar question.

The Honourable Shri Jairamdas Doulatram: Sir, I would be able to indicate the date a few days afterwards.

Prof. N. G. Ranga: Do Government propose to announce the sugar-cane prices well in advance of the crushing season?

The Honourable Shri Jairamdas Doulatram: The season has started in many parts of the country and so far as the main producing areas are concerned the price has been declared.

Shri H. V. Kamath: Will a note on the subject be supplied to Members well in advance?

Mr. Speaker: It has already been said so.

Shri Sri Narayan Mahtha: May I know the price of sugar-cane in Bihar?

The Honourable Shri Jairamdas Doulatram: Rs. 1-10-9.

Shri Sri Narayan Mahtha: While fixing the price of sugarcane have Government taken into consideration the fact that the cost of cultivation is not cheaper this year than it was last year?

The Honourable Shri Jairamdas Doulatram: As Honourable Members are aware the prices of sugar-cane are fixed by the Provincial Governments of U.P. and Bihar under their local Acts. Therefore the Bihar price has been fixed by the Bihar Government and I believe they must have taken all these facts into consideration.

SUGAR

***285. Shri Ajit Prasad Jain:** (a) Will the Honourable Minister of Agriculture be pleased to state:

(i) what was the retail price of sugar prevailing in the markets of Calcutta, Bombay, Madras, Delhi and Lucknow immediately before sugar stocks were frozen by the Government of India;

(ii) the peak-price reached in the same markets after the stocks were frozen by the Government of India; and

(iii) the current price prevailing in these markets?

(b) What was the amount of sugar frozen in the U.P., Bihar and the rest of India?

(c) Were the Provincial Governments, particularly those of the U.P. and Bihar consulted before the decision to freeze sugar was taken?

(d) What were the views of the Provincial Governments, particularly those of the U.P. and Bihar in the matter?

(e) What are the proposals now before the Government to ensure a regular and steady supply of sugar at reasonable price?

The Honourable Shri Jairamdas Doulatram: (a) A statement showing the retail prices of sugar in the towns mentioned, is laid on the Table of the House.

(b) The quantity of sugar with the U.P. and Bihar sugar mills taken over by the Government was 1,07,123 tons while that in the rest of India was 15,934 tons.

(c) Yes.

(d) It would not be in the public interest to publish the views of the different provincial governments. In coming to its final conclusions on policy

Government was guided by the views of a majority of the provincial governments.

(e) A regular and steady supply of sugar at reasonable price will be largely dependent on adequate production of sugar in the ensuing season and every effort is being made to encourage maximum production.

STATEMENT

Sugar price (Retail) per seer

(IN RUPEES)

Name of town.	Price immediately before sugar stocks were frozen by the Govt. of India	Peak-price reached after the stocks were frozen by the Govt. of India,	Prevailing price (in ration).
Calcutta	-/14/- to 1/-/-	1/-/-	-/13/9
Madras	1/1/3	1/8/-	-/13/6
Bombay	1/-/- to 1/2/-	2/3/-	-/14/6
Delhi	1/-/- to 1/2/-	2/-/- to 2/4/-	-/13/3
Lucknow	-/15/-		-/13/3

Shri Ajit Prasad Jain: May I know whether it is a fact that at least one Minister of a Provincial Government and the Food Minister have indulged, in open controversy over sugar in the Press?

The Honourable Shri Jairamdas Doulatram: I would not like to discuss that matter at present in the House.

Pandit Hirday Nath Kunzru: The Honourable Minister suggested in the course of his reply that the efforts of the Government to provide sugar at a reasonable price will depend on the total production during the ensuing season

The Honourable Shri Jairamdas Doulatram: Yes, it will very much depend on that.

Pandit Hirday Nath Kunzru: Does he mean to suggest that the high price of sugar from which the public is suffering now is due entirely to the short production during the last season?

The Honourable Shri Jairamdas Doulatram: It does not mean that. What it means is that as the population increases and the sugar habit increases from year to year the production also has to increase alongside. Therefore, the increased supply will depend on the increased production and the increased demand.

Shri Ajit Prasad Jain: Is it a fact that the Tariff Board was consulted with regard to the price of sugar and sugar-cane and that it recommended that during the course of the next two years the price of sugar-cane should be brought down from Rs. 1/10/0 to Rs. 1/4/0 in two successive stages and that the price of sugar should be fixed at Rs. 22/4/0 ?

The Honourable Shri Jairamdas Doulatram: That is a fact.

Shri Ajit Prasad Jain: May I know why the recommendations of the Tariff Board have not been implemented?

The Honourable Shri Jairamdas Doulatram: The U.P. Government found it difficult to fix the price of sugar-cane at less than Rs. 1/10/0.

Shri Ajit Prasad Jain: May I know whether one of the considerations for fixing the price of sugar-cane at Rs. 1/10/0 was that the collection of Zamindari Abolition Fund may be facilitated?

Mr. Speaker: Order, order. The Question Hour is over.

Shri H. V. Kamath: Sir, Question No. 286 has not been reached.

Mr. Speaker: I was trying to reach it, but there was no help.

(b) WRITTEN ANSWERS

THE HIMALAYAN AIRWAYS

***286. Dr. Mono Mohon Das:** Will the Honourable Minister of Communications be pleased to state:

(a) whether the Government of India hold any shares in the Himalayan Airways to which the carrying of night mails has been entrusted;

(b) when this company was first established and who the Directors of the company are;

(c) what the number of Indian and non-Indian pilots serving in the company is;

(d) what the routes of this Airways Company are; whether they are confined within India; and

(e) whether the company has any previous experience of night-flying?

Shri Khurshed Lal (Deputy Minister of Communications): (a) No, Sir.

(b) On the 4th May, 1948. The Directors of the company are: Major-General Mahabir Sham Sher Jung Bahadur Rana (Chairman), Messrs. S. A. Basil, H. C. Lahiri, C. B. Pecker, D. N. Ganguli and R. E. W. Tomsett, Col. Maharajah Prithie Singh and Capt. S. Bujakowski.

(c) 21 pilots, comprising nine Indian, nine non-Indian and three Stateless.

(d) Bombay-Nagpur-Calcutta; and Delhi-Nagpur-Madras routes.

(e) The company was engaged in the operation of extensive non-scheduled flights, part of which was by night. Several pilots of the company have experience of over 4,000 hours flying, including considerable night flying.

FOOD IMPORTS

***287. Lala Raj Kanwar:** Will the Honourable Minister of Food be pleased to state:

(a) the Government's commitments in the way of food imports from hard currency and soft currency areas for: (i) the remainder of the current year, and (ii) the next year;

(b) the financial implications of these commitments; and

(c) the excess amount Government will have to pay as a result of the recent devaluation of the rupee?

The Honourable Shri Jaitramdas Doulatram: (a) (i) There are no commitments in respect of food imports from hard currency countries for the remainder of the current calendar year. Such commitments in respect of soft currency countries at the end of September, 1949 were:

Wheat and flour—218,500 tons,

Rice—86,700 tons.

The total C. F. value of these is about Rs. 12.66 crores.

(ii) No commitments have yet been made for food imports in 1950 except for 3,90,000 tons of wheat to be imported from Argentine.

(b) and (c). As it is a matter of negotiation with the exporting countries, it is not possible at present to give any definite estimates of the financial implications. Generally speaking we do not expect to pay as a result of devaluation any more for the outstanding commitments from soft currency countries for 1949 as they are covered by long-term contracts with fixed prices. In 1950, we expect that the price of wheat will go up by about 44 per cent., i.e., the extent of the devaluation while the price of rice may fall because of our decision to curtail our rice imports drastically.

SPEED OF RAILWAY TRAINS

***288. Lala Raj Kanwar:** Will the Honourable Minister of Railways be pleased to state:

(a) the names of the railway trains which have been speeded up during recent months, showing their previous and present speed; and

(b) the maximum speed at which such trains can be made to run without endangering public safety?

The Honourable Shri N. Gopalaswami Ayyangar (a) A statement (No. I) comparing the overall journey times of the more important trains according to the Time Table in force from 1st April, 1949, and that from 1st October, 1949, is laid on the Table. Another statement (No. II) showing the highest maximum permissible and the highest maximum booked speeds of the trains generally on the different Railways is also laid on the Table. (See *Appendix VIII, annexure No. 3*).

(b) The maximum permissible speed is as determined by the Government Inspector of Railways with due regard to the structure and condition of track. For the broad gauge the maximum permissible speed varies from 55 to 65 m.p.h. and for the metre gauge from 45 to 50 m.p.h. Local restrictions due to curvature, bridges, etc., are imposed as necessary by Railway Administrations. There are also certain limits of permissible speed for particular types of locomotives as imposed by the Government Inspector of Railways.

ISSUE OF RETURN RAILWAY TICKETS

***289. Lala Raj Kanwar:** Will the Honourable Minister of Railways be pleased to state:

(a) whether there is any proposal to re-introduce the system of issue of return tickets (both for week-ends, and longer periods) for passenger traffic; and

(b) if not, whether Government propose to consider the feasibility of doing so?

The Honourable Shri K. Santhanam: (a) No.

(b) The position is reviewed periodically but until travel conditions return to normal and congestion no longer prevails, it will not be possible to reintroduce return tickets at concession fares.

FAILURE OF PADDY CROPS

***290. Shri Santann Kumar Das:** Will the Honourable Minister of Food be pleased to state:

(a) whether Government are aware of the failure of paddy crops in the Districts of Cuttack, Ganjam and Balasore;

(b) whether it is a fact that the procurements from these districts have been stopped;

(c) whether it is a fact that the Government of Orissa has been advised not to allow export of paddy outside the province; and

(d) whether Government are aware that rice is selling at 1½ seers a rupee in many places in the District of Cuttack?

The Honourable Shri Jairamdas Doulatram: (a) There has been partial failure of paddy crop in the districts of Cuttack, Ganjam and Balasore.

(b) Procurement received a set back in the district of Ganjam. The question of stopping procurement in the districts of Cuttack, Ganjam and Balasore consequent on partial failure of paddy crop does not arise as in Orissa there is voluntary procurement and no compulsory levy. The Government of Orissa, therefore, purchase whenever the producers in these districts want to sell.

(c) The Orissa Government apprehending scarcity of supplies did stop exports of foodgrains outside the Province for a period of 1½ months. The buffer stock available in the Province having been found sufficient to cope with the demands from the consumers in the deficit districts, the despatches were again resumed.

(d) Enquiry from the Provincial Government shows that there they have no authentic information that rice was selling at 1½ seers per rupee anywhere in the district of Cuttack, nor is there any report regarding abnormal rise in price in the recent months.

GROW MORE FOOD

***291. Shri Santanu Kumar Das:** (a) Will the Honourable Minister of Agriculture be pleased to state what amount has been allotted to the Orissa Government for the "Grow More Food" scheme?

(b) How many schemes in this connection have been successfully worked out?

(c) What is the acreage that will be developed for this purpose?

The Honourable Shri Jairamdas Doulatram: (a) The total amount sanctioned to the Government of Orissa during the years 1946-47, 1947-48 and 1948-49 was Rs. 76,68,995 by way of grants and Rs. 78,99,760 as loans.

(b) A statement showing the results of the G.M.F. schemes during 1946-47 to 1948-49 as reported by the Provincial Government is placed on the Table of the House (See *Appendix VIII, annexure No. 4*).

(c) The area which benefited from G.M.F. schemes during the years 1946-47 to 1948-49 is as follows: 1946-47—2,47,321 acres, 1947-48—2,04,906 acres and 1948-49—1,68,660 acres.

NEW RAILWAY STATIONS

***292. Shri Lakshminarayan Sahu:** (a) Will the Honourable Minister of Railways be pleased to state what has been done with regard to the reply to my starred question No. 40, dated 30th January, 1948 in which he said that the matter of opening more Railway stations in the Cuttack District would be referred to the Railway Administration for investigation?

(b) What was the report of the Railway Administration?

(c) Do Government propose to lay a copy of it on the Table of the House?

The Honourable Shri N. Gopalaswami Ayyangar: (a) to (c). The General Manager, B.N. Railway's letters Nos. 18412, dated 22nd May, 1948, and C.42533/21/264B, dated 17th November, 1949, give the result of the investigation undertaken by the Railway and are placed on the Table of the House (See *Appendix VIII, annexure No. 5*).

Government agree with the conclusions reached.

D. T. S. STRIKE

***293. Shri Lakshminarayan Sahu:** (a) Will the Honourable Minister of Transport be pleased to state whether Government are aware that Prof. Shibban Lal Saksena has circulated amongst the members of the Constituent Assembly a booklet containing correspondence that passed between him and the Government in connection with the D.T.S. affairs?

(b) Have Government appointed any Enquiry Committee as demanded by him in connection with the alleged corruption prevalent in the D.T.S.? If so, what is the result of the enquiry, and do Government propose to lay on the Table of the House a copy of the report? If not, why not?

(c) How much loss have Government suffered on account of the strike?

The Honourable Shri K. Santhanam: (a) Yes.

(b) No Enquiry Committee was appointed by Government as the affairs of the Delhi Transport Service were already being scrutinised by a Sub-Committee of the Standing Finance Committee. The Conditions of working of the Delhi Transport Service were also recently investigated by a Motor Transport Expert and Government are implementing the recommendations made by him to improve the services. The latter part of the question does not arise.

(c) The loss is estimated at Rs. 1,38,000.

AGRICULTURAL RESEARCH

***294. Dr. P. S. Deshmukh:** Will the Honourable Minister of Agriculture be pleased to state whether any investigation has been made to ascertain the state and condition of research carried on under the authority of the Ministry of Agriculture, and if so, when the investigation was undertaken and with what result?

The Honourable Shri Jairamdas Doulatram: Yes. Investigations have been undertaken from time to time. A detailed account of them is given in the statement laid on the Table (See *Appendix VIII, annexure No. 6*).

RECLASSIFICATION OF RAILWAY COMPARTMENTS

***295. Dr. P. S. Deshmukh:** Will the Honourable Minister of Railways be pleased to state:

(a) the expenditure incurred on conversion of Second Class and Inter Class carriages into Class II carriages; and

(b) the estimated cost of alterations consequent on the reclassification proposed to be brought about with effect from 1st December 1949?

The Honourable Shri N. Gopalaswami Ayyangar: (a) The total expenditure incurred at the time of conversion was approximately Rs. 24 lakhs. This, however, included the cost of improving wherever possible, carriages of all classes to the minimum standard laid down.

(b) The estimated cost of alterations consequent on the introduction of Class II Special from 1st December, 1949 is Rs. 6 lakhs approximately.

CLASSIFICATION OF RAILWAY COMPARTMENTS

***296. Shri Ajit Prasad Jain:** Will the Honourable Minister of Railways be pleased to state:

(a) what were the considerations, for reducing four classes of compartments (first, second, inter and third) to three classes (I, II and III) on the Indian Railways;

(b) what are the considerations which have necessitated reversion to four classes, (I, II Special, II and III); and

(c) what the fares of class II Special are going to be?

The Honourable Shri N. Gopalaswami Ayyangar: (a) The main consideration was compliance with a persistent public demand, voiced from time to time on the floor of this House, for a reduction in the number of classes of passenger accommodation by the elimination of the former 1st Class and the acceptance of the three class system by the Central Advisory Council for Railways.

(b) Public demand for more satisfactory arrangements for long distance and night travel in Class II.

(c) 14 pies per mile.

ALTERATIONS IN RAILWAY COMPARTMENTS

***297. Shri Ajit Prasad Jain:** Will the Honourable Minister of Railways be pleased to state:

(a) what alterations in railway compartments became necessary as a result of reducing four classes, First, Second, Inter and Third to three classes (I, II and III);

(b) what the number of compartments affected was and what the cost incurred in making such alterations was; and

(c) whether any further alterations will be necessitated as a result of reversion to four classes?

The Honourable Shri N. Gopalaswami Ayyangar: (a) The principal alterations necessary were modifications in seating arrangements and provision of fans in some Class II and Class III compartments. Wash basins and mirrors were also provided in the bath rooms of a number of Class II compartments.

(b) It is estimated that about eight thousand compartments were affected and the total cost incurred in making these alterations was approximately Rs. 24 lakhs.

(c) Yes.

RAILWAY COACHES AND AMENITIES

***298. Pandit Mukut Bihari Lal Bhargava:** Will the Honourable Minister of Railways be pleased to state:

(a) the number of Class III coaches of the new type, which have been constructed and put on lines so far on the different B. G. and M. G. Systems;

(b) whether Government have fixed any target date by which the existing old type coaches may be completely replaced by the new type of coaches;

(c) what amenities Government have so far provided in Class III male and female coaches during the current financial year and on which Railways;

(d) what amount has so far been spent by Government since the commencement of the current financial year on such amenities, and what further amount they intend to spend by the end of the current financial year and on which Railway lines;

(e) whether Government have in view the introduction of a newer type of carriages;

(f) if so, what the design of such carriages will be and the approximate cost of this type of carriage, and how these figures compare with the cost of the old carriages in vogue or of the new type of carriages already introduced; and

(g) what extra facilities such newer type of carriages will provide?

The Honourable Shri N. Gopalswami Ayyangar: (a) Fifty class III coaches of a new design have been constructed and put on line upto 30th November, 1949 on different B. G. railways. No. M. G. coaches of new design have so far been built.

(b) No target date can be fixed as the replacement of stock is done on an age *cum* condition basis.

(c) Fans are being fitted in class III women's compartments on all the Indian Government Railways. This amenity will be extended to other compartments as fittings become available. Bars are being fitted to windows of women's compartments. Improvements are being made to the lavatory compartments of class III stock.

(d) Railways have already spent 13 lakhs and it is estimated that about another six lakhs will be spent by the end of the current financial year on all Indian Government Railways.

(e) Yes.

(f) The design of the new type of coach is under preparation. These coaches are expected to cost approximately Rs. 1 lakh each, without interior furnishings, compared with Rs. 80,000 for the new interim design of coaches already introduced.

(g) The newer type of coaches will have transverse seating arrangements as against the present longitudinal type, the depth of seat will increase from 18 inches to 28 inches and knee room from 19½ inches to 21 inches. The lavatories will be of the improved type including wash basins and mirror. The width of the doors will be increased from two feet and four inches to two feet and nine inches. Besides, there will be improved and more liberal lighting arrangements, thermal insulation, improved ventilation for protection against heat and improved riding qualities. The new design will also be lighter in weight and will possess antitelescopic features which will make it a safer vehicle in the event of collisions.

RAILWAY WORKSHOP AT CHITTARANJAN

***299. Pandit Mukut Bihari Lal Bhargava:** Will the Honourable Minister of Railways be pleased to state:

(a) what approximate amount of investment has been made in the Locomotive Manufacturing Workshop at Chittaranjan and by which date it is likely to produce the first finished locomotive;

(b) whether the locomotive-manufacturing plant has been purchased, and if so, from which country and at what cost; and

(c) whether any negotiations are going on for getting from abroad technical personnel for this Workshop, and if so, from which country and on what terms?

The Honourable Shri N. Gopalswami Ayyangar: (a) The total estimated cost of the project is Rs. 14.75 crores, and a sum of approximately Rs. 3.5 crores has been spent so far. The first finished locomotive is expected to come out of the workshop during the last quarter of 1950.

(b) Orders for the machinery and plant required have been placed to the extent of Rs. 72 lakhs in India, Rs. 265 lakhs in the United Kingdom, Rs. 56,000 in Canada and Rs. 23,000 in the United States of America.

(c) Negotiations are in progress with the Locomotive Manufacturing Company of the United Kingdom for technical assistance in establishing production at the Locomotive Manufacturing Workshop at Chittaranjan. This technical assistance will include the temporary loan of technical personnel from member firms of the Locomotive Manufacturing Company. As negotiations are still in progress, the terms of service of these technicians have not yet been finalised.

RAILWAY LOCOMOTIVES COACHES AND WAGONS (IMPORT)

*300. **Pandit Mukut Bihari Lal Bhargava:** Will the Honourable Minister of Railways be pleased to state:

(a) the number of locomotives, coaches and wagons imported into India during the current financial year and the names of railways for which such imports were made;

(b) how many of these are still on order and from which countries, and by what time these orders are likely to be complied with *in toto*; and

(c) whether Government contemplate to place any further orders in foreign countries or whether steps are being taken to make India self-sufficient in all or any of these items and if so, what is the target date?

The Honourable Shri N. Gopalaswami Ayyangar: (a) and (b). The information required by the Honourable Member is being placed on the Table of the House (See *Appendix VIII, annexure No. 7*).

(c) The question of placing further orders abroad is under examination and any further orders for locomotives abroad will depend upon whether the requirements of Indian Railways exceed the indigenous capacity. An order for 50 coaches, however, will be placed shortly in Switzerland. As for wagons, it is intended to call for tenders in India and abroad so as to get the best value for money.

As regards steps taken to make India self sufficient regarding the production of rolling stock, I can assure the House that arrangements to produce locomotives in India have reached an advanced stage and plans are also being drawn up to meet out future requirements of coaches by creating the necessary production organization in the country. In view of the shortage of indigenous capacity, however, it may be necessary to continue imports for some more time.

SURVEY OF ISTIMRARDAR AREA (AJMER-MERWARA)

*301. **Pandit Mukut Bihari Lal Bhargava:** Will the Honourable Minister of Agriculture be pleased to state whether Government have taken any steps so far towards starting of the Survey and Settlement operations in the Istimrardar area of the Ajmer-Merwara Province and if not, by which date such operations are expected to commence? *

The Honourable Shri Jairamdas Doulatram: The necessary posts have been sanctioned and provision made for expenditure but difficulty is being experienced by the Chief Commissioner of Ajmer-Merwara in recruiting suitable staff.

ISTIMRARDARI AND JAGIRDARI SYSTEMS (AJMER-MERWARA)

*302. **Pandit Mukut Bihari Lal Bhargava:** Will the Honourable Minister of Agriculture be pleased to state:

(a) whether Government have received from the Chief Commissioner, Ajmer-Merwara, the report of the Advisory Council to the Chief Commissioner, on the question of the abolition of Istimrardari and Jagirdari systems in the Province of Ajmer-Merwara;

(b) if so, whether Government propose to place a copy of the said report, together with the comments of the Chief Commissioner thereon and the representations from the Istimrardars Association and other Institutions thereto on the Table of the House; and

(c) what action Government have taken or propose to take on the said report, and by which date?

The Honourable Shri Jairamdas Doulatram: (a) Yes.

(b) A copy of the report and of the representation of the Istimrardars Association, Ajmer have been placed in the Library of the House. Copies will also be made available for the Honourable Members of the House. No other representation on the subject has been made to Government. The question of publishing the views of the Chief Commissioner will be decided when the report is fully considered by Government.

(c) Government will come to a decision on the report after the enactment of the Ajmer-Merwara Tenancy and Land Records Bill.

PRODUCTION OF SUGARCANE

*303. { **Sjt. Kuladhar Chaliha:**
Shri Lakshminarayan Sahu:

(a) Will the Honourable Minister of Agriculture be pleased to state the production of sugarcane per acre of land in India, in Java and in Cuba?

(b) What is the reason for the low production of cane in India?

The Honourable Shri Jairamdas Doulatram: (a) India—14·70 tons, Java—56·20 tons, Cuba—17·12 tons.

(b) The reasons for low yield of sugarcane in India mainly are:

(i) The sub-tropical climate of the major sugarcane producing areas in India, *viz.*, U.P., Bihar and the Punjab is not ideal for sugarcane.

(ii) The types of cane grown are not all of improved quality from the yield and sucrose content point of view.

(iii) Lack of irrigation facilities.

(iv) Inadequate supply of manures and fertilisers.

(v) Lack of improved implements.

(vi) The individual holdings on which cane is grown are small and modern improved methods of cultivation cannot be fully made applicable to them.

SUGAR INDUSTRY

*304. { **Sjt. Kuladhar Chaliha:**
Shri Lakshminarayan Sahu:

Will the Honourable Minister of Agriculture be pleased to state:

(a) the amount invested in sugar industry in India;

(b) the extent of protection given to this industry from the very beginning;

(c) whether this industry has ever renovated its machineries or replaced them by new ones;

(d) if so, how many firms did so, and who they are;

(e) the profit earned by these firms from this industry for the last twenty years; and

(f) whether Government propose to cultivate sugarcane on experimental and scientific basis?

The Honourable Shri Jairamdas Doulatram: (a) The fixed capital invested is fifteen crores.

(b) The Sugar Industry is getting protection from the State since 1932 on the recommendations of the Indian Tariff Board from time to time as shown in the statement laid on the Table of the House (*Information placed in the Library. See No. P-36/49*).

(c) and (d). There is no detailed record available of the renovations and replacements carried out by the factories.

(e) The information available covers 16 years from 1931-32 to 1946-47 as shown in the statement laid on the Table of the House. Complete information has, however, been called from the Sugar Mills in India.

(f) Yes.

RAILWAY LINK OF QUILON WITH ERNAKULAM

*305. **Shri P. T. Chacko:** Will the Honourable Minister of Railways be pleased to state:

(a) whether Government are intending to open a railway line in the United State of Travancore and Cochin so as to connect Quilon with Ernakulam; and

(b) whether Government have received representations from the Government of Travancore-Cochin regarding this question?

The Honourable Shri N. Gopalaswami Ayyangar: (a) Not immediately.

(b) Yes.

JUTE

*306. **Shri P. T. Chacko:** Will the Honourable Minister of Agriculture be pleased to state:

(a) whether Government are aware that Jute can be cultivated in the low lands in Travancore; and

(b) if so, whether Government propose to consider the advisability of promoting jute cultivation in Travancore by giving financial aid to jute cultivators in Travancore?

The Honourable Shri Jairamdas Doulatram: (a) Yes.

(b) It is not necessary to give financial assistance to the cultivators of jute because the prices are fairly attractive.

SUBSIDIARY FOODS

*307. **Prof. N. G. Ranga:** (a) Will the Honourable Minister of Food be pleased to state the progress so far made by the Subsidiary Food Committee in developing production and utilisation of subsidiary foods?

(b) What acreage is being brought under the subsidiary food crops and with what expected yields?

(c) How much money has been allotted for this purpose?

The Honourable Shri Jairamdas Doulatram: (a) to (c). The Honourable Member's attention is drawn to the reply given and statement laid on the Table of the House in answer to starred question No. 109 on 30th November, 1949.

PRINTING OF RAILWAY TICKET

*308. **Giani Gurmukh Singh Musafir:** Will the Honourable Minister of Railways be pleased to refer to the answer to my starred question No. 1408 asked on the 25th March, 1949, and state why on the tickets on the E. P. Railway which have now been printed, only a portion of the printed matter is in Gurmukhi script?

The Honourable Shri K. Senthiasan: No portion of the printed matter on E. P. Railway tickets is at present in Gurmukhi script. Ticket printing machines for

the Eastern Punjab Railway have now been received and a press is being set up shortly for printing tickets in Gurmukhi script also.

OVERCROWDING OF TRAINS

*309. **Shri Damodar Swarup Seth:** Will the Honourable Minister of Railways be pleased to state:

(a) whether Government are aware that passenger trains running between Agra-Delhi and Agra-Kanpur are overcrowded; and

(b) if so, whether Government propose to increase the number of passenger trains between the above mentioned stations to minimise overcrowding?

The Honourable Shri N. Gopalaswami Ayyangar: (a) Passenger trains running between Agra and Kanpur and Agra and Delhi by the East Indian Railway route do get crowded on portions of their run. The position on trains between Agra and Delhi by the Great Indian Peninsula Railway route is comparatively easy.

(b) The question of minimising overcrowding generally is under constant review and the number of trains between Agra and Delhi was recently increased.

GRANTS TO RAILWAY EMPLOYEES FOR BUILDING HOUSES

*310. **Giani Gurmukh Singh Musafir:** (a) Will the Honourable Minister of Railways be pleased to state whether it is a fact that the Government have stopped grants for building houses for the employees of the Railway Administration?

(b) Do these orders affect the E. P. R. as well?

The Honourable Shri N. Gopalaswami Ayyangar: (a) No; but in view of the difficult ways and means position the funds allotted for the construction of quarters to Railway Administrations during 1949-50 have had to be curtailed by 10 to 25 per cent.

(b) These orders did not affect the E.P. Railway adversely as appreciable additional funds have been placed at their disposal for the construction of staff quarters.

FOOD GRAIN IMPORTS

*311. **Prof. N. G. Ranga:** Will the Honourable Minister of Food be pleased to state:

(a) whether Government have studied the facts and arguments advanced by Mr. Ashutosh Bhattacharya in his article in the *Hindustan Times* of 18th November 1949 regarding the need to subsidize home production of food;

(b) whether it is a fact that food grain imports especially wheat and maize are being sold at a higher price than the imported prices and if so, by what percentage;

(c) whether any efforts are being made to minimise any losses on food imports and their final sale to consumers; and if so, with what effect; and

(d) what steps are being taken to minimise distribution costs and with what results?

The Honourable Shri Jairamdas Doulatram: (a) Yes.

(b) No, except in a few areas.

(c) and (d). Yes. A Committee under the Chairmanship of Pandit Lalshmi Kanta Maitra and consisting of three other Members of this House and an official of the Finance Ministry has been appointed to review the distribution cost to bring about reduction as far as may be found practicable. The recommendations of the Committee are awaited.

INDIAN RAILWAY ENQUIRY COMMITTEE, 1947

*312. **Giani Gurmukh Singh Musafir**: Will the Honourable Minister of Railways be pleased to state the action taken on the observations made by the Indian Railway Enquiry Committee, 1947 at page 160 of their Report in regard to the constitution of Selection Boards and of associating a representative of the staff as a non-voting observer on the Selection Committee?

The Honourable Shri N. Gopalaswami Ayyangar: The recommendation is under consideration.

There are considerable difficulties in giving effect to this recommendation of the Indian Railway Enquiry Committee. The confidential reports on the staff, whose claims are being considered, are among the most essential factors in the selections and the consequences of making these reports available to other members of the staff may be serious. The selection of the observer will also present difficulty particularly on Railways in which there are two or more recognised Unions. Government, however, hope to be able to reach a decision shortly.

CO-OPERATIVE CREDIT SOCIETY, LAHORE

*313. **Giani Gurmukh Singh Musafir**: (a) Will the Honourable Minister of Railways be pleased to state whether Government are aware of the prevailing discontent on the Eastern Punjab Railway in regard to the non-refunding of deposits of the most members of the staff with the Co-operative Credit Society, Lahore?

(b) What steps have Government taken to mitigate the hardship caused to such depositors, who are mostly displaced persons, and are awaiting refund of their only savings?

The Honourable Shri N. Gopalaswami Ayyangar: (a) Yes.

(b) In accordance with the decisions taken at the Inter-Dominion Conference on Banking held at Lahore on 22nd and 23rd April, 1949, the East and the West Punjab Governments are to verify the claims and arrange for the payment of the deposits. The Ministry of Railways are pressing the East Punjab Government to get this decision implemented by the Governments of the two Punjab at a very early date.

Monday
5th December, 1949

THE CONSTITUENT ASSEMBLY OF INDIA (LEGISLATIVE) DEBATES

(PART II—PROCEEDINGS OTHER THAN QUESTIONS
AND ANSWERS)

Official Report

Volume VI, 1949

(28th November to 17th December, 1949)

Sixth Session
of the
CONSTITUENT ASSEMBLY OF INDIA (LEGISLATIVE)
1949



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CONSTITUENT ASSEMBLY OF INDIA (LEGISLATIVE) DEBATES

(PART II — PROCEEDINGS OTHER THAN QUESTIONS AND ANSWERS)

Monday, 5th December, 1949.

The Assembly met in the Assembly Chamber of the Council House at a Quarter to Eleven of the Clock, Mr. Speaker (The Honourable Mr. G. V. Mavalankar) in the Chair.

QUESTION AND ANSWERS

(See Part I)

11.45 A.M.

PAPERS LAID ON THE TABLE

MINERAL CONCESSION RULES, 1949, UNDER MINES AND MINERALS (REGULATION AND DEVELOPMENT) ACT, 1948.

The Honourable Shri N. V. Gadgil (Minister of Works, Mines and Power): Sir, I beg to lay on the table a copy of the Mineral Concession Rules, 1949, in accordance with Section 10 of the Mines and Minerals (Regulation and Development) Act, 1948. [Copy placed in the Library. See No. IV-R.102(28).]

TRANSPORT SERVICES COMPENSATION RULES, 1949, UNDER ROAD TRANSPORT CORPORATION ACT, 1948.

The Honourable Shri N. Gopalaswami Ayyangar (Minister of Transport and Railways): Sir, I beg to lay on the table a copy of the Transport Services Compensation Rules, 1949, framed under Section 7 of the Road Transport Corporation Act, 1948. [Copy placed in the Library. See No. IV-N.6(13).]

ELECTION TO STANDING COMMITTEE FOR DEPARTMENT OF SCIENTIFIC RESEARCH

Mr. Speaker: I have to inform the Assembly that up to 12 noon on Saturday, the 3rd December, 1949, the time fixed for receiving nominations for the purpose of election of one member to the Standing Committee for the Department of Scientific Research in the vacancy caused by the resignation of Shri E. John Phillipose only one nomination was received. As there is only one candidate for the vacancy I declare Shrimati Dakshayee Velayudhan to be duly elected to the Committee.

ELECTRICITY (SUPPLY) AMENDMENT BILL

The Honourable Shri N. V. Gadgil (Minister of Works, Mines and Power): Sir, I beg to move for leave to introduce a Bill to amend the Electricity (Supply) Act, 1948.

Mr. Speaker: The question is:

"That leave be granted to introduce a Bill to amend the Electricity (Supply) Act, 1948."

The motion was adopted.

The Honourable Shri N. V. Gadgil: Sir, I introduce the Bill.

MERGED STATES (LAWS) BILL

The Honourable Dr. B. E. Ambedkar (Minister of Law): Sir, I move for leave to introduce a Bill to extend certain laws to certain areas administered as parts of Governors' Provinces or as Chief Commissioners' Provinces.

Mr. Speaker: The question is:

"That leave be granted to introduce a Bill to extend certain laws to certain areas administered as parts of Governors' Provinces or as Chief Commissioners' Provinces."

The motion was adopted.

The Honourable Dr. B. E. Ambedkar: Sir, I introduce the Bill.

REQUISITIONED LAND (APPORTIONMENT OF COMPENSATION) BILL

Mr. Speaker: The House will now proceed with the further consideration of the motion moved by the hon. Sardar Baldev Singh:

"That the Bill to provide for the apportionment of compensation payable in respect of requisitioned land, be taken into consideration."

Sjt. Rohini Kumar Chaudhuri (Assam: General): Sir, I think we should all welcome this piece of legislation which has been necessitated on account of certain judicial decisions. I was, however, taken aback by the speech which my hon. friend Mr. Tyagi delivered on the subject. He referred to certain requisitions which have still been going on and he also referred to the year 1942. We remember with poignant feelings the events which took place in the year 1942 and up to 1945 in the Province of Assam which had to bear the brunt of the entire war activity. At that time any decent house, no matter whether it was required for the habitation of the owners, no matter whether the owner had any interest in it or not, used to be requisitioned for the benefit of the war personnel. Sometimes the house was acquired for W.A.C., sometimes it was acquired for W.R.N.S. and others. It didn't strike the Army authorities for a moment at the time as to where the inmates of these houses would go or how they would leave, not to speak of the fact that compensation was held up for months and years. Even today there are some cases where compensation has not been paid. I am sure even if we are faced with a war in the near future we shall not have the same experience as we had in the last war, but nevertheless a point has been raised by my hon. friend Mr. Tyagi and we are to consider whether in the present state of the country it is necessary to have any further legislation on the subject of requisition. Why is it necessary today to continue the requisition of property? I certainly don't object to this piece of legislation because if the requisition goes on, it is really equitable that we adopt this law—there is no doubt about it. But the point which has been raised by my hon. friend Mr. Tyagi leads one to consider and ponder for a moment why it is necessary to carry on this requisition any longer. Why is it not possible for the Army authorities to acquire land wherever they want and pay for it reasonably? Why is it not possible for the Army authorities to take resort to the ordinary Land Acquisition Act and have the land acquired through that means, in which case the person who is affected—the

owner of the land—has much greater facilities for getting proper compensation and for moving the proper authorities to get that compensation? Why have this requisitioning method which was, as far as I know, only resorted to during the time of the war under the Defence of the Realm Act in England and under the Defence of India Act in India? I can quite understand that it is necessary to have recourse to such methods during the war, but now after five years of the termination of the war, why should you think of requisition? Why should you think of legislation on these matters? I should rather have expected the hon. Minister in charge to have come forward with a Bill to repeal all the laws which authorise requisition rather than bring further legislation at requisitioning.

Coming to the present Bill, I desire to draw the attention of the hon. Minister to clause 3. That clause lays down that—

“...that shall be lawful.....to apportion by his award the compensation payable in respect of the requisitioning or, as the case may be, acquisition of the land among the persons interested.”

Now, Sir, in this clause there is no reference to any application to be made by the person interested. In some cases it is quite possible that the compensation would be apportioned without any application from the interested persons because in some cases it is quite apparent from the record which will be put up, namely the lease; where there are names of more than one person, all the persons whose names appear in the list will be apportioned compensation. But there may still be persons whose names do not appear either in the municipal assessment list or in the lease of the land itself. In such cases also, there is no reference made here to any obligation imposed on the person interested to make an application for compensation. Compensation can be paid, if it appears in the course of an inquiry which is made on this subject that certain persons are interested in the land, whether or not any application has been made by the person interested. I consider that is quite reasonable. I only wish that in sub-clause (2) of clause 3 a similar provision should be made, that is to say the arbitrator may on his own motion or upon the application of the person interested apportion the compensation.

What should prevent the parties getting compensation in those cases which were enquired into before September 1949 and where the arbitrator had come to know of the persons concerned? It is only the legal interpretation of this clause of the existing Act which has prevented the parties from getting compensation on account of the decision of the High Court. But where the arbitrator knows the persons who are interested in the compensation, he should be allowed to apportion compensation without waiting for any application from the parties concerned.

Sir, another point which I want to bring to the notice of the House is that in every case of apportionment of compensation an appeal must lie. The reservation which is made in sub-clause (3) should be deleted, in my opinion. Under the existing law there may be appeals in some cases, there may not be appeal in some cases. But what I mean to say is that when an arbitrator takes upon himself the responsibility of apportioning compensation, it gives rise to a dispute between two parties, and the aggrieved party should necessarily have the right of appeal.

Subject to these remarks which I have made, I wholeheartedly support the motion.

Mr. Nasiruddin Ahmad (West Bengal: Muslim): Sir, I have only one point to mention. I understand that in the Panagar area of the district of Burdwan a vast acreage (as much as 15,000 acres) of land was requisitioned for military purposes. These lands, I suppose, are no longer needed by the military. They

[Mr. Naziruddin Ahmad]

should, I submit, be given back to the tenants or to those persons from whom they were taken over, so that the land may be utilised for food grain cultivation. That is the only simple suggestion I wish to make.

Shri Prabhu Dayal Himatsingh (West Bengal: General): Sir, I also want to draw the attention of the hon. Minister to a number of hard cases of requisitioning of properties in Ranchi. These houses were requisitioned long before from persons who had built them for their own use. I would suggest that if the army are in need of houses Government should take early steps to build alternative accommodation for their personnel. They should not deprive the owners of their houses, simply because they are good houses and the officers occupying them have taken a fancy for them. I hope that these cases will be taken fully into consideration, and the houses will be released as soon as possible, so that this scandalous state of affairs may not continue.

Pandit Balkrishna Sharma (U.P.: General): Sir, I beg to offer my support to the Bill which is before the House. My friend Shri Rohini Kumar Chaudhuri made reference to a speech of my friend Pandit Mahavir 12 Noon Tyagi in which he brought certain instances of persons who have suffered by this law—the law known as the Act XVII of 1947 and Act XXXV of 1949. The question has been raised as to whether at present it is necessary for the Central Government to have any such law on the Statute Book. My friend Shri Rohini Kumar Chaudhuri wants that the acquisition and the requisitioning of land should be left to be executed under the ordinary law and that no special legislation need be put on the Statute Book.

So far as the fundamentals of this question go, Sir, I do not think there can be any difference of opinion in regard to the view held by men of the calibre of my friend Mr. Chaudhuri and Pandit Mahavir Tyagi. The only question before the House is whether, under the present circumstances, we can permit such a procedure to be taken under the ordinary law or whether such a procedure requires a special enactment to be made by us. My view has been that as time passes it becomes necessary for the Central Government—or any Government for the matter of that—to impinge upon what we may call the personal liberties of its citizens. However much we may dislike it, we cannot get out of it. Individual liberty has always to be subordinated to the greater interests of society.

Sjt. Kuladhar Chaliha (Assam: General): But the emergency is long past now.

Mr. Speaker: I am afraid the scope of the discussion is being unnecessarily widened by going into the general question of requisitioning. As I see it, the purpose of the present Bill is only to remove a defect. The power of requisitioning has already been there. The question that we are now considering is whether we should amend the provision so as to allow the arbitrator to apportion compensation. That is the only limited question for discussion. If we go into the general question of the desirability or otherwise of requisitioning, or of the evils that follow from requisitioning, I think the discussion will be a rambling and an endless one.

Pandit Balkrishna Sharma: I would not have gone into this question at all had it not been raised on the floor of the House and I think it would not be desirable that such a view should go unchallenged in the House. It is for that reason that I wanted to point out that however desirable it might appear to protect individual liberty against encroachment by the State, yet there are times when it becomes almost inevitable that the State should take steps to help the society and not permit the individual liberty to come in the way of

the smooth working of orderly Government. The question is whether emergencies are not in the habit of raising the heads from time to time. If there is no emergency today, it may as well happen tomorrow. You cannot say that we might wait till tomorrow for the legislation to be put on the Statute Book. It is elementary prudence that we should provide for it in advance.

Sjt. Kuladhar Obalika: What about the Land Acquisition Act?

Mr. Speaker: I am afraid I cannot allow this discussion to go on. I find there is again an attempt to go into the general question. The hon. Member has sufficiently emphasised the point that sometimes it becomes necessary for the State to take steps and interfere with personal liberty and property. He might proceed straight to the particular question so far as the Bill is concerned.

Pandit Balkrishna Sharma: The particular question which is before the House is that in a recent judgment the Calcutta High Court has held that an arbitrator appointed under clause (b) of section 19 of the Defence of India Act has no power to entertain any reference requiring apportionment of compensation between parties having different interests in the land. On account of this decision of the Calcutta High Court that the Arbitrator can only determine the compensation, but he cannot apportion the compensation to different parties who are interested in a particular piece of land acquired by the State or requisition by the State this Bill has been brought forward. My only suggestion regarding this will be something on these lines. If you read clause (a) of section 2, you will find the language of the definition is a little faulty.

This is the clause:

"the expression 'persons interested', in relation to any requisitioned land, includes all persons claiming an interest in the compensation to be paid on account of the requisitioning or the acquisition of the requisitioned land under the provision of....."

Here "on account of requisitioning" stands loose. It requires something to govern it. I would therefore suggest the insertion of the words "of land" which will make it quite clear. It should be "requisitioning of land" or "acquisition of the requisitioned land".

Then, I should like to point out that in clause (2) of Section 3 it is said that Government "may" appoint an arbitrator. My suggestion is that it should not be left to the choice of the Government by whom compensation is payable to appoint an arbitrator. If you are providing for certain lapses, then you must make it obligatory upon the provincial government or the Central Government, whoever may be in a position to pay the compensation, to appoint an arbitrator if any of the persons interested make a request to that effect. I think therefore that this word "may" should be replaced by the word "shall".

The other thing that I want to point out is that by saying "before the 13th of September 1949" we are almost circumscribing ourselves. If that particular sentence is removed, it will make no very great difference. "Where an arbitrator appointed in pursuance of this section.....has not made any apportioning", in that case, the parties will be free to come before the Government concerned with the request that Government may appoint that arbitrator or another arbitrator and Government will always grant that request. So this expression "before the 13th day of September 1949" should be deleted.

If the House adopts this Bill with these modifications, it will greatly facilitate such of the cases as have not been disposed of after the decision of the Calcutta High Court. I wholeheartedly support the Bill.

The Honourable Sardar Baldev Singh (Minister of Defence): I have very few remarks to offer. The scope of the Bill is very limited and all the members have given support to it. There were one or two points raised which were quite outside the scope of the Bill, and with your permission I would like to reply to that criticism.

First, my hon. friend Mr. Tyagi raised a question that is not really within the scope of this Bill. I may inform him that the procedure that is laid down for requisitioning the land does not rest with the Army. The Army Officer does not go there to eject the occupants. The procedure is first initiated by the civil authorities and compensation is also fixed by the civil authorities according to certain rules. It is only when the civil authorities have gone through this procedure and have laid down a clear line that they ask us to take possession of the land. About the particular case which he mentioned, it is difficult for me to say, but I am quite prepared to go into that question and enquire where the difficulty lies.

Shri Mahavir Tyagi (U.P.: General): May I know if the land is handed over to the Army only after due compensation or alternative accommodation is given to the previous occupant of the land?

The Honourable Sardar Baldev Singh: I was coming to that. We only go to the land for occupying it when all the formalities have been completed. If after the land has been requisitioned, somebody goes and forcibly occupies some part of it, then of course the military officers have to go and look into it.

Shri Ajit Prasad Jain (U.P.: General): May I know whether it is not a fact that the land is occupied first and the question of compensation is decided afterwards?

The Honourable Sardar Baldev Singh: The question of compensation cannot be decided before possession is taken. The compensation question is decided afterwards.

Shri Mahavir Tyagi: That is the point on which we differ.

The Honourable Sardar Baldev Singh: There may be a difference of opinion, but I was only replying to the criticism of my hon. friend. I quite agree with him that where lands are requisitioned, naturally hardship is caused to the occupants and I fully sympathise with them. But hon. Members should realise that it is not a very pleasant duty to requisition the lands of poor people. We have got to do it for Government purposes and we try our best to avoid the inconvenience caused to these poor people as much as possible.

The second point was raised by my hon. friend Mr. Naziruddin Ahmad about the Panagarh Ordnance Depot. It is true that we have requisitioned a large plot of land there, but recently when I visited that Depot, I went into this question, which is now being examined. Our intention is to release all the land that has been requisitioned, but there is one difficulty. On a part of the requisitioned land, we have got a marshalling yard. It is very difficult for us to release that part of the land. We are examining whether it is possible for us to release some of the acquired lands in place of the requisitioned land. That question has now been taken in hand and I hope that in the near future we will be able to release all the requisitioned land and if we cannot release a part of the requisitioned land, some of the acquired lands will be released in its place.

Sgt. Rohini Kumar Chaudhuri: What is the necessity for continuing this emergency legislation at this time? That is the point on which we are speaking.

Mr. Speaker: As I pointed out, this question is beyond the scope of the present Bill. The present Bill proceeds on the assumption that the Requisition Act continues.

The Honourable Sardar Baldev Singh: I do not think it is necessary for me to take the time of the House on this matter. There are some amendments which seem to be acceptable, whereas there are others which it would be difficult for me to accept. I do not propose to deal with them now. They can be taken up when the Bill is taken up clause by clause.

Mr. Speaker: The question is:

"That the Bill to provide for the apportionment of compensation payable in respect of requisitioned land, be taken into consideration."

The motion was adopted.

Mr. Speaker: We will now consider the Bill clause by clause.

Pandit Balkrishna Sharma: Sir, I have got an amendment to clause 2.

Mr. Speaker: The hon. Member has not given due notice of the amendment. I just received the amendment. Unless it is an agreed amendment, I do not propose to waive notice. His amendment to this clause is for adding the words 'of lands'. It all depends upon the view which the hon. Minister is taking. I have no opinion to give as to the utility of the amendment.

The Honourable Sardar Baldev Singh: I received a copy of the amendment a few minutes ago. It is very difficult to accept it. But I can assure the hon. Member that his amendment will serve no purpose. If the wording in the clause is allowed to stand as it is, it will be perfectly all right. I have consulted the Law Minister on the subject.

Pandit Balkrishna Sharma: I do not move it, Sir.

Mr. Speaker: Then I put the clause to the House.

The question is:

"That clause 2 stand part of the Bill."

The motion was adopted.

Clause 2 was added to the Bill.

Pandit Balkrishna Sharma: There is an amendment of mine to clause 3.

Mr. Speaker: Similar amendments have been given notice of, by Messrs. Chaliha and Lakshminarayan Sahu. So the hon. Member's notice need not be taken into consideration.

As regards the new amendment for deleting the words 'before the 13th day of September 1949'—is that the date of the Ordinance?

The Honourable Sardar Baldev Singh: That is the date. There was no difficulty before that. If we omit that, then it will give rise to all kinds of difficulties.

Mr. Speaker: That explains the position.

Pandit Balkrishna Sharma: All right, Sir.

Sjt. Kuladhar Chaliha: I move:

"That in sub-clause (2) of Clause 3 of the Bill, for the word 'may' occurring in line five the word 'shall' be substituted."

May I move the next one also, because it is consequential?

Mr. Speaker: Yes.

Sjt. Kuladhar Chahha: I move:

"That in sub-clause (2) of Clause (3) of the Bill, after the words 'upon the application of any person interested' occurring in line five, the words and figures 'not later than 30 days after the receipt of the application' be inserted."

My whole object is that payment of compensation should be made quickly. It is not paid now for more than eight or nine years. The decision of the Calcutta High Court has brought in further difficulty. So I suggest that the Government 'shall' appoint an arbitrator and not leave it to their discretion. The appointment itself should be made within thirty days after the receipt of the application. These matters should not be allowed to be delayed unduly long in Secretariat offices. In legal phraseology 'may' sometimes means 'must' but not always. In Assam there are cases pending final disposal for several years. Hence my amendments which I commend to the House for acceptance.

Mr. Speaker: Is the first amendment acceptable to the hon. Minister?

The Honourable Sardar Baldev Singh: My difficulty is that if 'shall' is substituted it would make the appointment compulsory. I am advised by the Law Ministry that 'may' may be allowed to remain. As the object of the hon. Member in moving this amendment is to avoid delays, I can assure him that if 'may' is allowed to stand as it is, his object will be fulfilled. Here 'may' has got practically the same meaning as 'shall'. If I accept his amendment, the result will be so many complaints, frivolous complaints I mean and it will mean that instead of expediting the matter, it will tend to further delays. That is my objection to the first amendment.

As regards the second amendment, the Mover has limited the period to thirty days. There may be cases which may have to take more than thirty days.

Sjt. Kuladhar Chahha: Then make it forty or fifty days?

The Honourable Sardar Baldev Singh: It will work to the disadvantage of the claimants and it will be no use to them.

Mr. Speaker: I was just considering from another point of view. The wordings here is 'upon the application of any person interested' and 'the person interested' is defined as 'all persons claiming interest in the compensation to be paid on account of requisitioning or acquisition'. To me it appears that, it is just possible that some persons who were not originally on the record and parties to arbitration may come forward and claim compensation. That will be a difficulty if arbitration is made compulsory in every case. Therefore I think the word 'may' will avoid difficulties. Otherwise you will be adjudicating the claims of people who were never on the record. That is what I am feeling. I do not know whether I am clear to the hon. Member.

Sjt. Kuladhar Chahha: I do not press the amendment.

Mr. Speaker: The hon. Minister does not accept the other amendment also. Does the hon. Member accept the assurance of the hon. Minister?

Sjt. Kuladhar Chahha: I do not press this amendment also.

Mr. Speaker: That disposes of all the amendments.

Sjt. Rohraj Kumar Chaudhuri: Sir, my amendment is not the same as this. With your permission I move:

"That in subclause (2) of clause 3 of the Bill, after the word 'may' occurring in line 5, the words 'on its own motion or' be inserted."

The amended clause would read thus:

"Where an arbitrator appointed in pursuance of either of the sections mentioned in clause (a) of section 2 has, before the 13th day of September, 1949, made an award determining, but not apportioning, the compensation payable, and such compensation has not been paid, the Government by whom such compensation is payable may 'on its own motion or upon the application of any person interested.....'"

Mr. Speaker: Amendment moved:

"That in sub-clause (2) of clause 3 of the Bill, after the word 'may' occurring in line 5, the words 'on its own motion or' be inserted."

The Honourable Sardar Baldev Singh: If my hon. friend is prepared to accept this in an amended form, I am quite prepared to accept it. We may add 'either' before the words 'on its own motion or'.

Mr. Speaker: I am wondering how the Government can do this except on the initiative of someone else? I see it is a harmless one.

Shri M. Ananthasayanam Ayyangar (Madras: General): There is a point in Mr. Chaudhuri's amendment. In the earlier portion it is assumed that the amount is not paid, because there is somebody who has intimated his interest in the property. The Government have not paid to the original man, that person has already notified his interest, but may not pursue it.

Mr. Speaker: I will now put it to the House in the amended form.

The question is:

"That in sub-clause (2) of clause 3 of the Bill, after the word 'may' occurring in line 5, the words 'either on its own motion or' be inserted."

The motion was adopted.

Sjt. Rohini Kumar Chaudhuri: Sir, I beg to move:

"That in sub-clause (3) of clause 3 of the Bill, all the words occurring after the words, brackets and figure 'sub-section (2)', be omitted."

The object of my amendment is that any Order passed under this clause apportioning compensation should be appealable. I am not quite sure whether such an appeal is already provided for by the provisions of section 19 of the Defence of India Act. If it is provided, then these words are redundant and should be omitted. If an appeal is not provided for in section 19 of the Defence of India Act, I submit, Sir, that in view of the alteration made—the Defence of India Act did not contemplate any apportionment of compensation; it contemplated merely the granting of some compensation—now we are introducing apportionment of compensation in which the Government itself will not be interested but only the parties will be interested. When A, B, C and D have claimed compensation, apportionment is given only to A or only to A and B. Thus, here only the parties are interested. Government is not affected. In such cases, I think that an appeal must necessarily lie, and there must be provision for an appeal in such cases when the dispute is between private parties and not between Government on the one side and private parties on the other. So, I submit that, if an appeal is already provided for, these words are redundant. If an appeal is not provided for, then there must be provision for an appeal as the dispute is between private parties only.

The Honourable Sardar Baldev Singh: The words that my hon. friend wants to omit are really necessary. The difficulty is that, if I accept the amendment, it really goes beyond the scope of the original provision. This provision is contained in the original Ordinance and if it is deleted from here, then it will be going outside the scope of that Ordinance, and therefore it is not possible for me to accept this amendment. Then there is another difficulty also. In

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cases where no appeal lies against the original order, if I accept the amendment all kinds of difficulties will arise. This is my difficulty and I hope my hon. friend will realise it and will not press his amendment.

Mr. Speaker: How will it go beyond the scope of the original provision?

The Honourable Sardar Baldev Singh: Clause 3 says "if, and only if, an appeal would have laid against the original award under the provisions of section 19 of the Defence of India Act". If I accept this amendment and delete these words, all kinds of difficulties will arise. All I can say is that it will delay matters instead of facilitating them.

Mr. Speaker: Amendment moved:

"That in sub-clause (3) of clause 3 of the Bill, all the words occurring after the words, brackets and figure 'sub-section (2)', be omitted."

Shri M. Ananthasayanam Ayyangar: So far as this amendment is concerned, Government is not put to any prejudice. The Government takes the property and holds the money. The dispute is between only two rival claimants or more than two. Government will only be in the position of a caretaker or a Receiver and will hold the money in deposit. May be against the original award no appeal will lie, but here different considerations arise. The conflict is between various claimants. Therefore there is no harm in deleting these words. I hope the hon. Minister will accept it.

The Honourable Sardar Baldev Singh: This matter was examined by the Law Ministry and they say there will be difficulty. It is very difficult for me to say anything on this, but the advice given by the Law Ministry is that it will create no difficulties.

Mr. Nasiruddin Ahmad: I think a right of appeal should be given in this case, Sir.

Mr. Speaker: The point seems to be this: I am not conversant with the provisions of section 19 of the Defence of India Act which allows these appeals; but the point here seems to be this that, if the matter is between the Government on the one hand and private parties on the other, the main question about the amount of compensation will be decided by the original reference and not the supplementary award. Now this Bill is providing for supplementary award. The scope is restricted only to the division or the apportionment. The idea seems to be to restrict this Bill to supplementary award which will mean only award in respect of apportionment and not in respect of the compensation. That seems to be the point.

The Honourable Sardar Baldev Singh: My whole difficulty is that an appeal will lie against the supplementary award, whereas no appeal lies against the original award.

Mr. Speaker: The original award which is a matter between the Government and the parties is not affected at all. That remains final. Supposing an amount of Rs. 10,000 is to be apportioned, and the apportionment is Rs. 4,000 for one party and Rs. 6,000 for another, and the claim of the third party who has claimed apportionment is rejected altogether, what then has the party whose claim for apportionment is rejected, to do? That is the difficulty that, I believe, is obsessing the minds of those friends who are trying to move this amendment.

The Honourable Shri K. Santhanam (Minister of State for Transport and Railways): The original provision will contain procedural details and if you merely say an appeal will lie, all that will have to be introduced.

Mr. Speaker: I am not applying myself to the phraseology. I am merely pointing out the difficulties which hon. members have in view. It is entirely left to the hon. Minister either to accept or to reject the amendment. The point for consideration by the hon. the Minister is whether any appeal should lie in the case of apportionment. We have had discussion on this and I think this may be postponed and considered at 2.30. That may be a better course. I have mentioned the *prima facie* difficulty felt by members.

The Honourable Sardar Baldev Singh: Yes, Sir. That will be better.

Mr. Naziruddin Ahmad: My amendment depends upon the fate of this amendment.

The Honourable Shri K. Senthanam: The whole matter can be held over.

Mr. Speaker: I am holding over this particular clause 3. Mr. Naziruddin Ahmad's amendments to clause 4 are of a very formal character.

Mr. Naziruddin Ahmad: Although formal, it would remove a drafting blot. I beg formally to move them.

Mr. Speaker: Is he keen on pressing them? Such amendments in former Bills have not been accepted.

Mr. Naziruddin Ahmad: As the Bill is being considered by the Department, my suggestion may be considered.

Mr. Speaker: These amendments *may also be considered*.

Mr. Naziruddin Ahmad: And then there are other amendments of a mere formal character, namely punctuation amendments. There is after all a lack of uniformity in punctuation. Punctuations after heading according to modern practice is omitted; it is entirely omitted in the new Constitution but still among the various Bills presented before us the practice differs with the different draftsmen and I submit that this should be regularized, and we should at least aim at uniformity. It is an eyesore to those who have to notice this.

Mr. Speaker: He is referring to his amendments regarding long Title and Preamble.

Shri M. Ananthasayanam Ayyangar: The punctuations delayed the attainment of Swaraj so long.

Mr. Speaker: Did he refer to the long title and preamble? Well, of course the attention of the draftsmen will be invited to that.

I shall now put clause 1, the Preamble and the Title to the House.
The question is:

"That clause 1 stand part of the Bill."

The motion was adopted.

Clause 1 was added to the Bill.

The Title and the Preamble were added to the Bill.

Mr. Speaker: Then we go to the next business on the agenda and I understand it is proposed to take up the Insurance (Amendment) Bill.

Shri B. L. Sondhi (East Punjab: General): When are we taking up clause 3?

Mr. Speaker: At 2.30 we will take it. We will give it precedence. We will first finish this Bill and then proceed with other business. Are hon. Members agreeable to that?

Some Honourable Members: Yes, yes.

INSURANCE (AMENDMENT) BILL

The Honourable Shri K. C. Neogy (Minister of Commerce): I move:

"That the Bill further to amend the Insurance Act, 1938, be referred to a Select Committee consisting of Shri M. Ananthasayanam Ayyangar, Shri T. A. Ramalingam Chettiar, Shri Arun Chandra Guha, Dr. B. Pattabhi Sitaraswamy, Shri B. L. Sondhi, Shri L. Krishnaaswami Bharathi, Shri Prabhu Dayal Himatsingka, Shri Mohan Lal Gantam, Shri Rohini Kumar Chaudhuri, Shri M. Tirumala Rao, Shri B. A. Kaimli, Shri M. R. Masani, Shri Mahavir Tyagi, Shri Ramnath Goenka, Shri Ajit Prasad Jain and the Mover, with instructions to report on or before the 15th December, 1949 and that the number of Members whose presence shall be necessary to constitute a meeting of the Committee shall be five."

Sir, this measure has had a somewhat long and chequered career. In one form or another most of the provisions that are incorporated in the present Bill have been before the country at large as also the Legislature for very nearly four Legislative years.

[At this stage Mr. Speaker vacated the Chair, which was then occupied by Mr. Deputy-Speaker (Shri M. Ananthasayanam Ayyangar).]

Now it is in effect a continuation of a Bill which was introduced in 1946. I may pause and tell the House that although since 1938, several amendments have been undertaken of the Insurance law, this is the first time when a comprehensive revision of that law is being sought. Now the Bill of 1946 had its origin in a report that was made by a Committee which the Government had set up in 1945 under the Chairmanship of Sir Cowasjee Jehangir to enquire into some trends and undesirable features in the management of Insurance Companies in India and to recommend measures that should be taken to check this evil.

Now, Sir, the Committee particularly dealt with certain practices leading to grave abuse in the Insurance business and I might as well place a few extracts on the main points dealt with by that Committee before the House.

They dealt with first of all the point regarding acquisition of interest in insurance companies by payment of exorbitant prices for the shares and the Committee stated that many cases were brought to their notice where a financier or a group of financiers acquired control of an insurance company by paying very high prices for the shares which had no relation to the existing market quotations of the shares or their present dividend paying capacity. In some cases the funds of a bank over which the financier had control were used either in whole or in part to acquire such shares.

Going on to deal with manipulation of life funds of insurance companies, the Committee stated that a financier was able to obtain control of a large life fund by acquiring a majority of the share capital which is small as compared with the life fund by paying, if necessary very high prices for the shares. Generally speaking, as shareholders are scattered even less than 51 per cent. would give a working majority and in one case it was found that about 30 per cent. was sufficient to gain control. The insurance funds can be used by the financier to serve other enterprises in which he is interested or for speculation.

The Committee thereafter dealt with the question of interlocking between banks and insurance companies and stated that several instances had recently come to light where a bank and an insurance company had been started under the same management or have passed under the same management. Where an insurance company and a bank invest in each other's shares, the share capital of each concern represents inflated figures on the liabilities side and on the assets side the insurance company will show the shares of the bank while the

bank will show the shares of the insurance company. Both the insurance company and the bank will thus have an artificial appearance of strength owing to their assets and liabilities sides being inflated by the above manipulation.

I do not want to go into the report at length, but I think that these few extracts would go to indicate to the House the very grave nature of the abuses which were found by that Committee to prevail in 1945 and I submit that these abuses have not merely not stopped but they prevail on as much as the same scale as before and that actually makes out a very strong case for this measure being placed on the statute book, at an early date.

The other points in the Committee's report related to payment of large emoluments to the financiers themselves or officers of the company appointed by them, payment of compensation to existing management for relinquishing their rights and the system of deferred shares and cumulative preference shares, that gave, undue voting rights. The Committee made elaborate recommendations so as to remove the evils and these recommendations were substantially accepted by the Government of the day and were incorporated in the Bill that was introduced in the Legislative Assembly in 1946.

There was, however, an additional point of some importance which found its place in the Bill of 1946, a point which had not been considered by the Cowasjee Jehangir Committee. That relates to the limitation of expenses of insurance companies. A specific proposal was made in that behalf by a select committee of the then Legislative Assembly, which had another Amending Bill to consider relating to insurance in 1945. That Bill as reported upon by the Select Committee could not be considered in the Legislative Assembly on account of its dissolution in 1945. The proviso which they had introduced in their report in 1945 in regard to the limitation of expenses of insurance companies was also incorporated in the Bill of 1946. The Bill was considered by a Select Committee of the Legislative Assembly which reported in March 1947. The Bill was very carefully considered by that Select Committee and in its amended form was placed before the House in the Budget Session of 1948 when my hon. predecessor Mr. Bhabha, who was in charge of the measure, withdrew the Bill with the permission of the House. This was done on the 30th January 1948.

Now the principal reason for the withdrawal of the Bill at that time was that a great deal of uncertainty was felt about the position of insurance companies, due particularly to the partition of the country and the consequential uncertainty that might arise as regards claims. There was also a second consideration and that was as regards the uncertainty about the general price level and the scales of emoluments payable by insurance companies. The interval which has elapsed since the Bill was withdrawn from the House in 1948 has been fully utilised for the purpose of studying all the various factors of uncertainty that I have mentioned as also for the purpose of consulting the representatives of the insurance interests regarding the very many points which naturally were in controversy.

The House is aware that there is a Standing Insurance Advisory Committee composed of representatives of insurance interests which advises the Ministry. This Committee after giving full consideration to the situation subsequent to the withdrawal of the Bill suggested the appointment of a special informal committee consisting of a few persons possessing intimate knowledge of insurance matters to examine the provisions of the Bill in the light of the altered conditions, as also the provisions of the law of insurance as a whole. This informal committee was thereupon constituted and after a great deal of study of the proposals and the various factors bearing upon the question, made a

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very careful report. This report embodying the recommendations of the Informal Committee was again placed before the Insurance Advisory Committee. As a matter of fact a conference was convened, over which I had the honour of presiding, composed of members of the Informal Committee as also of the Insurance Advisory Committee. At that conference the whole matter was gone into fully and I may add incidentally that we gave full opportunity to representatives of chief agents and other agents of insurance companies to place before us their points of view. I may also submit that the Insurance Advisory Committee was in substantial agreement with the recommendations of the Informal Committee which had considered the matter in detail.

The draft Bill was then prepared on the basis of the previous Bill and in the light of the recommendations of the Informal Committee as endorsed by the Insurance Advisory Committee. This draft was seen by most of the members of the Informal Committee before it was finally revised. Now I should like to add that in the process of this final revision a few fresh provisions were introduced but I am assured that these provisions do not form part of any controversy. As I have already stated most of the provisions of the present Bill are a mere continuation of the provisions of the Bill of 1946 as amended by the Select Committee in that year. These provisions, broadly speaking, aim at putting a stop to all speculative activities which are possible to be indulged in to the detriment of the security of the policyholders, through certain loopholes in the existing law. Thus the capital structure of life assurance companies as also voting rights of shareholders have been sought to be strictly regulated under our present proposals. In future there will be only one class of shareholders, namely the ordinary shareholders with equal voting rights and no person would be permitted to hold more than 10 per cent. of the shares except with the permission of the Government.

There are several other provisions seeking to regulate investments and payment of excessive remuneration. Powers are also proposed to be taken for the purpose of enabling investigation into the affairs of any insurance concern. The existing provision of Section 33, to which reference was made the other day in the course of an interpellation in this House, has been found in practice to be insufficient for the purpose of meeting the needs of the situation. At present it is possible for any insurance company, in respect of which action has been taken under section 33, to defeat the proceedings by resort to dilatory tactics and stop the legal procedure contemplated in that section itself.

Now the whole object of the present Bill in so far as these provisions are concerned is to put an effective check upon fraudulent and speculative transactions on the part of the management, some of which were reported upon by the Sir Cowasjee Jehangir Committee. Most of these provisions concerned life assurance business and to a lesser extent with general insurance. The reasons for discrimination between these two categories of insurance business are set out briefly in the Cowasjee Jehangir Committee report itself. The life fund belongs mostly to the lower middle and poorer classes who are not conversant with commercial practice. Life assurance contracts are for long periods, whereas contracts in the case of general insurance are mostly for one year at a time. The provisions relating to life business would of course apply to such concerns as transact life business as also to general insurance companies to the extent that they undertake life business.

I would now indicate briefly the departures that have been made from the Bill of 1946 in certain important directions. The most important departure which the present Bill represents is in respect of limitation of expenses. The

Bill of 1946 which was withdrawn in 1948 attempted to limit the expenses of insurance companies by the provision of definite statutory maxima. There is no dispute as to the necessity for the limitation of expenses.

Shri B. L. Sondhi (East Punjab: General): I suppose only for life companies?

The Honourable Shri K. C. Neogy: That is true. If a company continues to overspend in comparison with its business it is bound to come to grief, inflicting hardship not only on the shareholders but to a much larger extent on the policyholders, particularly in the case of life assurance business. Excessive expenses also tend to keep up the rate of premium. The difference of opinion which we encountered, however, in this connection was with regard to the question whether rigid maxima of the rates fixed by law would be suitable. It was found that having regard to the widely varying proportions of expenses in the different classes of insurance companies, any rigid maxima fixed by law would be difficult to enforce in practice unless the rates were so high as to be ineffective in really curbing extravagance. This is so because there is no scientific basis for fixing a ceiling for expenses though the experience of well-managed companies would be a fair guide. The informal Committee therefore suggested that in view of these practical difficulties an elastic system should be introduced. The proposal now is that an Indian Insurance Association should be formed by law of all insuring concerns and memberships of the Association would be a statutory obligation before any one concern could transact any insurance business. This Association will have two Councils, one for the life insurance business and the other for general insurance business. Representation on the Councils would be secured both on a regional basis as also on the basis of the assets of the Companies, apart from governmental, trade and technical representatives. The intention is that each of these Councils, which will have executive powers, would every year consider the expenses in relation to the business of different classes of companies having regard to the conditions that prevail during the year and determine what should in those circumstances be the reasonable ceilings for expenditure for each class of these companies. The Superintendent of Insurance who, it is proposed, will be known hereafter as the Controller-General of Insurance would thus be enabled to take action in regard to those companies that have been found to be extravagant. It is hoped that this method would prove a more smooth and at the same time a more elastic procedure for the purpose of regulating rates of expenses. Apart from this duty, the Association and its Councils will have an opportunity of laying down standards of conduct for themselves which indirectly would be reflected in improvement in their business generally and the advantages that accrue to policy-holders as a result of such improvement. The whole object of this new machinery is to create a collective sense of responsibility in the insurance concerns and a statutory machinery for advising Government in the matter of control and supervision of insurance companies.

Sir, may I suggest that we might adjourn here because I have to take on a different point?

Mr. Deputy-Speaker: Yes.

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. Speaker (The Honourable Mr. G. V. Mavalankar) in the Chair.*

REQUISITIONED LAND (APPORTIONMENT OF COMPENSATION)
BILL—*contd.*

The Honourable Sardar Baldev Singh (Minister of Defence): Sir, I am prepared to accept the amendment of Mr. Rohini Kumar Chaudhuri to subclause (3) of clause 3.

Mr. Speaker: Then I shall put that amendment to vote.

Shri T. T. Krishnamachari (Madras: General): Sir, may I informally ask this? Is this going to be a matter of indefinite duration without any question of a time limit? Also, there must be some reference to the rules made thereunder.

Mr. Nasiruddin Ahmad (West Bengal: Muslim): The Limitation Act will apply.

Mr. Speaker: I don't know if the Limitation Act will apply, but probably it might. I have not considered that aspect. That is why I left the whole thing over for examination by the hon. the Defence Minister.

Pandit Balkrishna Sharma (U.P.: General): Sir, in regard to the omission of these words, you may as well be pleased to take into consideration section 19 of the Defence of India Act of 1939, clause (f). In that clause it is written that "an appeal shall lie to the High Court against an award of an arbitrator except in cases where the amount thereof does not exceed an amount prescribed in this behalf by a rule made by the Central Government". Now, I think even though we were enacting this new law we are not doing away with the Defence of India Act of 1939, nor with Act XVII of 1947, both of which have got this limitation. So, I would like to know how the position will be affected in regard to the whole law after the passing of this amendment.

Shri T. T. Krishnamachari: It won't affect the whole law.

Pandit Balkrishna Sharma: It is for you to say, Sir.

Mr. Speaker: Not for me, it is for the House because it is their piece of legislation, not mine. But I am sure this position also must have been considered.

The Honourable Sardar Baldev Singh: Yes, Sir.

Mr. Speaker: So we accept the advice which the hon. Defence Minister has got from the Legal Department. I will put the amendment to vote. The question is:

"That in sub-clause (3) of clause 3 of the Bill, all the words occurring after the words, brackets and figure 'subsection (2)', be omitted."

The motion was adopted.

Mr. Speaker: 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.

Clause 4 was added to the Bill.

Mr. Speaker: Clause 1 and the Preamble and Title have already been adopted.

The Honourable Sardar Baldev Singh: Sir, I move:

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

Mr. Speaker: The question is:

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

The motion was adopted.

INSURANCE (AMENDMENT) BILL—*contd.*

The Honourable Sbi K. C. Neogy (Minister of Commerce): Sir, before the House adjourned, I was trying to give a general idea about a few of the more important points which have been introduced into this Bill for the first time. I have already referred to the proposal for the establishment of insurance companies. One other point of importance to which I should like to refer in this connection is as regards the proposed revision of the proportions in which the investments of life insurance companies might be made in different categories of investments.

Now, Sir, the investments of life insurance companies have been considered from the larger angle of security of the policy-holders without ignoring the aspect of the yield on these investments. The life funds built out of premiums and representing the reserve for the fulfilment of long-term contracts have to be invested so that they are safe and at the same time earn a reasonable rate of interest. Assets to cover life insurance liabilities may be held in India at present in three classes, namely, Government Securities, Approved Securities and others, in the proportion of 25, 30 and 45 respectively. The present Bill provides that the third category should consist only of Approved investments specified in the Bill. Up till now, the requirement has been that at least 55 per cent. of the assets of the life insurance company should be held in Government and Approved Securities. This percentage is thus being reduced to 50, so that Approved Investments would represent the other 50 per cent. By this adjustment there will be no substantial decrease in security, but it is hoped that thereby the companies may earn a slightly better yield from their investments. It will be further noticed that in this Bill, we are placing all non-Indian insurers including U.K. interests on the same footing as Indian insurers in this regard. Non-Indian insurers would of course have to keep all such assets as vested in trustees who are citizens of India or companies incorporated in India. This should safeguard the position of the Indian shareholders of such companies.

As regards the Chief Agents, Principal Agents, Special Agents and Insurance Agents the commission method of remuneration is proposed to be restricted only to these categories. At present only the insurance agents are licensed and the commissions payable to such agents are limited by the Insurance Act. The method of licensing would now be extended in the case of life insurance business to Chief Agents, Special Agents and Insurance Agents and in the case of general insurance business to Principal Agents and Insurance Agents. Qualifications by way of volume of business, spheres of activity, territory and so on are to be prescribed for the Principal Agents, Chief Agents and Special Agents. The commission payable to the various classes of Agents will be regulated and the maximum limits prescribed. The only exception will be the Chief Agents in life insurance business and this is because the Chief Agents, as they exist today, differ widely in the scope of duties entrusted to them. A complete uniformity of treatment is not therefore possible to be had in their

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case just at the present moment. The exception was called for exclusively for these practical reasons. There are some Insurance Managers who draw remuneration as renewal commission on premium income. This system has enabled unjustifiably large incomes to be derived by such Managers and will be put an end to.

In the conditions of service of agents some liberalisation has been attempted in this Bill in one direction. At present, if an agent has worked for ten years, he is entitled to get his renewal commission on the policies introduced by him even if he ceases to work for the company, provided he does not work for any other company. Under the present Bill, one who has served a company at least for seven years and has contributed a total business of Rs. 1½ lakhs would also be entitled to get renewal commission on the policies introduced by him even if he works for another company, provided his policies of the first company do not fall below 40 per cent by lapse or surrender. Yet another class of agent will also be entitled to the renewal commission even if he worked for another company, but in that case Government will have formally to declare the original company to be unsatisfactory for this purpose.

One other benefit that the present Bill contemplates for the insurance agents is by enabling Provident Funds to be established by the companies for the benefit of insurance agents. It is expected that the companies would make contributions to the Provident Fund over and above what they pay the insurance agents as maximum commission under the provisions of law.

One feature of the present Bill may be found to be particularly interesting to the hon. Members. We are providing facilities for the conversion of proprietary companies into mutual companies. The shareholders' interest in an insurance company, particularly a life insurance company, is extremely limited compared to the interest of policyholders. It is therefore desirable that a small body of shareholders with such a limited interest should not at any time act in a manner contrary to the interests of the large body of policyholders. Thus, it may be desirable in certain circumstances to convert a proprietary company into a mutual one. The process contemplated does not involve going to a court of law, but consists in making an application to the Central Government for having the scheme of conversion sanctioned, though there may be an appeal to the High Court from any decision of the Government in this matter. When on the last occasion this House gave leave for the withdrawal of the Bill suggestions were made by two hon. Members that insurance business should be nationalised. Government considered this suggestion and have felt that for the time being the provision that is being made in this Bill for facilitating the conversion of proprietary companies into mutual companies may be found to be a suitable compromise. The whole scheme of insurance law as it will stand if the present measure is passed will enable a considerable degree of wholesome control and supervision by Government over insurance business though in full co-operation with the business interests themselves. Many of the prevalent abuses are also expected to be a thing of the past. We may thus have much of the advantages or nationalisation of insurance under the proposed scheme without actually taking over insurance business as a State monopoly.

I have already stated that this measure in substance had been before the legislature for about four years and adequate consideration has been given to all the various proposals that are now embodied in this Bill. I may mention that already three Ministers of the Government of India had something or other to do with this measure. Mr. Azizul Haque introduced it in 1946 and it was at his instance that the measure was referred to a Select Committee. But when the Select Committee came to consider the proposals already there had been a change of the Commerce Minister and Mr. Chundrigar was the

Minister in charge when the measure was considered by the Select Committee. Later, in 1949 when the matter came up before this House and the Bill was withdrawn with the leave of the House, Mr. Bhabha was in charge. May I hope that I shall be the last Minister to deal with this measure. I do hope that with the support of this House, it will be my privilege to place this very important measure on the Statute book.

Mr. Speaker: Motion moved:

"That the Bill further to amend the Insurance Act, 1938, be referred to a Select Committee consisting of Shri M. Ananthasayanam Ayyangar, Shri J. A. Ramalingam Chettiar, Shri Arun Chandra Guha, Dr. B. Patrabhi Sitaramayya, Shri B. L. Sondhi, Shri L. Krishnaswami Bharathi, Shri Prabhu Dayal Himatsinha, Shri Mohan Lal Gautam, Sjt. Robini Kumar Chaudhuri, Shri M. Tirumala Rao, Shri B. A. Khimji, Shri M. R. Masani, Shri Mahavir Tyagi, Shri Ramnath Goenka, Shri Ajit Prasad Jain and the Mover, with instructions to report on or before the 15th December, 1949 and that the number of Members whose presence shall be necessary to constitute a meeting of the Committee shall be five."

Shri T. T. Krishnamachari (Madras: General): Sir, I would endorse the hope of the last speaker that this measure, which has passed through the hands of three Members of Government, should at least be finalised during the time of my hon. friend Mr. Neogy, who is in charge of the Commerce Ministry, and in this session. At the same time, I cannot say that all the provisions of this Bill which is being referred to a Select Committee are, either wise or unexceptionable.

Sir, I had the good fortune or the misfortune—as the House may construe it—to be a member of the Select Committee on the first Bill and that in 1944-45. That Select Committee did not have the benefit of having before it the report of the Cowasjee Jahangir Committee. But nevertheless the condition of this particular industry—if it can be so called—was so bad that the Select Committee, at that time, were prepared to consider putting into the Bill certain provisions which find a place in the present Bill in a different form. That Bill did not go through, not because the House was dissolved as my hon. friend the Mover put it, but because the European element in the Legislative Assembly did not like the Bill and they wanted to raise the issue, that it offended those sections of the Government of India Act which gave protection to British commercial interests.

Sir, the report of the Cowasji Jahangir Committee, I think, provides a starting point for viewing the insurance business from an angle totally different from which the makers of the original Insurance Act in 1938 looked at it. I had very carefully read the Cowasji Jahangir Committee report at the time it was published, or rather circulated in private, and knowing as I do the Chairman of the Committee and his bias towards conservatism, I was surprised that the report went as far as it did. Sir, the report is an indictment on the entire insurance business as it is now functioning in this country today. The report revealed the tendency on the part of certain persons financially strong, and powerful, having the use or control of banks, trying to monopolise insurance business by capturing it—by buying shares and getting a control over the business. The facts which are admitted by the Committee are damaging enough, so far as the insurance business is concerned and the manner in which it is run by and large. There might be honourable exceptions, but the exceptions only prove the rule.

Sir, at the time that the report of the Cowasji Jahangir Committee was considered by the Government of the day the whole matter was in a state of flux. The Government did not know how long it was going to last and even though the matter was taken before the House and a Select Committee was appointed, it was quite reasonable to expect that the Government were not prepared to go to the length that the findings of the Cowasjee Jahangir Committee Report entitled them to or warranted such action.

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I am rather surprised, Sir, that in the year 1949 when India is free, when my hon. friend the Mover has only one opinion to respect, namely public opinion and nothing else, that we should be considering a measure so halting in its nature, so completely ill-equipped to deal with a malady of such a serious nature that even my conservative friend Mr. Cowasji Jahangir found that things were so bad as to demand drastic action. It is surprising, Sir, though it is a great compliment to my old friend Mr. Cowasji Jahangir, that this measure should incorporate in full those remedies that he suggested—remedies that he suggested against a flood of such a powerful nature that the flood control will be washed away the moment it is applied.

Sir, I am afraid that the Bill is very defective. The Bill is defective merely because it does not seriously deal with the issues raised, issues on which the Cowasji Jahangir Committee report had made definite findings. He does not attempt to tackle it as a popular government should, as a Minister with the background that my hon. friend, Mr. K. C. Neogy has, ought to. Sir, the solution seems to be simple. I am not one of those who are committed to any particular kind of 'isms'. I have no bias against capitalism as such. I am not a socialist, excepting for the fact that ideologically it does appeal now and again as being one of the ways by which a welfare state could possibly be run, but on a matter like life insurance in a state like ours I do not think there is any room for shilly-shallying, for tinkering with interests which have proved that they are no longer capable of the work in the first place, and trustworthy enough in the second place, to handle the moneys of the people who in distress, or to avoid a possible contingency of distress have sought this means of providing for the future. Sir, I think in 1949 to bring in a Bill of this nature, so far as life insurance interests are concerned, is merely shutting your eyes to realities and playing the game of blind man's bluff.

Sir, one has got to be thankful for small mercies and I am glad that my hon. friend the Mover has at any rate made it a matter in which he has such great interest that he wants to push it through today. Well, let us make a beginning, let us make a slight change if it is necessary and I suppose if it is proved, as I am afraid it would unfortunately be proved, that this Bill is not adequate to deal with those people who have been monkeying with the life insurance business, well, then the Government of the day will certainly wake up to realities and do the only thing that is proper.

Sir, I would like to mention a few details—though I have no desire to go into great detail—which I think the Select Committee might very well consider, and after consideration, if they feel like it, adopt such improvements as I am capable of suggesting. Sir, the one main point that my hon. friend Mr. Neogy made was this: he claimed that this Bill would be putting a stop to speculative activities in regard to the shares of life insurance companies. He claims that by reason of the change in the capital structure provided for by this Bill in the proposed new sections 6A, 6B and so on, and also the provisions in regard to voting rights, namely that a bank can have only 2½ per cent. of the total shares of the company, whereas other companies or individuals can have about 5 per cent., it would permit of strict regulation of this business and also seek to remedy the defects that have been pointed out by the Cowasji Jahangir Committee. I must join issue with him in this tall claim that he makes for this Bill. The capital structure that is envisaged

3 P.M. in this Bill under proposed section 6A is quite good as far as it goes, because I do agree that there is no meaning in having various types of shareholders. The best thing to do is to have a single type of shares and allow companies to bring themselves in line with this plan.

In regard to holding of shares I do not think that the suggestion made in this Bill, which has been so strongly supported by the Mover and which is held up as being something which would prevent fraud and speculative activity, would be sufficient to meet a particular case I have in mind. I do not want to mention names. There is a particular company, a very big company, whose matters, particularly in regard to share holding are now under dispute. I want to apply this Bill to test in this case and see whether the provisions thereof, if it becomes an Act, will prevent those people who want to get control of that company by means of possessing certain shares from getting that control. I find that it would not, because what will happen is that 5 per cent. of the shares will be held by one person. We want 51 per cent. to get control. All that we want is to have eleven persons who have five shares each in order to get the control of the affairs of a company in our hands. Well, in point of fact, while dealing with financiers and clever capitalists and powerful vested interests, all that we can do is to raise the fence. But the higher you raise the fence the greater becomes their capacity for doing pole-walking. They will walk over any fence you set up. Your higher fences merely help them to train themselves to jump over higher fences. I do agree that in a matter of this kind, no amount of raising the fence would ultimately solve the issue. Only more difficulty will be put in their way. So the position is, what is the use of feeling satisfied that this provision of 5 per cent. of shares will prevent speculation and fraudulent activity on the part of those people who look upon the Life Fund which will be available in a life insurance company as being a potential source of making more money and getting more financial power?

I am suggesting to the hon. Mover, if he is really open to receiving suggestions, that either he should make 2½ per cent. of shareholding a common thing for all institutions or, in the alternative, keep the provisions of this Bill as they are and put in a provision saying that no single person can exercise more than 1 per cent. of the total voting rights provided by a company. That will obviate the trouble of these people having to go and sell the shares. It is better to curtail voting rights rather than seriously interfere with the holding of shares. It really happens that a benefit holder who holds 5 per cent. may not care to exercise all five votes. But it does happen. In one company where the capital structure is so small—it is about Rs. 80,000 and it happens to be one of the biggest companies and is one of the first ten or twelve insurance concerns—that the bulk of it is held by one person. I do not know whether he will be willing to sell the shares. He and his predecessor have been collecting shares. So, the alternative is to make a provision that the maximum voting strength of a shareholder shall not be more than 1 per cent. of the total strength. This will raise the fence a little higher and make fraudulent activity a little more difficult.

Another matter is in regard to new section 6A—clause 9 of the bill. I find that there is an explanation to sub-clause (2). Actually that explanation ought to apply to sub-clauses (3) and (4). I do not know why they have merely made the explanation apply to sub-clause (2) only.

In regard to proposed section 6C the wording is rather peculiar. In regard to certain changes in the structure of companies which have to be changed the wording is "(b) that the consent of the creditors to the conversion of the company limited by shares into a company limited by guarantee has been obtained." I wonder whether they include the many policy holder shareholders.

In regard to clause 13, I welcome the change from the quinquennial valuation to triennial valuation of the assets of the insurance companies.

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In regard to clause 14 which refers to section 19, there is a slight change made. They want certified copies of the minutes of a general meeting to be sent to the Controller-General which would include particulars of the meeting held. I want to ask how far this would be really useful. I have before me a copy of the Indian Insurance Year Book and comments of the Superintendent of Insurance, who is going to be called in future Controller-General of Insurance. Para. 6 refers to policy-holder directors who number 42. The total number of elections reported since November 1947 is 39. In five of these cases, information was not received in regard to the number of candidates who stood for election, etc. On an analysis of the remaining 44 elections

the number of contested elections was only 7. It is a very short paragraph. What is the use of this kind of information when we know that in practically every case, the policy-holders' directors elected are the nominees of the management? In no case is a policy-holder director elected purely voluntarily without any persuasion by the management, by policy-holders themselves. What is the object in further keeping it up saying that the minutes must be sent to the Controller-General when all that he is able to get from the minutes is this sort of useless information? In every case the policy-holders' director will be a nominee of the management. If the Government really want information, they should ask for specific information in regard to the means by which the policy-holders directors are elected. I do see this that in this particular Bill an express prohibition has been made as against policyholders' directors who may have any interest in the company. That might perhaps become sort of check. But I would like to go further and say that in regard to the election of directors, either the Controller-General himself must nominate the person or persons to be policy-holders directors or the Government should do so. I see that a change has been made by which two directors at least must be policy-holders directors. Though there are two in several companies like that now, there is no meaning in it, unless the Controller-General is himself going to nominate the two Directors from among the policy-holders. The alternative is to leave the policy-holders to their fate. Let them elect whomsoever they want even people pliable to the management and the best thing would be to nominate directors by the Central Government or on the advice of the local Governments.

Shri B. L. Sondhi (East Punjab: General): Out of the policy-holders.

Shri T. T. Krishnamachari: Let him be anybody who will owe his appointment to the Central Government so that he will expose fraud on all occasions when fraud is found. Sir, I do not think this is really a matter for laughing at all because, as I said, this is a very serious matter in which there is no point in treating the question lightly.

Sir, I come now to a very important portion of this Bill, viz., clause 31 and new sections 40A to 40C. If I am not wasting the time of the House, I would like to devote a few minutes to this particular matter because this question of limitation of expenses first came up before the Select Committee that was appointed in 1944 for the Bill which was introduced at that time. Sir, I agree with the provisions of this Bill in regard to the limitation of expenses so far as life-insurance is concerned. My hon. friend who is sitting to my right says "composite companies". Composite companies will have to keep their accounts separate. They will have to keep life insurance separate from general insurance. I agree that there should be limitation of expenses so far as life insurance business is concerned because the ultimate beneficiary, if beneficiary he be, will be the policy-holder. but what is the object of the Government interfering in so far as general insurance business is concerned? Sir, I would like to draw the attention of my hon. friend the Mover, to a very interesting minute of dissent in connection with the 1946 Bill by Mr. Ormiston and Mr.

Hirtzel, though I agree that that minute of dissent was by interested parties. Their minute of dissent seeks to make a distinction between life insurance business and general insurance business, and in point of fact that distinction has been acknowledged by the hon. the Mover and has been partly acknowledged by the Cowaji Jehangir Committee's report. The hon. Mover laid emphasis on the need to control life insurance business because of the long-term nature of the contract. Once a contract is entered into, once the policyholder enters into a contract with a life insurance company, he is helpless in the hands of the insurance company, and the Government has to protect his interests, whereas in general insurance business, contracts are yearly contracts. In fact it is not even that. Life insurance happens to be a public utility of a first-class nature. In fact in this country, life insurance has got to be developed probably a hundredfold before it can be of real use to the average man, and everything must be done by the Government to encourage the development of this scheme, whether it is done through private companies or it is done by means of State insurance itself. But so far as general insurance business is concerned, it is not on the same footing. It is a pure and simple business proposition. If I feel like insuring my assets against fire, burglary, I go to any insurance company I like and I enter into a contract with them. In point of fact, business does not work like that. Every general insurance business has a portfolio of its own. Business generally starts when there is a certain portfolio available. In former times particularly in 1944 and 1945 when vested interests were running general insurance business, they did a lot of lobbying. There was such an enormous amount of lobbying that the Select Committee was inclined to consider incorporation in the Committee's report of a scheme of limitation of expenses not merely for life insurance but also for general insurance, which was really a sort of tug-of-war between Indian local interests and foreign interests. The foreign interests had a larger quota of expenses, because their salaries were higher. The Indian interests thought that if there was limitation of expenses, it would tell against the foreign interests and that was the reason why the foreign interests sabotaged the Select Committee's report because they said it was discriminatory as it acted against the interests of the foreign firms in this country. Well, if hon. Members of this House feel that they ought to help certain classes of Indian interests against certain foreign interests, they are at liberty to do so, but I would like to point out to them that these Indian interests are dependent upon foreign interests for the purpose of re-insurance in many cases. What would happen is that these bigger Indian interests will join the foreign interests and squeeze out the smaller ones. I would submit to my hon. friend, the Mover, that if he will permit these provisions, that part of new section 40A and that part of new section 40C which give powers to the Executive Committee of the General Insurance Branch to function, before long, there would be only four or five companies in this country doing general insurance business. If that is his idea, if my hon. friend has in his mind the idea that he will ultimately take everything over, that he will allow the bigger fish to eat the smaller fish as a preliminary step, he might pursue this matter, but I would like to warn the Members of this House that we cannot take this lying down and allow the big Indian vested interests to squeeze out the smaller concerns. I do maintain that there is every reason for this House, for the Legislature, for a popular Government, to interfere to the fullest possible extent with life insurance business. Here I am merely pointing out the matters in which the Bill could be improved upon. If they are not going to take over general insurance business as a Government monopoly, I see no reason why they should try to interfere with their rates, or in the method of their expenditure, or in their management, or the commission that they are paying to their principal agents, subsidiary agents, etc., because the Government is not going to interfere with private enterprise today, and I do hope my hon. friend, the Mover of this Bill, will examine this Bill a little more carefully and not be guided by the

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very powerful vested interests into a particular venture where the smaller concerns will ultimately suffer and the bigger ones will get away with it.

Prof. N. G. Ranga (Madras: General): What about the interests of the insuring people?

Shri T. T. Krishnamachari: So far as general insurance is concerned, it will only be a short-term contract for a year or so, and their interests will be safe. A man who goes in for general insurance is generally a man who knows what he wants and he is likely to take care of his interests.

Incidentally, I would like to refer to one action of this Government though it does not fall within the activity of my hon. friend, the Commsrec Minister, nevertheless is a matter which the House can take note of and the Government can take note of. By the provisions of chapter 8 of the Motor Vehicles Act, the operation of which was deferred from 1943 to 1946, the Government have by a stroke of the pen put a lot of money into the hands of general insurance interests. Third-party insurance is now compulsory for every motor car and by this an enormous amount of money has gone into the hands of insurance interests in respect of motor cars. May I ask, Sir, whether the rate of insurance for motor cars has been brought down because there is such a quantum of business coming into their hands?

Shri B. L. Sondhi: I thought the rate has increased.

Shri T. T. Krishnamachari: The prices of cars having gone up, naturally these people are reaping an enormous amount of benefit from the misguided and thoughtless action of a Government which has not provided for a State Corporation and the Government in taking this short-sighted decision has merely put such a lot of money in the hands of private *entrepreneurs* so that they can make a little more profit, their agents and shareholders can make more profit. This is a thoughtless piece of action. The popular Government has not even thought of this matter. They have not considered the feasibility of interfering in the activity of these companies and bringing down the rates. Nor have they on the contrary taken over the entire business themselves, so that ultimately the tax-payer might benefit from an imposition of this nature rather than the private interests and private shareholders should benefit.

Sir, I am mixing up important ones with minor ones, but I think I depend largely on the order in which these things appear in the Bill. Now clause 32 in regard to section 42. There is a new sub-section (3) which extends the period of the licence of an agent from one year to three years. Very curiously enough there is a provision there which says that if a person does not apply for licence before it expires, then he won't get the licence. I do not see why by making this licence period three years he must put a penalty on an ordinary licence-holder who fails to apply and I cannot see the sanctity of the continuity of a licence provided there is no fraud, and in these circumstances, it seems to be a needless provision and I hope the Select Committee would look into it.

Sir, there is one particular matter which is also rather intriguing in clause 41. In clause 41 the new Bill categorically states:

"Provided further that the share of any such surplus allocated to or reserved for the shareholders (including any amount for the payment of dividends guaranteed to them, whether by way of first charge or otherwise) shall not exceed ten per cent. of such surplus."

Sir, this looks innocuous that ten per cent. of such surplus should be given over to the shareholders. I did find that in the Income-tax Investigation Commission's report on page 45 the Commission has given quite some thought

to the question of taxing the surplus that arises out of the quinquennial valuation. Formerly only 50 per cent. of it is taken as given over to the policyholder as bonus and the insurance interests have been asking for the tax burden to be lightened and have put forward a case that the bonus payment surplus is made merely because of a larger premium collected which is being refunded to the policyholder. That is, what is refunded to the policyholder so far as bonus is concerned is excess premium charged in order to provide a bonus so that the distinction between with profits and without profits in the endowment policies can be maintained. All the plea put forward before the Income-tax Investigation Commission was that all the surplus arise only because they have charged the policyholder more, they have loaded his premium and that comes back in the shape of surplus and the income must come to the policyholder and no tax must be levied on it. I want the House and the Select Committee to juxtapose this particular argument which is found at page 45, paragraphs 103 to 113 of the Commission's report which every hon. Member has, this particular recommendation and the argument adduced by the vested interests in support of those recommendations and this particular provision in the Bill and they will find that the shareholders have no right whatever to any portion of the surplus. Sir, I fail to see how my hon. friend should have so glibly accepted the claims put forward by the life insurance interests and incorporated a provision of this nature in the Bill.

Sir, as I said I see-saw between an important provision and a less important one. I find, Sir, that the Bill has made a very welcome provision for the appointment of an administrator in the new section 52-A. It is a good idea, and I have nothing against it; on the other hand, I welcome it. At the same time I would like the Select Committee to link up this particular section with section 34-A which provides for investigation. In fact even though the appointment of an administrator might have to be done very quickly, some kind of investigation would undoubtedly be necessary and I think it is better to link some kind of investigation before the Administrator is appointed.

Sir, I come to the most important provision in this Bill, namely whether both the life insurance business and general insurance business should be controlled by autonomous bodies. That happens to be the basic scheme of the entire Bill. As I said before, I welcome the provision of an autonomous Board so far as control of life insurance business is concerned; I do not even mind the provision of an autonomous board so far as general insurance is concerned provided the Government do not give it any special powers excepting what the companies themselves seek to do. If the companies come together and they agree to voluntarily impose a limitation of expenses on themselves, they propose to limit their chief agents remuneration or they propose to run the whole business in a particular manner, I cannot see how it is our business to interfere. But so far as life insurance business is concerned limitation of expenses happens to be a very necessary factor and I think it is a scheme that is well worth a trial if the Government is determined not to take on to itself this business of life insurance. The alternative is certainly a board of that nature. I see in the life insurance board the composition of the Executive Council will be eight persons to be appointed by the industry and seven persons by Government representing various interests. I have got one suggestion to make in this regard, namely that one of the eight persons should be a person representing the co-operative life insurance interests. I think it ought to be statutorily provided for. There are only three companies and one will be adequate for the time being. So far as the general provision in regard to control of life insurance business is concerned the Government have made one change in regard to the quantity of life fund which it wants to control absolutely. From 55 per cent. it has come down to 50 per cent. The Government have made certain provisions in regard to the manner in which the other 50 per cent. should be invested. I think some of these provisions are extremely

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onerous; they have adopted the recommendations of the Cowasjee Jehangir Committee almost *in toto* but to say that life insurance interests should invest in companies which for a period of five years have been paying dividends would necessarily mean that when the valuation is made, there will be very little of surplus because they have not been able to take advantage of using their own native intelligence and invest money in a concern which is likely to be a stable concern and is likely to yield a fair and better return. So all these chances of making a little more than what would normally be available by the normal channels would be prevented for them as if they are going to purchase shares of the company which have been paying dividend for five years and the value of that share would be determined almost by the rate of dividend that the Government have fixed. Three per cent. or $3\frac{1}{2}$ per cent. would determine the value of the share and no benefit would accrue. Well, my hon. friend will get up and ask me: "You have been pleading for stricter control; you have been asking that these interests should not be permitted to handle these funds because they have been misusing these funds and these funds have been the main attraction for speculators to come into the business. Why do you make a suggestion that you should have more latitude?" I will mention what my suggestion is. I do not see why the Government in constituting the Council to control the business of these insurance companies should also not constitute an Insurance Investment Board for life insurance business. Let it be managed as far as possible by experts. But let them invest the 50 per cent. to be invested otherwise. Then you can give a little more latitude in regard to the manner of investment. The best way is to take the top ten or twelve companies. Let the Managers of those companies be the Directors of this Investment Board—let the other Companies elect two Directors—and between them let them manage the fifty per cent. left over in the life insurance fund, so that there will be no chance of fraud and there will be no chance for an outside speculator to come into the field at all and so that you can completely deprive them from the handling of these assets except by a common body constituted of experts who know market conditions, who are paid people and who would therefore not have any interests in cheating the general public to a more than what the normal temptation is in these matters. I would like to throw that suggestion to my hon. friend's consideration. Please try to create an Investment Board manned by these people with a Government Director if necessary and take over the control of the entire 50 per cent. that is left over.

So far as non-life business is concerned I have already said that I would rather that the provisions in regard to the powers of the Executive Board are whittled down to practically what can be done by the Executive Board on an agreed basis without any statutory powers for them, because I do foresee the risks of bigger companies holding the sway and the smaller ones going out of existence.

One final word in regard to the remuneration of people employed in insurance business. I agree with the provisions here which give the Controller-General the power of deciding what is a reasonable salary and what is not. But I do not know if it is one that could be adequately exercised by the Controller-General. The reason for my mentioning it is this. The amount of onus—the burden—cast on the Controller-General is far beyond what we have cast on the Reserve Bank by the Banking Companies Act. At any rate the Reserve Bank is an institution; there is a Governor, there are two Deputy Governors—there may be three—there are a number of officers, fairly well trained, and there is a Board of Directors appointed by Government. Here a single man is vested with the whole lot of control, and though there will be a certain

amount of autonomy by means of these Boards I am not quite so hopeful of a single man being able to manage this business. I do not know if the Government could not find some other alternative. Personally, if I were in the hon. Member's place, I might say "why not ask the Reserve Bank to look after this business by appointing one section to run the insurance business?" In any event, the choice of the Controller-General is going to be a very difficult problem. And it will be much better for Government to have a committee to advise the Controller-General, if necessary made up of people of the Commerce Ministry and from his own establishment to assist him, rather than leaving him alone in this matter, because the Bill will fail or succeed, even to the limited extent that it seeks to help life insurance, by the personality of the Controller-General. I am also not quite sure that my hon. friend, the Mover, is going to find that Paragon to fill this very difficult position that he is now creating for the Controller-General. I hope the Select Committee would be able to devise some means of providing an alternative, or a help to the Controller-General so that the responsibility might be a little distributed over more than one person—perhaps two or three, if necessary. But it is a matter which Government would do well to consider.

On the whole, as I said, in so far as the attempt is an honest attempt to stop the rot in the insurance field it is a good one. But I wish my hon. friend, the Mover had given us the instances of the number of insurance companies that have changed hands, the number of times that each has so changed and how the perilous position of the security of the policy-holder has been reduced. I feel that the attempt is almost like closing the stable door after the steed has flown. But I do wish my hon. friend good luck with regard to this measure. I do hope, however, that in the Select Committee he will consider very carefully the desirability or otherwise of roping into this Bill two entirely unalied interests except for the fact of nomenclature. Insurance is a word that covers both life insurance and general insurance. But life insurance has nothing to do whatever with general insurance. I would suggest to him to leave general insurance alone for the time being and devote all his time and attention to life insurance in which the field is very wide, in which no safeguard is superfluous and in which the amount of fraud going on is something far more than what my hon. friend knows or is prepared to imagine.

Sir, I support the motion.

Prof. K. T. Shah (Bihar: General): Sir, at this moment when the Bill is being referred to a Select Committee I think it proper to invite the attention of the House to the basic principles which ought to guide us in dealing with such matters of social utility as the insurance business of the community. It is unfortunate that matters of such integral and cardinal importance should be taken *ad hoc*, and dealt with separately as if a specific evil or a specific obstacle has to be particularly remedied, without looking into the proper co-ordinated place of each such measure in the general economy of the country. Accustomed as I have been to look at the aggregate of the national economy, and try to fit each such measure into a common, over-all, national plan, I feel it important and necessary to draw the attention of the House to the real place, essential nature and basic character of insurance as an integral item in our national life. Only if we look at it in that way, only if we realise its place in the aggregate of the national economy would, I submit, we be able to deal with it properly in its correct perspective and proportion.

It is from this standpoint that I would like, in the first place, to suggest that insurance is not, and cannot be a method or means of new wealth being created in the community. If it is anything, it is really a mean to safeguard and to protect that which is. And if you extend its scope further, it is a method by which the available wealth of the community can be more effectively

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mobilized, more fruitfully, more safely, more productively employed to the common benefit, not only of those immediately concerned, but also of the community as a whole. Taking this view of the true nature of insurance, we must also realise that the parties concerned in this insurance business are not, as is emphasised here in this Bill, and in all measures of this character merely the consumers, so to say, of the insurance service—the policyholders let us say; or even the proprietors who provide this insurance business but the community as a whole whose interests are scarcely attended to in proposals of this kind. Going through this Bill which is an amending Bill, along with the original Act which it seeks to amend, I fear this aspect of the matter is not fully appreciated by the hon. the Mover, and by such of the suggestions that have so far been made in respect of this Bill.

The policyholders no doubt attract the utmost attention, and I am not going to suggest that it is not proper to look after their interests and safeguard them as much as we can. Nor, under the present basis of society, would it be quite in order to suggest that the proprietors or the shareholders interests be altogether overlooked. Speaking for myself, regarding insurance as essentially a social utility or a public utility service, I see of course no reason why any element of private proprietorship or profit-seeking individualism should be introduced therein. It is one of those essential services in modern economy which must be, in my opinion, owned, manned and controlled in the common interests by the representatives of the people as a whole. That is to say the State as an organ of society. In no field, whether it is life insurance, whether it is general insurance, accident insurance, unemployment insurance or health insurance, would I suggest or allow that insurance be a matter of private concern to be a prey at the mercy of the profit-earning instinct of private capitalists, and therefore the State should be required only to make good their faults, their defects, their short-comings or their mistakes, but not to share, as it should, in the benefits, in the advantages, in the surplus that a properly co-ordinated and efficiently worked insurance business can bring.

More than the shareholders and the policyholders, therefore, do I consider it necessary to pay attention to the interests of the community as a whole, because—and that is my reason for advancing my proposition—insurance acts almost as much as banks, if not more, in mobilising the available liquid wealth of the community, in inculcating the virtue of thrift in helping to safeguard the fruits of that thrift, and in mobilising and utilising those savings of the community which we call the insurance fund or the life fund, whatever you like to call it.

In this country at the present time there are something like 28 lakhs of policyholders in life insurance alone with a total insurance fund amount outstanding of something like over Rs. 600 crores. This is the potential value, this is the value insured, but this gives you very little idea about the amount available, about the potential wealth in the country, which is not to be regarded merely as the private property of the individuals, but also as having a bearing on the economic growth and development and expansion of the country, which measures of this kind, I venture to submit, do not always fully appreciate.

Because I hold this view, because I consider that the stake in this is not that only of the policyholders, or the shareholders but also of the community, I welcome and emphasise and underline the suggestion made by the previous speaker that in the conduct of the insurance business, in the management of the insurance business, we should insist upon some nominees of Government on the Board of Directors of individual companies.

Also of a similar kind is the suggestion made by the previous speaker of an Investment Board so that it does not become merely the private fancy of the

individual managers to assist such enterprises or such of their associates as they think proper to assist. It is not the smallest, not the meanest of the scandals of the present Insurance business in this country that there is a certain amount of interlocking—quite a considerable deal of interlocking—between insurance companies and banks, and not a few of the abuses are traceable to the system of interlocking. Those who are eventually the masters of an insurance company also hold or own banks, or at least a greater portion of their shares, so that at convenient or inconvenient moments, they can show the holdings in the Banks to be the assets in the Insurance companies, and *vice versa*. The weakness of either is just slurred over. The Bill tries to remedy, but I think only partially remedy, this defect. But the real remedy will never be attained, in my opinion, unless the entire Insurance business is socialised, unless every element of private profit-seeking enterprise is eliminated altogether, root and branch from this business. This, however, is a view which may not commend itself for reasons of 'practicability' which is the new god invented in the modern industrial age by the present people in power, but it is a thing, it is a principle which I think we will ignore only at our peril.

Being of the view that I take of the nature and the function of Insurance in this country, I suggest that it is not enough to see, for instance, that we guard against too many or too frequent transfers of Insurance businesses. From my point of view, of course, there would be no need of transferring for the simple reason that the State would be the overall owner and manager of such business. But even supposing you tolerate for a while this essential, vital business of the community to remain in private profit-seeking hands; even then no amount of control, no amount of restriction and regulation that you can introduce can be too much, if you have ultimately the interests not only of the proprietors and the policyholders but also of the country at heart. I can assure you, Sir, that the country is not merely superficially or theoretically concerned. If you are genuine and earnest in your desire to develop the resources of the country, if you don't wish to go with a begging bowl in your hands to foreign banks and investors for the purpose of securing assistance, ignoring all the while the valuable assistance within your own country, then I say to you, I say to this House, that no amount of control that you can lay down for utilising the funds available to the insurance concerns could be too much. Nor should we shrink from suggesting the introduction of provisions in this Bill that would make this control not evadable, not avoidable, but effective and real.

It has been said that the suggestion to restrict the maximum holding to five per cent. by any person, or limit the voting to a certain prescribed figure say one per cent. by any shareholder can be gamed. I know that capitalists are much too clever and their legal advisers are much too ingenious not to allow them to get excuses and help and advice by which they can overcome all these restrictions. But at the same time it is a step in the right direction, whose logical fulfilment would only be if you see to it that no transfers are allowed, and that any transfer even indirectly made, even as a matter of trust, should be declared to be illegal and should not be recognised or enforced in any court of law. Sir, a suggestion is made here that it should be declared forfeited—personally I would welcome it altogether. But even if you are not prepared to do so you can and should lay down that transfers of this character will not be recognised if they exceed a certain amount.

The regulation with regard to proxies, the regulation with regard to the possibility of dividing up amongst the members of a family the shareholding so as to retain eventual control in their hands should also be guarded against. And if they have their own ingenious lawyers to suggest to them ways and means of getting out of such measures, let us see to it that the public service is not lacking in such brains as to devise still more effective measures. And if these measures don't succeed eventually, then, in my opinion, that makes

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the strongest case possible for the idea that the time of the private *entrepreneur* is over and the State ought to take it up. That ought to be a sufficient lesson. After giving them a long time, say five, ten, or even twenty years, if you like, they should see that, if the intentions of the law are frustrated in any way, if they are not carried out in the letter and the spirit one hundred per cent., it would be a ground for removing private enterprise from this field altogether.

It is for this reason that I would suggest not only the appointment of directors by the Government as representing the community as a whole, but the Government should select these directors not necessarily from the proprietorial element or even policyholders, who may have some proportion no doubt, but from those who are going eventually to run the business on behalf of the community. When the Banking Consolidation Bill was before the House late last year or early this year, I had the misfortune to make many suggestions of this kind there, which were, of course, turned down. But undeterred by the fate of those suggestions, I am hardy enough to bring forward other suggestions of the same kind. I regard insurance and banking as sister enterprises; and so what applies to one ought to apply to other also. Even if you pass or reject the Hindu Code, and declare our sisters not entitled to inherit from their fathers, I should still insist that in this case the legal analogy should apply fully; and provision should be made in such a manner that the insurance concern may be regarded as a public utility concern, to which the greatest possible restriction or regulation, while it continues in private hands should apply. The workers' representatives selected from those who have become technically qualified and experienced in operating the business would have to act as nominees of the State, or as its servants in the interests of the community, not owing their allegiance or their position to the whim of any particular interest or individual. Cases have been known of insurance companies when by law they were deprived of the services of managing agents, to so convert their managers or change their emoluments as to more than indemnify them for what loss they had sustained in ceasing to be managing agents. That is another scandal which this Bill tries to guard against in a way, by seeking to limit expenses. This is a very welcome feature and I have no hesitation in according my appreciation to it. But devices can be found and are being found (I am not an experienced accountant or auditor to tell you how they can be found) by which such limits are usually defeated and in any case what are known as legitimate expenses can be so inflated that that provision of the law might almost become a dead letter. The greatest proportion of such expenditure goes to what are called policy acquisition commissions. It is true that it has now been fixed and it is proposed to maintain the proportion fixed both for the initial and recurring charges. But there is the possibility of those at the fountain head of the insurance business becoming shareholders themselves and Directors and they would also see to it that their kith and kin are appointed as agents and sub-agents. These are methods by which they can rake off quite a large proportion of the commission from insurance business, which ought to go in the true sense of the term to the community, for it is the community which eventually will provide the absolute security for life insurance business. In any economic crisis or insurance crisis it is the community which is called upon and has had to shoulder the burden of the mistakes, nay worse blunders, of the owners and proprietors of such concerns. I therefore suggest that we need to train up an experienced staff, which will act not from the motive of profit-earning for themselves, or adding to their commission but from the motive of public service, fairly remunerated for the work they do and who will ultimately hold themselves responsible to the community and not to an individual or employer, whose frowns or smiles might make or mar their living.

I would go further and say, as the previous speaker suggested, and I think as the Mover of the motion also noted, that the tendency today is more and more to turn individual or proprietorial insurance concerns into mutual concerns. Where the State is not ready to take over as a whole the Insurance business from private hands and run it themselves, at least the mutualisation of insurance as a co-operative concern would be much more to be preferred than leaving it in any manner of means in private hands. We have in the actual provisions of the Bill many items to which exception might be taken or amendments suggested. But there are one or two matters to which I would like to draw attention now and reserve other points to a more fitting occasion when the Bill comes to be considered clause by clause.

We are providing investment up to a given percentage, 55 per cent. in securities not only Indian Governmental securities but also foreign securities. If I recollect the wording of the clause properly I think that there is even a reference to the approval of the Secretary of State. I thought that the Secretary of State was dead for ever in this constitution and the retention of that phrase and the idea which that connotes is to my mind an utter anachronism which ought to be corrected at the earliest opportunity and I hope the Select Committee will see to it. Apart from that mere terminological matter there are other things.

This country needs, as we know, considerable amount of capital for developing its own resources. It is therefore of the utmost importance that we should have every available pie for investment in this country. Therefore I see no reason why this Bill should allow any margin over 25 per cent. to be invested in foreign securities, not even by permitting it. Speaking for myself, I would say that the funds of the insurance companies on business arising in India ought to be invested only in Indian Government securities, municipal, port trust or other Indian securities, the assets of which are in this country. It is only in that way that we shall provide from our own resources and I for one believe that our resources are quite ample if you know how to develop and utilise them. In this way we shall be able to find our own resources for whatever plans we may have in the matter of industrialising this country or for developing its utilities, services or amenities or in the matter of improving the standard of living of the people as a whole; of every single individual in the country and not merely be content with top-dressing or placing the coping stone of the edifice, which are meant for show. The foundation is at the bottom on which the whole edifice rests and if you do not look to the interest, the safety, the improvement in the standard of living of what I call the foundation stone of this country I am afraid all your measures will be found wanting.

Next to security and expenses there is therefore this problem of utilising the entire insurance business from the point of view of minimising the risks, minimising the contingencies, so to say, for which insurance becomes necessary. While society remains founded on the basis of individualism while each individual has to make his own provision for himself and his family 4 p. m. for old age, accident or invalidity, naturally the concern would not be so widespread as it very well might be. A few minutes ago, I mentioned the figure of the total policies outstanding at the end of 1946 as somewhere about Rs. 28 lakhs. Rs. 28 lakhs is less than one per cent. of the total population of the country; it is less than 5 per cent. of the adult population of the country; it is less than 10 per cent. of the earning population of the country. Therefore, I suggest there is infinite scope still for the improvement of this business. It can only be improved if you see to it that it is no longer the happy hunting ground for private profiteers, but becomes a public concern, a real social utility, worked, operated, owned and controlled by the community, in the interests of the community and through the representatives

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of the community. If society becomes rationalised, if the whole social system becomes more equitable and more just as I conceive it, then it seems to me that a considerable form of insurance would be unnecessary altogether. Insurance of health would become unnecessary if all the contingencies of life are guarded and provided for the community as the sole responsibility of the State towards its citizens. Unfortunately, that intelligent and generous attitude towards its citizens has yet to be fully realized and still more so to be implemented. Therefore, while you allow any item of insurance business—whether it is life, health, work, employment or unemployment, accident or any other—to be so organised and controlled as to be the ultimate responsibility directly of the representatives of the State and corporations or authorities like the Controller-General of Insurance as provided for in this Bill, they should not be charged with only the function of superintending or supervising detailed operations. They must have a wider vision. They must be given their function from a standpoint such as the one I have been advocating, so that they are not merely mechanical auditors of just actual funds or persons who see to it that on the actuarial grounds the return is 3:2798 or 2:911 per cent, or whatever it may be per cent. This is not the function, as I conceive it, of an authority representing the community like the Controller-General. Such authority should, acting on behalf of the community, see to it that that portion of the country's wealth which is available in the savings of the people is extended and increased by very well known, tried and tested devices and that it is not only safely invested but that it is available at any time that the people may require, not merely at any time the individual concern may require. It is not merely that the insurance business is conducted even today by joint stock concerns which no doubt loom the largest, but as the previous speaker pointed out, they are a very vocal and powerful lobbying interest which has been approaching almost every one of us, perhaps, and many of us have been very smoothly treated by their trained diplomatic ways of softly modulated tones pouring into our ears the wisdom of accumulated profiteering that they have got with them. But while not quite immune from the influence of these lobbyists, I should like to warn the House that there is quite a considerable element of insurance business not in the hands—and thank God, luckily not in the hands—of private profiteers, such as for instance the Provident Fund. Provident Fund, both of individual and public servants is rapidly mounting. It is essentially a form of insurance, a method of compulsory provision for one's future. Insurance in the ultimate resort is nothing but the saving of the people voluntarily made and thriftily employed against a rainy or a rainless day. In that view, there are many other ways in which people are helping to save for themselves, not only to safeguard but to utilise and develop their savings in such a manner that the fruits of their yield may be progressively increasing every year. In this view, the present Bill meets only a small proportion. I hope it will not be too late for the Select Committee or later on for this House to bring a wider vision into this Bill, to infuse a more generous and a more national spirit into the enterprise and so to remodel it, so to improve it, so to amend and alter it, as to make it really a social utility and an agent to minister to the general well being of the community.

With these observations, I commend the Bill.

Pandit Govind Malaviya (U.P.: General): I wish to congratulate my esteemed friend, the Commerce Minister for the speech which he made this morning and especially for the intention of creating a Council of Insurance Companies to regulate their functioning. I do not wish to take the time of the House unnecessarily with a number of details of the Bill which will come up before us later on. These are just one or two points about which I feel that I should place before this House for its consideration certain aspects of the proposals which are probably deserving of its attention.

I shall come straight to the points to which I wish to refer. Whether insurance companies in India are nationalised or whether they are allowed to function as private enterprise, the point of view which I wish to submit will hold good equally in either case. I wish to refer to the provision for the limitation of expenses which has been included in this Bill and I wish to do so from a purely practical point of view. I do not know if many Members of this House are familiar with the working and with the problems of insurance companies. The obvious argument for the limitation of expenses seems to be that those who are in charge of insurance companies should not be able, if they so wish, to squander public money or in any way to jeopardize the interests of policyholders. Nobody can oppose any provision which seeks to secure these two very desirable objectives. But what seems to be obviously intended to secure the interests of the policyholders may, it seems to me, actually cut at the very root of insurance companies in this country. If I may refer to something which is of a private character, I might mention that the motive of those who desire this provision for the limitation of expenses was probably not to introduce this limitation on expenses in life companies as much as it was to introduce it with regard to general companies.

The reason for that, probably, was that in India general insurance companies so far have not been able to capture all that business of general insurance from foreign companies yet. In the field of life insurance, as we all know, foreign insurance companies today are able to write only a very very small fraction of the life insurance business in India. That is not the case with regard to general insurance. Now on the side of general insurance there are a few companies, a few top companies, which are able even today to carry off the field to a very large extent, as against other smaller companies. Now, obviously, the interest of these few top companies is that if there is a limitation of expenses, the result would be that most of the smaller companies will find it impossible to operate under those circumstances. The result will be that the total general insurance business of this country will practically become the monopoly of one or two companies. I wish, Sir, to request the Members of this House to give careful thought to this aspect of the matter. If this limitation of expenses is brought about on the general side the result will be that only a very few companies—I do not wish to name them, but I can almost say one or two companies only—will be able to function and will almost have a virtual monopoly of the entire general insurance business of this country. I am sure nobody will consider that a very desirable prospect. Even today, Sir, for anybody who is at all familiar with the doings in the insurance world it is well known that these top companies are able under existing circumstances to dominate those other smaller companies. Why is that so? Supposing there is a very big general company which writes more than 50 or 75 per cent of the total Indian general business. Now every other small company has to go to that company for re-insuring part of the risks it takes. In other words every smaller company depends upon this bigger company for re-insurance business which it does out to these smaller companies. It is possible, therefore, Sir, today for one of these bigger companies to choke out the smaller companies at any time if they wish to do so. As a matter of fact—I do not know how far this is correct, I cannot vouch for its accuracy—I was told by some people that the opinions of these smaller general insurance companies have actually been coerced by some of these bigger general companies with regard to the Bill which is before this House—regarding this provision for the limitation of expenses. I was told that some of these bigger company people told these smaller company men that if they did not support this provision for limitation of expenses they would see to it that these smaller companies should not be able to function as well as they otherwise might. As I said, I cannot vouch for the accuracy of this statement, but this has been said to be by very responsible people from the insurance world.

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Now, Sir, the result of this limitation of expenses, therefore, will be that in India on the general insurance side there will be only one or two or a few companies left at the top which will be able to monopolise the entire business of the country. I submit it will be a very undesirable thing from all points of view.

Now, I was told that some years ago when some of these big company people wanted that the method of limitation of expenses should be enforced for general companies they approached some very prominent Members of this House of that time. Those Members actually asked them to clear out because they said that nobody would think of the limitation of expenses for general companies. Then they approached some very eminent lawyers and were advised that if they wanted the limitation of expenses for general companies to be introduced the only way for them to proceed was to work up public spirit in favour of limitation of expenses of life companies. They were advised that with regard to life insurance companies the average public mind was panicky, was nervous and was anxious to do everything possible to secure the interests of policy-holders. They were, therefore, advised to work up for the limitation of expenses of life companies so that in the appendage the method of the limitation of expenses for general companies also might be introduced. That, Sir, I believe is the story of the genesis of this proposal for the limitation of expenses of life insurance companies.

Now let us look at it on its own merits. If the few big companies in this country whose people were largely, if not wholly, responsible for framing the original provisions of this Bill, were subjected to the provisions which this Bill contains in that direction today, I dare say not one of these companies would have been able to stand them. The biggest companies in this country are the Oriental, the New India and a few others. If these provisions of the limitation of expenses were applied to any one of these big companies in this country at the beginning of their career, not one of them would have been able to survive and to build up the magnificent institutions which they are today. Therefore, it is no use our thinking of applying to others what would have been an impossible proposition even for our bigger companies. The result of this limitation of expenses will be that most of the smaller companies will find it impossible to carry on and in a couple of years or more either they will have to close their doors or they will have to amalgamate with bigger companies. What will be the result? Insurance business, which is one of the most essential and important businesses of any nation will tend more and more to become confined in a few hands. It will lose the advantage which any business has of fresh impetus, of new people, of new ideas and new experiments. It seems to me therefore, Sir, that it will be a retrograde step for us to introduce this method of the limitation of expenses for insurance companies. We are told that unless this limitation is introduced, it may be possible for the management of insurance companies to fritter away or to waste funds of the companies thereby injuring the policy-holders or the investors. My submission to this is that there are provisions in this Bill itself which are ample safeguards against that danger. In this Bill there are provisions which will make a thing of that kind happening impossible. This Bill lays down that if any officer of any insurance company draws a salary of more than Rs. 5,000 a year, that fact should be reported to the Government. That means a salary of about Rs. 400 a month. Now, the provision is that if anybody in any insurance company gets more than Rs. 400 a month that fact should be reported to the Government. Then this Bill introduces a system of putting a ceiling upon the commission payable to agents, to organisers and chief agents, etc. Where then is the danger of the possibility or the serious danger of the managers of any company frittering away or wasting the funds of a company? And in actual practice, how many

cases of that nature have we had in this country? Very few. If therefore, danger of this type, even after these provisions are passed, does exist to a infinitesimal degree, will it be wise for us to safeguard against that development to an infinitesimal extent by creating a provision which will cut at the very root of the growth of insurance business in this country? We know that the people of this land are still not very insurance-minded. The number of people who have gone in for insurance in this country is negligible. They are very small. Prof. Shah just now told us that it is less than 1 per cent. Now, is it time for us yet to put down provisions and regulations which would restrict the growth of insurance in this country? Sir, when the cheque system was introduced in the commercial world, a great deal of opposition was voiced against it, because it was said that people would abuse that system, would issue faked cheques upon banks, would deceive people and that therefore it should not be started. But everybody knows that that small risk was taken and rightly so and that the fact that that risk was taken proved of inestimable help in the growth of commerce and business and trade. Similarly it may be said that there is a remote theoretical possibility of somebody misbehaving somewhere and somebody acting incorrectly and that the interests of someone somewhere in some remote part of the country being jeopardised. To protect against that possibility, is it right that we should take a step which will tend to confine the insurance business of this country to a few companies, to a few hands and make it impossible for a large number of local, healthy and useful insurance companies thriving which would carry the message, which would explain the advantages and which would secure the co-operation of the people of our villages and of our small towns for going in for insurance? I am quite clear that it will be a retrograde step. I therefore beg every Member of this House to give careful thought to this matter.

I would go into further details and the implications of this Bill, but I shall not do so because, as I said, I want the Members of this House to look at the fundamental aspect of this proposal, namely that it will confine the insurance business to the hands of just a few big companies. And, as I said, if the history of these big companies is looked into, it would be proved beyond doubt, that they too could not have thrived or succeeded if at the commencement or within a few years of their commencement, this provision was applied to them. That should prove the fact that this provision will be inimical to the growth of the business of insurance in this country. I hope, Sir, the Members of this House will go carefully into this aspect.

There is another matter also to which I would like to refer very briefly. I have in mind the provision that at least 55 per cent. of the funds of an insurance company should be invested in Government Securities.

Shri R. K. Sidhva (C. P. and Berar, General): Not 55 per cent. Only 25 per cent. in Government Securities and 35 per cent. in approved concerns.

Pandit Govind Malaviya: What I wish to submit is that in this matter also we should on the one hand be careful to see that the funds of the insurance companies should not be lost and, on the other hand, we should make it possible for the workers and managers of insurance companies to invest funds in sound investments which should be able to yield much better returns and interest than the Government Securities and Government-approved investments usually give. It is for this I say that if the returns which insurance companies receive on their investments are small, the only result will be that the rates of their insurance will have to be increased. Therefore, the moment we make it impossible for them to earn better returns, we shall be making the people of this country pay higher premia than they would otherwise have to pay. As I said about the previous point, insurance being not still very prevalent in this country and it being extremely desirable that it should expand, this step against

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will be a retrograde one which will make the possibilities of the spread of insurance less than it would otherwise be.

A question has just now been asked by my friend, Mr. Sidhva as to what would happen if these companies became bankrupt. If he had listened to what I said previously, possibly he would not have asked that question, because, as I said, on the one hand I want that we should make provisions to ensure that the investments of these companies should be made only in the soundest of investments....

Shri R. K. Sidhva: What do you mean by soundest?

Pandit Govind Malaviya: The soundest of investments do not lie in the field of Government Securities alone. Mr. Sidhva should know that there are many other forms of investments which are almost as good as Government Securities which do give a much higher return.

Shri Mahavir Tyagi (U.P.: General): Why not in the share markets?

Pandit Govind Malaviya: Another friend is referring to share markets.. I am sorry that he thinks that the only other possible source of investment in this world beyond government securities is the share market. I sympathise with him. I therefore submit that in the interests of the spreading of insurance in this country, in the interests of providing all the facilities possible to people who want to go in for that business, we should very carefully consider this aspect of the matter and if possible along with such provisions as may be needed to ensure that the funds of insurance companies are not invested in risky and doubtful investments. We may provide that they may be invested to a much greater extent than the Bill provides in investments other than Government securities, the government approved securities. These are the two points about which I wished particularly to draw the attention of Members of this House, and I hope that they will decide about them not from any other consideration except in the interests of the insurance business and the spread of the insurance spirit in this country.

Shri R. K. Sidhva: Sir, I have always held the view that all public utility concerns should be nationalised and I consider that banking and insurance are public utility concerns. I would really have wished that before the Bill, which as the hon. the Mover has stated has been moving from the year 1946 from pillar to post, was brought before the House, he had given serious thought to nationalising the insurance business in this country. I say that because in insurance and banking the greater part of the finances of the public are involved, and particularly in insurance the money of the poor man, the lower middle class man and the middle-class man, is greatly involved. Very few rich people go in for insurance, and therefore it becomes a necessity for the Government to protect this class of poor people. During the last five years, Sir, some big—I should say very big—and some small concerns have changed hands. Nine companies have changed hands, and if I were to give the names, the House will be surprised to hear that these companies have been acquired.

Shri Mahavir Tyagi: Changed hands means?

Shri R. K. Sidhva: It means that men who are rolling in money, who are rolling in wealth, men who have crores and crores of rupees have purchased these companies. This is the meaning of changing of hands. Sir, that is the position of the insurance companies today. As I stated, within five years, nine insurance companies have changed hands, and in the case of one of the companies which has been purchased by an industrialist, sixty lakhs of rupees has been invested in some other concern of his relative or friend. I have got the names here, but I would not give them, so that Members may know that

I am not speaking merely hypothetically but that I am giving facts. If they want, I am quite prepared to give them the names if they come to me. I can give out the names but decency demands and the interests of the insurers demand that I should not disclose their names. Sir, one of the companies has given a loan to a bank which has been told by the Reserve Bank that it should not take any deposit. That means that that Bank is going to collapse. When an instruction like that is given by the Reserve Bank, it means there is something very wrong with that Bank, that the depositors have lost confidence in that bank. It has happened in many cases. About sixty lakhs of rupees are in that bank. That is the result of the change of management of these various companies.

An Honourable Member: What is the name of that Bank?

Shri E. K. Sidhva: It is the Discount Bank. Sir, this is the state of affairs. My friend, Prof. K. T. Shah, rightly stated that six hundred crores of rupees of the policy-holders' money are invested in insurance companies and if there is anything that could be nationalised for which no foreign currency is necessary, for which no foreign technicians are necessary, for which everything is available in the country, it is insurance, and we can see that six hundred crores of public money are safe in the hands of the Government, and 75 per cent. of this could have been invested in Government securities and the rest in other good securities. My friend, the previous speaker, Pandit Malaviya, said that even 25 per cent. he considers a big amount for investment in Government securities. He says that realisation in this case is very low and so he says, let the money be invested in other concerns where the realisation is greater. Is insurance also like other business concerns which should earn something by way of profit? My friend forgets that during the last five years, several concerns have been taken over. If I give out the names, he will be surprised to see that they are only three of our big industrialists and capitalists.

Dr. P. S. Deshmukh (C.P. and Berar: General): Since they are so few, why don't you mention them?

Shri E. K. Sidhva: That is the position. My hon. friend, the Mover, stated that it was suggested that this should be nationalised, and he said at the end of his speech that while they realised that this should be nationalised, in the present circumstances they cannot but achieve the result by a mutually co-operative system of insurance. That will not at all suffice nor would satisfy any person of the reasonableness of the Government's decision in this matter. The Government has got insurance business for their employees, and there the working expenses are seven per cent., and the working expenses of private companies are 27 per cent. You can realise therefore that if it is managed by the Government, we can do it at a much cheaper rate and we can bring down the rate of insurance premia, because they will not be swallowed up by the huge profits taken away by the Managing Directors. I know that share-holders are not benefited in insurance companies. In the first seven years they do not get any dividends.

Shri B. Das (Orissa: General): May I know whether Mr. Sidhva knows that the Hindustan Insurance Co. of Calcutta have not paid any dividends for the past seven or eight years?

Shri E. K. Sidhva: I know about the Hindustan Co-operative Insurance Co. to which my friend has made a reference. The major portion of the profit goes to the managing directors and I know in certain cases the managing director has earned three lakhs of rupees yearly by way of commission and by way of salary. That being the state of affairs, Government can run more efficiently and more cheaply in a concern like this where they could give benefit to the small man who insures. May I ask who does not know that this is really a saving that the

[Shri R. K. Sidhva]

poor man does from his monthly income? I know Sir, that a large number of persons earn only Rs. 100 a month in these days. He keeps aside four to five rupees as a premium on his 1,000 policy for his hard times. I have no statistics but if we are to find out, I can really tell you that 40 per cent. of such policy-holders will be found among the poor people who really save for the benefit of their family after their death.

Now what is the amount for a thousand rupees policy, Sir? I know in a life policy a person pays on an average Rs. 1,600, that is the whole life. He gets only Rs. 1,000 and if you take the compound interest according to the statistics, which I have calculated roughly, it will come to Rs. 4,600 for nearly 25 years that he has lived. This is the amount by way of interest and that is being benefited by the insurance companies and if it is nationalised, all this money will go to the benefit of the insurer and to the State. I, therefore, could not follow, Sir, why particularly our Government should not take up this matter themselves. As far as industries are concerned, I know, Sir, that nationalization of industries has been put into cold storage for the time being and I do not dispute that just now because there are many complications regarding that. I do not want to discuss it nor do I want to say anything for nationalization hereafter because I know there are certain difficulties, but I cannot understand in this matter why insurance which will bring relief not to the class of people I referred to but will bring a lot of wealth and money to the State should not have been considered and I do feel that the Select Committee should not dismiss that point. They must consider and tell the hon. Minister during the discussion that this Bill will have to be taken back. It does not matter if it takes one year or more but we want to nationalize it. Let the hon. Minister know what is the view of this House. Member after Member excepting my hon. friend Malaviya were all in favour of nationalization of insurance. I am talking of life insurance only. I do not agree with the view of Mr. T. T. Krishnamachari that there should be no control on general insurance companies, while I entirely agree with him that there is a material difference between general and life insurance. General insurance is something like business, there is no doubt and I entirely agree with what he stated, but I do not agree with him that there should be no control. The general insurance companies cater for fire insurance, the accident insurance, the marine insurance, the motor-car insurance and people would like to protect their interests; so general insurance is a kind of insurance which necessitates a person to insure for his own benefit and is intended for a class of people for whom you cannot combine with a life insurance. Therefore in the general insurance as regards the commission and other conditions which are imposed, I agree that they should not be so stringent as in the life. Coming to the commission, Sir, who does the business of life, Sir? The small middle-class people do it. He goes to a person, he coaxes him, he induces him, he tells the advantages of insurance and after a great deal of trouble he gets a policy of Rs. 1,000 or Rs. 2,000. (Shri Jaspal Roy Kapoor: He mostly goes in the night). Well, my hon. friend, Mr. Kapoor has got a class of people who go by night. They have to fill their stomachs and do honest work. They do this after their work and they go out at night for canvassing for this business. I honour them, Sir. What harm is there? (Shri Jaspal Roy Kapoor: I appreciate their good work.) I thought my hon. friend was making a sarcastic remark. This class of people really could not balance their family budget and therefore as a side business they go and do honest business and this Bill is going to cut down their commission. The interests of these lower middle-class men should be protected, Sir. Some officials in the company take away the commission of these workers—you may call them field workers or small agents—they are responsible; they are the backbone of an insurance company and rightly so. I have some experience of this and these are the people who

bring wealth to the insurance company and they are being treated most unfairly by the Insurance Company. On going through the provisions of the Bill, I feel that their interests are not very well protected and I, therefore, desire that the hon. Mover will bear in mind these people whom they call 'canvassers' in popular term. The chief agent is appointed, Sir, and he gets an overriding commission. He sits at home, the field worker works, the canvasser works, the agent works, over and above the commission chief agent gets the company pays him additional commission. They call these canvassers 'dummy agents', but the Chief Agent is a dummy agent rightly-speaking who gets an over-riding commission and the person who does the actual work is deprived of his rightly earned commission. Therefore, Sir, as far as the life insurance agents are concerned, the Select Committee will kindly see that their interests are very well protected and that their commission should not in any way be reduced.

Now, Sir, it is stated—I have gone through the figures—the 80 per cent. of the first premium is spent in over-head expenses of an insurance company and 20 per cent. of the subsequent premium. I do feel in the interest of the policy-holders that the return which agents used to get, before this act was enacted, and I do not exactly remember the year—was 5 to 7 per cent. on their renewals. I consider 7 per cent. a high commission. It has been now reduced to 2½ to 3 per cent. The earning of the agent depends upon these renewals because it has been a practice that on the first premium also the competition is so great that he has to pay away the full amount that he has earned to the insurer and unless he does it, it is not possible for him to secure the policy. I do not approve of it. It is not fair on the part of an insurer to demand from the well-earned commission of an agent the commission which is due to him. Therefore, in that respect also a strict provision should be made in this Act by the Committee.

Now, it is needless to say how backward we are; we are talking of compulsory saving. This insurance is compulsory saving and I was trying to point that unless Government take up this insurance, it is not possible to expand in the field of insurance. In America 80 years ago the average sum assessed per head of population was Rs. 12, today it is Rs. 3,375 and in India it is Rs. 16 today. You can understand how backward we are. This insurance business—leaving aside the question that it has not fully entered into the cities—requires to go into the villages. People must be educated as to what is saving and as to how much they can save by means of insurance. Generally it is a thousand rupees insurance. Though some of the co-operative societies are having five hundred rupees policies most of the policies are for thousand rupees and above. I desire that there should be policies of hundred rupees. Why should there not be provision for a policy of hundred rupees?

Shri T. A. Ramalingam Chettiar (Madras: General): We have got hundred rupees policies.

Shri R. K. Sidha: I am glad. Some of them have for hundred rupees, but very few of them. I know that co-operative societies are doing much beneficial work to the public and I give all credit to them. But I did not understand when the hon. Mover stated that this Bill seeks mutual cooperation. What is the meaning of 'mutual'? It can only mean benefit to the policy-holder as well as to the insurance company. But the policy-holders get hardly 1 per cent. benefit and 99 per cent. of the benefit is taken away by the insurance company. Is that the meaning of the word 'mutual'? I want to know what he meant when he said that instead of nationalising it he is adopting this course.

The Honourable Shri K. C. Neogy: There are mutual companies which are managed by the representatives of the policyholders and there are no capitalists or directors representing capital in it. That is what I said.

Shri R. K. Sidhva: Sir, I think it is something like a "Co-operative Bank". There is a Mutual Insurance Company in Bombay. The name is there, but thereby it does not become mutual. Mr. Das quoted the Hindustan Co-operative Bank. The word 'co-operative' is there. I think that is not the sense in which the hon. Minister meant it. If on the other hand it is actually 'mutual', I would welcome it.

The Honourable Shri K. C. Neogy: Well, that is so.

Shri R. K. Sidhva: The idea may be so, but in practice it is not so.

Sir, I was suggesting that this investment is a very important matter. I am glad about the provisions made in the proposed Sections 27 and 27A. But Section 27A provides for approved investments. And approved investments range from (a) to (p) in that Section. In item (n) it is mentioned "fixed deposits with banks included for the time being in the Second Schedule to the Reserve Bank of India Act, 1934". I would not consider investment in all the scheduled banks to be a secure and sound investment. We know that in this very House criticism has been levelled against so many scheduled banks having failed, and although there is provision in the Act that there should be periodical inspections by the Reserve Bank, no effective measures have been taken in that direction. Day before yesterday in answer to my question about the failure of the Exchange Bank of India the hon. Minister stated that Rs. 2½ crores of the depositors' money is involved. He was not in a position to give any further information, but we are surprised that big scheduled banks have also made their investments in pure speculation—in share speculations.

Shri Suresh Chandra Majumdar (West Bengal: General): Exchange banks or scheduled banks?

Shri R. K. Sidhva: Exchange banks are scheduled banks. But the Exchange Bank of India is the name of a Bank in Bombay—Exchange Bank of Africa in India. That bank is under liquidation and the High Court of Bombay has taken control of it. I therefore feel that Government should not have given so much facility and elasticity to the insurance companies for the purpose of investment of the public money, because that is the policy-holders' money—the share-holders' money is very little. I therefore feel that the Select Committee should thoroughly go into Section 27A which is a new section. I welcome new Section 27 which is about investment of assets. I do not dispute that there is some safeguard. But, as I said, Section 27A covers many items which Government considers to be 'approved investment'. I feel it would be dangerous if all sorts of concerns are to be declared as secure or sound concerns for the purposes of investment of the policy-holders' money. This is one of the points which I would like the Select Committee to consider.

In regard to medical examination I want to say a word. In the appointment of a medical adviser to the insurance company generally the agent's voice prevails. And I have seen that some of the doctors who examine the cases do not give them that attention which they deserve in the interest of the policy-holders. I therefore suggest that no medical adviser should be appointed at the suggestion of an agent. There should be properly qualified men. I know that for sums of Ra. 2,000 there should be an M.B.B.S. and for sums exceeding Ra. 10,000 they appoint a Civil Surgeon. I know the rule is there.

An Honourable Member: It is not there.

Shri R. K. Sidhva: Well, the convention is there. It depends on the company and varies from company to company. I want to be stringent in this

respect. I want that the medical examination should be strict and that there should be great vigil in the appointment of medical advisers.

In regard to policies there are companies who have got no uniform standard of premiums. Similar is the case with respect to terms governing the lapse of policies. Some companies have rules that the policies of those who do not pay their premiums after two years automatically lapse. Some have rules that after four or five years they have to 'surrender'. Different rules prevail in different companies. Sometimes the policy-holder is not able to pay his premiums due to his family circumstances. Some good companies do make concessions and allow them to pay combined premiums of the arrears. But other companies do not recognize that system. Some companies do take advantage of the lapse system and the amounts which may have been paid by way of premiums by these poor policy-holders have been credited to the companies' accounts. I therefore desire that in this matter also the Select Committee should carefully consider it and see that uniform premiums are levied by all companies and uniform rules prevail regarding lapses, surrender, writing off. There should be uniformity in regard to all these things. Why should any company enter into a competition with another company in this matter at the cost of the policy-holder? The result is that the policy-holder suffers. He is induced to go to some company feeling that the premium is less and that there are better concessions and better kind of facilities. With that natural feeling that he has to pay less he goes and insures in that company, little realising that his money is not very safe in that company. I therefore desire that there should be uniformity in all these respects.

I still hope that the Select Committee will consider the main point of nationalising the life insurance business. Let general insurance be left to business-men—I do not worry about it—but that should also be controlled by Government necessarily. But in regard to life insurance I hope the hon. Minister will consider the question. Such opportunities do not come often. Therefore, when this opportunity has come I hope Government will take this matter into consideration. There are no difficulties in the matter of nationalisation. In the interests of the country, in the interests of the State, in the interests of the people and of the policy-holders this insurance business should be nationalised.

The Assembly then adjourned till a Quarter to Eleven of the Clock on Tuesday, the 6th December, 1949.