

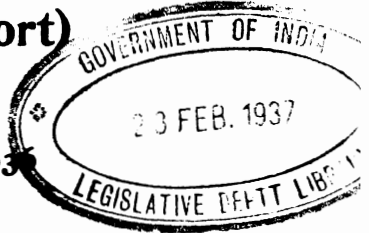
28th September 1936

THE

LEGISLATIVE ASSEMBLY DEBATES

(Official Report)

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(15th September to 28th September, 1936)

FOURTH SESSION

OF THE

FIFTH LEGISLATIVE ASSEMBLY, 1936



NEW DELHI
GOVERNMENT OF INDIA PRESS
1937.

Legislative Assembly.

President :

THE HONOURABLE SIR ABDUR RAHIM, K.C.S.I., KT.

Deputy President :

MR. AKHIL CHANDRA DUTTA, M.L.A.

Panel of Chairmen :

MR. S. SATYAMURTI, M.L.A.

SIR LESLIE HUDSON, KT., M.L.A.

MR. ABDUL MATIN CHAUDHURY, M.L.A.

MR. M. S. ANEY, M.L.A.

Secretary :

MIAN MUHAMMAD RAFI, BAR.-AT-LAW.

Assistant of the Secretary :

RAI BAHADUR D. DUTT.

Marshal :

CAPTAIN HAJI SARDAR NUR AHMAD KHAN, M.C., I.O.M., I.A.

Committee on Petitions :

MR. AKHIL CHANDRA DUTTA, M.L.A., *Chairman.*

SIR LESLIE HUDSON, KT., M.L.A.

PANDIT NILAKANTHA DAS, M.L.A.

MAULVI SYED MUETUZA SAHIB BAHADUR, M.L.A.

MR. N. M. JOSHI, M.L.A.

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LEGISLATIVE ASSEMBLY.

Monday, 28th September, 1936.

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

MEMBERS SWORN.

Mr. Panambur Raghavendra Rau, M.L.A. (Financial Commissioner,
Railways) ;

Mr. John Bartley, C.I.E., M.L.A. (Government of India : Nominated
Official) ; and

Mr. Herbert Daniel Benjamin, M.L.A. (Government of India :
Nominated Official).

QUESTIONS AND ANSWERS.

RECOMMENDATIONS OF THE LEGISLATIVE ASSEMBLY ON THE HAMMOND COMMITTEE REPORT.

643. *Mr. Mohan Lal Saksena : (a) Will Government be pleased to state what action has been taken by them on the recommendations of the Legislative Assembly on the Hammond Committee report and with what results ?

(b) Were the Local Governments consulted in the matter ? If so, will Government lay on the table a copy of their views ?

The Honourable Sir Nripendra Sircar : Sir, I may be allowed to tell the House that I have answered these questions on short notice. My friend came up to me and inquired if I would accept short notice, and I agreed, and he then put me not only these two parts, but other parts as well, but rather than raise a point of order, I shall answer this question over again.....

Mr. President (The Honourable Sir Abdur Rahim) : I don't see why you should answer them.

Mr. Mohan Lal Saksena : I want to put a few more supplementaries, because on that day I could not ask them.

Mr. President (The Honourable Sir Abdur Rahim) : I cannot allow that.

(1899)

RETRENCHMENT ON RAILWAYS.

644. *Dr. Ziauddin Ahmad : (a) Are Government contemplating to further retrench railway employees in (i) State, and (ii) Company-managed Railways ?

(b) If so, on what principle will these retrenchments be carried on ?

(c) Have Government formulated any rules for the guidance of the Agents and other railway officers for retrenchment ?

The Honourable Sir Muhammad Zafrullah Khan : (a) Adjustment of the numerical strength in various categories of establishments to current requirements is proceeding, involving in some cases the discharge of surplus staff.

(b) and (c). I would refer the Honourable Member to the reply given to part (a) of starred question No. 371 asked by Mr. Mohan Lal Saksena on the 14th September, 1936.

Mr. S. Satyamurti : Will Government issue instructions to see that the low paid staff are not first retrenched, and that all possible economies in the higher paid staff are explored and carried out before the low paid staff are retrenched ?

The Honourable Sir Muhammad Zafrullah Khan : The question really is whether there is surplus staff, and there is no question of high paid or low paid staff. If it is found there is surplus staff in certain sections, I am afraid there will have to be retrenchment.

Mr. S. Satyamurti : With regard to surplus staff in certain grades, will Government at least consider that the retrenchment of those who are in the higher grades will be effected before the low paid staff is touched ?

The Honourable Sir Muhammad Zafrullah Khan : I do not know whether that is practicable, but that can be looked into.

Pandit Krishna Kant Malaviya : Can the Honourable Member tell us whether he will provide employment for those who will be retrenched ?

The Honourable Sir Muhammad Zafrullah Khan : How could employment be provided for if it is decided that a certain number of staff are not wanted, because there is not enough work for them. I don't see how employment could be provided for those who are retrenched.

Pandit Krishna Kanta Malaviya : You could provide some other employment so that they may not starve and die. That is what I want.

The Honourable Sir Muhammad Zafrullah Khan : I am afraid I am unable to follow the suggestion.

Mr. N. V. Gadgil : Will there be a waiting list maintained so that when vacancies occur the retrenched men could be taken on from that list ?

The Honourable Sir Muhammad Zafrullah Khan : As on this occasion retrenchment is not on the basis of short service or other similar considerations, but on the basis of comparative efficiency or inefficiency, no waiting lists will be maintained.

Mr. Mohan Lal Saksena : Is it a fact that the Railway Federation has asked for a Court of Inquiry ?

The Honourable Sir Muhammad Zafrullah Khan : I believe so.

Mr. Mohan Lal Saksena : Have Government accepted that suggestion ?

The Honourable Sir Muhammad Zafrullah Khan : No, Sir.

Mr. Mohan Lal Saksena : May I know the reasons why the Government are not going to accept it ?

The Honourable Sir Muhammad Zafrullah Khan : The reasons have been discussed at length with the Federation.

Dr. Ziauddin Ahmad : Will Government give preference to the retrenched men when vacancies occur instead of taking on new men ?

The Honourable Sir Muhammad Zafrullah Khan : I have answered that just now.

Mr. M. Ananthasayanam Ayyangar : Has the Government considered the possibility of utilising the services of persons who would otherwise be unemployed by enlarging the scope of the production of materials required for railway services ?

Mr. President (The Honourable Sir Abdur Rahim) : The Honourable Member is embarking on very wide questions.

CLOTH PURCHASED BY THE INDIAN STORES DEPARTMENT FOR CERTAIN DEPARTMENTS.

645. ***Prof. N. G. Ranga :** Will Government be pleased to state :

- (a) the total purchases of cloth made by the Indian Stores Department for the Military, Railway and Posts and Telegraphs Departments ;
- (b) the purchases made for each of these Departments ;
- (c) the kinds of cloths and the counts of the cloths purchased by the Indian Stores Department ;
- (d) how much of this cloth is purchased from the Indian Mills and hand-loom weavers ; and
- (e) whether the Indian Stores Department is prepared to purchase most of the cloth of counts 35s. and less from the hand-loom weavers in order to relieve the growing unemployment and economic distress of the hand-loom weavers, and if not, why not ?

The Honourable Sir Frank Noyce : (a) and (b). The purchases of cloth (cotton and woollen piecegoods) made by the Indian Stores Department during the year 1935-36, on behalf of the three Departments amounted in value to :

	Rs.
Defence Department ..	19,18,000
Railways	10,80,000
Indian Posts and Telegraphs Department	1,70,000
Total, ..	31,68,000

(c) A statement of the various kinds of cloth purchased for the three Departments mentioned is placed on the table.

No record is maintained of the counts of yarn used in various kinds of cloth purchased by the Indian Stores Department. Purchases of cloth are not made on the basis of counts but according to specifications which lay down

- (i) the construction, *i.e.*, the number of threads per inch warp and weft way,
- (ii) weight, and
- (iii) the tensile strength.

	Rs.
(d) Indian mills	31,02,000
Handloom weavers	2,000

The balance represents imported cloth.

(e) Contracts are placed by the Indian Stores Department with the lowest satisfactory tenderers who quote to specifications and terms of delivery laid down. Handloom weavers, or those dealing in their manufactures, are at liberty to quote for such articles as can be satisfactorily made by them. The Indian Stores Department is actually purchasing several hand woven articles such as *durries*, *newar*, *lungies*, *tapes*, *wabbing*, etc.

Statement of purchases of various kinds of cloth.

Cotton.

Sponge cloth. Drills of colours. Dosutie. Cloths, Table, Tea Tray. Duck cloth. Dungaree. Pugree cloth of colours. Calico. Gauze absorbent. Silicia cloth. Dhotie cloth. Fringes, Punkha, cloth. Lungies, blue.	Twill, cotton of colours. Cloth, red, white, yellow, etc. Flannelette. Towels and Towing cloth. Cambrie. Corduroy. Sheets and Sheeting. Long cloth. Bandage cloth. Netting, mosquito. Holland and Lining cloth. Turbans, blue.
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Woollen.

Serges. Oxford cloth. Flannels. Cloth, scarlet. Blanketting cloth. Flannel, fine. Bunting.	Cloth, Drab mixture. Cloth, collar. Twill and broad cloth. Serge, fine. Serge, Service Dress. Baize cloth.
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MINOR ACCIDENTS ON THE MADRAS AND SOUTHERN MAHRATTA RAILWAY.

646. *Prof. N. G. Ranga : Will Government be pleased to state :

- (a) if they are aware of the minor accidents caused on the 9th May on the railway passenger from Biragunta to Bezwada and

23rd June on the Grand Trunk Express between Chinnaganzam and Tenali owing to some defects in the carriages or engines or both ; and

- (b) if it has been brought to their notice that the Madras and Southern Mahratta Railway are neglecting their renewal and replacement works and the proper maintenance of track, etc., to safeguard the comfort, convenience and safety of passenger traffic on their lines in view of the impending possibility of the Government taking over the management of the Railway ?

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

(b) There is no foundation for the suggestion.

ACTION TAKEN ON THE RESOLUTION re STATE MANAGEMENT OF THE MADRAS AND SOUTHERN MAHRATTA AND BOMBAY, BARODA AND CENTRAL INDIA RAILWAYS.

647. *Prof. N. G. Ranga : Will Government be pleased to state what action has been taken or is proposed to be taken on the Resolution of the Assembly that the management of the Madras and Southern Mahratta Railway and the Bombay, Baroda and Central India Railway should be taken over by Government ?

The Honourable Sir Muhammad Zafrullah Khan : The Resolution referred to by my Honourable friend did not refer to the Bombay, Baroda and Central India Railway.

The question of taking over the management of the Madras and Southern Mahratta Railway is under consideration.

CLEANING OF CARRIAGES AND LATRINES OF TRAINS.

648. *Prof. N. G. Ranga : (a) Are Government aware of the fact that the carriage and latrine therein attached to the Calcutta-Madras Mail on the seventh of July at Waltair were not at all cleaned ?

(b) Do Government propose to see that all carriages and latrines of all trains are properly cleaned after a night journey at the nearest junction in the early morning ?

The Honourable Sir Muhammad Zafrullah Khan : (a) No.

(b) The attention of Railway Administrations has already been drawn to the Honourable Member's previous interpellations on this point, and Railway Administrations have again been asked recently to take steps to ensure that latrines in all carriages are attended to during the early hours of the morning.

AMALGAMATION OF BOOKING OFFICES AND EXTENSION OF WAITING ROOMS AT WALTAIR.

649. *Prof. N. G. Ranga : (a) Will Government be pleased to state if they are aware of the great inconvenience caused to third class passengers by having two booking offices widely apart at Waltair but for different Railways and by the narrow waiting rooms and by the negligence of Railway authorities in cleaning them ?

(b) Do Government propose to see that the booking offices are amalgamated, the waiting room extended and properly cleaned at frequent intervals ?

The Honourable Sir Muhammad Zafrullah Khan : (a) and (b). There are two windows in the same wall of the third class booking office at Waltair station approximately seven feet apart. For the convenience of passengers, tickets are issued from one window for stations on the Bengal Nagpur Railway and *via* and from the other for stations on the Madras and Southern Mahratta Railway and *via*. The third class waiting hall measures 44 feet by 22 feet and further accommodation is provided outside the station building. The waiting hall and surroundings are cleaned by sweepers at frequent intervals. It is not proposed to make any extensive alterations until it is definitely decided whether the development of the Port of Vizagapatam will necessitate an alteration in the existing site of Waltair station.

ACTION TAKEN ON THE RESOLUTION re PROTECTION TO COTTAGE INDUSTRIES.

650. ***Prof. N. G. Ranga :** Will Government be pleased to state what action they have taken or propose to take upon the Resolution passed by the Assembly during the Delhi Session to extend the policy of protection to the cottage industries ?

The Honourable Sir Muhammad Zafrullah Khan : The Honourable Member is referred to the reply given by me to starred question No. 39 by Mr. S. Satyamurti during the current Session.

SURPLUS MATERIALS OF THE CALCUTTA CHORD RAILWAY.

651. ***Pandit Nilakantha Das** (on behalf of Mr. Amarendra Nath Chattopadhyaya) : (a) Will Government be pleased to state the actual total value of materials, tools and plants, that remained surplus after completion of the Calcutta Chord Railway construction, and how and when they have been disposed of ?

(b) Will Government be pleased to state what worth of materials out of this surplus have been retained for the use of the East Indian Railway, and how much for any other State Railway in India ?

(c) Will Government lay on the table a list of such materials, tools and plants, in detail indicating their respective original value and their present worth, retained after disposal of the surplus ?

(d) Will Government be pleased to state whether the various items of materials, tools and plants have been sold to individuals, (i) by private negotiations without calling for open tenders, or (ii) by public auctions ? If so, in the case of (i) was it within the competence of the Agent to have approved such piece-meal sales of *one Estate*, without the prior sanction of the Railway Board, or did the Railway Board accord their sanction ?

(e) If the Railway Board accorded their sanction, did they take into consideration the fact that they would require fresh materials, tools and plants, for their new construction in case they sold away the materials, tools and plants, aforesaid or that they would get better price and better

return by selling them to parties who would take charge of constructions of the New Howrah Bridge or the Cochin Harbour constructions ?

(f) How many public auctions were held during the period between the date of closing of construction of the Howrah Chord line and the last day of the auction of materials, tools and plants, under reference ?

(g) Did the Railway Board give permission to sell these tools and plants by private sale, even after knowing that big construction work like the Howrah Bridge and the Cochin Harbour were under contemplation, and the tender for the former was to be decided by the end of July and the latter already taken up ?

(h) If the answer to part (g) be in the affirmative, what were the reasons which led them to sanction such sales ?

(i) Will Government be pleased to state the exact amount realised by selling these materials, tools and plants, by private negotiations and public auctions after paying auctioneers' commission and meeting sundry expenses, if any, and state the actual original cost of the materials, plants and tools, i.e., their book-value ?

The Honourable Sir Muhammad Zafrullah Khan : (a) The total purchase value of materials, tools and plant that remained surplus after the completion of the Calcutta Chord Railway was Rs. 43 lakhs approximately. These materials have been disposed of from time to time since the closing of the construction up to July, 1936, by :

(i) auction ; (ii) sale to other Railways, Commissioners for the Port of Calcutta and the Engineer-in-Chief, Vizagapatam Harbour ; (iii) private treaty, and (iv) by being utilised on the East Indian Railway.

(b) The value realised for the plant utilised on the East Indian Railway and of that transferred to other railways, Calcutta Port and Vizagapatam Harbour was Rs. 8,35,000 and Rs. 5,29,000 respectively.

(c) The time and labour involved in preparing the detailed list asked for will be incommensurate with the results obtained. The original value of the plant utilised by the East Indian Railway and of that transferred to other railways, Port of Calcutta and the Vizagapatam Harbour was approximately Rs. 19,23,000 and Rs. 10,62,000 respectively. The present worth of this material is as given in reply to part (b) above.

(d) (i) and (ii). Yes. It is within the competence of the Agent to approve of sales of surplus stores negotiated by private treaty.

(e), (g) and (h). Do not arise.

(f) Four.

(i) (1) Value realised for materials sold by private negotiations Rs. 1,32,000 approximately. Their original cost Rs. 4,23,000 approximately.

(2) Value of materials sold by public auction Rs 81,600 approximately. Their original cost Rs. 9,00,000 approximately.

Mr. President (The Honourable Sir Abdur Rahim) : This sort of questions really ought to have been unstarred.

Pandit Lakshmi Kanta Maitra : Was the sale advertised ?

The Honourable Sir Muhammad Zafrullah Khan : I believe so.

CLASSIFICATION OF PRISONERS.

652. *Pandit Nilakantha Das (on behalf of Mr. Amarendra Nath Chattopadhyaya) : Will Government be pleased to state if the principle of classification of political or ordinary convicted prisoners is the same ?

The Honourable Sir Henry Craik : The principles of classification of all convicted prisoners are the same.

CLASSIFICATION OF EUROPEAN PRISONERS.

653. *Pandit Nilakantha Das (on behalf of Mr. Amarendra Nath Chattopadhyaya) : Will Government be pleased to state if European prisoners are classified in the same way as other non-European prisoners ?

The Honourable Sir Henry Craik : I would invite the Honourable Member's attention to the Home Department Communiqué, dated the 19th February, 1930. The rules contained therein make no discrimination on the ground of race.

Mr. S. Satyamurti : Is it a fact, Sir, that European convicts are usually given Class B ?

The Honourable Sir Henry Craik : A certain number are.

Mr. S. Satyamurti : Are there any European prisoners anywhere in India, murderers, dacoits, or robbers in class C ?

The Honourable Sir Henry Craik : I cannot say at the moment, but I have seen European prisoners in jails classed C.

Mr. Mohan Lal Saksena : Are they not given better treatment than the C class Indian prisoners ?

The Honourable Sir Henry Craik : No.

Pandit Lakshmi Kanta Maitra : Is it a fact that these European prisoners enjoy the privilege of having their *punkahs* pulled by Indian convicts in jails ?

The Honourable Sir Henry Craik : I do not know ; not as a rule, I think.

Mr. T. S. Avinashilingam Chettiar : May I know, Sir, if Government accept the principle that all prisoners coming from the European community and committing the same offence will be sent to the same class of prison ?

The Honourable Sir Henry Craik : Classification does not depend on the offence.

Mr. S. Satyamurti : Are European prisoners in class C treated, in exactly the same manner as Indian prisoners in class C ?

The Honourable Sir Henry Craik : They are kept in a separate ward.

Mr. Mohan Lal Saksena : What is the actual cost of maintenance of each Indian prisoner as compared with the European prisoner of the same class ?

The Honourable Sir Henry Craik : How can I tell that ?

Pandit Lakshmi Kanta Maitra : Am I to understand from the Honourable Member that even in the classification of these European prisoners the nature of the offence committed does not count ?

The Honourable Sir Henry Craik : Well, I should suggest that the Honourable Member should read the Communiqué to which I have referred ; he will then see how the classification is made.

Mr. S. Satyamurti : Is the Honourable Member sure that there are European prisoners in the C class ?

(Voices from the Official Benches : " That has been answered ".)

TUBERCULOSIS IN AJMER.

654. ***Rai Bahadur Seth Bhagchand Soni :** (a) Is it a fact that tuberculosis is increasing in the City of Ajmer ?

(b) Have Government taken any steps to check this evil ? If not, why not ?

(c) Are Government prepared to consider the advisability of providing better treatment and medical aid for the tuberculosis patients ?

(d) Is it a fact that there was a tuberculosis sanatorium at Madar in the vicinity of Ajmer ?

(e) Are Government aware that the sanatorium at Madar was closed down by the Missionary authorities ?

(f) Will Government please state why this sanatorium was closed ?

(g) Is it a fact that people from Ajmer also used to go there for treatment ?

(h) Are Government aware that the people of Ajmer have to suffer a lot for want of any sanatorium in its vicinity ?

(i) Are Government prepared to consider the advisability of taking up the above mentioned sanatorium for the benefit of tuberculosis patients suffering from this dreadful disease ?

Sir Girja Shankar Bajpai : (a) There is no specific evidence to this effect.

(b) and (c). Two new wards of ten beds each were added, through private generosity, to the Victoria Hospital, which is a State-aided institution, for indoor treatment of tuberculosis.

(d), (e) and (g). Yes.

(f) For lack of funds.

(h) This is possible.

(i) Government will consider the Honourable Member's suggestion when the financial situation permits of this.

ADMISSION OF AJMER STUDENTS IN THE MEDICAL COLLEGES OF OTHER PROVINCES.

655. ***Rai Bahadur Seth Bhagchand Soni :** (a) With reference to their reply to my starred question No. 1090, parts (b) and (c), will Government be pleased to state what further progress has been made in the

matter of obtaining facilities for the admission of Ajmer students in the Medical Colleges of other provinces ?

(b) Is it a fact that some students from Ajmer have been refused admission by the Lucknow and Bombay Medical Colleges during these few months ?

(c) Are Government prepared to consider the advisability of allotting some funds for the medical education of Ajmer students ?

Sir Girja Shankar Bajpai : (a) The question is under the consideration of the University of Lucknow.

(b) The Government have no information.

(c) Funds are already allotted for this purpose. For instance, scholarships are given from time to time from central revenues to enable students from Ajmer-Merwara to study in certain medical colleges. Students from Ajmer-Merwara are also admitted into the Medical School at Indore, which receives a grant from central revenues.

CURTALMENT OF THE EXISTING FRANCHISE BY THE DELHI MUNICIPAL COMMITTEE.

656. ***Mr. M. Asaf Ali :** (a) Are Government aware that the Delhi Municipal Committee have revised their Electoral Rules, and raised the general property qualification of voters (both owners and occupiers), from Rs. 3 to Rs. 5 rental value or rent ?

(b) Are they also aware that those qualified under existing Rules have objected to this amendment on the following grounds :

- (i) that the proposed amendment amounts to disenfranchisement which, apart from being illegal, is opposed to the spirit of Government's policy of progressive extension of franchise until the goal of adult suffrage is reached ;
- (ii) that the proportion of electors who have exercised their electoral right during the past elections has been exceptionally high, which clearly indicates that the existing municipal suffrage has been fully appreciated and exercised ; and
- (iii) that the failure of all election petitions after the last general election clearly shows that all allegations of abuse of electoral rights were unfounded, and the curtailment of franchise cannot be justified on the ground that the existing franchise is unwieldy and encourages corruption ?

(c) Are Government aware that the proposed amendment of Electoral Rules includes stricter provisions against corrupt practices and irregularities at elections ?

(d) If so, are Government prepared to uphold the objection of those who have protested against disenfranchisement, and refuse to sanction such of the proposed amendments as aim at the curtailment of the existing franchise ?

Sir Girja Shankar Bajpai : (a) to (d). The Chief Commissioner, Delhi, has decided not to alter the franchise qualification from a rental value of Rs. 3 to Rs. 5 per mensem.

BIHARI EMPLOYEES IN THE SUPERIOR SERVICE OF THE BENGAL AND NORTH WESTERN RAILWAY.

657. *Mr. B. B. Varma : Will Government be pleased to state the number of Bihari employees in the superior services of the Bengal and North Western Railway ?

The Honourable Sir Muhammad Zafrullah Khan : Government have no information.

GRIEVANCES OF THE TRAVELLING PUBLIC ON THE BENGAL AND NORTH WESTERN RAILWAY.

658. *Mr. B. B. Varma : (a) Are Government aware of the inconvenience to which the passengers are put due to the running of mixed passenger trains on the Bengal and North Western Railway with goods vehicles and shunting being done at all stations, which results in the late arrival of the trains ?

(b) Do Government propose to take any action to remove the grievances of the travelling public ?

(c) Are Government aware that the light in the trains become very dim due to a large number of goods wagons being attached in mixed passenger trains ?

The Honourable Sir Muhammad Zafrullah Khan : (a) No.

(b) I understand from the Agent that steps are being taken to reduce the number of mixed trains now running.

(c) The attaching of wagons does not affect the lighting except in so far as speed may be reduced.

ACCIDENT AT SEGAULI ON THE BENGAL AND NORTH WESTERN RAILWAY.

659. *Mr. B. B. Varma : (a) Has the attention of Government been drawn to the serious accident that took place at Segauli (Bengal and North Western Railway) station on the 31st January, 1936 ?

(b) Is it not a fact that this serious accident would not have occurred if the dead end of the railway line had not been only ten feet apart from the station building ?

(c) Is it a fact that the dead end of the railway line is again being reconstructed at the old place ?

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

(b) It is not possible to say what might have happened had conditions been different. I understand about 50,000 trains have been safely received on the line since the station was opened 38 years ago.

(c) Substantial earth-backed buffer stops are being erected at an increased distance of 34 feet from the new station building, the sidings being shortened.

Pandit Lakshmi Kanta Maitra : Have Government tried to ascertain the reason for this accident ?

The Honourable Sir Muhammad Zafrullah Khan : I would require notice, but my impression is that the train was switched on to the dead line by mistake.

THIRD CLASS CARRIAGES BUILT BY THE BENGAL AND NORTH WESTERN RAILWAY.

660. *Mr. B. B. Varma : Will Government be pleased to state the total number of the third class carriages built each year, with and without latrines, by the Bengal and North Western Railway from 1924 to 1936 ?

The Honourable Sir Muhammad Zafrullah Khan : A statement containing the required information is laid on the table.

Statement showing III class carriages built or re-built and fitted with or without latrines on the Bengal and North Western Railway during the period 1924 to 1936.

Year.						Fitted with latrines.	Not fitted with latrines.
1924	..	..	..	..	..	20	..
1925	..	..	..	..	..	27	22
1926	..	..	..	..	..	33	3
1927	..	..	..	..	..	17	21
1928	..	..	..	..	..	13	4
1929	..	..	..	..	..	15	12
1930	..	..	..	..	..	20	4
1931	..	..	..	..	..	25	..
1932	..	..	..	..	..	16	..
1933	..	..	..	..	..	5	..
1934	..	..	..	..	..	..	..
1935	..	..	..	..	..	2	..
1936	..	..	..	..	..	8	..
Total						201	66

The above statement includes III class compartment provided in composite bogies.

Mr. President (The Honourable Sir Abdur Rahim) : This is another question which ought really to have been unstarred. It takes so much time of the House and sometimes causes inconvenience for an Honourable Member not to consider beforehand whether such questions should not be unstarred.

GOODS WAGONS OF THE BENGAL AND NORTH WESTERN RAILWAY.

661. *Mr. B. B. Varma : Will Government be pleased to state :

(a) the total number of goods wagons built by the Bengal and North Western Railway from 1932 to 1936 ;

- (b) the total number of goods wagons supplied to sugar mills during the cane crushing season from 1932 to 1936 ;
- (c) the total number of sugar mills situated on the Bengal and North Western Railway ;
- (d) the total number of goods vehicles supplied to carry goods other than sugar-cane and sugar ; and
- (e) the average amount of earning from each of the sugar mills since 1932 ?

The Honourable Sir Muhammad Zafrullah Khan : (a) 880.

(b) 582.

(c) 67 including those refining *gur*.

(d) 1,986,410. This includes wagons supplied to factories for sugar and molasses, also for carriage of sugar manufactured elsewhere than in factories on the Bengal and North Western Railway. Separate details are not maintained.

(e) Information is not available.

APPOINTMENT OF MR. POTHAN JOSEPH AS EDITOR OF PROGRAMME AT THE DELHI BROADCASTING STATION.

662. ***Sir Muhammad Yakub :** (a) Has Mr. P. Joseph, lately Editor of the *Hindustan Times*, been appointed as editor of the programme at the Delhi Radio Station ?

(b) What salary is to be given to Mr. Joseph ?

(c) Was the post advertised ? If not, why not ?

(d) Are Government aware that, as the editor of the *Hindustan Times*, Mr. Joseph was making strong attacks on the Delhi Broadcasting Station ?

(e) Are Government aware that Mr. Joseph, as editor of the *Hindustan Times*, carried on a great deal of hostile propaganda against the Government and supported the civil disobedience and boycott movements started by the Congress ?

(f) Are Government aware that Mr. Joseph is notorious for his anti-Muslim attitude and activities and as the editor of the *Hindustan Times*, he always attacked Muslim leaders and opposed all measures for the betterment of the Musalmans ?

(g) Is it the intention of Government to encourage anti-Muslim and anti-Government activities at the Delhi Broadcasting Station ?

The Honourable Sir Frank Noyce : (a) Mr. Pothan Joseph was appointed News Editor at the Delhi Broadcasting Station, but before

he had actually entered on his duties he desired to be excused from joining service. His appointment has accordingly been cancelled.

(b) to (g). In view of the reply to part (a), it is unnecessary to reply to these parts of the question.

IMPROVEMENT OF THE HARDWAR RAILWAY STATION.

663. *Mr. Mohan Lal Saksena (on behalf of Mr. Sri Prakasa) :
(a) Have Government received any suggestions regarding the improvement of the Hardwar Railway Station (East Indian Railway) from the Hardwar Improvement Advisory Committee ?

(b) If so, have Government taken any decision on the same and what action, if any, has been taken in this behalf ?

(c) What is the average monthly income from the Hardwar Railway Station ?

(d) Is it a fact that a model of the station was exhibited at the Wimbledon Exhibition to show what an amount of money can be made by a railway company in India from such a small station ?

(e) In view of the fact that an *Ardh-Kumbh* fair is to take place after a short time, are Government prepared to consider the necessity of widening the main platform and putting a shed over the whole of this platform as well as the island platform to protect pilgrims from rain and sun ?

(f) Is it a fact that pilgrims have to wait in open pens, from which they are given access to the platforms only after the arrival of trains ? If so, are Government prepared to consider the necessity of covering these pens ?

(g) Is it a fact that the third class waiting shed is about 200 feet away from the main platform and is not much used by pilgrims, as they prefer to be in pens to get access to the platform as quickly as possible after the arrival of trains when these are opened ?

(h) Are Government aware that the over-bridge connecting the main platform with the island platform is too narrow to cope with the rush of pilgrims ? If so, are Government prepared to take steps to widen the same ?

(i) Is it a fact that an underground passage was constructed in 1921 at a cost of about a lac of rupees, which is only allowed to be used at the *Kumbha* and *Ardh-Kumbha Melas* ? If so, are Government prepared to instruct that the same should be kept open at all times, and if that be not regarded as practicable, at least on the occasions of rush of pilgrims at the various annual *melas* at Hardwar ?

(j) Is it a fact that vehicles are not allowed to come inside the station compound and that these have to be left by pilgrims a long way from the station on the public road ? If so, are Government prepared to consider the desirability of providing some space for the parking of vehicles in the compound ?

(k) Is there any proposal for the remodelling of the whole of platform and if so, when is it likely to materialize ?

The Honourable Sir Muhamad Zafrullah Khan : (a) The Divisional Superintendent, East Indian Railway, Moradabad, met various gentlemen including a member of the Hardwar Improvement Advisory Committee to discuss proposals for improving Hardwar railway station in September, 1935. The matter was again discussed at site by the Chief Operating Superintendent with the present Divisional Superintendent in September this year.

(b), (e) and (k). The East Indian Railway propose to undertake the following works :

- (i) Widening down main platform by about 20 feet.
- (ii) Converting the existing goods shed platform into an island platform.
- (iii) Removing the existing island platform.
- (iv) Improving entrance to station and waiting rooms.
- (v) A new overbridge.
- (vi) Conversion of the building lying below the bank into upper and intermediate class waiting rooms.

They intend to begin the work this year.

(c) The Honourable Member is referred to part (f) of the information laid on the table of the House on the 31st August, 1936, in connection with unstarred question No. 591 put by Mr. Muhammad Azhar Ali on the 7th April, 1936.

(d) Government have no information.

(f) Yes. This proposal was among those mentioned in the answer to part (a). More trees are to be planted between the third class waiting liall and the down platform.

(g) The use of the sheds by pilgrims depends on the nature of the traffic. When there is a heavy rush the sheds are fully used, as well as the space in front. There are two special pilgrim platforms adjacent to the shed, which are used for trains terminating at and starting from Hardwar when there is a large mela.

(h) A new overbridge is to be provided.

(i) An underground passage was provided in 1921 at a cost of about Rs. 20,000. Ordinarily it is only used during the *Ardh-Kumbh Mela*. A copy of the proposal has been sent to the Agent, East Indian Railway, who states that there is no reason why this passage should not be kept open whenever there is heavy traffic, but that pilgrims dislike it as the approach is awkward and the ramp steep.

(j) Yes. It is hoped that alterations to the existing entrance will be completed this year.

Pandit Lakshmi Kanta Maitra : Is it not in the contemplation of the Government to put in a big covered passenger shed ?

The Honourable Sir Muhammad Zafrullah Khan : I have given a full list of the improvements that are intended to be made.

Mr. Lalchand Navalrai : May I know from the Honourable Member if the level of the enclosures will also be brought up to the level of the

platform under this scheme? At present the enclosures are down below and the platforms are higher up. Therefore, there is much inconvenience. Is that also in this scheme of improvement that is now going to be launched? With reference to the new construction which the Honourable Member has said will be begun soon, is this idea also included in that scheme?

The Honourable Sir Muhammad Zafrullah Khan : It does not appear to be so.

Pandit Lakshmi Kanta Maitra : Is it not a fact that the approach to the station enclosure is about nine feet lower than the station platform?

The Honourable Sir Muhammad Zafrullah Khan : I am not personally so aware but I have an impression that that is about the difference in level.

Pandit Lakshmi Kanta Maitra : Is Government not going to raise that level to such an extent as to facilitate the coming in and going out of pilgrims also?

The Honourable Sir Muhammad Zafrullah Khan : I believe a good many of these improvements to which I have made reference will provide facilities.

Pandit Lakshmi Kanta Maitra : Is it known to the Honourable Member that the huge enclosure I referred to is the place where pilgrims are confined?

The Honourable Sir Muhammad Zafrullah Khan : I hope nobody is confined. (Laughter.)

Pandit Lakshmi Kanta Maitra : I mean the pilgrims are confined, in the sense that all the entrances are closed and the pilgrims are kept there, and there is no shed over it.

The Honourable Sir Muhammad Zafrullah Khan : I am not so aware of it.

Mr. Lalchand Navalrai : Will the Honourable Member bring this question of difference in levels to the notice of those concerned in this reconstruction?

The Honourable Sir Muhammad Zafrullah Khan : I believe those who are concerned with this matter have personally inspected the spot and have suggested these improvements which are being undertaken.

Pandit Lakshmi Kanta Maitra : Is there any railway official representing railway interests on this "improvement advisory committee"?

The Honourable Sir Muhammad Zafrullah Khan : I am not aware.

Pandit Lakshmi Kanta Maitra : Is it not a fact that yearly a very huge amount is collected in the shape of terminal taxes and that still very few facilities are afforded to the pilgrims?

Mr. President (The Honourable Sir Abdur Rahim) : That is a matter of argument.

Pandit Lakshmi Kanta Maitra : Are Government going to place some of their representatives on the advisory board to represent the interests of the railway authorities on that board?

The Honourable Sir Muhammad Zafrullah Khan : I believe it is the usual case with terminal taxes that they are collected by the railway but handed over to the municipality.

EFFECT ON THE EARNINGS OF RAILWAYS OF INCREASING FARES AND FREIGHTS.

664. ***Mr. S. Satyamurti :** Will Government be pleased to state :

- (a) whether their attention has been drawn to the leading article in the *Amrita Bazar Patrika* of the 15th of July entitled the "Railways' Blunder" ;
- (b) whether they are aware that in other countries fares and freights have been reduced during the last few years with satisfactory results ; and
- (c) whether they have considered or will consider the effect on the earnings of railways of increasing freight rates ?

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

(b) So far as Government are aware, reductions in fares and rates in other countries have not been followed by increases in revenue in every case.

(c) Yes.

Mr. S. Satyamurti : May I know in how many cases, reductions in fares and freights have increased the revenue,—if that is the only satisfactory result ?

The Honourable Sir Muhammad Zafrullah Khan : I am afraid no such information is available. Besides, fluctuations in earnings are not always due only to one cause and a good deal of analysis would be required in order to determine to what causes they are due.

Mr. S. Satyamurti : With regard to this question of increasing fares and freights, are Government considering the question of differentiating between long distance and short distance, in the case of goods traffic ?

The Honourable Sir Muhammad Zafrullah Khan : That is, telescopic rates ? I believe telescopic rates are already in force in certain cases.

Mr. S. Satyamurti : Will Government consider the desirability of reducing the freights on milk and food supplies and on fodder, in view of the need for the larger transport of these articles ?

The Honourable Sir Muhammad Zafrullah Khan : I believe the Honourable Member expressed in one of his questions an apprehension some time ago that these rates were being increased and I was able to give a reply to him that no such increase was contemplated. If he will put down a fresh question with regard to anything else that he wants to find out, I will try to procure the information for him.

Mr. Ram Narayan Singh : May I know, Sir, what are the circumstances which have enabled other countries to reduce their freights and fares ?

The Honourable Sir Muhammad Zafrullah Khan : I could not answer such a large question in answer to a supplementary question.

REPRESSION POLICY IN INDIA.

665. ***Mr. S. Satyamurti** : Will Government be pleased to state :

- (a) whether their attention has been drawn to the news letter No. 3 issued by the Foreign Department of the All-India Congress Committee and published in the *Indian Express* of Sunday, the 12th of July, 1936 under the heading " A Fortnight's Budget of Repression in India " ;
- (b) whether they have changed their policy in respect of repression in India ; and
- (c) if not, why not ?

The Honourable Sir Henry Craik : (a), (b) and (c). The Honourable Member presumably refers to the policy adopted by Government in dealing with subversive movements ; if so, there is certainly no change of policy.

Mr. S. Satyamurti : May I know whether, with regard to all these acts of repression as I call them—Government may not accept the description—the only object of the Government is to put down subversive activities and no other object ?

The Honourable Sir Henry Craik : The object of Government is to cope with crimes against the State and the subjects of the State.

Mr. S. Satyamurti : May I know whether with regard to the ensuing elections, Government will take steps to instruct Local Governments, not to issue preventive orders, but only to punish offences if committed ?

The Honourable Sir Henry Craik : I can give no such undertaking. Anyhow, that does not arise out of any answer that I have given.

Mr. S. Satyamurti : May I know if Government are aware that, in the North-West Frontier Province, for example, orders prohibiting meetings and processions in connection with elections are being passed ?

The Honourable Sir Henry Craik : I do not see that that question arises out of any answer that I have given.

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

Mr. S. Satyamurti : These repressive activities on the part of the Government are mentioned in several newspapers, which have appeared in several provinces ?

Mr. President (The Honourable Sir Abdur Rahim) : I have no doubt that it is not fair to refer to a leading article in some newspaper and then put questions on that. However, this is one of the old questions that have been passed, but there must be a limit. Besides, I understand there is a Resolution on that subject.

Mr. S. Satyamurti : But, Sir, I should like to get some material for that Resolution. I am asking whether Government are aware that, as part of this policy of repression to which reference is made in clause (a) of the question, in the North-West Frontier Province, for example,

orders prohibiting processions and meetings in connection with the election propaganda are being issued.

The Honourable Sir Henry Craik : I do not admit that there has been any repression.

Mr. S. Satyamurti : I am not asking about repression. I am asking whether with regard to this.....

The Honourable Sir Henry Craik : The question does refer to repression. That is a very offensive word. Suppose I asked you "Have you stopped beating your wife?" That is really the form of your question.

Mr. S. Satyamurti : I have never beaten my wife.

The Honourable Sir Henry Craik : Exactly, and Government have never repressed.

Mr. S. Satyamurti : Can my friend tell me that the Government of India has never repressed anybody in India?

Mr. President (The Honourable Sir Abdur Rahim) : I cannot allow questions of that type to continue.

Mr. S. Satyamurti : I am merely asking this, whether Government are aware that, in the North-West Frontier Province, orders prohibiting processions and meetings for election propaganda are being issued?

The Honourable Sir Henry Craik : I have said that that does not arise out of any answer that I have given.

Mr. S. Satyamurti : That question is for the Honourable the President to decide.

Mr. President (The Honourable Sir Abdur Rahim) : I have said that that question does not arise. A specific question like that ought to be put separately.

Pandit Lakshmi Kanta Maitra : Is it not a fact that in some provinces the legitimate activities of the labour leaders have been interfered with?

Mr. President (The Honourable Sir Abdur Rahim) : That is another question that does not arise.

Mr. S. Satyamurti : May I ask whether Government propose to issue orders that, with regard to election propaganda in respect of future elections next year, Local Governments should not issue orders prohibiting meetings and processions for election propaganda?

The Honourable Sir Henry Craik : I have already said that I can give no such undertaking.

Mr. S. Satyamurti : So the Government of India do not propose to implement the Governor General's address to this House in which he wanted the voters to have the freedom to vote, inasmuch as they do not propose to issue orders to Local Governments not to interfere with the processions and meetings in connection with the ensuing elections?

The Honourable Sir Henry Craik : Government of India have no intention to interfere with the discretion of Local Governments to deal with the unlawful meetings connected with the elections.

Mr. S. Satyamurti : May I know whether Government are going to leave it to the Magistrates to determine before processions for meetings take place that they are going to be unlawful ?

The Honourable Sir Henry Craik : Obviously, the Magistrates are perfectly entitled to exercise the statutory powers which they have.

Mr. President (The Honourable Sir Abdur Bahim) : I think this matter ought to be debated further on the Resolution.

EMPLOYMENT OF "DUFFERIN" CADETS.

666. ***Mr. S. Satyamurti :** Will Government be pleased to state :

- (a) whether their attention has been drawn to the leading article in the *Hindu* of the 13th of July, 1936, with regard to increasing the employment of ex-"Dufferin" cadets ;
- (b) the number of "Dufferin" cadets who are still unemployed ;
- (c) whether they are aware that all the Indian Chambers of Commerce have complained about the failure of the British Shipping Companies to encourage Indian cadets ;
- (d) whether they propose to evolve some scheme whereby the cadets of the "Dufferin" would be employed by the various shipping companies, in proportion to their tonnage in the coastal trade, and that not a single deserving and trained cadet of the "Dufferin" would remain unemployed ;
- (e) whether they propose to prepare a census of the unemployed cadets ; and
- (f) whether they are prepared, before fresh contracts are entered into with the shipping companies, to get assurances from them that they would take early steps to employ all the cadets ?

The Honourable Sir Muhammad Zafrullah Khan : (a) Government have seen the article referred to.

(b) The information in the possession of Government shows that at the beginning of August, 1936, the number of certificated ex-cadets of the "Dufferin" out of employment was nine. Of these two were discharged by the shipping companies concerned so as to enable them to appear for a superior certificate, and one had left his company's service for reasons not known.

(c) Representations from several Indian Chambers of Commerce have been received by Government.

(d) I would invite the attention of the Honourable Member to my reply to part (b) of his starred question No. 186. I would, however, like to add in this connection that it is obviously impossible for Government to ensure that not a single deserving and trained cadet of the "Dufferin" remains unemployed, as employment must necessarily depend, among other things, on the existence of vacancies in the service of the shipping companies.

(e) No.

(f) No.

Mr. S. Satyamurti : May I know whether Government are aware that, on the 14th of February, the 17th of February and the 26th of February, both in this House and in another place, Government have given specific undertakings that, before the mail contract now held by the British India Steam Navigation Company expires in March, 1937, the fullest consideration will be given to the possibilities of providing further occupation for *ex-cadets* of the "Dufferin" ?

The Honourable Sir Muhammad Zafrullah Khan : I believe the Honourable Member has already put down a question to that effect, I shall try to answer it when it is reached. I think the Honourable Member is now reading out that question.

Mr. S. Satyamurti : I am reading nothing. I am simply asking whether the Government of India are aware that, on three different dates in last February, Government gave specific and categorical undertakings both in this House and in another place, that before the mail contract expires with the British India Steam Navigation Company in 1937, they will undertake to explore the possibility of getting these cadets employed ?

The Honourable Sir Muhammad Zafrullah Khan : There is a notice with regard to a similar question which is down on the agenda. But without guaranteeing that the dates given are correct, I may say that Government did promise consideration and they have given full consideration to the question.

Mr. S. Satyamurti : Have the Government come to any conclusion as a result of that consideration ? If so, what is that conclusion ?

The Honourable Sir Frank Noyce : The whole question of the continuance of the contract with the British India Steam Navigation Company is under consideration and I may say that that aspect of it to which my friend has referred is receiving our most careful consideration.

Mr. S. Satyamurti : May I know whether Government are aware that the total amount paid to the P. and O., for example, for carrying the mail during the quinquennium ending 1931, was Rs. 2,75,00,000 ?

The Honourable Sir Muhammad Zafrullah Khan : I am not so aware.

Mr. N. M. Joshi : May I ask the Honourable Member what he exactly meant when he said that two of the cadets were discharged for higher studies ? Did they go to some other place for higher studies or could they not be employed further on the ships of these Companies ?

The Honourable Sir Muhammad Zafrullah Khan : I would require notice of that question. My impression is that it was at their request that they were given these facilities.

EDITORIAL NOTES IN THE *Indian Finance* ON THE PACT WITH JAPAN.

667. ***Mr. S. Satyamurti :** Will Government be pleased to state :

- (a) whether their attention has been drawn to the editorial notes in the *Indian Finance* of the 11th of July, 1936 on the pact with Japan ;

- (b) whether they in their negotiations with Japan, are insisting on treating the trade relations between the two countries as a whole ; and
- (c) whether they propose to take steps to see that the negotiations result in achieving the object of expansion of trade between the two countries ?

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

Mr. S. Satyamurti : May I know whether there is a stalemate, or rather an absolute stop, in the negotiations between India and Japan ?

The Honourable Sir Muhammad Zafrullah Khan : It depends upon how the Honourable Member defines a stalemate or a stop.

Mr. S. Satyamurti : I want to know whether negotiations are still going on, or there has been a suspension of the negotiations ?

The Honourable Sir Muhammad Zafrullah Khan : There is no suspension.

Mr. S. Satyamurti : May I know when the negotiations are expected to be completed ?

The Honourable Sir Muhammad Zafrullah Khan : I am unable to say.

Mr. S. Satyamurti : May I know what is the reason for the delay in the completion of the negotiations ?

The Honourable Sir Muhammad Zafrullah Khan : There are no special reasons. After all, negotiations have to proceed stage by stage and each side has to put forward different aspects of the question.

Mr. S. Satyamurti : May I know if there is any attempt to put off these negotiations, or at least their termination, till after Ottawa is replaced in some form or other ?

The Honourable Sir Muhammad Zafrullah Khan : No, Sir.

Mr. S. Satyamurti : May I know whether there is any attempt to coerce Japan by saying that India will make better terms with Britain unless Japan agrees to these particular terms ?

The Honourable Sir Muhammad Zafrullah Khan : I do not want any such inference to be drawn, but surely Honourable Members will understand that when commercial negotiations are going on between two countries, it is not conducive towards an easy solution of the questions that are being discussed to supply detailed information with regard to all the stages of the discussion.

Mr. S. Satyamurti : What are the reasons for this inordinate delay in the completion of the negotiations, especially in view of the fact that the negotiations started a few months ago ?

The Honourable Sir Muhammad Zafrullah Khan : There is no inordinate delay.

ARTICLE ENTITLED "INDIAN AIR FORCE" PUBLISHED IN THE *Statesman*.

668. ***Mr. S. Satyamurti** : Will Government be pleased to state :

- (a) whether their attention has been drawn to the leading article entitled 'Indian Air Force' in the *Statesman* of the 20th of July, 1936 ;
- (b) whether they are still, considering the question of revising the rates of pay and method of recruitment to the several branches of the Indian Force, and if so, on what lines ;
- (c) whether it is a fact that of the 124 Indian recruited apprentices, only 51 are serving or are under training, the remaining 73 having to be regarded as wastage, and if so, the reasons for this large number of wastage ;
- (d) whether it is a fact that of the proposed Indian Squadron only the first flight is complete and has recently moved to Peshawar for advanced training, the second is devoid of all air gunners and Wireless personnel and the third is not even in sight, and if so, why ; and
- (e) whether they propose to take steps to investigate and remedy by suitable measures, the present unsatisfactory position of Indian Air Force ?

Mr. G. R. F. Tottenham : (a) Yes.

(b) Yes, (except in the case of officers), on the lines of improving the present rates of pay and of recruiting more suitable personnel.

(c) Yes. Those who dropped out were of an unsuitable type, and I think the main reason was that at first it was not easy to say what types would prove most suitable for this new and very technical service.

(d) Yes, but the formation of the first squadron of the Indian Air Force is proceeding according to a set programme which had to be cautious no less than progressive.

(e) Yes, as stated in (b) above.

Mr. S. Satyamurti : With reference to part (b), may I know what is the total estimate of the increase, as a result of the new rates of pay ?

Mr. G. R. F. Tottenham : We have not yet finally settled what the new rates of pay are going to be and so I cannot give the estimated cost.

Mr. S. Satyamurti : What are the changes contemplated in the method of recruitment ?

Mr. G. R. F. Tottenham : We originally started by open advertisement in the papers and that led to a number of people coming in who really did not wish to join the Air Force, but who wanted to get the technical training and then go into business on their own. We are now altering this by using our own army agencies for the purpose of getting the sort of people who are accustomed to serve under discipline and who will be anxious to make a career in the Indian Air Force.

Mr. S. Satyamurti : Are Government securing a better type of recruits now ?

Mr. G. E. F. Tottenham : I think there has been a distinct improvement in the kind of recruits we have had recently, but I do not think we shall get on to really satisfactory lines until we have made up our minds as to the new rates of pay and conditions of service.

Mr. M. Asaf Ali : Is there any chance of those who are being trained in the Delhi Training Centre being recruited ?

Mr. G. E. F. Tottenham : I do not think that arises out of this question.

Prof. N. G. Banga : What is the effect of the new scales of pay ? Economy or more expenditure ?

Mr. G. E. F. Tottenham : Extra expenditure.

Prof. N. G. Banga : Why is it that the introduction of new scales of pay has resulted in extra expenditure, while all the time the Government have been pleading want of money ?

Mr. G. E. F. Tottenham : The class of recruits we have been getting has not been satisfactory, and one of the reasons for that is that the pay has not been good enough.

Pandit Lakshmi Kanta Maitra : Have all these 73 men who were discharged given a period of probation ?

Mr. G. E. F. Tottenham : They were put under training like everybody else.

Pandit Lakshmi Kanta Maitra : How long ?

Mr. G. E. F. Tottenham : Just the same as everybody else.

Prof. N. G. Banga : Are Government aware that in this country considerable public opinion prevails that Indianisation should be effected in the services only for the purpose of economy and not for increasing the expenditure ?

Mr. G. E. F. Tottenham : Yes, Sir. I am perfectly well aware of that. But it is also a fact that the pay to be given to these mechanics in the Indian Air Force will be less than the pay which is given to the British airmen in the Royal Air Force.

EXPLOSION IN A COLLIERY AT SITARAMPUR.

669. ***Mr. S. Satyamurti** : Will Government be pleased to state whether their attention has been drawn to a newspaper article reporting a serious explosion in a colliery at Sitarampur, and whether they have taken steps to investigate the causes of the explosion and publish the results of the enquiry ?

The Honourable Sir Frank Noyce : I have seen the article in question. The Chief Inspector of Mines has made a full investigation of the causes of the accident and has submitted a detailed report to Government. They do not propose to publish this report, but I may inform the House that the Chief Inspector finds that the accident was due to the ignition of inflammable gas and that the probable cause of the ignition was an open lamp carried by one of those who lost their lives in the accident. There was apparently no record of any inflammable gas ever having been found in this mine.

Mr. N. M. Joshi : May I ask why the Government do not propose to publish the report ?

The Honourable Sir Frank Noyce : Because it is a departmental report and it is not customary to publish such reports.

Prof. N. G. Ranga : Are Government aware of the fact that when such accidents happen in England and when they have an enquiry, the results of that enquiry are made available for the Press as well as the public ?

The Honourable Sir Frank Noyce : No, Sir ; I am not aware of the practice in England.

Mr. N. M. Joshi : May I ask whether in accordance with the Mines Act, it is not necessary to have an enquiry made into this accident ?

The Honourable Sir Frank Noyce : That is a question for the Local Government. The Local Government can order a formal enquiry, if they think fit, but in this case they are satisfied with the report of the departmental enquiry.

Pandit Lakshmi Kanta Maitra : Are these mines periodically inspected and supervised by the departmental authorities ?

The Honourable Sir Frank Noyce : Yes, Sir ; but this was a disused mine and hence the trouble. As I said, the cause of the ignition was probably an open lamp carried by one of those who lost their lives in the accident.

Pandit Lakshmi Kanta Maitra : Then, do I understand that these mines, previous to the accident, were not supervised by any mining authority ?

The Honourable Sir Frank Noyce : I cannot say off hand to what extent disused mines are inspected.

ARTICLE ENTITLED "DEVELOPMENT OF ROAD TRANSPORT" PUBLISHED IN THE *Hindustan Times*.

670. ***Mr. S. Satyamurti :** Will Government be pleased to state :

- (a) whether their attention has been drawn to the leading article entitled 'Development of Road Transport' in the *Hindustan Times* of the 16th of July, 1936 ;
- (b) whether they propose to consider, before taking any steps to control motor traffic with a view to eliminating competition with railways, the question of making the railway service more efficient ; and
- (c) whether they propose to consider the whole question from the point of view of cheap, efficient and comfortable services for the public, so as to co ordinate all forms of public conveyance ?

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

(b) Every endeavour continues to be made for increasing the efficiency of the railway services.

(c) That is the object of Government who are taking such steps as are practicable at the present moment to obtain the co-ordination suggested in the Honourable Member's question.

Mr. S. Satyamurti : May I know whether Government have specifically examined the question that areas to be served by roads and areas to be served by railways should be demarcated, so as to see that we get the maximum benefit and convenience for passengers who use either the road or the railway ?

The Honourable Sir Muhammad Zafrullah Khan : No such survey has been made, but I doubt whether any such survey can be made except perhaps in very isolated areas where it could be said that certain areas should be reserved for road services and certain others for railway services.

Mr. S. Satyamurti : In view of the fact that there are large parts of the country still where there are no roads worth mentioning, will Government consider the evolution of a policy which will allocate to each of these forms of transport, road and rail, different parts of the country, so that we may avoid on the one hand wasteful competition, and on the other increase communications throughout the country ?

The Honourable Sir Muhammad Zafrullah Khan : As the Honourable Member is aware, efforts are being made in the direction of achieving the maximum amount of co-ordination and he is aware of some efforts in the form of attempted legislation as well as the application of the road fund and improvements in railway services.

Prof. N. G. Ranga : With reference to part (c), the provision of cheap and comfortable services, will Government be pleased to state whether they are taking any steps at all to provide for cheap and efficient and comfortable services in view of the fact that they explained that in these days of depression they could not place on the railway either the new improved third class bogies or any other improvement ?

The Honourable Sir Muhammad Zafrullah Khan : That is an argument ; the question I have already answered.

Mr. Ram Narayan Singh : What are the methods which the Government have been adopting to improve the efficiency of railway services ?

The Honourable Sir Muhammad Zafrullah Khan : Several methods, like frequent railway services in certain places, house to house deliveries and collections and so on.

Mr. Ram Narayan Singh : Are they aware of the fact that corruption in the department is a great bar to efficiency ?

Mr. President (The Honourable Sir Abdur Rahim) : Order, order. That question is not in order.

Prof. N. G. Ranga : Were any definite steps taken since last year to provide cheap railway service for passengers ?

The Honourable Sir Muhammad Zafrullah Khan : I do not know what my Honourable friend means by cheap services. If he means reduction of fares over certain sections, yes.

NEW RULES FOR RECRUITMENT TO THE INDIAN CIVIL SERVICE.

671. *Mr. S. Satyamurti : Will Government be pleased to state :

- (a) whether their attention has been drawn to the leading article entitled ' Recruitment to the I.C.S. ' in the *Hindustan Times*, dated the 16th of July, 1936 ;
- (b) whether the reason for the recent change in the rules of recruitment to the Indian Civil Service in Great Britain was that the British candidates who could hold their own against Indians in the competitive examination were not forthcoming, and those who are actually coming to sit for the examination were no match for Indians in the open competition ; and
- (c) whether they have considered that the proposal to appoint British candidates by nomination and selection will tend to deteriorate the quality of the service ?

The Honourable Sir Henry Craik : (a) Yes, by the Honourable Member's question.

(b) In my speech on the Honourable Member's adjournment motion discussed on the 31st August, 1936, I have stated the real reasons for the shortage in British recruitment.

(c) As I have said before, appointment by selection will not affect the efficiency of the Service.

Mr. S. Satyamurti : May I know whether there is a proposal to place these gentlemen who are selected by nomination on probation for a limited period of time, and then confirm them, or send them away, if they do not prove equal to the task of their offices ?

The Honourable Sir Henry Craik : They will be on probation in England for a year.

Mr. S. Satyamurti : Is there no probation for them in India, where they are actually to discharge their duties ?

The Honourable Sir Henry Craik : No, Sir.

Mr. S. Satyamurti : May I know the reasons why Government will not recommend to the authorities concerned to have a probation for these gentlemen as this is a new experiment, so that we may have the results of these nominations tested by actual experience ?

The Honourable Sir Henry Craik : There is no system of probation for the Indian Civil Service except the period of probation in England and I see no necessity to introduce it.

Mr. S. Satyamurti : May I know if Government have considered the fact that so far the members of the Indian Civil Service have been recruited by examination ?

The Honourable Sir Henry Craik : Not entirely.

Mr. S. Satyamurti : Except a few recruits in India for redressing communal inequalities ?

The Honourable Sir Henry Craik : There was considerable recruitment after the war by selection of British candidates.

Mr. S. Satyamurti : Now that this system is sought to be made permanent and that was only temporary, may I know if Government will consider the question of pressing on the authorities concerned the need for probation for a short period in India ?

The Honourable Sir Henry Craik : No, Sir.

Prof. N. G. Ranga : Is there any time limit for the continuance of this condition of there being 50 Englishmen and 50 Indians for the Indian Civil Service ?

The Honourable Sir Henry Craik : That is an entirely different question which does not arise out of this.

REMOVAL OF INDIAN PHILOSOPHY FROM THE LIST OF OPTIONAL SUBJECTS FOR THE INDIAN CIVIL SERVICE EXAMINATION.

672. **Mr. S. Satyamurti** : Will Government be pleased to state :

- (a) whether their attention has been drawn to the leading article entitled ' the I. C. S. examination ' in the *Hindu* of Wednesday, the 15th of July, 1936 ;
- (b) whether they were consulted before the Secretary of State for India excluded Indian Philosophy, Experimental Psychology and Physical Anthropology from the list of optional subjects for the Indian Civil Service examination in India with effect from the examination to be held in 1938 ;
- (c) the reasons why the Secretary of State has singled out Indian Philosophy while maintaining Metaphysics, *i.e.*, Western Philosophy, Moral Philosophy and Logic as optional subjects ;
- (d) whether they have investigated or will investigate the truth of the impression that certain categories of students are being unduly handicapped in this competitive examination by the disproportionate importance attached to certain subjects or groups of subjects and the minor position assigned to others of equal cultural value ; and
- (e) whether they will investigate the whole question, and remedy the proved defects ?

The Honourable Sir Henry Craik : (a) Yes.

(b) They were consulted before the syllabus was changed.

(c) Indian Philosophy is transferred to form part of " Sanskrit Civilisation ". Metaphysics is retained because there is no subject " Western Civilisation " of which Western Philosophic Thought could form an integral part.

(d) and (e). Government have no reason to suppose that any categories of students are unduly handicapped.

Mr. S. Satyamurti : What are the marks now assigned to Indian philosophy as part of " Sanskrit Civilization ", as opposed to " Western Philosophy " in the optionals ?

The Honourable Sir Henry Craik : I do not think there are any separate marks assigned. There are marks for the whole subject

“ Sanskrit Civilisation ”, and questions on philosophy will be asked in that subject.

Pandit Lakshmi Kanta Maitra : Is it the Government of India who recommend to the Secretary of State the particular form of syllabus for this examination ?

The Honourable Sir Henry Craik : If the Honourable Member means changes in the syllabus, yes. As far as I remember, the changes were originally recommended by the Public Service Commission, considered by the Government of India and recommended to the Secretary of State, and the Secretary of State has the final word.

Pandit Lakshmi Kanta Maitra : May I know whether in opening a new subject as “ Sanskrit Civilisation ” the Indian universities were consulted in the matter ?

The Honourable Sir Henry Craik : Yes, they were ; it is not a new subject anyhow.

Mr. S. Satyamurti : With reference to the answer to clauses (d) and (e), may I know whether, as a matter of fact with regard to this question of certain categories of students being unduly handicapped in this competitive examination by the disproportionate importance attached to certain subjects or groups of subjects and the minor position assigned to others of equal cultural value, they have actually investigated this matter, and if so, by whom, and when, and what are the results of the investigation ?

The Honourable Sir Henry Craik : The matter was most carefully considered by the Public Service Commission in connection with various university authorities all over the country. The syllabus was changed because for certain subjects hardly any examinees appeared. There is no point in retaining a subject if there is one or possibly no candidate for that subject. It is a question of expense. We had hardly any candidates appearing in these subjects, and it is difficult to find examiners to examine them.

LETTER ENTITLED “ TRANSPORT ADVISORY COUNCIL MEETING ” PUBLISHED IN THE *Roy's Weekly*.

673. ***Mr. S. Satyamurti :** Will Government be pleased to state :

- (a) whether their attention has been drawn to a letter from a Simla Correspondent published in the *Roy's Weekly* of the 13th of July, 1936, entitled ‘ Transport Advisory Council Meeting ’ ;
- (b) whether they have investigated or will investigate the possibility that railways can yield annually 15 crores of rupees of profit if only leakages are stopped, salary bills adjusted to the requirements of the case, and railway time tables framed not to suit the requirements of a few European and Anglo-Indian employees, but of the general public ;
- (c) whether it is a fact that, while they have reduced salaries of the subordinate staff to something lower than what existed in 1918-1919, in the case of superior services the scales are practically the same ;

- (d) whether the services are being as rapidly Indianised as they can ;
- (e) whether it is a fact that the reservation of communal proportions has tended to deteriorate the quality and efficiency of the services ; and
- (f) whether they propose to take all reasonable and possible steps to improve the working of the railways before they take steps to tax further the users of the roads ?

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

(b) and (f). Every effort is being made to reduce working expenses and improve the working of railways including the stoppage of leakages, but I am unable to understand on what basis the figure of 15 crores quoted in the letter referred to has been arrived at and what grounds there are for the suggestion that railway time tables are framed to suit the requirements of the railway staff belonging to certain communities.

(c) and (e). No.

(d) The policy laid down by Government for the Indianisation of the railway services is being pursued systematically from the year 1926 ; recruitment in India being made at the rate of 75 per cent. of the total number of vacancies in the superior services as a whole.

Mr. S. Satyamurti : With reference to the answer to clause (c), may I know what are the facts ; that is, whether the salaries of the subordinate staff have not been reduced to something lower than before 1918 and 1919, while in the case of the superior services the scales have remained exactly the same ?

The Honourable Sir Muhammad Zafrullah Khan : No, Sir ; in the case of the superior services they have not remained exactly the same. And, as I tried to explain during the budget debate, the reduction in the scale of the two categories does not treat the subordinate staff unfavourably as compared with the superior staff.

Mr. S. Satyamurti : With reference to the answer to clause (d), may I know whether this goal or need for rapidly Indianising the services is being steadily kept in view year after year ?

The Honourable Sir Muhammad Zafrullah Khan : Yes, Sir.

Mr. S. Satyamurti : May I know whether they propose to thoroughly Europeanise the Railway Board shortly ? Is that the policy of Indianisation ?

The Honourable Sir Muhammad Zafrullah Khan : As I have explained, the policy of Indianisation is that the recruitment to the superior services is being made on the basis of 75 per cent. Indians and 25 per cent. Europeans.

Mr. S. Satyamurti : With reference to the answer to clause (e), may I know what the results have shown so far ?

The Honourable Sir Muhammad Zafrullah Khan : The results have not shown any deterioration.

Mr. S. Satyamurti : May I know if, in the case of recruits from all communities, minimum qualifications of efficiency are insisted on ?

The Honourable Sir Muhammad Zafrullah Khan : Yes, Sir. Nobody is appointed to the superior services who is not certified by the Public Service Commission as fit for appointment to these services.

Mr. S. Satyamurti : And may I know if, after they have been recruited to the services, any communal proportion is applied to recruits in the case of promotions ?

The Honourable Sir Muhammad Zafrullah Khan : No, Sir.

Prof. N. G. Ranga : With reference to part (c), is it not a fact that there has been very much smaller retrenchment in numbers in the case of the superior services than in the lower services ?

The Honourable Sir Muhammad Zafrullah Khan : I must have notice of that question.

Mr. M. Ananthasayanam Ayyangar : Is there a single Indian as Agent in any of the State Railways or Company-managed Railways ?

The Honourable Sir Muhammad Zafrullah Khan : There was one who has recently retired,—Mr. B. R. Singh.

Mr. M. Ananthasayanam Ayyangar : Has any Indian been appointed in his place ?

The Honourable Sir Muhammad Zafrullah Khan : No, Sir, he was succeeded by a non-Indian officer.

Mr. M. Ananthasayanam Ayyangar : Is there no competent Indian to be appointed as Agent ?

Mr. President (The Honourable Sir Abdur Rahim) : The Honourable Member cannot ask that question without previous notice.

The Honourable Sir Muhammad Zafrullah Khan : Is that question fair to the Indian officers themselves ?

UNEMPLOYMENT PROBLEM.

674 ***Mr. S. Satyamurti :** Will Government be pleased to state :

- (a) whether they have taken any steps to deal with the unemployment problem in the country, especially among the educated classes ; and
- (b) whether they propose to take steps to have a census of the amount and nature of unemployment in the country ; and whether they propose to place before the Assembly any proposal for dealing with this question on an All-India basis ?

The Honourable Sir Frank Noyce : (a) I would refer the Honourable Member to the replies I gave to Mr. Akhil Chandra Datta's starred question No. 183 on the 7th February last and Mr. T. S. Avinashilingam Chettiar's starred question No. 24 on the 31st August, 1936 and to the supplementary questions arising out of them.

(b) I have more than once explained the reasons which make a census of unemployment impracticable ; but Government are considering

the possibility of securing further statistics bearing on the problem of educated unemployment. If legislation is required for this purpose, proposals will be placed before the Assembly.

Mr. S. Satyamurti : In view of the fact that we return to this question again and again, will Government be pleased to favourably consider the question of taking a census of unemployment in this country ?

The Honourable Sir Frank Noyce : I have explained the reasons which in our view make a census of unemployment impracticable, and I have nothing more to add.

Mr. S. Satyamurti : Will Government reconsider the question, in view of the strong feeling on this side of the House, as is shown by numerous questions, morning after morning ?

The Honourable Sir Henry Craik : All by him.

Mr. S. Satyamurti : No, by many others. And even I have a right to ask questions.

The Honourable Sir Frank Noyce : Government are perfectly aware of the strong feeling which exists on this question, and I need hardly say that they have given it the fullest consideration. If they considered a census of unemployment practicable they would carry it out, but they do not consider it practicable and therefore they are unable to carry it out.

Mr. S. Satyamurti : Will the Government of India consult the Local Governments, and invite their co-operation and help in this matter of taking a census of unemployment throughout the country ?

The Honourable Sir Frank Noyce : As I have said, Government have considered this matter very fully in all its aspects and have come to this conclusion ; and at the moment I see no sufficient reason to reconsider the matter.

Mr. S. Satyamurti : I am simply asking whether they will consult Local Governments in this matter and invite their opinion, co-operation, and help.

The Honourable Sir Frank Noyce : I should like my Honourable friend to examine the reasons why we have found a census of unemployment impracticable. These have been stated : if he will examine them, I think he would inevitably come to the same conclusion as we have done.

Mr. M. S. Aney : Apart from the question of a census being practicable or impracticable, is the Government in a position to give an approximate idea of the number of unemployed in this country ?

The Honourable Sir Frank Noyce : As regards educated unemployment, we hope to get information.

Mr. M. Ananthasayanam Ayyangar : With respect to unemployment amongst industrial workers, is the Government considering the desirability of instituting unemployment insurance on the lines of the Act in England ?

The Honourable Sir Frank Noyce : I do not think that that arises out of this question : I have explained the position in regard to that on several occasions.

ARTICLE ENTITLED "ROAD RAIL PROBLEMS" PUBLISHED IN THE *Statesman*.

675. ***Mr. S. Satyamurti :** Will Government be pleased to state :

- (a) whether their attention has been drawn to the leading article entitled "Road Rail Problems" in the *Statesman* of the 18th July, 1936 ;
- (b) whether they propose always to bear in mind the necessity for co-ordinating the railway and road transport, without unfairly crippling the legitimate activities of the roads concerned ;
- (c) whether they propose to investigate the possibility of introducing modern transport facilities, where none exists, in large tracts of India to-day ; and
- (d) whether they propose to take in hand, either directly or through Provincial Governments a progressive policy of road construction, so as to be served by lorry and bus owners, as they are not served by railways ?

The Honourable Sir Frank Noyce : (a) and (b). Yes.

(c) and (d). Roads are, as the Honourable Member is aware, a provincial transferred subject, but the Government of India are doing all they can in consultation with Provincial Governments to extend the general system of communications by opening up areas at present inadequately served by railways or roads.

Mr. S. Satyamurti : With reference to part (d) of the question, may I know what progress has been made in this very important matter and do the Government propose to deal with this question in a comprehensive manner, as I think it is about the only conclusive solution of this problem ?

The Honourable Sir Frank Noyce : I should like to say that I welcome this question. It seems to me that in the Motor Vehicles (Amendment) Bill which is already before the House and the Road Resolution we shall shortly be placing before this House, we are doing exactly what the Honourable Member wishes that we should do.

Prof. N. G. Ranga : Are Government aware of the impression prevailing in the country especially in the Punjab and Madras that through the activities of the Road Development Fund and also through the legislative proposals proposed to be taken by the Government of India, they are trying to unfairly cripple legitimate activities.

The Honourable Sir Frank Noyce : May I ask my Honourable friend to put his question somewhat more briefly ?

Prof. N. G. Ranga : Are they aware of the prevalence of the impression in the Punjab and Madras and other parts of India that they are trying to cripple the legitimate activities of the roads concern ?

The Honourable Sir Frank Noyce : If such an impression exists, it is entirely incorrect.

ARTICLE ENTITLED "FULL SPEED AHEAD" REGARDING AGRICULTURAL IMPROVEMENTS PUBLISHED IN THE *Amrita Bazar Patrika*.

676. *Mr. S. Satyamurti : Will Government be pleased to state :

- (a) whether their attention has been drawn to the leading article in the *Amrita Bazar Patrika* of the 19th of July entitled ' Full Speed Ahead ', regarding agricultural improvements ;
- (b) whether they will consider the arguments advanced therein, before they decide to import experts into this country ;
- (c) whether they are aware that pure drinking water is a rarity in many villages of this country ; that medical assistance in many rural areas is non-existent, and the burden of debts on them is crushing ; and
- (d) whether they have considered or will consider the suggestions in the article, viz., " Let crop research and cattle improvement go on, but along with them let the land revenue be reduced, and let the *ryots* have sufficient food and clothes and adequate medical assistance and above all relieve them from the burden of debts that is crushing them inch by inch " ; and, if not, why not ?

Sir Girja Shankar Bajpai : (a) Yes.

(b) The two experts referred to in the article are being invited for the purpose indicated in His Excellency's address to the Advisory Council of the Imperial Council of Agricultural Research, a copy of which has been placed in the Library. Government do not agree that the considerations urged in the article in question affect the desirability of this step.

(c) and (d). Government recognise that there is room for improvement in the matter of water supply and medical relief in villages and some Local Governments have allotted funds for both objects out of the rural development grants placed at their disposal by the Government of India. Local Governments are also fully alive to the importance of relieving agricultural indebtedness and several of them have passed legislation to deal with the problem. The reduction of land revenue is entirely a matter for Local Governments.

Mr. S. Satyamurti : With reference to parts (c) and (d) of the question, may I know whether Government are considering setting apart every pie they can spare, either from the Government of India or from any other source, for the important needs mentioned in those clauses, rather than in importing experts or in other schemes which, however useful they may be, are less important and less urgent than this ?

Sir Girja Shankar Bajpai : I may first deal with the point as regards the experts. These two experts have been asked to visit India in order to help the Imperial Council of Agricultural Research to see, whether the activities that have been carried on so far (and that have cost something in the neighbourhood of a crore of rupees) are susceptible of improvement in the direction of being made more practical. My Honourable friend has from time to time asked questions on the subject of research being related more to reality. One of the reasons why we asked these experts to come out was to assist us in doing that

and I think that the expenditure is in no way disproportionate to the importance of the work. As regards what my Honourable friend said regarding the utilisation of funds for specific purposes, I can assure him that to the extent that the Government of India can assist in that direction, they are assisting.

Mr. S. Satyamurti : Have Government any information as to the number of villages in the country, in which drinking water is a rarity ?

Sir Girja Shankar Bajpai : My Honourable friend asked a question on that point during the Delhi Session and I informed him that we do not have information readily available for India as a whole.

Mr. S. Satyamurti : Will Government collect, through the agency of Local Governments, some statistics to show how many villages there are in this country, in which drinking water is available at a very great distance, or not available at all ?

Sir Girja Shankar Bajpai : I am prepared to convey that suggestion to the Local Governments : but as to whether they will find the investigation commensurate with the probable results, I am not prepared to say.

Mr. S. Satyamurti : As regards the question of agricultural indebtedness, may I know if the Government of India have any information as to the actual relief given to these debtors, by means of legislation or other measures in the various provinces ?

Sir Girja Shankar Bajpai : I think I explained the position or attempted to explain the position the other day ; in the course of the debate I drew attention of the House to the fact that in most provinces the legislation had not been operating sufficiently long for results to be seen : but I may mention that in the Central Provinces, where this legislation has been in force since 1933, I believe that the indebtedness there to the extent of Rs. 2.26 crores has been scaled down by 46 per cent.

Mr. S. Satyamurti : Have Government considered or will they consider that the central problem in this matter is of enabling the peasant to pay off the balance, even after debts have been scaled down ? Will they consider these two methods of action, first, of wiping out all debts which have been repaid by principal and reasonable interest, and secondly, taking over all other debts, and paying off the creditor, and recovering the money from the debtors in easy instalments ?

Sir Girja Shankar Bajpai : In the course of the discussions that day, I explained what action had been taken by Local Governments in the matter of scaling down debts. I am not in a position now to supplement the information that I then gave.

Prof. N. G. Ranga : Are Government aware of the fact that malaria is rampant in the villages and will they conduct an all-India anti-malarial campaign on a widespread scale, and are they also aware that Mahatma Gandhi recently was a victim of this scourge ?

Sir Girja Shankar Bajpai : The prevalence of malaria is not a new discovery.

CONDITION OF INDIANS IN TRANSVAAL AND BRITISH GUIANA.

677. *Mr. S. Satyamurti : Will Government be pleased to state :

- (a) whether their attention has been drawn to the leading article entitled " Transvaal Indians " in the *Statesman* of the 19th of July, 1936 ;
- (b) whether they will continue to press on the South African Government the claims of Indians in that Dominion ;
- (c) whether they are keeping in touch with the conditions of Indians in British Guiana ;
- (d) whether they propose to keep in touch with the report of the recent Commission and the Government decision thereon ; and
- (e) whether they propose to make proper representations to the Colonial Office, from time to time, on this matter in order to secure justice for Indian labour ?

Sir Girja Shankar Bajpai : (a), (b) and (c). Yes.

(d) and (e). His Majesty's Government has agreed to afford the Government of India an opportunity to consider and comment on the Report of the Committee of Enquiry into the labour disturbances in British Guiana, before any action is taken on that report.

Mr. S. Satyamurti : May I know at what stage the proposal to create an overseas department of the Government of India stands ?

Sir Girja Shankar Bajpai : In the stage in which it stood last year—the stage of consideration.

Mr. S. Satyamurti : May I take it that nothing will be done, until the new Federal Government comes into being, if it does ?

Sir Girja Shankar Bajpai : If my Honourable friend will ponder a little, he will probably recall what I said—that the question whether a separate overseas department was necessary would be taken up after the separation of Burma, and not necessarily wait till the inauguration of Federation.

CLASSIFICATION OF POLITICAL PRISONERS.

678. *Mr. S. Satyamurti : Will Government be pleased to state :

- (a) whether their attention has been drawn to the statement of Babu Rajendra Prasad, *ex-President* of the Indian National Congress, published in the *Amrita Bazar Patrika* of the 20th of July, 1936, through the United Press from Lucknow, dated the 19th of July, 1936, regarding classification of Political Prisoners ;
- (b) whether they propose to examine the suggestions contained therein ;
- (c) whether they propose to abolish the separate classification of Political Prisoners and create a special class for all of those convicted of political offences not involving violence to person or property, and, if not, why not ;

- (d) whether they propose to consider the abolition of the Andamans as a Penal Settlement, and, if not, why not ;
- (e) whether they propose to allow Political Prisoners to have association among themselves, especially in the Andamans, at least so long as it continues as a Penal Settlement for Political Prisoners ;
- (f) whether they propose to allow a daily newspaper to every Political Prisoner, as also books to which no reasonable objection may be undertaken ; and
- (g) whether they are prepared to consider the whole question of the treatment of Political Prisoners and amend the rules in such a manner as to guarantee better treatment to them ?

The Honourable Sir Henry Craik : (a) Yes.

(b) The Government have examined the suggestions made in the statement.

(c) and (g). There is no "separate classification of political prisoners" at present. Government do not propose to depart from the principles laid down in the Home Department Communique of February 19, 1930, because they consider those principles (which were formulated after discussion with prominent Members of this House and very careful consideration) to be fair and reasonable.

(d) The Government do not intend to abandon the Andamans settlement. The reasons given in the Resolution of 27th February, 1926, still apply.

(e) Prisoners convicted of terrorist crimes confined in the Cellular Jail at Port Blair are allowed to associate during the day.

(f) Adequate provision is made under the rules for the supply of papers and books to literate prisoners. Government do not consider it necessary to provide every prisoner with a daily newspaper.

Mr. S. Satyamurti : With reference to the answer to clauses (a) and (b) of the question, may I know whether Government have examined the criticisms of the treatment of the political prisoners compendiously so-called, and why do they consider, in spite of this criticism that there is no need for any change being made in the rules regarding the separate classification of these political prisoners ?

The Honourable Sir Henry Craik : I have already answered that question. We have examined that question and we consider there is no case for a change being made in the rules.

Mr. S. Satyamurti : Since the last classification was made in consultation with prominent Members of this House, will Government consider the desirability of consulting prominent Members of this House, before they decide not to make any change in the rules ?

The Honourable Sir Henry Craik : If the Honourable Member had said before they decided to make any changes in the rules, I might have agreed, but I have said that Government do not propose to make any changes in the rules.

Mr. S. Satyamurti : Several of us are *ex-convicts*, and we know exactly what prison life is.

The Honourable Sir Henry Craik : I am well aware of that.

Mr. S. Satyamurti : May I know then, why Government are not prepared to consult those Members of this House, who are competent to offer an opinion ?

The Honourable Sir Henry Craik : There is nothing to consult them about.

Mr. S. Satyamurti : On the question of the fairness or unfairness of the working of these rules, in respect of what are called political prisoners ?

The Honourable Sir Henry Craik : As I have said, if we were considering changes in the rules, then there might have been some cases for consultation.

Seth Govind Das : Are Government aware that, in the last Civil Disobedience Movement, as there was no separate class created for political prisoners, the local officials were most vindictive in giving different classes

Mr. President (The Honourable Sir Abdur Rahim) : A question like that complaining of all sorts of allegations cannot be allowed.

Seth Govind Das : Sir, I am only asking whether the Government are aware of the fact that in many of the provinces even lawyers were put in "C" class and many respectable people who should have been classed as "A" class prisoners were put in "C" class ?

The Honourable Sir Henry Craik : I am not aware of that.

Mr. President (The Honourable Sir Abdur Rahim) : Legislative Business.

Mr. M. Ananthasayanam Ayyangar : On a point of information, Sir.

Mr. President (The Honourable Sir Abdur Rahim) : Is it with regard to this Bill ?

Mr. M. Ananthasayanam Ayyangar : No, Sir, with regard to the questions.

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

THE CANTONMENTS (AMENDMENT) BILL—*concl'd.*

Mr. G. B. F. Tottenham (Defence Secretary) : Sir, I move :

"That the Bill further to amend the Cantonments Act, 1924, for certain purposes, as amended, be passed."

Sir, in view of the statement I made on the last occasion, I think I should refer for a few moments to the amendments that were passed by this House on that occasion. Having examined and studied the provisions of the Government of India Act, to which the Honourable Member then referred, I may say that the Government are prepared to agree that the young disqualifications in Cantonments should be the same generally as the disqualification for electors of Provincial and Central Legislatures.

It is true that the effect of the Honourable Member's amendments, which were carried by this House, combined with certain provisions in our Cantonments Act which do not exist in the Government of India Act, will make the position in Cantonments slightly more favourable than the position for electors to the Legislatures. Whether it will be necessary to put that right in another place is a matter for consideration, but I do not myself think so, because the question is not of great importance in view of the fact that mercifully in Cantonments there are not a large number of people to whom these disqualifications would be likely to apply. Sir, I move.

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

“ That the Bill further to amend the Cantonments Act, 1924, for certain purposes, as amended, be passed.”

Khan Sahib Nawab Siddique Ali Khan (Central Provinces : Muhammadan) : Sir, I am glad that the Honourable Member in charge of the Bill has moved the third reading of this Bill. On the last occasion, when this House was discussing this Bill, clause by clause, and when two amendments were moved by my Honourable friend, Mr. Mohan Lal Saksena, and carried by the House, much against the wishes of the Honourable Member in charge of the Bill, I thought that the Bill would be withdrawn. I think, Sir, the Honourable the Defence Secretary, having accepted the radical amendment of my Honourable friend, Mr. Gadgil, the amendments of my Honourable friend, Mr. Mohan Lal Saksena, were in substance consequential and necessary. However, the Bill is now moved for the final consideration. I think, Sir, that the Bill is improved in certain matters, such as the constitution of the Boards' Franchise, initiative as to taxation, and the constitution of the Bazar Committees. The Bill when it was first introduced contained many reactionary clauses and particularly the abolition of Local Governments' supervision from the local self-Governments in cantonments altogether. I am glad that the Report of the Select Committee did away with the reactionary features of the Bill and I would have been very much glad if the official majority in each cantonment had been done away with. In fact, from the speeches delivered by the official Members while the Cantonment Act of 1924 was under consideration, it is abundantly clear that the local self-Government in cantonment matters would be completely democratised subject to the requirements of military in point of general health, sanitation and discipline of the troops. It seems Government was adamant and the next best, namely constitution of Bazar Committees, finds place in the Bill.

Sir, I know that the military authorities concerned are looking on these Bazar Committees with distrust, but from the views I have ascertained from the residents of cantonments in my constituency, I am able to say that if worked in proper spirit and if there is no interference by the military section in the Cantonment Board, the people concerned are prepared to give this experiment a fair trial. In the matter of taxation, I think the proposals that may be submitted by the Board should be submitted after ascertaining the views of the Bazar Committees. After all, it will be the bazar people who will have to pay the taxes, and it is but fair that their voice should prevail. I further think that there should have been a statutory obligation on the Government for the contribution towards primary education in the cantonment area. As things stand today,

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Government do not contribute much. Sir, as a result of this Bill, there will be elected Boards in all 91 cantonments. At present there are 32 Boards with elected members. As a result of this Bill, there will be some change in the constitution of these 32 Boards; of these 32, 12 are not affected, 13 will have an increased number of elected members, and only in the case of seven cantonments the elected strength will be reduced by one in five and by two in two. In the case of these seven, therefore, I would urge the Honourable the Defence Secretary to take into consideration whether as a result of the census taken immediately after the passing of this Act the existing strength could not be maintained. Personally, I do not attach much importance to the number when the relative strength remains the same. But if it is possible to get over this difficulty, all avenues should be exhausted.

Sir, I welcome the declaration of the Government not to lay any claims to lands in the bazar areas and further to demarcate the Bazar area with a view to future expansion.

I congratulate the Honourable the Defence Secretary, and I hope the promised instructions in the matter of distribution of seats, franchise, non-interference in bazar matters, maximum delegation of functions to Bazar Committee, will be issued immediately after the Bill becomes an Act. I also congratulate the Members of the Select Committee and especially my Honourable friend, Mr. Gadgil, for doing their utmost to get as much as possible from the strong arm of the Defence Secretary. With these words, I support the third reading of the Bill.

Mr. Mohan Lal Saksena (Lucknow Division : Non-Muhammadan Rural) : I rise to make a few observations on the Bill at this stage; Sir, if I do not offer any congratulations to my Honourable friend, Mr. Tottenham, it is not because of any lack of appreciation on my part of those qualities of his which mark him out from most of his colleagues on the Treasury Bench, but because I do not believe in occupying the time of the House in these idle formalities, and also because I do not find the provisions of this Bill to be sufficiently liberal and progressive to warrant any expression of special satisfaction on our part. You are aware that, during the consideration stage, a number of amendments were moved from this side of the House, to bring the Bill in conformity with public opinion and although Mr. Tottenham opposed them vigorously, I know that he did not do so, because he considered them to be unreasonable, but because he felt that he would not be able to carry his constituency—the army—any further. Also this side of the House was a little handicapped because of the understanding arrived at among the Members of the Select Committee, and it was therefore no surprise to me, therefore, that most of my amendments met the fate which they have. All the same, I venture to commend to my Honourable friend, Mr. Tottenham, and the Government those words which were spoken at this very place last week in regard to another Act, that it is not the wordings of the Act but the spirit in which it is worked that matters. If those words could be said of an Act which has been universally condemned as wholly unsatisfactory and thoroughly retrograde, I think I am on stronger grounds when I commend those words to my Honourable friend, Mr. Tottenham, in regard to a measure which has, at its back, an understanding which was arrived at between two sections of this House in the Select Committee.

In this connection, I would like the Honourable Member to bear in mind the adverse comments which have appeared in the press and also the fact that even the representative character of the Executive Committee of the All-India Cantonments' Association, as it is constituted at present, has been questioned. I am reminding him of this in order that he may not carry away the impression that public opinion has got what it wanted in regard to the administration of cantonments. There is a section of people which is not satisfied with the Bill. I want my Honourable friend to administer this measure in a sufficiently liberal spirit and in a manner such that the civil population in the cantonment areas may feel that a new leaf has been turned in the administration of cantonment boards. He should see that the cantonment boards henceforth are municipal institutions in the true sense of the term and not merely agencies to register the decrees of the military officials. Sir, I would also like that he should bear in mind that non-official public opinion should have an effective voice in the administration of cantonment boards, and therefore such cantonments as have got a larger number of elected members under the existing Act should not be deprived of their present strength of elected members and the rules have therefore to be liberally interpreted to that end. At present there are 76 cantonments in India, and out of these 30 have got elected cantonment boards. Again, of these 30 elected boards, there are eight which will be adversely affected by the new measure. At present they have got 51 elected members, and under this measure their strength will be reduced from 51 to 39, that is, by about 25 per cent. If we take individual cases, we find that the cantonment of Kasauli whose population is 2,452 will have only one elected member instead of four as at present, and if only eight persons were added to the population, they would get four. Now, we know that since the census was taken six years have passed, and we also know the circumstances in which the last census was taken when an important section of the public non-co-operated with the census operations. We also know that the population in India has been growing, and if a census were taken now, the number will be much greater than would be requisite to bring Kasauli into the second class cantonment board. In the cantonment of Jullundur the population is 9,990 that is, it is short by ten only to bring it into the category of a first class cantonment and thus it will have only six elected members instead of seven. If we take the population of Multan we find that it is 7,933, and at present the number of elected members is 7, while under the new measure it will be six. Similarly, in the case of Bareilly, we find that the present number of elected members is seven and it will be five if the population is taken according to the last census. In the case of Allahabad, it will be reduced from seven to six; in the case of Karachi, from seven to five; and in the case of Hyderabad (Sind) from five to four. Now, Sir, what I want to submit is that when this Act is brought into operation, orders should be issued for a fresh census. And after all, it should not be a very difficult task. There are not more than 10 lakhs of people, or, taking into account the increase, they may be 12 lakhs, and a census can be taken without much expenditure and in a very short time. Again, as regards hill cantonments the census should be taken during summer. Even in the case of those cantonment boards where the population is not sufficient to warrant the same strength of elected members as at present, I would suggest to the Defence Secretary that he must issue necessary instructions that in these cantonments at least, instead of military officers the officer commanding should nominate the sufficient number of non-officials so that their present non-official strength

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may not in any case, be reduced. Similarly, in the case of nominated boards, I find there are at least two which will have only one elected member while at present they have got two nominated members. I would ask the Defence Secretary to consider the cases of these two cantonment boards as well, which are Jhelum and Dera Ismail Khan.

Then I would refer to clause 1 of the Bill. We find from the Select Committee's Report that sub-clause (2) has been added with a view to provide for cases where because of preliminary action such as the making of rules or the preparation or publication of lists of voters has to be taken, it may not be possible to enforce the Act forthwith. I want the Government to give an assurance to this House that this Act will be brought into force even in these cantonments as early as possible, and in any case, not beyond one year. I want that no delay should be made in putting this Act into operation as this measure has been already overdue.

Then, Sir, I come to clause 14. We find that under clause 14 power is given to the Governor General in Council that a Board might be suspended or superseded for a period of one year by reason of military operations. The words 'military operations' have not been defined but I take it that it will not mean ordinary practice or *chandmari* or such other minor operations but will only mean cases of actual war or in the case of the Frontier the military operations in regard to the frontier tribes. I come to clause 16, that is regarding bazar committees. Now, we are aware that the official majority was agreed to on the definite understanding in the Select Committee that the bazar committees will be given the fullest powers so far as municipal affairs are concerned and therefore I would ask the Defence Secretary to assure the House once again that subject to the considerations of health, welfare and the discipline of the soldiers, all powers in municipal affairs in the bazar area and the lands therein will be delegated to the Bazar Committee. Even in the Select Committee report, it is said :

"We trust, however, that steps will be taken to ensure that real powers and responsibilities are conferred upon Bazar Committees."

Then, Sir, I come to the question of land administration. It has been said that in bazar areas the Government will lay no claim to proprietary rights so far as bazar is concerned. As regards other land, there is the scheme of perpetual leases. The other day there was a question regarding the Almora Cantonment where a certain person who claimed to be the proprietor of a bungalow was fined for having cut down trees and I put a question to the Defence Secretary whether in the case of perpetual leases the lessees will be able to cut down trees. He said he was not sure. I want to make sure about it. After all where is the use of having a perpetual lease if they are not going to have undisturbed possession or they are not allowed to enjoy the same rights which they have been enjoying so far. Then there was another question about the private lands in cantonments. That was not replied to by the Defence Secretary the other day because he said that information was not available and it would take a long time and involve considerable labour to get the figures. I gathered from that there is at least sufficient private land in cantonment areas and after all in regard to all land which is disputed or in which the Government claims proprietary rights we must bear in mind that these

persons have been encouraged to settle in cantonments and they have been encouraged to invest large sums of money and if at this stage they would not be allowed the enjoyment of those privileges and those rights which they have been enjoying for such a long time and in the hope of which they have invested large sums of money. There is no reason why the Government should in this scheme of perpetual leases not guarantee them these rights and their undisturbed possession of the land. I hope that the Defence Secretary will give an assurance on the points on which I have asked him for an assurance so that we may be in a position to support the third reading of the Bill. With these words, Sir, I resume my seat.

Mr. G. R. F. Tottenham : Sir, I have been asked to do a good many things during the passage of this Bill through the House and apparently the final demand is that I should increase the population of certain cantonments. (Laughter.) I am quite prepared to accept paternity of this Bill, but I do not think my philoprogenitive proclivities can go further than that. I have, however, certain figures here which may be of interest to the House with reference to what both the Honourable speakers said just now. At present there are 13 elected boards which have 15 members ; there are two which have 13 members ; there are six which have 11 members ; and there are nine which have only nine members. It is a definite provision of the existing law that the number of elected members in an elected board need not on any occasion reach the maximum. It is left entirely to the discretion of the officer commanding the station how many military officers he nominates, and if he nominates only one military officer then only one non-official is elected as his counterpart. If this Bill is passed into law, our calculations go to show that in 14 cantonments there will be 15 elected members ; in 11 cantonments against two, there will be 13 elected members ; in seven cantonments against the present six, there will be 11 elected members ; in 14 cantonments as against nine, there will be nine elected members ; and in 31 cantonments which have no elected boards at all there will be a small elected board. That, Sir, I think shows that on the whole the provisions of this Bill should be satisfactory from the non-official point of view. I admit that there may be cases such as those mentioned by Mr. Saksena where the number of the non-official population as recorded at the last census may be within a very few of a particular figure which would enable the Board to have an additional elected member. The Bill however itself provides that " the civil population shall be calculated in accordance with the latest official census or, if the Governor General by general or special order so directs, in accordance with a special census taken for the purpose ", and I can undertake that these special powers will be used in suitable cases where the margin is a very small one and makes all the difference between one class of cantonment and another. We have no intention of being over-strict on that point.

Now, Sir, the next point on which the Honourable Member asked for an assurance was that the Bill, if passed, would be brought into operation without delay or at least within one year. I can give the assurance that it will, if passed, be brought into operation without delay. There are certain sections in it, such as those dealing with water supply arrangements, which depend upon an agreement between the cantonment board and the Military Engineer Service. It is possible that some of these

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negotiations may take more than a year, but I can assure Honourable Members that, if delay takes place, it will not be on account of dilatoriness on the part of the Military Engineer Service ; and I hope that these new agreements will be reached as soon as possible. Then, Sir, the Honourable Member asked whether the clause about military operations was going to be widely interpreted or strictly interpreted. There, again, I can assure him that it is only going to be used in those frontier cantonments where military officers have to leave the cantonment to proceed on active service. The reason for it is that the military officers on the Board may have to go away to fight, and it would be unreasonable that the Board should be left to be run entirely in their absence by the non-official members. The use of the section will be limited to those cases in which the absence of the soldiers makes it necessary. The next point was with regard to the Bazar Committees. Well, Sir, I have given assurances in the past with regard to that matter and I can only say that I meant those assurances. We have every intention of starting off these Bazar Committees with a real chance to function and to exercise responsibility and power. It will depend upon the manner in which that responsibility is actually exercised whether they will continue to be given those powers, or whether they will be given increased powers or whether they will be given less powers. That is a matter on which I myself cannot give any assurance at the moment. I can only say that we have every intention of giving them every chance to function successfully. Then, Sir, I think the only other point was with regard to the one or two references to land which the Honourable Member made at the close of his speech. As regards the right to the trees growing on the soil in which bungalows are built, I will certainly take that point into consideration in drawing up this new model lease that is now under consideration. I would like to make it clear that our only object now in preventing people from cutting down trees and so on is simply to preserve the amenities of cantonments. We have no objection to the owner of a house cutting down a tree here or there if it interferes with his view or for some other good reason of that kind, but what we do object to is, when there are a number of nice trees in a compound, that the owner of the house should cut them all down and sell them for profit. That is a thing we do not like and I think we have every right to try and put a stop to it. As regards the question of private land in cantonments, it is true that there are certain areas which we have always recognised to be private and over which Government have no claim whatsoever. It is quite unnecessary in such cases to consider a lease of any kind. The land is freehold and Government have nothing whatever to do with it and I can assure the Honourable Member that there will be no attempt on our part to interfere with such private land in cantonments. These, Sir, are all the points raised by Honourable Members and I think I need only say, in conclusion, that I am most grateful to the House for their co-operation in placing this measure on the Statute-book. (Applause.)

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

“ That the Bill further to amend the Cantonments Act, 1924, for certain purposes, as amended, be passed.”

The motion was adopted.

THE INDIAN COMPANIES (AMENDMENT) BILL—*contd.*

Mr. President (The Honourable Sir Abdur Rahim) : Before I come on to the item of the Indian Companies (Amendment) Bill, I ought to mention to the House that it has been impressed upon me by the Leader of the House that the progress so far made with the Bill has been very slow, and that unless better progress is made now, the Bill itself will be in jeopardy and I do hope that every section of the House, therefore, will co-operate with me in seeing that a satisfactory progress is made with the Bill ; and, so far as I am concerned, I should be prepared to sit late today and on the next official day longer than usual, and, if it also be the desire of the House, I should be prepared to dispense with the question hour. (*Voices* : "No, no, no.") Very well, if that is not the desire, then, of course, I shall be prepared to sit today till 6 o'clock, and on the next official day and, if necessary, also the day after. The House will now resume further consideration of the Bill further to amend the Indian Companies Act, 1913, for certain purposes, as reported by the Select Committee.

Sir H. P. Mody (Bombay Millowners' Association : Indian Commerce) : Mr. President, my Honourable friend, Pandit Govind Ballabh Pant, in a speech which was listened to with great attention, and if I may say so, with respect, covered the whole field of the managing agency system. My own performance will be of a more modest character. Sir, during the last few months the whole of India has been ringing with the denunciation of managing agents. No epithet seems to be too severe for them, and they are held up as a sort of criminal tribe which has got to be reclaimed, with the severest possible measures that could be applied to their reclamation. Even poisoners, perjurers, dacoits and bigamists occasionally excite a little sympathy, but somehow or other a managing agent can only succeed in producing an atmosphere of bitter hostility.

An Honourable Member : Why is that so ?

Sir H. P. Mody : It is for my Honourable friend to answer that. If he prefers the other people, I have nothing further to say : it is a matter of choice.

Mr. S. Satyamurti (Madras City : Non-Muhammadan Urban) : You do secretly what others do openly.

Sir H. P. Mody : Then, the palm must be given to us for a little bit of cleverness. Sir, my idea is, when I get back to Bombay, to start "a society for the protection of managing agents". (*Laughter.*) I have not yet decided who the President shall be, but so far the choice lies between my Honourable friend, Mr. Satyamurti, and my Honourable friend, Mr. Joshi—(*Laughter*)—two very tried and trusted friends of industries. (*Hear, hear.*) Now, why this hostility—I want to ask my Honourable friends ? What have the managing agents done in the course of these last sixty years and more to incur so much odium at the hands of a certain section ?

An Honourable Member : What have they not done ?

Sir H. P. Mody : I want my friends to remember that a handful of men in the face of public apathy, Government indifference, the lack of technical skill, and various other obstacles have built up in India an

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industrial development which has placed this country amongst the first dozen industrial countries of the world, though I recognize that there is a considerable leeway yet to make up and that India may still be regarded as in the infancy of her development. Take, for instance, the case of the textile industry. Who has promoted the textile industry? Who has established it? The textile industry was established by a few people in the sixties of the last century and for years together, I should say for nearly seventy years, not only did it not receive the slightest encouragement from Government, but it actually encountered every kind of difficulty that could be placed in its path. (Hear, hear.) Sir, the fashion amongst the Treasury Benches recently has been to say, "oh, the consumer is being bled, protection has become rampant and that some revision must take place in the tariff policy of Government". I ask, how long has this tariff policy been in operation? Only for a miserable ten years, if even that; and so far as the textile industry is concerned, it received a most meagre measure of protection only as recently as 1930.

An Honourable Member : What about the swadeshi movement?

Sir H. P. Mody : I will come to every point, if you will have a little patience. I was saying that in spite of it all, the industry has prospered, has grown, until today it nearly produces three-thousand five hundred million yards of cloth as against a total consumption of between four-thousand five hundred and five thousand million yards,—and it is not due to any protection, it is not due to any encouragement on the part of anybody, but it is due entirely almost, or if that is a little exaggeration, then very largely to the energy, the enterprise and the sacrifices of managing agents. (*Voices :* "Question, question.") And, Sir, those who talk of agricultural development, the burdens on the consumer, and the like, must realise what an enormously important part the textile industry plays in the agricultural economy of this country. Very nearly half the total cotton crop of this country is consumed by the indigenous industry, and those people who know anything about it should know that if there was no textile industry, something like 3 million bales would probably be not grown at all. There are no further world markets to capture. Then, take the case of the steel industry. Out of what was 30 years ago a jungle in every sense of the word, there has grown up a town of enormous importance, housing very nearly 1,00,000 people, a town which has become the second in the province, and an industry which employs 25,000 people and which pays crores of rupees every year in wages. I want to ask whether such development was at all possible without managing agents? The arguments that are advanced are: Very well, let us grant that managing agents have played their part in the past, but they are no longer wanted. In other words, they are going to be cast aside as a worn-out shoe. My answer is that it is because of the fact that managing agents have a very considerable interest in their concerns, and that it has been possible in times of depression to carry on companies in the hope of better times, and it is because of that that the industries of the country are today what they are. I assure my Honourable friends that there have been a dozen occasions during the last 25 years, on which, if the management had been left in the hands of directors, the necessary

money would not have been forthcoming, the necessary sacrifices could not have been made, and the concerns would have gone to the wall. Now, Sir, my Honourable friend, Prof. Ranga, the other day attacked the managing agent as a dishonest fellow.

Prof. N. G. Ranga (Guntur *cum* Nellore : Non-Muhammadan Rural) : You said that.

Sir H. P. Mody : That is the last thing I will say.

Mr. S. Satyamurti : But the first you should do.

Sir H. P. Mody : My Honourable friend, Prof. Ranga, is a bit of an enigma to me. From the way in which he continually prates about the peasant and the proletariat, I said to myself that he must be at least a cultivator growing rice, or, if he was a little more prosperous, potatoes, mangoes and the like. Imagine my astonishment when I found that he was only a professor of economics. And, when as a professor of economics he talks about peasants and cultivators, much as if he was flesh of their flesh and bone of their bone, much as if he belonged to them and they belonged to him, all I can say is that he must be suffering very vicariously. And when he so suffers, he reminds me of the young husband who was very agitated when a certain happy event was about to take place in the family. The doctor said : "Compose yourself, my good man. I have brought hundreds of babies into this world and never lost a father yet." (Laughter.) Now, Sir, my Honourable friend also talked of fat agents. Somehow or other, whenever managing agents or capitalists of any class are being spoken of, they are in the popular imagination associated with a lot of weight and fat. But, literally speaking, what are the facts ? Can you, Sir, or anybody else imagine a more hungry looking specimen of a managing agent than my Honourable friend, Mr. Mathuradas Vissanji. (Laughter.) And, taking the other side of the picture, can anyone find a more prosperous consumer than the gentleman who adorns the bench opposite, and who is conspicuous by his absence, a man who looks every inch a consumer ?

Now, Sir, I come to the amendment of my Honourable friend, Pandit Govind Ballabh Pant. What does it say ? The amendment, in effect, seeks to whittle down the period of 20 years which has been fixed in the Bill. I want my Honourable friends to remember that even the period of 20 years is a violation of many existing contracts, and you want to still further reduce the period to five years.

Pandit Govind Ballabh Pant : Not necessarily to five years.

Sir H. P. Mody : But in many cases it comes to five years, as I shall presently show. At the outset, I may say, I do not hold the extreme view about the sanctity of contracts. I do not say that they are in all circumstances inviolate and inviolable, but I do say and I submit it with great confidence that after all there are limits beyond which you cannot lay hands upon contracts between two parties, even in the public interest. My Honourable friend, the Law Member, the other day recited a long list of restrictions which are being sought to be placed upon managing agents. I should have thought that would have been sufficient for the purpose of ensuring a fair deal for the investor in this country. But my Honourable friend, Pandit Govind Ballabh Pant, and those of his way of thinking want to go still further. I want to ask why are these contracts considered

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unconscionable? Were they effected between two parties, one of which was in a weak position and therefore susceptible to pressure, influence and intimidation? No, Sir. The contracts are between parties, both of which are at arm's length and if anyone suggests to me that the shareholders either individually or in the mass are a hopeless, impotent sort of people, I say no.

Mr. N. M. Joshi (Nominated Non-Official) : They are unorganised.

Sir H. P. Mody : They may be, but that is just what my Honourable friends have got to see about. There is another argument in support of my contention that these are not unconscionable bargains. It may be that in the past, when people were not organised, a number of contracts might have been of a character which could not bear to see the light of day. But what has been happening during the last two or three years, particularly in Bengal, where there have been so many recent floatations? There have been the same provisions about managing agency as in the older contracts. Sir, as I was saying the effect of this amendment would be that in a number of cases, the managing agencies would terminate automatically within five years.

Pandit Govind Ballabh Pant (Rohilkund and Kumaon Divisions : Non-Muhammadan Rural) : Not automatically.

Sir H. P. Mody : Whether automatically or by the application of a little pressure, it comes to the same thing. If I am going to be executed, whether I am going to be executed automatically or by some round about process, does not interest me much.

An Honourable Member : Are you a Managing Agent?

Sir H. P. Mody : Yes, of a sort. The effect of this amendment will be that managing agencies which have existed either in their present form, or through their predecessors, for a period of 30 years, will have only another five years to run. What is the magic about 30 years? Is it suggested that in these 30 years the managing agent has amassed a fortune, and therefore he should not complain if his managing agency agreement should be terminated and he should be compelled to approach his shareholders for a renewal of it? Suppose, I, a managing agent, have come on the scene during the last two or three years, and my predecessors have been in office for 30 or 40 years; the penal provisions of this amendment will apply to me who have only come on the scene very recently. That is the result : that I, who have probably invested in a particular company large sums of money, I, who have held myself responsible for loans from the banks, am pushed out, or am under the danger of being pushed out inside of five years. Then, Sir, consider the anomalies and the injustices of this. Some managing agents may go out in five years, some in seven, some in ten, some in fifteen, and so on. A managing agent who has incurred the heaviest sacrifices may have to go out in five years. A managing agent who has fattened on the gains of a particular company may be in a position of continuing for 15 years or even 20. All these anomalies are inherent in the amendment of my Honourable friend.

Now, Sir, my Honourable friend's principal objection on the last occasion was that he did not believe in the principle of heredity. None of us believes altogether in the principle of heredity, but we do have some

respect for heredity, and I submit that a managing agent, who has invested a great deal of his own money, and who is in many cases the largest single shareholder in his concern, has a right, so to speak, to expect that the concern will be carried on after him by his children. I do not know whether my Honourable friends realise that the whole of Ahmedabad industry or at least a good bit of it was built up on the principle of heredity. I am told, though I cannot vouch for it personally, that whenever a managing agent had a son born to him, he put up another mill, with the result that out of one mill grew two, three, four, half a dozen, and Ahmedabad today is one of the most prosperous and important centres of the industry. There is nothing wrong about the law of heredity. My Honourable friend, Pandit Pant, employed a personal argument, and said, supposing there was a managing agency agreement with Sir Homi Mody that he was to dance until he was 55 years old, and thereafter his son should dance, and so on. Well, Sir, if I have got the strength in me, I should certainly dance until I am 55, or even later, and when my son follows me, I am sure he will be able to dance a great deal better. To come back to the point, I ask my Honourable friends not to make things too difficult. They must bear in mind the sacrifices which have been made by the managing agents in the past. I shall give a very few figures to show what only in one centre of the textile industry, namely, the textile industry of Bombay, the managing agents have done in the course of the last ten years. Commission given up, 54 lakhs, interest given up, 110 lakhs, loans converted into capital—which is, of course, a much lesser security—278 lakhs, losses through guarantees, 75 lakhs, other losses, 19 lakhs, thus making a total of five crores of rupees inside of ten years. This is hard cash, and no humbug about it. I am asking my Honourable friends to bear in mind such sacrifices of managing agents. I am asking my Honourable friends to bear in mind the fact that India still is in the infancy of industrial development, and things must not be made too difficult for her. My Honourable friend, Pandit Govind Ballabh Pant, talked about the burden on the consumer and he read from a book certain figures which appeared very impressive because they dealt in crores. It is rather curious that my Honourable friend should find himself on this occasion in the company of the Honourable the Finance Member, who argued in much the same way during the last Budget Session or in the one before that. It seems to me, Sir, that a bad case, like adversity, makes strange bed fellows.

Having said this, I want to welcome with both arms my Honourable friend, Pandit Govind Ballabh Pant's assurance that he would be the first to stand up for the industrial development of this country, he would be the first, under certain safeguards and conditions, to stand up for tariffs, he would be the first to try to make India as self-sufficient in respect of her essential requirements as it is possible to be in the modern world. I welcome that assurance, but I want him to act up to that assurance, and not be led away by a consideration of how certain people possessing a little power and authority may have misbehaved themselves. Questions of this importance are not to be disposed of by a consideration of the way in which some people may have behaved in the past. There are black sheep every where, not confined merely to the class of managing agents. I could name a good few in probably every profession or calling, but I say that that is not a matter which ought really to obsess the view point of my Honourable friends. After all, the real safeguard lies not in a Bill like this, though

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the Bill is stringent enough, but in the vigilance of the investor. We have in Bombay, as I said on the last occasion, a very vigilant and efficient Shareholders' Association, and I expect Shareholders' Associations to spring up in other important centres of industries also, and it is with those bodies that the real safeguard of the investor must rest. Take my Honourable friends here ; I would say with regard to the Congress Benches that Mr. Bhulabhai Desai, Pandit Govind Ballabh Pant and Mr. Satyamurti are the managing agents, and those gentlemen who sit behind them are the shareholders. The three gentlemen enjoy very large powers admittedly, we hear of their doings from time to time, but we know at the same time that on critical occasions, it is not these managing agents that decide the issue, but the shareholders behind them. (Laughter.) In much the same way, Sir, the salvation of the man who invests his hard-earned earnings in the shares of a company lies not in provisions of the law, but in the vigilance which he can exercise, and the organization which he can help to build up for the purpose of making his voice felt. I repeat that this amendment is of a very penal character, of an expropriatory character, and the House ought not to support it. (Applause.)

Mr. S. Satyamurti : Sir, after this burst of eloquence, I want the House just to look at the amendment and not to be carried away by his words. Now, let us look at Amendment No. 42, which my Honourable friend, Pandit Govind Ballabh Pant, has moved : Let us analyse its terms, so that we may know exactly what it asks the House to vote for :

“ A managing agent shall cease to hold office any time after five years from the commencement of the said Act ”,

That is to say, they are safe from 1937 to 1942, and nothing can happen to the managing agents till 1942. The amendment goes on to say--

“ if the company has by a resolution passed at a general meeting decided to terminate his services.”

There was a good deal of talk about “ automatic execution ”. May I know what ‘ automatic ’ means ? Does it not mean that the “ company has, by a resolution passed at a general meeting, to decide to terminate his services ”.

Sir H. P. Mody : Execution takes place unless there is a reprieve.

Mr. S. Satyamurti : Even eloquence ought not to justify inaccuracy. I suggest that my Honourable friend was misleading the House, I do not say deliberately, but perhaps he did not read the amendment carefully. The amendment says that he shall cease to hold office :

“ if the company has by resolution passed at a general meeting decided to terminate his services.”

There is no automatic execution. ◀

The Honourable Sir Nripendra Sircar (Law Member) : No, it is automatic suspension.

Mr. S. Satyamurti : No, not even that. All this talk about
 1 P.M. managing agents and their virtues and their being saints
 are a little unconvincing, when in the next breath these
 estimable gentlemen say that the shareholders are not reasonable, they will

cut their nose to spite their face, and they will therefore terminate all managing agencies. Who told you so? If these managing agents have made these enormous sacrifices and given advances and somehow kept the business going, why should you think that all these shareholders are people who do not know what is good for themselves? Why do you assume that? You say the real safeguard is in the vigilance of the shareholders. Then why don't you trust them? I have not yet understood why the Honourable the Law Member, the Leader of the European Group, and my Honourable friend who spoke last, are all so unanimously suspicious of the shareholders.

The Honourable Sir Nripendra Sircar : Because of the Bombay corners.

Mr. S. Satyamurti : Very good. Therefore, because of the Bombay corners the Honourable the Law Member says, "You must make it a general rule with regard to all shareholders". But, if we use the same argument and say that because of dishonest managing agents and their notorious robbery of some companies, of which I will give examples, you must enact legislation, they say, "Oh, no, they are exceptions; you must not treat all the managing agents like that. There are very good managing agents and there are black sheep in all professions. Therefore don't legislate for them". Therefore, may I ask why are you legislating against all shareholders? You know there are some Bombay corners, and is it absolutely fair to suggest that in all these Bombay corners the motive was mere selfishness, unscrupulousness, personal animosity, and not any other desire to serve the companies? I think, Sir, you must apply the same test to both. I agree, adopting my Honourable friend's phrasology, that there are black sheep among all, managing agents, and shareholders. Therefore, if you do not want to legislate for all managing agents, at least be consistent and say that you ought not to apply to shareholders all over the country, your knowledge or your estimate based on that knowledge of the possibility of shareholders abusing this power. At least, I appeal to this House to believe that, at the end of 5 years, managing agencies are not automatically terminated. On the other hand, it comes before the shareholders; and I want to put before the House that, in the case of good managing agents, it is perfectly possible for the managing agents to get even better terms than they have been getting, if they have done so well, if they can convince the shareholders that the industry needs them, that their services have been given freely and generously, and that they possess the talent, ability, and character to serve the industry. I ask them to trust in themselves and in the shareholders, to believe that these managing agency aspects will be renewed, if necessary, on even better terms.

Then, Sir, the proviso follows :

"Provided that no such resolution shall be passed unless thirty years have elapsed since the Managing Agent or his predecessor first occupied such office."

That is another condition,—there are 30 years. No managing agency can be touched, even after the five years after the passing of the Act, unless the said managing agency has had the comparatively long period of 30 years' service. My friend asks, what is the magic in the 30 years? The magic is this, that, during 30 years, any decent managing agent would have had ample opportunities of proving to the shareholders that it is to their interest to continue his term of office.

Sir H. P. Mody : He may not be managing agent for 30 years.

Mr. S. Satyamurti : He or his predecessor.

Sir H. P. Mody : He may be a different man.

Mr. S. Satyamurti : But the shareholders will take the entire services rendered by the managing agents during all these 30 years, in deciding whether to continue that system in that company or not. And I, therefore, submit, Sir, that, apart from all other arguments on the question, the House has got to look at the terms of the amendment, and vote one way on this question—this amendment is not so comprehensive as my friend sought to make out, but it is a very modest, very reasonable, and practicable amendment ; they all have 5 years more. At the end of 5 years, if they have had 30 years, it will be open to the shareholders, on a fair and just consideration of all relevant matters, to come to a conclusion, either to renew or not to renew the managing agency, or to accept the terms as they are, or to improve them or make them harsher, as against the managing agents. It will ultimately depend on the question of whether the shareholders taken as a whole have come to the conclusion that it is to the interest of the company to keep these managing agents or not. My Honourable friend, the Law Member, interjected in answer to my question as to why they want this amendment not to be accepted, "Because of Bombay corners". Now, Sir, I want to ask him another question if I may. Clause 42 provides for the expiry of both existing and new agencies at the end of 20 years. What about the Bombay corners at the 19th year or the 18th year ? It proves too much. It proves that, "once a managing agent always a managing agent" ought to be the principle. It will satisfy my friend, but it will not satisfy the industry, and therefore this talk of corners proves too much. It proves this that you ought to have no termination of managing agents at all at any time. But, after all, it seems to me that, if you are to have sufficient faith in shareholders, nobody ought to hesitate in accepting this amendment. My friend said that the whole country has been for the last few weeks ringing with the denunciation of managing agents. I think he was painting an overdrawn picture. As a matter of fact, I think from those benches with all the august authority of the Publicity Department of the Government of India, pamphlets have been raining on our devoted heads praising the great managing agents, their great services to Indian industry, and stating why they ought not to be interfered with. Who inspired those ? Therefore to say that the whole country has been ringing with the denunciation of managing agents is just that type of exaggeration, of which managing agents alone are capable. Then, Sir, my friend, in that facetious manner which has gone on ever since the discussion on this Bill started, mentioned two names of Honourable Members, my friend, Mr. Joshi, and myself, and said : "These are friends of industry". Sir, the Honourable the Law Member has had a lot of good humoured fun at our expense, by painting imaginary boards of directors. I want to return the compliment, and I want to paint an imaginary firm of managing agents, consisting of Sir Homi Mody, Mr. Chapman-Mortimer and Mr. Griffiths. That will be an ideal firm of managing agents. Sir Homi Mody told us in one of his expansive moods the other day, "What do I care for anything except my own interests ? The shareholders,—let them go to the other place. What do I care ? Let me get my share of the income. As for the shareholders, we shall see". That is his managing

agency. Mr. Chapman-Mortimer, with an ingenuity which I have learnt to admire in him, will devise means of how to increase the commissions and profits of managing agents, in various ingenious ways. I will not pause to describe them,—he knows them better, than I can describe. I will not even name the instances, but I think Calcutta knows, more than I do, how some of these very famous managing agency firms have done the shareholders in the eye, by all kinds of sales and purchases of goods and raw materials. Then, Sir, there remains the third member of the firm, the Chief Whip of the Government Party. If shareholders dare to meet, he will at once pass an order under section 144 on these gentlemen, and say 'you shall not meet' in the full confidence that the Honourable the Home Member will defend him on the floor of this House, whatever he does. So that will be the ideal firm.....

Babu Baijnath Bajoria (Marwari Association : Indian Commerce) : Why should Sir Homi Mody be on two ideal boards of directors ?

Mr. S. Satyamurti : I don't mind the exchange between Mr. Bajoria and Sir Homi Mody, because I have found that, while in the Select Committee he was all for shareholders, something has happened to him since, to show a special affinity for managing agents again. I cannot understand the metamorphosis, but if my friend, Mr. Bajoria, wants to be a managing agent, I wish him all joy. Then, Sir.....

Sir H. P. Mody : Will you take shares in such a concern ?

Mr. S. Satyamurti : I have no money to take shares anywhere. Then, Sir, my friend asked two rhetorical questions—who has built the textile industry, who has built the steel industry ? I do not want to discount the foresight, the energy, or the initiative of the late Tatas. I think India owes a debt of gratitude to them for the great service they have done to Indian industries in many directions ; nor do I want to discount the services rendered to this country by the pioneers of the Indian cotton industry in spite of the iniquitous excise duty. I am grateful, all India is grateful to them ; but if today textiles and steels survive in spite of the competition, ruthless competition from my friend's friends' country and from Japan, there is no doubt whatever that we humble people, the poorest in the land, pay for that protection.....

An Honourable Member : What about Bengal ?

Mr. S. Satyamurti : I am not going to talk in provincial terms, but all of us in India pay for the protection to the textiles and the steels. Let not my friend, Sir Homi Mody, walk away with the impression that the managing agents are the only men who keep up these industries. Will you give up the protection ?....

Sir H. P. Mody : Not just now, but after another 20 years.

Mr. S. Satyamurti : You give up the protection and see where you stand. Then, as regards the textiles, apart from protection, but for the Congress gospel of Swadeshi, which has reached throughout the country and which has made the poorest and the richest in the land sacrifice for encouraging Swadeshi, where would the textiles be today ? My friend was here encouraging the Government to pass Ordinances after Ordinances, whereas we were picketing foreign cloth shops we were beaten in the open streets, our women insulted, a volunteer named Babu Ganu was killed in Bombay, he placed his body before a lorry carrying foreign cloth,

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another man was killed in Tiruppur, in order that you may fill your pockets ; and it seems to me, Sir, that sheer gratitude at least ought to make my friend hesitate before he so arrogantly claims, for the wonderful genius of the managing agents, all the expansion of the textile industry in this country. I think we have a claim, we have established a moral claim to have a powerful voice as to how this....

Sir H. P. Mody : Who disputes it ?

Mr. S. Satyamurti : Then accept the amendment.

Sir H. P. Mody : No, you accept my view point.

Mr. S. Satyamurti : No, nothing of the kind.

Then, Sir, my friend, with refreshing frankness which is always associated with him, admitted that there is no point in talking too much about the sanctity of contracts, and therefore I hope there will be no elaborate argument hereafter about the sanctity of contracts. All this formula Sir Henry Maine's ' from statutes to contract ' has gone by the board. Today, humanity stands in this position that you ought to have not only contracts, but also adjustments. If the law will be merely contracts, the larger fish will eat the smaller fish, and so on, there will be no humanity, no adjustment, no equality, no justice, and therefore we agree that these contracts ought to be examined. My friend then asked— are these unconscionable contracts ? Yes, a thousand times, yes. I will presently read a few extracts from these contracts to this House to show how unconscionable they are, and I will try to convince the House that one of the parties to the contracts was exploited by the other, the weaker by the stronger. My friend knows better than I do, and yet he was talking through his bare head, he has neither a hat, nor a turban,

Mr. President (The Honourable Sir Abdur Rahim) : I think the Honourable Member may stop now and resume his speech after lunch.

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

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

Mr. S. Satyamurti : Before we adjourned, I was saying a word about cornering, and I should like to add one more word. What is there to prevent the shareholders of any company cornering shares now, in order to make the position of the managing agents almost intolerable and step into their shoes ? Therefore, Sir, this argument of cornering is not very convincing. We have had a great deal of mention made by every speaker on the other side, including the speaker who spoke just before me, about the sacrifices made by the managing agents. Sir, my mouth watered at the mention of the sacrifices made by these managing agents. It seems to me that any company which is insolvent has only to apply to this assembly of gentlemen, and they will find all the money needed, they give up their commissions to put the company solvent again. Is

that the only side of the shield ? Is there no other side of the shield ? Sir, while I am not anxious to discount such sacrifices as may have been made, I think fairness demands, in order to enable the House to decide this question fairly and squarely, that the other side of the shield must also be presented, and I am now quoting from the New Testament whose authority, I hope, has not yet been given up by the Government,—I am referring to Dr. Lokanathan's book, and you find from that Book, at page 345, that this burden of payment does work very hard in the case of some companies. A table is given at the bottom of page 345 from which I shall quote only the following figures. In 1927, in 75 mills, after allowing for depreciation, the loss was Rs. 736,309, the Agents' office allowance was Rs. 547,569. Similarly the net commission was Rs. 2,539,908, total allowances Rs. 3,087,477. In 1930, in the year of losses also, they drew this commission, and I should like, Sir, to draw the attention of the House very briefly to the statement given at page 921, on Paper No. VIII, Part III, of the Bombay Shareholders Association's memorandum in which percentages of commission on the basis of profit are given in the case of 8 mills, and they vary from 22 per cent., 33 per cent., 36 per cent., 60 per cent., 40 per cent., and so on. I do not want to tire the House or detain them too long on these figures, but I merely want to convince my friends that there is another, and uglier side to this picture. While undoubtedly some managing agents may have made sacrifices, most of them have done nothing, and, in this period of thirty years, the boom period was included ; and I think, Sir, if some of these managing agents took us into their confidence, they would be able to tell us how much they made in those years. Now, taking the sacrifices and the gains they have made, I think I can say fairly accurately that after all the managing agents have made the best of both the worlds.

Then, Sir, there was one argument in the Honourable the Law Member's speech, both on an earlier occasion and on a later occasion as well, which consisted of this syllogism,—he said, all industry requires finance,—the major premiss ; Indian industry cannot get this finance except through managing agents—minor premiss : conclusion—therefore, managing agencies must be perpetuated with all the abuses, except to the extent to which the Bill seeks to remedy them. That is a perfect syllogism, Sir, but it seems to me there is a lacuna in that. It is a vicious circle ; it must not be permanent. Why should Indian industry be allowed to continue to depend for finance, only on managing agents and their kindness ? As early as 20 years ago, the Indian Industrial Commission recommended other systems by which finance may be found for Indian industries directly by Government assistance, or by Industrial Banks. Such Banks are well-known in other countries. Having done nothing in the matter, now we are told that, since we are helpless, we have to get finance only from managing agents, and therefore perpetuate them. It seems to me that we cannot acquiesce in that. At any rate, I hope the House will accept this amendment which does not destroy managing agencies, but which gives them a full lease of life, provided they are good and honourable, and really helpful to the companies, whose managing agents they are.

I find that Sir Leslie Hudson in his speech, a full report of which I was able to read in the *Statesman* of Saturday, refers to the great

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services rendered by managing agents and claims credit for them. I have no quarrel with that claim, but I want to convince the House, if I can, that there is a heavy price paid for these managing agencies, and there is really a conflict of interests between managing agents and shareholders ; and although, normally speaking, their interests ought to coincide, they do not, in many cases. For this reason, I want to give this capital reason :

“ the managing agents regard the earnings from shares as subordinate to their earnings in other capacities and fields of activity. Several managing agents receive a commission on their purchases and credit this commission to their own account. They get very much more out of these purchases than out of the shareholders, and the fact is that managing agents have found that the profits which they receive from their ownership of the shares in the mill companies are not so important, as the profits which a large number of related side activities afford them.”

That is my complaint against the managing agency system :

“ While it would be wrong to say that the practices described above are universal in the cotton industry, there is little doubt that they are sufficiently wide-spread to cause the greatest distrust of the system.”

I want to quote only one more sentence from this Book. “ The system results, therefore, in a very poor return to the shareholders as such, which acts as a check to investment , or at any rate the inducement to investment in industrial concerns will never be very strong under the existing system. The system should be rid of all its ugly features, so as to be able to perform for industry, services even more valuable than it has done in the past ”. On the whole, Sir, I also want to say that these managing agents, in most of these companies, manage to keep in their own hands the dominant voice in the management of these companies. On this question of Indian managing agency systems,—I am not now talking of European companies, who are claimed to represent the quintessence of ability, experience, knowledge, sacrifice and honesty,—I want to say this, and I have the high authority of the New Testament for that again :

“ So far as the Indian section of the managing agency system is concerned, its continuance can be explained and justified only because of the concentration of ability, experience, and capital in the hands of a few persons who have done great service to industrial development. If it became possible to persuade them to do for industry in an altered status what they have been doing as members of agency firms, the result would perhaps be wholly good. There are no benefits which would be lost by such a change, for those benefits are not the result of the system but of the ability and resources of the persons who run the system.”

Is it suggested, Sir, that if at the end of five years, after the passing of the Act, and after thirty years of management, this amendment operates, my friend, Sir Homi Mody, would not be able to go before any meeting of shareholders and persuade them with his well-known eloquence, his great ability, sacrifice, and honesty as managing agent to allow him to continue as managing agent ? Therefore, it seems to me that the amendment will not affect honest, capable, managing agents. As for dishonest managing agents, the sooner they go the better, for everybody concerned.

Now, Sir, I am sorry my friend, Mr. Susil Sen, is not here, I understand his father is ill, I hope he will soon be with us again, and give us the benefit of his ripe experience and knowledge of the law on the

subject,—Mr. Sen has come to the conclusion that, unless these proposed amendments of the law are made retrospective to the extent to which they deal with abuses, this Bill will be of no effect whatever. Therefore, I suggest that this time limit of 5 years or 30 years, whichever is longer, is ample enough for managing agents, to show how they have served the industry, and therefore they have nothing to lose by having to go before the shareholders. Whatever the merits of the managing agents in respect of textile, steel, or other industries in their infant stages, a time must arrive, even in these industries, when they ought to be able to do without these managing agents, unless they act on the principle of the British Government that Indians must always be treated as infants or minors, and therefore they must be there all the time. If really the managing agents have done their best for these industries, there ought to be enough shareholders and directors who can manage these concerns without the necessity for these managing agents being continued. But, after the first ten or fifteen years, the managing agents' agreements should be revised and the payment reduced to what is fair and that is what would be regarded as a fair remuneration of a board of directors with a managing director. Therefore, at every stage, this remuneration ought to be reduced and scaled down; and I really plead with the House to look at the amendment, *i.e.*, the actual wording of it, and not read into it meanings subtly suggested by clever advocates for the perpetuation of this system. I repeat that the amendment does not automatically terminate any managing agency whatever. All agreements get five years after this Act, and even in the case of those agreements that have not had thirty years from the beginning, they will get the extended period. At the end of that period, the shareholders will come to a general meeting and decide; and I may add, from what I have read of the literature on this subject, that in most concerns the managing agents have a very big and dirty finger in the pie, and therefore they can easily manipulate the meetings and they can get their managing agencies renewed, unless the shareholders are thoroughly convinced that the managing agents ought not to continue. After all, why should managing agents be so afraid of seeking the suffrage of their shareholders? Even in this Assembly, all of us think we are the best Members: we represent our constituencies here; but even we have to get out after three years, and persuade our constituents to send us again, or be sent back home. Therefore I do not see why managing agents should fight shy of this test by their shareholders, who after all are the owners of the company, and must have a voice in deciding this matter.

My Honourable friend, Sir Homi Mody, this morning was speaking of the argument put forward by the Deputy Leader of the Congress Party about the interests of consumers in respect of protected industries. In a tone, in which I thought I suspected some jealousy, he said "I see the Deputy Leader in the company of the Finance Member". Yes, I sympathise with him. I do want that friends like him should have the sole confidence of the Honourable the Finance Member, but intellectual agreement cannot be comprehended even by my friend, and I want to tell my friend and other capitalists in this country that while we shall always fight for the industrialisation of our country consistent with the needs of our people as a whole, and we shall try to help India to become self-sufficient, we are not going to allow a few capitalists to pocket all

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the profits of protection in their own pockets. The time has arrived, when I think increasingly the voice of the consumers will be heard on the floor of this House ; and the Honourable the Finance Member perhaps is building better than he thinks : he may perhaps think he is benefiting his own country, but I think he will find in the long run that it benefits our country more : the interests of the consumers, of the cottage industries, and of the hand-loom weavers cannot continue to be sacrificed to the rich capitalists of Bombay and Ahmedabad, for ever and ever. The time has come when we must review the situation, and I am one of those who feel that we must reconcile the interests of the consumers, the taxpayers, and the industrialists. It can be done. But, unless the managing agents come to our rescue and agree to share their large and sometimes ill-gotten gains with those to whom they rightly belong, they will find in this House, and more in its successor, very little sympathy with them. I want to tell my friend that the Federal House will consist of the States' representatives and of the representatives of the provincial lower houses, elected indirectly on the basis of proportional representation in communal compartments. It is not going to be easy for him to get protection for industries, unless they are going to show some more disinterestedness and some amount of concern for others besides themselves, some amount of feeling for this country, which is paying for this protection : unless we get a genuine return in the form of increased prosperity not only for twenty people in Bombay and Ahmedabad, but for at least some millions in this country. That is the relevancy of this argument ; and I plead with the managing agents not to walk into the trap which the Government may set up and oppose this amendment, but to throw themselves on our mercy and on our confidence. Do not depend on Government ! Remember what Cardinal Wolsey said. " If I had served my God with half the zeal with which I served my King, He would not have forgotten me in my gray hairs ". I warn managing agents that they are relying on a broken reed. This Government will not be there, but we will be there all the time. Their successors will not be able to give you the protection though you might get it from them today. Hereafter, in this matter at least, there are no safeguards. I have read the Government of India Act carefully, and I think there is no safeguard there for managing agents ; and therefore they have got to remember that their future depends not on the Government, but on the people of this country and the people of this country are determined to see that, if we are to pay for protection, we will not allow the profits to go into the pockets of a few people. If you are doing real work and you believe in your own high character and efficiency, come before us and satisfy us. Why this distrust of shareholders ?

Sir H. P. Mody : They are a funny lot, sometimes.

Mr. S. Satyamurti : Not more funny than the managing agents ! Therefore, I suggest that, from all relevant points of view, this amendment ought to be accepted.

One word more, and I have done. I am told that we three people sitting on this bench are the managing agents of the Congress Party. Very good. I will make a sporting offer on behalf of my distinguished friends and myself. We will exchange the managing agency with

Sir Homi Mody : will he accept the exchange ? In this managing agency, there are no profits, direct or indirect.

Sir H. P. Mody : That I shall find out later !

Mr. S. Satyamurti : You can never find out, because there is none. Secondly, in this managing agency, the shareholders are all wide awake : one man one vote—no deferred shares, no preference shares, no debentures, no hanky panky about anything : it is all straightforward and....

Captain Sardar Sher Muhammad Khan (Nominated Non-Official) : Is hanky-panky a parliamentary word ?

Mr. S. Satyamurti : I am sorry it is. Moreover, this Congress Party is not a company working for profits. It is working for service, and if my Honourable friend will exchange his managing agency with me, I am perfectly willing to exchange places with him. Do you accept the offer ?

Sir H. P. Mody : Are you prepared to exchange ?

Mr. S. Satyamurti : Yes. (Interruption.) Sir, my Honourable friends so suspect Sir Homi Mody that, even when a gift comes from him, like the gift from the Greeks, they distrust it. Therefore, I will not accept it. But, Sir, I want to conclude on this note. This amendment has got to be looked at, purely from the point of view of Indian industry ; and it seems to me that, unless we reconcile the legitimate interests of shareholders with such legitimate rights as managing agents may possess, we are doing no service to Indian industry. I support the amendment. (Cheers.)

Sir Cowasji Jehangir (Bombay City : Non-Muhammadan Urban) : Mr. Deputy President, the very best case in the world can be ruined by exaggeration, and although I am a member of that criminal tribe who is not only a managing agent but a hereditary one, I believe that, at least in this House, when we are legislating on a measure which, to a certain extent, has within it, potentialities of the greater advantage to the industry, as well as of the greatest harm, we should consider every issue that is brought up before us impartially and not be carried away by sentiment or exaggerated language. Now, Sir, this exaggerated language has led us, in my humble opinion, into a confusion of the issues before us just now. We are not discussing whether the agency system in India should be abolished or should be made illegal. We are not even discussing its advantages or its disadvantages. My Honourable friend, the Leader of the European Group, in a very eloquent speech, gave us the advantages of the agency system when he moved an amendment on another part of this Bill. The Honourable the Deputy Leader of the Congress Party who moved this amendment was, I regret to say, led into discussing the agency system from a wider point of view than was necessary for his amendment. Nobody is going to deny in this House—and certainly I am not going to deny it—that there are defects and have been defects in the managing agency system. What this amendment is aiming at, is not the abolition of the managing agency system, but is, to a certain extent, an indirect way of trying to reduce this 20 years' life that has been given to all managing agents. What he is attempting to do is to guillotine the agreements of such managing agents as have been in existence for 30 years, five years after this Act comes into operation. But may I remind my Honourable friend that by this amendment

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he does not do away with the managing agency system ? He merely substitutes one managing agent for another, or, to be more accurate, he allows the possibility of one managing agent being substituted for another in companies that have been existing for 35 years.

An Honourable Member : On easier terms.

Sir Cowasji Jehangir : The attack has been against the managing agency system and that, I contend, has been the confusion of the issues. The amendment does not seek to end the managing agency system. The amendment only seeks to put one managing agent in the place of another. Now, Sir, let me try and distinguish between managing agents. In the managing agency system there are two distinct and definite kinds of remuneration, one on profits and the other on production. I am one of those who honestly believe that the day for remunerating the managing agent on production is over. I honestly and sincerely believe that it is wrong in principle, and I also honestly and firmly believe that some of those agreements are unconscionable and deserve to be ended immediately. There is no room now for agents to take their agency commission when the company has made no profits, and I can give cases where the agents have drawn commission higher than the profits for the year. Now, Sir, all those cases, or nearly every one given by the Honourable the Mover of this amendment were cases of agents who are remunerated on production. Does this amendment aim at ending these unconscionable agreements and contracts of taking their remuneration on production ? No. This amendment does not do away with that, nor did my Honourable friend ever make the point in his speech that that was what he was aiming at. If he was aiming at putting an end to these agreements and these contracts, I will have the greatest sympathy with his amendment. But that is not what he is doing. Mr. Deputy President, there seems to be general agreement in this House, leaving aside the question of sanctity of contract, that if an agreement is unfair, is unjust and even if entered into with the approval of the shareholders, there is nothing wrong, there is nothing unjust in putting an end to such agreements through the instrumentality of this Legislature. A Court would do it. An unconscionable contract would be put an end to by a Court of law, and although I am one of those who would stand by the sanctity of contracts, I am not going so far as to say that a managing agent, who has been taking his commission at a rate higher than the profits of the company, shall be allowed to do so on the ground of sanctity of contract. Therefore, if this House was aiming at putting an end to such agreements and such contracts within a reasonable time, I would be one with them. But my Honourable friend has attacked all managing agents, whether they be remunerated on profits or on production. He makes a distinction between a company that has been started a few years and 30 years ago. I for one cannot see the logic of that argument. If we have agreed—and we have agreed—that 20 years should be allowed to the managing agent after the passing of this Act, then, why does my Honourable friend attack only the managing agents who have been in existence for 30 years, or shall I say, companies who have had the managing agency system for 30 years ? Why should he attack those alone ? Let him come forward straightaway and say that he does not agree with 20 years. Then I can understand it.

Let him come forward and say, as I have already said, that he wants to put an end to all managing agents who are remunerated on production. I can understand that argument, and sympathise with it, but I cannot understand making a distinction between managing agents, whether they be remunerated on profits or on production, simply because they happen to be managing agents for 30 years. I cannot understand the logic of that distinction. Therefore, while sympathising with the object he may have in view of putting an end as soon as possible to a contract, which may be unjust and unfair, I cannot be a party to a wholesale condemnation of all managing agents, which is embodied in his amendment. Sir, this debate has gone over a wide field and instead of restricting it to the narrow issue I have explained, my Honourable friend has tried to remind us that if we are in existence—(we the managing agents of the textile industry and perhaps steel),—it is due to protection. I admit that if the textile industry in India today is in existence, it is due to protection and I go further and say that, if it had not been for this protection there might not have been one mill working in India today ; but from this my Honourable friend desires to argue that it is the people of this country who are contributing towards our profits, if profits we ever see. May I remind my Honourable friend, the Pandit, that if there was no mill industry in India to check the prices of the imported article it is more than likely that the consumer would be paying a higher rate for his cloth than he is today ?

Mr. N. M. Joshi : Why ?

Sir Cowasji Jehangir : Because the importer would put any price he likes on his cloth and make you pay. That was actually the state of affairs some years ago.

An Honourable Member : What about Japan ?

Sir Cowasji Jehangir : Japan and every other importing country

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is kept in check by the indigenous industry. It is when dumping comes in, it is when circumstances do not allow the home industry to live, then protection becomes necessary and what is the object of that protection ? It is not only for the employment of a few hundred thousand men. It is not only for that, the mills should work in India, but also that in the future the imported article should not come into this country at any price which may be fixed by a combine of importers. That is one of the objects of protection and that is the insurance that this country gets by paying for the protection it gives to any industry, whether it be the textile industry or steel industry. Take the steel industry. It is existing today on protection. Suppose there was no steel industry in India. Then the imported article would come in at a price which would be fixed by the importers.

An Honourable Member : Is there no competition among them ?

Sir Cowasji Jehangir : They would have a combine very quickly and it would come in at a price fixed by the importers. Therefore if you give this protection to steel,—it is an instance only—it is an insurance against the country having to pay exorbitant prices for that article in the future. Well, Sir, I would ask my Honourable friend to look at it from that point of view also. We readily admit, as I have done before, the generosity of this House and of the assistance of Government for the protection that these industries receive and it is most encouraging to find

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my Honourable friend, the Pandit, who stands up and says that, whatever his politics may be, he is a protectionist for this country, because if my Honourable friend, the Pandit, can be a protectionist for this country, believe me that protection is the right thing for this country. Knowing my Honourable friend as I have now learnt to know him, I am convinced that, though he may be a very advanced socialist—he may be or may not be—he is honest, and if the Honourable Member can say that he stands by protection in the future, Honourable Members may take it that the principle of protection for this country is to the advantage of this country and that if you are to pay for it, you are paying for it for the advantage of this country and for the advantage of ourselves. Sir, I do not wish to take up more of the time of this Honourable House. I can only beg of Honourable Members to look at these questions that are involved in this Bill with one object alone—what is the best thing to do in the interests of the country and, if I may say so without being audacious, I am convinced that the Honourable the Leader of the House who is in charge of this Bill looks upon this question with no other object in view, namely,—what is the best thing to do in the interests of the country. My Honourable friend, the Pandit, has admitted the advantages of the agency system. He has very generously acknowledged the debt of gratitude this country owes to the managing agents of old. The question whether there should be managing agents or not is not before us today. The only point before us today is,—will you do an injustice to certain managing agents who deserve your support, by putting them to the trouble of having to go to their shareholders five years hence for a renewal of their agency agreement, when you do not insist upon that principle for a large number of others. There are black sheep everywhere. If my Honourable friend, the Pandit's amendment is carried, perhaps certain black sheep will be caught. Certain men who deserve well of you will also be caught.

Mr. N. M. Joshi : Why ?

Sir Cowasji Jehangir : Because there are managing agents of concerns which are thirty years old, who deserve well of the country and well of you, Mr. Joshi ; managing agents who have employed those whom you now stand to represent and without whom you would not have been a Member of this Honourable House, because you would have had nobody to represent. You might have been a successful pleader in the High Court but you would not have been in this Honourable House representing labour. That is a dead certain fact. Now, I was just saying that this amendment may catch some evil doers. I believe it will. It will catch some of those who are remunerated today on production—an evil which we must eradicate out of this country. It has done more harm to the managing agency system than anything else. It is not only confined to one part of India ; it is an evil which extends to all parts of India and perhaps the worst cases will be found outside my Presidency. But I am not going into details. I say the time will come when perhaps, even before the lapse of twenty years, an amendment of this Act will be necessary to stop this evil. but this amendment is not going to do it. This amendment is going to catch many honest and honourable managing agents who deserve well of the country and, therefore, since while it might do some good, it will do a great deal of injustice, I would appeal to my Honourable friend, however sincere his motive may be, not to press this amendment before this House,

lest he may do an injustice, lest he may do harm to men who, as he has acknowledged, have served their country to the best of their ability, have served the industries of this country.

Several Honourable Members : I move that the question be now put.

Sir Ghulam Hussain Hidayatallah (Sind Jagirdars and Zamindars : Landholders) : Sir, I will not waste the time of this House by making a long speech. I will make only a few observations on this amendment. Sir, a few days back my friend, the Honourable Sir Leslie Hudson, brought forward an amendment to abolish the time-limit of twenty years for the existing managing agents and the House did very well in rejecting it. Today we are discussing the amendment of my Honourable friend, Pandit Govind Ballabh Pant, who goes to the other extreme. Now, Sir, the provision in the Bill is a very salutary provision. It continues the managing agencies of the existing companies for twenty years more. I call this provision a happy compromise between the two extremes, that is, the original amendment of my Honourable friend, Sir Leslie Hudson, and the present amendment of my Honourable friend, Pandit Govind Ballabh Pant. Now, the proposer of this amendment and the supporter of this amendment are agreed that the managing agents of the new companies should continue for twenty years, but, Sir, as regards the managing agents of the existing companies, they do not agree to their continuance for twenty years. Now what fault have these managing agents done ? For one thing, they had a perpetual tenure and we are confiscating their right by statute. They therefore ought to be treated as well as the managing agents of the new companies, and why should we mete out a different treatment to them ? Again, the Honourable the Mover of this amendment cited the analogy of Government servants. But he ought to realize that the analogy of Government servants cannot apply to industrial undertakings. Whatever he and his supporters might have said about the managing agency system, it is recognized by all in India and elsewhere that in India the managing agency system is an integral part of the industrial development of this country. They have developed the various industries, they have financed these industries, and when the companies are in a bad way, they come forward, borrow on their own security because the banks won't lend money to the limited companies in order to improve the companies position. In spite of all these services that the managing agency system has rendered to the industries of this country, the Select Committee has made no fetish of the sanctity of contracts ; and in the interests of the consumer whose cause the Mover was advocating and in the interests of the shareholder the Select Committee has reduced their time from a perpetual tenure to twenty years only.

Now, Sir, I will illustrate my point. Suppose we accept the amendment of my Honourable friend, Pandit Govind Ballabh Pant, and take the case of a company which has been in existence for twenty five years. Sir, we all know that to nurse and develop an industry requires a long time. Suppose for twenty years it might have done well but during the last five years, because they were years of depression, it is in a bad way. Who comes to its help ? Who gives it money to see it through difficult times ? Sir, it is the much-maligned and much-abused managing agents who on their own security get for it large sums of money in order to tide it over difficult times. Now what will happen to the managing agents of this

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company ? Well, they have financed the original company, they have again borrowed on their own credit large sums of money in order to see the company through difficult times. Well, will they have the time ? Only five years remain for them. How will they make good their losses ? How will they reap the fruits of their economic and efficient management ? Then, Sir, when this Bill was circulated for eliciting public opinion, about one hundred and thirty opinions were received. About one hundred and five are in favour of twenty years. Twenty-one wanted more than twenty years for the existing managing agents. Four only were for shorter periods. Even the shareholders of Calcutta are in favour of twenty years. Therefore, Sir, twenty years should meet the view point of all concerned. Now, Sir, a complaint was made by the Mover of the amendment as regards the remuneration as the previous speaker told him that if the managing agent did charge commission on production, we should not tolerate that, but he has not brought forward that amendment. The remuneration of the companies' managing agent is fixed by contract. In every case we should not brush aside the sanctity of contracts. Look at the risks the managing agents are incurring. They finance a company in difficult times, they borrow money on credit, and instances cannot be wanting, one can multiply instances to show that some of the managing agents, when the companies are in a bad way, have returned to the companies a substantial share of their remuneration. I now come to another point that was raised by the Mover. He said, "if they are good people, these managing agents, they could be re-appointed". Well, one does not know the mind of the shareholders. They may or may not appoint the same managing agents, and I am afraid, especially after the campaign of vilification against the managing agents, they stand very little chance of that. With these few words, Sir, I oppose the amendment.

Mr. N. M. Joshi : I move, Sir, that the question be now put.

Mr. M. S. Aney (Berar Representative) : Sir, my Honourable friend, Mr. Joshi, is very anxious to see that this debate is not prolonged too much and is brought to an end at once. I assure him that I shall not take much time. Sir, I have listened to the debate on this clause, particularly the amendment moved by my Honourable friend, Pandit Govind Ballabh Pant, with the closest possible attention that I could give to it. Having heard him very attentively, I was trying to find out what were the arguments by which he was supporting the particular amendment before the House. There was much in his arguments which no doubt deserves the consideration of the House but the question raised by his amendment was of a limited nature. The question was not whether the managing agency system is to exist or not to exist. Most of his speech, which was full of eloquence and showed a great mastery of facts, was directed towards demonstrating that the managing agency system, notwithstanding the some little good which it might have done and which he acknowledged in the beginning of his speech, had after all been full of evils and required to be radically cured. As a member of the Select Committee, he has expressed his opinion that the managing agency system is to inure, and to remain for some time to come at any rate. This fact he has admitted and I venture to say that in his speech also he took it as a thing which is to remain as a part of the Indian industrial system for some time, but he thinks that the evils with which that system is fraught can be mitigated

by certain remedies. Now, we have to find out whether the particular amendment which he has put forward before this House is likely to relieve the Indian industry of the evils of the managing agency system, about which we had such an eloquent speech from him. In my opinion that is the only logical way in which we can approach the question. The clause of the Bill before the House is no doubt the result of a good deal of discussion and deliberation in the Select Committee and probably represents the compromise between conflicting interests which were represented on the Select Committee. It says that the hereditary system of managing agency ought to go. Therefore, in my opinion all the arguments about the efficiency and competency of the personality of those who represent the managing agency system and which loomed large in the statement made by my Honourable friend, are now absolutely out of consideration. We are not here now to defend or to perpetuate the hereditary system of managing agency. That thing disappears by the very clause which the Select Committee has recommended for our consideration. All the managing agency systems will automatically come to an end after the lapse of 20 years after the passing of this Bill. That is the period given to the agencies both, old and new. The only difference will be this. The amendment of my Honourable friend lays down a period of 30 years as a proper period of the life which the old managing agency system should enjoy. If that period of life has expired before the commencement of this Act, then they get a period of five years more. If that period does not expire before the commencement of this Act, then they will automatically have a period of 30 years. Now, what I want to know from him is this. What is the particular advantage which he hopes to gain by insisting upon the question of the termination of the old managing agency system being considered at the end of five years ?

Mr. Sami Vencatachelam Chetty (Madras : Indian Commerce) :
Revision of terms.

Mr. M. S. Aney : I am coming to that. Why does he make a distinction between the old managing agencies and the new managing agencies when both of them will have to work under a common Act. If you think that the provision contained in this Bill gives you certain safeguards and certain material to check the evils of the system in the case of new managing agents, is it not possible that those safeguards will also be a check upon the working of the old managing agents after a period of 30 years ? Therefore, I think that there is a common law which will apply to the old managing agents as well as the new managing agents. Whatever may have been the evils due to the actions of the managing agents in the past when they were working under a different law, why don't you give them a chance of carrying on their work for a period of 20 years under the new law. If you think that the safeguards there are insufficient, then put in amendments to this clause in order to have a better check upon their work instead of trying to do away with them altogether at the end of five years simply because they have served for a period of 30 years. Then there was another argument which my Honourable friend put forward. He said that a man who has put in 30 years service is not generally an efficient person to carry on any arduous or responsible work. I do not want to take him seriously at that argument. I believe in support of his arguments he could not think of anything else but the rules by which Government servants have to retire at the

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end of 30 years service. On the other hand, I believe that the experience that is gained by a man after 30 years solid work will be a valuable asset and I am quite sure that persons who have served for 30 years under the Government of India and were in charge of Railways and Indian finance have been approached by business concerns to take up at the end of that period more responsible posts on much higher emoluments. They are offered extraordinary remuneration so that their services could be availed of. I am sure the experience that a man gets in running a big concern for a large number of years is in itself an asset which no company will like to lose advantage of. Then, there is another point which I want this House to consider seriously. If you really want this managing agency system to end, end it at once. Don't give them a period of notice; don't tell them that they are to go at the end of five years. If you do that, you will be doing more harm to the industry. They may create a situation in the industry which will spell the ruin of it altogether. Therefore, if you want to give them a period of life, give it now. I want you to look at this question not from a prejudiced point of view or from a sentimental point of view. If those who have been in charge of the industry for a period of 30 years know that they are to go at the end of five years then they will not care for the prosperity of the industry at all. They would care only for their present profits by hook or crook. What are the safeguards you have got in this Act against such an eventuality? The period of 20 years is a different thing. The man knows that he has got to do his work, probably by that time another generation will come into existence at the end of 20 years. The position in my opinion and from a business point of view is fraught with great danger if only a period of five years is given to them. In the interests of the industry, therefore, I feel this is a danger of a very serious nature and it is this fear of mine which makes me hesitate to accept the amendment which my Honourable friend, Pandit Govind Ballabh Pant, has moved with so much eloquence. Notwithstanding all the arguments which have been advanced, I am not convinced as to the soundness of the policy which my Honourable friend advocates by means of this amendment. I, therefore, ask the House to consider seriously and to see whether the compromise arrived at in the Select Committee is not the wiser course for the House to follow. I will command the House to accept the Select Committee provision in preference to the amendment moved by my Honourable friend, Pandit Govind Ballabh Pant. (Applause.)

The Honourable Sir Nripendra Sircar : Sir, the attitude of Government as regards this particular amendment was declared by me in no unequivocal terms when I spoke on a previous occasion. I referred specifically to this amendment of Pandit Pant and if I may read from the proceedings just four lines :

“ Having given the best consideration to the fact and for a pretty long time the proposal which we have made namely 20 years should be given to the existing managing agents as also to the new, represents the limit to which Government are prepared to go in this matter, that is to say, we are not prepared to accept a lesser period for the existing managing agents.”

Sir, that result, that conclusion, was arrived at after considering all opinions which were put forward before us and after taking into consideration all the contentions in favour and against, which can possibly

be raised ; and nothing new has been raised in this debate, although we have been talking for about a day, that will still be our attitude. I was sorry to hear from my Honourable friend, Mr. Ananthasayanam Ayyangar, that the Law Member had uttered a threat. That was with reference to the concluding lines of my speech on proportional representation. Sir, I am indeed sorry that any Honourable Member should take it in that spirit. I think it is my duty to tell the House not by way of bluff or by way of threat what the attitude of the Government is on a particular matter. I hope I shall not be accused of bluffing this House or of having used a threat again if I make my position perfectly clear about this amendment. This Bill consists of 115 clauses. Some of the clauses run into 20 sub-clauses and so there are 500, or 600 or 700 provisions in this Bill. Over 400 amendments have been notified and it is only in respect of three matters that after the most careful consideration we have come to the conclusion that we must take a definite stand. It is not a question of threat. If any Honourable Member feels that this Bill is not worth having unless the amendment of Pundit Govind Ballabh Pant is carried, it cannot be a question of yielding to a threat, he can say " I do not care for your Bill, it is not such a prize, such a treasure that my sleep will be disturbed if you drop the Bill ". You can legitimately take up that attitude if you feel that this amendment is very very important. (Interruption.) I always feel that an interruption which is inaudible is worse than an audible interruption. I said there are only three matters. (Interruption.) Again, like Tennyson's brook something is going on murmuring, but I cannot exactly follow what is the muttering. Out of 700 provisions in respect of which there are more than 400 amendments, and there are only three points one of which has been disposed of, that is proportional representation. The second one, I am dealing with at present. The third one, I will not refer to at all, because I do not propose to anticipate, and that question may or may not arise. In so far as I have aroused my Honourable friend, Mr. Satyamurti's curiosity, I, at the present moment, will disappoint him and not tell him what the third point is.

Mr. S. Satyamurti : Chartered Accountants.

The Honourable Sir Nripendra Sircar : You may go on making guesses, and one of them may be right. My Honourable friend, Mr. Satyamurti, asked the House to carefully read the amendment and not be carried away by any misrepresentations which have been made as regards its purport. I have done that even before I had that warning and caution from my Honourable friend.

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

As I read this amendment, it means that after five years the managing agent has got to go before the shareholders. He becomes a tenant at will. His position is that it is hanging in the air. If my Honourable friend had said that he will automatically go out after five years, although I consider that extremely unreasonable and would equally resist it strongly, I can understand that. The position under the amendment is this, that after five years, the managing agent may be turned out any moment, provided the shareholders decide that at a meeting. I say, Sir, that politicians having only theoretical consideration before them may provide for such

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situations, but a man who is going to risk money, who is going to risk lakhs of rupees can he possibly go on under such circumstances? He does not know what is going to happen to him within such a short time as five years. That argument which has been repeated so often, "Oh! if he is a good man, why should he not be appointed again". I have tried to meet that in my previous speech, but I shall refer to it again. My Honourable friend, Mr. Satyamurti, turned aside the Bombay corner in a light hearted manner. There he did not try to read the New Testament and what Lokanathan says about the Bombay corners. As I read that book, I believe the position was this. When an Indian managing agent in Bombay or Ahmedabad became financially weak, and therefore, there was an opportunity of some one coming in to capture the managing agency that situation led to what the author calls disgraceful corners, I will not use the word Bombay. The situation gave the chance of driving out the managing agents and secure for the speculators who were parties to the corners, the profits of the managing agency. Now, Sir, my Honourable friend is right in saying that "that happened in Bombay or in some other parts of the world, why then strike the whole of India". The answer is obvious. The answer is that in other parts, for instance in Bengal, the managing agents speaking generally have been in strong financial position. Therefore this opening for another agency coming in for the scramble, for this canvassing and this cornering, all these do not arise, but that situation will arise all over India if we accept this five years period. From next year, attempts will be made knowing that if there is a successful canvassing, if there is successful cornering, the managing agent can be driven out after five years and these scandals will occur all over India because, what was the reason for the Bombay corners? The reason was that there was a chance of driving the managing agents out and that chance will occur, if it is known that all through India, every managing agent can be driven out after five years. The "corners" are not of course the sole or the main reason for my opposition.

Then, Sir, the argument is this. Oh, why should you be afraid of the shareholders? Why have any distrust in the shareholders? Sir, the two arguments are rather destructive. We are legislating and providing 50 different conditions and provisions, why? Because the shareholder is ignorant, he is weak, he is disorganised, he has been exploited, he does not know his own business and so on and so forth. If that is so, are we to understand that on only one occasion, namely, when he is deciding whether a new managing agent will be appointed, on that occasion he will be the quintessence of all that is intelligent and all that is far-seeing? I submit not. There is a golden mean between these two extremes.

Then, Sir, I need hardly point out that the 20 years' rule is after all a kind of empirical formula which cannot be absolutely justified by reason. If we choose 19 years the same arguments against it may be applied as also against 21. But whatever the difference in the situation of different managing agents may be under the 20 years' rule, the complication and the unjust uncertainty which hit managing agents who require equal treatment in different ways arise at once from this 5 years' rule. Take the case of a managing agent who has come in only two years ago, in 1933. But he had predecessors, worthless predecessors or

very good predecessors, but one had nothing to do with the other. Now, this man who has been here for two years has got to go up to the shareholders after five years, whereas another man who has been there, let us say, for 25 years,—he has also to go up to the shareholders after five years. When my Honourable friend, though not seriously, gave the analogy of the Government servant becoming effete after 30 years, he probably for the moment forgot that his own language refers to the managing agent and his predecessor. Well, Sir, in turning out Government servants we do not calculate the period of service of their ancestors.

Pandit Govind Ballabh Pant : They have no perpetual lease.

The Honourable Sir Nripendra Sircar : No, nor will the managing agents now have any perpetual lease. We are now concerned with the predecessor. The predecessor, if it is used in a technical sense, indicates some kind of devolution of interest but there is no technical sense in which my friend has used it, and, therefore, the predecessor may be some one who has absolutely nothing to do with nor concerned with the present managing agent. I cannot understand why because another man was in possession or in occupation for a number of years, that will be taken into consideration in driving me out or compelling me to before the shareholders.

Sir, I do not want to cover the same ground but I spoke at length,—some Members will agree and others will equally disagree,—that unless there is fixity of tenure for a fairly reasonably long period which has been fixed at 20 years, you cannot expect the managing agent to risk his money. Taking again the case of the managing agent who has come in only in 1934, his predecessors being in occupation for 35 years, what is the system followed by many of the managing agents? They get their money by long-term deposits of seven years. He has only another five years to run, but he may have the previous year taken the deposits with which he is running the Mills; he is personally responsible for having guaranteed loans and for the return of those deposits. Is it to be cut off after five years?

Mr. T. S. Avinashilingam Chettiar (Salem and Coimbatore *cum* North Arcot : Non-Muhammadan Rural) : The same question arises after 20 years, according to your position.

The Honourable Sir Nripendra Sircar : Yes. However unmindful I may be of relevant factors, that is one of the things that I remember, that is, the same question will arise after 20 years. And I remember the argument of my Honourable friend, Mr. Satyamurti, that you will have the same position at the 18th or the 19th year. But in that case the managing agent has a fairly long period whether it is 17, or 18 or 19 years, within which to adjust his affairs. But if you compel him to go to the shareholders after five years,—the managing agent who has come in the year 1935,—what chance has he of being in the same position as he would have been if he had been tried to be disturbed at the end of 18 or 19 years? Or in other words, for the benefit of my Honourable friend, Mr. Chettiar, the argument is that five is not equal to twenty. Sir, the argument which really ought to be considered is this; that the benefit of this five years' rule is that after five years,—the shareholder gets a chance,—of revising the terms. If the bargain with the managing agent is particularly unconscionable, at the end of 5 years the shareholders say, "No, you go out; I will not have you unless you agree to more.

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reasonable terms". That certainly is a matter which has got to be considered. But I met this argument on a previous occasion, and I showed from facts and figures that so far as Ahmedabad is concerned, and those figures have not at all been contradicted (but I know that other people are waiting to follow me so that I cannot give any reply) that the Ahmedabad paid-up capital is only 4 crores out of 100 odd which represents the paid-up capital of Indian companies, that there are only 77 mills out of which this vicious system applies only to 28. And the point which I made was, are you going to legislate with a view to punish a small fraction, a law which will hit others who are not open to this commission? Now, Sir, even as regards these excessive profits and so on, I admit there have been abuses, I have never tried to minimise them, but I do say that many of the criticisms which have been levelled against them are absolutely unfair and unjust. I would not have come to facts and figures but for the fact that I am compelled to do it by what my Honourable friend, Mr. Satyamurti, has said. He said, "Look at part 8, the opinion of the Bombay Shareholders' Association. In their third part they have given 8 or 9 instances of excessive profits and those profits go up to somewhere between 30, 40, 50 per cent." and so on. Sir, I took considerable trouble to scrutinise those figures and I shall convince this House that those figures are absolutely wrong; that is to say, I am not going to enter into any elaborate calculation to show that 38 per cent. shall be reduced to 32, or anything of that kind. But they are fundamentally wrong and they present an absolutely incorrect picture in the third volume of their memorandum. I will not take the House through all of them; but the examples which they have given—taking only some of them, two or three, rather by way of example than as trying to be exhaustive—what they have done is this—and I hope my Honourable friend, Mr. Satyamurti, will check me—in the figures of profit which they have taken, they have taken commission earned, and not taken into account the commission which has been given up. How gigantic those figures are I shall give to this House with reference to the particular mills which have been chosen by the Bombay Shareholders Association. The first Mill mentioned there is the Aruna Mills: They have taken from the books the commission earned for the five years, not noticing that in 1929 the commission earned was Rs. 14,995, of which the whole was given up: in 1930 the commission earned was Rs. 72,481, of which half was given up—that is not taken into consideration at all. Probably the worst case of misrepresentation—I do not say deliberate, but that is the effect—is the next mill—the Saraspore Mills Limited. In 1930 they earned Rs. 90,142: the whole of that was given up. In 1931 and 1932 small bits, if any, given up. In 1933, the commission earned was Rs. 85,882, and the whole amount was given up. The total commission which they gave up is about two-thirds of what had been earned. Yet in making the calculations, whoever has made the calculation has made the mistake—let us be charitable—of taking into account the commission earned and not the commissions actually received. They are to be found in the very book from which these figures have been calculated. While this was happening, what was the dividend which they were giving? Again, at page 204, from 1929 to 1933—10½, 10, 11½, 11 per cent. and in the worst year it was 8 per cent. that is the average amount of dividends which the Ahmedabad mills were giving. I am talking of the average. As I said, I do not

desire to multiply instances, but there are other instances which are still more remarkable, and this, I assure the House, is not one or two items picked up, but I have got the whole list of them. I will give you the case of another mill—the Becharidas Mills : in 1929 they earned Rs. 48,925 and gave up Rs. 32,617 : that is to say, they took only one-third. In 1930 they earned Rs. 47,995 and gave up Rs. 31,863 : in 1931 they earned Rs. 52,325 and gave up Rs. 52,311 : probably for some reason they kept only Rs. 24 and gave up the whole of the rest. In 1932, they earned Rs. 46,590 and gave up about Rs. 18,000. If one makes a calculation, he will find that 63 per cent. of the remuneration has been given up actually. Yet there was not one year in which the shareholder was not getting any dividends. Another misrepresentation is this. If there is an office allowance—let us say Rs. 1,000 a month, and the managing agency has got Rs. 12,000 that amount is included in the profits. Has he not got to engage a typewriter, and keep a gramophone and a telephone for amusement of his assistants and clients.

Sir Muhammad Yakub (Rohilkund and Kumaon Divisions : Muhammadan Rural) : And a typist girl !

The Honourable Sir Nripendra Sircar : And a typist girl, I am told. Is that profit ? That is the idea of profit here. If you get Rs. 15,000 for running an office, then Rs. 15,000 represents your profit ! Then there is another, let us say, mistake, which is still more serious, and that is this : the managing agents get, let us say, a lakh of rupees during the year : that lakh of rupees is promptly put down as profit ! But what about the money which he has spent ? What about the men he has employed, who have been paid out of his own pockets ? I would not have touched this subject at all, and I can say a lot more about it, but because my Honourable friend, Mr. Satyamurti, referred to the third part of this book of the Bombay Shareholders Association, I desire to submit to the House that they should not be misled by figures which are not correct.

I have not heard from my Honourable friend, Pandit Govind Ballabh Pant, whether my contentions were wrong in my previous speech, that finances are rather difficult to get in India for industrial ventures—whether any of the contentions which I raised—and which I do not desire to repeat—are wrong. If they are not wrong, however much we may think that the ideal condition is a company which has no managing agent, I have made my submissions to this House that ideal conditions do not exist here.

Pandit Govind Ballabh Pant : I did deal with the matter about finances. But my answer so far as my amendment is concerned is this : that if the shareholders felt that it would be difficult for the business to run without the financial aid that the managing agents alone could render, then they would keep them on.

The Honourable Sir Nripendra Sircar : I have heard that.

Mr. S. Satyamurti : On a point of order, Sir : when a member says 'hear, hear', it does not mean that the speaker does not hear him, but he wants that the whole House should hear him !

The Honourable Sir Nripendra Sircar : I am one of the House ! Coming back to my friend, Pandit Govind Ballabh Pant, I know that argument : this shareholder who is a stupid man should not be allowed. . . .

Pandit Govind Ballabh Pant : Who deserves to be protected against the managing agents !

The Honourable Sir Nripendra Sircar : Please do not go on interrupting me. I understood your point : here is a stupid man who cannot be allowed to remain unprotected, but must be kept at arms length, who requires protection like a *purdanashin* woman or a lunatic.....

An Honourable Member : Or the very learned man !

The Honourable Sir Nripendra Sircar : and yet this shareholder will develop extraordinary intelligence when he has to consider the financial situation of the company.....

Pandit Govind Ballabh Pant : The argument throughout has been that the shareholders are not a collective body and they require to be protected as against the managing agents—not that they cannot look after their interests in any matter whatsoever, but that the managing agent is too strong for them.

The Honourable Sir Nripendra Sircar : If that were the argument, then there should be no reason for protecting them where there is no managing agent : but we have put in so many clauses for protecting them in connection with companies which may have no managing agents whatsoever. They are scattered : that I know : but I do not admit the proposition that by mere association intelligence increases. In fact, my view is that a few intelligent men—I am not pointing my fingers at anybody—if they are allowed to remain in charge of affairs, the world will be much better than when they are dominated by the association or the collection or the mob which sits behind them. Let us proceed.....

An Honourable Member : You are for dictatorship ?

The Honourable Sir Nripendra Sircar : If I get a suitable one : I do not find one here.....

Mr. S. Satyamurti : Apply to Hitler !

The Honourable Sir Nripendra Sircar : No, Sir. I am a very mild man.

I think I have almost finished. I have one more point to urge. Sir, when I was listening to my Honourable friend, Mr. Satyamurti, and when he appealed to Sir Homi Mody that he should not rely on the Government and that he should rely on him.....

Mr. S. Satyamurti : No, no. On the people of this country.

The Honourable Sir Nripendra Sircar : Mr. Satyamurti in this
4 P.M. House is like Louis XIV, he is the State, he is the Congress, he is the people, he is the country, he is everybody. (Laughter.)

Mr. S. Satyamurti : I am too modest to say that.

The Honourable Sir Nripendra Sircar : He asked Sir Homi to look to him and his friends for help. Government may not be too reliable, but God help Sir Homi Mody if he has got to rely on such others. (Laughter.)

Mr. S. Satyamurti : But even God won't help him if he relies on you. (Laughter.)

The Honourable Sir Nripendra Sircar : But I think so far Sir Homi Mody has done very well indeed by relying on I should not say whom. (Laughter.) He knows he has done very well, whether in the matter of protection or in other matters.

I do not think I should take up the time of the House any further. We have considered the matter very carefully. I do not desire to be misunderstood. I hope that Honourable Members will not take it as a threat because they are not children to be coerced by a threat. They can say, "Drop the Bill. We do not care for the Bill. Let the Bill be dropped". But having considered the matter very carefully and after having taken part in this debate, I repeat that the opinion of Government which remains unchanged is, that they are not prepared to cause an upheaval which in their own opinion will certainly follow if all shareholders know that a disturbance may be caused within such a limited period as five years, to all existing managing agencies. That is a provision which in our opinion will create a situation so full of mischief and danger, and with such immense possibilities of retarding the industrial development of the country, that it is my honest conviction that if you are going to provide for managing agents' agreements being disturbed after five years it will be much better to have the old law and not try what is not an improvement but what will be a source of mischief injuring the industrial development of this country. That is our deliberate opinion and I think that it is but fair that the House should know it. We do not regard it as a mild attack as my Honourable friend, Pandit Govind Ballabh Pant, said, but we do think that this will drive us to a position which we cannot contemplate with equanimity. Sir, after all, the disappointment of not being able to carry the Bill through the House does not matter in the least when compared to the mischief of being a party to enacting something which is not in the interest of any body and which will irretrievably retard the industrial development of India. (Applause.)

Some Honourable Members : Let the question be now put.

Mr. Bhulabhai J. Desai (Bombay Northern Division : Non-Muhammadan Rural) : I do not rise to indict the managing agents in their personnel or in their system, for that cannot be supposed to be the underlying motive of the amendment that is before the House. I also realise that I speak under a sense of strain by reason of the position to which Government have been driven by what they believe to be the effect of an amendment of this character on the industries of this country. Nonetheless, speaking as an intelligent shareholder and also speaking as a man who has not to rely either on the Old Testament or the New, and relying largely on personal experience during a period extending over 30 years of the industrial life of more than one city in India, I owe it to the House and to myself that the House should calmly consider the issue before it, for it has been presented as if it belonged to one of two extremes. I wish to tell and assure my Honourable friends who happen to be either managing agents or their advocates that I yield to none in my respect for many of them. But when you say a thing is not an unmixed evil, what you really mean is, and I think that is the better way of expressing it, that it is also not an unmixed good, and where you are faced with a situation of this character, it is perfectly futile to think that you have met an argument by merely stating the extreme position and destroying it. These

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words are important to be borne in mind in order that it may not appear, so far as I am concerned and those who think with me are concerned, that there is any degree of hostility against any method of management of business in this country which makes for an all round progress. While you may regard the smallest encroachment on what you possess as a hostile mood, it is only those who so regard it, who think so, for if you believe that any encroachment on what now exists is an expression of hostility, you are bespeaking more your own mind than my own. The position with which we are faced is this, and I should like once more even at the risk of repetition to read the motion before the House, in order that some of the misinterpretations, most of them unconscious, and some of them not warranted, may not remain during the remaining course of the discussion. The amendment says :

“ and shall cease to hold office any time after five years from the commencement of the said Act, if the Company has by resolution passed at a general meeting decided to terminate his services, provided that no such resolution shall be passed unless thirty years have elapsed since the Managing Agent or his predecessor first occupied such office.”

It does not require very much of legal knowledge to understand that the term of thirty years, which is spoken of in the amendment as appertaining to the managing agent or his predecessor, must of necessity mean the present managing agent or his predecessor from whom he has derived his title. Its meaning cannot be a succession of detached or unattached men who have merely occupied the office from time to time, so that we may clear the ground by understanding the true import,—to whom the 30 years period applies,—and so that it may not be said that the man whom you are driving out is a man who had only two years as a managing agent, inasmuch as other persons unconnected with him have served for the previous 28 years. It can and must only mean in the context that it is the present managing agent having derived his title from his predecessor that has had a period of 30 years, in order, if you like to say so, to provide for his risks or to compensate him for all the services that he has rendered. With that premise it is more easy to understand the amendment before the House.

I am very much indebted for the frank manner in which my Honourable friend, Sir Cowasji Jehangir, has addressed this House. At all events, he has helped me to understand his two propositions being accepted by the managing agents and their supporters ; first, that so far as any remuneration is based on the basis of production, the sooner it goes the better, and the second which he said is that the protection extended by the Legislature has served to extend the life of many an industry the members of which were presided over by my Honourable friend, Sir Homi Mody, for many years past. If he had only taken up the managing agency of service instead of the managing agency of profit, I might have understood the analogy that he gave and the advice he administered. I am not going to make him the offer that my friend, Mr. Satyamurti, made to change places, for I do not propose to do it. I feel it infinitely higher to stand on a managing agency of service than on piling up the gains. Therefore, there is no question of exchange. So far as we are concerned, we stand on the platform of service and shall do so to the best of our ability. Having cleared the ground, I wish to point out that the manner

in which we submit this amendment is of an extremely modest character. For it is said, what is the magic in the 30 years which the amendment speaks of. May I ask, Sir, whether there is any greater magic spell in the 20 years which are prescribed for fresh managing agencies to come? I understand that to involve this important statement of consequences and important statement of gains and losses. If for the future the managing agent has 20 years period of time to serve or to earn, whichever way you look at it, taking the good years with the bad and taking the lean with the fat and also making allowances for the risk that he runs and the intelligence he brings to bear upon it, he has a sufficient period of time according to the opinion of this House as it appears that there is a consensus of opinion on that basis. Why is it that it is said that a 30 years period has any less sense, if not more magic. If we understand and the House understands that the Legislature in its wisdom thinks that a period of 20 years is sufficient in order to induce a new managing agent to undertake a new business, with all its risks, with all its services, with all its financial assistance, then why is it wrong to say that a managing agent and his predecessor from whom he has derived his title, who have all of them in common enjoyed the benefit as well as the risks should not at the end of that period be asked to quit his post. Whatever may be the interpretation of my friends, option is given to the shareholders as a body to reconsider the position and why is it assumed that a reconsideration of that position, unless it be a confession of guilt, must amount to a dismissal. It is necessary to examine this idea of perpetual rights with a certain degree of dispassionate consideration before we proceed further with this question of the 30 years period. I wish to call the attention of this House to a judgment of the Court of Appeal recently delivered by the High Court of Bombay and reported in the Bombay Law Reporter of the year 1934, the case of Ramkumar Potdar against the Sholapur Spinning and Weaving Company, Limited. I wish here to point out that there was a time when perhaps the words Sholapur Spinning and Weaving Company, Limited, was almost an alternative word for one of the most successful concerns on our side. I remember the time when a 500 rupees share of that firm used to be quoted at almost as much as Rs. 8,000. The managing agents of that company were Morarji Gokuldas and Company. The two founders of that company were Morarji Gokuldas and Virchand Deepchand. After many successions of assignments the next important point to remember is the clause regarding the appointment of managing agents which occurred in the memorandum of association, because of the belief that it became alterable by reason of the limited provisions of section 12 of the Indian Companies Act. The language of the appointment was Morarji Gokuldas and Company and of any partner or partners of which such firm may consist at any time from time to time. Considering this tenure of perpetuity, created by this wide and universal language, one would begin to think that the period of time that we are considering is neither so insignificant nor is an exploitation. The interpretation of those words as given by the Learned Chief Justice is to be found on pages 926 and 927. This is what I wish to quote :

“ The clause provides, as I have said, that the ‘ firm of Morarjee Gokuldas and Company ’, or ‘ whatever member or members that firm may for the time consist of ’ shall be agents, etc. Strictly speaking, as soon as new members are introduced into the firm, a new firm is constituted. The plaintiff relies on the words ” (*And I wish to call the particular attention of Members to these words*) “ ‘ whatever member or

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members that firm may for the time consist of ' but the facts are that at the date of the incorporation of the company the firm consisted of two individuals, one of whom died in 1880 and the other of whom died in 1908 and none of the present members of the agency firm were ever partners with either of those two individuals. Whatever meaning may be given to the words ' whatever member or members that firm may for the time consist of ', it seems to me quite impossible to say that the present members of the firm of Morarjee Gokuldas and Company who were never members of the firm at a time when either of the persons who constituted the firm at the date of the incorporation of the company were alive, can be said to be members of the firm named in the memorandum. The argument of the appellant really seeks to endow this firm with the attributes of a corporation having perpetual succession so far concerns its relations with the company.'"

I hope and trust that the true effect of these words will be seriously considered by those who imagine that, whatever may be the width of language used in a memorandum or any article or any contract of appointment, there is a perpetual contract between them and the company and once it is realised that there is no such perpetual contract all this talk of expropriation, all this talk of cutting down their lives, will soon disappear, for I have not the slightest doubt that if you carefully examine many of the existing managing agency firms in many parts of India, they have run up the period laid down in the judgment and you may be quite certain that, so far as talk of legal rights is concerned, there is very little vestige of it. It is in this light that I want the House to consider the amendment which is before the House, for indeed if it is competent, as the Honourable the Law Member says, for people to create corners, whenever managing agencies are about to be vacant, I may inform him that it is within my personal knowledge that people have already realised the consequence and the import of this judgment and the futility of putting it in the memorandum of association and suits have been filed for the purpose of a declaration that that managing agency agreement is terminated. I know of no case myself in the City of Bombay for the purpose of displacing the managing agents yet. Whether such a position will be created or not, I can say with a certain degree of confidence, knowing the corners in the shares of the different mills that have taken place in Bombay, that it might have been the result or the prime motive of the cupidity of speculators in which they themselves in most cases went to ruin. They have never been resorted to for the purpose of displacing any managing agents whatever nor have they ever resulted in a single managing agent yet being displaced. If that is so, there is not very much in this bogey of corners left. You are therefore left with this foundation. The system is not merely tolerated,—because I am not one of those who believe in what I may call giving an ungrudging merit to any good that is done for the purpose of the industries of this country, but this House has undoubtedly the right, not merely as a matter of legislative principle but has also the right, because it must be remembered that the managing agent forms as much part of the Indian social fabric as the shareholder as well as the citizen and the tax-payer, and it is not with a view to saying, as my friend, Sir Homi Mody, thought, that we sit in the same side or the same group or in the same cart as the Finance Member that we talk of the sacrifices of the consumer. He is indeed very much mistaken ; but when we talk of the sacrifices of the consumer, we talk of willing sacrifice, given only in order that the larger interests of the country may be subserved, but only to that extent and no further,

and that very sacrifice demands and gives us the right to say that if other citizens have made sacrifices, who are you to come and tell us, "we have vested perpetual interests and rights", neither of which is right, but assuming it is right, who are you to say that the willing sacrifice of the Indian people for the purpose of raising national industries of a necessary character, should count for nothing? If they bear the sacrifice, why should you not join in the sacrifice in the same willing manner as they have done, and that willing sacrifice, my friends must remember, has been two-fold. I am not here to extol any particular organization or to extol any particular step or even to justify it to non-believers but the fact remains that it is due to those who stand for that national attitude of mind that a man wants to inquire whether this is made in Bombay or in Lancashire. Undoubtedly, it is the same patriotic spirit in another land which makes "Buy British" the slogan, it is the same spirit which makes "Buy Indian" the slogan here (Hear, hear), but those who profit by it immediately and those who live on the voluntary sacrifice of others must, as citizens of that society, realize their obligation to that society (Hear, hear), and not merely point out the supposed dangers of dislocation, to which I next come.

(At this stage, Sir H. P. Mody wanted to interrupt the Honourable Member.)

I refuse to give way. The next thing I wish to say is this that I do not apprehend myself because, if I felt that the Honourable the Law Member's apprehensions were right as regards the dislocation of any single, decent industrial concern in this country by reason of a provision that the shareholders may be allowed an option of voting whether their services will be continued or not, I should, even disagreeing with everyone, have agreed with him, but I regret to say that I do not share his apprehensions at all, and for this reason. A period of thirty years, in the way in which I have submitted it to the House, is a long enough period so far as compensation for risk, compensation for labour, compensation, even if you like to say so for obliging the Indian people by the services which they have rendered, we also apprehend that a period of five years in such a case, where he has already been established for a period of twenty-five, has as in every decent concern given him a footing and he will be able to say in ninety-nine cases out of a hundred where he will never be displaced, subject always to certain adjustments which in human affairs must necessarily result in business concerns. I also feel myself that so far as finances are concerned—I speak subject to correction there—that there is hardly any difficulty I know of, at all events in my part of the world and perhaps some parts of England where in industrial concerns of this character financial assistance is given for a period at all events extending beyond five years. As regards most of the agreements which I have read—and I am letting out those secrets, having been one of the advisers of the Imperial Bank of India and its successor for quite a long time, and I am in a position to say that no such loans are granted as would cover a period of more than five years so that an adjustment during that period is not possible; and you must also remember to what cases does that adjustment apply? In cases where they have served for twenty-five years and have more than five left, the question does not arise, and a man who has begun five years ago has twenty-five years to adjust himself and any man who has begun twenty-five years ago has five years to adjust, so that I do not foresee the great

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calamity that will befall the industries of this country if during this period of five years an adjustment has got to be made by the managing agents. Then, be it remembered, that there is a clause following upon this very one in clause 87-A, sub-section (3) :

“ A managing agent whose office is terminated by virtue of the provisions of sub-section (2) shall upon such termination be entitled to a charge upon the assets of the company by way of indemnity for all liabilities or obligations properly incurred by the managing agent on behalf of the company subject to existing charges and encumbrances, if any.”

There are, therefore, the cases of still further rights, I am told rightly, and in fact of some of them I have personal knowledge,— where many of the managing agents have at all events a holding which is a little over a half and where it is a little less than a half or even substantially less, if for a period of twenty-five years they have rendered services which have been extolled and perhaps rightly extolled in some cases, I have not the smallest doubt that with their own holding and with the influence of some of their friends, let alone the ignorant and the fools and the lunatics to which class fortunately I do not belong, I am quite certain that that managing agency would be renewed. Therefore, examining the supposed fears, if I felt that there was any substance in them, as I have said and I shall repeat it, I should have been the last to run any risk of any kind whatever, for I do believe that while the interests of what I may call him the capitalist if you like, of the managing agent and of the shareholder and of the consumer must be reconciled, even at the risk of the consumer, for we do believe that we must raise our industries in order to make for ourselves a certain position, we do not use the word “ protection ” and its supposed disadvantages as arising to the consumer with the same purpose and motive that our opponents use it. We use it only in order to arouse the country to a higher sense of duty and not in order that it may be applied for the purpose of the extermination of our industries by any undue and wrong competition. But nonetheless, while it may be used for wrong purposes, we may certainly be allowed to use it for the right purpose of appealing to our friends here who represent that class, if you like to call them the magnates of this great land. After all, I must say to some of my friends, “ if they are not at our mercy, may I put myself at their mercy and say that they will dispel the apprehensions in the mind of the Law Member by recourse to their experience and knowledge, placing it at their disposal and generously contributing to the growth of the society to which they belong ”. Sir, I support this motion. (Loud Applause.)

Several Honourable Members : I move that the question be now put.

Mr. M. A. Jinnah (Bombay City : Muhammadan Urban) : Sir, I feel that I shall not be justified in sitting here and recording my silent vote. I want to place before the House that it has not been my lot to associate myself more closely and participate in the construction of this very important measure. But on this particular amendment, I have tried my very best to come to an impartial judgment. I will assume and I think it is no use our talking at this stage whether the managing agency system is desirable or not. I will assume that. As a matter of fact, the

talking now at this sage of the Bill and say, we want to put an end to it. I will not say a word about it. I do not know whether my Honourable friend, Pandit Govind Ballabh Pant, has connived at it, but that is not the correct word to be used, that he connived at the continuation of the managing agency system. I dare say there are various difficulties. Rightly or wrongly the general opinion is that at present, at any rate, we cannot end the managing agency system. Anyhow that stands.

Then, the next question we have to consider is this. I will not put it higher, but I will put it like this. It must be assumed that the managing agency system may continue, but the existing agency contracts are such that should not as far as possible be continued for a longer period than necessary. That is only on the ground that evils exist. Otherwise there is no use of fixing 20 years. No doubt these contracts have been obtained from the shareholders who constitute the company, they are *suo juris*, they are no doubt not lunatics but I think we know that these contracts which have been obtained and which now exist are, to put on the lowest level, certainly of the most onerous character. Therefore there is no question really of sanctity of contracts, or any sacrosanctness about them at all. It is also assumed that if these contracts are unconscionable, then surely this House, as the supreme Legislature, cannot allow that state of things to continue much longer. The Government admit, that there is no logic about the period to be fixed. They say, you cannot reason it out, but taking everything into consideration and applying the rule of thumb, the Government say, these managing agencies should terminate within 20 years. I understand that to be the position of Government. I am very glad that the Honourable the Law Member said that Government were not intimidating or threatening to withdraw the Bill if we cut down 20 years, but he raised objections to such a course being adopted. The first objection was that Government are cutting them down to 20 years and that in itself is going a long way. But if we cut them down to a lesser period, such as five years according to this amendment, then his fear was that there will be corners. Next, there will be dislocation and confusion and disaster. Third it will be difficult to finance the companies. It will, thus in the result, be far worse to face this situation in general interest if we enact this law with this amendment. If I understand correctly, that is the position of the Honourable the Law Member. I really tried my very best to understand what was this fear in the mind of Government. Is that fear based on real solid ground or merely because it has been dinned into the ears of Government from certain quarters that there will be a great disaster and that there will be corners. that no finances will be coming forth, the moment you fix five years. My Honourable friend, Mr. Aney, spoke quite earnestly and seriously and with the fullest conviction. He said if you fix five years, many companies will be ruined, but nobody says, why? What will happen and why should there be ruin, I have not been able to see. What is this amendment? I am myself not satisfied with this amendment. I want the whole loaf, but if I cannot get it, I will be satisfied with half. The real issue before the House is this. Is it to be 20 years or is it to be five years, plus this, that only those contracts which have existed for 30 years should terminate after five years. Under those contracts, the agents have enjoyed the ups and downs, if you like, the benefit and the disadvantages, but they have had it for 30 years. If after 30 years enjoyment, the agents have to come after the next five years before the shareholders and put before them any reasonable terms—and give up unreasonable terms

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which they might have had, why should they be afraid of coming before the shareholders after five years (Hear, hear) and obtaining reasonable terms. I cannot understand that. Then, the Honourable the Law Member said there will be suspension. What does this mean? Of course naturally the agents will be made to understand if this Bill is passed with this amendment that they cannot possibly continue to enjoy those favourable terms for ever, so, as agents of the company they have to come with something more reasonable before the shareholders so that they can get their contracts renewed. What is wrong about it? Really, Sir, it seems to me, I speak with great respect, that these agents who have enjoyed these advantages are carried away too far by their over-greed and they do not want to part with it. But as they are forced, because they know all the forces are ranged against them and therefore they are willing at any rate to rest content with 20 years, but nothing less than 20 years charter. Then there is the point of view of my Honourable friend, the Leader of the Opposition, and we know something more about it. If the shareholders will wake up to their rights, if the shareholders' association that is now started in Bombay is established in other parts of India,—all this talk of perpetuity, what my Honourable friend, Sir Ghulam Hussain Hidayatallah, talked of perpetuity being reduced to 20 years as a wonderful sacrifice—then, I say that with the establishment of shareholders associations in all parts of India this plea of sacrifice of perpetuity will vanish as a dream. If some of these contracts are examined and brought into Courts of law, your talk of perpetuity will all prove to be a dream and a vision and nothing else. Therefore, it is no use talking of perpetuity.

Now, coming to the amendment, what does it say :

“ and shall cease to hold office any time after five years from the commencement of the said Act, if the company has by resolution passed at a general meeting decided to terminate his services, provided that no such resolution shall be passed unless thirty years have elapsed since the managing agent or his predecessor first occupied such office.”

It was said by my Honourable friend, Mr. Mody.....

An Honourable Member : It is Sir H. P. Mody.

Mr. M. A. Jinnah : I beg his pardon. I have known my Honourable friend so long that I cannot think of him except as Mr. Mody. It was said by Sir Hormusji Mody and I was rather struck with that point, he said “ that the contracts which have existed for 30 years, you can terminate after five years. But what will happen to companies which are started today? Will they not have 20 years ”? I have been thinking about it. This has raised a difficulty, namely, that a company that is started today with any contract of agency, that will continue for 20 years after the Act. He says, why therefore terminate those contracts which have existed all this time within the next five years. Here again it is very difficult to apply logic, and it is very difficult to examine the question, unless one goes very deep into all the facts. But what strikes me on the spur of the moment is this, that most of the recent contracts that are being made of agency with the company are not as a rule made on those onerous terms.

The Honourable Sir Nripendra Sircar : I do not think that is correct.

Mr. M. A. Jinnah : I said most of them. Although there may be

respectfully point out to the Honourable the Law Member that at any rate in my part of the country, where I live, the shareholders are really getting more and more experience and as far as I know that in most of the new companies that have been started, believe me, the agents have not got these onerous terms. Most of them, I do not say all. Therefore I say to my Honourable friend, Sir Hormusji Mody, that we are not aiming at terminating those contracts which are fair or reasonable, but we are trying to terminate only those contracts which are otherwise; there is no object in maintaining contracts which are unconscionable for 20 years more.

The next point was, why do you want to punish the innocent for the sake of a few black sheep. That was the strongest argument that could have been possibly advanced. My Honourable friend, Sir Hormusji Mody, again came out with startling figures. He said, "Look at Bombay where five crores have been given up by the managing agents. Why do you want to punish these managing agents who sacrificed so much". My point is, if these managing agents are really so innocent as they make out to be, why should they be afraid of facing the shareholders. (Hear, hear.) The shareholders must be the biggest fools to say, "Here are our managing agents who have sacrificed so much for the sake of the company, they have not charged interest for the money advanced to the company, they have not charged commission which they are entitled according to the sanctity of contracts. Yet we will not renew their contracts on reasonable terms. His honour, his integrity, his sense of fairness and generosity, what happens to them all? Surely that must count. Why should that class of agents be afraid to go back to their shareholders within the next five years and put their fair terms of agency before them. Even Sir Cowasji Jehangir had to admit and did frankly admit that there are contracts where the profit or remuneration is received on production or sale. There are many other agencies which may not be as bad. He has admitted that they at any rate ought to be done away with, but the Law Member's defence is that there are only 28 of them in Ahmedabad and you need not strike at them. But my appeal to the Law Member is: why should these 28 exist if they are so bad? What is the justification for their continuance? Why should we allow them to go on? Simply because they are 28 in number. Sir, that is not logic, whatever else it may be. Therefore, I feel that one of the main reasons why there has been this hue and cry is due to the fact that one of the greatest evils in the company management has been this system of agency. It is not only the system of agency but worse still the kind of contracts which they have obtained from the company and the shareholders. It is for that very important reason—and I think that is really the backbone of this Bill—that we feel and we appeal to the Government to consider the position. Do not merely be carried away by what the merchants from Bengal or Bombay tell you in this exaggerated form that there will be disaster and there will be ruination. I appeal to my friend, Mr. Aney, not to be carried away by these fears. Business men do not do business in that way, they act differently. These very men who are telling us now that if you fix 5 years there will be disaster, these very men will begin to think differently, act differently, and will try to persuade their shareholders to give them as good terms as they can get out of them. That is how business is done. (Laughter.)

Therefore, Sir, the issue is a very narrow one. If the Leader of the House thinks that the capital will not be forthcoming, that there will be disaster, that there will be corners all over and chaos unless we agree to

[Mr. M. A. Jinnah.]

20 years, I have no other argument to advance, if he is convinced of that. But I am not convinced of it. As I find no ground for it except assertions, I say there is not going to be any chaos, there is not going to be disaster; and believe me, whenever an attempt has been made to corner,—I do not think it has been made very often and in Bombay, as far as I remember, it has been attempted once or twice in the course of 30 years—I assure you it is very difficult to succeed. And as I think and the Leader of the Opposition pointed out, most of these agents,—I do not say all but those who are wise,—have taken good care to hold a certain number of shares in the company of which they are the agents. And I assure you it will be very difficult for the shareholders to manœuvre and resist them. I venture to say that even in spite of this Bill, even if you fix five years, a good many of them will get their contracts renewed on the same terms probably. The reason is that they have got considerable share holdings and they have only got to get a very small number like Government here to succeed. You want a very small number to win against the Opposition in this House (Laughter), and I cannot give a better analogy than this House. You have the biggest holding in this company here, and you only want a few votes to win against the Opposition. Similarly the agent is in the same position as the Government Bench here. Sir, I have no desire to put unnecessary difficulties because after all on this side of the House, our desire is only one,—to give India a good and sound company law, and to assist Government in every way we can to bring about that result, so that our morale, the commercial morality may exhibit a higher standard and a more honourable one, and may command greater respect not only among our own people but throughout the world. That is our object.

Several Honourable Members : The question may now be put.

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

“ That the question be now put.”

The motion was adopted.

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

“ That in clause 42 of the Bill, in sub-section (2) of the proposed section 87A, for
5 P.M. all the words occurring after the words ‘ the said Act ’ the following be substituted :

‘ and shall cease to hold office any time after five years from the commencement of the said Act, if the Company has by resolution passed at a general meeting decided to terminate his services, provided that no such resolution shall be passed unless thirty years have elapsed since the Managing Agent or his predecessor first occupied such office. Nothing in this sub-section shall prejudice the right of the company to re-appoint the Managing Agent or to determine his office before the prescribed period in accordance with any provision in the Articles of the Company or in any agreement with the Company.’ ”

The Assembly divided :

AYES—53.

Abdul Matin Chaudhury, Mr.
Anwar-ul-Azim, Mr. Muhammad.
Asaf Ali, Mr. M.
Ayyangar, Mr. M. Ananthasayanam.

Azhar Ali, Mr. Muhammad.
Badi-uz-Zaman, Maulvi.
Badrul Hasan, Maulvi.
Bhutto, Mr. Nabi Baksh Illahi Baksh.

AYES—contd.

Chaliha, Mr. Kuladhar.
 Chettiar, Mr. T. S. Avinashilingam.
 Chetty, Mr. Sami Vencatachelam.
 Chunder, Mr. N. C.
 Das, Mr. B.
 Das, Mr. Basanta Kumar.
 Das, Pandit Nilakantha.
 Desai, Mr. Bhulabhai J.
 Deshmukh, Dr. G. V.
 Essak Sait, Mr. H. A. Sathar H.
 Gadgil, Mr. N. V.
 Ghiasuddin, Mr. M.
 Giri, Mr. V. V.
 Govind Das, Seth.
 Gupta, Mr. Ghansham Singh.
 Hans Raj, Raizada.
 Hosmani, Mr. S. K.
 Jedhe, Mr. K. M.
 Jinnah, Mr. M. A.
 Jogendra Singh, Sirdar.
 Joshi, Mr. N. M.
 Kailash Behari Lal, Babu.
 Khan Sahib, Dr.

Khare, Dr. N. B.
 Lalchand Navalrai, Mr.
 Mudaliar, Mr. C. N. Muthuranga.
 Paliwal, Pandit Sri Krishna Dutta.
 Pant, Pandit Govind Ballabh.
 Baghubir Narayan Singh, Choudhri.
 Raju, Mr. P. S. Kumaraswami.
 Ranga, Prof. N. G.
 Saksena, Mr. Mohan Lal.
 Satyamurti, Mr. S.
 Sham Lal, Mr.
 Sheodass Daga, Seth.
 Siddique Ali Khan, Khan Sahib Nawab.
 Singh, Mr. Ram Narayan.
 Sinha, Mr. Satya Narayan.
 Sinha, Mr. Shri Krishna.
 Som, Mr. Suryya Kumar.
 Sri Prakasa, Mr.
 Thein Maung, Dr.
 Thein Maung, U
 Umar Aly Shah, Mr.
 Varma, Mr. B. B.

NOES—68.

Abdoola Haroon, Seth Haji.
 Abdul Hamid, Khan Bahadur Sir.
 Abdullah, Mr. H. M.
 Acott, Mr. A. S. V.
 Ahmad Nawaz Khan, Major Nawab Sir.
 Ahmed, Mr. K.
 Aney, Mr. M. S.
 Ayyar, Diwan Bahadur R. V. Krishna.
 Bajoria, Babu Baijmath.
 Bajpai, Sir Girja Shankar.
 Bartley, Mr. J.
 Benjamin, Mr. H. D.
 Bhat, Mr. M. D.
 Buss, Mr. L. C.
 Chapman-Mortimer, Mr. T.
 Craik, The Honourable Sir Henry.
 Dalal, Dr. R. D.
 Datta, Mr. Akhil Chandra.
 DeSouza, Dr. F. X.
 Dey, Mr. R. N.
 Fazl-i-Haq, Piracha, Khan Bahadur Shaikh.
 Ghuznavi, Sir Abdul Hakim.
 Grant, Mr. C. F.
 Griffiths, Mr. P. J.
 Grigg, The Honourable Sir James.
 Hidayatallah, Sir Ghulam Hussain.
 Hossack, Mr. W. B.
 Hudson, Sir Leslie.
 James, Mr. F. E.
 Jawahar Singh, Sardar Bahadur Sardar Sir.
 Jehangir, Sir Cowasji.
 Khurshaid Muhammad, Khan Bahadur Shaikh.

Lahiri Chaudhury, Mr. D. K.
 Lal Chand, Captain Rao Bahadur Chaudhri.
 Laljee, Mr. Husenbhai Abdullabhai.
 Maitra, Pandit Lakshmi Kanta.
 Malaviya, Pandit Krishna Kant.
 Metcalfe, Sir Aubrey.
 Milligan, Mr. J. A.
 Mody, Sir H. P.
 Morgan, Mr. G.
 Mukherjee, Rai Bahadur Sir Satya Charan.
 Murid Hossain Qureshi, Khan Bahadur Nawab Makhdum.
 Naydu, Diwan Bahadur R. V. Sri Hari Rao.
 Nind, Mr. W. W.
 Noyce, The Honourable Sir Frank.
 Parma Nand, Bhai.
 Rajah, Rao Bahadur M. C.
 Rau, Mr. P. B.
 Rau, Mr. P. S.
 Robertson, Mr. G. E. J.
 Roy, Mr. S. N.
 Sant Singh, Sardar.
 Sarma, Sir Srinivasa.
 Scott, Mr. J. Ramsay.
 Sharma, Mr. D.
 Sher Muhammad Khan, Captain Sardar.
 Singh, Rai Bahadur Shyam Narayan.
 Sinha, Raja Bahadur Harihar Prasad Narayan.
 Sircar, The Honourable Sir Nripendra.
 Spence, Mr. G. H.
 Thorae, Mr. J. A.
 Tottenham, Mr. G. E. F.

NOES—*contd.*

Vissanji, Mr. Mathuradas.
Witherington, Mr. C. H.
Yakub, Sir Muhammad.

Zafrullah Khan, The Honourable Sir
Muhammad.
Ziauddin Ahmad, Dr.

The motion was negatived.

Mr. S. Satyamurti : Sir, I move amendment No. 47 standing in my name :

“ That in clause 42 of the Bill, in sub-section (4) of the proposed section 87A, all the words after the words ‘ date of such termination from the company are paid ’ be omitted.”

If Honourable Members will kindly look at clause 42 of the Bill, and at section 87A (4), they will find, it reads :

“ The termination of the office of a managing agent by virtue of the provisions of sub-section (2) shall not take effect until all moneys payable to the managing agent for loans made to or remuneration due up to the date of such termination from the company are paid.”

I leave the words as they are, so far. My amendment seeks to omit the words that follow : those words are :

“ and shall not prejudice the right of the managing agent to recover any compensation which would have been payable by the company to the managing agent for the premature termination of his contract or management had such termination resulted from the action of the company itself.”

I want, by my amendment, to have those words deleted from this sub-section. I only want to give one argument in its favour. Whenever a statute confers upon shareholders a right or upon managing agents a liability contemplated in this sub-section, and in fact in the whole section, it is not right or just or equitable that shareholders should be called upon to pay compensation for the frustration of what are called vested rights. I do not want to give any further argument. The Leader of the European Group said that, so far as this provision for compensation was concerned, it was not likely to be of much help to them. The Honourable the Law Member stated, I think, in the course of his first or second speech, quoting from a judgment, that, after all, taking the law as it is worked today, this may not mean very much, if anything, to the managing agent. But, Sir, if these words remain as they are, they are bound to give rise to litigation and the action of the shareholders may be retarded or handicapped by this fear of the managing agent having his right to what is called compensation. I therefore hope and trust that this House will see its way to accept this amendment unanimously. Sir, I move.

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

“ That in clause 42 of the Bill, in sub-section (4) of the proposed section 87A, all the words after the words ‘ date of such termination from the company are paid ’ be omitted.”

The Honourable Sir Nripendra Sircar : As regards compensation, I think I made my position perfectly clear that I am not willing to support a claim for compensation, which means that I am not opposing the amendment.

Sir H. P. Mody : I want to make our position clear. Even though my Honourable friend the Law Member says that he is prepared to accept

the amendment, so far as I am concerned, at any rate, I am not. I do not think it is at all fair that the managing agent whose contract is terminated under the provisions of this Bill should have the right of compensation denied to him. I do not think there is any justification for such a denial and I oppose the amendment.

Sir Cowasji Jehangir : I do not think it is quite clearly understood what Mr. Satyamurti's amendment means. Under the Bill every managing agent gets a life of 20 years. Suppose he has an agreement which gives him a longer life than 20 years, then, under the Bill as it stands, he can claim compensation. Under the amendment moved, if accepted, he could claim no compensation after 20 years. That is to say, you have decided to give him a 20 years' life. You have done all you think he deserves. Having done that, Mr. Satyamurti proposes that this House should agree to give him no compensation and that 20 years' life should be sufficient. I am inclined to agree with the Honourable the Law Member that 20 years' period is a liberal provision and no further compensation should be given. Even if he claims it, it is a very doubtful point whether he can get it. Since it is a doubtful point....

Mr. Bhulabhai J. Desai : Why not be graceful and give it up ?

Sir Cowasji Jehangir : There is no question of grace in business. (Laughter.) There is no question of grace in a lawyer's fees either. So, let us take this grace out of this business and see what is equitable. In the circumstances it appears to me that the Honourable the Law Member has taken a very equitable view of this case and I would support him.

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

“ That in clause 42 of the Bill, in sub-section (4) of the proposed section 87A, all the words after the words ‘ date of such termination from the company are paid ’ be omitted.”

The motion was adopted.

Mr. Husenbhai Abdullabhai Laljee (Bombay Central Division : Muhammadan Rural) : Sir, I move :

“ That in clause 42 of the Bill, to sub-section (4) of the proposed section 87A, the following proviso be added :

‘ Provided that if on the expiry of the office of a managing agent, the managing agent is not reappointed or a new managing agent is not appointed, the old managing agent may continue to hold office till an appointment of a managing agent is made by the company or until directors take upon themselves to manage or make some arrangement for management ’.”

In clause 42, it has been provided that after 20 years the office of a managing agent ceases. After the managing agency ceases the management naturally goes to the board of directors, but it may happen that the board of directors are not able to make the necessary arrangements or the shareholders are not able to reappoint the managing agent. In that case the company should not stop doing business, and for the interim period before the directors take upon themselves the work of the company or make any arrangements for the same, I think it is necessary that the clause must make it clear that the old managing agent may act. It is my object that the company should go on and nobody should be allowed to take advantage of any deadlock. With these words, I move.

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

“ That in clause 42 of the Bill, to sub-section (4) of the proposed section 87A, the following proviso be added :

‘ Provided that if on the expiry of the office of a managing agent, the managing agent is not reappointed or a new managing agent is not appointed, the old managing agent may continue to hold office till an appointment of a managing agent is made by the company or until directors take upon themselves to manage or make some arrangement for management ’.”

The Honourable Sir Nripendra Sircar : I oppose this amendment. My Honourable friend's idea is to avoid what I may call an interregnum, but that is not possible now. This House has made Article 71 of Table A compulsory. I think that was moved by my Honourable friend, Mr. Akhil Chandra Datta. Under Article 71 the business of the company shall be managed by the directors, so that the moment the managing agent goes out, whatever had been delegated to the managing agent goes out with him, so that the full management falls on the directors. Secondly, from a practical point of view, apart from this legal argument, what is the difficulty in making some timely arrangement ? The directors must make some arrangement when they know that the managing agents are going out. If they do not, they have got to be responsible themselves. Sir, I oppose.

Sir Cowasji Jehangir : May I point out to the Leader of the House that there can be other circumstances and conditions which he perhaps does not visualise ? The managing agent goes out after 20 years, and it is quite correct to say that the shareholders have got several years before these 20 years elapse to consider who should be the succeeding managing agent, but there may be a conflict of interests and it is likely that due to discussions between shareholders and the old managing agents a considerable amount of time may elapse and the 20 years may then run out. The result will be there will be no managing agents. According to what my Honourable friend, the Leader of the House, said just now, Article 71 provides that the directors shall take up the management. May I point out that under the present system of managing agency it will be practically impossible for the directors to carry on ? The directors, we must realise, are not directors of an English company under the English Act. I do not think that this Act is going to make such a tremendous difference in the position of the directors as to make them absolutely acquainted with the working of the whole company and in a position to step into the shoes of the managing agent immediately. That will not be the position of the directors. It is possible that under the Bill when it becomes law the directors may be forced to take greater interest than they do today, but they will not be in a position to step into the shoes of the managing agents. And if there is a certain amount of time between the appointment of the new managing agent after 20 years and the termination of life of the old managing agent, I think there ought to be some provision, and I would ask the Leader of the House perhaps to postpone this matter if he wants to give it further consideration because there may arise a great difficulty. I do not see what objection there can be to having a provision of this kind in the Act so as to enable the old managing agent to carry on for a short time if a new managing agent is not appointed. That is my only point, namely, it may cause a great

deal of inconvenience and a certain amount of loss to the company. If the shareholders and the managing agents are fairly balanced with regard to the holding of shares, or it may happen that there may be a first class firm of managing agents who have a very few number of shares belonging to them, there may arise a dispute among the majority of the shareholders as to who should be the managing agents, one bloc of shareholders desiring one firm, another bloc of shareholders desiring another firm. It may take a long time before they come to a definite decision on the matter of agents and therefore I do not see what harm there can be if you have a provision like this in the Bill. It is only safety we ask for.

The Honourable Sir Nripendra Sircar : I have no right of reply, but I do not want any time for reconsideration.

Mr. Muhammad Azhar Ali (Lucknow and Fyzabad Divisions : Muhammadan Rural) : The amendment moved by Mr. Husenbhai Laljee is one of the most salutary amendments I have seen moved in this Assembly on this companies Bill. It simply asks the House to make provision in certain cases which may arise. They are not imaginary cases only but certain circumstances do arise. The directors may not be able to run the business of the company in which case a provision like this is very necessary. I see no reason why the Honourable the Law Member should oppose this amendment. If the position is that amendments moved from this side must be opposed for opposition's sake, then it is another question.

The Honourable Sir Nripendra Sircar : The last one was not opposed. I do not want any pretext for extending the 20 years. I want to cut it off.

Mr. Muhammad Azhar Ali : As the opposition has lost on the point of 20 years, this provision is the best that could be provided, in order to run the business equitably, smoothly and honestly. The management of a company cannot be allowed to remain at a standstill even for a minute or a second. People who are not concerned, may sit easily in their houses, but those who run big companies and mills in Bombay, Calcutta or Karachi, they know what it is if the company comes to a standstill even for a few hours. If the managing agent is not very honest, if he does not care for the interest of the company or if he is not a shareholder in the company, it is quite possible that he may put some spokes in the working of the company and thus the business of the company is sure to be dislocated. Under these circumstances I think there is nothing unjust or inequitable in moving the amendment which has been moved by my friend, Mr. Laljee. I support it.

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

“ That in clause 42 of the Bill, to sub-section (4) of the proposed section 87A, the following proviso be added :

‘ Provided that if on the expiry of the office of a managing agent, the managing agent is not reappointed or a new managing agent is not appointed, the old managing agent may continue to hold office till an appointment of a managing agent is made by the company or until directors take upon themselves to manage or make some arrangement for management ’.”

The motion was negatived.

Pandit Govind Ballabh Pant : Sir, I move :

“ That in clause 42 of the Bill, to sub-section (5) of the proposed section 87A, the words ‘ which is not the subsidiary company of a public company ’ be added at the end.”

I believe the principle has been accepted by Government. This amendment is substantially the same as No. 51 in the name of Mr. Sen, which is rather cumbrous. The language of my amendment is more clear. Sir, I move.

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

“ That in clause 42 of the Bill, to sub-section (5) of the proposed section 87A, the words ‘ which is not the subsidiary company of a public company ’ be added at the end.”

The Honourable Sir Nripendra Sircar : I accept that amendment.

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

“ That in clause 42 of the Bill, to sub-section (5) of the proposed section 87A, the words ‘ which is not the subsidiary company of a public company ’ be added at the end.”

The motion was adopted.

Mr. T. S. Avinashilingam Chettiar : Sir, I move :

“ That in clause 42 of the Bill, for clause (a) of the proposed section 87B, the following be substituted :

‘ (a) The office of a managing agent shall be vacated if—

- (1) he is convicted of an offence in relation to the affairs of the company punishable under the Indian Penal Code and being under the provisions of the Code of Criminal Procedure, 1898, non-bailable ; for the purpose of this sub-clause where the managing agent is a firm or company, an offence committed by a member of such firm or a director or an officer holding a general power of attorney from such company shall be deemed to be an offence committed by such firm or company ;
- (2) he is adjudged insolvent ;
- (3) he acts in contravention of the provisions contained in section 87H or 87J.”

I need not say about sub-clauses 2 and 3, because....

The Honourable Sir Nripendra Sircar : If my friend will allow me to interrupt him, I would suggest that it would be rather inconvenient to take this up now. His last paragraph says “ in contravention of the provisions contained in section 87H or 87J ”. We have not yet reached 87H. I do not know what shape it will take. If my friend will agree, we can take this up after 87H has been finished.

(The amendment was held over.)

The Assembly then adjourned ~~at~~ Eleven of the Clock on Tuesday, the 29th September, 1936.