

1st September 1937

**THE
LEGISLATIVE ASSEMBLY DEBATES**

Official Report)

Volume IV, 1937

(23rd August to 1st September, 1937)

**SIXTH SESSION
OF THE
FIFTH LEGISLATIVE ASSEMBLY,
1937**



**PUBLISHED BY THE MANAGER OF PUBLICATIONS, DELHI.
PRINTED BY THE MANAGER, GOVERNMENT OF INDIA PRESS, SIMLA.
1938.**

L458LAD

Legislative Assembly.

President :

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

Deputy President :

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

Panel of Chairmen :

SIR MUHAMMAD YAKUB, M.L.A.

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

SIR LESLIE HUDSON, M.L.A.

SIR COWASJI JEHangIR, BART., K.C.I.E., O.B.E., M.L.A.

Secretary :

MIAN MUHAMMAD RAFI, BAR.-AT-LAW.

Assistants of the Secretary :

MR. M. N. KAUL, BAR.-AT-LAW.

RAI BAHADUR D. DUTT.

Marshal :

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

Committee on Petitions :

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

SIR LESLIE HUDSON, M.L.A.

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

MR. M. GHASUDDIN, M.L.A.

MR. MATHURADAS VISSANJI, M.L.A.

CONTENTS.

VOLUM IV.—23rd August to 1st September, 1937.

	PAGES.		PAGES.
MONDAY, 23RD AUGUST, 1937,—		MONDAY 23RD AUGUST, 1937,—contd.	
Members Sworn	1—3	Panel of Chairmen	89
Starred Questions and Answers	3—40	Governor General's assent to Bills	89—90
Short Notice Questions and Answers	40—50	Agreement between the Reserve Bank of India and the Governments of Madras, the Punjab, Sind, Assam and the United Provinces	90—109
Statements laid on the Table	50—85	Forms of forced labour in the provinces	106—61
Motions for Adjournment <i>re—</i>		Net earnings of certain newly-constructed railway lines	161—66
Banning of the Kothapatam School of Economics and Political Science—Disallowed by the Governor General	85	Presentation of the Report of the Public Accounts Committee for 1935-1936	167—365
Feelings of Indian Muslims on the Palestine question—Disallowed by the Governor General	85—86	The Indian Companies (Amendment) Bill—Introduced	365
Non-export of Indian sugar abroad except to Burma—Not moved	86	The Rules and Regulations Continuance Bill—Introduced	366
Government policy in respect of the tribes on the North-West Frontier of India—Disallowed by the Governor General	86	The Federal Court Bill—Introduced	366
Misrepresentation of India's feelings and aspirations at the Imperial Conference - Disallowed by the Governor General	88	The Petroleum (Berar Extension) Bill—Introduced	366
Protection of the interests of Indians in South Africa—Not moved	86—89	The Indian Railways (Amendment) Bill—Introduced	366
Indian interests at Zanzibar—Negatived	89, 385—408	The Import of Drugs Bill—Introduced	367
		The Workmen's Compensation (Amendment) Bill—Introduced	367

	PAGES.
MONDAY, 23RD AUGUST, 1937,—concl'd.	
The Indian Naturalization (Amendment) Bill—Introduced	367
The Manœuvres Field Firing and Artillery Practice Bill—Appointment of certain Members to the Select Committee	367—68
Election of a Member to the Indian Research Fund Association	368
Resolution <i>re</i> Amendments to the Indian Legislative Rules—Discussion not concluded	368—85
TUESDAY, 24TH AUGUST, 1937—	
Member Sworn	409
Starred Questions and Answers	409—42
Unstarred Questions and Answers	442—45
Motions for Adjournment <i>re</i> —	
Perpetuation of the Ottawa Agreement—Not moved	445
Reorganisation of the Imperial Secretariat—Disallowed by the Governor General	445—46
Train disaster near Dinapore Station—Not moved	446
Amendment of Indian Legislative Assembly Rules—Adopted	446, 475—92
Resolution <i>re</i> Amendments to the Indian Legislative Rules—Adopted as amended	446—53
The Trade Disputes (Amendment) Bill—Discussion on the motion to refer to Select Committee not concluded	453—75
WEDNESDAY, 25TH AUGUST 1937,—	
Starred Questions and Answers	493—524

	PAGES.
WEDNESDAY, 25TH AUGUST, 1937,—concl'd.	
Unstarred Questions and Answers	524—28
Motions for Adjournment <i>re</i> —	
Creation of the post of Deputy Secretary in the Legislative Assembly Department—Withdrawn	528
Indo-British Trade Negotiations—Withdrawn	528
Extravagance in military operations—Disallowed by the Governor General	528
Recommendations of the Wedgwood Committee's Report—Not moved	528—29
Mr. Mudie's enquiry report into the Bengal Nagpur Railway affairs—Not moved	529
Frontier policy of Government—Disallowed by the Governor General	529
Position of Indians in Zanzibar—Barred	529
Hunger-strike of political prisoners in the Andamans—Adopted	529—30, 559—77.
The Insurance Bill—Presentation of the Report of the Select Committee	530
Statement <i>re</i> new procedure regarding questions	530—31
The Trade Disputes (Amendment) Bill—Referred to Select Committee	531—42
The Indian Companies (Amendment) Bill—Referred to Select Committee	542—44
The Petroleum (Berar Extension) Bill—Passed	544

	PAGES.		PAGES.
WEDNESDAY, 25TH AUGUST, 1937,—concl'd.		FRIDAY, 27TH AUGUST, 1937,—	
The Rules and Regulations Continuance Bill—Passed	545—58	Starred Questions and Answers	645—76
The Federal Court Bill— Discussion on the motion to consider not conclud- ed	558	Unstarred Questions and Answers	676—79
THURSDAY, 26TH AUGUST, 1937,—		Statements laid on the Table	679—84
Starred Questions and Answers	579—604	Election of a Member to the Governing Body of the Indian Research Fund Association	694
Unstarred Questions and Answers	604—08	The Indian Securities (Am- endment) Bill—Intro- duced	694
Motions for Adjournment <i>re—</i>		The Dangerous Drugs (Am- endment) Bill—Intro- duced	694—95
Hunger-strike of the An- damans political pri- soners—Barred	608	The Indian Patents and Designs (Amendment) Bill—Introduced	695
Change in the prospectus of the Training Ship "Dufferin"—Ruled out of order	608—11	The Indian Mines (Amend- ment) Bill—Introduced	695
Inadequate representa- tion of Mussalmans in certain Provincial Cabinets—Disallowed by the Governor Gen- eral	611	Motion <i>re</i> Report of the Indian Railway Enquiry Committee	695—738
Mr. Mudie's enquiry re- port into the Bengal Nagpur Railway affairs—Ruled out of order	611—16	MONDAY, 30TH AUGUST, 1937,—	
Operations on the North- West Frontier—Dis- allowed by the Gov- ernor General	616—17	Member Sworn	739
Paucity of Muslim Mi- nisters in certain Pro- vinces—Disallowed by the Governor General	616—17	Starred Questions and Answers	739—69
Report of the Royal Com- mission on Palestine— Disallowed by the Gov- ernor General	617	Unstarred Questions and Answers	769—71
The Federal Court Bill— Passed	617—28	Motions for Adjournment <i>re—</i>	
The Indian Naturalization (Amendment) Bill— Circulated	628—43	Military aid to Burma— Disallowed by the Governor General	771—72
		Andamans hunger-strike —Not moved	772
		Committee on Petitions	772
		Agreements between the Reserve Bank of India and the Governments of Bihar, Orissa and the Central Provinces and Berar, and the Supple- mental Agreement with the Imperial Bank of India	772—85

	PAGES.		PAGES.
MONDAY, 30TH AUGUST, 1937,—<i>contd.</i>		WEDNESDAY, 1ST SEPTEMBER, 1937,—<i>contd.</i>	
The Insurance Bill—Discussion on the motion to consider not concluded	785—827	Starred Questions and Answers	911—41
TUESDAY, 31ST AUGUST, 1937,—		Statements laid on the Table	941—42
Member Sworn	829	Statement re treatment of questions addressed to wrong Departments	942—44
Starred Questions and Answers	829—61	Motion for Adjournment re Negotiations between the Government of India and the Princes in respect of Federation—Disallowed by the Governor General.	944, 960
Postponed Question and Answer	862	The Moslem Personal Law (<i>Shariat</i>) Application Bill—Presentation of the Report of the Select Committee	944
Unstarred Questions and Answers	862—64	The Insurance Bill—Discussion on the motion to consider not concluded	944—60, 961—81.
Short Notice Questions and Answers	865—66		
The Insurance Bill—Discussion on the motion to consider not concluded	867—910		
WEDNESDAY, 1ST SEPTEMBER, 1937,—			
Member Sworn	911		

LEGISLATIVE ASSEMBLY.

Wednesday, 1st September, 1937.

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

MEMBER SWORN.

Maulvi Sikandar Ali Choudhury, M.L.A. (Bakarganj cum Faridpur Muhammadan Rural).

STARRED QUESTIONS AND ANSWERS.

(a) ORAL ANSWERS.

EXCLUSION OF *Koris* FROM THE LIST OF SCHEDULED CASTES FOR THE UNITED PROVINCES.

229. *Mr. Sri Prakasa : Will the Honourable the Home Member state :

- (a) whether it is a fact that persons belonging to the caste called *Kori* in the United Provinces of the Agra and Oudh have been included among the scheduled castes except in the divisions of Agra, Meerut and Rohilkhand under the Government of India (Scheduled Castes) Order, 1936 ;
- (b) what is the reason for making distinction among members of the same caste residing in three divisions of the Province on the one hand, and those residing in the rest of the same Province on the other ;
- (c) whether it is a fact that before the said Order *Koris* were not regarded as depressed classes and were not included among them at the last census ; if so, what is the reason that *Koris* residing in particular divisions of the Province have now been included among the scheduled caste ;
- (d) whether it is a fact that mass meetings of *Koris* in the Jhansi Division of the United Provinces have protested against this inclusion and that their representatives have so far approached Government in vain for relief in the matter ; and
- (e) whether Government propose to consider the desirability of taking out the *Koris* from among the scheduled castes throughout the whole of the United Provinces ?

Mr. E. F. Mudie : I am unable to reply to this question which should have been addressed to the Honourable the Leader of the House.

The Honourable Sir Nripendra Sircar : With the introduction of the new Constitution, the question raised by the Honourable Member is the concern of the Government of the United Provinces and not of the Governor General in Council.

Mr. Sri Prakasa : In view of the fact that such lists were made by this Government, what compensation do this Government intend to offer for the wrong which they have done to this important community ?

The Honourable Sir Nripendra Sircar : The doing of any wrong is not admitted and compensation is unthinkable. (Laughter.)

Mr. Sri Prakasa : Is it not a wrong to class certain persons as scheduled which means depressed, when they were not such in fact ?

Mr. N. M. Joshi : What were they ? Oppressed ?

The Honourable Sir Nripendra Sircar : I am not aware of what is the fact,—whether they are depressed or oppressed or elevated. I have no knowledge of it.

Mr. Sri Prakasa : Is it not a fact that the classification in this particular case was made by the Central Government, and is it not further the fact that in some divisions of the province this community was classed as depressed, and in others not, and if so, why was that so ?

The Honourable Sir Nripendra Sircar : The classification was not made by the Government of India.

Mr. Sri Prakasa : Who was responsible for this classification ? Did not the Governor General in Council give instructions to the Provincial Governments regarding the classification ?

The Honourable Sir Nripendra Sircar : The classification was made by His Majesty's Government.

Mr. Sri Prakasa : Was His Majesty in Council advised by the Governor General in Council, that is, the Honourable the Law Member himself ?

The Honourable Sir Nripendra Sircar : I refuse to disclose any communication, if any, which passed between us and His Majesty's Government.

Mr. K. Santhanam : Can the Government of the United Provinces change this classification ?

The Honourable Sir Nripendra Sircar : I ask for notice.

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

Mr. Sri Prakasa : In view of the original reply by the Honourable Member.....

Mr. President (The Honourable Sir Abdur Rahim) : I have called on the next question.

PUNISHMENT TO SOLDIERS WHO PULLED DOWN THE CONGRESS FLAG IN CHARPOLI NEAR POONA.

230. ***Mr. Badri Dutt Pande** : Will the Secretary in charge Defence Department state if any punishment has been meted out to the soldiers who, it is alleged, pulled down the Congress flags in Charpoli 12 miles from Poona ? If so, what was the nature of punishment ?

Mr. C. M. G. Ogilvie : I would refer the Honourable Member to my reply to Mr. Satyamurti's starred question No. 53 of the 24th August, 1937. The information has not yet been received.

Mr. S. Satyamurti : When was the information called for ?

Mr. C. M. G. Ogilvie : Some time previous to the 24th August.

Mr. S. Satyamurti : May I know how much time it takes to get a report, and also why there is this delay in getting information on this subject which is agitating the mind of the country ?

Mr. C. M. G. Ogilvie : I am entirely unable to answer the question. I am not responsible for the speed with which the authorities at Poona reply to letters.

Mr. S. Satyamurti : Will the Honourable Member impress upon the authorities at Poona that they must be a little more quick in answering telegrams and letters from headquarters ?

Mr. C. M. G. Ogilvie : They have received a reminder and if an answer is not received quickly they will receive another.

Mr. S. Satyamurti : Do Government propose to wait till they get a reply, or will they prod them ?

Mr. C. M. G. Ogilvie : I really cannot say any more than what I have said already.

Mr. S. Satyamurti : May I know why the Government are not taking steps to get an answer quickly, at any rate, before the end of the Session ?

Mr. C. M. G. Ogilvie : We are taking such steps as are open to us, and the end of the Session is not yet.

Mr. Sri Prakasa : Will the reminder be sent at the public expense or at the expense of those who did not attend to the communications of the Government ?

Mr. C. M. G. Ogilvie : Public expense.

An Honourable Member : Why ?

INDIANS IN ABYSSINIA.

231. ***Mr. S. Satyamurti** : Will the Honourable Member in charge of External Affairs be pleased to state :

- (a) the latest position with regard to Muhammad Ali & Co., the Indian Firm, doing business in Addis Ababa ;
- (b) whether there are several hundred Indians in Abyssinia, living chiefly in and around the town of Harar ; and
- (c) what the Government of India are considering to do in the matter ?

Lieut.-Colonel A. E. B. Parsons : (a) The latest position with regard to Muhammad Ali & Co. is that negotiations for the disposal of the firm's property have reached an advanced stage. Government have heard unofficially that the firm has accepted an offer made to them by the Italian Government.

(b) No up-to-date figure is available of Indians separately in the District of Harar but the total for all British subjects and protected persons there was reported in July, 1936, to be 150.

(c) Government have no reasons to suppose that Indians in the Harar District are being maltreated and do not think that any further action is called for at present.

Mr. S. Satyamurti : With reference to the answer to clause (a) of the question, may I know whether this firm of Muhammad Ali and Co. is compelled to dispose of their assets at much less their real value ?

Lieut.-Colonel A. E. B. Parsons : That I should think would be a matter of opinion.

Mr. S. Satyamurti : What is the fact—whether they are asked now by the Italian Government to dispose of its assets at much less their real value ?

Lieut.-Colonel A. E. B. Parsons : As I have said, I am unable to estimate their real value, but I understand that the firm is quite willing to dispose of its assets at this figure and has already indicated its willingness to do so.

Mr. S. Satyamurti : Are there any difficulties in the way of the firm sending the proceeds of their transactions, outside the country ?

Lieut.-Colonel A. E. B. Parsons : I understand that the Italian Government are giving facilities.

Mr. S. Satyamurti : With reference to the answer to clauses (b) and (c) of the question, may I know whether the information in the possession of the Government that these Indians are not subject to disabilities is merely based on this, that no complaints have reached them, or whether they have made any enquiries and satisfied themselves that there are no grievances on the part of these Indians ?

Lieut.-Colonel A. E. B. Parsons : British subjects in Abyssinia are in constant touch with His Majesty's Consul and no complaints have been received. Therefore, I think the Government are entitled to assume that there is no maltreatment. If the Honourable Member will give me any particular instance, I shall be only too pleased to enquire.

Mr. Abdul Qaiyum : Has any time limit been fixed for the firm to dispose of its assets ?

Lieut.-Colonel A. E. B. Parsons : This is a question which I answered a few days ago. I said that the Italian Government have fixed no time limit.

Mr. T. S. Avinashilingam Chettiar : What is the offer that has been made by the Italian Government to the firm ?

Lieut.-Colonel A. E. B. Parsons : I have no official information.

Mr. Badri Dutt Pande : Is its money locked up in Italian banks or has it been returned ?

Lieut.-Colonel A. E. B. Parsons : I think Messrs. Muhammad Ali and Company would be in a position to answer that question but I regret that Government have no information.

Mr. Badri Dutt Pande : May I know why the Honourable Member refuses to answer questions about this ?

Lieut.-Colonel A. E. B. Parsons : Government have no information about it.

EMPLOYMENT OF MR. J. ROWLATT, A PARLIAMENTARY COUNSEL, TO REVISE TERMS ON WHICH STATES ARE TO JOIN THE FEDERATION.

232. ***Mr. Badri Dutt Pande :** Will the Foreign Secretary state :

(a) on what terms and for what period the services of Mr. J. Rowlatt, M.C., a junior parliamentary counsel, who has been either engaged or is going to be engaged to revise the terms on which the States are going to join the Federation, have been secured ;

(b) what will be his pay and allowances ; and

(c) whether they will all be borne by the Government of India or a portion to be supplemented by the States ?

The Honourable Sir Nripendra Sircar : The services of Mr. J. Rowlatt, M.C., have been obtained for a period of six months with effect from the 8th July, 1937, to advise the Political Department in regard to legal and drafting points arising in the course of their discussions with the States in regard to Federation. While so employed he draws a compensatory allowance of Rs. 1,000 per mensem in addition to his English rate of pay, which at present is £1,200 per annum. This is payable from the budget of the Political Department.

Mr. T. S. Avinashilingam Chettiar : May I know what are the reasons for importing this man from abroad ? Is it because we cannot get an equally competent man here ?

The Honourable Sir Nripendra Sircar : Because Government considered that he was the best man available for this purpose.

Mr. S. Satyamurti : May I know what are his qualifications ?

The Honourable Sir Nripendra Sircar : Mr. Rowlatt is a Parliamentary counsel of experience.

Mr. Abdul Qaiyum : Was this post advertised ?

The Honourable Sir Nripendra Sircar : No.

Pandit Lakshmi Kanta Maitra : Do I understand the Honourable Member to say that no portion of this man's pay and allowances will be borne by the Native States and if so, why ?

The Honourable Sir Nripendra Sircar : He has been employed by the Government of India. He is doing work for the Government of India and there is no reason why he should be paid by the States.

Mr. T. S. Avinashlingam Chettiar : How long will it be necessary to retain his services ?

The Honourable Sir Nripendra Sircar : I have already answered that.

Mr. S. Satyamurti : With reference to clause (a), may I know if this counsel is also advising the Indian States ?

The Honourable Sir Nripendra Sircar : He is not advising the Indian States.

Mr. Sri Prakasa : May I know what the mystic letters M. C. mean ?

An Honourable Member : Military Cross.

Mr. Sri Prakasa : Is he an expert in military matters or in legal matters also ?

The Honourable Sir Nripendra Sircar : A military man may have knowledge of civil law, while a "civil" man may be absolutely ignorant of it.

Mr. S. Satyamurti : Will his advice be accepted by the Government of India or will it be subject to further scrutiny by the Honourable the Law Member or any other legal adviser of the Government of India ?

The Honourable Sir Nripendra Sircar : The Government of India are not bound to accept his advice.

Mr. Lalchand Navalrai : May I know from the Honourable Member if this gentleman is conversant with Indian conditions ?

The Honourable Sir Nripendra Sircar : I do not know if he is conversant with the conditions prevailing in the villages but he knows very well the Government of India Act.

Mr. Lalchand Navalrai : Is that a sufficient qualification for him ?

Mr. President (The Honourable Sir Abdur Rahim) : You cannot have that sort of argument.

Mr. Muhammad Azhar Ali : Why was a junior counsel engaged and not a senior one with better qualifications ?

The Honourable Sir Nripendra Sircar : Mr. Rowlatt is quite competent. The remuneration of a senior man, as you know, often varies in direct proportion to the length of seniority.

CUTTING OF A CANAL THROUGH THE Isthmus OF KRA.

233. ***Mr. Badri Dutt Pande :** (a) Is the Foreign Secretary in a position to state if Japan is entering into an alliance with Siam in cutting a canal through the Isthmus of Kra, which will reduce the sea-route between Japan and India by about six hundred miles, thus avoiding the detour to Singapore ?

(b) Is the Government of India interested in any way in the making of this canal or is it opposed to it ?

Lieut.-Colonel A. E. B. Parsons : (a) Government has no information.

(b) Does not arise.

Mr. Badri Dutt Pande : Did the Government of India or the Honourable Member read an article on this subject in the *Illustrated Weekly of India* ?

Lieut.-Colonel A. E. B. Parsons : I am afraid I missed it.

Mr. S. Satyamurti : Did the Government of India make any inquiries after the receipt of this question ?

Lieut.-Colonel A. E. B. Parsons : I don't think so.

Mr. S. Satyamurti : Do the Government propose to make inquiries ?

Lieut.-Colonel A. E. B. Parsons : There appears to be no immediate prospect of any canal like this being constructed ?

Mr. S. Satyamurti : In view of the fact that Japan has been bombing Hong Kong since yesterday, do Government propose to take note of these activities of Japan ?

Lieut.-Colonel A. E. B. Parsons : I think that was a mistaken piece of news. It was not bombed yesterday.

PUBLICATION OF CORRESPONDENCE WITH PROVINCIAL GOVERNMENTS REGARDING FORCED LABOUR.

234. ***Mr. N. M. Joshi :** Will the Honourable the Home Member be pleased to state whether the Government of India have published the correspondence with the Provincial Governments on the subject of forced labour as promised by Mr. Thorne in the Legislative Assembly during the last Delhi Session ?

Mr. R. F. Mudie : A copy of the correspondence relating to the forms of forced labour in the Provinces has already been laid on the table of the House and, at his request, another copy has been given to the Honourable Member.

WEARING OF *Kirpan* BY SIKHS.

235. ***Mr. Lalchand Navalrai :** (a) Will the Honourable the Home Member be pleased to remember that he admitted during the debate of the Bill 'to amend the Indian Arms Act' in respect of wearing the *kirpans* by Sikhs both 'Kesadharis' and 'Sahijdharis' on 1st April, 1937, that there exists an anomaly with regard to the wearing and the size of the *kirpans* in the Bombay Presidency and in Sind and if it was only a question of correcting that anomaly he would have no objection to the Bill under discussion and that the Honourable the Home Member promised to point out that matter to the Local Governments concerned by sending them a copy of the debate ?

(b) Will the Honourable the Home Member be pleased to state if the Local Governments concerned have removed the anomaly or lessened the inconvenience complained of during the said debate ?

(c) If the Local Government concerned have not yet taken any step in that direction does the Honourable the Home Member propose to expedite the said Local Governments ?

(d) Does the Honourable the Home Member propose to suggest to the Provincial Governments to make rules to allow 'Sahijdhari' Sikhs also to wear *kirpans* like the 'Kesadharis' on their making a suitable declaration of their faith ?

Mr. J. A. Thorne : (a) Yes.

(b) and (c). I regret that through an inadvertence the undertaking was carried out only on August 7th last. I am now asking the Provincial Governments whether they have found it possible to take the action suggested : and I am at the same time putting to them the suggestion made in part (d) of the question.

Sardar Mangal Singh : May I know if the Government will take steps as regards the centrally administered areas also ?

Mr. J. A. Thorne : I must ask for notice of that question.

Sardar Mangal Singh : The Honourable Member gave us an assurance that the matter will be brought to the notice of the Provincial Governments. I am asking whether the matter will be referred to the centrally administered areas also. That is a simple question.

Mr. J. A. Thorne : The question relates only to Bombay and Sind and I must repeat that if the Honourable Member wants information about other parts, I must ask for notice.

Mr. Lalchand Navalrai : May I know if the copies of the debates of that day will be sent to the Provincial Governments concerned ?

Mr. J. A. Thorne : That has already been done.

RESENTMENT AMONGST INDIANS AND MUSLIMS AGAINST THE REPORT OF THE ROYAL COMMISSION ON PALESTINE.

236. ***Mr. S. Satyamurti :** Will the Honourable the Home Member be pleased to state :

- (a) whether the Government of India are aware of the strong feeling of resentment amongst Indians and especially amongst Muslims against the report of the Royal Commission on Palestine, suggesting the division of Palestine into Arab and Jew territories ;
- (b) whether Government have communicated to His Majesty's Government this feeling of resentment ; if so when, and if not, why not ; and
- (c) whether Government propose to approach the League of Nations on behalf of this country to represent the feeling against the Palestine Report, and if not, why not ?

Mr. J. A. Thorne : (a) and (b). I would refer the Honourable Member to the answers I gave on the 24th August, 1937, to Sir Muhammad Yakub's starred question No. 59 and to the supplementary questions on this subject.

(c) This is not a matter in respect of which the Government of India could properly approach the League otherwise than in consultation with His Majesty's Government—whose attention will be specifically invited to this question and answer and to the questions and answers to which I have referred.

Mr. S. Satyamurti : May I know, specifically, whether after the publication of the report of the Royal Commission on Palestine, the Government of India at any time drew the attention of the Secretary of State or of His Majesty's Government to the strong feeling of resentment in this country, against the proposed partition of Palestine ?

Mr. J. A. Thorne : I have already answered that. No specific letter has been written for that purpose.

Mr. S. Satyamurti : May I ask whether at any time after the publication of the Royal Commission's Report any general letter was sent to the Secretary of State for India or His Majesty's Government pointing out, *inter alia*, the feeling of resentment in this country against the proposals of that Commission ?

Mr. J. A. Thorne : I do not know what the Honourable Member means by a general letter but I can assure him again that communications have passed from the Government of India to the Secretary of State which have defined the Muslim feeling in this country on the subject.

Mr. S. Satyamurti : Have these communications been addressed after the publication of the Royal Commission's proposals ?

Mr. J. A. Thorne : Yes.

Mr. S. Satyamurti : With reference to the answer to clause (c) of the question, may I know for elucidation of the answer what is the impropriety that my Honourable friend contemplates, in India, as the original member of the League of Nations, approaching the League, and pointing out to the League or its Committees who are considering this Report, the feeling of this country against the proposals of that Commission ?

Mr. J. A. Thorne : Well, Sir, the main responsibility on this matter is obviously with the mandatory power and it was for that reason that I indicated that it was not a matter in respect of which the Government of India could properly approach the League otherwise than in consultation with His Majesty's Government.

Mr. S. Satyamurti : In view of the fact that the League of Nations is actually considering the matter—a Committee has sat over it and made its recommendations—and also in view of the fact that India is an original member of the League of Nations, may I know, apart from the mandatory power of Great Britain over these territories, whether there are any statutory or conventional restrictions on the Government of India approaching the League to communicate to them our feeling in the matter ?

Mr. J. A. Thorne : I must observe that the question whether there are any statutory or conventional restrictions is one which the Home Department is not in a position to answer. If an answer is desired on that, it is a matter on which notice must be given to the department concerned.

Mr. S. Satyamurti : Has His Majesty's Government been approached by the Government of India to approach the League on our behalf, and communicate to them our feelings in this matter ?

Mr. J. A. Thorne : I have already said that no specific representation has been made.

Mr. M. Asaf Ali : I understood the Honourable Member to say that the Government of India in these matters must always have consultation with the mandatory power. The Government of India is an original member of the League of Nations.....

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

Mr. M. Asaf Ali : I just want to know why we, being the original member of the League of Nations, cannot communicate directly with the League of Nations ?

Mr. J. A. Thorne : It is on that point that I said that the Home Department is not immediately concerned. As regards League of Nations questions, if an answer is required as to the proper position, we must have notice.

RETENTION OF BRITISH TROOPS FOR INTERNAL SECURITY PURPOSES.

237. ***Mr. S. Satyamurti :** Will the Defence Secretary be pleased to state :

- (a) whether the Government of India take the same position on the question of the replacement of British troops by Indian troops in India as was stated in the Council of State on the 18th March, 1937, by His Excellency the Commander-in-Chief, particularly with reference to the insistence of Local Governments on the retention of British troops for internal security purposes ;
- (b) whether, in view of that position, the Government of India propose now to write and ask the Provincial Governments in the country as to whether they insist on British troops being retained here for internal security purposes, and whether they are not satisfied with Indian troops for this purpose ; and
- (c) whether the Government will place their letter to the Provincial Governments and their replies thereto on the table of the House, and if not, why not ?

Mr. C. M. G. Ogilvie : (a) Yes.

(b) No.

(c) Does not arise.

Mr. S. Satyamurti : With reference to the answer to clause (b) of the question, may I know the reason why, especially as new Local Governments have come into existence in every province under the Government of India Act, 1935, since the speech was made, the Government of India do not propose to consult Local Governments, as to whether they insist on British troops being retained for internal security purposes ?

Mr. C. M. G. Ogilvie : All I can say is that they do not propose to consult them.

Mr. S. Satyamurti : I want to know the reasons. I do not want the repetition of the previous answer. I am not asking whether they propose to consult the Local Governments or not, because that question has

already been answered. I am now asking for reasons why the Government of India do not propose to consult the Local Governments which have come into existence in all the eleven provinces of India under the Government of India Act, 1935, on a much more extended franchise and on a much more democratic basis.

Mr. C. M. G. Ogilvie : Because in spite of those facts Government remain of the same opinion as that expressed in this House by His Excellency the Commander-in-Chief.

Mr. S. Satyamurti : I am not asking about the Government of India's opinion. I am asking why the opinions of the Provincial Governments are not to be invited on this matter.

Mr. C. M. G. Ogilvie : Government do not consider it necessary or desirable.

Mr. M. Asaf Ali : With reference to part (a) of the question, may I take it that the provinces have insisted on the retention of the British troops both in peace and war times in India ?

Mr. C. M. G. Ogilvie : It is difficult to answer so wide a question at a moment's notice, but my impression is Yes.

Mr. M. Asaf Ali : In that case I should like to know whether any British troops will be sent out in war times or will not be sent out in war times ?

Mr. C. M. G. Ogilvie : It depends on the nature of the war.

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

Mr. M. Asaf Ali : It is a very simple question. May I explain to you, Sir, what I mean.

Mr. President (The Honourable Sir Abdur Rahim) : I have understood the question.

Mr. M. Asaf Ali : The Honourable Member says that he is under the impression that the provinces insist on the retention of these British troops in India both in peace and war time. Now, I want to know whether the Government of India will allow these troops to remain in India in war time ?

Mr. President (The Honourable Sir Abdur Rahim) : The war has not taken place yet.

Mr. M. Asaf Ali : In that case, may I know what has been the practice of the Government of India with regard to internal security ? Did they have British troops in India in war time before ?

Mr. C. M. G. Ogilvie : As far as I can answer such a question off-hand, it is not possible.....

Mr. President (The Honourable Sir Abdur Rahim) : It is quite clear what the position is.

Prof. N. G. Ranga : Sir, the Honourable Member in charge of the Department was in the course of answering the question.

Mr. S. Satyamurti : He had hardly finished his answer !

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

TROOPS ENGAGED IN WAR OPERATIONS ON THE NORTH-WEST FRONTIER.

238. ***Mr. S. Satyamurti** : Will the Defence Secretary be pleased to state :

- (a) the number of British and Indian troops engaged in the war operations on the North-West Frontier, since the beginning of this year ;
- (b) the number of casualties among British and Indian troops ; and
- (c) the cost on account of British and on account of Indian troops separately, in regard to these operations since the beginning of this year?

(Mr. C. M. G. Ogilvie rose to answer question No. 238.)

Mr. S. Satyamurti : Will you please speak louder ? We cannot hear you.

Mr. President (The Honourable Sir Abdur Rahim) : Order, order. Honourable Members must leave it to the Chair whether an Honourable Member can be heard or not.

Mr. S. Satyamurti : I cannot hear him.

(Mr. C. M. G. Ogilvie began to read his answer in a louder tone.)

Mr. S. Satyamurti : Please do not speak so loudly, but try to speak clearly.

Mr. President (The Honourable Sir Abdur Rahim) : Order, order. When the Honourable Member was speaking in his usual way, you could not hear him and asked him to speak louder. When he was speaking louder, you began to shout and asked him not to speak loudly. That is not proper.

The Honourable Member can go on.

Mr. C. M. G. Ogilvie : (a) I refer the Honourable Member to the reply I gave to part (c) of starred question No. 146 on the 27th August, 1937.

(b) I refer the Honourable Member to my answers to part (b) of starred question No. 40 and the concluding portion of starred question No. 142 given on the 24th and the 27th August, 1937, respectively.

(c) As there are still so many uncertain factors in the accounts, no figures can be given at present.

Mr. S. Satyamurti : With reference to answer to clause (c) of the question, namely, " the cost on account of British and on account of Indian troops separately, in regard to these operations since the beginning of this year ", may I say that this question has been asked for the third time since this Session began ? I want to know why there is any difficulty in giving us the figures, so far as they are available.

Mr. C. M. G. Ogilvie : The figures have been given.

Mr. S. Satyamurti : But the figures relating to the cost of these operations have not been given, since the beginning of this Session.

Mr. C. M. G. Ogilvie : The reason, I understand, is that there are still, as I have said before, so many uncertainties in these accounts that even an approximate figure cannot be given with any degree of confidence at the moment. I know that the matter is being very closely examined in the office of the Military Accountant General and I hope in a few more days to be able to lay an accurate statement on the table.

Mr. S. Satyamurti : What are the uncertain factors involved in calculating the moneys which have actually been spent from the Treasury ?

Mr. C. M. G. Ogilvie : A prolonged residence in the office of M. A. G. would alone enable me to answer that question or for the Honourable Member to understand the answer.

Mr. S. Satyamurti : Public money is being spent for the last seven months, and now I am told that the Government cannot give exact figures. They can make allowance for uncertainties in the future, but for the money already spent, they must be able to render account ?

Mr. President (The Honourable Sir Abdur Rahim) : He says he will be able to give accurate figures in a few days.

Mr. S. Satyamurti : Before the end of the Session ?

Mr. C. M. G. Ogilvie : Certainly.

SUPPLY OF COURT NOTICES AND GOVERNMENT ADVERTISEMENTS TO VERNACULAR NEWSPAPERS IN DELHI FOR PUBLICATION.

239. ***Mr. M. Asaf Ali :** Will the Honourable the Home Member be pleased to state :

- (a) if it is a fact that a certain number of newspapers are on the Black list of the Government of Delhi, and they are not given any court notices or Government advertisements for publication ;
- (b) if it is a fact that court notices, etc., are given for publication to certain periodical " sheets " which have no regular circulation nor any large number of subscribers ; and
- (c) whether the Honourable Member proposes to ask the Local Government of Delhi to examine this question with a view to revising the list of the vernacular newspapers which should be patronised in the interest of publicity ?

Mr. J. A. Thorne : (a) The Provincial Government have hitherto prepared a list of newspapers which are considered suitable for the publication of Government advertisements. Similarly, the High Court at Lahore have issued a list to subordinate courts for the purpose of the publication of court notices.

(b) and (c). The Provincial Government's list contains some papers which have not a very high circulation : but I understand that the Chief Commissioner has at present under consideration the question of amending his list so as to make it accord more fully to the principle of securing the maximum publicity for advertisements.

Mr. S. Satyamurti : In making up this list, is the Government's only consideration the amount of circulation of the papers, or do the political views or political leanings of the papers have anything to do with the selection of these papers for Government patronage by way of advertisements and so on ?

Mr. J. A. Thorne : Is my Honourable friend referring to the list hitherto in use ?

Mr. S. Satyamurti : Yes.

Mr. J. A. Thorne : I have got the list here. I cannot say at a glance. The list is a white list rather than a black list. But it is a fact that the circulation of some of the papers is not so great as perhaps to justify their use for advertisements of importance ?

Mr. Mohan Lal Saksena : Are they friendly papers whose circulation is not so much as others ?

Mr. J. A. Thorne : I cannot say from this list whether they are friendly or unfriendly.

Sardar Sant Singh : Is it a fact that these advertisements are given to these papers in the nature of a subsidy ?

Mr. J. A. Thorne : I suggest that is a matter of opinion.

Sardar Sant Singh : What is the view of the Government in that matter when they include certain papers in the white list and exclude others by putting them in the black list ?

Mr. J. A. Thorne : I do not express any opinion upon that.

Mr. Bhulabhai J. Desai : Is it pure business or favour ?

Mr. J. A. Thorne : As I have said, the list is under revision and I hope the result of the revised list will be highly business like.

Seth Govind Das : Is it a fact that these advertisements are given to such papers, the circulation of which is much less than those papers of which the circulation is much more and the Government publications are not even given to those papers the circulation of which is much more than the papers the circulation of which is much less but for which the publication of Government are supplied ?

Mr. J. A. Thorne : The answer already given covers that.

Mr. M. Asaf Ali : Are they prepared now to abolish this black list if that black list rests only on political considerations ?

Mr. J. A. Thorne : The list is a white list but the Government are prepared to advise the Chief Commissioner to observe the main purpose of advertisement.

Mr. Mohan Lal Saksena : Has the attention of the Government been drawn to the policy laid down by the present United Provinces Government in this respect ?

Mr. J. A. Thorne : I have seen something to that effect in the Press, but may I know, Sir, how the question of policy of the United Provinces Government arises from this question ?

Mr. Mohan Lal Saxena : While revising this list, will the Government take into consideration the policy adopted by the United Provinces Government ?

Mr. J. A. Thorne : I must refresh my memory as to what the policy is.

Mr. Thirumala Rao : On what basis do Government propose to revise this list ?

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

REFUND OF SECURITIES TO NEWSPAPERS AND PRESSES IN DELHI.

240. ***Mr. M. Asaf Ali :** (a) Will the Honourable the Home Member be pleased to state how many securities have been demanded from the newspapers and presses in Delhi during the past three years ?

(b) How many of such securities have been forfeited ?

(c) Are Government prepared to consider the question of refunding these securities to the newspapers and presses of Delhi in accordance with the precedents laid down by the neighbouring province, i.e., United Provinces ? If not, why not ?

Mr. J. A. Thorne : (a) 48. One of these securities was subsequently refunded.

(b) Two.

(c) I am not sure whether by " these securities " the Honourable Member means, securities deposited or securities forfeited. The Government are, however, not aware of circumstances which would justify a general refund.

Mr. M. Asaf Ali : Are the circumstances in the Delhi Province very much different from the circumstances prevailing in the neighbouring parts as far as these matters are concerned ?

Mr. J. A. Thorne : Any particular neighbouring province ?

Mr. M. Asaf Ali : United Provinces ?

Mr. J. A. Thorne : The administration of Delhi reflects in a large measure the administrations in both the adjoining provinces of the Punjab and the United Provinces.

Mr. M. Asaf Ali : In that case, if United Provinces can afford to refund these securities, why cannot Delhi do it ?

Mr. President (The Honourable Sir Abdur Rahim) : That is argument. I cannot allow that question. Supplementary questions are intended to elucidate the points arising out of the answers to the original question and they should ask for information on certain points. You cannot argue.

Mr. M. Asaf Ali : I will put a supplementary question only for the purpose of getting information and for no other purpose. Are the Delhi Government prepared to refund the securities or not ?

Mr. J. A. Thorne : I have said in reply to part (c) that " Government are, however, not aware of circumstances which would justify a general refund ".

Mr. M. Asaf Ali : What circumstances would the Government require to justify a refund ?

Mr. J. A. Thorne : I do not think I can add anything to the answer I have already given.

EXTERMENT OF MAULANA HUSAIN AHMAD MADANI AND MAULANA NURUDDIN FROM DELHI.

241. ***Mr. M. Asaf Ali** : (a) Will the Honourable the Home Member please state why Maulana Husain Ahmad Madani and Maulana Nuruddin have been externed from Delhi ?

(b) Is the Honourable Member aware that both in and outside Delhi public protests were made against the restrictions imposed by the Local Government on these Muslim divines ?

(c) What reason, if any, is there for the continuance of these orders, and when does the Local Government propose to cancel them ?

Mr. J. A. Thorne : (a) Action was taken by the Chief Commissioner, Delhi, in view of objectionable speeches delivered by these gentlemen.

(b) I am aware that some protests have been made.

(c) I am not aware that there is any reason to believe that, if these men are permitted to return, they will modify their previous behaviour. The orders which were issued on the 8th May and 18th June, 1937, are in force for a period of six months only.

Mr. M. Asaf Ali : May I know why they were not prosecuted if their speeches were of a criminal nature ?

Mr. J. A. Thorne : I understand that the Chief Commissioner considered that course, but as neither of these gentlemen, I believe, belongs to the Delhi Province, he considered that the less drastic course was to pass an order which would prevent them from coming into Delhi for six months.

Qazi Muhammad Ahmad Kazmi : Does the Honourable Member know that these gentlemen live in the U. P. and there they have full freedom of making speeches throughout U. P. ?

Mr. J. A. Thorne : No, Sir.

Qazi Muhammad Ahmad Kazmi : Do the Government know where these people have gone to live after they were externed from Delhi ?

Mr. J. A. Thorne : No, Sir.

Mr. Mohan Lal Saksena : Is it not a fact that Maulana Nuruddin was carrying on business in Delhi city ?

Mr. J. A. Thorne : I am not aware of it. I want notice.

Mr. M. Asaf Ali : Is the Honourable Member aware that Maulana Nuruddin has been living for a considerable period in Delhi, that he is a man belonging to Delhi and he has been residing in Delhi for a long time.

Mr. J. A. Thorne : I do not know.

Mr. M. Asaf Ali : Will the Honourable Member draw the attention of the Chief Commissioner to this fact that Maulana Nuruddin has been a resident of Delhi for a long time ?

Mr. J. A. Thorne : My ignorance is probably not shared by the Chief Commissioner, Delhi.

Mr. M. Asaf Ali : Is it not a fact that the objectionable speeches to which reference has been made were really speeches in which these gentlemen persuaded the Muslims to join the Congress and that is why their speeches were considered objectionable ?

Mr. J. A. Thorne : In the course of speeches which no doubt had that general aim, objectionable utterances were made which were not essential for that object.

Mr. M. Asaf Ali : Is it possible for the Honourable Member to point out now any particular parts of the speech which are objectionable ?

Mr. President (The Honourable Sir Abdur Rahim) : I do not think that can be answered.

Mr. Abdul Qaiyum : Do Government object to Mussalmans joining the Congress ? (Laughter.)

Mr. J. A. Thorne : No, Sir.

EXPEDITION AGAINST THE FAQIR OF IPI AND HIS FOLLOWERS IN THE TRIBAL AREA.

242. ***Mr. Abdur Rasheed Chaudhury :** Will the Defence Secretary please state :

- (i) the cause or causes leading to sending an expedition against the Faqir of Ipi and his followers in the Tribal area ;
- (ii) the total number of forces of all arms sent in the expedition ;
- (iii) the total number of British and total number of Indian soldiers sent in the expedition ;
- (iv) the total casualties till now, both British and Indian ;
- (v) the total amount of money spent on the Expedition from the beginning of the expedition till the end of July, 1937 ;
- (vi) the total strength of the Faqir in man and money, and his total casualties till the end of July, 1937 ;
- (vii) whether any warning was given to the Faqir and whether any formal war was declared against him before sending the expedition ;

- (viii) the total number of bombs, thrown from aeroplanes in the Tribal area, and the total casualties from bombs from beginning of the expedition till the end of July, 1937 ;
- (ix) the net result of the expedition till now ; and
- (x) whether the Faqir has been subdued ; if not, why not ?

Mr. C. M. G. Ogilvie : (i), (ii) and (iii). I refer the Honourable Member to the Summary of important matters concerning the Defence Services in India, a copy of which has already been supplied to him.

(iv), (v), (vi), (viii) and (ix). I refer the Honourable Member to the replies I gave during the current Session to the following starred question :

Parts (b) and (c) of question No. 40, part (c) of question No. 146, parts (b) and (c) of question No. 153 and part (c) of question No. 238.

(vii) An announcement of Government's intention was made to the Tori Khel Wazirs of which tribe the Faqir of Ipi is a member.

(x) Not yet, but efforts are being made to obtain his submission through tribal machinery.

Mr. Kuladhar Chaliha : Will the Honourable Member state how the announcement was made to the Faqir of Ipi ?

Mr. C. M. G. Ogilvie : I cannot add to what I have said. No particular announcement was made to the Faqir of Ipi but to the tribe of which he is a member.

Mr. Abdul Qaiyum : The Honourable Member has referred to a certain document which gives the information on certain parts of this question. May I know when that document was published, what period is actually covered by that document and does that document bring the information up to this day ?

Mr. C. M. G. Ogilvie : It gives full information concerning (i), (ii) and (iii).

Mr. Abdul Qaiyum : Up to what period ?

Mr. C. M. G. Ogilvie : I do not know exactly up to what date, but the information is contained there.

Mr. F. E. James : Sir, I asked the other day whether this House could be supplied with a memorandum on this subject similar to that which was supplied to members of the House of Commons, where I understand a White Paper was issued bringing the story of the Frontier expedition up to date. Will Government consider the advisability of issuing some sort of summary of the information bringing the story up to date ?

Mr. C. M. G. Ogilvie : The White Paper itself will be supplied to the House.

Maulvi Abdur Rasheed Chaudhury : May I know what time it will take to subdue the Faqir ?

Mr. C. M. G. Ogilvie : I think I might be asked another.

RELEASE OF POLITICAL PRISONERS AND DETENUS AND WITHDRAWAL OF EXTERNMENT AND INTERNMENT ORDERS IN THE CENTRALLY ADMINISTERED AREAS.

243. ***Mr. Mohan Lal Saksena** : Does the Honourable the Home Member propose to consider the advisability of releasing all political prisoners and detenues in the centrally administered areas and the withdrawal of externment and internment orders passed under the Criminal Law Amendment Act ?

Mr. J. A. Thorne : The number of State Prisoners with whom the Home Department is concerned and whom the Government of India have the power to release is very small. Their cases are reviewed every six months. The same is true of persons subject to restrictive orders, and of persons convicted of sedition or kindred offences. The Government do not propose to pass general orders of release or removal of restrictions.

Pandit Lakshmi Kanta Maitra : When were their cases last reviewed and how many have been released after that review ?

Mr. J. A. Thorne : The case of the three State Prisoners with whom the Home Department are concerned was reviewed certainly within the last month.

Sardar Sant Singh : In view of the fact that these detenues and internees have been released in many provinces, are the Government of India prepared to make their policy uniform with the policy of the provinces ?

Mr. J. A. Thorne : I have already said that Government do not propose to pass any general orders of release.

Sardar Sant Singh : What are the reasons for not making their policy uniform with that of the provinces ?

Mr. J. A. Thorne : I think that is a matter of argument.

Prof. N. G. Ranga : What is the exact number of these prisoners and internees ?

Mr. J. A. Thorne : So far as my information goes, there are three State Prisoners and two orders of externment.

Qazi Muhammad Ahmad Kazmi : What are the reasons on account of which Government are considering the review of these cases ?

Mr. J. A. Thorne : I am afraid I do not understand the question.

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

RULES FOR TRANSFER OF PRISONERS AND MAINTENANCE OF THE CELLULAR JAIL AT PORT BLAIR AND THE DEOLI DETENTION CAMP.

244. ***Mr. Mohan Lal Saksena** : (a) Will the Honourable the Home Member be pleased to state if there are any rules governing the transfer of prisoners from one province to another or the centrally administered areas ? If so, has there been any modification in them due to the new constitution ?

(b) How is the expenditure incurred in keeping such prisoners defrayed ?

(c) Do the Provincial Governments make any contribution for the maintenance of the Cellular Jail at Port Blair ? If so, how much ? Have the Central Government to bear any part of it ?

(d) How many prisoners are there in the Cellular Jail in the Andamans at present ? What are their respective numbers from the various provinces ?

(e) Have the Central Government to incur any expenditure in maintaining the Deoli Camp ?

Mr. R. F. Mudie : (a) Prisoners are transferred from one Province to another under section 29 of the Prisoners Act, 1900. Before the 1st April, 1937, power to transfer prisoners from one province to another vested in the Governor General in Council, but now the transfer of a prisoner from one province to another requires an order of the Province from which the prisoner is to be transferred and the consent of the Province to which he is to be transferred.

(b) This is a matter for arrangement between the Governments concerned.

(c) For the cost of maintenance of the terrorist prisoners in the Cellular Jail the Provincial Governments concerned make certain contributions. For instance, the whole cost of certain special jail staff employed to look after these prisoners is recovered from the Provinces : also 2/5th of the salary of the Superintendent and of the Medical Officer. It is not possible to estimate exactly what amount incurred on account of the terrorist prisoners is borne by the Central Government.

(d) There are at present 283 terrorist prisoners in the Cellular Jail ; 244 come from Bengal ; seven from Madras ; six from the Punjab ; 16 from Bihar ; six from Assam ; three from Delhi and one from Ajmer. There are also some volunteer convicts there, but I cannot give figures for them.

(e) No.

Mr. Mohan Lal Saksena : With reference to clause (a), may I know if after the introduction of provincial autonomy the respective Provincial Governments were consulted with regard to keeping the prisoners in the Andamans ?

Mr. R. F. Mudie : I do not think that question arises.

Mr. Mohan Lal Saksena : The Honourable Member said that before the 1st April last the power to transfer prisoners vested with the Governor General in Council, and after that date the power vests with the Provincial Governments. Therefore, I want to know whether the Governments of the Provinces from which the prisoners were taken to the Andamans were consulted regarding keeping them there.

Mr. R. F. Mudie : The question was one as to the rules governing transfer. That I have answered. I submit, Sir, that no question of policy arises out of that answer.

Pandit Lakshmi Kanta Maitra : May I know if since the introduction of provincial autonomy the Government of India consulted the Provincial Governments as to whether they should take back the prisoners from the Andamans or the Government of India should retain them ?

Mr. R. F. Mudie : That is the same question.

Mr. S. Satyamurti : With reference to clause (d), have Government considered, since the passing of the adjournment motion in this House, a reduction in the number of these prisoners in consultation with the Local Governments concerned ?

Mr. R. F. Mudie : I do not think that that arises either.

Mr. S. Satyamurti : I submit, Sir, it does.

Mr. President (The Honourable Sir Abdur Rahim) : No, all that is wanted is the number.

Mr. S. Satyamurti : I want to know whether they are considering any reduction of the numbers, in consultation with the Local Governments concerned.

Mr. President (The Honourable Sir Abdur Rahim) : That does not arise.

Mr. Abdul Qaiyum : Is it a fact that certain Local Governments have asked that their prisoners should be repatriated ?

Mr. J. A. Thorne : That does not arise.

INDIANS EMPLOYED AS GARRISON ENGINEERS.

245. ***Sardar Mangal Singh** : Will the Defence Secretary please state :

- (a) the number of Indians employed as garrison engineers ;
- (b) if there are no Indian employed as garrison engineers, whether Government are prepared to employ Indians when qualified Indians are available ; and
- (c) the number of those garrison engineers who are not Royal Engineers but have been promoted from Military Sub-Divisional Officers ?

Mr. C. M. G. Ogilvie : I refer the Honourable Member to the answers given by me on the 27th August, 1937, to starred questions Nos. 154 and 155.

INDIANS EMPLOYED AS SUB-DIVISIONAL OFFICERS IN THE ARMY.

246. ***Sardar Mangal Singh** : Will the Defence Secretary please state :

- (a) the total number of, and the number of Indians employed as
 - (i) Sub-Divisional Officers, Buildings and Roads ;
 - (ii) Sub-Divisional Officers, Electrical and Mechanical ; and
 - (iii) Sub-Divisional Officers, Furniture and Stores ;

(b) whether Government are prepared to increase the number of Indians when qualified Indians are available in large numbers ; and

(c) the scale of pay for civilian and military Sub-Divisional Officers ?

Mr. C. M. G. Ogilvie : (a)

	Total.	Indians.
(i) Sub-Divisional Officers, Buildings and Roads ..	132	59
(ii) Sub-Divisional Officers, Electrical and Mechanical	53	8
(iii) Sub-Divisional Officers, Furniture and Stores ..	66	Nil.

(b) and (c). I refer the Honourable Member to the reply I gave on the 27th August to parts (b) and (c) of Mr. Sham Lal's starred question No. 156.

Mr. T. S. Avinashilingam Chettiar : May I know, Sir, with reference to clause (b) whether those appointments are such that Indians cannot be appointed to them ?

Mr. C. M. G. Ogilvie : No, certainly not. The fact is that no vacancy has occurred in them.

Mr. T. S. Avinashilingam Chettiar : For how long have the vacancies not arisen ?

Mr. C. M. G. Ogilvie : I cannot say off-hand, but I imagine that civilian appointments have been made for the past four or five years only.

Mr. T. S. Avinashilingam Chettiar : May I know if before that no competent Indians were available for such appointments ?

Mr. C. M. G. Ogilvie : I have no doubt they were, but before that period no civilian was eligible for those posts.

RECRUITMENT OF OVERSEERS AS SUB-DIVISIONAL OFFICERS IN THE ARMY.

247. ***Sardar Mangal Singh :** Will the Defence Secretary please state :

(a) the number of Indians with English and Roorkee qualifications who are working as overseers temporary or permanent ;

(b) what their pay is ;

(c) why they are not made Sub-Divisional Officers in place of military Sub-Divisional Officers ;

(d) whether Government propose to stop further recruiting of the military Sub-Divisional Officers in future ?

Mr. C. M. G. Ogilvie : (a) and (d). I refer the Honourable Member to the answer given by me on the 27th August, 1937, to parts (a) and (b) of starred question No. 157.

(b) The pay is as follows :

Rs. 60—4—100 (Efficiency Bar)—5—150 (Efficiency Bar)—5—175.

(c) These overseers when qualified are eligible for promotion to Sub-Divisional Officers in the civilian cadre. They cannot be promoted in place of military Sub-Divisional Officers as they do not possess the necessary qualifications.

CONSULTATION OF THE CENTRAL LEGISLATURE BEFORE SENDING INDIAN TROOPS ABOARD.

248. ***Sardar Mangal Singh** : (a) Will the Defence Secretary please state whether Government propose to set up a Standing Committee of the Central Legislatures on the defence affairs ?

(b) If the reply to part (a) be in the negative, what machinery do Government propose to devise to consult the legislatures before Indian troops are sent abroad ?

(c) If the answer to part (b) be also in the negative, how do Government propose to honour their pledges given to this House that they would consult the Legislature before Indian troops are sent abroad ?

Mr. C. M. G. Ogilvie : (a), (b) and (c). I refer the Honourable Member to the answers given by my predecessor in this House to starred question No. 524 on the 18th September, 1936.

Sardar Mangal Singh : Did the Government consider the question when they decided to send Indian troops to China ?

Mr. C. M. G. Ogilvie : Certainly.

Sardar Mangal Singh : What decision did they come to ?

Mr. C. M. G. Ogilvie : That the Party Leaders should be consulted.

Sardar Mangal Singh : Will this practice continue in future ?

Mr. C. M. G. Ogilvie : I can make no more definite statement than that made by my predecessor.

Qazi Muhammad Ahmad Kazmi : Was the consultation made before or after that ?

Mr. C. M. G. Ogilvie : Before.

Prof. N. G. Ranga : Why is it that the Government have not so far revised their opinion in regard to this ?

(No reply.)

CONSTRUCTION OF A MAUSOLEUM OVER THE GRAVES OF THE *ex*-EMPEROR BAHADUR SHAH AND *ex*-EMPRESS ZINAT MAHAL.

249. ***Sardar Mangal Singh** : (a) Will the Political Secretary please state if any representation from the trustees of the Bahadur Shah Dargah Trust has been received through the Burman Government, asking for financial contribution for the construction of a mausoleum over the graves of the *ex*-Emperor Bahadur Shah and *ex*-Empress Zinat Mahal ?

(b) If the answer to part (a) be in the affirmative, what action have Government taken or propose to take in the matter ?

The Honourable Sir Nripendra Sircar : This question is really the concern of the Political Department, and with your permission, Sir, I propose to answer it.

(a) No.

(b) Does not arise.

Qazi Muhammad Ahmad Kazmi : Had the Government ever under consideration that the tomb of Bahadur Shah was to be constructed ? Was it ever under the consideration of the Government of India ?

The Honourable Sir Nripendra Sircar : I want notice.

EXECUTIVE COUNCILLORS OF THE GOVERNMENT OF INDIA WHO WENT OUT OF INDIA.

250. *Mr. Sri Prakasa : (a) Will the Honourable the Home Member state which Members of the Executive Council of the Government of India have been out of India and for what periods of time during 1937 ?

(b) Who amongst them went on leave and who on duty ? What work was assigned to those who went on duty ?

(c) What salaries, allowances, or both, were or are being paid to each of them during the period of their absence from India ? Under what heads are the allowances classified ?

Mr. R. F. Mudie : (a) (i) The Honourable Sir Muhammad Zafrullah Khan, from 10th April.

(ii) The Honourable Sir James Grigg, from 24th to 19th August.

(iii) The Honourable Sir Henry Craik, from 12th June for a period not exceeding four months.

(b) The Honourable Sir Muhammad Zafrullah Khan was sent on deputation as one of India's delegates to the Imperial Conference and also as the Leader of the Indian Delegation to the Indo-British Trade Negotiations. The other two Honourable Members went on leave.

(c) The Honourable Sir Muhammad Zafrullah Khan has been given a pay of Rs. 5,500 per mensem the usual compensatory allowance of 16s. 8d. per day for that period of his stay during which he did not receive hospitality from His Majesty's Government, and, in addition, a special allowance of £25 a week in respect of his expenses in connection with his stay in London after the conclusion of the Imperial Conference for the negotiations with the Board of Trade. The expenditure will be met from the budget provision under "Demand No. 63—Charges in England—High Commissioner" for 1937-38. Honourable Members on leave draw a leave allowance of Rs. 3,333-5-4 per mensem ; it is classified under demand No. "12—Executive Council—Charges in England—High Commissioner".

Mr. B. Das : May I know, Sir, what is the rate of exchange at which Sir Muhammad Zafrullah Khan gets Rs. 5,500, and what is the rate at which the other Executive Councillors when on leave get their salaries ?

The Honourable Sir James Grigg : 1sh. 6d.

Mr. B. Das : But when they send out money to their Homes they get the privilege of sending it at 1|10 or 2sh. ?

The Honourable Sir James Grigg : I can assure the Honourable Member from my experience that the rate is 1sh. 6d.

Mr. S. Satyamurti : With reference to the answer to clause (b) of the question, may I know if these Honourable Members while on leave have any functions attached to them, whether they speak to Members of the British Government with regard to the departments with which they are concerned, and whether they have any authority to do so ?

Mr. R. F. Mudie : I imagine not.

SALE OF CERTAIN MILITARY LANDS AND PROPERTIES IN BOMBAY CITY.

251. ***Mr. Sri Prakasa :** (a) Will the Honourable the Finance Member state whether it is a fact that certain military lands and properties in the city of Bombay have been sold during the last two years through the Accountant General of Bombay, and whether any minimum price was fixed for the same ?

(b) Is it a fact that they were sold for absolute minimum, even though there were better offers ?

(c) If so, why were these offers rejected ?

(d) Under what heads and in what departments has the money received been credited ?

The Honourable Sir James Grigg : With your permission, Sir, I shall reply to this question.

(a) Yes.

(b) No.

(c) Does not arise.

(d) The receipts are credited to the head XLVI—Miscellaneous, and are controlled by the Finance Department.

CONSULTATION OF THE GOVERNMENT OF INDIA BY THE LEAGUE OF NATIONS ON QUESTIONS OF FOREIGN POLICY.

252. ***Mr. S. Satyamurti :** Will the Secretary for External Affairs be pleased to state :

(a) whether the Government of India, as an original member of the League of Nations, were ever consulted by the League or by His Majesty's Government over the Spanish situation or the Sino-Japanese situation ;

(b) whether the Government of India are ever consulted by His Majesty's Government or by the League on any question of foreign policy ; and

(c) whether the Government of India have ever made representations on any questions of foreign policy to His Majesty's Government or to the League, and if so, when and to what effect ?

(Originally this question was addressed to the Defence Secretary.

Lieut.-Colonel A. E. B. Parsons : The constitutional position as between His Majesty's Government and the Government of India was fully explained by Sir Aubrey Metcalfe in his reply under heading (a) to the Honourable Member's own question No. 1506 on the 8th April, 1936.

As far as the League of Nations is concerned specific replies to the questions are as follows :

- (a) No. The League has not consulted the Government of India on these issues and the Government of India have no reason to suppose that consultation with any other member of the League has taken place.
- (b) I do not know in what sense the Honourable Member uses the word "consulted" but I may inform him that all communications addressed by the League to members of the League at large are addressed to the Government of India irrespective of the nature of their subject matter.
- (c) No, if by "foreign policy" the Honourable Member means such matters as those referred to in part (a) of his question.

Mr. S. Satyamurti : With reference to the answer to clause (a) of the question and the answer thereto, may I take it that India, as an original member of the League of Nations, has never approached the League directly so far, without reference to His Majesty's Government ?

Lieut.-Colonel A. E. B. Parsons : The position as between the Government of India and His Majesty's Government has been explained in the first part of my answer. That would necessarily mean that the Government of India do not usually address the League of Nations direct in such matters.

Mr. S. Satyamurti : May I ask whether, as a matter of fact, ever since India has become an original member of the League
12 Noon. of Nations, to my Honourable friend's knowledge, India has on a single occasion addressed the League, on any matter of foreign policy.

Lieut.-Colonel A. E. B. Parsons : The Honourable Member must be aware that my experience of Delhi and Simla is small, but as far as I know I think probably he is right.

Mr. S. Satyamurti : With regard to the answers to parts (b) and (c) of the question, may I know whether, on questions of foreign policy, His Majesty's Government addressed the Government of India on questions coming before the League, and whether the Government of India sent any recommendations or opinions to His Majesty's Government for submission to the League ?

Lieut.-Colonel A. E. B. Parsons : I think to that question I must say Yes. His Majesty's Government constantly consult the Government of India on all questions which concern them.

Mr. S. Satyamurti : Did His Majesty's Government consult the Government of India on the Spanish situation or the Sino-Japanese conflict ?

Lieut.-Colonel A. E. B. Parsons : I cannot answer offhand, but I should think, No.

Mr. S. Satyamurti : Why did they not consult them ?

Lieut.-Colonel A. E. B. Parsons : Because I do not think that they really concern the Government of India much.

Mr. S. Satyamurti : Did the Government protest against India not being consulted on these matters ?

Lieut.-Colonel A. E. B. Parsons : No, because I do not think the Government of India think that it concerns them to any great extent.

(b) WRITTEN ANSWERS.

REVISION OF THE SALARIES OF THE INDIAN CIVIL SERVICE AND THE INDIA POLICE SERVICE.

253. ***Mr. T. S. Avinashilingam Chettiar :** Will the Honourable the Home Member state :

- (a) whether he is aware that the pay of the Ministers in the six provinces where the Congress have accepted office is only Rs. 500 ;
- (b) whether he is aware that the long promised revision and reduction of salaries of the Indian Civil Service and Indian Police Service has not yet been attended to ; and
- (c) in view of the fact that the heads of administration in the various provinces have reduced their salaries, whether Government will expedite the revision of the salaries of the Imperial services ?

Mr. B. F. Mudie : I would refer the Honourable Member to the answers given on August 25th, to Sardar Mangal Singh's starred question No. 104 and to the supplementary questions then asked.

HUNGER-STRIKE BY AFGHAN PRINCES AT NAINITAL.

254. ***Sardar Mangal Singh :** Will the Honourable the Leader of the House please state :

- (a) whether it is a fact that the Afghan Princes confined at Nainital have resorted to hunger-strike for redress of certain grievances ; and
- (b) what their grievances are and how far they have been accepted ?

Lieut.-Colonel A. E. B. Parsons : (a) Yes—if by the term “ Afghan Princes ” the Honourable Member is referring to Sardar Mohd. Sarwar Khan and Sardar Mohd. Umar Khan. The Sardars in question courted arrest on the 31st July, 1937, by attempting to leave for Afghanistan without permission, but were released from jail on the 10th August, 1937.

(b) The Sardars are reported to be heavily in debt and they, therefore, asked for the grant of (i) a loan for the liquidation of their debts, and (ii) an increase in their allowance of Rs. 250 per mensem each. Government could not accede to their requests firstly, because they cannot accept responsibility for the debts incurred by Afghan refugees and secondly, because the allowance of Rs. 250 per mensem which supplemented by certain other concessions is drawn by each of them at present is considered to be adequate.

RELEASE OF THE *ex*-MAHARAJA OF NABHA.

255. *Sardar Mangal Singh : Will the Honourable the Leader of the House please state whether the question of the release of the *ex*-Maharaja of Nabha who is now confined at Kudaikanal under Regulation III of 181e, now rests with the Madras Government or the Government of India ?

The Honourable Sir Nripendra Sircar : The individual in question has been detained for reasons connected with the discharge of the functions of the Crown in its relations with Indian States and the question of his release or continued detention is a matter for the Crown Representative's consideration, and not of the Governments of Madras or India.

REDUCTION IN THE PENSIONS OF THE PRINCESSES OF BURMA.

256. *Mr. Amarendra Nath Chattopadhyaya : (a) Will the Honourable the Leader of the House be pleased to state if the late King and Queen of Burma were living in India—being externed from Burma—with their three children on a monthly pension of Rs. 5,500 to meet their bare necessities ? Is it a fact that after the death of the King, the Queen was given a pension of Rs. 2,500 and Rs. 1,000 to each of the three daughters ?

(b) Is it a fact that all of a sudden Government reduced the pension of the princesses to Rs. 300 each in 1918 without any reason ?

(c) Is it not a fact that some four years ago, a member of Burma Council interpellated on the subject of the princess' pension and Government replied that the second princess was getting Rs. 750 as personal allowance and Rs. 250 as house-rent per month ? If so, will the Honourable Member state if this reply was true and tallied with the facts ?

(d) Is it not the fact that the second princess has been staying at Kalimpong with her husband, Mr. K. M. Lathakin, son of the Duke and Dutchess of Ngape and Mindit of Burma since 1920, and, as a protest against the small pittance of Rs. 300 per mensem, she has not accepted anything from Government ?

(e) Is it not a fact that for the last 19 years they have been living without any aid from Government in the shape of pension or stipend or allowance suited to their birth and position ?

(f) Will Government be pleased to state if the personal properties of the late King and Queen of Burma were given to their daughters ? If not, who had taken them ? Will Government now make over their properties to the surviving daughters of the late King and Queen ?

(g) Is it a fact that the second princess approached Government for being paid a lump sum amount instead of monthly dribblets, which Government had refused ?

(h) Are Government aware of the raid of their house at Kalimpong by the Sub-Divisional Officer of Darjeeling with local police without showing any order for such an outrage from competent authorities and that the officer concerned had taken away their guns and rifles ? Did Government of India reply to their representations to them regarding the affair ? If not, why not ?

(i) Now that Burma has been separated from India, do Government propose to repatriate the second princess to her home in Burma ?

(j) Is it a fact that the second princess of Burma had applied to the Government of India for the expense of cremation of her sister, who was lying dead in Calcutta for over two months ? If so, had the Government of India replied to it and if so, what was the reply ?

Mr. R. F. Mudie : (a) and (b). *Ex-King* Thebaw of Burma died in 1916, having spent the last thirty years of his life in India. In 1906 he represented that his allowance of Rs. 4,150 per mensem from Government was insufficient to meet the growing expenses of his family, which consisted of the *ex-Queen*, the second Queen, and four unmarried daughters. Government accordingly sanctioned an allowance of one lakh of rupees per annum out of which the *ex-King* received Rs. 5,000 per mensem and each of the four daughters Rs. 125, the balance being reserved to meet the family's miscellaneous expenditure. Shortly after the *ex-King's* death his second daughter married, and the *ex-Queen* and her three unmarried daughters were given pensions of Rs. 2,250 per mensem and Rs. 150 per mensem each respectively. In 1919 the *ex-Queen* and her three unmarried daughters left India for Burma and their pensions were increased to Rs. 2,500 per mensem and Rs. 200 per mensem each respectively. The second daughter, who in 1917 married a Burmese gentleman unconnected with the *ex-Royal* family, was provisionally given an allowance of Rs. 1,000 per mensem on the assumption that she would return to Burma. The amount was reduced to Rs. 300 per mensem in March, 1918, when it was ascertained that she intended to remain in India. Her allowance was raised to Rs. 500 per mensem in 1920, and to Rs. 750 *plus* house-rent up to Rs. 250 per mensem in 1928.

(c) The Central Government have no information as to whether or not the question was raised in the Burma Council four years ago, but it is a fact that the *ex-King's* second daughter has been allowed Rs. 750 per mensem *plus* monthly house-rent up to Rs. 250 since 1928.

(d) The Central Government have no recent information on the subject, but understand that the *ex-King's* second daughter took up her residence at Kalimpong with her husband in 1920. It is a fact that she at first refused to draw her pension, but in 1922 she asked for payment of her full allowance and the accumulated arrears. Payment was accordingly made.

(e) No.

(f) The *ex-King* left no private property of any value, and his second daughter has already been informed of this twice.

(g) In April, 1928, the *ex-King's* second daughter asked Government for a lump sum of fifteen lakhs of rupees. This request was not accepted.

(h) Copies of certain letters addressed by Mr. K. M. Lathakin to the Government of Bengal were forwarded by him to the Government of India for information. The Princess Ashin Teiksu Myat Paya Latt also wrote to the Government of India direct. The allegations contained in these letters are not the same as those contained in the question. The Government of India sent no reply as the attention of the Government of Bengal, which is the Government concerned, had already been drawn to the matter.

(i) The proposition is not under consideration. The *ex-King's* second daughter was given permission to return to Burma 20 years ago but preferred to reside in Calcutta.

(j) Perhaps the Honourable Member is referring to the death in Calcutta last May of Chandra Devi, daughter of Saw Yan Naing, a grandson of King Mindon Min of Burma. Requests for financial assistance in that connection were received from San Yan Naing and others but not from the *ex-King's* second daughter, who is not a sister of the deceased. The requests received were passed on to the Burma Government, as the separation of Burma from India has relieved the Central Government of the responsibility for maintaining the Burmese *ex-Royal* family.

CIRCULAR *re* POLICY TO BE FOLLOWED BY CANTONMENT AUTHORITIES IN THEIR DEALINGS WITH PROVINCIAL GOVERNMENTS.

257. *Mr. Mohan Lal Saksena : (a) Will the Defence Secretary state if any circulars have been issued to the cantonment authorities regarding the policy to be followed in their dealings with the Provincial Governments ?

(b) If so, will Government lay on the table a copy of the same ?

(c) Will the Defence Secretary also state what was the necessity and occasion for issuing the same ?

Mr. C. M. G. Ogilvie : (a) No.

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

EXPLOSION OF A BOMB AT BABINA IN JHANSI DISTRICT.

258. *Mr. Mohan Lal Saksena : (a) Will the Defence Secretary make a statement regarding the recent explosion of a bomb at Babina in Jhansi District ?

(b) Has there been any loss of life ? If so, what ?

(c) Do Government propose to give any compensation to the victims or, in case of their death, to their relations and dependents ?

Mr. C. M. G. Ogilvie : The information has been called for from the local authorities concerned and will be laid on the table as soon it is received.

MAINTENANCE OF THE DEOLI DETENTION CAMP.

259. *Mr. Mohan Lal Saksena : (a) Will the Honourable the Home Member be pleased to state the total cost of maintenance of the Deoli Detention Camp, and what portion of that cost the Bengal Government bear ?

(b) Is there any library maintained in the camp ? If so, what is the total number of books therein ?

(c) What is the total number of detenus ?

(d) What arrangements, if any, are there for the physical exercise and recreation of the detenus ?

(e) What are the medical arrangements ?

(f) What was the total number of patients treated in the camp hospital during the last six months ?

(g) How many interviews were held by the friends and relations of the detenus ?

(h) How long do Government propose to maintain the detention camp ?

Mr. J. A. Thorne : (a) I have no information as to the total cost of maintenance. The whole of it is borne by the Bengal Government.

(b) I am ascertaining whether there is a library in the detention camp. I can, however, say that the detenus are allowed to obtain books from outside sources, including the Imperial Library, Calcutta.

(c) On the 15th August the number was 317.

(d) Exercise is allowed in the open air for at least an hour and a half in the morning and again in the evening each day. A football and hockey ground has been provided : facilities for badminton and volleyball are also provided.

(e) There is a Hospital in the Jail and the services of a medical officer and an Assistant Surgeon are always available.

(f) and (g). I am making inquiries and will lay the result on the table.

(h) I invite the attention of the Honourable Member to the statements recently made by Members of the Bengal Government in the Bengal Legislature and reported in the Press.

STATEMENTS LAID ON THE TABLE.

Information promised in reply to starred question No. 612, asked by Mr. C. N. Muthuranga Mudaliar on the 13th March, 1937.

PERMANENT LOCATION OF GOVERNMENT OF INDIA OFFICES IN NEW DELHI.

(a) Rs. 3,54,087-9-0.

(b) Rs. 1,75,500-0-0.

(c) Rs. 2,07,300-0-0.

Information promised in reply to starred question No. 733 asked by Mr. Lalchand Navalrai, on the 30th March, 1937.

NORTH WESTERN RAILWAY SUBORDINATE ACCOUNTANTS' EXAMINATION.

- (a) Yes.
- (b) Yes. Seven Sindhis and nine other non-Punjabis appeared at the examination.
- (c) Yes, but out of the 40 questions put, only two related to the Punjab. The paper was set by an examiner of the Punjab University and questions about Italy, Germany and other foreign countries were also asked.
- (d) Only two such questions (carrying 5 marks out of 100) were asked out of 40.
- (e) No. Even if the Sindhi and other non-Punjabi candidates who failed are credited with full marks for the two questions under discussion the improvement in their order of merit would not have made any difference to the final result already announced.
- (f) No. The number of recruits for Karachi Division is too small to justify a separate examination centre at Karachi.
- (g) The examination is a competitive one, and no Sindhi candidate has come within the advertised number of posts.

Information promised in reply to starred question No. 54 asked by Mr. Sham Lal on the 24th August, 1937.

LACK OF PROPER ARRANGEMENTS FOR TREATMENT AND DIET OF ONE LALA CHAMAN LAL IN THE QUARANTINE STATION, MEERUT.

- (a) and (b). In consequence of a report that Mr. Chaman Lal was suspected of suffering from plague, he was handed over to the City Health Officer for treatment.
- (c), (d) and (e). Government have no information.
- (f) No.

STATEMENT RE TREATMENT OF QUESTIONS ADDRESSED TO WRONG DEPARTMENTS.

The Honourable Sir Nripendra Sircar (Leader of the House) : Sir, I beg your permission for making a statement which I promised the other day.

With reference to the statement I made last week regarding the treatment of questions addressed to the wrong Department, my attention has since been called to the fact that the suggestion which I then made would defeat the intention of the new rule in two respects. In the first place the new rule renders the member giving notice of a question responsible for addressing it to the appropriate member, and the intention in this respect would be defeated if a member who had addressed a question to the wrong member were placed in a position automatically to secure an answer from the right member. In the second place the allocation of different days for the answering of questions by different members is an essential feature of the new rule. As regards the first point, it does

not appear that any member should have any difficulty in ascertaining to what member a question which he desires to put should be addressed. Conceding that there may well be cases in which a study of the distribution of functions supplied to Honourable Members may leave the matter in doubt, a member desiring to give notice of a question after the commencement of the session can always ascertain at once by verbal inquiry from the Government Benches to whom his question should be addressed, while in respect of notices given before the commencement of a session there will be time to admit of his obtaining the information by writing to the Legislative Assembly Department or to any of the Departments which he thinks may be concerned. If Honourable Members will follow this course the number of cases in which questions are addressed to the wrong member should become negligible. To the extent to which such cases continue to occur it will be necessary to distinguish cases in which the two members concerned answer questions on the same day and cases in which they answer questions on different days. In the first class of case, namely, where the two members concerned answer questions on the same day, Government for their part are prepared, despite the fact that a relaxation of the obligation imposed by the new rule is involved, to acquiesce in a position whereby the question will be answered by the appropriate member on the day on which it appears on the paper as a question addressed to the other member and there will be no preliminary answer by the member to whom the question has been wrongly addressed. In the second class of case, namely, where the two members concerned answer questions on different days, the only answer given on the day on which the question first appears on the paper will be a statement by the member to whom it has been addressed that it should have been addressed to another member. In the meantime, the Department to whose representative the question has been addressed will have informed the Legislative Assembly Department to what member the question should have been addressed and the Legislative Assembly Department without further reference to the member putting the question will place the question on the paper for the first day appointed for the answer of questions by the member concerned for which the question list has not already been issued, provided that the member putting the question has not exhausted his quota of questions for that day. Where he has exhausted his quota for that day, he will be under the necessity of giving fresh notice of the question.

Mr. T. S. Avinashilingam Chettiar : Will we be communicated with by the Assembly Department when the question has been addressed to the wrong Member ?

Mr. President (The Honourable Sir Abdur Rahim) : The Honourable Member had better read the statement made by the Leader of the House carefully before he puts any questions.

Mr. S. Satyamurti : With regard to the first category there is no difficulty because automatically it is answered the same day, but with regard to the second category, I am asking whether you will be able to consider whether at the time the Legislative Assembly Department is informed that the question has been transferred to the next day, the Honourable Member who has asked the question will be communicated with.

Mr. President (The Honourable Sir Abdur Rahim) : I think that is dealt with in the statement.

MOTION FOR ADJOURNMENT.

NEGOTIATIONS BETWEEN THE GOVERNMENT OF INDIA AND THE PRINCES IN RESPECT OF FEDERATION.

Mr. President (The Honourable Sir Abdur Rahim) : Order, order. I have received notice of a motion for an adjournment of the business of the House from Mr. Satyamurti. The notice runs as follows :

“ I hereby give you notice that I intend asking today the leave of the Honourable the President and of the House to move that the House do now adjourn to consider a definite matter of urgent public importance, namely, ‘ the attitude of the Government of India, as revealed in the answers to supplementaries on this question yesterday by the Honourable the Leader of the House, in refusing to consult the House or to give any undertaking to do so, before any final decisions are reached on the negotiations between the Government of India and the Princes in respect of Federation, and in refusing to inform the House how otherwise apart from the Government officials carrying on the negotiations, British Indian opinion is being ascertained or even if Provincial Governments who will be the most important units of the Federation have been or will be consulted ’.”

Is there any objection ?

The Honourable Sir Nripendra Sircar (Leader of the House) : I have no objection to take in this forum. (Laughter.)

Mr. President (The Honourable Sir Abdur Rahim) : The motion will be taken up at 4 o'clock.

THE MOSLEM PERSONAL LAW (*SHARIAT*) APPLICATION BILL.

PRESENTATION OF THE REPORT OF THE SELECT COMMITTEE.

Mr. H. M. Abdullah (West Central Punjab : Muhammadan) : Sir, I beg to present the Report of the Select Committee on the Bill to make provision for the Application of the Moslem Personal Law (*Shariat*) to Moslems in British India.

THE INSURANCE BILL.

Mr. President (The Honourable Sir Abdur Rahim) : Order, order. The House will now resume consideration of the motion :

“ That the Bill to consolidate and amend the law relating to the business of insurance, as reported by the Select Committee, be taken into consideration.”

Dr. P. N. Banerjee (Calcutta Suburbs : Non-Muhammadan Urban) : Sir, I come now to the question of supervision and control. In order to check abuses and stimulate healthy growth of insurance business in India it will be necessary for the Government of India to exercise an adequate measure of supervision and control, and for this purpose it will be desirable to appoint a well-qualified officer who will devote his whole time to this work. Sir, the success or failure of this measure will depend very largely not only

upon the character and capacity of this officer but also on the powers and responsibilities which are entrusted to him. In my opinion, the position of this officer should be one of a friend, philosopher and guide to the directors and managers of insurance companies and not that of a dictator ; and in this view of the matter I would prefer to call him the Adviser-General on Insurance and not the Superintendent of Insurance as it is proposed to call him in the Bill. But a name, after all, is a matter of no great consequence, and I will not fight the Government on this issue. But the powers which are proposed to be entrusted to this officer seem to me to be very wide and I would urge a substantial curtailment of them. It seems to me that the provisions of clauses 20 and 21 of the Bill are too drastic and will defeat the real object of this Bill, which is to help the insurance business in India and not to hamper it. We on this side of the House have always been opposed to vesting great powers in the executive. But I am glad to find that other groups also share this view. Only a few days ago, a distinguished member of the European Group, speaking on another question, observed that it was dangerous to vest large powers in the executive. This gentleman was not long ago himself a member of the bureaucracy ; and in support of his own proposition he quoted the opinion of a great writer and lawyer, the Lord Chief Justice of England, as expressed in his famous work the New Despotism. I would strongly urge that a substantial modification be made in these clauses of the Bill. What we want is that the powers of the Superintendent of Insurance should be such as are absolutely necessary for carrying out his duties but not more than what is absolutely necessary. In this view of the matter I urge that suitable modifications be introduced by this House. I would also request the Honourable the Law Member to consider whether it would not be desirable to establish a Board of Insurance, the functions of which will be to help and advise the Superintendent of Insurance and in exceptional cases to control his activities. Such a Board may be composed of representatives of different interests concerned, with a Government officer appointed as an ex-officio member. If this is done, the apprehensions of many of us on this side of the House will to a large extent diminish.

In this connection I desire to point out that a misunderstanding occurred yesterday when my Honourable friend, Mr. Sen, said that many persons on the side of the Opposition wanted that there should be no control or supervision at all. This is not quite correct. My friend, Mr. Sen, referred to the Honourable the Deputy President and observed that Mr. Datta had said that he did not require the Government to exercise any powers at all and he wished that a chaotic condition should prevail in the insurance business in India. Sir, this again is far from correct. If I understood my friend, Mr. Datta, aright, he said that he preferred the English system of insurance law to the Canadian system, and he further pointed out that the Clauson Committee had not advocated the placing of very large powers in the hands of the executive. We know that the Clauson Committee refused to place great restrictions on the working of the insurance companies. Mr. Datta urged that some freedom should be left with the management of insurance companies. I do not think it was his intention to go any further, and I fully support him in the view which he expressed. If the insurance companies are deprived of all initiative in the matter of their business they will be reduced to the position of so many automatons. Sir, it is only in an atmosphere of freedom that business can grow and prosper.

[Dr. P. N. Banerjee.]

I will now sum up. I welcome this Bill, but I want to make this measure beneficial in all its aspects. Our first object should be to safeguard the interests of the policy-holders. But consistently with this our next object should be to encourage indigenous enterprise. It should be our duty, in particular, to help those who need our help and protection most, namely, the small insurers and institutions like mutual companies, co-operative societies and friendly societies. For this purpose some important modifications are needed in the provisions of the Bill relating to deposits, investments, licensing of agents, and the position and functions of the Superintendent of Insurance. Sir, I accept the principle of exacting deposits from insurers, provided that the purpose is limited to that which was mentioned in the Clauson Report, and provided also that the amount is not very large and the full amount is demanded during a fairly long period.

Sir, in this connection I should like to read out to the Honourable Mr. Sen what he himself wrote only a few months ago. He wrote :

“ There are companies which are unable to deposit a large sum all at once, but which are yet working on sound lines. It is, therefore, pointed out that the effect of making a provision for a very large initial deposit would not only be to eliminate immediately unsound companies that are carrying on assurance business of a doubtful and unsubstantial character, but also to squeeze out of existence small but sound companies. In my opinion it is highly undesirable that small but sound companies should be crushed out of existence merely on the ground that their business is small or that their capital is such as would not enable them to make an initial deposit of a very large sum of money.”

The Honourable Sir Nripendra Sircar (Law Member) : How has he changed his opinion ?

Dr. P. N. Banerjee : In the course of his speech yesterday, he seemed to say that it was necessary that a very large amount of deposit was necessary. That is why I say that he has changed his opinion. On the question of investments, we are of opinion that there should be some restriction, but this restriction should not be so great as to deprive the companies entirely of their freedom to deal with their assets.

The Honourable Sir Nripendra Sircar : You want them to deal with their life funds.

Dr. P. N. Banerjee : Yes ; their life funds should be kept in such a way that they are secure. Indian Government securities and Provincial Government securities are not the only forms of securities which can be thought of. What did happen in Europe during the war and after the war ? All the Government securities became worthless. But this was not the case with some other kinds of securities, such as land.

The Honourable Sir Nripendra Sircar : What has happened to land now ?

Dr. P. N. Banerjee : Land is much more secure than any other form of security, especially in the larger towns.

The Honourable Sir Nripendra Sircar : No, Sir.

Dr. P. N. Banerjea : I should also like that the line between the existing companies and the future companies should be drawn more sharply. So far as the existing companies are concerned, it should be our duty to improve them as much as possible but not to improve them out of existence; for, if many of these companies collapse, there will be not only loss to the shareholders but a disaster to innumerable small families.

As for the powers and functions of the Superintendent, I have already expressed my view that the motto should be—advice and guidance, and not authoritarian dictation.

Lastly, Sir, I would ask the Honourable the Law Member and this House to consider whether or not it is desirable to put a limit on profits made by insurance companies so that surplus incomes over and above the maximum profits may be distributed to the policy-holders.

In conclusion, I would appeal to this House to consider the details of the Bill with all the seriousness that it can command, keeping always in view the interests of the country as a whole.

Mr. Mathuradas Vissanji (Indian Merchants' Chamber and Bureau : Indian Commerce) : Sir, at the outset, I have to compliment the Honourable the Law Member for introducing such an important Bill as the Insurance Bill. He is indeed doing a service to the country. He has already done a service to the country by getting on the Statute-book the amended Companies Law. There is a feather already in his cap and he is going to have a second feather very shortly. I wish and hope that he will try to have one more feather in his cap by putting on the Statute-book a comprehensive banking legislation before he retires from his office. Thereby I am sure he will have done greater service than what he has been able to do hitherto.

Before I proceed further, may I be permitted to inquire from the Honourable the Law Member whether this Bill includes those underwriters or the private individuals who insure the cargo and the small crafts which ply in the coastal service. It is a very important point, and I would rather like to get an answer from him on that particular point.

The Honourable Sir Nripendra Sircar : Is there any doubt that he is included ?

Mr. Mathuradas Vissanji : I had my doubt.

The Honourable Sir Nripendra Sircar : Let me remove it. There is no doubt.

Mr. Mathuradas Vissanji : Thank you very much. It is a very important position. If he is going to be brought under the operation of this Act when it will be placed on the Statute-book, it will create very great hardship because these are small individuals who are doing this sort of work. They are taking risks which ordinarily other companies do not take, and the merchants who trade on the coastal line through the facilities of these small crafts will have to undergo lot of difficulties especially by the Deposits clauses of this Bill. They would be penalised to a certain extent. Perhaps the small craft business may be curtailed because if the cargo that is to be carried by these small craft is not insured owing to the hardship that may fall upon them by the operation of this Act, or

[Mr. Mathuradas Vissanji.]

the individuals who insure or make this business a regular business of theirs do not insure them, then the position will be that the merchants would feel very shy in doing this coastal work.

The Honourable Sir Nripendra Sircar : May I get an information from you ? Are you referring to the Bombay native craft or any other Association ?

Mr. Mathuradas Vissanji : I am referring to the whole coastal traffic carried in small country craft.

The Honourable Sir Nripendra Sircar : According to the representation which we received, the amount of their work is one crore a year. They are not small people.

Mr. Mathuradas Vissanji : Still, no insurance company is taking that work except a number of private individuals, and they have not got, as far as my information goes, the necessary capital that will be required of them to put in as deposits.

The Honourable Sir Nripendra Sircar : A crore is too little !

Mr. Sri Prakasa (Allahabad and Jhansi Divisions : Non-Muhamadan Rural) : A crore is nothing for Mr. Vissanji. It may be too much for you and me.

Mr. Mathuradas Vissanji : For that purpose, I intend to bring in some amendment to give the necessary relief for this trade.

During the introductory part of this Bill, the Honourable the Law Member as well as some other Honourable Members made some unkind remarks about the Bombay business. They were all made in good humour, but such remarks do come in season and out of season.

Mr. S. C. Sen (Government of India : Nominated Official) : They are only appreciatory remarks.

Mr. Mathuradas Vissanji : I do not grudge that. The position that has been attained by Bombay business has been due to its pioneering activity and its venturesome attitude in the past.

Mr. Sri Prakasa : Led by Lahore ?

Mr. Mathuradas Vissanji : We do not want to compete with them. Any pioneering work is always attended with big risks. People have to struggle hard, and whenever they attain a little bit of success, there comes the competition, foreign as well as internal. My Honourable friend, Mr. Sri Prakasa, also reminds me of the big jealousies created thereby. I do not say no to that. But that is unfortunately attendant on all pioneering positions. We, in Bombay, do not feel jealous of other Provinces and we always render any little help we can to any industry that is required out of our experience in any part of the country. (Interruption.) That is my experience, it may be otherwise to the interrupters. All the same we will be always very glad to see that the country is benefited in the long run even by getting competition into the interior of the country. If we had done spade work, and if we had achieved success, we do not mind if it is going to be copied for the benefit of the country in the various parts of India.

Then, again, it was said that Bombay was always sounding the big drum, and that it was creating a big noise. Let me tell my Honourable friend that Bombay has been pushed to this position by the attitude of the Government. The still small voice seems never able to reach the powers that be. That is the reason why not only Bombay, but also other parts of India had to resort to making big noise about their grievances.

Now, coming to this Bill, I am glad to know that practically the whole House has welcomed it in principle. It is a very welcome sign, and the more so that even Government Members and the Opposition have taken it very seriously, and decided that something ought to be done to improve the condition of the insurance business in the country. Only yesterday, my Honourable friend, Mr. Sen, quoted that in order to achieve our aim, we shall have to act according to the motto, do unto others as you would be done by, meaning that where foreigners are concerned, where they have placed obstruction in the way of our carrying on our legitimate business in their country, they shall receive similar treatment at our hands in ours, and they should not complain.

We come now to the British insurance people who have been carrying on business in this country for a long time past, and who have achieved a certain status in this country in this business. I appeal to them to accept at least the underlying principle of the Bill that has been introduced, and I appeal to them to help the indigenous growth of this insurance business which is essential for the advancement of the country.

Now, I come to the question of the Managing Agency system. I may tell you at the outset that I am not in favour of continuing the Managing Agency system as it stands today. It certainly requires improvement. It has been dealt with by the Select Committee in a certain way. I want to draw the attention of the House to this particular aspect of the Managing Agency system: What is going to be the position of the flotations of new companies which are necessary for the growth and expansion of insurance business in this country? Some sort of adjustment will be necessary for this purpose. As I will just show you that in any insurance company the capital that is required in the ordinary course will be nothing less than about five lakhs, if it is going to do life insurance work as well as general insurance work. If that capital is to be got together from the public, then the public would naturally ask one question, namely, "you want us to subscribe this capital, when do you expect us to receive some return for the capital that you want us to lock up in this insurance business"? According to past experience no return will be possible for at least about seven years from the beginning. That is the experience in the insurance field. Now in these times when an investor is asked to invest any money in any concern, he naturally gets the answer of getting a return within about a year or two in any other concern, whether it be an industry or otherwise; and an investor is generally desirous of getting a quick return as early as possible. Be it right or be it wrong, that is the position prevailing in the country at present. With that position if you want further flotations to be brought about, how are you going to get the necessary capital from the public under these conditions? It will be very difficult. It is only the man who has got some interest, in any shape, who will be able to influence his friends and other people to get the necessary capital here and there and start a flotation. But in case that sort of convenience

[Mr. Mathuradas Vissanji.]

is not allowed in the present Act I am afraid further flotation of new companies which is necessary for the growth and expansion of insurance in this country will be hampered a great deal. So I want the House really to consider the question of the Managing Agency system seriously from that point of view, and see whether they are able to bring out any such position whereby that fear is avoided.

The position of the Indian and the non-Indian companies was referred to by my Honourable friend, the Law Member, and, if I am not mistaken, he said that if the provisions as contemplated in the Select Committee were to go out it will be the varying fortunes of that company with the share market running as it does at present, meaning that if some parties were to get the shares which will change the fortunes from one nationality to another, then it will be a fluctuating proportion from day to day. To a certain extent he is right but not wholly. Of course share business is prevalent in the way that he described, but the business done in the market would not particularly assign the shares to the buyer. He has got to go to the company for registering his purchase from the seller.

The Honourable Sir Nripendra Sircar : He need not. If it is a blank transfer, six men need not go, though the seventh will do so.

Mr. Mathuradas Vissanji : Even then the proportion does not change as I have just explained, because at the office of the Agent or whoever it may be, that man, bearing in view a particular section of the Act which restricts him from transferring a certain percentage, will see at the time of presentation of the transfer that he does not go beyond the limit prescribed for him. That is the safeguard for him. So it will not be the fluctuating fortunes of the company before any default is committed by the company themselves. But I am prepared to admit that it will restrict the business of the shares transactions to a certain extent and not more. Therefore, I do not think, that is a fear that need be entertained for not allowing this clause to remain there. It is the same principle that has been adopted by the Government of India in the past.

Coming to the side of deposits, I find that the Select Committee has provided for several instalments for the payment of deposits of the life insurance companies, but for the general insurance only two instalments have been provided. I believe that is going to be a hardship for the general insurance company. Those companies which generally are not able to collect sufficient funds for the reserve even after their existence for five or ten years in the general line,—though they are still very good companies,—for them it will be very hard to find funds as provided for in the Select Committee Bill to be lodged with Government in two instalments. I think it would be better if the same facilities were given to them as have been given to the life insurance companies. As you find, Sir, there are very few companies which are doing the combined work of fire, accident and marine insurance; and if you were to impose this sort of hardship of paying a deposit of three lakhs or 4½ lakhs, it will be very difficult for these firms to continue as they do at present; but if sufficient latitude is allowed I am sure they will be able to manage somehow to carry on their business without hindrance.

Sir, there are other points which I could touch upon at this time, but I prefer to deal with them at the time when particular clauses are considered.

Sardar Mangal Singh (East Punjab : Sikh) : Sir, I welcome the Bill as it has emerged from the Select Committee. As a matter of fact, such a legislation was long overdue. About 12 years ago the Indian commercial opinion demanded an amendment of the existing Insurance Act, and it was at that time that an important Member of the Swaraj Party brought forward a non-official measure, but at the instance of Government he withdrew his Bill, and the Government brought forward their own Bill. That Bill was dropped probably on account of the appointment of the Clauson Committee, from whose recommendations the Government wanted more light and inspiration from London. Sir, this Bill is a considerable improvement, and I hope and trust that with suitable amendments in some of the clauses, it would place the insurance industry on sound basis in this country. I am glad that the Honourable the Law Member has brought forward a consolidated Bill, dealing with all kinds of insurance business, and he has, as my Honourable friend has pointed out, just now added another feather to his cap, and if he brings forward another measure to deal with banking legislation, I think he will have the whole peacock sitting on his head ! The Honourable the Law Member will, therefore, be long remembered as the Manu of the Indian companywallas.

Sir, the Honourable the Law Member, when presenting the Report of the Select Committee, referred to the seductive literature which has come to him from certain quarters, and asked Members of the House to be careful about that literature. Sir, I wish to remind my Honourable friend, the Law Member, that so far as this side of the House is concerned, it is capable of resisting far more powerful influence. I want to remind him that he should take care of those Benches which often succumb to the influences, which are far more subtle, far more powerful and far more seductive as they emanate from London. I hope this time at least those Benches would not succumb to the influences which may probably be brought to bear on them from England.

Before proceeding further, Sir, I wish to appeal to the Honourable the Law Member that he should, after this Bill is passed, consider very seriously the question of the appointment of the Superintendent of Insurance. It will be freely conceded that the Superintendent of Insurance is the pivot of the whole scheme of the Bill. I say this because yesterday in answer to certain questions by my Honourable friend, Mr. Jinnah, the Honourable the Law Member gave certain replies which have raised doubts that this Superintendent of Insurance may not be an Indian.....

Sardar Sant Singh (West Punjab : Sikh) : Candidates are already in Simla.

Sardar Mangal Singh : Sir, there are distressing rumours that negotiations have already progressed very far, and that certain individuals have already been interviewed, and that an expert from foreign country will be imported. I am sorry the Honourable the Law Member is not here, but I wish to appeal to him, that, like the Honourable the Member for Commerce and Railways, he should take the earliest opportunity to announce that the Superintendent of Insurance would be a qualified and sympathetic Indian.

Mr. Sri Prakasa : His understudy shakes his head and denies it.

Sardar Mangal Singh : I hope his understudy would carry this message faithfully to his chief. Sir, the Superintendent of Insurance has been given very wide powers. He has been authorised to call for any sort of information, he can inspect books, he can order re-valuation if the first valuation is not proper, and, more than that, under section 28, he can order an inquiry into the affairs of the companies, and the language of this section reminds me of the language of the Criminal Law Amendment Act. Amongst other things, it is said that "an offence under this Act has been or is likely to be committed by an insurer or any officer of an insurer". This certainly, Sir, sounds like the language of the Criminal Law Amendment Act, and as my friend, Mr. George Joseph, pointed out the other day, this section should be suitably amended. The very fact that the Superintendent of Insurance has ordered an inquiry into the affairs of a certain company would put that company in a bad position. The agents of other companies will at once broadcast to the public that this company is going to be liquidated. Therefore, Sir, I would suggest that this section should be suitably amended. I do not mind official control over insurance companies, probably that is necessary to a certain extent, but my fear is that this enormous power given to the Superintendent will be used for purposes other than those for which it is intended by this Bill. I would particularly refer to the section which relates to the licensing of Agents. Licenses are to be renewed every year, and it is just possible that the Superintendent of Insurance may refuse a license on the report of a police Sub-Inspector. This is my fear.....

Sardar Sant Singh : No, no.

Sardar Mangal Singh : My Honourable friend says "No, no", but I expect him to have some experience of the Punjab police and how they work. In this connection, I am reminded of an incident which happened in this House a few days ago. A friend of mine, who is the President of the Insurance and Banking Clerks' Association, a member of the Working Committee of the Provincial Congress Committee, and whose name is Lala Ramchandra, came here. I got him a pass to attend the Assembly and to sit in the gallery. The Punjab police at once reported this matter.....

Mr. President (The Honourable Sir Abdur Rahim) : Order, order. The Honourable Member knows very well that arrangements regarding admission to the galleries are under my control.

Sardar Mangal Singh : I am not referring to it, Sir.

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

Sardar Mangal Singh : Very well, Sir, I bow to your ruling. Before proceeding further, I would like to refer to what are called young insurance companies. So far as I have seen the representations of the young insurance companies and those of what are called the big insurance companies, their points of difference are very few. The Honourable the Law Member, the other day, raised the bogey that there is a difference, there is a clash of interests between the young and the old insurance companies. The young insurance companies want easy instalments for making their deposit, while the old insurance companies don't object to

it. The young insurance companies want some facilities in regard to payment of their deposit, which the big companies do not object to. I maintain, Sir, there are only two interests which clash, one is the Indian interest and the other is the interest of the foreign insurance companies, including the companies of the country from which my friend, the Leader of the European Group, comes. These are the only two interests,—the interests of the exploited and the interests of the exploiter, and this House should see that the weaker Indian companies are given due protection and are allowed certain facilities to exist. About the young insurance companies, I should like to point out that in section 3 the time given for registration is only three months. Now, Sir, for young companies it would be difficult to collect Rs. 25,000 within this period. This period should be extended, so that they may have more time to get amalgamation or to transfer their business to other companies. Amalgamation procedure will take some time. I, therefore, submit, that either the payment of the first instalment should be made due on the 31st December, 1938, or this time should be extended. This is a real difficulty which I hope the Honourable the Law Member will very kindly remove.

This Bill embodies several important provisions which will safeguard the interests of the policyholders. As a matter of fact, the two tests or two criteria which I would apply to judge the merits of the Bill are, one, how far it protects the interests of the policyholders, and secondly, how far it gives encouragement to the indigenous insurance companies. These are the only two points which should be considered in dealing with this Bill. Let me take the first point. I am glad that provisions have been introduced to give a statutory right to the policyholders to elect their own representatives to the board of directors. As a matter of fact, most of the companies have already got this practice. They do elect certain representatives of the policyholders on the board of directors, but I am glad that a statutory provision has been made. I wish that the proportion of the policyholder directors should be increased further, the proportion should be at least fifty-fifty, because most of the money which the board of directors of insurance companies deal with comes from the pockets of the policyholders. It is, therefore, necessary, that their voice in the management, in the investment, and in the distribution of dividend should be predominant. I hope that suitable amendment will be brought forward to this effect. Another provision has been introduced that the policy would not be called in question after two years for any mis-statement or any irregularity on the part of the policyholder. In this connection I wish to point out that another provision should be added that after three years no policy shall lapse owing to default of payment of premium; it should be automatically declared paid up. I am aware that there are clauses in most of the insurance companies' rules under which the policy is kept running by payment of premium from the surrender value of the policy. But this is not enough; moreover, it is not provided by statute. I want that some such provision should be added to the Bill and that policyholders should not lose their money. I would very much like to know, but I could not get the figures, as to how much money of the policyholders has been forfeited to the companies on this account. I know certain cases where, after the policyholders have been paying for 10 or 12 years and then stopped payment but do not write to the company about it within the days of grace, the policies have been forfeited, and in several

[Sardar Mangal Singh.]

cases the amounts so forfeited came to several thousands of rupees. I want that the policies should not lapse but they should be automatically declared paid up after three years' premia have been paid, even though the policyholder does not claim the surrender value of the policy or write about it to the company. Another important question in connection with the rights of the policyholders is the distribution of dividends. I am aware of the fact that most of the companies give 90 per cent. of their profits to the policyholders. This is probably due to the severe competition that they have to face. Companies have to announce big bonuses in order to attract more business. Their agents and their field workers insist upon the companies that they should declare more bonus to the policyholders. But even after that, the dividend to the shareholders amounts to large proportions. I would here refer to the report of my Honourable friend, Mr. Sushil Sen, who entertained us yesterday to a very eloquent speech. Mr. Sen says :

“ In actual practice it is generally found that the major portion of the profits are paid out to the policyholders in the shape of bonus while a small portion is paid out to shareholders. The small portion which is paid out to shareholders, however, works out to a very high percentage. And that is what is objected to by the policyholders.”

He states the position but I am sorry that in the next paragraph he states that there is no necessity of making any statutory provision to safeguard the interests of the policyholders. When they are dividing money, if in that division the predominance is that of the shareholders, certainly they would claim more share and the interests of the policyholders would suffer. I would, therefore, submit, that some provision should be made so that the shareholders shall not take more than a certain amount of dividend on their shares. In certain companies the evil of one man's show often comes in. A certain big individual, a certain rich man, purchases the shares of the insurance company and by so purchasing he becomes the master of all the monies of the insurance company. He puts up dummy directors and the policyholders are not there and so he can do whatever he likes with the profits of the company or with the monies of the company. So, a provision should be made to limit the right of voting of the directors and of the chairman. In this connection, I would submit that no chairman or director should be given more powers than he is entitled to according to the qualification shares of a director. He may invest more money, but he should not be given the power of voting more than the qualification share of a director. Another question which affects the interests of the policyholders very deeply is the investment of their monies, and I am surprised at the wording of clause 26 of the Bill about investment. The investments provided by this clause, with due deference to the members of the Select Committee, I should say, are most unwise and unscientific :

“ Every insurer carrying on the business of life insurance in British India shall, in respect of the life assurance business transacted by him in India, keep in British India invested in securities of or guaranteed by the Central Government or of or guaranteed by the Government of the United Kingdom, assets of an amount at least equal to the liabilities of the insurer to policyholders in India.”

Now, Sir, they put the whole money in one kind of investment. I ask is it wisdom or is it good business to put all your eggs in one basket ? Supposing war breaks out tomorrow, what will happen to all these blooming

Government securities. When the war broke out last time, they depreciated and in 1930, when the prices of commodities went down, they depreciated considerably. They came down as low as 53 per cent. and at that time most of the companies who held their funds in those securities were put to very great difficulties, and many companies suffered losses at that time. I would, therefore, suggest, that the section should be amended and split up into three parts. There is no provision about the investment of funds of the general insurance companies. Most of the general insurance companies are foreign companies and in those companies the money of the Indian policyholders is invested. I ask, with due deference to the members of the Select Committee, what will happen if war breaks out tomorrow and these blooming fellows clear out of the country. It happened last time when war broke out and the German companies cleared out and the policyholders had to pay their premium again to cover their risk. What safeguards have you provided in this connection to safeguard the interest of the policyholders.

Mr. M. S. Aney (Berar : Non-Muhammadan) : Who are expected to clear out if war breaks out ?

Sardar Mangal Singh : The Italians, Germans and the Canadians.

Mr. T. S. Avinashilingam Chettiar (Salem and Coimbatore *cum* North Arcot : Non-Muhammadan Rural) : Do you think that the British will remain here for all time ?

Sardar Mangal Singh : They will also clear out if they are defeated in France. I would suggest in this connection that a sub-clause should be added, that 40 per cent. of the net premia of the general insurance companies should be invested in India and held in trust for the company. This is a great omission in this section. They have provided only investment. They have provided that foreign companies should invest their money in Government securities. They go to the market, sell their securities and pack off. What is the security that the Government security will be kept in India. I, therefore, say, that this money should be kept in trust for the company. This Bill, I understand, is based on the lines of the Canadian Insurance Act. In that Act it is provided that the money of the foreign companies will be invested in Canada and held in trust for the companies. That is very important and that should also hold good in the case of money invested by the general insurance companies. That is the first clause. In the case of the non-Indian insurers, their money should be kept in trust. Their money should be invested in India and kept in trust for those companies. They should not be allowed to deal with their money as they please. If that happens, the interests of the policyholders will suffer. The object of the section is that the interest of the policyholders should not suffer and the foreign companies should be required to keep the whole of their investment in trust in India.

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.

Sardar Mangal Singh : Sir, when the House rose for Lunch, I was referring to the question of investments dealt with in clause 26 of the

[Sardar Mangal Singh.]

Bill. I was saying that all non-Indian insurers, whether general or life, should be required by law to put in their legal reserve in India and it should be held in trust for them. As regards the Indian insurers, I would submit that the provision in this clause is most objectionable from more than one point of view. No wise business man would put all his eggs in one basket and much less in Government securities which appreciate and depreciate according to the exigencies of the political situation. Moreover, the yield of interest is very small. It is in the interests of the policyholders, therefore, that the investment of their funds should be so arranged that it should be put in different places and, if the companies lose in one place, there should be a corresponding gain in the other. What I want to say is this, that the investments should be well-balanced, and, therefore, we should give more latitude to the insurance companies to put in their investments. I would submit that in Government securities I would not invest more than 20 to 25 per cent. In the original Bill it was 33 per cent. and I am surprised that the members of the Select Committee have agreed to this provision that the whole of the legal reserve should be put in Government securities. This is really very surprising and I will not mind if the proportion to be invested in trust securities is increased. I am prepared to go up to even 40 per cent. but I would include buildings in this sort of investment. There are, I submit, several companies who, not knowing the provisions of this clause, have built their own buildings, head offices, branch offices and other buildings. It would be difficult for them to take out money from this item and put it in some other item. I would, therefore, submit, that buildings should be included in the second item. As regards the remaining portion, I would submit that a list of sound investments should be drawn up and all insurance companies should put in their reserve balance according to this list. That would safeguard the whole of the legal reserves of the policyholders. While I am on this clause, I would like to refer to sub-clause (3) of clause 26. Under this sub-clause no insurer shall grant loans or temporary advances, etc. I am glad that this provision has come in but I would commend to the attention of the Honourable the Law Member that if even temporary small loans to managers, secretaries and managing directors are prohibited, this will really be a case of hardship. Supposing a secretary of a company is going on tour. India is a country of long distances and he will certainly require some advance money to be spent on the tour. Then, the manager of a branch office wants a car so that he may be able to discharge his duties more efficiently and to be able to bring in more business to the company. It should be permissible to give him some advance to purchase a car under certain conditions. I submit that such cases should be exempted. It should be lawful for the manager, the secretaries and the other officers of the company to draw small advances from the company for the purpose of their travelling expenses.

The next point which I would like to bring to the notice of the Honourable the Law Member is the limitation of expenses. Here, again, it is in the interest of the policyholders that some check should be placed upon the expenses of the companies. I am surprised to see that in this Bill no bases have been provided for the valuation. It is provided that if there is a wrong valuation or if the company goes wrong or if the actuary

commits a mistake, the Superintendent of Insurance will re-order valuation. Why should you take a chance? Why not indicate certain lines within which the company should remain and the actuary should also conform to those lines. At present, according to the old law, there is some basis by means of which 90 per cent. of the first year's premium and $7\frac{1}{2}$ per cent. of the single premium or of annuity premiums is deducted from the first year premium and the rest is put in the renewal expenses. I would submit that some formula should be laid down here for the guidance of the companies and the actuaries. It should not be left to the whims of the actuaries or the whims of the management of the company to order their valuation in whatever way they like and pounce upon them after they have done it. Some of the companies generally assume a larger rate of interest. It should be provided somewhere that the rate of interest assumed should be at least one per cent. less than the rate of interest earned. Again, some companies reserve less for the future expenses than they actually incur. For instance, they would reserve 20 per cent. for their future expenses while their actual expenses are more than that. I would submit that some provision should be made by which a company should not be allowed to reserve less than they actually spend. I would go even further and say that the company should reserve more for the future expenses. Anyway, they should under no circumstances be permitted to reserve less than they actually spend. This brings me to another important question, the limitation of commissions. This, I know, is a controversial subject and the Honourable the Law Member has taken up a strong attitude against it.

Sardar Sant Singh : Not against it.

Sardar Mangal Singh : He spoke against it, but I shall be glad if I am contradicted.

The Honourable Sir Nripendra Sircar : I said that I kept an open mind on that. If it is about to be closed, you can open it now.

Sardar Mangal Singh : I am glad that the Honourable the Law Member seems to have an open mind on this subject. When we are limiting the total expenses of the company, it is also desirable that we should limit the commission expenses as well. The Honourable the Law Member said the other day that when we have made illegal the rebating, the agents would demand less from the companies. It was for this reason that I thought that he was not in favour of the commission. He said that when the rebate is checked, the higher commission would automatically fall. I would submit that the companies have got agreements with the agents. Some agents at present are getting 80 or 90 per cent. of the commission and if the rebate is stopped, they are not going to get less. They will demand the same commission. They would go to the court and sue the company for the commission because it is given to them under a contract. So, I say there should be some provision in this Bill that the companies should not pay more than a certain amount of commission. As regards the proportion, I would like to make a graded provision in this respect keeping in view that it is difficult for the younger companies, as compared with older companies, to get business in the market. They should be allowed a ten per cent. margin above proportion fixed for the bigger companies. If we stick to the original provision in the Bill, 40 per cent. for the bigger companies, then 50 per cent. should be provided for companies which are less than ten years' standing.

The Honourable Sir Nripendra Sircar : May I make my position clear ? Sardar Mangal Singh may be under a misapprehension. Among other reasons why I did not press for the fixing of a maximum commission is as I do not know what the House is going to do about the Managing Agents. If you allow the Managing Agents to take away 50,000 or two lakhs a year, you are swallowing a camel while straining at a gnat.

Mr. Husenbhai Abdullabhai Laljee (Bombay Central Division : Muhammadan Rural) : Is this an example of an open mind ?

The Honourable Sir Nripendra Sircar : You show it to me that it is not a camel.

Sardar Mangal Singh : In the case of younger companies, ten per cent. margin should be given over and above the bigger companies. Further, for the branch expenses and for the expenses of the Chief Agent, twenty per cent. further provision should be made for all companies. In the case of those companies which are very much older, which have a huge capital resource and huge funds behind them, a further limitation should be made in their case. I would submit that in the case of companies which are of more than fifty years' standing, 35 per cent. should be the maximum commission. I have submitted that a certain proportion of the commission should be fixed for the Agent. I hope that the companies will not spend the policyholders' money. In the premium tables of all companies, there is provision for expenses. There is what is called the office premium and the net premium, the difference between the two being the provision for expenses. If they exceed that limit, it means that either they spend the shareholders' money or the policyholders' money. I should submit that they should not be allowed to exceed that limit. Let them spend in whatever way they like, but they should not exceed that limit. As regards management expenses, I submit that they should be split up into two parts, so that the public may know what amount the directors are drawing and what amount is paid to the establishment and to the field workers. Now, at present, in the balance sheets, this is mixed up and nobody knows what amount the managing director or the managing agent is getting and what amount the field workers or the establishment are getting. So far I have dealt with the interest of the policyholders. I would now say a few words about the protection to the indigenous companies.

I am sorry that the Honourable the Leader of the European Group claimed fair field and no favour. I accept that position, but there should not be unfair field and favour. There are companies with huge surpluses, with huge funds, giants coming in competition with babies, competing with companies with very slender resources. Is it fair competition ? I would appeal to the Honourable the Leader of the European Group who is a Britisher, and every Britisher loves to observe the rules of the game, I would point out to him that when they come here they claim fair field and no favour because it suits them ; but when it does not suit them, if there is any department of commerce or industry in which they cannot compete on equal terms, then they would say, protection for British interests. I would put it to my Honourable friend, what about shipping ? They always clamour that British shipping should be patronised. Are they prepared to go and compete with " fair field and no favour " with the Japanese ? Why are they raising barriers against them ? Why are they

claiming imperial preference? Because it suits them, it suits their purpose; but whenever it does not suit them, they ask for favours. Big companies like the Prudential come here and compete with smaller companies and they say it is fair field and no favour. It is unfair field and disfavour. I would, therefore, appeal to the House that the Indian companies should be given reasonable protection. This is the age of economic nationalism. Every country is protecting its commerce and industry. We should also do the same. But I do realise there is legal difficulty with which my Leader or the Deputy Leader will deal. But I must say that the section brings into bold relief our helplessness, the inability and the high-handedness of the British Government. Under these conditions, we shall not be able to compete with foreign companies or protect our industries. If there is any discrimination, they will at once claim protection under the Government of India Act and we cannot give any protection to our industries. I put it to the Honourable the Law Member what about clause 3-A? I do realise his difficulties, in his heart of hearts he wants this section, but he is in difficulties. I quite sympathise with him.

As regards general insurance companies, I should like to say a few words. The Honourable the Law Member the other day said that it is in the interests of the general insurance young companies that limitation of commission should not be allowed. They should be allowed to spend more. There is a fallacy in that argument. What is the position in Bombay whom the Honourable the Law Member called the big Bombay business. But really in the general insurance line, they are up against foreign giants. The Bombay general insurance companies are mere babies as compared with the foreign giants. As regards the general insurance the commission rates have gone very high since foreign companies came to the field. It was, if I remember aright, in 1927, fifteen per cent. plus ten per cent. profit commission. It has now gone up as high as 47 per cent. plus ten per cent. profit commission. These young Indian companies, with not much capital, when they write some business they have to pay their Agents 47½ per cent. and by reinsuring they get 40 per cent. They stand to lose 7½ per cent. thereby on every transaction. They are small companies. They cannot retain much risk and, therefore, on these transactions, they earn less. The smaller the company the less the amount of risk it will retain and the less would be its income. The bigger the company, the bigger would be the amount of risk retained by the company and, therefore, the larger would be its income. Therefore, this argument that the limitation of commission would go against the general insurance companies is contrary to facts. I would humbly request the Honourable the Law Member to point out one single general insurance company in India which has not demanded the limitation of commission. I would be glad if I am contradicted. Every Indian general insurance company has demanded the limitation of commission. All of them have said that if there is no limit put on the agency commission, it would be impossible for them to carry on as against the foreign companies. And I am told even the foreign insurance companies also would welcome the limitation of commission because they also are in difficulties. I would, therefore, submit, that at least in the case of the general insurance companies the commission should be limited. As regards the other forms of help which we can give to the Indian companies, I am glad that the Deputy Leader of my Party has tabled an amendment to that effect that all insurance controlled by the local bodies and Provincial Governments

[Sardar Mangal Singh.]

and under the charge of the protected industries should go to the Indian companies. Why should it not go to the Indian companies ?

The Honourable Sir Nripendra Sircar : Would that not be equally hit by the Government of India Act ?

Sardar Mangal Singh : It is for you and the other Leaders to solve that question. I recognise there is a difficulty but we should get over that difficulty, and I invite the co-operation of the Leader of the House and of Honourable Members opposite to amend the Government of India Act, and if it is not suitably amended, to tear out this Government of India Act which stands in the way of the progress of our national industries and commerce. Are we going to tolerate such halters round our necks and such handicaps and drawbacks ? In these conditions it would be impossible for Indian industries and Indian commerce to develop.

Sir, before I sit down, I should like to say a few words about the employees and agents of insurance companies. The employees of insurance companies are very poorly paid ; they have to work long hours ; they are not helped even by the Trade Unions Act, because they are not considered to be manual labourers. The insurance companies do not provide any facilities for them ; some companies do not provide even provident funds. And the most important thing is that some insurance companies do not even recognise the unions of the clerks. I submit that somehow or other,—I cannot say how,—a provision should be made that the companies should at least be forced to recognise the unions of the clerks of the insurance companies. As regards the agents,—without agents, no company can go on ; and if an agent is a good agent and puts in faithful service for some years or writes some amount of business, his renewal commission should be made permanent under certain conditions. I do not want to give the whip-hand to the agent, but I do want to protect his legitimate and reasonable claims. When the agent has put in his best years, say 25 or 20 years, and he is drawing a decent amount of renewal commission, some of the companies,—I do not say all,—turn him out on some pretext or other. I think such cases should be provided for, and his rights should be some how safeguarded, that if he has put in certain years of service and has put in some amount of business, his renewal commission should be safeguarded under certain conditions.

Sir, I support the motion that the Bill be taken into consideration.

MOTION FOR ADJOURNMENT.

NEGOTIATIONS BETWEEN THE GOVERNMENT OF INDIA AND THE PRINCES IN RESPECT OF FEDERATION.

Mr. Deputy President (Mr Akhil Chandra Datta) : I have got an announcement to make with regard to the adjournment motion of Mr. Satyamurti. It has been disallowed by the Viceroy and Governor General on the ground that the motion cannot be moved without detriment to the public interest.

[Mr. Brojendra Narayan Chaudhury.]

ment,—and this is apparent from the way in which the discussion has been carried on during the last two days. Sir, in the discussions before the House, no distinction has been made between the original Bill and the Bill as it has emerged from the Select Committee. I was not present when the Bill was originally considered, and I would, therefore, take the liberty of discussing the original Bill as well as the amended Bill.

With your permission, Sir, I should like to go to the root of the matter and review the history of this measure from the year 1912,—the year in which the Council passed the existing Law. That law was framed with a view to see that insurance companies kept a sufficient deposit by way of security so that the interests of the policyholders might be sufficiently safeguarded. Of course, the Government reserved to themselves the right to come down on any of the delinquent companies. That power was quite inadequate, and consequently some of the companies have come to grief already or are likely to come to grief in the not distant future. In that aspect I agree with the conclusions of Mr. Sen. But luckily the number of such companies is not very large,—I believe they number about 15 or 30 in all. This number is not very large when compared to the total number of Indian companies operating in India. Perhaps the number may be well over 200, or somewhere near about 250. Therefore, these figures, so carefully collected by Mr. Sen, ought not to make him panicky. After all, in spite of the failures of one in the Punjab and one in Bengal, the situation is not very bad. Sir, you might enact any number of laws, you might try and enforce your laws very rigorously, but still you will find some companies failing to fulfil the conditions, and there will still be delinquents. Your stringent Penal Code has not altogether prevented crimes. Sir, here I may say that it should not be considered that I am opposed to enacting laws for the better regulation of insurance companies, to safeguard the interests of the policyholders, and also to see that all Indian insurance companies get a fair field for extending and enlarging their business so as to put the insurance industry on a sound and economic basis. I recognise, Sir, that no country can flourish without a good insurance and banking industry.

With regard to invasion by foreigners, I will leave the protection of frontier of insurance field to the frontier people, I do not mean our good friend, Mr. Quiaum of the land frontier, but our big guns from the maritime frontier, those from Bombay and Madras as the invasion is from the sea especially in the marine and fire. I shall concern myself with the consideration of life insurance only. Sir, I have agreed that we ought to have some sort of legislation. We ought to see that insurance concerns who are called insurers in this Bill do conduct their business with integrity and efficiency. What test could be devised for sorting out the dishonest and inefficient people from the honest and efficient people? You cannot put down in a Bill that only honest and efficient people will be permitted to start the insurance business. That cannot be done. The Superintendent of Insurance, whom it is proposed to appoint under this Bill, will not be able to find out readily who is honest and who is not, and, therefore, it is proposed to put down a test which,—thanks to Mr. Sen,—will show who are the people who can be relied on to start and run the insurance business efficiently,—and the phrase my friend, Mr. Sen, has used in regard to such people is “substantial people”. The object is

that substantial people should be at the back of an insurance concern ; such people should be the promoters of the company. I quite agree there. But, Sir, what should be the amount of deposit required from these companies ? The figure in the Bill of 1912 and also in the present Bill is put down as two lakhs. It was Rs. 25,000 initial deposit, and Rs. 50,000 in the present Bill. May I ask my friends opposite on what basis they have arrived at this figure of two lakhs deposit ? I ask them why should it not be Rs. 15 lakhs—why should it be Rs. 50,000 only. I have carefully scanned through the Report of Mr. Sen to find out by what means he has arrived at this figure, and I have failed to find out the basis on which he has arrived at this figure. I have compared the figures in England. In England the deposit asked for is £20,000, which at the present rate of exchange would come to Rs. 2,60,000.

Now, if the deposit in England is Rs. 2,60,000, I claim, assuming that there should be a deposit in this country,—I will discuss that point later on, I want to challenge it—I claim that the deposit here cannot be more than one-third of that required in England, because the size of the companies in Indian money value in England must necessarily be bigger as that country is far more prosperous. If, in our country, insurance for Rs. 1,000 and 2,000 is common, in England, I believe, insurance for Rs. 5,000 and more is the common thing. I do not think that a deposit is at all necessary. Why ? Under the old Act of 1912 some of the companies had come to grief. Why ? Because there was no supervision and the Act did not provide for any real supervision at all. The Government of India was armed with the power of coming down upon a company only when it knew that the company had gone wrong, but in this Bill you have provided, and rightly provided, for supervision and care from the very day that the company is born. You have arranged for all sorts of returns and accounts for publicity. Your Superintendent of Insurance will be apprised of the state of a company the very moment that the company goes wrong. At any rate, even if the Superintendent is satisfied with formally doing his routine work and passing returns, he will be apprised of it within a year. Therefore, I say that the deposit is quite unnecessary. If the Government think it necessary that the supervision should be more strict, they can bring forward amendments and I am sure that the House as a whole will consider those amendments favourably. So far, I find that very little objection has been taken to the powers of the Superintendent except in one or two minor details. For instance, it has been said that the power given to the Superintendent to call for books from the company's office, to his office, may handicap the company in carrying on its daily work. I am sure the House will agree and the Government also will agree that the company ought not to be so handicapped, but that is a matter which I feel is not really for this House. The matter could easily be arranged if the Honourable the Leader of the House would consult his actuary as to how the Superintendent may not be handicapped in his work while at the same time seeing that the company's work is not handicapped. Suppose we pass the clause about two lakhs deposit. Would it help the policyholders, say, after ten years when the company comes to grief ? It is admitted in Mr. Sen's report and it is known to everybody that this Rs. 2 lakhs deposit will only be a very small fraction of the total liabilities to the policyholders. So, as a safeguard against the liabilities to the policyholders this deposit is illusory and it

[Mr. Brojendra Narayan Chaudhury.]

has been admitted in Mr. Sen's report. It is a sort of earnest money. I say that this earnest money is not required because the insurance company will be under constant supervision. If the House decides to retain this earnest money I would ask it to consider if it would not handicap growth of new companies. I say, without fear of contradiction, that if you require two lakhs as deposit and Rs. 50,000 as working capital no company can be started outside the capital towns and the big industrial towns, and no company can be started in provincial towns, and none in Assam, at any rate, because the promoters will have to gather at the very start Rs. 2½ lakhs. May I ask the Government to give me an instance of any company started in any line in Assam which had, at the very start, so much capital? Yet we know, probably the House knows that we have many flourishing concerns in Assam. They started with very little capital and in a small way, and this also applies to neighbouring districts such as Comilla, which has a good reputation for banking and insurance. From a small beginning one of the companies has been so built up that it has an office at Calcutta with six or seven branches. Is it intended that the profits of insurance should be reserved for substantial people according to the ideas of the Government, which means people who can readily raise a fund of 2½ lakhs?

My Honourable friend, Mr. Mathuradas Vissanji, argued, that if you abolished the Managing Agents, as is proposed to be done in this Bill, it would not be possible to raise this Rs. 2½ lakhs. He said that as a good businessman who has had a lot of experience. He gave out the truth when he uttered that. That is also my experience. If Managing Agents are going to be abolished what does his argument come to? He practically says that no company can be started. We have heard much about the nationalisation of this business. Nationalisation is yet far off, but we should move in the right direction. I am told that even in Germany, about which I heard that there are many State insurance schemes,—the whole field is not yet nationalised. Only there are some labourers' insurance schemes and so on. We are far from nationalisation yet, but I say that this Bill is a retrograde measure if we move towards nationalisation. At present the profits of insurance go to proprietors; they are being distributed among the big folk, middle folk and small folk. But what does this Bill want to do? It wants to drive out the small man from the field. It wants to give a monopoly to the millionaires of Bombay and possibly of Calcutta. I ask Honourable Members of my Party, have not Mahatma Gandhi and President Pandit Jawahar Lal Nehru said, that the Congress is for all but Congress is particularly for the masses and the small men? We must stop this depredation by the big folk of the small folk under the plea that they are fighting our frontier battles against the foreign invaders.

Now, as regards investments. I believe it will be apparent to the House that I do not want any interference with investments. I do not discuss in the words 'Canadian' and 'British' because these two words which were used by Mr. Akhil Chandra Datta have been misunderstood by this House. I shall not place before the House any theoretical considerations but I want the Members of this House to bring to bear their own experiences on the report of Mr. Sen and apply common sense to it and come to some agreement. Why should investment be interfered with? The plea is that the interests of the policy-

holders have got to be safeguarded. I say that the interests of the policyholders will be safeguarded by the Superintendent. He is given the power of supervision with that end in view. If by a particular investment the affairs of a company are deteriorating, then the shareholders can come down upon that company. Now, various schemes of interference have been proposed. The original scheme was one-third to be invested in Government securities. The Select Committee have gone a step further. It has decreed that the whole amount of liabilities of policyholders should be invested in Government securities and in certain approved securities. Though they are called securities, they are not always secure.

An Honourable Member : Very insecure.

Mr. Brojendra Narayan Chaudhury : During the War, we had very unpleasant experiences of these securities. The value of Government securities can be manipulated by politicians and they can also be manipulated by the Honourable the Finance Member to a certain extent. So, it is not very secure. If you are still suspicious of freedom of investments, I would like the House to accept the scheme given by Mr. Sen with slight alterations. He says that 40 per cent. is to be invested in Government securities, 20 per cent. in trust funds and the balance as recommended by the Clauson Committee with certain restrictions. I would like to draw the attention of the Honourable Members of this House to Mr. Sen's report, paragraph 110, on page 29. The restrictions are that no portion of the funds shall be invested without the leave of the court directly or indirectly in any share or interest in any insurance business whether carried on within British India or elsewhere, that no portion of the funds of the company should be given as loans to directors, managers, etc., and no loans shall be given to any company or firm in which any director or officer is directly or indirectly concerned. It appears to be the notion of some Members of this House that if these insurance companies undertake business in building, they will come to grief. As a reply to that, I would suggest to Honourable Members to note that there is an insurance company in Calcutta which is a very flourishing concern, because it has gone in for building.

An Honourable Member : Name it.

Mr. Brojendra Narayan Chaudhury : I don't think it would be proper to do so. It is a famous company at the head of which there is a famous man. I have dealt with deposits and investments.

Now, I come to the Superintendent of Insurance. I have said that the only purpose of this legislation should be to appoint a Superintendent and give him ample powers of inspection. As regards his powers, he was in the original Bill required to take the sanction of the Governor General in Council before instituting any legal proceedings. The Select Committee, strangely enough, have made the Superintendent something of a dictator. Probably the Members of the Select Committee think that they have improved the Bill by increasing the number of shareholders and increasing the amount of interest held by them and also by requiring affidavit to be sworn if they intend to apply to the Superintendent, and that this is better than the sanction of the Governor General in Council. The avoidance of the sanction of the Governor General will lead to intrigue by a

[Mr. Brojendra Narayan Chaudhury.]

small number of shareholders who are in league with the Superintendent and I am quite sure that within a year or two this House shall hear of scandals, similar to those which were ventilated in the provincial council of Assam by Mr. Bardaloi, a late Member of this House. He said that the Superintendent of Excise in Assam was a richer man than the Governor. He draws by way of salary and emoluments, legal and illegal, much more than Rs. 5,000 a month.

The Honourable Sir Nripendra Sircar : I think the Honourable Member must withdraw that expression.

Mr. Brojendra Narayan Chaudhury : This fact was mentioned in the Council and Government could not contradict it.

The Honourable Sir Nripendra Sircar : On a point of order. Is the Honourable Member entitled to attack a particular officer and say that he accepts illegal gratification ?

Mr. Deputy President (Mr. Akhil Chandra Datta) : In the first place, he has not named the particular officer, and, in the second place, he is not making a statement of his own. He is simply reproducing some statement made by a certain member in a Provincial Legislature.

Mr. Brojendra Narayan Chaudhury : I am simply quoting, though not verbatim, from the Council reports which are public documents.

The Honourable Sir Nripendra Sircar : What is that post ? Can I apply for it ?

Mr. Brojendra Narayan Chaudhury : It is the post of the Superintendent of Excise. It is a very good post, and I will advise you to apply for it, if within age.

Now, Sir, I came to the licensing of agents. Before the Honourable Mr. Sen spoke yesterday, I did not know at all the reasons for licensing. But Mr. Sen yesterday tried to convince us that licensing is necessary. He spoke not only of the nefarious practice but the nefarious trade of the agents. I take strong exception to that.

Mr. S. C. Sen : I think my Honourable friend misunderstood me. I never said nefarious trade. I said the nefarious practices for which he might be convicted.

Mr. Brojendra Narayan Chaudhury : Thank you very much. Probably it might be a slip of Mr. Sen or we might have heard him incorrectly. I would like to know if Mr. Sen or the Government have any reliable information which would show that the agents were doing the nefarious work on a very large scale. Can Government produce any such information ? If not, then they have not made out any case for licensing the agents. Then, Sir, why should they license the agents ? We were told by the Honourable the Law Member, in his opening speech on this Bill, that in a matter of contract between the insurer and the agent, why should the law interfere ? Why should this House interfere ? He was speaking then on the subject of the claim put forward in this House on behalf of agents, that when a company dismisses them or when they leave the company, they should get their renewal premiums. In that connection, he put forward this argument. I put forward his own argument now by saying why should we interfere

with the employer and the employed since you have not interfered in other cases and this is not the policy of the Government. Of course, my friend, Mr. Ranga, would interfere some day on behalf of the peasants and labour, but that day is not yet. The Honourable the Law Member refuses to interfere in one case but he interferes in another case. That is my complaint. Clause 110 of the Bill gives the Government power to prescribe the rules according to which agents' licenses will be issued. I make an appeal to Honourable Members of this House who love individual freedom, particularly to the Members of my own Party, whether they are going to subject an innumerable number of agents, small men and starving graduates, to be the *jo-hukams* of the Superintendent of Insurance. Will this clause and the rules that will be made under it further the cause of Indian freedom? I put this matter to all Members of this House who want to see not only individual freedom, but national freedom to consider it seriously.

Then, Sir, the Select Committee has further improved this point in the Bill. I mean improved it the other way. It is a minus improvement. I find that in most clauses the Select Committee has improved the Bill in a negative way. What do they say? They say that the licences will have to be renewed every year and a licence fee of Rs. 3 will be paid every year. I think it is to help our friend, the Honourable the Finance Member, with a little money so that he may defray the expenses which may be necessary in enlarging the staff of the Superintendent of Insurance as suggested by Mr. Sen in his report.

This piece of legislation was held up for many years in order to get the benefit of the report of the Clauson Committee. But we find that the recommendations of the Clauson Committee have been disregarded in this Bill. The Clauson Committee was not in favour of driving out small companies having sound business. I would draw the attention of the Honourable Members to a portion of the Clauson Committee's report. They say :

"We have to be as sure as humanly speaking we can be that we are not for injuring sound companies which are working with small capital."

I hope it will be conceded that a small capital in England is not the same small amount as it is in this country. Then, I would refer the House to the Council report of 1912 which is in favour of Clauson Committee's report :

"A well-known and a perfectly sound society, whose funds were deposited with the official trustees, came to us and showed me that their total funds at the present moment only amounted to three-quarters of a lakh. . . . I can assure the Council that Government have considered the matter most anxiously and carefully with the sole end in view of arriving at an amount which, while affording reasonable security against the growth of mushroom companies, will not be unduly burdensome on small but legitimate business." (*Vide* pages 510, 511 of Minutes of 1912 Council.)

I stand here for the same principle although I would prefer that there should be no deposit at all. Yesterday we were told by Mr. Sen that a great Indian, who was a Member of the old Imperial Legislative Council whose name is, I believe, Mr. Mudholkar, preferred Government securities. Sir, our political ideas have changed. Our old leaders were all aristocrats. They were all loyalists more or less. It is true that in those days if you subscribed or purchased Government securities you

[Mr. Brojendra Narayan Chaudhury.]

were considered a loyal man. I can speak from my own experience. During the war, when the five per cent. loan was floated, the Deputy Commissioner of the district called a Conference and asked the loyal people to subscribe to the Government loan. One of my friends came to see me and I told him that five per cent. interest is very good. Go in for it but pray do not subscribe towards it before the Deputy Commissioner. You can subscribe to it afterwards. Even then you will get your five per cent. all right and yet not placate the officials. I would again plead before the House to consider whether there should be any deposit at all or whether there should be any interference with investments. I find that many Honourable Members of this House have fallen into the rut. They argue that because in the Act of 1912 there is the deposit clause, therefore, it must remain now also. Not only that, they also say that because 25 years have elapsed, there has been a great development all round and, therefore, they want the initial deposit of Rs. 25,000 to be enhanced to Rs. 50,000. But I would ask the Honourable Members of this House with all the emphasis that I can command to mark the distinction between the Act of 1912, which was based on a different basis, and the present one. The structure of the Act of 1912 was this. Government did not take under that Act any power of supervision. I have already submitted that the Government of that time and the old Legislative Council thought that if they put in some provision for initial deposit at the start of a company, it would be some sort of security for the policyholders when the companies came to grief. As a matter of fact, Mr. Sen himself said, after a careful survey, that an initial deposit of two lakhs was no safeguard and it was only a small fraction of the entire liability of the shareholders. This is in Mr. Sen's report. If I am wrong I hope my Honourable friend, Mr. Sen, will correct me. But now the Government have decided and I believe, the House is inclined to give Government the power of supervision as full as is required. What then is the necessity of keeping the two lakhs deposit which serves no useful purpose whatsoever and the effect of which will be, as I have shown, that no new insurance companies could be started outside the big cities. What I submit is, no deposit, no control on investments, but simply close supervision if you like. That should be the criterion. If the initial deposit is to be retained, I would plead in favour of an initial deposit of Rs. 25,000 as Mr. Sen himself recommended and the balance to be paid out of the premium income. I am afraid of mentioning it here, because there is so much controversy about England and Canada here that, that is the Canadian system. The argument put forward by Mr. Sen that an initial deposit of Rs. 25,000 is not sufficient does not hold good because his case is like this : that because during the War the value of Government securities deteriorated, therefore, undesirable people were able somehow or other to collect Rs. 13,000 and purchase Government securities worth Rs. 25,000 face value and start business. But if the deposit is at all to be kept now under this Bill, we have made it cash and not face value. Cash and securities worth at the market rate Rs. 25,000 is sufficient security according to the argument of Mr. Sen. If another war comes in and the values of the securities deteriorate, still the new companies will have to pay cash or Government securities which are worth Rs. 25,000 at the market rate. I would like to impress upon Honourable Members the difference in the

structure of the two Acts. You cannot have it both ways. You cannot have supervision and control by cash security deposit and control of investments at one and the same time. With these words, I resume my seat, to allow other Honourable Members time to speak.

Maulvi Abdur Rasheed Chaudhury (Assam : Muhammadan) : Sir, I also come from the same Province as my Honourable friend, Mr. Brojendra Narayan Chaudhury. I shall, throughout my speech, dwell on the subject of deposit and other things contained in the Bill. Let me, first of all, begin with the usual thanks to the framer of the Bill who must have devoted lots of time and energy in framing the Bill, and so he deserves some thanks. I also thank the Honourable Members of the Select Committee for the hard work they had to undergo in reading and mastering the clauses of this voluminous Bill. They must have thoroughly mastered the subject, otherwise, they would not have been able to make additions and alterations to the original Bill. Sir, the Government of India are guilty of so many omissions and commissions in the past that whenever they come forward with any proposal, with any measure, the well-wishers of the country view this with suspicion. Our experience has made us sceptical. The mighty Government have to be dreaded all the more when it is found that they are coming with a homicidal mania as described by the Honourable the Leader of the House. They have in the past given expression to this homicidal mania on so many different occasions that their record both for direct and indirect homicidal mania is full.

The Honourable Sir Nripendra Sircar : What is indirect homicide ?

Maulvi Abdur Rasheed Chaudhury : Let me take up indirect homicide first. The Government began by killing our martial spirit by disarming us when they came to this country. Then they took up the task of killing our industry, they killed the prosperity of the country, they killed our initiative in business, and what not.

The Honourable Sir Nripendra Sircar : Homicide relates to human being, man.

Maulvi Abdur Rasheed Chaudhury : I say, Sir, that I look at the measure with suspicion. When, after the Great War, our young graduates, our young intellects, were inclined to start business and started companies after companies, Government did not raise their little finger to give them a little expert advice even, not to speak of helping them with subsidy or anything else. The result was that all our young ventures died. After the lapse of so many years people have got some initiative and expert knowledge of business and they are showing a sign of it by starting insurance business in recent years. Now, Government have come forward with this Bill and the suspicion at once arises that they are determined not to allow the spread of new insurance business in this country. I will give reasons for that suspicion. With regard to the Bill, I find that as many as 12 Members of this House were taken in the Select Committee. None of these Members were from any province where there is no insurance company. The result is that none of these Members spoke about future insurance companies. So, Sir, as to the Select Committee's recommendations I am in the same confusion as my Honourable friend, Mr. Brojendra Narayan Chaudhury. The confusion is all the more great as I find that although all the Members of the Select Committee have given minutes of

[Maulvi Abdur Rasheed Chaudhury.]

dissent, still they say that the Bill has not been altered in such a way as to require to be circulated for eliciting public opinion. I find, Sir, that the different groups in the Select Committee have taken the measure in such a way that, when the Bill will be taken up clause by clause, I am afraid different amendments on different lines will be passed and ultimately the provisions of the Bill will be so altered that it will not be a Bill at all.

Now, Sir, coming to the Bill proper, I will also take the question of deposit first. My Honourable friend, Mr. Chaudhury, asked the Leader of the House to explain on what basis this question of deposit was fixed. I am now speaking of life insurance companies only. The deposit fixed for life insurance companies is Rs. 2 lakhs. I am at my wit's end to understand how the framers of the Bill could come to this figure. They might have compared the economic condition of the people of India with that of the other countries, but even on this consideration I find that the amount could not be fixed at two lakhs. The *per capita* income of the people of India, so far as I have read, is only Rs. 55 whereas in Great Britain it is Rs. 1,091. Sir, in Great Britain, the amount of deposit is £20,000, or two lakhs of rupees. If the economic condition of India is compared with that of Great Britain, the deposit would come to less than Rs. 50,000. Sir, if you do not like to compare Great Britain or the United Kingdom with India, let us take Canada which also is a component part of the Commonwealth. There the deposit is 50,000 dollars or something like Rs. 1 lakh and 50 thousand. The *per capita* income of Canada is over Rs. 1,200, and the *per capita* income of India is Rs. 55. I ask the Leader of the House, with what face did he fix two lakhs of rupees as deposit for Indian concerns when a country like Canada can manage its insurance business with a deposit of one lakh and 50 thousand rupees? Then, Sir, there are countries like France, Germany and others, as mentioned by my Honourable friend, Bhai Parma Nand, the other day, where insurance companies have not to make any deposit at all in their initial stages. I do not understand what led the Government of India to fix this sum of two lakhs as the initial deposit for concerns. I told you, Sir, in the beginning that I had a great suspicion about the motive of the Government in bringing up this Bill, and my suspicion is corroborated by this. Their intention must be that in India insurance companies should not thrive, otherwise they would not have fixed this sum of two lakhs as deposit in the initial stage. Let us come to concrete examples. Take, for instance, our province of Assam. Till now, there is not a single insurance company in Assam, and the condition of Assam is in no way better than any other part of India. If an insurance company is to be started, the originators will have to arrange first for two lakhs of rupees and then another Rs. 50,000 for working capital. Thus, as the Leader of the House said, he has a homicidal mania both for Managing Agents, and for sickly children, and I would also add, for children who are not yet born. This will strike at the very root of the prosperity of the provinces where there is no insurance company yet. I am sure, Sir, if any Member from Assam had been appointed on the Select Committee, he would have asked them to follow, not the English or Canadian system, but the German or French system; and he would have told them "For God's sake, don't follow the English or the Canadian system; For God's sake, fix no figure for initial deposit." Let there be no deposit in the initial stage, because, in that case, the people

of Assam could one day dream of floating an insurance company by arranging for a working capital of Rs. 50,000.

Then, Sir, coming to clause 3, I find there is provision for registration of licenses ; but I do not find any provision for renewal of licenses. Probably it is a mistake on the part of the framers of the Bill, perhaps it did not strike the Members of the Select Committee. If the license was made renewable, that would have given the Government more money for the appointment of more Superintendents ; instead of one, they could have employed 4, 5, 6 or more Superintendents. I think that by some oversight the license is not made renewable. On the whole, Sir, it is a relief that existing companies will have to pay once for all and will not have to pay again for the renewal of registration and license.

Now, Sir, I find that so far as this Bill is concerned, nobody has got any objection to the original idea of the measure. I find that my friends, the representatives of foreign companies, have given their tacit consent to registration of companies and also in respect of investment to the extent of 33½ per cent. of their assets. It is indeed a happy sign that they waive their rights under the commercial discrimination clause of the Government of India Act to special treatment. Once they have consented to waive their rights to commercial discrimination,—and I could not find a single word in the speech of the Honourable Sir Leslie Hudson to suggest that they would take shelter under the commercial discrimination clause,—it is for versatile and eminent lawyers of this House to say whether it is not *ultra vires* to take shelter under that clause again after having waived their rights under that clause of the Government of India Act, so far as the question of investment is concerned. There may be a little difference between the representatives of foreign capitalists and Indian capitalists, but they will be very minor differences, *i.e.*, whether the investment should be 25 per cent. or 33½ per cent. of the assets. These are immaterial ; all these points can be settled by mutual talk and discussions. So far as the investment is concerned, I must say at the very outset that the interests of the policyholders must be safeguarded. As things stand at present, their interests are not safeguarded. Let me take an example. Suppose, as Lord Chelmsford once said, the fate of India was hanging in the battle-fields of Flanders in France, if unfortunately there was a war and if a French Insurance Company was the insurer, what would have been the fate of the investments made there and also of the policyholders ? Therefore, I say that, whatever may be the origin of the insurance companies, Indians or foreigners, they should invest a part of their assets sufficient to cover their risk and liabilities, in this country. If I say they should not invest anything in this country, I should be a hypocrite. I have got the interest of my country at heart, and, therefore, I should like that the interests of this country should be sufficiently safeguarded, whether the insurers are Indians or non-Indians.

Then, Sir, speaking about the Managing Agents, I cannot understand why there is so much homicidal mania on the part of the Leader of the House so far as the Managing Agents are concerned. The remuneration of the Managing Agents has been very much curtailed by the Select Committee. They cannot do much harm to the company in future. Their power of mischief has been lessened very much. I don't understand,

[Maulvi Abdur Rasheed Chaudhury.]

therefore, why the Leader of the House has not got his homicidal mania towards the Managing Directors who are getting as much as, if not more than, the Managing Agents....

Mr. S. C. Sen : He might imbibe that.

Mr. Abdur Rasheed Chaudhury : I might mention here that the Managing Director is always a man with a substantial share capital in the concern, just like the Managing Agents. If the homicidal mania is applied to Managing Agents, it ought, in equity, to be applied also to the Managing Directors.

Coming now to the Superintendent of Insurance, much has been said about his powers. I have not got much to add to what has been already said by previous speakers, but my only request is, let not the Superintendent be a fat salaried man. Let him not be a member of Mr. Lloyd George's steel frame ; let him not be a member of the privileged class. I have got my objection to this class of officers. They are paid so high, they take so many meals a day and take so much exercise to digest their meals, that there is very little time left to them for actual work. For this class of people their morning begins at 10 o'clock. They have their *chota hazri*, then they must go to the Club and have tennis at 2, and the only time left for them to work is between 10 and 2, that is, four hours. During this period, they have to go through their *dāk* and put their initials on them which is imperative. Then, they would see visitors,—their sycophants, their eulogisers for title, for distinction, etc. There is very little difference between this privileged class and the kept class ; both are worthless. I would request the House to give this appointment to a man who will be able to work and who will not be inclined to take eight meals a day and thereby have no time to do any work.

So far as the licensing of agents is concerned, there may be a difference of opinion, but whatever the difference may be, we must give scope for work to our youngsters. They may make mistakes in the beginning, they may not be up to the mark in the early stages, but when they get along with their agency, they will be able to do some work. Our people are intelligent, they have resources. Give them opportunity to work, and they will prove themselves worthy of the situation. Don't circumscribe their resources, don't circumscribe their initiative by putting all sorts of prohibitions. Let them be free, and they will be able to make themselves useful. The question of unemployment is very acute, and if you put any restriction like this, it will simply increase unemployment.

Finally, I would appeal to the House to consider the question of deposit from the point of view of new concerns. I suggest that there should not be any deposit in the initial stage, but put other restrictions if you like. Ask them to deposit 30, or 40, or 50 or even 60 per cent. of their premium income every year with the Government. In that way, you can encourage these concerns, but don't throttle them at the very outset by demanding this high deposit. With these words, I resume my seat.

Mr. Badri Dutt Pande (Rohilkund and Kumaon Divisions : Non-Muhammadan Rural) : The House has listened to many conventional and constitutional speeches. I ask the indulgence of the House for making

an unconstitutional and unconventional speech, because I am a representative of the villagers. I do not know the conventions of this House. I am a new man to this House. I would rather like to talk in Hindustani; it is my mother tongue. I have no knowledge of English, my knowledge of English is defective, and I ask the indulgence of the House.

This Bill is the outcome of the great union, the confederacy, or the combination, I shall not say conspiracy, of the two Bengali stalwarts, the mighty Sircar and the tame Sen. (Laughter.) This is their second legitimate child, it is said. The first is the Companies Act, and the second is this Insurance Act. My Honourable friend says, "It is my healthy child. I have brought up this child. Bless it and blow trumpets, etc." His child, he says, is a legitimate child, but it has Canadian blood, it has Irish blood, it has American blood, it has U. K. blood, and very little of Indian and Bengali blood. (Laughter.) He is proud of his child. On the occasion of the birth of a child, *rasagollas* and *sandesh* are distributed everywhere. A villager likes sweets, and I thought that we would be treated to *rasagollas* and *sandesh*, but it is a hotchpotch, or as the Bengalis call it "*sapar supar*", (Laughter),—might be of English, Irish and American cakes. I have read some parts of the Bill. I do not know law, and very little of insurance law. The Leader of the House said that there were only seven persons in this House who knew insurance law. Of course, I am ignorant of this insurance law. We have a division of labour on this side of the House. Some Honourable Members have related figures. I will only touch on facts. The first taste of the Bill was made by another Bengali gentleman who pronounced that it is not good. Now, this Bill was born on the *Janmashtami* day. If it is Krishna Kannaiya, we will all bless it, because He is the lord of mercy, but, Sir, I have my suspicions. I cannot bless this Bill, although the House may bless it. Being a villager and suspicious, being a representative of the underdog which has been suppressed, oppressed and depressed, I cannot bless it, because the village school master, the village "patel" and other small men are insured with the young companies. It is the big Bombay business men that control the bigger businesses. It is the smaller people who are insured with the young life companies, and they will be crushed by this Bill. There are 16 of them in the United Provinces, and they are all young, and, out of that, I am told, ten will go (*fut*) to dogs. They will disappear. In view of this, how can I bless this Bill? We cannot degrade ourselves to this level. My point is that unless India is free, and that reactionary body, the Government of India, is removed, we cannot express our own will in this matter. *The Manchester Guardian*, in an outspoken article on the Central Assembly, says :

"It has now clearly outlived its time. The extension of responsibility to the provinces makes its position anomalous. Indians in it feel like school children, shut up in a first class waiting room, while the more favoured friends go off in excursion trains. Unfortunately, the prospects for the new Federal Assembly look no brighter than for the dying Assembly, a solid lump of princes' nominees and restriction on debate having made it unpopular in anticipation. Meanwhile, the Central Assembly will play out its time, airing its grievances by frequent adjournment motions."

And these adjournment motions are disallowed every day by that mysterious person, the Governor General. So, that is our position. We cannot make a purely Indian Bill. We are not enamoured of this Bill, and even if this Bill is wrecked on the rocks of section 3A, either by

[Mr. Badri Dutt Pande.]

the Honourable Member, the mighty Sircar or the *okota* Sircar, we will not be sorry. The time is coming when we will have our own Bill, in which both our head and heart and also our soul will be there. We will protect our nationals as other nationals protect their own. In six, and probably in seven provinces, we will have our own popular Bills. We have been flooded with a lot of literature on this Bill, which it is impossible to read.

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

I will not touch on other points, but I will deal with only two. This Bill, in my opinion, will sound the death knell of the smaller companies. It will be their *Ram Nam Sat*. I ask you to have mercy on the smaller companies. Allow them time. Give them ten years. You have given them seven years. What is the sanctity about seven years? Give them three more years and let them get three more injections and see if they can survive. My friend, the Honourable the Leader of the House, says that only his healthy child should live. If a man suffers from leprosy, will you kill him? You cannot pass legislation to kill people with whom you disagree. I want young India to prosper. I want India to come into its own. I want young India to be free, to be self-governing in its own country, not to be sent to Andamans, not to be made detenus, but to be Governors and Lieutenants in their own home country. I want to say that if you pass this legislation, the smaller companies will be killed. I ask every Indian to vote for the smaller companies. Otherwise, we would be doing great disservice to our country. My suggestion is that you should give three more injections to these young companies. Suppose they are suffering from tuberculosis, they may be cured. We are not Gods here and cannot pass legislation for ever, and we can only do what human beings can do.

Then, a word about the foreign companies. Our forefathers made the mistake of their life by allowing the East India Company to trade here. As a result, we were all enslaved. The U. K. Companies are protected by the Government of India Act, which says in section 111 :

“ Subject to the provisions of this chapter, a British subject domiciled in the United Kingdom shall be exempt from the operation of so much of any Federal or Provincial law as—

- (a) imposes any restriction on the right of entry into British India ; or
- (b) imposes by reference to place of birth, race, descent, language, religion, domicile, residence or duration of residence, any disability, liability, restriction or condition in regard to travel, residence, the acquisition, holding or disposal of property, the holding of public office or the carrying on of any occupation, trade, business or profession.”

There are further things said in the Act which I will not read. Look how many safeguards have been embodied here? The people who are guarded by about 7,000 military officers, 60,000 British soldiers, two lakhs of Indian soldiers, and what to say of the Civil and Military—they require protection! Then, where are we? Even the policeman does not protect us, does not *salaam* us. He does not listen to us. Strong as they are I do not know why Europeans are demanding protection, with their freedom, their liberty, wealth and love of country? It is we who should demand protection for our country, for we are weak. The sickly child can only live if the foreign matter in it is extracted. With the foreign

matter in it, it cannot be called healthy. I have got here many opinions, but I shall not take up the time of the House by quoting them. All the Indian companies have asked that foreign companies should not be allowed for another 20 years to do insurance work here. As regards the U. K. companies, we cannot touch them. We have got to live with them and I will tell them in all humility that, as they have come here, let them live in peace and amity and goodwill with us and share our joys and sorrows. Don't try to show your arrogance to us. We want to live in peace together. But why should we allow other companies, which have their places of origin in Germany, America and other countries, to come to our country when they do not allow us to go to their countries? This is not logic, and yet we find it in the Bill. We know how these Bills are worked. If the Superintendent is sane, he will work all right. But if he is insane, what will happen? (Laughter.) I tremble with fear.

Sir, I have one or two points more, and then I will resume my seat. I want to say something about the State control. I am not a Socialist, although I am anxious to live in that Heaven where we have not to pay taxes, where our education is free, where eating is free and where dress is free. I would like to be in that Heaven, but I cannot see that Heaven. I will patronise State control only when there is a popular Government like that of the Honourable Pandit Govind Ballabh Pant or when there is a benevolent autocrat like Mustafa Kamal Pasha, because I know he will do me no harm. But to these Sircars I cannot entrust my goodwill or my conscience unless they wean themselves from that great unlimited Corporation, called the "India Looting Company", of which they are the shareholders. The policy of the Congress has been that we stand for the underdog, that we stand for the cottage industries. Not only will I advise bonuses to the shareholders, but also to the small employees, such as *chaprasis*. People who are at the top are already drawing fat salaries. They draw Rs. 10,000, Rs. 3,000, and so on. But the underdog gets only Rs. 14. The clerk gets only Rs. 20 and has misery in his home. We stand for all these underdogs, and I think we must give them bonuses also. The Congress has an open mind. Any good amendment that comes from any side of the House, we will support. But if an amendment is bad, we will not support it. That is our position. With these few words, I bring my remarks to a close.

Sardar Sant Singh : Sir, before I start discussing the provisions of the Bill, as it has emerged from the Select Committee, I have one complaint to make, and that is that our friends who were members of the Select Committee have not given us in their notes of dissent the benefit of the reasons why they have added those notes of dissent to the Bill. I think the constitutional practice so far has been that those members who added their notes of dissent gave some reasons why they were dissenting from the majority report. But what I find from the minutes of dissent is that the Honourable Members who have signed them simply say that they reserve their right of moving amendments. I would like to read a few sentences, so that I may be able to make my meaning clear. The note of dissent given by the members from the European Group says :

"There are a number of provisions in the Bill as amended in Select Committee with which we are not in agreement and we therefore reserve the right to move such amendments in the Legislative Assembly as we may consider necessary."

[Sardar Sant Singh.]

Then, further on, they particularise and give the clauses. My complaint is that it will be much better if the members of the Select Committee were to take the House in their confidence and enlighten us on what points or on what different interpretations of the clauses they differ.

Proceeding further, the most important part of the Bill is where an effort has been made by the Select Committee to introduce the definition of an Indian insurer. In introducing this new definition in a new clause, we thought that the Select Committee has succeeded in solving India's difficulties. The main problems which confront India at all times are to protect the industries of India from foreign competition. The Honourable the Law Member, when speaking on the motion for consideration, told us that even the definition as it stands does not extend that protection which the House naturally desires. He told us that the provisions of sections 113 and 114 of the Government of India Act, 1935, stand in the way and that even in spite of this definition, the United Kingdom companies will be protected. In order to make myself clear, I will read a portion of section 113 of the Government of India Act. It says :

“ Subject to the following provisions of this chapter, a company incorporated, whether before or after the passing of this Act, by or under the laws of the United Kingdom, and the members of the governing body of any such company and the holders of its shares, stock, debentures, debenture stock or bonds and its officers, agents, and servants, shall be deemed to comply with so much of any Federal or Provincial law as imposes in regard to companies carrying on or proposing to carry on business in British India requirements or conditions relating to or connected with and so on.”

This section means to say and is intended to say that, even if certain conditions are laid down for the protection of our own industries, those conditions will be deemed to have been complied with by the companies that are already existing or that may hereafter come into existence provided they are incorporated in the United Kingdom. Now, this provision should be read with the definition of an Indian insurer which is given in clause 2, sub-clause (8A) which runs thus :

“ Indian insurer means an insurer three-fourths of whose paid-up capital is held in their own right by British Indian subjects domiciled in India, and three-fourths of the members of whose governing body are British Indian subjects.”

If these two definitions are read together, the conclusion is rather obvious that the United Kingdom companies will be deemed to have complied with these conditions and therefore within the definition of an Indian insurer they will be deemed to fall. Therefore, so far as the question of competition or protection against the United Kingdom companies is concerned, this definition does not take us much further. I may submit with the permission of the House that a sovereign legislature with freedom to enact any laws is in a much freer position to solve the different problems which face them in their own country, but a subordinate legislature like ours on whose head the sword of Damocles constantly hangs, the problems become rather difficult of solution. Here we are face to face with a provision which is not to our liking and yet in spite of our wishes to the contrary, we are bound to keep in mind when enacting a law for the protection of our own industry. The difficulty is very obvious and it will be for this House by suitable amendment of the definition to find out some way by which in spite of the provisions of

section 113 of the Government of India Act, the House extends the protection to Indian industry of insurance as it naturally desires and I think as is desired on all sides. Therefore the difficult position in which we find ourselves will have to be solved somehow or other. I want to place one suggestion before the House for their consideration which to my mind, so far as I look at it just now, at present advised as I am, seems to solve this difficulty and that is that instead of putting the definition of 'Indian insurer' as we have done herein, we should put it for the purpose of re-insurance, provision as it is embodied in clause 3 (a) of the Bill that re-insurance will be done with a number of companies entered in the schedule to be provided hereafter and with nobody else. In that schedule, we will mention only those companies whose origin is in India, whose capital is Indian and whose Board of management is Indian entirely. That will mean we cannot put all the Indian companies in that schedule with the result that there will be no discrimination particularly against United Kingdom, but the discrimination will be against some Indian companies as well as against all United Kingdom companies.

Mr. F. E. James (Madras : European) : Very clever.

Sardar Sant Singh : You were very clever in the Parliament when on this small section—one section—your representative there took one whole day of Parliament and was not satisfied till clause 2 was added to it. If you are very clever in your home, I think we ought to be cleverer enough in our home to extend protection where it is needed.

Mr. F. E. James : That is what I am saying.

Sardar Sant Singh : I accept the compliment. So far as this is concerned, this is one of the methods how this provision could be got over. At the same time, I would like to give the Superintendent of Insurance the power to change that schedule from time to time in accordance with the Rules made by the Central Government in this behalf. Those Rules are to be placed on the table of the Central Legislature so that there may not be any entry by the back door and the Central Legislature should keep a watch over the list lest any foreign company should be included in that list.

The Honourable Sir Nripendra Sircar : You think it is a clever device ?

Sardar Sant Singh : I am putting this forward as a device. I do not know whether you will regard this as clever or not, but my Honourable friend, Mr. James, regards it as clever.

Mr. S. Satyamurti (Madras City : Non-Muhammadan Urban) : No, Mr. James is making fun of you !

Sardar Sant Singh : The second way of doing it is this and that will fulfil the object which was put forward by some of the Honourable Members on this side that insurance should be nationalised and that is that a branch of the Postal Insurance should be started and all re-insurance should be done with postal authorities and with nobody else. That will be another way of getting over the difficulty. I think, Sir, that after discussion in this House on this question if my advice as it is called by the Honourable the Leader of the House is not clever enough, then with

[Sardar Sant Singh.]

his brain and with his intellect, we will find some cleverer device by which we can accomplish our purpose. Our purpose is to make Indian insurance as a national industry, no less and no more. That is our aim.

The Honourable Sir Nripendra Sircar : I got suspicious, because Mr. James was agreeing with you.

Sardar Sant Singh : My next point is about the limitation of commissions. I need not take much of the time of the House because this point has been brought in by so many speakers in their speeches that the necessity for the limitation of commission is most desirable. It has been said that by limiting the commissions, we may hamper the growth of the young companies, or those that are still to come into existence. For that I will propose that there should be a graded list of commissions for the older and for the new companies. For the older companies of more than 30 or 40 years standing, the rate of commission—maximum commission—should be fixed at about 30 per cent., for companies of over 10 years standing the rate of commission should be fixed at 40 per cent. and for companies of less than 10 years standing, the rate of commission may be, say, about 50 per cent. or 60 per cent. By this way we will be able to encourage the growth of new companies. At the same time, I am not unconscious of the fact that some companies by the lapse of years remain new as the Honourable the Leader of the House put it in his speech. No doubt this is the case with many, but the Legislature cannot protect those people who are not able to stand on their own legs even by efflux of time. If they cannot go on, then they either must cease to exist or if they exist at all, they should exist in line with those who are more competent. The struggle for existence should be as keen for them as for others.

The third point for which I wish to get the permission of the House to deal with is the work of agents and field workers. The Honourable the Leader of the House at the close of his speech had to say something about Agents' commissions. Sardar Mangal Singh too in his speech referred to the need for protection of this class of workers in this field. No doubt, our friend, Mr. Sen, will come forward with the plea of freedom and solemnity of contract, and he will say that these field workers and agents must thank themselves if, at the time of entering into the contract of agency with the companies, they did not protect their rights. But with the greatest respect I agree to differ with him. My reasons are very obvious. The Legislature in the past has come to the help of those who have not been able to defend their rights against unconscionable bargains, as they are called in legal language. And if those unconscionable bargains are against the agents I think the Legislature is perfectly within its rights in laying down a certain law. If it were not so, there is no reason why the managing agency system is being restricted, and why so many other restrictions are placed upon the freedom of contract as they are placed in this very Bill. It is because the public interest requires that such protection should be extended to those who are not in a position to defend themselves. In order to carry this House with me I think I must give some illustrative cases so that the difficulty of the agents may be appreciated in its true perspective. Agents, just like the managing agents and just like the

bigger guns of Bombay and the smaller guns of other provinces, are here. They have tried to influence the Members of this House by putting forward their point of view. Similarly the field workers and the agents are here to tell us their grievances against the high-handedness of some of the companies. From my own district of Lyallpur, a few gentlemen have come and complained against the high-handedness of Punjab companies in the matter of agency, and how, when they are in receipt of hard-earned commissions by supplying policies worth lakhs of rupees to the company, they often forfeit their commissions, because they could not pull on with that company on account of the restricted terms offered when they found that the renewal commissions are getting higher. With regard to one case which relates to an established foreign company, I am going to read the opinion of some of the very big men about that case so that the House may be in a position to understand what slavery is expected from these agents. I think I am right in saying that as soon as the word "slave" comes in everybody begins to feel whether slavery exists or not. But in the case of these field workers the worst form of slavery exists. From this letter which I have here, I will read first the terms of agreement so that we may be able to appreciate what sort of slavery there is in insurance business. Here is a young man who at the early age of 21 was employed in the Finance Department of the Government of India through competition. At that age he was persuaded to join an insurance company as an agent, and this is the history of how the company treated him.

Mr. Lalchand Navalrai (Sind : Non-Muhammadan Rural) : What is the name of the company ?

Sardar Sant Singh : The Honourable Member should wait ; the name will probably come out in spite of myself.

This is from the terms of agency :

" In regard to revision of your terms, I have the pleasure to confirm that the Manager has agreed to allow you the following terms of remuneration, and further we undertake to renew these terms for the following three years ; provided always you continue to introduce at least 6½ lakhs of satisfactory business during each financial year and subject of course " *(this is the most interesting thing)* " to the proviso contained in the penultimate paragraph of this letter."

And what is that blessed penultimate paragraph ? It runs thus :

" Also these arrangements are held entirely during the pleasure of the Directors."

This fellow had given one crore of business to this company and his renewal commissions were amounting to a big sum every year. When he thought that this company was treating him very badly, he went to a learned lawyer of Calcutta and asked him whether he could take steps against this company for having defrauded him. And this is the opinion of that lawyer :

" There are obvious ambiguities in this letter and terms of doubtful force in law by reason of their inconsistency or repugnancy. There is no mention of any definite initial period of the payment, and yet there is an undertaking on the part of the company to renew the payment for the following three years. In other words, the intention is clear that the payment shall subsist for a period uncertain."

Mr. President (The Honourable Sir Abdur Rahim) : I do not think the Honourable Member is in order in discussing individual cases like that.

Sardar Sant Singh : I am illustrating the position and showing how these field workers are treated by their companies.

Mr. President (The Honourable Sir Abdur Rahim) : I think the Honourable Member has done quite enough in that respect. He must go on with the Bill now.

Sardar Sant Singh : May I submit, Sir, that some of the letters are very important

Mr. President (The Honourable Sir Abdur Rahim) : No, I cannot allow individual cases to be discussed.

Sardar Sant Singh : All right, Sir, I will proceed. I will finish this by saying that eminent lawyers even recommended to that life assurance company that he was not being treated fairly, and one of the most eminent persons in India, a Colonel, wrote to say that if he were not an Indian he would not have submitted to such treatment. With such callous treatment meted out to these field workers we yet find that no mention is made in the whole Bill about renewals that they shall not be forfeitable. I will certainly ask the cooperation of this House in saying that a renewal commission is a commission earned. It is not a grace, and even if the agents or the field workers leave that company and go to another, these renewal commissions should not be forfeited.

Sardar Mangal Singh : If they are not opposed to the interests of the company.

Sardar Sant Singh : I do not know what my Honourable friend means by being opposed to the interests of the company. Should he give up the profession of agency when he has learnt the business, and that company is not willing to employ him on the terms originally agreed upon between them? Why should he not be at liberty to go to another company? If I have a right to leave the service of a bank and go to another because I know banking business, has the bank a right to forfeit my deposits or the salary I have earned? It is against the principles of equity, justice and good conscience. Renewal commissions have been earned, and they should not be forfeited. When they have been earned, they must be paid during the period that the policy remains in force. I quite understand that my friend is the Director of an Insurance Company, and he thinks he can release some of the agents to go to other companies, but it is not a matter of individual concern, it is a matter of public interest

Sardar Mangal Singh : I am sorry to interrupt my Honourable friend, Sir. Renewal commissions are given for services to be performed. They are not unconditional.

5 P.M.

Sardar Sant Singh : They will be paid only if the man continues in service, and I am protesting against such an agreement.

Mr. S. Satyamurti : Why does he sign such an agreement?

Sardar Sant Singh : I have already said that he signed the agreement, because he could not understand the terms of the agreement which was framed by eminent lawyers.

Mr. S. Satyamurti : Then, he should not do insurance business.

Mr. President (The Honourable Sir Abdur Rahim) : Is the Honourable Member going to conclude his speech now ?

Sardar Sant Singh : I will take some time, Sir. There are one or two more points to be dealt with.

Mr. President (The Honourable Sir Abdur Rahim) : How long will the Honourable Member take ?

Sardar Sant Singh : About ten minutes more, Sir.

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

Sardar Sant Singh : Then, Sir, there is one point which I do not find in the Bill, and I would invite the attention of the House to it. There is no provision in those clauses which relate to investment of the funds to call upon an insurance company to invest a part of its funds in some industrial concern in the country. I understand that in Japan most of the funds of their insurance companies are invested in industries with the result that Japan has made very considerable strides in the industrial sphere and she is now able to compete successfully with the western nations. Therefore, Sir, I consider this is an opportune moment when we should make a similar provision in our Bill that a portion, however small it may be, say 5 per cent., of the assets should be invested in some industry approved by the Superintendent of Insurance. Here I am giving more power to the Superintendent whose appointment is being objected to by my friends on my right. However, I will certainly recommend to my friend, Mr. Sen, that he should consider this point seriously and see if a suitable provision can be made so that a portion of the assets of Insurance companies shall be invested in some industry which is approved by the Superintendent of Insurance. I want a statutory provision in the Bill itself.

I don't want to take more time of the House at this stage, because I am moving some amendments myself relating to all the points I have raised, and then I shall make my further observations. This Bill, Sir, is really a very important measure, and rarely such measures are brought forward before the House. Therefore, Sir, we should try and make this legislation as complete as possible and see that it is in the interests of India and of nobody else.

The Assembly then adjourned till Eleven of the Clock on Thursday, the 2nd September, 1937.