

21st September 1937

**THE  
LEGISLATIVE ASSEMBLY DEBATES**

**(Official Report)**

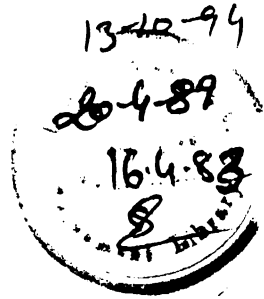
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**Volume VI, 1937**

*(18th September to 29th September, 1937)*

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



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1938.

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# Legislative Assembly.

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

MR. M. GHILASUDDIN, M.L.A.

MR. MATHURADAS VISSANJI, M.L.A.

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# LEGISLATIVE ASSEMBLY.

*Tuesday, 21st 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.

Mr. Charles MacIvor Grant Ogilvie, C.B.E., M.L.A. (Defence Secretary).

## STARRED QUESTIONS AND ANSWERS.

### (a) ORAL ANSWERS.

#### ENCOURAGEMENT OF RAILWAY TRAVELLING.

659. \*Mr. Sri Prakasa : (a) Will the Honourable Member for Commerce and Railways state whether Government are aware that a large number of private persons travel by motor cars between Calcutta and Benares and that every facility is given for their cars and themselves to cross the bridge between Sone-East Bank and Dehri-on-Sone on the East Indian Railway, quickly and comfortably ?

(b) Do Government propose to consider the desirability of withdrawing these facilities to encourage private persons to use railways ?

(c) Is it a fact that a large number of high officers serving the centrally administered areas use their private cars instead of railways much to the detriment of the revenues of the latter ?

(d) Is there any difference in the amount of travelling allowance permitted to officers to use their cars instead of the railways ?

(e) Do Government propose to consider the desirability of reducing the travelling allowances for these officers when journeys are made by motors in order to encourage railway travelling ?

**The Honourable Sir Saiyid Sultan Ahmad :** (a) Yes.

(b) No.

(c) It is known that officers sometimes use their own cars instead of the railway.

(d) and (e). No.

**Mr. S. Satyamurti :** With reference to the answers to clauses (d) and (e), what are the reasons why Government do not help their own Railways to the extent to which they can ?

**The Honourable Sir Saiyid Sultan Ahmad :** They do not consider it necessary, because, after all, people may use their own cars.

( 2087 )

**Mr. T. S. Avinashilingam Chettiar :** May I know the probable income that will accrue to the Railways in case these people are required to travel by Railways ?

**The Honourable Sir Saiyid Sultan Ahmad :** I do not know.

**Mr. Sri Prakasa :** With reference to answer to (a) of the question may I know why so many facilities are given for the passage of cars over the bridge between Sone-East Bank and Dehri-on-Sone while all facilities are suddenly stopped when these cars reach Dufferin Bridge near Benares ?

**The Honourable Sir Saiyid Sultan Ahmad :** If my friend will put down a question, I will try to answer.

#### LONG CONTINUOUS DUTY OF RAILWAY DRIVERS.

660. **\*Mr. Sri Prakasa :** (a) Will the Honourable Member for Commerce and Railways state if it is a fact that on the Bengal North Western Railway the same engine driver is on duty all the time from Gorakhpur to Allahabad, which distance is covered in a little over 12 hours ?

(b) If so, do Government regard such long continuous duty for an engine driver as safe in the public interest ?

(c) Do they propose to fix a maximum period for which an engine driver can be continuously on duty and inform the railway administration concerned accordingly ?

**The Honourable Sir Saiyid Sultan Ahmad :** Information is being collected and a reply will be laid on the table of the House in due course.

**Mr. Sri Prakasa :** In view of the fact that it is positively dangerous to allow a driver to be on duty for such long hours will the Honourable Member consider the desirability of stopping this practice if it should exist ?

**The Honourable Sir Saiyid Sultan Ahmad :** That is a hypothetical question, but I shall send the question and the supplementary question to the Railway.

**Mr. Mohan Lal Saksena :** Is it a fact that the rules of eight hours' working day apply to Railways as well.

**The Honourable Sir Saiyid Sultan Ahmad :** I have no information.

**Mr. S. Satyamurti :** Are there any rules on the Company and State-managed Railways, restricting the number of maximum working hours for which railway servants, especially engine drivers, may be continuously on duty ?

**The Honourable Sir Saiyid Sultan Ahmad :** If the learned friend will put down a question, I will get the information. I have no information.

**APPOINTMENT OF AN INDIAN AS ACTUARY UNDER THE GOVERNMENT.**

661. \***Mr. S. Satyamurti** : Will the Honourable the Commerce Member be pleased to state :

(a) whether the Government of India received from the Committee of the Indian Federation of Chambers of Commerce and Industry any letter pointing out the necessity for the appointment of a suitable Indian to the post of Actuary under the Government ; and

(b) whether they propose to do so, and if not, why not ?

**The Honourable Sir Saiyid Sultan Ahmad** : The Honourable Member is referred to my replies to question No. 364 asked by Mr. Badri Dutt Pande on the 8th September, 1937, and to the supplementary questions asked by the Honourable Member in that connection.

**Mr. S. Satyamurti** : Have Government considered the question of combining in one person the posts of Actuary and Superintendent of Insurance now incorporated in the Bill before the House ?

**The Honourable Sir Saiyid Sultan Ahmad** : The Bill has yet to be passed, and we will consider the question when the Bill is passed.

**Mr. S. Satyamurti** : Does that answer cover the question of amalgamating in one and the same person the two offices, namely, the existing one of Actuary and the proposed one of Superintendent of Insurance ?

**The Honourable Sir Saiyid Sultan Ahmad** : Government have not come to any decision at present. They are waiting for the Bill to be passed into law.

**Mr. S. Satyamurti** : May I take it, Sir, that the answer means that the question of filling up the vacant post of Actuary will not be taken up for consideration until this Bill becomes law ?

**The Honourable Sir Saiyid Sultan Ahmad** : That is so.

**PROPOSED APPOINTMENT OF A COMMERCIAL ADVISER TO THE RAILWAY BOARD.**

662. \***Mr. S. Satyamurti** : Will the Honourable Member for Commerce and Railways be pleased to state :

(a) whether Government are in receipt of a letter from the Indian Merchants' Chamber, Calcutta, regarding the proposed appointment of a Commercial Adviser to the Railway Board ;

(b) whether Government have come to any conclusion as regards the need for appointing a special Commercial Advisor to the Railway Board, and the propriety of appointing a non-Indian thereto ; and

(c) whether Government have considered the criticisms mentioned in the letter referred to above and whether they have given them or will give the Assembly an assurance that no non-Indian will be appointed to this place ?

**The Honourable Sir Saiyid Sultan Ahmad :** (a) Presumably the Honourable Member is referring to the letter received on the subject from the Indian Chamber of Commerce, Calcutta. If so, the reply is in the affirmative.

(b) and (c). There is no proposal before the Government for the appointment of a Commercial Adviser to the Railway Board.

**Mr. T. S. Avinashilingam Chettiar :** May I know whether the Wedgwood Committee has recommended the appointment of such an officer ?

**The Honourable Sir Saiyid Sultan Ahmad :** No.

#### CREATION OF THE FEDERAL RAILWAY AUTHORITY.

663. **\*Mr. S. Satyamurti :** Will the Honourable Member for Commerce and Railways be pleased to state :

- (a) when Government propose to create the Federal Railway authority ;
- (b) whether before the creation of such authority, Government will place before the Legislature the Legislative proposals for supplementary legislation ;
- (c) whether Government have come to any conclusion as regards the location of the headquarters of the authority ;
- (d) whether Government propose to prescribe any additional qualifications, besides those prescribed in the eighth schedule of the Government of India Act, for the personnel of such authority ;
- (e) whether the Legislature will be consulted in these two matters, referred to in the two clauses above ; and
- (f) if not, why not ?

**The Honourable Sir Saiyid Sultan Ahmad :** (a), (b) and (c). I would refer the Honourable Member to my reply to parts (a), (b) and (c) of starred question No. 125 asked by him in this House on 26th August, 1937.

(d) Government have no such proposal at present under consideration.

(e) and (f). I would refer the Honourable Member to my reply to part (b) of starred question No. 136 asked by Sardar Mangal Singh in this House on 26th August, 1937.

**Mr. S. Satyamurti :** With reference to answer to clause (b) of the question, may I know whether Government are considering the recommendations of the Wedgwood Committee's report which *inter alia* recommended to Government the prescription of certain additional qualifications for membership of the Federal Railway Authority ?

**The Honourable Sir Saiyid Sultan Ahmad :** We are not yet considering them.

**Mr. M. S. Aney :** Will Government be pleased to repeat the answer that was given to Sardar Mangal Singh ?

**Mr. President** (The Honourable Sir Abdur Rahim) : The answer has already been given, and it would be interminable if answers have always to be repeated.

**Mr. S. Satyamurti** : With reference to answers to (b) and to my supplementary question thereto, may I know whether Government are considering only some recommendations of the Wedgwood Committee, and some are not being considered, and the recommendations of that Committee in regard to qualifications of the Members of the Federal Railway Authority come under the second category ?

**The Honourable Sir Saiyid Sultan Ahmad** : We propose to consider all the recommendations, and we propose to take into consideration the comments on the same by the Public Accounts Committee. We have come to conclusions on some of the points, and the others are being considered and we will take some time to come to a final decision.

**Mr. S. Satyamurti** : With reference to answer to (b), may I know if the position is the same as before—that there will be no legislative proposal before this Assembly, till the constitution of the Authority ?

**The Honourable Sir Saiyid Sultan Ahmad** : Yes.

#### SAFEGUARDING OF THE INTERESTS OF INDIAN SHIPPING.

664. **\*Mr. S. Satyamurti** : Will the Honourable Member for Commerce and Railways be pleased to state :

- (a) whether Government urged the claims of Indian National shipping in their recent negotiations for trade agreement between India and Japan, and, if not, why not ;
- (b) whether these claims are being urged on Great Britain in the negotiations now going on between India and Great Britain, and, if not, why not ;
- (c) whether Government propose to take any steps by way of legislation or otherwise to secure for India the same right which the Dominions possess for enacting merchant shipping legislation, and securing thereby for the purposes of national economy, their legitimate share in the entire maritime trade of the Empire ;
- (d) whether Government have considered the fear expressed by the committee of the Indian Merchants Chamber at Bombay to the Commerce Member during his recent visit to Bombay at the proposed re-distribution of portfolios and their opinion that navigation and ports should go with blue water shipping, that is coastal shipping, overseas shipping should not be separated from ports and inland navigation, as such a proposal is fraught with great danger to Indian shipping, and whether Government propose to take any steps in this matter ; and
- (e) whether Government propose that all trade agreements between India and other countries shall be submitted to the Indian Legislature for ratification, and, if not, why not ?

**The Honourable Sir Saiyid Sultan Ahmad :** (a) and (b). The needs of Indian shipping were borne in mind by the Government of India during the Indo-Japanese trade negotiations and are being borne in mind during the present Indo-British trade negotiations.

(c) It is not quite clear what specific powers or rights the Honourable Member has in mind. In any case, as he is doubtless aware, any proposed enhancement of the legislative powers of the Indian Legislature would be a matter for Parliament.

(d) Government have considered the views expressed by the Committee of the Indian Merchants' Chamber, Bombay. They do not propose to take the action suggested by the Committee.

(e) I would refer the Honourable Member to the replies given to part (e) of his own question No. 15 and its supplementaries in this Session.

**Mr. S. Satyamurti :** With reference to the answer to clauses (a) and (b), apart from these considerations having been borne in mind and being borne in mind now, may I know if any specific proposals or demands have been made or were made in the negotiations between India and Japan or are being made now by the Indian non-official advisers or by the head of the delegation to the British Government, with regard to a proper place being given to Indian shipping ?

**The Honourable Sir Saiyid Sultan Ahmad :** So far as the present negotiations are concerned, that is, the Indo-British trade negotiations, this point is before our delegate, Sir Zafrullah Khan. As regards the question whether the needs of Indian shipping were borne in mind by the Government of India in the Indo-Japanese trade negotiations, the answer is also yes.

**Mr. S. Satyamurti :** Was any result achieved, as a part of the Indo-Japanese settlement, with a view to helping Indian shipping ?

**The Honourable Sir Saiyid Sultan Ahmad :** I cannot answer that question, because trade negotiations are confidential, and it is very difficult to give a reply to a question like that.

**Mr. S. Satyamurti :** Are trade negotiations still going on between India and Japan ?

**The Honourable Sir Saiyid Sultan Ahmad :** No.

**Mr. S. Satyamurti :** My question relates to the results of those negotiations, whether in the resultant agreement any advantage was secured to Indian shipping.

**The Honourable Sir Saiyid Sultan Ahmad :** No.

**Mr. S. Satyamurti :** With reference to the answer to clause (c), may I know whether Government have examined the provisions of the Government of India Act—the chapter which has been referred to before this House again and again during the last few days—and they are considering any proposal to move the British Parliament to amend the Government of India Act, with a view to giving Indian shipping better opportunities ?

**The Honourable Sir Saiyid Sultan Ahmad :** No : not at present.

**Mr. S. Satyamurti :** With reference to that answer, may I know the reasons why, seeing that that section prevents very effectively any help being given to Indian shipping as against United Kingdom shipping, the Government have come to the conclusion to take no further action in the matter ?

**The Honourable Sir Saiyid Sultan Ahmad :** Because they do not consider it necessary.

**Mr. T. S. Avinashilingam Chettiar :** May I know what was the sort of demand that was put forward on behalf of India in the Indo-Japanese trade negotiations ?

**The Honourable Sir Saiyid Sultan Ahmad :** I cannot disclose that.

**Mr. T. S. Avinashilingam Chettiar :** May I know what was the nature of the demand that was put forward on behalf of Indian shipping in those negotiations ?

**The Honourable Sir Saiyid Sultan Ahmad :** That is the same question repeated in better language.

**Mr. K. Santhanam :** With reference to the reply to part (a), may I know whether the claims of British shipping were put forward in the Indo-Japanese negotiations ?

**The Honourable Sir Saiyid Sultan Ahmad :** I have already given an answer.

**Mr. T. S. Avinashilingam Chettiar :** May I know, apart from these general assurances, whether the Honourable Member can say anything in particular about the demand for Indian shipping put forward in the Indo-Japanese negotiations ?

**The Honourable Sir Saiyid Sultan Ahmad :** I can give no further assistance to the House.

**Mr. S. Satyamurti :** With reference to clause (d) of the question, may I know the reasons why the Government, after considering the views expressed by the Committee of the Indian Merchants' Chamber, have come to the conclusion that no action is necessary ?

**The Honourable Sir Saiyid Sultan Ahmad :** Because they think that that is the right conclusion.

**Mr. S. Satyamurti :** Apart from their self-righteous sense, may I know if the Honourable Member can take the House into his confidence and give any indication of the reasons, looking at the wording of the question :

“ and their opinion that navigation and ports should go with blue water shipping, that is coastal shipping, overseas shipping should not be separated from ports and inland navigation, as such a proposal is fraught with great danger to Indian shipping, and whether Government propose to take any steps in this matter ? ”

May I know whether the Government examined that suggestion on its merits, and may I know the reasons why they have come to the conclusion that they cannot accept that opinion ?

**The Honourable Sir Saiyid Sultan Ahmad :** I may assure the House that this was considered very seriously, but I cannot give the reasons which led the Government to come to that conclusion.

**Mr. S. Satyamurti :** With reference to the answer to clause (e), may I know the reasons why Government stick to their position that trade agreements ought not to be submitted to this House for ratification ?

**The Honourable Sir Saiyid Sultan Ahmad :** That is purely a matter of opinion : Government consider that it is not necessary to do so : they may consult the House if they are so advised and so inclined ; but the responsibility is theirs. They do not say they will not consult : they do not say that they will.

**Mr. S. Satyamurti :** What do they say ? I want to know as a matter of information—I am not talking about future trade negotiations—I am talking about the specific trade negotiations now going on : may I know what is the exact position of the Government of India as at present advised ?

**The Honourable Sir Saiyid Sultan Ahmad :** They will consult the House if they consider it necessary to do so.

**Qazi Muhammad Ahmad Kazmi :** Did they consider it necessary in the case of the Indo-Japanese trade agreement or not ?

(No reply.)

#### BUILDING OF WAGONS FROM INDIAN MATERIAL IN INDIA.

665. **\*Mr. S. Satyamurti :** Will the Honourable Member for Commerce and Railways be pleased to state :

- (a) whether it is a fact that with the possible exception of a few special types, all railway wagons would hereafter be built in India and from Indian material ;
- (b) what the possible exceptions are, and why ; and
- (c) whether Government propose to take steps to see that these exceptions are eliminated and all wagons are built in India and from Indian material, and, if not, why not ?

**The Honourable Sir Saiyid Sultan Ahmad :** (a), (b) and (c). I am unable to give any general undertaking of the nature suggested by this question. In arranging for wagon supplies, Government have, in the interest of railways, to be satisfied that the price is commercially reasonable. With this object in view, they call for tenders in the open market both in India and outside it, except when for special reasons this is considered unnecessary. The interests of Indian manufacturers are protected by giving them, if necessary, a limited degree of price preferences also, in accordance with the general policy for the purchase of stores for the public service. Orders for the general service wagons required during the three years 1937-40 have already been placed with firms in India. Tenders for the few non-general service or special type wagons required in 1938-39 have still to be invited.

**Mr. S. Satyamurti :** Can the Honourable Member give, from the figures if available to him for the last year for which figures are available, the percentage of railway wagons built or manufactured in India, and the percentage of wagons manufactured or bought from outside India ?



**The Honourable Sir Saiyid Sultan Ahmad :** I will try and get the figures and place them on the table.

**Mr. S. Satyamurti :** May I know whether all these wagons are manufactured or built by private firms and contractors for the railways, and none of them is manufactured in State Railways Wokshops ?

**The Honourable Sir Saiyid Sultan Ahmad :** I have no definite information about it. But I will get the information if desired.

**Pandit Lakshmi Kanta Maitra :** The Honourable Member just now said that contracts for the supply of these wagons were placed with Indian firms : were these concerns owned by full-blooded Indians or were they companies merely incorporated in India ?

**The Honourable Sir Saiyid Sultan Ahmad :** I do not know anything about blood at all.

**Pandit Lakshmi Kanta Maitra :** Are these companies managed and owned by Indians ?

**The Honourable Sir Saiyid Sultan Ahmad :** I cannot give that answer.

**Mr. K. Santhanam :** May I know whether the Railway workshops are not utilised to their full capacity in the manufacture of wagons ?

**The Honourable Sir Saiyid Sultan Ahmad :** The question, I submit, does not arise from the answer given.

**Pandit Lakshmi Kanta Maitra :** Is the Honourable Member in a position to give the names of the Indian companies to which contracts have been given ?

**The Honourable Sir Saiyid Sultan Ahmad :** I would like to have notice of this question.

#### REDUCTION IN THE IMPORT DUTY ON NEWSPRINT.

666. **\*Mr. G. V. Deshmukh :** Will the Honourable Member for Commerce and Railways state whether the import duty on newsprint in reels has recently been reduced ? If so, to what extent ?

**The Honourable Sir Saiyid Sultan Ahmad :** I shall deal with questions Nos. 666 and 667 together. They ought to be addressed to the Honourable the Finance Member.

#### REDUCTION IN THE IMPORT DUTY ON NEWSPRINT.

†667. **\*Mr. G. V. Deshmukh :** Is the Honourable Member for Commerce and Railways aware that paper in sheets or in reams is used generally by vernacular presses ? Will the import duty on such paper be reduced ? If not, why not ?

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†For answer to this question, see answer to question No. 666.

# TRAVELLING OF PERSONS WITH THE MEMBERS OF THE RAILWAY BOARD IN SALOONS.

668. \***Mr. Sri Prakasa** : Will the Honourable Member for Commerce and Railways state :

- (a) if it is a fact that the Members of the Railway Board are supplied with special saloons when travelling ;
- (b) if they are given " Gold Passes " enabling them to take other persons with them without tickets ;
- (c) if there are any restrictions as regards the number and description of the persons they can take without tickets ;
- (d) if it is a fact that a Member of the Railway Board travelling from Kalka to Bombay in June last was suspected of taking persons with him who were not authorised to travel in that saloon without tickets, and was challenged at the Delhi Station but allowed to proceed when the " Gold Pass " was shown ; and
- (e) if Government are satisfied that the Member of the Railway Board was authorised to do what he did ; and if not, what action they propose to take ?

**The Honorable Sir Saiyid Sultan Ahmad** : (a) Yes.

(b) and (c). They are given gold passes, which also cover members of their family when travelling with them during journeys on duty.

(d) Certain persons accompanied the Member in his saloon who were authorised to do so and were in possession of tickets.

(e) The answer to the first part is in the affirmative and the second part does not arise.

**Mr. Lalchand Navalrai** : May I know if they are permitted to take friends on payment of first class fare in the saloons ?

**The Honourable Sir Saiyid Sultan Ahmad** : Yes : I have answered that question.

**Mr. Mohan Lal Saksena** : Is it a fact that one of the front benchers on the Government side was found so travelling with the Railway Member ?

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

**Mr. Mohan Lal Saksena** : It is an important question, Sir. May I know whether it is correct that one of the front benchers on the Government side was found travelling with his wife with a Member of the Railway Board in his saloon ?

**The Honourable Sir Saiyid Sultan Ahmad** : No.

**Mr. Mohan Lal Saksena** : May I know if Sir Aubrey Metcalfe was found so travelling ?

**The Honourable Sir Saiyid Sultan Ahmad** : Yes : but he is not a front bencher today in this House.

**Mr. Mohan Lal Saksena :** May I know when he purchased the ticket ?

**The Honourable Sir Saiyid Sultan Ahmad :** On the day he travelled.

**Mr. Mohan Lal Saksena :** Is it not a fact that the Honourable Member of the Railway Board was asked to show the tickets at the Delhi station and no tickets could be shown ?

**The Honourable Sir Saiyid Sultan Ahmad :** I have made particular inquiries in this matter and I find that the whole report is untrue.

**PRICES OF FITTINGS IN THE LAVATORIES OF UPPER CLASS COMPARTMENTS ON THE EAST INDIAN RAILWAY.**

**669. \*Mr. Sri Prakasa :** Will the Honourable Member for Commerce and Railways state :

(a) if it is a fact that the attention of Government has been drawn to the lists hung in the lavatories of first and second class compartments on the East Indian Railway giving a list of fittings and their prices ;

(b) if it is not a fact that commodes are priced at about Rs. 200 each and wash-basins at about Rs. 300 ; and

(c) if it is not a fact that less expensive fittings are available ?

**The Honourable Sir Saiyid Sultan Ahmad :** (a), (b) and (c). The ' prices ' referred to by the Honourable Member represent charges for deficiencies on interchanged stock levied under the Conference Rules of the Indian Railway Conference Association. The charges include a penalty element and do not concern the public.

**Mr. Sri Prakasa :** I could not follow the answer at all. There is no question of penalty in this.

**The Honourable Sir Saiyid Sultan Ahmad :** I know there is no question of penalty in the question, but I am giving the answer to the effect that the price does not only represent the actual cost but also the penalty if the materials are destroyed.

**Qazi Muhammad Ahmad Kazmi :** What is the actual cost : by how much is the cost less than what is shown here ?

**The Honourable Sir Saiyid Sultan Ahmad :** I cannot give the information unless you want to know the actual price.

**Qazi Muhammad Ahmad Kazmi :** Has the Honourable Member inquired that cheaper materials cannot be obtained as stated in part (c) ?

**The Honourable Sir Saiyid Sultan Ahmad :** The question does not arise from the reply I have given. I have pointed out in my answer that the prices given there do not represent the actual value. They represent the actual value *plus* what is considered to be penalty in case of destruction.

**Qazi Muhammad Ahmad Kazmi :** In view of part (c), was it not necessary to show the real price on account of penalty in case of destruction of the materials ?

**The Honourable Sir Saiyid Sultan Ahmad :** The question is if it is not a fact that less expensive materials are available, and the answer is that they are in fact less expensive and the figures are inclusive of the penalty.

†670\*.

**OPPOSITION BY THE CHIEF AND FINANCIAL COMMISSIONERS FOR RAILWAYS TO MEET THE INDIAN MERCHANTS CHAMBER, BOMBAY.**

671. **\*Sir Muhammad Yakub :** (a) Has the attention of the Honourable the Railway Member been drawn to the following paragraph which appeared in *Roy's Weekly*, dated the 30th August, 1937 :

“ A Bombay friend informs me that during the recent visit of the Honourable the Railway Member and of the Chief Commissioner for Railways to Bombay a delicate situation was saved by Sir Sultan Ahmad. It seems that, following the policy of non-co-operation which has been practised for some years by the Government of India officials, the Railway bosses were opposed to the idea of meeting the Indian Chamber of Commerce. ‘ Oh, they will make wild charges ’, is the kind of feeling which perhaps made them say so.”

(b) Is it correct that the Chief and Financial Commissioners of Railways were opposed to meeting the Indian Merchants Chamber, Bombay, during their recent tour ?

(c) Is it correct that they agreed to meet this Chamber only after the intervention of the Honourable the Railway Member ?

(d) If the answers to parts (b) and (c) be in the affirmative, will Government please state the reasons why the Chief and Financial Commissioners of Railways were opposed to meeting the Indian Merchants Chambers ?

**The Honourable Sir Saiyid Sultan Ahmad :** (a) Government have seen the paragraph referred to.

(b) There is no foundation whatever for this allegation. Following the normal procedure the Secretary of the Railway Board wrote to the Indian Merchants Chamber, Bombay, on the 22nd June, advising that Chamber that the Chief and Financial Commissioners of Railways would be in Bombay at the beginning of August and asking if there were any subjects which the Chamber desired to discuss. The Secretary of the Indian Merchants Chamber replied, under his letter dated 30th June, saying that the Committee of the Chamber would like, as usual, to meet the Chief and Financial Commissioners during their stay in Bombay. The meeting took place on August 2nd.

(c) No. All the arrangements were made without the knowledge of the Honourable the Railway Member.

(d) Does not arise.

**GRANT OF PASSES TO RETIRED RAILWAY SERVANTS.**

672. **\*Mr. Mohan Lal Saksena :** (a) Will the Honourable Member for Commerce and Railways be pleased to state whether under the new pass rules the privileges of retired railway servants have also been curtailed ? If so, to what extent ?

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†This question was withdrawn by the questioner.

(b) Are Government prepared to consider the advisability of allowing passes to persons who were compulsorily retired under medical advice, or due to retrenchment and had put in at least 20 years' service ?

**The Honourable Sir Saiyid Sultan Ahmad :** (a) Yes. Under the pass rules in force on the State-managed Railways from 1st January, 1937, there have been the following alterations in the rules governing the grant of passes to retired employees :

*For Subordinates.*

- (i) The minimum service for passes has been increased from 25 to 30 years ;
- (ii) the number of single journey passes has been reduced from 4 to 2 with 30 years' service and 6 to 4 with 35 years' service ; and
- (iii) the grant of passes over other State-managed Railways has been stopped.

*For inferior staff.*

- (i) The grant of 2 single journey passes allowed over the home line under the 1935 rules has been stopped.

(b) No.

**Mr. Mohan Lal Saksena :** May I know, Sir, whether Government servants who were made to retire before completing 25 years under medical certificate will be allowed to have passes under the new rules ?

**The Honourable Sir Saiyid Sultan Ahmad :** I have answered this question ; No.

**Mr. Mohan Lal Saksena :** What is the reason for depriving them of this privilege which they had earned during their service ?

**The Honourable Sir Saiyid Sultan Ahmad :** Government have considered the question, and they consider this is sufficient.

**Mr. Mohan Lal Saksena :** Is it not a fact that Government take special steps to safeguard the interests of the I. C. S. and I. M. S. people ?

**The Honourable Sir Saiyid Sultan Ahmad :** That question does not arise.

**Mr. Lalchand Navalrai :** May I know, Sir, whether, in view of the great discontent that prevails over the question of these passes, the Honourable Member will find time to personally go into this matter and decide this matter once for all ?

**The Honourable Sir Saiyid Sultan Ahmad :** As a matter of fact, so far as the question of passes is concerned, I propose to go into that question myself after the 27th. Many representations have been received.

**Mr. Sri Prakasa :** Is it not a fact, Sir, that on the G. I. P. Railway too many passes are given to railway servants, and we *bona fide* passengers are often blocked out by them ?

**The Honourable Sir Saiyid Sultan Ahmad :** I do not know.

## RESOLUTIONS AND MOTIONS FOR ADJOURNMENT.

673. \*Mr. Mohan Lal Saksena : (a) Will the Honourable the Law Member be pleased to state how many resolutions and motions for adjournment have been disallowed by the Governor General since September last on the ground of their discussion not being in the public interest ?

(b) How many motions for adjournment have been carried in the Assembly since January, 1936, and what action, if any, has been taken by Government ?

The Honourable Sir Nripendra Sircar : (a) The numbers are four and ten, respectively.

(b) The reply to the first part is six.

So far as the second portion is concerned the information is being collected and will be laid on the table in due course.

Mr. S. Satyamurti : Do Government consider the results of voting in this House on adjournment motions ?

The Honourable Sir Nripendra Sircar : They can't help considering.

Mr. T. S. Avinashilingam Chettiar : May I know if those results are considered immediately after the adjournment motions are carried or they are postponed to some other day ?

The Honourable Sir Nripendra Sircar : I can't tell the Honourable Member the exact number of minutes or seconds or hours before the matter is considered, but the matter is considered within a reasonable time.

Seth Govind Das : As far as the adjournment motion which has been carried in this Session is concerned, may I know, Sir, whether Government will be able to come to a final decision before the end of this Session ?

The Honourable Sir Nripendra Sircar : No, Sir.

Mr. Sri Prakasa : Will it be in the public interest to lay on the table of the House the information relating to the list of Resolutions which were disallowed in the public interest ?

The Honourable Sir Nripendra Sircar : I think my answer carries with it the implication that there will be no detriment to public interest.

## INSUFFICIENCY OF WATERWAYS IN THE RAILWAY EMBANKMENTS ON CERTAIN LINES OF THE EASTERN BENGAL RAILWAY.

674. \*Dr. P. N. Banerjee : (a) Will the Honourable the Commerce Member be pleased to state if it is a fact that the Rajshahi District and a part of the Pabna District suffered greatly from floods during the monsoon season of 1936 ?

(b) Is it a fact that the flooding and the resulting damage to crops and other properties were aggravated by insufficiency of waterways in the Railway embankments on the main line and the Sara-Serajgunj line of the Eastern Bengal Railway ?

(c) Is it a fact that the District Officers of Rajshahi and Pabna made suggestions to Government for creating new headways and improving the present headways for water in order to mitigate the effect of the flood ?

(d) If so, will Government state what steps they and the Railway administration have taken in this matter ?

**The Honourable Sir Saiyid Sultan Ahmad :** Enquiries are being made from the Railway Administration and a reply will be laid on the table in due course.

**Dr. P. N. Banerjea :** When is the result of the inquiry expected to be received ?

**The Honourable Sir Saiyid Sultan Ahmad :** I would refer my friend to my Honourable colleague, Sir Nripendra Sircar's astrologer.

#### INSULT TO AN INDIAN I.C.S. OFFICER IN THE CENTRAL PROVINCES.

675. **\*Mr. Badri Dutt Pande :** With reference to the answer to question No. 46, dated the 24th August, 1937, regarding the Narsinghpur Railway Station incident, in which Mr. H. V. Kamath, I.C.S., was refused admittance by two Europeans in the first class compartment, will the Honourable Member for Commerce and Railways please state :

- (a) if it is a fact that the Railway authorities have taken the guard, an Anglo-Indian, to task and have degraded him from the passenger to the goods services for one year ;
- (b) if it is a fact that the sole fault of the guard was that he, on being approached by Mr. Kamath for room went to the two European passengers, who were the sole occupants of the compartment and requested them to allow Mr. Kamath to have his seat therein as the compartment had accommodation for six passengers and was not reserved ; and
- (c) if it is a fact that the Europeans did not allow Mr. Kamath and handed over their cards to the Guard for whatever action he thought fit ?

**The Honourable Sir Saiyid Sultan Ahmad :** (a) I understand that disciplinary action has been taken against the guard, but I am not aware of the exact nature of such action.

(b) No. On the other hand, the guard failed to take action under the Railways Act against the two European passengers for refusing to show their tickets ; he also failed to observe certain Departmental Regulations.

(c) Yes.

**Mr. G. V. Deshmukh :** With reference to reply to clause (b) of the question, may I know, Sir, what action the guard could have taken ?

**The Honourable Sir Saiyid Sultan Ahmad :** Under the sections of the Railways Act.

**Mr. Sri Prakasa :** Is it not a fact, Sir, that persons before being appointed to the I. C. S. have their physique properly examined and did not Mr. Kamath possess sufficient physical strength to hold his own against these two persons ? If not, will Government consider the desirability of asking him to retire from the service ?

**The Honourable Sir Saiyid Sultan Ahmad :** He has got sufficient strength.

**Mr. G. V. Deshmukh :** Were the two Europeans in Government service ? Were they members of the Imperial Service or Provincial Service or they were connected with business concerns ?

**The Honourable Sir Saiyid Sultan Ahmad :** No, they were not in Government service.

**Mr. G. V. Deshmukh :** Then, were they connected with business concerns ?

**The Honourable Sir Saiyid Sultan Ahmad :** Possibly.

#### CONTRACT FOR LANDING OF CARGO GIVEN BY THE MADRAS PORT TRUST.

676. **\*Mr. Thirumala Rao :** (a) Will the Honourable Member for Commerce and Railways be pleased to state whether the Madras Port Trust Board carries out the landing of cargo by itself or by contract system ?

(b) If it does by contract system, who are all the contractors ?

(c) Has it given notice to its contractors that their contracts would cease by September, 1937.

(d) If the answer to part (c) be in the affirmative, has the Port Trust Board extended the contract for another term of years to Binny and Co. ?

(e) Have the Government of India approved of this measure ? If so, what are the reasons for doing so ?

**Mr. Y. N. Sukthankar :** I have been asked to reply to this question, Sir :

(a) Under section 41-A (1) (a) of the Madras Port Trust Act, 1905, the Board may, with the sanction of Government, relinquish to an approved person the performance of certain services which otherwise are to be performed by the Board, including the landing and shipping of goods. That power has been exercised and the position at present is that the landing of all import cargo, with the exception of certain goods, is by agreement being done by the local agents of the importing vessels.

(b) The principal Landing Agents are Messrs. Binny and Company, Volkart Brothers, Gorden Woodroffe and Company, Lionel Edwards, Limited, Best and Company, Bombay Company, Limited, Parry and Company, Limited, Messrs. Messageries Maritimes and the Scindia Steam Navigation Company, Limited.



- (c) The agreements referred to in part (a) expire on 30th September, 1937, and notice has been given that they will not be renewed. From that date, therefore, the Board will resume responsibility for these services.
- (d) The Board has not extended its agreement with Messrs. Binny and Company but has arranged with them for the provision of lighterage in the Madras Harbour in respect of vessels for which they are agents for a period of two years.
- (e) No. The approval of Government is unnecessary, because the amount of the contract with Messrs. Binny and Company is less than Rs. 50,000, *vide* section 87 of the Madras Port Trust Act, 1905.

**Mr. Thirumala Rao :** With reference to clause (b), Sir, may I know, if there will be any saving if the landing business is carried on by the Port Trust itself instead of giving out the contract to Binny and Company ?

**Mr. Y. N. Sukthankar :** The Port Trust must have considered that when they decided to take over this work.

**Mr. Thirumala Rao :** Will there be any saving if it is carried out by the Port Trust instead of its being done by Messrs. Binny and Co. ?

**Mr. Y. N. Sukthankar :** If my Honourable friend wants any detailed information I must ask for notice of the question.

**Pandit Lakshmi Kanta Maitra :** Which of these companies are purely Indian companies ?

**Mr. Y. N. Sukthankar :** From the answer that I gave the Honourable Member will find for himself that the Scindia Steam Navigation Company is the only Indian company.

**Pandit Lakshmi Kanta Maitra :** May I know whether in appointing these contractors Government give reasonable facilities for all classes of people to compete ?

**Mr. Y. N. Sukthankar :** It has nothing to do with Government.

**Pandit Lakshmi Kanta Maitra :** I mean the Port Trust ?

**Mr. Y. N. Sukthankar :** It is entirely within the competence of the Port Trust to make these appointments.

#### GOODS RETURNS OF OTHER THAN CLEARING HOUSE TRAFFIC.

677. **\*Khan Sahib Nawab Siddique Ali Khan :** (a) Will the Honourable Member for Commerce and Railways please state if the goods returns of other than Clearing House Traffic are received in that office periodically and according to the Manual of Procedure, Railway Clearing Accounts Office, the division sheets of each period are required to be completed in seven days after the receipt of invoices to the division sheet compiler ?

(b) If the reply to part (a) be in the affirmative, will the Honourable Member please state what effect, if any, has the recent revision of duration of periods for which these returns are received on the office work, specially the last period of the month?

(c) Will the Honourable Member please state if the invoices and returns for the last period are always received late from the stations and the division sheets for this period have never been out on the due date for the last ten years?

(d) Will the Honourable Member please state if the goods returns are not received on due dates, how it is physically possible to complete the work before the seven days' period allowed for the completion of the work?

(e) Will the Honourable Member please state if the increase in the last period of four days has reduced the margin of seven days referred to in part (d) to three days?

(f) If so, why do the supervisory staff and branch officers make their clerks and subordinates sit late hours and finish a work of seven days in four days?

(g) What is the number of clerks who were previously engaged on the same work and use to do it in seven days and the staff now required to finish it in four days?

**Mr. B. M. Staig:** With your permission, Sir, I shall answer questions Nos. 677 and 678 together. I am collecting the required information and shall lay replies on the table in due course.

**NON-RECEIPT OF FOREIGN PASSENGER CLASSIFICATIONS OF CERTAIN STATIONS ON THE EAST INDIAN RAILWAY IN THE RAILWAY CLEARING ACCOUNTS OFFICE.**

**†678. \*Khan Sahib Nawab Siddique Ali Khan:** (a) Will the Honourable the Commerce Member please state whether the Foreign Passenger Classifications of some railway stations on the East Indian Railway were not received in the Railway Clearing Accounts Office for about six or seven months in 1936?

(b) If the reply to part (a) be in the affirmative, will the Honourable Member please state the action taken by that office for not complying with the orders?

(c) Is the Honourable Member aware that on Barakar Station, East Indian Railway, for which no returns referred to in parts (a) and (b) above were received, the Inspector of Coaching and Goods, East Indian Railway pointed out that there was a fraud at that station and, on receipt of this information, it came to light that the figures for that station in the Clearing Accounts Office had been fudged by the clerical staff employed on this work?

(d) Will the Honourable Member please state what action, if any, was taken against the staff concerned in the Railway Clearing Accounts Office?

†For answer to this question, see answer to question No. 577.

**COMPOSITION OF THE GAZETTED AND SUPERVISORY STAFF OF RAILWAY CLEARING ACCOUNTS OFFICE.**

679. \*Khan Sahib Nawab Siddique Ali Khan : Will the Honourable Member for Commerce and Railways please state the composition of the gazetted and supervisory staff of the Clearing Accounts Office by Provinces ? Are the standing orders of the Government of India, that in all India offices any one class or community should not be allowed to preponderate, being complied with in that office ?

Mr. B. M. Staig : Staff Statistics in the Railway Department are not maintained by provinces of origin and Government do not consider it necessary to call for a special compilation in respect of the Railway Clearing Accounts Office. The names of the officers, however, will be found in the classified List of State-Railway Establishment, under Railway Clearing Accounts Office, and their provinces of origin are indicated in the History of Services of the officers of the Indian State Railways.

As regards the second part of the question, I have no reason to suppose that the standing orders of the Government of India are not being complied with in the Railway Clearing Accounts Office.

**STATE OF AFFAIRS PREVAILING IN THE RAILWAY CLEARING ACCOUNTS OFFICE.**

680. \*Khan Sahib Nawab Siddique Ali Khan : Is the Honourable Member for Commerce and Railways aware of the state of affairs at present prevailing in the Clearing Accounts Office in matters of discrimination and partial treatment meted out to Eastern Bengal, East Indian Bombay, Baroda and Central India and Great Indian Peninsula Railways staff which has been transferred to this office in matters of leave and promotion, and if not, is he prepared to make an enquiry into the same ?

Mr. B. M. Staig : The conditions of service of the staff in the Clearing Accounts Office are admittedly not uniform. This is due to the fact that when the office was instituted, staff had to be taken over from different railways or offices, and individual members continued to be employed on the terms they enjoyed in their office of origin. These terms were not uniform. In view of this explanation, Government do not consider that any enquiry is necessary.

**STAY-IN PROTEST IN THE NORTH WESTERN RAILWAY WORKSHOPS, MOGHALPURA.**

681. \*Mr. Lalohand Navarai : (a) Will the Honourable Member for Commerce and Railways be pleased to state the facts leading to the stay-in protest in the North Western Railway workshops, Moghalpura, in May, 1937 ?

(b) Is it a fact that despite the representation made to the railway authorities by the Anjuman Himayat Islam, Anjuman-i-Islamia, and the

Railway Workers that the Id-i-Milad day fell on Sunday, the 23rd May, 1937, and was being observed in other provinces on the said date the Railway authorities declared Monday as a holiday ?

(c) Are Government aware of the facts that the closing of the Railway Workshops on Monday—a working day—implied a loss of one day's wages to the workers who are daily rated ?

(d) Are Government aware that the workers made a stay-in protest for the celebration of Id-i-Milad on 24th May instead of 23rd May ?

(e) Are Government aware that the workers were given to understand through the *Civil and Military Gazette* that no victimisation will take place ?

(f) Are Government aware that four Union workers have been victimised ?

(g) Is it a fact that supply of water was cut off from the workmen who stayed in the shops as a measure of protest ? If so, under what rule is such an inhuman conduct allowed ?

(h) Is it a fact that the Railway work did not suffer due to this protest in any way ?

(i) Is it a fact that no untoward incident occurred during this protest ?

(j) Is it a fact that the charges framed against the workers were never enquired into by any Committee ?

(k) Is it a fact that summary action was taken and the rules relating to the discharge of workers framed by the Railway Board and the Government of India were ignored ?

(l) Is it a fact that the Provincial Government and the Premier had prevailed upon the Agent to reinstate these men ?

(m) Is it a fact that the Railway Administration has not done any thing so far ?

(n) Is it a fact that the Railwaymen's Federation has referred this case to the Railway Board ? If so, what do Government propose to do in the matter ?

The Honourable Sir Saiyid Sultan Ahmed : (a) to (m). These are matters of detailed administration within the competence of the Agent, North Western Railway, to decide. I, however, place on the table of the House a copy of the communiqué issued by the Agent, North Western Railway, on the 22nd May, 1937, which contains the information readily available.

(n) The reply to the first part of the question is in the negative. The latter part does not arise.

*Communiqué issued to the Press, on Saturday, 22nd May, 1937, regarding the "stay-in" strike at the Workshops at Moghalpura.*

Owing to misrepresentations of the facts that appeared in this morning papers with regard to the "stay-in-strike" in the Railway Workshops yesterday and to false rumours, which are circulating, it is felt necessary to state the facts. There is no truth in the rumour that the drinking water was cut off or that the men were threatened with dismissal. The statement that the men would lose a day's pay by declaring the 24th a paid holiday is also quite incorrect.

Professional agitators have been endeavouring to rouse the men for sometime. During the last few days they have been informing the men that they should demand pay for Sunday, the 23rd, instead of accepting the paid holiday on the 24th as declared by the Railway Administration. At about 11 hours on the 21st, intimation was received of increased efforts to create unrest.

The Railway policy, which is well known to the men, is to grant 17 paid holidays during the year and in these are included the more important festivals. When one of these festivals falls on a "dies non" or two of them fall on the same day, it is practice for the subsequent or another day to be declared a paid holiday in order that men may get the full number of paid holidays.

At the close of work on the afternoon of the 21st May, about 60 per cent. of the workmen failed to leave the locomotive shops premises and about 85 per cent. remained in the Carriage and Wagon Shops. For a time there was a certain amount of rowdiness and the Police were asked to make arrangements for the protection of State property and to preserve order. The Deputy Commissioner was also informed of the situation and kept posted with regard to the developments. At about 20 hours, the Railway authorities decided that the staff should be given up to 22 hours to leave the workshops and to inform them that those who failed to leave by that time would not be allowed to take their tickets for the next working day, i.e., on Tuesday, the 25th. About 540 men of the Loco. Shops left by that time and soon after midnight all had gone. In view of the circumstances explained below this delay is considered to be a very small matter. Rather more than 1,000 men had left the Carriage Shops by midnight and other small parties during the night. Between 10-15 and 10-45 this morning, the 22nd, over 2,000 went home and soon after 11 o'clock the balance departed. Apart from the efforts of agitators outside the Shops opposing the attempts of men to leave, there was no rowdiness or disturbance worth noting.

It is a common knowledge that most of the men were only too anxious to go home and that the delay in leaving after warning was due to the pressure of agitators and fear of intimidation.

**Mr. Lalchand Navalrai :** With regard to the answer to part (g) of the question, I think it is a fact that the water was actually stopped and they were not allowed to bring in water although they were staying inside the shops.

**The Honourable Sir Saiyid Sultan Ahmad :** I have answered with regard to (a) to (m) that these are matters of detailed administration within the competence of the Agent, North Western Railway, to decide. I, however, place on the table of the House a copy of the communiqué issued by the Agent dealing with all these points.

**Mr. Lalchand Navalrai :** May I know from the Honourable Member with regard to his answer to part (n) of the question, whether the Railwaymen's Federation has referred this case to the Railway Board

and whether the Board has considered or the Honourable Member has gone into it or not ?

**The Honourable Sir Saiyid Sultan Ahmad :** I answered this question. The answer was in the negative ; no representation has been received. Then the other question does not arise.

**Mr. Mohan Lal Saksena :** Is it not a fact that the communiqué laid by the Honourable Member does not deal with the question of stoppage of water ?

**The Honourable Sir Saiyid Sultan Ahmad :** I think it does generally.

#### STOPPAGE OF THE LUGGAGE PASS GRANTED TO THE INFERIOR STAFF ON THE NORTH WESTERN RAILWAY.

682. **\*Mr. Lalchand Navalrai :** (a) Will the Honourable Member for Commerce and Railways be pleased to state if it is a fact that the luggage pass granted to the inferior staff on the North Western Railway has been stopped ? If so, since when ?

(b) Will the Honourable Member let the House know why this has been done ?

(c) Are Government aware that the inferior staff of Provincial and Central Governments get allowance for luggage on transfer ?

(d) Is the Railway Administration prepared to consider the desirability of restoring the luggage pass to the inferior staff ? If not, why not ?

**The Honourable Sir Saiyid Sultan Ahmad :** The Honourable Member is presumably referring to luggage passes granted to the inferior staff on the North Western Railway on transfer. Under the Government rules on the subject, inferior servants are entitled on transfer to travelling allowance as for a journey on tour, i.e., in the case of inferior railway servants, for journeys by rail, a free third class pass for self and baggage covered by the pass in addition to daily allowance admissible. Local concessions in the shape of free passes for extra luggage, etc., are, however, allowed by individual railways, which on the North Western Railway were recently withdrawn by the Agent in order to comply with the rule on the subject. On representation to the Railway Board it has since been decided to restore the concession of luggage passes on transfer to the inferior staff.

#### ACCOUNTS DEPARTMENT STOCK VERIFIERS ON THE GREAT INDIAN PENINSULA RAILWAY.

683. **\*Mr. N. V. Gadgil :** Will the Honourable Member for Commerce and Railways be pleased to state :

(a) whether it is a fact that the Accounts Department Stock-verifiers on the Great Indian Peninsula Railway have been fixed in the grade of Rs. 100—10—200 as opposed to the standard

grade of pay Rs. 100—10—240 which is being given to all such staff on other State Railways, and whether these men have made repeated representations to standardise their grade of pay in accordance with that obtaining on other State Railways for the staff ;

(b) whether these men have been told repeatedly in reply to their several appeals by the Administration to await the introduction of the standardisation of pay on State Railways ;

(c) whether these men have been invariably recommended by their departmental heads for better treatment and for the redressing of their grievances ; and

(d) if the replies to the above be in the affirmative, the reasons as to the prevalence of this discrimination and whether Government propose to take necessary steps to redress their grievances ; if not, why not ?

**Mr. B. M. Staig :** (a) and (d). The attention of the Honourable Member is invited to the reply given by Mr. (now Sir) Raghavendra Rau on the 1st of April, 1933, to Lieut.-Colonel Sir Henry Gidney's starred question No. 1052.

(b) No.

(c) I am not prepared to disclose the recommendations made by the departmental heads concerned.

#### ACCOUNTS DEPARTMENT STOCK VERIFIERS ON THE GREAT INDIAN PENINSULA RAILWAY.

684. **\*Mr. N. V. Gadgil :** Will the Honourable Member for Commerce and Railways please state :

(a) whether the solemn promises of the Governor General in Council regarding standardisation of pay were disregarded in the case of the Great Indian Peninsula Railway Stock-verifiers of the Accounts Department at the time of the separation of Audit from Accounts ;

(b) whether the Stock-verifiers of the East Indian Railway Accounts Department have reaped a harvest of benefits on separation whereas the Great Indian Peninsula Stock-verifiers have been neglected ;

(c) whether the recommendations contained in the (Blue Book) "Proceedings of the meeting of the Standing Finance Committee for Railways" of September, 1928, Volume 5, No. 3, have not been given effect to, despite repeated appeals from these men and the strong recommendations from their Department Heads ; and

(d) whether discriminative policy has been adopted with respect to these men in the application of the revised terms and conditions of service and pay and prospects arising out of the

introduction of the separation proposals as contained in the Railway Board's Memorandum No. 5565-F. of the 31st July, 1929, page 2 ?

**Mr. B. M. Staig :** (a) I am unable to trace any promise of Government in this connection.

(b) Government do not consider that any inference of this nature can be drawn from the facts known to them.

(c) So far as I am aware, the recommendations of the Standing Finance Committee have been carried out. I am unable to trace the particular recommendations in the proceedings which the Honourable Member has in mind.

(d) No.

**ACCOUNTS DEPARTMENT STOCK VERIFIERS ON THE GREAT INDIAN PENINSULA RAILWAY.**

685. **\*Mr. N. V. Gadgil :** Will the Honourable Member for Commerce and Railways please state :

- (a) whether the concessions granted to the existing staff of Stock-verifiers on separation of Accounts from Audit on the East Indian Railway, have not been extended to the Great Indian Peninsula Stock-verifiers, despite their eligibility to the same under paragraphs 1 and 1 (a) of Appendix A of the Railway Board's Memorandum No. 5565-F. of the 31st July, 1929 ;
- (b) whether these men, one and all, who were in service at the time of separation of Accounts from Audit on the Great Indian Peninsula Railway, were entitled to promotions as Senior and Junior Inspectors of Stores Accounts as laid down in the proposition statement of the (Blue Book) proceedings of the Railway Standing Finance Committee, Volume 5, No. 3 of 1928 and the aforesaid Memorandum ; and
- (c) whether these promotions are financially provided for in the said Blue-Book ?

**Mr. B. M. Staig :** (a) No concession which is admissible to any member of the Great Indian Peninsula Railway Accounts staff under the memorandum referred to has been withheld.

(b) and (c). Neither the proposition statement nor the financial results indicated in the blue book are relevant to the question of the title to promotion of any class or grade of staff. I can assure the Honourable Member, however, that any promises made to the staff have been honoured.

**ACCOUNTS DEPARTMENT STOCK VERIFIERS ON THE GREAT INDIAN PENINSULA RAILWAY.**

686. **\*Mr. N. V. Gadgil :** Will the Honourable Member for Commerce and Railways please state :

- (a) whether the retention of the cadre of Stock-verifiers in the State Railways Accounts Department other than the East



Indian Railway Accounts Department is due to the clerical error in the proposition statements at pages 46 and 70 of the said Blue-Book referred to by the Auditor General in paragraph 13 at page 30 thereof ;

- (b) whether these men have been supported in their claims by their Departmental Heads and despite their appeals to the Controller of Railway Accounts and the Financial Commissioner of Railways, justice has not been meted out to them ;
- (c) whether these men on the Great Indian Peninsula Railway have been performing all the duties prescribed under the rules for Inspector of Store Accounts and that these men are in no way inferior to Inspectors on the East Indian Railway, and that this view has been repeatedly endorsed by their Chief Accounts Officer ; and
- (d) if the answers to the preceding parts be in the affirmative, their reasons justifying the non-promotion of the Great Indian Peninsula Stock-verifiers to the posts of Inspectors of Stores Accounts and whether they propose to take the necessary steps to redress the grievances ; if not, why not ?

**Mr. B. M. Staig :** (a) No. The retention of this cadre is due entirely to the fact that Government considered it the most suitable agency for the work to be done.

(b) I regret I am not prepared to disclose the views of the departmental heads concerned in this matter.

(c) The organisation of work on different railways varies and a rigid comparison of duties is not practicable.

(d) Does not arise.

#### ACCOUNTS DEPARTMENT STOCK VERIFIERS ON THE GREAT INDIAN PENINSULA RAILWAY.

687. **Mr. N. V. Gadgil :** Will the Honourable Member for Commerce and Railways please state :

- (a) whether the provisions contained in the Railway Board's Memorandum No. 5565-F. of 1929, were partially applied in giving exemption from passing Appendix " D " examinations for promotion to the posts of Inspectors of Stores Accounts to the older members of the staff, but the same benefit was not fully extended to the Stock-verifiers employed in 1928, in the old Audit Department of the Great Indian Peninsula Railway ;
- (b) whether the intention of the Auditor General in entertaining such highly qualified staff for Stock-verification work was that in view of the impending separation, the existing staff of Stock-verifiers would be called upon to perform the more intelligent duties of Inspectors of Stores Accounts ; and

- (c) if the answers to the above be in the affirmative, the reasons for the adoption of such a discriminating policy amongst the same class and service of men on the same Railway and whether they propose to take the necessary steps to satisfy the legitimate claims of these men, if not, why not ?

**Mr. B. M. Staig :** (a) All the employees in the Great Indian Peninsula Railway Accounts Department, who are eligible for exemption under paragraphs 8, 9 and 14 of the Financial Commissioner's Memorandum No. 5565-F, of 1929 have been given such exemption, and in addition all the permanent ex-Company's Stock Verifiers on the Railway on the old Company's scales of pay have been exempted from passing the Appendix D examination. Other employees in the Department have to pass the examination and in this respect are no less favourably situated than their confrères on other railways.

(b) No.

(c) Does not arise.

#### ABSENCE OF RAISED PLATFORM AND PASSENGER SHED, ETC., ON THE RAMGIRH STATION ON THE BENGAL NAGPUR RAILWAY.

688. \***Mr. Ram Narayan Singh :** Will the Honourable Member for Commerce and Railways be pleased to state :

- (a) whether there are a raised platform, a proper passenger shed and quarters for the staff at the Ramgirh station formerly known as the station of Bijuliahandha on the Bengal Nagpur Railway line between Barkha Khana and the Muri junction and if not, why not ; and
- (b) the total annual income of the station referred to above for the past three financial years and whether the income justifies the improvements needed thereon ?

**The Honourable Sir Saiyid Sultan Ahmad :** (a) and (b). Government have no information and would point out that facilities of this nature are within the competence of the Railway Administration to provide where justified. I will, however, send a copy of this question and answer to the Agent for consideration of the point raised.

**Pandit Nilakantha Das :** Are there any platform sheds in the railway stations on the Bengal Nagpur Railway ?

**The Honourable Sir Saiyid Sultan Ahmad :** I have no information.

#### WRITING OF NAMES OF STATIONS ON SIGN-BOARDS IN HINDI ON THE BENGAL NAGPUR RAILWAY.

689. \***Mr. Ram Narayan Singh :** Is the Honourable Member for Commerce and Railways aware of the fact that on the sign-boards indicating the names of the various stations of the Bengal Nagpur Railway in the Chhota Nagpur Division the names of the stations are not written in the Hindi script, which is a prevailing script there and if so, is he prepared to remove this grievance of the Hindi knowing passengers travelling on the lines ?

**The Honourable Sir Saiyid Sultan Ahmad :** Government have no information but a copy of the Honourable Member's question is being sent to the Agent of the Bengal Nagpur Railway for such action as may be necessary.

#### NEGOTIATIONS FOR AN INDO-BRITISH TRADE AGREEMENT.

690. **\*Mr. T. S. Avinashilingam Chettiar :** Will the Honourable Member for Commerce and Railways state :

(a) when the negotiations over the Indo-British Trade Agreement are expected to be finished ; and

(b) whether the agreement will be placed before this House before final action is taken on the Agreement ?

**Mr. Y. N. Sukthankar :** (a) The Honourable Member is referred to the reply given by the Honourable the Commerce Member to part (a) of Mr. Mohan Lal Saksena's starred question No. 225 in this Session.

(b) As it is not yet known whether an agreement will be reached, I am afraid I must regard this as a hypothetical question which I am not prepared to answer.

**Mr. T. S. Avinashilingam Chettiar :** May I know whether there is any hitch in the negotiations ?

**Mr. Y. N. Sukthankar :** Not at all.

**Mr. T. S. Avinashilingam Chettiar :** May I know whether they have informed Dr. Subbarayan, one of the members of the Advisory Committee, not to proceed to England ?

**Mr. Y. N. Sukthankar :** We have no such information.

**Mr. T. S. Avinashilingam Chettiar :** May I know whether the Government are aware of the news published in the newspapers that the Advisory Committee are returning early next week ?

**Mr. Y. N. Sukthankar :** As it happens, I have no such information, but if the Honourable Member is giving it to me I am prepared to take his word for it.

**Seth Govind Das :** Has there been any further development after the answer to Mr. Mohan Lal Saksena's question was given ?

**Mr. Y. N. Sukthankar :** No.

**Seth Govind Das :** What is the reason of this delay in reaching an agreement ?

**Mr. Y. N. Sukthankar :** Negotiations are proceeding and we are getting our reports. There is no delay.

**Seth Govind Das :** Are they taking more time than was expected ?

**Mr. Y. N. Sukthankar :** No.

**Mr. K. Santhanam :** Are we to understand that Government Members do not read newspapers or take note of news which appears in the papers ?

**Mr. Y. N. Sukthankar :** I have made no such suggestion.

**Mr. Sham Lal :** Is the Honourable Member aware that on the occasion of the Indo-British Trade Agreement debate, the Honourable Sir Muhammad Zafarullah Khan told the House that in the matter of the trade agreement, the Government of India are responsible to this House, and if the Government are responsible to this House why not place this agreement before the House before it is finally accepted ?

**Mr. Y. N. Sukthankar :** Our position in regard to this agreement has been explained to the House more than once in reply to supplementary questions and the Honourable Member is aware of it.

**Mr. S. Satyamurti :** Is it a fact that the Government asked Dr. Subbaroyan, one of the members of the Trade Delegation to be ready to go to England sometime this month, and have since cancelled those instructions, and asked him not to proceed to England ?

**Mr. Y. N. Sukthankar :** I must ask for notice of that.

**Mr. S. Satyamurti :** May I know whether Government have any knowledge of Dr. Subbaroyan going to England for these negotiations or have they no knowledge about it ? If they have, what is the knowledge they have ?

**Mr. Y. N. Sukthankar :** That he was proceeding to England.

**Mr. S. Satyamurti :** Do they still believe that he is going ? Will the Honourable Member state categorically whether they have issued any instructions to Dr. Subbaroyan ?

**Mr. Y. N. Sukthankar :** I have no information. I must ask for notice.

**Mr. S. Satyamurti :** Have the negotiations been resumed, and if so, when do the Government expect them to be completed ?

**Mr. Y. N. Sukthankar :** The negotiations are going on. They are expected to be over by the end of October but it is impossible to give a precise date.

#### GAZETTED OFFICERS IN DEPARTMENTS UNDER THE MEMBER FOR COMMERCE AND RAILWAYS.

691. **\*Babu Kallash Behari Lal :** Will the Honourable Member for Commerce and Railways please state the number of gazetted officers in different Departments under him and how many are (1) Bengalees, (2) Madrasees, (3) Punjabees, (4) Bombayites, (5) Beharees, and (6) of other provinces or nationality ?

**The Honourable Sir Saiyid Sultan Ahmad :** So far as the Railway Department is concerned, the information available with Government will be found in the History of Services of the Officers of the Indian State Railways, a copy of which is in the Library of the House. As regards the Commerce Department, I lay a statement on the table of the House giving the required information.

*Statement showing the number of gazetted officers in different Departments under the Honourable Member for Commerce and Railways in so far as the Department of Commerce is concerned.*

Name of Department or office.	Number of Bengalees.	Number of Madrasces.	Number of Punjabees.	Number of Bombayites.	Number of Behares.	Of other Provinces or nationalities.	Remarks.
1. Department of Commerce (Secretariat).	4	1	6*	2	..	9	
2. Commercial Intelligence and Statistics Department, Calcutta.	2	..	..	..	..	..	
3. Statistical Research Branch of the C. I. & S. Department at the headquarters of the Government of India.	..	1	..	1	..	..	
4. Office of the High Commissioner for India—London.	..	1	2	1	1	3	
5. Shipping office, Bombay	..	..	..	1	..	1	
6. Shipping office, Calcutta	1	..	1	..	..	1	
7. Bengal Pilot Service	2	..	5	3	..	45†	
8. I. M. M. T. S. Duffin	..	..	..	..	..	7	
9. General Lighthouses and Lightships Department.	..	..	..	..	..	1	
10. Offices of the Principal Officers Mercantile Marine Department Karachi District.	..	..	..	..	..	1‡	
(i) Bombay District .. .. .	..	..	..	..	..	8‡	
(ii) Madras District .. .. .	..	..	..	..	..	2‡	
(iii) Calcutta District .. .. .	1	..	..	..	..	9‡	
Total	10	3	14	6	1	87	

\* One on deputation to England with Sir Muhammad Zafarullah Khan.  
† Including two officers on leave preparatory to retirement and also two Chief Engineers of the Pilot-Vessels.

‡ All of them are of British nationality excepting one who is an Anglo-Indian.  
Information regarding his province of domicile is not known.

**GAZETTED OFFICERS IN THE DEPARTMENTS UNDER THE LAW MEMBER.**

692. \*Babu Kailash Behari Lal : Will the Honourable the Law Member be pleased to state the number of gazetted officers in the Departments under him and how many of them are (1) Bengalees, (2) Biharees, (3) Punjabees, (4) Madrassees, (5) Bombayites, and (6) of other provinces ?

The Honourable Sir Nripendra Sircar : A statement giving the required information is laid on the table.

*Statement.*

Bengalees .. .. .	5
Bombay Parsee .. .. .	1
U. P. .. .. .	1
Anglo-Indians .. .. .	2
Europeans .. .. .	5
<b>Total</b>	<b>14</b>

†693\*.

**TROLLEY USED BY THE SON OF A RAILWAY SERVANT BETWEEN PARASARMA AND SUPAUL.**

694. \*Babu Kailash Behari Lal : (a) Will the Honourable Member for Commerce and Railways be pleased to state with reference to his answer to the supplementary question, to question No. 388, answered on the 8th September, 1937, that he had no information if the Railway trolley was used for the son of a Railway servant, whether on the complaint published in the *Searchlight* of the 14th July, 1937, in this respect, Government made any enquiry into this serious allegation ?

(b) If no enquiry has been made as yet, do Government propose to get the matter enquired into ?

The Honourable Sir Saiyid Sultan Ahmad : (a) and (b). I am having enquiries made.

**COMMUNAL CRIES ON RAILWAY PLATFORMS.**

695. \*Babu Kailash Behari Lal : Will the Honourable the Railway Member be pleased to state :

(a) if it is not a fact that for the last few years the water suppliers on the Railway platforms at the time of the passenger trains

†For this question and the reply thereto, see page 2122 of these debates.

ery "*Hindu pani*, *Hindu pani*" and "*Mussalman pani*, *Mussalman pani*";

(b) if it is a fact that the Railway authorities contemplate making arrangements for "*Christian pani*", "*Parsi pani*", and "*Sikh pani*";

(c) if Government have considered the effect of encouraging such communal cries in public places like Railway platforms;

(d) if there is any demand for having separate latrines for different communities on the Railway premises; and

(e) if Government propose to give any direction to the Railway authorities in the matter of exhibition of such communalism on the Railway platforms?

**The Honourable Sir Saiyid Sultan Ahmad :** (a) Government have no information, but are prepared to accept the Honourable Member's statement as correct.

(b) and (c). No.

(d) Government are not aware of any.

(e) No.

**Mr. Sri Prakasa :** May I know how the religion of *pani* (water) is found out?

#### UPKEEP OF THE VIZAGAPATAM PORT.

696. **\*Mr. K. S. Gupta :** (a) Will the Honourable Member for Commerce and Railways state what is the total amount spent up-to-date by the Central Government on the upkeep of the port of Vizagapatam since its beginning?

(b) How many European, Anglo-Indian, and Indian officers are there in the service of the port? What are their respective salaries?

(c) Is it a fact that there is not sufficient work for the several officers now in service?

**The Honourable Sir Saiyid Sultan Ahmad :** (a) I do not know exactly what figures the Honourable Member requires. The approximate Capital expenditure incurred on the construction of the Port of Vizagapatam up to the 31st March, 1937, was Rs. 3,85,25,097. Government has also made grants-in-aid during 1935-36 and 1936-37 totalling Rs. 3,00,000 to meet deficits in the revenue accounts of the Port during those years. A loan of Rs. 2,00,000, sanctioned in 1934-35 to meet the deficit during that year, is also being converted into a grant-in-aid during 1937-38.

(b) In posts carrying a maximum pay of Rs. 400 and above, there are 15 European, three Anglo-Indian and four Indian officers. A statement showing the salaries drawn by these officers is placed on the table.

(c) No.

Serial No.	Designation of the Post.	Nationality of the incumbent of the post.	Pay.	Scale of Pay.
			Rs.	Rs.
1	Deputy Administrative Officer and Traffic Manager.	European ..	2,500 <i>plus</i> Overseas Pay £13-6-8.	
2	Assistant Traffic Manager ..	Do. ..	800	300—50—800
3	Port Engineer ..	Do. ..	1,600 <i>plus</i> Overseas Pay Rs. 150.	1,500—50—1,750
4	Executive Engineer ..	Hindu ..	850	750—50—950
5	Assistant Engineer ..	Indian Christian	800	450—50—800
6	Harbour Master ..	European ..	1,250	1,100—50—1,300
7	Mechanical Superintendent ..	Do. ..	950 <i>Plus</i> Overseas Pay Rs. 150	800—40—1,100
8	Medical Officer ..	Hindu ..	415	215—25—415
9	Assistant Harbour Master ..	European ..	825	750—25—1,100
10	Ditto. ..	Do. ..	825	750—25—1,100
11	Ditto ..	Do. ..	825	750—25—1,100
12	Navigating Dredging Master	Do. ..	525	450—25—800
13	Ditto. ..	Do. ..	525	450—25—800
14	Dredging Master ..	Do. ..	352½	300—7½—390—10—450.
15	Foreman ..	Do. ..	580	500—20—600
16	Mechanical Engineer ..	Do. ..	580	550—20—650
17	Chief Engineer ..	Do. ..	675	600—25—675
18	Second Engineer ..	Do. ..	675	600—25—675
19	Ditto. ..	Anglo-Indian	550	450—25—550
20	Ditto. ..	Do. ..	550	450—25—550
21	Third Engineer ..	Do. ..	500	450—25—550
22	Electrical Engineer and Manager.	Indian Christian	500	
		Europeans ..	15	
		Anglo-Indians ..	3	
		Indians ..	4	
		Total ..	22	



**Seth Govind Das :** What is the reason for this big number of Europeans and small number of Indians ?

**The Honourable Sir Saiyid Sultan Ahmad :** I understand these are technical appointments and that is the reason why there are so many Europeans.

**Seth Govind Das :** Is this a prospering concern ?

**The Honourable Sir Saiyid Sultan Ahmad :** I have given figures which are not very encouraging.

**Seth Govind Das :** Is it a fact that on account of the meagre facilities, big ships do not come to this port at all ?

**The Honourable Sir Saiyid Sultan Ahmad :** That question does not arise from the answer given.

**Seth Govind Das :** It arises in this way. The Honourable Member said that the revenues are not encouraging. I say that the reason for the loss of revenue is that facilities are not given to big ships to go into that port ?

**The Honourable Sir Saiyid Sultan Ahmad :** That question is being examined.

**Mr. K. S. Gupta :** In view of the answer to (c), may I ask the Honourable Member whether there has been a corresponding reduction in the officers' staff when there has been a reduction in regard to labour ?

**The Honourable Sir Saiyid Sultan Ahmad :** I cannot answer that question off-hand.

**Prof. N. G. Ranga :** Has any recent attempt been made by the Government of India to bring about a reduction in the establishment charges of this harbour ?

**The Honourable Sir Saiyid Sultan Ahmad :** That was done in 1936.

**Mr. K. S. Gupta :** Is it a fact that one mechanical superintendent was supervising over thousands of labourers from 1926 to 1933 and now one mechanical superintendent and one assistant are supervising only 400 workers ?

**Mr. President (The Honourable Sir Abdur Rahim) :** These details cannot be supplied off-hand.

#### DEVELOPMENT OF THE VIZAGAPATAM PORT.

697. **\*Mr. K. S. Gupta :** (a) Will the Honourable Member for Commerce and Railways please state whether it is a fact that Cochin Harbour suffered the same financial strain in the initial years as is the case with Vizagapatam ?

(b) Is it a fact that the Cochin Harbour had a fairly developed hinterland from the beginning ?

(c) Is it a fact that while developing the port of Vizagapatam, it was understood that the hinterland would also be developed ? If so, what has been done ?

(d) What is the contribution of the Bengal Nagpur Railway towards the development of the port ?

(e) Is it a fact that Sir T. R. Wynne declared that the administration of the Bengal Nagpur Railway has a great scheme to further the development of the country through which it traverses ?

(f) Was any contemplated scheme submitted to the Central Government ? If so, what is the action proposed to be taken ?

(g) Is not the development of Vizagapatam port a matter for inter-provincial co-operation ? If so, what is the interest bestowed by the Central Provinces Government ?

**The Honourable Sir Saiyid Sultan Ahmad :** (a) No. Cochin was constituted a major port only on the 1st August, 1936. As a minor port it had previously paid its way.

(b) Yes, Sir.

(c) As a means of developing trade through Vizagapatam, sanction was accorded to the construction of the Raipur-Parvatipur Railway. This scheme, and that for the construction of the harbour, were treated as inter-dependent, and were sanctioned together. The new line has been completed and opens up a hinterland of about 125,000 square miles.

(d) The Bengal Nagpur Railway makes no financial contribution towards the development of the port.

(e) and (f). The Honourable Member presumably has in mind Sir T. R. Wynne's scheme for the development of roads on the Jeypore plateau. The scheme has been received by the Central Government, but no action has yet been taken, as the matter is being further investigated by the Bengal Nagpur Railway Administration in consultation with the Government of Orissa.

(g) The Provincial Governments having jurisdiction locally are not concerned with the administration of the port, but it is in their interests to foster its trade. The Central Government are not aware as to the exact steps in this direction that have been taken by the Government of the Central Provinces.

**Prof. N. G. Banga :** In view of the continued losses incurred on the Vizagapatam Harbour, have Government tried to bring about retrenchment and if so to what extent have they succeeded ?

**The Honourable Sir Saiyid Sultan Ahmad :** I have answered that question. The examination is going on at present.

**Seth Govind Das :** For how long has it been going on ?

**The Honourable Sir Saiyid Sultan Ahmad :** After the Public Accounts Committee submitted its report.

**Seth Govind Das :** About a year ago ?

**The Honourable Sir Saiyid Sultan Ahmad :** I cannot say definitely.

**PROPOSAL TO STOP THE WORKING OF THE COCANADA KOTIPALLI RAILWAY.**

698. **\*Mr. Thirumala Rao :** (a) Will the Honourable Member for Commerce and Railways be pleased to state whether there is any proposal to stop the working of the Cocanada Kotipalli Railway (Madras Presidency) ?

(b) If the answer to part (a) is in the affirmative, what is the cause ?

(c) Is it the policy of Government that every railway line, irrespective of its length, should, if it is to be worked, be self maintaining ?

(d) Have Government any idea of a comprehensive review of rail and road competition in the near future ?

(e) If the answer to part (d) be in the affirmative, are Government prepared to await the results of such a review mentioned in part (d) before coming to a decision on the fate of lines like the Cocanada Kotipalli Railway ?

**The Honourable Sir Saiyid Sultan Ahmad :** (a) Yes.

(b) The branch is being run at a loss which is, in some measure, attributable to uncontrolled road competition.

(c) Yes, this is the usual policy in respect of commercial lines taking into account a proportion of the additional earnings derived on account of traffic brought to the main line by the branch line.

(d) No, Sir, but measures are in contemplation for co-ordination of road and rail transport on the lines of the recommendations in the Wedgwood Committee's Report.

(e) Before arriving at a decision to close any branch lines, Government will take into account all relevant factors affecting working expenses and earnings.

**Mr. Thirumala Rao :** With regard to part (c), are the Government aware that the line is only 28 miles in length and do they propose taking into consideration the small amount of money invested in it before deciding to abolish the line ?

**The Honourable Sir Saiyid Sultan Ahmad :** We will take that into consideration.

**Mr. M. Ananthasayanam Ayyangar :** Has any attempt been made to retrench expenditure, before deciding to abolish the line ?

**The Honourable Sir Saiyid Sultan Ahmad :** The working of the line has not been stopped.

**Mr. Thirumala Rao :** Are Government aware that Diesel cars are being run on the lines which reduce the cost considerably ?

**The Honourable Sir Saiyid Sultan Ahmad :** I am not aware of it.

**Mr. Thirumala Rao :** Will the Honourable Member please consider that if service is by means of Diesel cars, the cost is considerably less and therefore the necessity of abolishing the line may not arise ?

**The Honourable Sir Saiyid Sultan Ahmad :** I am obliged to the Honourable Member for the advice he has given. I will consider it.

**CONSTRUCTION OF AN OVERBRIDGE BETWEEN BEZARODA STATION AND KISTNA BRIDGE ON THE MADRAS AND SOUTHERN MAHRATTA RAILWAY.**

699. \***Mr. Thirumala Rao** : (a) Will the Honourable Member for Commerce and Railways be pleased to state whether Government are aware that the railway level crossing between the Bezaroda Railway Station and Kistna Bridge on the Madras and Southern Mahratta Railway is very frequently closed on account of trains passing day and night at short intervals ?

(b) Do Government propose to remedy the great inconvenience caused thereby to vehicular traffic by asking the Madras and Southern Mahratta Railway to construct an overbridge ?

**The Honourable Sir Saiyid Sultan Ahmad** : (a) and (b). The Honourable Member is referred to the answer given to Mr. K. Nageswara Rao's question No. 826 in the Legislative Assembly on 7th October, 1936.

**(b) WRITTEN ANSWERS.**

**GRANT OF PASSES TO RETIRED RAILWAY SERVANTS.**

693. \***Maulana Zafar Ali Khan** : (a) Will the Honourable Member for Commerce and Railways please state whether it is a fact that the North Western Railway Administration grants return journey passes annually to all officers on the retired list who have put in over 25 years service and this concession holds good not only over the home line (North Western Railway) but also over other State Railways, whereas the same concession is denied to the subordinate retired staff. If so, why ?

(b) Is the Honourable Member prepared to include the poorer section of the retired Railway staff which has spent a lifetime in loyally serving Government in the privileged list and see to it that they are granted free return journey passes ?

**The Honourable Sir Saiyid Sultan Ahmad** : (a) Under the pass rules in force on the State-managed Railways with effect from 1st January, 1937, an officer, who retires with over 25 years' service, may be granted return journey passes for himself and his family, irrespective of whether over the home line or over other State-managed lines. Similarly, a subordinate who retires with not less than 30 years' service may be granted a return journey pass for himself and his family, but only over the home line.

(b) The question of whether any modification in the existing pass rules is desirable is under consideration.

**UNSTARRED QUESTIONS AND ANSWERS.**

**PERSONS RECRUITED AS APPRENTICES OR AS PERMANENT INCUMBENTS ON RAILWAYS.**

119. **Maulvi Muhammad Abdul Ghani** : Will the Honourable Member for Commerce and Railways be pleased to state the total number of persons recruited as apprentices or as permanent incumbents in different

capacities in all the Company and State-managed Railways every year since 1933 under different heads—such as, (1) Agency, (2) Audit and Accounts, Press and Pay, (3) Engineering, (4) Locomotive, Carriage and Wagon, (5) Traffic, (6) Stores, (7) Medical, (8) Law Officer, and (9) Schools, and the total number of Muslims, Europeans, Anglo-Indians and Christians, separately under each head ?

**The Honourable Sir Saiyid Sultan Ahmad :** The information available with Government will be found in the statements given in paragraph 76 of the Report by the Railway Board on Indian Railways for the year 1935-36, Volume I, a copy of which is in the Library of the House.

Government regret they are not prepared to supplement with figures for individual departments the information in regard to communal representation in railway services given in the Report referred to above.

#### RETURNS REGARDING RESERVATION OF SEATS IN RAILWAY SERVICES FOR MINORITY COMMUNITIES.

120. **Maulvi Muhammad Abdul Ghani :** Will the Honourable Member for Commerce and Railways be pleased to lay on the table a copy of the returns regarding reservation of seats in Railway Services for minority communities, *viz.*, Muslims, etc., prescribed by the Government of India as per paragraph 5 of the Home Department Resolution No. F. 14|17-B. 33, dated the 4th July, 1934 ?

**The Honourable Sir Saiyid Sultan Ahmad :** Copies of the statements showing communal composition of Superior Railway Establishment and of the Railway Subordinate Services on the 31st March, 1935, and the statement showing the number of vacancies in railway services filled by direct recruitment during the period 1st April, 1934, to 31st March, 1935, are already in the Library of the House. Statements for the year 1935-36, in the forms prescribed by Government, are under compilation and will be placed in the Library of the House when ready. Information regarding composition of, and recruitment made to, Railway Services during 1935-36 is, however, contained in paragraphs 75 and 76 in Chapter VI of, and Appendices 'F' and 'G' to Volume I and Appendix C. II to Volume II of the Report by the Railway Board on Indian Railways for the year 1935-36, copies of which are also in the Library of the House.

#### PERSONS RECRUITED AS APPRENTICES, ETC., IN CERTAIN BRANCHES OF THE BENGAL AND NORTH WESTERN AND ROHILKUND AND KUMAON RAILWAYS.

121. **Maulvi Muhammad Abdul Ghani :** Will the Honourable Member for Commerce and Railways be pleased to lay a statement on the table separately for Bengal and North Western Railway and Rohilkund and Kumaon Railway showing the total number of persons taken as apprentices or appointed directly on probation in the following different branches over the Bengal and North Western Railway and Rohilkund and Kumaon Railway separately during the years 1934-35, 1935-36 and 1936-37 ; and the total number of Muslims so appointed in each branch—Agency ; Audit and Accounts ; Engineering including Mechanical and Electrical Engineering ; Locomotive ; Carriage and Wagon Departments ; Traffic ; Stores ; Watch and Ward ; Medical and Law Officers ?

**The Honourable Sir Saiyid Sultan Ahmad :** I would refer the Honourable Member to my reply to unstarred question No. 119 asked by him today.

**HEALTH OFFICERS APPOINTED TO LOOK AFTER FOODSTUFFS AT STATIONS ON THE BENGAL AND NORTH WESTERN RAILWAY.**

122. **Maulvi Muhammad Abdul Ghani :** (a) Will the Honourable Member for Commerce and Railways be pleased to state the number of Health Officers appointed to look after food stuffs at various Railway stations over the Bengal and North Western Railway and whether any of the said officers can take meat, fish and eggs so that he can test such food ? If not, what arrangement has been made for testing meat, fish, etc., diets ? If no arrangement is made, why not ? Why has a vegetarian doctor been appointed ?

(b) Can he not be replaced by another medical officer in the employ of the said Company who can test beef, meat and fish diets as well, in the interests of the travelling public ?

**The Honourable Sir Saiyid Sultan Ahmad :** (a) and (b). Government have no information but the Honourable Member's question and this reply will be sent to the Agent for his consideration.

**HOURS OF WORK OF CERTAIN SUBORDINATE STAFF OF THE RAILWAY TRAFFIC DEPARTMENT.**

123. **Maulvi Muhammad Abdul Ghani :** Will the Honourable Member for Commerce and Railways be pleased to state the total period of work taken from subordinate officers and men of Traffic Department (say, Ticket Collectors, Parcel Clerks, Booking Clerks, Travelling Ticket Examiners and Assistant Station Masters, etc.) ?

**The Honourable Sir Saiyid Sultan Ahmad :** On state-managed Bombay, Baroda and Central India and Madras and Southern Mahratta Railways on which the Hours of Employment Regulations have been given statutory effect these Regulations apply '*inter alia*' to traffic staff mentioned excepting Travelling Ticket Examiners. Accordingly, a railway servant, other than one whose employment is essentially intermittent is, subject to certain exceptions, not permitted to be employed for more than 60 hours a week, on the average, in any month while a railway servant whose employment is essentially intermittent is, subject to certain exceptions, not permitted to be employed for more than 84 hours in any week. Government have no definite information in respect of other Company-managed railways but it is understood that the hours of work of their staff generally conform to the limits laid down in these Regulations.

**INTERMEDIATE CLASS WAITING ROOMS ON THE BIHAR BRANCH OF THE BENGAL AND NORTH WESTERN RAILWAY.**

124. **Maulvi Muhammad Abdul Ghani :** Will the Honourable Member for Commerce and Railways please state the name of the railway stations where intermediate class waiting rooms have been built over the

**Bihar Branch of the Bengal and North Western Railway ?** If no intermediate class waiting room has been provided, why not ? Does the Honourable Member intend to take steps for the provision of such waiting rooms ?

**The Honourable Sir Saiyid Sultan Ahmad :** It is not clear what line is meant by the Bihar Branch, but on the Bengal and North Western Railway, there are intermediate class waiting rooms at five stations for general use and ten for the use of ladies only. This matter is, however, within the discretion of the Railway Administration and specific cases of hardship can be brought to their notice through the Local Advisory Committee.

**RUNNING OF A THROUGH TRAIN FROM SAVAN TO PALEZA GHAT ON THE BENGAL AND NORTH WESTERN RAILWAY.**

**125. Maulvi Muhammad Abdul Ghani :** (a) Will the Honourable Member for Commerce and Railways be pleased to state what is the total number of third, intermediate, second and first class passengers booked to Digha Ghat and Mahendra Ghat between the following stations during 1935-36 and 1936-37 :—(i) Savan to Chupra Kuchehry, (ii) Benares to Chupra Kuchehry including Chupra Kuchehry railway station over Bengal and North Western Railway (Behar) ?

(b) Is the Sonepore railway station second in length among the stations of the world ?

(c) In view of the number of passengers of different classes mentioned in part (a) and the length of the Sonepore railway station, does the Honourable Member propose to ask the Bengal and North Western Railway Company to run a through train from Savan to Paleza Ghat railway station for the convenience of the passengers especially the *pardanashin* lady passenger, failing which to run a composite carriage with adequate seats for lower class passengers ?

**The Honourable Sir Saiyid Sultan Ahmad :** Government have no information but I am sending a copy of this question to the Agent of the Bengal and North Western Railway for such action as may be considered necessary.

**THIRD CLASS PASSENGERS ON THE BENGAL AND NORTH WESTERN RAILWAY.**

**126. Maulvi Muhammad Abdul Ghani :** (a) Will the Honourable Member for Commerce and Railways please state the total number of third class passengers travelled during 1936-37 and the total amount of fares realised during the same period over the Bengal and North Western Railway ?

(b) Will Government please state the total number of third class seats provided during 1936-37 over the Bengal and North Western Railway ?

**The Honourable Sir Saiyid Sultan Ahmad :** (a) The total number of third class passengers carried and the earnings therefrom on the Bengal and North Western Railway, during the year 1936-37, were 30,843,000 and Rs. 1,31,02,000 respectively.

(b) On the 31st March, 1937, there were 64,062 seats for third class passengers on the Bengal and North Western Railway.

#### ACCIDENTS ON THE BENGAL AND NORTH WESTERN RAILWAY.

127. **Maulvi Muhammad Abdul Ghani** : Will the Honourable Member for Commerce and Railways please state the total number of accidents over the Bengal and North Western Railway during 1934-35 to 1936-37 ?

**The Honourable Sir Saiyid Sultan Ahmad** : The Honourable Member is referred to the information shown in Appendix D of Volume II of the Railway Board's Reports for 1934-35 and 1935-36; copies of which are in the Library of the House, which give the information desired for those years. Similar information will be included in the Report for the year 1936-37 now under compilation, a copy of which will be placed in the Library of the House in due course.

#### CLASSIFICATION OF RAILWAY REFRESHMENT ROOMS.

128. **Mr. Ram Narayan Singh** : Will the Honourable Member for Commerce and Railways please state :

- (a) whether the Refreshment Rooms on Eastern Bengal, East Indian, Great Indian Peninsula, and North Western Railways are classed as first and second classes Europeans, Hindu, Hindu orthodox, and Muslims ; and
- (b) what class of ticket-holders are allowed to use these Refreshment Rooms respectively ?

**The Honourable Sir Saiyid Sultant Ahmad** : (a) Government understand that there are refreshment rooms of the categories mentioned.

(b) The refreshment rooms catering in the European style are primarily intended for first and second class passengers as indicated by their classification, but Government understand that, as is the case with the other refreshment rooms, they are used by all classes of ticket-holders who are prepared to pay the charges.

#### GRANT OF PASSES TO REFRESHMENT ROOM CONTRACTORS ON THE NORTH WESTERN RAILWAY.

129. **Mr. Ram Narayan Singh** : Will the Honourable Member for Commerce and Railways please :

- (a) state whether the North Western Railway Administration grant passes to Refreshment Room Contractors on racial discrimination ; and
- (b) lay a statement of passes granted and subsequently withdrawn from the Refreshment Room Contractors showing :
  - (i) names ;
  - (ii) places of business ;
  - (iii) class of Refreshment Room ; and Tea Stalls ; and
  - (iv) reasons for withdrawal in each case ?



**The Honourable Sir Saiyid Sultan Ahmad :** (a) Government have no reason to believe this is so.

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

#### COMPLAINTS AGAINST THE HINDU REFRESHMENT ROOM CONTRACTOR AT DELHI.

**130. Mr. Ram Narayan Singh :** Will the Honourable Member for Commerce and Railways please place on the table a statement of complaints received and action taken thereon against the Hindu Refreshment Room Contractor at Delhi since February, 1937, and to state the reason for continuing the contract on the report of unsatisfactory working ?

**The Honourable Sir Saiyid Sultan Ahmad :** I am having enquiries made and will place a reply on the table of the House in due course.

#### COMPLAINT BOOKS MAINTAINED IN EUROPEAN REFRESHMENT ROOMS ON THE NORTH WESTERN RAILWAY.

**131. Mr. Ram Narayan Singh :** Will the Honourable Member for Commerce and Railways please inquire and :

(a) state whether European Refreshment Room Contractors on the North Western Railway maintain two sets of complaint books, one for good remarks and the other for adverse remarks ; and

(b) lay a statement of complaints made either in the books or otherwise and the actions taken thereon during 1935-36-1937 (up to date) ?

**The Honourable Sir Saiyid Sultan Ahmad :** (a) Government have no information.

(b) Government do not consider that the labour involved would be commensurate with the value of such compilation.

#### PRICES CHARGED BY EUROPEAN REFRESHMENT ROOMS ON RAILWAYS.

**132. Mr. Ram Narayan Singh :** With reference to the answer given on 23rd August, 1937, to unstarred question No. 10, asked in this House on the 25th January, 1937, viz., 'The European Refreshment Room prices and service are comparable with those of the better class hotels' and 'Is necessary to cover the cost of service and other amenities, and is comparable with the prices charged in good class hotels', will the Honourable Member for Commerce and Railways please lay a statement on the table comparing the European Refreshment Room expenditure with the better class hotels and the good class hotels in respect of :

- (a) carriage of stores from Bombay, Karachi or Calcutta,
- (b) cartage of stores in local areas,
- (c) rent on buildings of occupation,
- (d) electric installation and current charges, and

(e) depreciation charges on fittings, furniture and crockery, etc. ?

**The Honourable Sir Saiyid Sultan Ahmad :** I regret that I am unable to undertake the compilation of the information requested. The figures of expenditure by hotels run by private enterprise are obviously not available to Government.

#### ISSUE OF PASSES TO INDIAN REFRESHMENT ROOM CONTRACTORS ON RAILWAYS.

**133. Mr. Ram Narayan Singh :** With reference to the information given on the 23rd August, 1937, in reply to unstarred question No. 10, asked in this House on the 25th January, 1937, will the Honourable Member for Commerce and Railways please state :

- (a) whether he has considered that Indians are not best able to carry the contract for European Refreshment Rooms and they cannot give the most efficient service ; if so, what disability and inefficiency is observed in the catering contract of Royal Military Academy College, Dehra Dun and whether the catering is done by a European firm or by an Indian ;
- (b) whether the Indian Refreshment Room Contractors are not required to maintain a high standard of service and to serve the travelling public at the lowest prices ;
- (c) whether Government are aware that the withdrawal of passes from Indian Refreshment Room Contractors is not a levy on the travelling public ; and
- (d) whether the Honourable Member is prepared to consider the desirability of issuing passes to Indian Contractors in the interest of the travelling public and to remove the racial discrimination ; if not, why not ?

**The Honourable Sir Saiyid Sultan Ahmad :** (a) This is a matter of opinion. I am not concerned with the catering contract of the Royal Military Academy, Dehra Dun.

(b) Yes.

(c) Government have no reason to think so.

(d) Government have no reason to think that there is, in fact, any racial discrimination. The issue of passes to contractors is a matter for Railway Administrations having regard to the conditions of the respective contracts and Government are not prepared to interfere with Railways detailed arrangements in this respect.

#### PROCEDURE ADOPTED FOR INFLECTING PUNISHMENT UNDER SECTION 47 (2) OF THE INDIAN RAILWAYS ACT.

**134. Mr. Ram Narayan Singh :** Will the Honourable the Leader of the House please state the procedure adopted for inflicting punishments provided in section 47 (2) of Act IX of 1890 and the authority competent to take cognizance of the offences committed under section 47 of Act IX of 1890 ?

**The Honourable Sir Saiyid Sultan Ahmad :** The procedure adopted for inflicting punishments provided by rules under sub-section (2) of section 47 of Act IX of 1890 would be :

- (i) where the rules provide for punishment by fine, trial by a court ;
- (ii) where the rules provide for punishment by forfeiture of a sum deductible from pay, departmental action by the railway administration.

In regard to the court competent to take cognisance of offences under section 47 of the same Act, I would refer the Honourable Member to section 133.

**INSTRUCTIONS REGARDING EMPLOYMENT OF NON-GAZETTED STAFF AS TEMPORARY HANDS ON THE EAST INDIAN RAILWAY.**

**135. Mr. Amarendra Nath Chattopadhyaya :** (a) Will the Honourable Member for Commerce and Railways please state whether it is a fact that the Chief Operating Superintendent, East Indian Railway, has issued confidential instructions to his subordinate officers that non-gazetted staff should be appointed as temporary hands and kept as long as possible on the temporary establishment so as to keep down working expenses under the heads, provident fund and gratuity ?

(b) If the answer to part (a) be in the affirmative, will Government please state :

- (i) whether the instructions issued are in accordance with their policy ;
- (ii) whether similar instructions have been issued by the other departments of that Railway ; and
- (iii) whether the same will apply to those appointed by direct recruitment to the gazetted service ?

(c) Do Government propose to take action in the matter ? If so, what ?

**The Honourable Sir Saiyid Sultan Ahmad :** I propose to reply to unstarred questions Nos. 135 and 136 together.

I am obtaining information and will lay a reply on the table of the House in due course.

**MEETING OF SPORT OFFICERS ON RAILWAYS HELD AT DELHI.**

**†136. Mr. Amarendra Nath Chattopadhyaya :** (a) Will the Honourable Member for Commerce and Railways please state if it is a fact :

- (i) that a meeting of Sports Officers on Railways was recently held at Delhi ;
- (ii) that the Sports Officer of the East Indian Railway attended ;
- (iii) that the motor car of this Sports Officer was sent to Delhi ; and
- (iv) that it was booked under Free Service ?

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†For answer to this question, see answer to question No. 135.

(b) If the answers to part (a) be in the affirmative, will Government please state whether the expenses incurred on train fares, office peons accompanying the officer, allowances, freight on the motor car, etc., are met from the funds of the Sports or Welfare ?

(c) If the answer to part (b) be in the negative, will Government please state why such expenses such as having a motor car hauled free to Delhi and back should be added to the working expenses of the Railway ?

(d) Do Government propose to take any action in the matter ? If so, what ?

#### CUT ON ALLOWANCES OF THE RAILWAY STAFF AT HOWRAH AND CALCUTTA.

137. **Mr. Amarendra Nath Chattopadhyaya :** (a) With reference to the statement laid on the table on the 25th January, 1937, in reply to unstarred question No. 50, asked on the 15th September, 1936, will the Honourable the Railway Member please state whether the word "allowances" in the service agreement was defined to include some and to exclude other allowances ? If not, under what authority can Government exclude local allowances from the meaning of "allowances" ?

(b) Is this "local allowance" given to other than Company men ?

(c) Do Government now propose to withdraw the cut on this local allowance ? If not, why not ?

**The Honourable Sir Saiyid Sultan Ahmad :** (a) The reply to the first part is in the negative. The reasons why Government hold that the undertaking given does not debar them from varying a compensatory allowance are given in the statement referred to by the Honourable Member.

(b) Yes.

(c) Government do not see any reason for departing from the position taken up in the statement referred to by the Honourable Member in part (a) of his question.

#### WELFARE OFFICERS ON STATE RAILWAYS.

138. **Mr. Amarendra Nath Chattopadhyaya :** (a) With reference to the reply given in this House to starred question No. 103 on the 25th January, 1937, that there are no Welfare Officers on the East Indian Railway, will the Honourable the Railway Member please state whether there are Welfare Officers, whole-time employees, on the Eastern Bengal, the North Western and the Great Indian Peninsula Railways ?

(b) If the answer to part (a) be in the affirmative, will Government please state why an exception has been made in the case of the East Indian Railway ?

(c) Do Government propose to have a uniform system in the matter of welfare of the staff on the four Railways they control ? If not, why not ?

**The Honourable Sir Saiyid Sultan Ahmad :** (a) There is a Welfare Officer on the Eastern Bengal Railway. On the North Western and Great Indian Peninsula Railways there are no Welfare Officers. There was a Liaison Officer on the Great Indian Peninsula Railway whose post has been held in abeyance.

(b) Does not arise.

(c) No, as posts are provided according to the requirements of and the organisation in force on each State-managed Railway.

**WATCH AND WARD DEPARTMENT OF THE EAST INDIAN RAILWAY.**

**139. Mr. Amarendra Nath Chattopadhyaya :** (a) Will the Honourable Member for Commerce and Railways please state whether it is a fact :

- (i) that a Watch and Ward Department has been established on the East Indian Railway ;
- (ii) that its primary duty is to guard against thefts, shortage, damages, etc., and
- (iii) that its staff are liable to punishment for carelessness, neglect of duty, etc. ?

(b) If the answers to part (a) be in the affirmative, will Government please state :

- (i) whether Watch and Ward staff are posted at the Sheds, Gates, Yard, and at other points at the Howrah Goods ;
- (ii) whether these men are under the supervision of several responsible staff of the department ;
- (iii) whether cases have occurred of shortages reported from Howrah seals intact wagons ; and
- (iv) whether the Traffic staff only have been held responsible for such shortages under Rule 23, Part II, Indian Railways Conference Association Rules, 1935-36, punished and made to contribute towards the loss ?

(c) Will Government please state why the staff of the Watch and Ward are exempted from punishment and are not made to proportionately contribute in such cases ?

(d) Is it a fact that in many cases the Watch and Ward, Howrah, in their reports have held the Traffic staff at Howrah responsible for shortages from seals intact wagons but on investigations their reports have been found false ? If not, do Government propose to examine the records of Howrah for the period October to December, 1936 ?

(e) Is it a fact that the Watch and Ward official responsible for the false reports has not been punished but has recently been promoted to the gazetted service in an officiating capacity ?

(f) Do Government propose to treat their staff alike, even in the matter of punishments, contribution towards losses, etc. ? If so, are they prepared to issue instructions in the cases mentioned ?

**The Honourable Sir Saiyid Sultan Ahmad :** I propose to reply to unstarred questions Nos. 139 and 140 together.

I am obtaining information and will lay a reply on the table of the House in due course.

**INSTRUCTIONS ISSUED ON THE EAST INDIAN RAILWAY FOR NOT PROMOTING CERTAIN NON-GAZETTED STAFF TO OFFICIATE IN THE LOWER GAZETTED SERVICE.**

†140. **Mr. Amarendra Nath Chattopadhyaya :** (a) Will the Honourable the Railway Member please state whether it is a fact that instructions have been issued on the East Indian Railway that non-gazetted staff over the age of 40 years are not to be promoted to officiate in the Lower Gazetted Service ? If so, will Government please state :

- (i) whether this order is in accordance with their policy ;
- (ii) whether it is only applicable on the East Indian Railway ;
- (iii) whether it is only confined to the Traffic Department of this Railway ; and
- (iv) whether recently a non-gazetted employee of the Watch and Ward Department of that Railway has been promoted to officiate in the Lower Gazetted Service, although over 40 years of age ?

(b) Do Government propose to put a stop to this kind of treatment to its non-gazetted staff ? If not, why not ?

**PAYMENT OF WAGES IN THE HOWRAH DIVISION OF THE EAST INDIAN RAILWAY.**

141. **Mr. Amarendra Nath Chattopadhyaya :** (a) Will the Honourable the Railway Member please state whether it is a fact that under the Payment of Wages Act, 1936, and the Payment of Wages (Railways) Rules, 1937, the actual wages earned by an employee in receipt of less than Rs. 200 must be paid for the wage-period ?

(b) Is it also a fact that on the Howrah Division of the East Indian Railway approximate wages are given for an "accommodated month" and adjustments made in the next accommodated month ?

(c) Do Government propose to issue instructions that the actual amount earned by an employee during a wage-period must be paid to him and not approximate earnings with adjustments later on ?

**The Honourable Sir Saiyid Sultan Ahmad :** (a) It takes most of the Act to define what has to be paid in any particular case and any attempt to summarise the law in a few lines might be misleading, particularly as the definition of wages is distinctly intricate.

(b) As regards the first part, Government have no information but it is possible that the East Indian Railway Administration may be resorting to the practice of assumed wages and overtime to some extent in complying with the provisions of the Act. As regards the latter part, the reply is in the negative.

(c) Government do not consider that any action is called for.

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†For answer to this question, see answer to question No. 139.

**OFFICE BEARERS OF INSTITUTES ON THE EASTERN BENGAL RAILWAY.**

142. **Mr. Amarendra Nath Chattopadhyaya :** (a) Will the Honourable the Railway Member please state whether it is a fact that the office bearers of Institutes on the Eastern Bengal Railway such as Secretaries, Treasurers, Committee members, are all honorary workers ?

(b) Is it also a fact that these Institutes are maintained by grants from the Staff Benefit Fund and subscriptions from members ?

(c) If the answers to parts (a) and (b) be in the affirmative, will Government please state :

- (i) whether any of the honorary workers who are employed on the Railway can be placed under suspension from their official duties at the request of the Chairman of an Institute for alleged irregularities in the Institute ;
- (ii) whether the pay of the employee under suspension is debited to the Institute during the period of his suspension ; if not, why not ;
- (iii) whether before release from suspension the employee concerned is advised by the Chairman of the Institute that he has been held guilty, partly guilty or innocent ; and
- (iv) whether full or half pay will be paid for the period under suspension must be intimated to the employee before his removal from suspension ?

**The Honourable Sir Saiyid Sultan Ahmad :** I am obtaining information and will lay a reply on the table of the House in due course.

**SUPPLY OF COAL TO DRIVERS ON THE EASTERN BENGAL RAILWAY.**

143. **Mr. Amarendra Nath Chattopadhyaya :** (a) Will the Honourable the Railway Member please state if he is aware that considerable discontent prevails amongst the Drivers on the Eastern Bengal Railway on the Calcutta District on account of the insufficient supply of coal given to them and the departmental action taken against them on this account ?

(b) Are Government aware that this strictness of coal supply to Drivers is due to the fact that the Calcutta District never shows a shortage of coal as received from the wagons whereas this shortage is shown by other districts ?

(c) Do Government propose to have this matter investigated ?

**The Honourable Sir Saiyid Sultan Ahmad :** Information is being obtained and will be laid on the table of the House in due course.

**FITTING OF WELDED MESH IN THE EAST INDIAN RAILWAY QUARTERS AT TELKUL GHAT.**

144. **Mr. Amarendra Nath Chattopadhyaya :** (a) Will the Honourable the Railway Member please state if it is a fact :

- (i) that the East Indian Railway have provided quarters for its gazetted staff at Colvin Court, Howrah, and for its non-gazetted staff at Dobson Road and Telkul Ghat, Howrah ;

(ii) that the ground floor of Colvin Court and the Dobson Road quarters are fitted with welded mesh in the arches in order to prevent thefts ; and

(iii) that such necessary fittings have not been provided in the quarters at Telkul Ghat ?

(b) Do Government propose to issue instructions that such invidious treatment must forthwith stop and that the quarters at Telkul Ghat be fitted with welded mesh at once ?

(c) Are Government aware that such short sighted policy of its gazetted staff on the Howrah Division causes unnecessary discontent amongst the non-gazetted staff ?

**The Honourable Sir Saiyid Sultan Ahmad :** (a), (b) and (c). Government have no information, but I am sending a copy of the question for the consideration of the Railway Administration.

#### RISE IN THE PRICE OF PETROL.

145. **Mr. M. S. Aney :** (a) Will the Honourable Member for Commerce and Railways be pleased to state whether it is a fact that the price of petrol per gallon has been increased by over 20 per cent. during the last few months ?

(b) What was the price of the petrol per gallon in the month of March, 1937, and what it is at present ?

(c) Is the rise in price due to the rise in cost of production, or for any other reasons ?

(d) Is it a fact that the Burma Oil Company has made a common cause with the Russian Oil Company on certain terms and as a consequence of that combine the price of petrol is rising day to day ?

(e) Do Government consider it desirable to intervene with a view to safeguarding the interests of the consumer and lower the price of petrol to its normal level ?

(f) Is it a fact that on account of the monopoly of petrol given to the Burma Oil Company, the said Company is making high profits ?

(g) Are Government aware of the total amount of profits made by the said Company in the last year ? What was the dividend declared ? What amount was distributed as bonus ? What amount was added to the Reserve Fund ? And what was the amount that was carried to the next year's accounts ?

**The Honourable Sir Saiyid Sultan Ahmad :** (a) and (b). The price of petrol varies in different cities, and I do not know which particular place the Honourable Member has in mind in referring to an increase of over 20 per cent. in the price of petrol during the last few months. I may, however, state for his information that the price of petrol in Calcutta, as published in the *Indian Trade Journal*, was the same in March as early in September, 1937, viz., Re. 1|5|- per Imperial Gallon in bulk.

(c), (d) and (e). Do not arise.



(f) Government have no reason to believe that the Burma Oil Company has a monopoly for the sale of petrol in India.

(g) Government are unable to furnish the required information.

#### REDUCTION IN THE DUTY ON PAPER USED FOR NEWSPAPER PRINTING.

146. **Mr. M. S. Aney** : (a) Will the Honourable Member for Commerce and Railways be pleased to state whether Government have reduced the duty on paper used for newspaper printing ?

(b) If so, from which date, on what sort of paper and to what extent ?

(c) Do Government propose to reduce the duty on paper in sheets or in reams which is generally used by the journals, in order to extend similar concessions to journals which are not printed on reels ?

**The Honourable Sir Saiyid Sultan Ahmad** : The question should have been addressed to the Honourable the Finance Member.

#### UTILISATION OF SERVICES OF AN ASSISTANT STATION MASTER IN CONNECTION WITH TICKET FRAUD CASES AT MORADABAD.

147. **Mr. Muhammad Azhar Ali** : Will the Honourable Member for Commerce and Railways please inquire and state :

(a) whether it is a fact that an Assistant Station Master (Mr. W. E. Miller), Moradabad, on the East Indian Railway, has since a long time been utilised on Special Duty in connection with the direction and prosecution of ticket fraud cases ;

(b) whether the said Assistant Station Master is seniormost in his class ;

(c) what rate of pay he was paid as an Assistant Station Master ;

(d) what rate of pay and allowances are now paid to him ;

(e) whether it is a fact that there is a Chief Inspector of Ticket Checking Branch (Mr. M. Latif, M.A.), Moradabad, East Indian Railway in the grade of Rs. 460 ;

(f) what are the definite reasons for not entrusting these services to the Chief Inspector of Tickets in preference to the Assistant Station Master ;

(g) what expenditure is incurred (extra or ordinary or both) by the present arrangement ; and

(h) what economy would have been affected had the Chief Inspector of Tickets been entrusted with these services as part of his duties ?

**The Honourable Sir Saiyid Sultan Ahmad** : (a) to (h). Government have no information. These are matters of detailed administration within the competence of the Agent, East Indian Railway, to deal with to whom I am sending a copy of the question for such action as he may consider necessary.

#### JOINING OF RAILWAY UNIONS AND FEDERATIONS BY RAILWAY EMPLOYEES.

148. **Mr. Muhammad Azhar Ali** : With reference to the reply given to starred question No. 1338 asked in this House on the 15th October, 1936,

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will the Honourable Member for Commerce and Railways please state :

- (a) whether his attention has been invited towards paragraph 335 of East Indian Railway Gazette No. 11 of 1937, published on Wednesday, the 26th May, 1937 ; if not, whether he will pursue it ; if not, why not ;
- (b) whether he will lay on the table the publications made by the Eastern Bengal, Great Indian Peninsula and North Western Railway Administrations like that of East Indian Railway ; if none have been made, why not ; and
- (c) whether there is any prohibition of the staff against joining the membership of the National Federation of Railwaymen, Delhi ; if so, what they are ?

**The Honourable Sir Saiyid Sultan Ahmad :** I am making enquiries and will lay a reply on the table of the House in due course.

**PENALTIES REFERRED TO IN RULE 2 OF THE RULES REGULATING DISCIPLINE AND RIGHTS OF APPEAL OF NON-GAZETTED RAILWAY SERVANTS.**

149. **Mr. Muhammad Azhar Ali :** With reference to Rules 7 and 9 of Rules regulating discipline and rights of appeal of non-gazetted Railway Servants circulated with Railway Board's letter No. E./34/R. G. 6, dated the 22nd June, 1935, will the Honourable Member for Commerce and Railways please state the procedure laid down for penalties No. 1 to 7 and No. 10 referred to in Rule 2 ?

**The Honourable Sir Saiyid Sultan Ahmad :** The procedure to be adopted in inflicting penalties mentioned in item 7 and items 2 to 6 of rule 2 of the Rules regulating discipline and rights of appeal of non-gazetted railway servants, is prescribed in rules 11 and 12, respectively, of the said Rules. No procedure has been laid down in these rules for penalties mentioned in items 1 and 10 of rule 2.

**AUTHORITY COMPETENT TO TAKE COGNIZANCE AND INFLICT CERTAIN PUNISHMENTS ON RAILWAYS.**

150. **Mr. Muhammad Azhar Ali :** Will the Honourable Member for Commerce and Railways please state the procedure and authority competent to take cognizance and inflict punishment referred to in General Rule 413 for all open line railways in British India, Part I ?

**The Honourable Sir Saiyid Sultan Ahmad :** I presume the Honourable Member is referring to the present General Rule 418 for all open lines of railways in British India, Part I.

The procedure in regard to inflicting the punishment referred to in that Rule would vary according to the General Rule that had been infringed, but the authority competent to take cognizance of any breach of the General Rules would be the Railway administration.

**RETIREMENT OF SUPERANNUATED NON-GAZETTED STAFF ON STATE RAILWAYS.**

151. **Mr. Muhammad Azhar Ali :** Will the Honourable Member for Commerce and Railways please state the procedure on Eastern Bengal, East Indian, Great Indian Peninsula and North Western Railways in respect of retirement of the non-gazetted staff on reaching the age of superannuation ?

**The Honourable Sir Saiyid Sultan Ahmad :** Presumably the Honourable Member is referring to the rule which governs retirements of staff employed on the State-managed Railways at the age of superannuation. If so, I would refer the Honourable Member to F. R. 56 of the Posts and Telegraphs Compilation of the Fundamental Rules, Volume I, a copy of which is in the Library of the House. I am, however, to add that in units in which there is a surplus or the likelihood of it, or in which there is a waiting list, extensions of service after the age of 55 are not granted to railway employees whether ministerial or non-ministerial, unless in individual cases it is found impossible to replace them.

#### PUNISHMENTS INFLICTED ON GAZETTED OFFICERS ON STATE RAILWAYS.

152. **Mr. Muhammad Azhar Ali :** Will the Honourable Member for Commerce and Railways please lay a statement showing the punishments inflicted during 1935-36-37 on Gazetted Officers on Eastern Bengal, East Indian, Great Indian Peninsula and North Western Railways for offences referred to in Rule 29 of the Railway Services (Classification, Control and Appeal) Rules ?

**The Honourable Sir Saiyid Sultan Ahmad :** The information is not readily available, and Government do not consider that the amount of time and labour involved in its collection would be justified by the results.

#### NON-PAYMENT OF CERTAIN ALLOWANCES TO TEMPORARY GUARDS IN THE DELHI DIVISION OF THE NORTH WESTERN RAILWAY.

153. **Mr. Muhammad Azhar Ali :** Will the Honourable Member for Commerce and Railways please state the rule under which "Out of Headquarters Allowance" to running staff (guard) temporarily promoted from other classes of employees are not paid to the staff on the Delhi Division, North Western Railway, when they are ordered to work out of their permanent Headquarters ?

**The Honourable Sir Saiyid Sultan Ahmad :** I am obtaining information and will lay a reply on the table of the House in due course.

#### NON-PAYMENT OF CERTAIN ALLOWANCES TO TEMPORARY GUARDS IN THE DELHI DIVISION OF THE NORTH WESTERN RAILWAY.

154. **Mr. Muhammad Azhar Ali :** Will the Honourable Member for Commerce and Railways please state the rule under which a temporary running staff (guard), when proceeding on leave on average pay, is not paid the average mileage allowance during such leave as is admissible to confirmed guards in the Delhi Division, North Western Railway ?

**The Honourable Sir Saiyid Sultan Ahmad :** I am obtaining information and will lay a reply on the table of the House in due course.

#### WAITING ROOM CHARGES LEVIED BY MESSRS. G. F. KELLNER AND COMPANY, REFRESHMENT ROOM CONTRACTORS ON THE EAST INDIAN RAILWAY.

155. **Mr. Muhammad Azhar Ali :** With reference to the reply given to the unstarred question No. 55 asked in this House on the 6th March, 1937, viz., 'The Agent of the East Indian Railway states that enquiries show

that no such charge is being made', will the Honourable Member for Commerce and Railways please state :

- (a) how many dozens of bottles of wines and liquors the Agent, East Indian Railway, receives as "Dali" from Messrs. G. F. Kellner & Co., Ltd., each year on Christmas ;
- (b) whether the Agent or his officer through whom he has made enquiry has seen Messrs. G. F. Kellner & Co., Ltd., Howrah Station, Cash Bill No. 148 of Book No. 7429, dated the 18th January, 1937, issued for morning service ; and
- (c) what is meant by W|Charge of anna one charged on one cup tea of an anna under Cash Bill No. 148 of Book No. 7429, dated 18th January, 1937 ?

**The Honourable Sir Saiyid Sultan Ahmad :** (a) Government have no reason to believe that the insinuation is warranted.

(b) and (c). Enquiries are being made and the result will be placed on the table in due course.

#### APPLICATIONS FOR ALTERATION OF DATE OF BIRTH ON THE EAST INDIAN RAILWAY.

156. **Mr. Muhammad Azhar Ali :** With reference to Railway Board's letter No. E.[34]L. 39, dated the 3rd January, 1935, will the Honourable Member for Commerce and Railways please lay a statement on the table of this House showing the names of the applicants and the manner under which the said applications for alteration of recorded date of birth of non-gazetted staff on the East Indian Railway were disposed of during the period from 1935 to date ?

**The Honourable Sir Saiyid Sultan Ahmad :** Government have no information. These are matters of detailed administration within the competence of the Agent, East Indian Railway, to deal with.

#### QUALIFICATIONS AND PAY OF CLERICAL AND TECHNICAL STAFF APPOINTED ON RAILWAYS.

157. **Mr. Muhammad Azhar Ali :** With reference to the reply given to question No. 218, asked in this House on the 5th September, 1929, will the Honourable Member for Commerce and Railways please lay a statement on the table of this House showing :

- (a) the names and nature of qualifications of the staff recruited from Railways along with the scales of pay drawn while on Railways and the scales of pay given on recruitment during the period from 1929 to date ;
- (b) the names of persons appointed on posts of a purely clerical nature as distinct from a technical nature both from Railways and through the Public Service Commission during the period from 1929 to date and the scales of pay on which appointed ; and
- (c) the names of persons appointed on posts of technical nature during the said period ?

**The Honourable Sir Saiyid Sultan Ahmad :** (a) and (b). I place on the table two statements giving the information.

(c) There were none.

**Statement A.**

*Statement showing names of persons recruited from railways from 1929 to 1937, with their qualifications and scales of pay on Railways and Board's Office.*

Serial No.	Names.	From where recruited.	Scale of pay on Railways.	Scale of pay granted in the Board's Office.	Qualifications.	Date of recruitment.	Remarks.
1	Mr. Jetha Nand	..	300—25—450	140—10—310— 15—400.	Special training in Railway rates work.	1st September 1934.	
2	Mr. R. T. Iyengar	..	150—10—200	180—15—450	Special training in Railway Establishment work.	24th September 1934.	
3	Mr. Ghulamullah Chowdhury	..	63—4—87	100—8—260	Do. ..	10th August 1936.	
4	Mr. R. R. Hariharan	..	80—8—280	100—8—260	Special training in Railway Accounts and Audit work.	9th September 1937.	

**Statement B.**

*Statement showing the names of persons appointed on posts of a purely clerical nature as distinct from a technical nature both from Railways and through the Public Service Commission from 1st January 1929 to date.*

Serial No.	Staff recruited from Railways.	Scale of pay.	Staff recruited through the Public Service Commission.	
	Names.		Names.	Scales of pay.
1	Mr. Jetha Nand ..	140—10—310 —15—400.	Mr. Kanwar Bahadur.	80—4—120—5—200
2	Mr. R. T. Iyengar ..	180—15—450	Mr. Abinaash Chandra Ahuja.	80—4—120—5—200
3	Mr. Ghulam Ullah Chowdhury.	100—8—280	Mrs. I. M. Collins.	100/4—104/4—108/4 —112/4—116/4— 120/5—125.
4	Mr. R. R. Hariharan ..	100—8—260	Mr. G. G. Banerjee.	60—2—80—3—125.
			Mr. A. N. Fegredo.	60—2—80—3—125.
			Mr. Mohd. Sadiq	60—2—80—3—125.
			Mr. J. F. Peachy	60—2—80—3—125.

**DISTRIBUTION OF CORONATION MEDALS ON RAILWAYS.**

**158. Mr. Muhammad Azhar Ali :** Will the Honourable Member for Commerce and Railways please state :

- (a) the procedure adopted by the Railway Department for the disposal of Coronation Medals ;
- (b) the expenditure incurred in respect of (i) manufacture and (ii) delivery of the said medals ; and
- (c) the name, rate of pay, the travelling allowance paid, nature of passes granted and nature of leave allowed to the staff of the Government of India, Railway Department (Railway Board), who were detailed with the Coronation Medals for delivery to respective Railway Administrations and whether the staff of other Departments of the Government of India were also detailed likewise ?

**The Honourable Sir Saiyid Sultan Ahmad :** (a), (b) and (c). Government are not prepared to disclose the procedure followed for the award and distribution of Coronation Medals.

**IMPROVEMENTS MADE IN THIRD AND INTERMEDIATE CLASS COMPARTMENTS ON THE ASSAM BENGAL RAILWAY.**

**159. Mr. Kuladhar Chaliha :** Will the Honourable Member for Commerce and Railways please state :

- (a) whether any improvement has been made in the third class and intermediate class compartments of the Assam Bengal Railway ;
- (b) whether the seats for passengers have been improved and the lavatories have been increased in size and lighted ; if so, in how many coaches ;
- (c) whether the authorities propose to provide electric fans in the compartments ; if not, why not ; and
- (d) whether the authorities propose to issue instructions to the subordinates of the Assam Bengal Railway to be polite to the women and children and to workers and not to start the train at once when they want to board trains at wayside stations ?

**The Honourable Sir Saiyid Sultan Ahmad :** The information is being collected and will be laid on the table of the House in due course.

**SUPERIOR OFFICERS IN THE ASSAM BENGAL AND EASTERN BENGAL RAILWAYS.**

**160. Mr. Kuladhar Chaliha :** Will the Honourable Member for Commerce and Railways please state :

- (a) the number of superior officers in the Assam Bengal Railway and Eastern Bengal Railway and how many of them are from the Provinces of Assam, Bengal and Behar ; and
- (b) the number of Indian Medical Officers in the Assam Bengal Railway and how many are Europeans and how many are Indians ?

**The Honourable Sir Saiyid Sultan Ahmad :** (a) As regards the first part, I would refer the Honourable Member to the statement below paragraph 72 of the Report by the Railway Board on Indian Railways for the year 1935-36, Volume I, a copy of which is in the Library of the House. As regards the second part, statistics are not prepared by provinces.

(b) The information available with Government will be found on page 88 of the Classified List of State Railway Establishment and Distribution Return of Establishment of all Railways corrected upto 31st December, 1936, a copy of which is also in the Library of the House.

**AUTHORITY FOR CLASSIFYING CERTAIN STAFF ON THE KALKA-SIMLA RAILWAY AS INFERIOR STAFF.**

**161. Mr. Muhammad Azhar Ali :** With reference to the Government of India. Railway Department Notification No. 9186-F.[S.R.-10-Ry., dated the 27th May, 1936, viz., ' Rule 2 (13)-Inferior Services mean any

kind of service on a scale of pay the maximum of which does not exceed Rs. 30 per mensem', will the Honourable Member for Commerce and Railways please inquire and state :

- (a) the authority under which the firemen, shunters, electric-wiremen, skilled and unskilled monthly labour employed on maintenance of works, cabinmen, shunting jemadars, labour on daily rates of pay in Loco—Carriage—Electric—Engineering—Workshops—Gas Factories and running sheds, on scales of pay the maximum of which do exceed Rs. 30 per mensem are classed as menial (inferior) staff on Kalka-Simla Section of the North Western Railway for purposes of allowances sanctioned in Railway Board's letter No. 82-E., dated the 5th January, 1909 ; and
- (b) the authority under which the Divisional Accounts Officer, North Western Railway, Delhi in his letter No. 12|36-37, dated the 10th February, 1937, treated the works mistry on scale of pay the maximum of which does exceed Rs. 30 per mensem as menials ?

**The Honourable Sir Saiyid Sultan Ahmad :** (a) and (b). The authority is mentioned in the latter part of rule 2 (13) of the notification referred to by the Honourable Member in the opening part of the question. I may, however, add that these are matters of detailed administration within the competence of the Agent, North-Western Railway, to deal with.

**APPLICABILITY OF FUNDAMENTAL RULES 24 AND 90 TO NON-GAZETTED STAFF ON STATE RAILWAYS.**

162. **Mr. Muhammad Azhar Ali :** Will the Honourable Member for Commerce and Railways please state :

- (a) whether Fundamental Rules 24 and 90 are applicable to non-gazetted staff on the Eastern Bengal, East Indian, Great Indian Peninsula and North Western Railways ;
- (b) who is responsible for the draw of increments, if not withheld, for the non-gazetted staff ; and
- (c) what punishment is prescribed for the defiance of Fundamental Rules ; if none, why not ?

**The Honourable Sir Saiyid Sultan Ahmad :** (a) Fundamental Rule 24 is applicable to non-gazetted staff of the Eastern Bengal, and the North Western Railways, and to the staff of the East Indian and the Great Indian Peninsula Railways who were appointed after these railways were taken over by State except that, under orders issued by the Government of India, their increments are not sanctioned until the executive officers concerned have been given an opportunity of saying whether they approve of the increments being granted. Fundamental Rule 90 also applies to such staff who are governed by the Fundamental Rules in respect of leave.



(b) The officer under whose executive charge a person is employed.

(c) No punishment is prescribed and each case is dealt with on its merits.

#### GRADE TO GRADE ADVANCEMENT OF NON-GAZETTED STAFF ON STATE RAILWAYS.

163. **Mr. Muhammad Azhar Ali** : Will the Honourable Member for Commerce and Railways please state :

(a) the punishment prescribed for the defiance of Rules for Recruitment and Training of Subordinate Non-Gazetted Staff on State Railways, 1932 ;

(b) whether grade to grade advancement in the normal channel of advancement in a class is to be made by selection ; if so, under what authority or rule ; and

(c) the period within which grade to grade advancement is to be made by the competent authority ; if none, why not ?

**The Honourable Sir Saiyid Sultan Ahmad** : (a) No punishment has been perscribed.

(b) I would refer the Honourable Member to rules 6 and 61 of the Rules for the recruitment and training of subordinate staff on State-managed Railways, a copy of which is in the Library of the House.

(c) No period can be prescribed as advancement from grade to grade generally depends on the occurrence of vacancies.

#### PROCEDURE FOR DETAILING NON-GAZETTED STAFF FOR TRAINING FOR PROMOTIONS ON THE NORTH WESTERN RAILWAY.

164. **Mr. Muhammad Azhar Ali** : Will the Honourable Member for Commerce and Railways please state the procedure for detailing the subordinate non-gazetted staff on North Western Railway for training in courses prescribed by the Administration for higher promotions and whether the staff should be detailed in order of seniority or through the Selection Board ?

**The Honourable Sir Saiyid Sultan Ahmad** : Government have no information. These are matters of detailed administration within the competence of the Agent, North Western Railway, to deal with.

#### CLERKS IN THE ESTABLISHMENT SECTION OF THE DIVISIONAL SUPERINTENDENT'S OFFICE, LUCKNOW.

165. **Mr. Muhammad Azhar Ali** : Will the Honourable Member for Commerce and Railways please state :

(a) the total number of clerks working in Establishment section of Divisional Superintendent's Office, East Indian Railway, Lucknow, showing the communal proportion ; and

- (b) the vacancies that occurred in the Establishment Section during the last three years and the communities from which they were filled in, giving numbers ?

**The Honourable Sir Saiyid Sultan Ahmad :** (a) and (b). I am collecting information and will lay a reply on the table of the House in due course.

**CLERKS IN THE ESTABLISHMENT SECTION OF THE DIVISIONAL  
SUPERINTENDENT'S OFFICE, LUCKNOW.**

166. **Mr. Muhammad Azhar Ali :** Will the Honourable Member for Commerce and Railways please state whether it is a fact that junior clerks in the Establishment Section of the East Indian Railway, Lucknow Division, are made to pass the different Leave Rules Examination under the order of Chief Accounts Officer, Calcutta, whereas the Chief Clerk of Establishment Section and his First Assistant are not required to qualify themselves ? If so, will the Honourable Member please state the extent of responsibility amongst the Chief Clerk, First Assistant and junior clerks ?

**The Honourable Sir Saiyid Sultan Ahmad :** Government have no information. These are matters of detailed administration within the competence of the Agent, East Indian Railway, to deal with.

**PROMISES AND UNDERTAKINGS GIVEN IN THE LEGISLATURE BY THE RAILWAY  
DEPARTMENT.**

167. **Babu Kailash Behari Lal :** Will the Honourable Member for Commerce and Railways please state whether it is a fact that His Excellency the Viceroy has given orders that a register of promises and undertakings given in the Legislature should be maintained in each Department ? If so, will the Honourable Member please lay a statement on the table of this House of the promises and undertakings given in the Legislature by the Railway Department and the orders issued on each promise and undertaking since 1921 ?

**The Honourable Sir Saiyid Sultan Ahmad :** The Honourable Member may rest assured that the promises and undertakings given in both the Houses of the Legislature are carefully examined and scrutinised in the Railway Department. Government are not prepared to compile the statements as the time and labour involved would be incommensurate with the results likely to be achieved.

**APPEALS, PETITIONS OR MEMORIALS SUBMITTED BY THE RAILWAY STAFF.**

168. **Babu Kailash Behari Lal :** With reference to paragraph 15 of section V of the Manual of Office Procedure, Government of India, Railway Department (Railway Board) will the Honourable Member for Commerce and Railways please inform this House of the nature of appeals, petitions or memorials addressed to His Excellency the Viceroy by the staff of (i) the Railway Department, (ii) the Railway Board, (iii) the Eastern Bengal, East Indian, Great Indian Peninsula and North Western Railways, and by the Trade Unions of Railway Workers along with the nature of replies sent to the appellant, petitioner or memorialist since 1934 ?

**The Honourable Sir Saiyid Sultan Ahmad :** The information is not readily available and Government do not propose to collect it as they consider that the amount of time and labour involved in its collection will not be justified by the results.

#### INCREASES IN PAY OF APPOINTMENTS OF RAILWAY EMPLOYEES.

169. **Babu Kailash Behari Lal :** Will the Honourable Member for Commerce and Railways please state whether it is a fact that all cases of proposed increases in pay of appointments, whether State or Company, or superior or subordinate *must* come before the Railway Board for sanction ? If so, will the Honourable Member please state the increases in pay of appointment on Eastern Bengal, East Indian, Great Indian Peninsula and North Western Railways proposed by the administrations and rejected or sanctioned by the Railway Board since 1925 ?

**The Honourable Sir Saiyid Sultan Ahmad :** As regards Gazetted Officers on State and Company-managed Railways, all proposals for increase in pay of posts are referred to the Railway Board. In respect of non-gazetted staff, the Agents of State-managed Railways and Boards of Directors of Company-managed Railways have full powers, except when the increase involved in the scales of pay of establishments is more than Rs. 25,000 per annum, or when it is proposed to raise the pay of an individual appointment beyond Rs. 400 per month in the new scales of pay and Rs. 600 in the old scales of pay. As regards the second part, Government consider that no useful purpose will be served by collecting the information.

#### PETITIONS SUBMITTED BY THE STAFF ON STATE RAILWAYS.

170. **Babu Kailash Behari Lal :** With reference to Instruction No. 7, published with the Home Department Notification No. F.6/7/33-II, dated Simla, the 19th June, 1933, will the Honourable Member for Commerce and Railways please lay a statement on the table of this House showing :

- (a) the total number of petitions under Instruction No. 6 submitted by the staff on Eastern Bengal, East Indian, Great Indian Peninsula and North Western Railways both in service or *ex-service* since 22nd June, 1935 ;
- (b) the authorities and the reasons recorded for withholding such petitions ;
- (c) the instruction under which such petitions are withheld ; and
- (d) the number of petitions which reached the Governor General in Council since 22nd June, 1935, along with the result of the disposal by the Governor General in Council ?

**The Honourable Sir Saiyid Sultan Ahmad :** (a) to (c). I lay a statement on the table of the House giving information readily available in respect of petitions withheld during the period 1st January, 1936, to 30th June, 1937.

(d) Nil.

*Statements of petitions addressed to the Governor General in Council by the staff of the Eastern Bengal, East Indian, Great Indian Peninsula and North Western Railways and withheld by the Railway Administrations from 1st January, 1936 to 30th June, 1937.*

No.	Railway.	By whom withheld.	Date of petition.	Name of petitioner.	Subject.	Clauses of the Home Department Notification No. F.-6/733-II, dated 10th June 1933 under which withheld.
1	E. B. Railway ..	Agent ..	3-2-1936	Mr. R. M. Berman, late Shed Fitter of Chitpur Running Shed.	Appeal against discharge and fixation of pay.	7 (13) & (14).
2	E. I. Railway ..	Divisional Superintendent, Asansol.	17-2-1936	Abdul Sattar, Account No. 24159, Ex-Leading Fireman, Asansol.	Discharged with a month's notice with effect from 26th February 1935.	7 (15) & (16).
3	Do. ..	Chief Operating Superintendent.	18-10-1935	S. B. Chakrabarty, Ex-Fitter, Moghalsarai.	Discharged ..	7 (15) & (16).
4	Do. ..	Do. ..	10-12-1135	H. Wilson, Ex-Coal Checker, Moghalsarai.	Do. ..	Do.
5	Do. ..	Divisional Superintendent, Allahabad.	March, 1936	Bal Mukund Kapoor, Ex-Travelling Ticket Examiner, Cawnpore Central.	Discharged under terms of agreement from 25th September 1934.	7 (16).
6	Do. ..	Agent ..	16-3-1936	J. N. Saxena, Ex-Crewman	Discharged from service on 5th October 1929, for absconding.	7 (16) (a) & (b).
7	Do. ..	Agent ..	16-2-1936	Do. ..	Do. ..	Do.
8	Do. ..	Do. ..	3-4-1936	Kanai Lal Sen, Ex-Clerk, Stores Department.	Discharged from service in 1931	Do.

9	Do.	..	Do	..	17-3-1936	Genoah Pershad Misra, <i>Ex-Assistant Booking Clerk.</i>	Discharged from service in July 1934.	7 (16).
10	Do.	..	Do.	..	12-3-1936	Mr. H. A. Charles, <i>Ex-Assistant Inspector, Watch and Ward Department.</i>	Claim for one month's pay in lieu of notice, compensation for injuries sustained, leave, travelling allowance for journeys undertaken in connection with appearance before the Medical Board and out-of-pocket expenses alleged to have been incurred in connection with his prosecution in 1924.	Do.
11	Do.	..	Do.	..	21-12-1935	Babu K. D. Banerjee, <i>Ex-Assistant Station Master.</i>	Condonation of breaks in service.	7 (7) (a) & (14).
12	Do.	..	Do.	..	3-8-1936	Sobran, <i>Ex-Sweeper</i>	Grant of gratuity for alleged previous service not supported by records.	7 (16) (a).
13	Do.	..	Divisional Superintendent, Dhanpore.	..	11-8-1936	Mosamat Naziran, mother of late Sultan Khan, Driver, Gaya.	Gratuity .. ..	7 (13).
14	Do.	..	Divisional Superintendent, Dhanpore.	..	24-10-1936	Chuni Lal, <i>Ex-Electric Fitter, Mokameh.</i>	Removal from service	7 (16) (a) & (b).
15	Do.	..	Agent ..	..	11-9-1936	Bhagwan Sarup, <i>Ex-P. W. Inspector.</i>	Do.	Do.
16	Do.	..	Divisional Superintendent, Moradabad.	..	21-11-1936	Babu Lal Verma, <i>Ex-Assistant Train Examiner, Moradabad.</i>	Do. ..	7 (1) & (13).
17	Do.	..	Chief Operating Superintendent.	..	2-9-1936	Mr. S. Mills, <i>Ex-Guard, Allahabad.</i>	Retiring leave ..	7 (14).

No.	Railway.	By whom withheld.	Date of petition.	Name of petitioner.	Subject.	Clauses of the Home Department Notification No. F-6/7/33-II, dated 19th June 1933 under which withheld.
18	E. I. Railway	Agent	28-3-1936	Balmukund Kapoor, <i>Ex-Travelling Ticket Examiner.</i>	Removal from service	7 (16) (a).
19	Do.	Divisional Superintendent, Dinapore.	25-1-1937	Subbharan, <i>Ex-Gataman, Dumraon.</i>	Do.	7 (16).
20	Do.	Agent	24-8-1936	Amulya Charan Dutt, <i>Ex-Assistant Parcel Clerk, Howrah.</i>	Memorial against his retirement under the age limit.	7 (16).
21	Do.	Do.	20-3-1937	Mr. M. H. Chalmers, <i>Job Analysis Inspector.</i>	Grant of passage concession	7 (7) (a).
22	Do.	Do.	22-6-1937	Mr. Mohd. Ghulam Faruqi, <i>Ex-Clerk.</i>	Appeal for reinstatement	7 (7).
23	G. I. P. Railway	Chief Transportation Superintendent.	28-5-1936	A. Glendenning, <i>Ex-Loco Foreman.</i>	Payment of gratuity	7 (17) (b).
24	Do.	Agent	13-7-1936	Bhagwansingh Ganeshaingh, <i>Ex-Boilermaker Mistry, Damoh.</i>	Petition against discharge on account of fraudulent use of S. J. passes and P. T. On.	7 (16).
25	Do.	Do.	28-5-1936	Mr. A. Glendenning, <i>late Loco Foreman, Igatpuri.</i>	Petition for arrears of gratuity and life pass.	7 (17) (b).
26	Do.	Do.	3-9-1936	Govind Krishna, <i>Ex-Painter No. 4066 of Matunga Shops.</i>	Condonation of break in service for purpose of gratuity.	7 (16).

27	Do.	..	Do.	..	..	5-9-1936	Mahadoo Baloo, Ez-Boiler-maker, Parel Shops.	Condonation of break in service for purpose of gratuity and alteration of date of birth.	7 (16).
28	Do.	..	Do.	..	..	25-12-1936	Kaikushro Muncherji Lali, late Driver, Bina.	Condonation of break in service	7 (17) (b) (iii).
29	Do.	..	Do.	..	..	21-12-1936	Shivram Sambha, ex-striker Electric Fitter.	Medical re-examination ..	7 (8) (b).
30	N. W. Railway	..	Agent	..	..	October, 1935.	Journeymen .. ..	Representing against the application of revised scales of pay.	7 (16).
31	Do.	..	Divisional Delhi.	Superintendent,	..	5-2-1936	Mr. Kidar Nath, Cabin Assistant Station Master, Delhi.	Regarding date of confirmation	7 (16).
32	Do.	..	Agent	..	..	4-11-1936	Mr. M. J. McGrath, Loco. Foreman and Honorary Assistant Mechanical Engineer.	Requesting for (1) a place of seniority among the Assistant Mechanical Engineers and (2) an extension of service beyond the age of superannuation.	7 (17) (b).

**APPLICABILITY OF FUNDAMENTAL AND SUPPLEMENTARY RULES TO NON-GAZETTED STAFF ON STATE RAILWAYS.**

**171. Babu Kailash Behari Lal :** Will the Honourable Member for Commerce and Railways please state :

- (a) whether Fundamental Rule 44 and Supplementary Rules 17 to 195 are applicable to non-gazetted staff (both superior and inferior) on the Eastern Bengal, East Indian, Great Indian Peninsula and North Western Railways ;
- (b) if the said Fundamental and Supplementary Rules are not applicable then to lay the Rules on the table of the House which are identical and are applicable to that staff ;
- (c) the authority which empowers the Railway Board and the Administrations to amend, modify or annul the Fundamental and Supplementary Rules applicable to that staff ;
- (d) whether that staff is entitled to draw at their discretion the allowances or fares and to refuse the acceptance of a free pass ; if not, under what rule ; and
- (e) whether the acceptance of a free pass of a class lower to the fares of the class to which that staff are entitled under the Fundamental and Supplementary Rules is a statutory obligation on that staff ; if so, under what authority ; if none, why the free pass of a lower class is forced upon that staff, and whether the Honourable Member is prepared to order that the superior revenue establishment of State Railways henceforth be classed as second grade Government servants for purposes of travelling allowances ; if not, why not, and whether the expenditure will not be decreased ?

**The Honourable Sir Saiyid Sultan Ahmad :** (a) Yes, except where any of these rules become inapplicable by the existence of special rules or orders applicable to Railway servants, and also except in the case of staff taken over from the *ex-East Indian* and Great Indian Peninsula Railway Companies who continue to be governed by the rules of those companies.

(b) The Honourable Member, I take it, does not require the companies' rules applicable to the staff taken over from the *ex-East Indian* and Great Indian Peninsula Railway companies to be placed on the table of the House.

(c) Under the Railway Services (Classification, Control and Appeal) Rules the Governor General in Council has delegated to the Railway Board full power to make rules of general application in respect of Railway servants other than those holding permanent gazetted posts in a substantive capacity or on probation, and the Agents of State-managed Railways have been given similar powers with regard to subordinate services provided they remain within the general rules framed by the Railway Board.

(d) Presuming that the question relates to journeys on tour and transfer, the reply is in the negative except in so far as the pass for Railway servant himself is concerned. The relevant rules are Supplementary Rules 82 (b) and 119. Since 1927, the practice, however, under orders



issued by the Railway Board, has been that when a Railway servant proceeds on tour or when he is transferred within the same Railway, he is issued a pass for his journey.

(e) Under the rules cited in reply to part (d), a Railway servant is not entitled to any fares except those in exchange for a free pass. The first part of the question therefore does not arise. As regards the second part, the reply is in the negative because, notwithstanding a possible decrease in expenditure, Government do not consider it desirable to make an invidious distinction against officers of the superior revenue establishment of State Railways and class them for purposes of travelling allowance in a lower class than that to which the Pass Rules entitle them.

### THE INSURANCE BILL.

**Mr. President** (The Honourable Sir Abdur Rahim) : The House will now resume consideration of the Insurance Bill.

I understand that we have got a supplementary list of amendments which does not contain the amendments to clauses 26, 35, 36 and 37.

**Mr. Bhulabhai J. Desai** (Bombay Northern Division : Non-Muhamadan Rural) : So far as the group of sections dealing with a similar subject are concerned, clause 38 should also be added.

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

“ That clause 31 stand part of the Bill.”

**Mr. Sami Vencatachelam Chetty** (Madras : Indian Commerce) : Sir, I beg to move :

“ That in clause 31 of the Bill, after the words ‘ the Court shall cause ’, occurring in the third line, the words ‘ unless for special reasons it otherwise directs, notice of the application to be sent to every person resident in British India or in an Indian State who is the holder of a life policy of any insurer concerned and shall cause ’ be inserted.”

The amendment is quite explanatory. It is moved with a view to affording further facilities to the policy-holders to get the information with regard to the business of the insurance company.

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

“ That in clause 31 of the Bill, after the words ‘ the Court shall cause ’, occurring in the third line, the words ‘ unless for special reasons it otherwise directs, notice of the application to be sent to every person resident in British India or in an Indian State who is the holder of a life policy of any insurer concerned and shall cause ’ be inserted.”

**Mr. S. C. Sen** (Government of India : Nominated Official) : Sir, I have to oppose this amendment and for these reasons. If the Honourable Members will look into the clause as drafted and just find what is going to be made, it will entail not only unnecessary cost but will delay the proceedings very much. Later on, in the section the right is given to any policy holder, who applies to be heard, to be given a hearing. Over and above that, the section, as it stands, provides for the publication of the particulars. That is more than enough. An insurance company may have thousands of policy holders, and if, for the purposes of an amalgamation,

[Mr. S. C. Sen.]

notice has got to be sent to everyone of them, unless the Court otherwise directs, it will mean unnecessary cost without any definite improvement and will also cause a great deal of delay.

**Mr. S. Satyamurti** (Madras City : Non-Muhammadian Urban) : Sir, I would ask the Government to be good enough to reconsider their attitude on this amendment. If they will kindly turn to clause 30 (3), which was put in by the Select Committee, they will find that the words are :

“ Before an application is made to the Court to sanction any such scheme (*that is, a scheme of amalgamation*), notice of the intention to make the application together with a statement of the nature of the amalgamation or transfer, as the case may be, and of the reason therefor shall, at least two months before the application is made, be sent to the Central Government and unless the Court for special reasons otherwise directs to every person resident in British India or in an Indian State who is the holder of a life policy of any insurer concerned.”

Those words, which were put in by the Select Committee, were deleted by this House, on an amendment moved from this side on the simple ground that the Court would not come into the picture at that stage. Therefore, these words were left out. But, when that amendment was moved and was accepted by the House, it was intended that at a certain stage notice should be given to the policy holders. I would ask the Government to consider this—that this amendment which is moved by my Honourable friend, Mr. Sani Vencatachellam Chetty, seeks to reproduce in a more appropriate place, that is, in clause 31, word for word, the words in the amendment left out by a vote of this House. My Honourable friend, Mr. Sen, said that clause 31 provides for policy holders being heard. I entirely agree. But, Sir, the words are these : “ and such policy holders as apply to be heard ”. No obligation is cast on the Court to give notice to the policy holders to hear them. On the other hand, the responsibility of taking the initiative for being heard by the Court is cast on policy holders. They must get some notice. Hence I support the amendment.

**The Honourable Sir Nripendra Sircar** (Law Member) : May I suggest a half-way house to the Honourable the Mover of this amendment ? As it is drafted, the general practice is going to be that every policy holder, whatever their number, has got to be heard unless the Court otherwise directs. Will you agree to put it in this form, that ordinarily that practice will not be followed, but the Court will have the power, in any case, to direct that every policy holder should be notified.

**Mr. Bhulabhai J. Desai** : Instead of “ unless otherwise directs ”, you want to say, “ if the Court so directs ”.

**Mr. T. Chapman-Mortimer** (Bengal : European) : Sir, before the House accepts this amendment, I should like to make just one or two observations.

**Mr. President** (The Honourable Sir Abdur Rahim) : Has the Honourable Member followed the correction of the amendment which is now sought to be made ? The amendment will now read like this : “ if for special reasons it so directs, notice of the application.... ”.

**Mr. T. Chapman-Mortimer** : Sir, I am afraid I do not like the amendment even in the amended form. If Honourable Members would just consider the point of view that I propose to put before them now, they may see that this is one of those amendments which, though on the face they

seem reasonable, may, in fact, cause in practical working very serious consequences. When this amendment was proposed in the Select Committee, I pointed out. ....

**Mr. S. Satyamurti :** You can't tell us what happened in the Select Committee.

**Mr. T. Chapman-Mortimer :** I point out now that a very similar provision in the U. K. Insurance Act has, in fact, operated against amalgamations taking place at all. Now, Sir, we all know that one of the certain consequences of this Bill, which is now before the House, is going to be a large number of amalgamations all over the country. Sir, if you are going to make it increasingly difficult for these amalgamations to take place, one of two things will happen. Either companies will go into liquidation thereby causing great loss to the policy holders, or attempts will be made to secure controlling interests in the shares thereby securing control of the business while good schemes for amalgamation will fail because of the objections put up to these proposals by the policy holders. Now, Sir, we all know and, I think most of us will agree, that even in this House where the level of intelligence is presumably a great deal higher than the level of intelligence of thousands of policy holders,—many of them ignorant and poor people,—even in this House we do not fully understand matters of insurance and I suggest that if you have amalgamation schemes going out to policy holders all over the country, to ignorant and ill-informed people, the consequence will surely be that amalgamation schemes will, in fact, be stopped. I suggest to the House that before they accept this amendment they should weigh that consideration very fully and very carefully. Sir, I oppose the amendment.

**Mr. M. Ananthasayanam Ayyangar** (Madras ceded Districts and Chittoor : Non-Muhammadan Rural) : Sir, I wish to say a few words on this matter. It is an elementary principle of law that no man ought to be condemned without a hearing. The original policy holder transacts business with a particular company and is it open to that company to go behind his back and amalgamate with some other company ? Is it open to the company to say to the policy holder ' hereafter do not look to me for the fulfilment of the terms of the contract under the policy, but you must look to some other company with whom we have amalgamated ' ? It is all right for my Honourable friend, Mr. Chapman-Mortimer, to say that these policy holders are all ignorant folk, but I submit, Sir, the hard earned money which these policy holders pay towards premium will speak for itself. (Laughter.) You dub the policy holder as ignorant, but all the same you want his money to carry on your life insurance business. When the question of giving notice to the policy holder is talked of you characterise the policy holder as little better than dumb driven cattle. I submit, Sir, this is exploitation *in excelsis*. Regarding Mutual Life Companies, notice will automatically be given to all policy holders in that company. No special pleading is necessary to extend this principle to all companies. I was the author of having this provision deleted in clause 30 in order to make the provisions of this Bill a little more artistic and intelligent. After all every statute must be a composite whole and there ought not to be drawbacks here and there, omissions or deformities in the Bill. If I were the author of this Bill, I would devote particular attention not only to the principles, but also to the way in which every clause is worded. Therefore, I wanted to help the Honourable the Leader of the House and his able Assistant in

[Mr. M. Ananthasayanam Ayyangar.]

drawing up this clause in proper place. I made special reference to it yesterday when I moved the amendment to clause 30 deleting certain words. A reference to Court came in for the first time only in clause 31 and this was anticipated in clause 30 which was not proper drafting. I am only sorry that the assistance and the help which I sought to give to the Honourable Member is not understood in the proper light and any opposition to it would be absolutely merciless.

**The Honourable Sir Nripendra Sircar :** We have been misunderstood.

**Mr. Bhulabhai J. Desai :** Sir, with the safeguard now suggested the amendment would read as follows :

“ When any application, such as is referred to in sub-section (3) of section 30, is made to the Court, the Court shall cause, if for special reasons it so directs, notice of the application to be sent to every person..... ”

I suggest that with this safeguard there can be no embarrassment as pointed out by my Honourable friend, Mr. Chapman-Mortimer. Then, there is another point of view. After all, we are going to facilitate amalgamation. You must remember whose amalgamation you are contemplating. It is the policy holders of two companies. If these policy holders are not going to have an effective voice in this amalgamation, the only result would be that a few stage-managers of the position of my Honourable friend, Mr. Chapman-Mortimer, will probably thrust their own will on the policy holders and tell them what is good for them on a matter which I think my Honourable friend ought not to support having regard to the general principles which he had been expounding in this House till now. I am quite certain that while on the one hand the House must give every facility for amalgamation, it should not do so at the expense of not even being heard by those whose interests are going to be affected.

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

“ That in clause 31 of the Bill, after the words ‘ the Court shall cause ’, occurring in the third line, the words ‘ unless for special reasons it so directs, notice of the application to be sent to every person resident in British India or in an Indian State who is the holder of a life policy of any insurer concerned and shall cause ’ be inserted.”

The motion was adopted.

**Mr. L. O. Buss (Nominated : Non-Official) :** Sir, I beg to move :

“ That in clause 31 of the Bill, for the words ‘ and such policy holders as apply to be heard and any ’ the word ‘ or ’ be substituted.”

Sir, the object of this amendment is that there ought to be no undue restrictions on amalgamations. If an unrestricted right is given to all and sundry of the policy holders to be heard by the Court, there will always be the risk of vexatious delays even in the case of a very desirable amalgamation. There might be a clique of policy holders who would deliberately give trouble regardless of the merits of the case. I think there is no reason at all to suppose that a policy holder with a real grievance could not easily secure that he was regarded by the Court as entitled to be heard. Sir, I move.

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

“ That in clause 31 of the Bill, for the words ‘ and such policy holders as apply to be heard and any ’ the word ‘ or ’ be substituted.”

**Mr. S. C. Sen** : Sir, I am sorry to oppose this amendment. The idea behind the proposal in the Bill was to allow any policy holder who takes the trouble of coming to Court to be heard and in that matter it was decided not to leave any discretion to the Court. There are ample safeguards: first of all the policy holder must consider the scheme, secondly, he must take the trouble of going and applying to the Court. In such an event there ought not to be any discretion left to the Court. That is the principle which has been adopted and if this amendment is accepted it does away with that right of a policy holder who goes to the Court and applies, to be heard, no discretion should be given as to that right. Sir, I oppose.

**Mr. Bhulabhai J. Desai** : Sir, may I point out that the object of the Mover of the amendment would not at all be served, because it is one of the futile amendments. If the amendment is adopted, the clause would read :

“ .....and after hearing the directors or other persons.”

I think he argues that ‘ other persons ’ would mean and include the policy holders who wish to be heard. I think this is an utterly futile amendment, and I hope my Honourable friend will not press it.

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

“ That in clause 31 of the Bill, for the words ‘ and such policy holders as apply to be heard and any ’ the word ‘ or ’ be substituted.”

The motion was negatived.

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

“ That clause 31, as amended, stand part of the Bill.”

The motion was adopted.

Clause 31, as amended, was added to the Bill.

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

“ That clause 32 stand part of the Bill.”

**Mr. L. C. Buss** : Sir, I beg to move :

“ That in clause 32 of the Bill, after the word ‘ insurers ’, occurring in the second line, the words and figures ‘ one or more of which is an insurer specified in sub-clause (a) (4) or sub-clause (b) of clause 8 of section 2 ’ be inserted.”

Sir, the point here is that the provisions of clause 32 are not really applicable in the case of two insurers registered or domiciled outside India. But as the clause reads that is the effect. There is, of course, no reason why the clause should not apply if either of the insurers is registered or domiciled in India, and the amendment provides for this. Clauses 30 and 31 apply only in such cases and it appears merely consistent to apply the same principle to clause 32.

Sir, I move.

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

“ That in clause 32 of the Bill, after the word ‘ insurers ’, occurring in the second line, the words and figures ‘ one or more of which is an insurer specified in sub-clause (a) (ii) or sub-clause (b) of clause 8 of section 2 ’ be inserted.”

**Mr. S. Satyamurti** : Sir, I oppose the amendment. The whole scheme of clause 32 is this :

“ Where an amalgamation takes place between any two or more insurers, or where any business of one insurer is transferred to another, whether in accordance with a scheme confirmed by the Court or otherwise, the insurer carrying on the amalgamated business or the insurer to whom the business is transferred, as the case may be, shall, within three months from the date of the completion of the amalgamation or transfer, furnish to the Central Government—

- (a) a certified copy of the scheme, agreement or deed under which the amalgamation or transfer has been effected, and
- (b) a declaration signed by every insurer concerned or in the case of a company by the chairman and the principal officer that to the best of their belief every payment made or to be made to any person whatsoever on account of the amalgamation or transfer is therein fully set forth and that no other payments beyond those set forth have been made or are to be made either in money, policies, bonds, valuable securities or other property by or with the knowledge of any parties to the amalgamation or transfer, and
- (c) whether the amalgamation or transfer has not been made in accordance with a scheme confirmed by the Court—
  - (i) certified copies of statements of the assets and liabilities of the insurers concerned, and
  - (ii) certified copies of the actuarial or other reports upon which the agreement or deed was founded.”

I see no reason advanced as to why where an amalgamation takes place between one insurer and an insurer who is now sought to be exempted and who is defined in clause 2, sub-clause 8 (b) or (a), who is a foreign insurer carrying on business in British India, all these details to the Central Government should not be given. I did not hear the Honourable the Mover of the amendment point out any difficulty at all. It seems to me that in the interests of the policy holders of the insurers who amalgamate and the interests of the policy holders of the new amalgamated company or insurer,—all this information ought to be available to the Central Government, and through them to those whose interests are likely to be affected one way or the other. The amendment of my Honourable friend, as the House will notice, wants that in clause 32 of the Bill after the word “ insurers ” in the second line, the words “ one or more of which is an insurer specified in sub-clause (a) (ii) or sub-clause (b) of clause 8 of section 2 ” be inserted. Section 2 is the definition section, and sub-clause 8 (a) (ii) refers to the foreign insurer who has his principal place of business in or is domiciled in India, and (b) refers to anybody registered under the Indian Companies Act. I do not see why where an Indian insurer, for example, seeks to amalgamate himself with a foreign insurer carrying on business in British India, all this relevant information which ought to be made available, should not be made available to the Central Government, and through them to the persons concerned. The other day, I asked my Honourable friends what it was that they had to conceal, and they said, “ Nothing ”. But, as I read their amendments, it seems to me that there is an anxiety to publish as little as possible and to keep back as

much as they can. This naturally confirms the suspicion of those who are already suspicious and rouses other people's suspicion. I suggest, Sir, that they ought not to proceed with the amendment, and I ask them to withdraw it.

**Mr. L. C. Buss :** Sir, in view of what my Honourable friend, Mr. Satyamurti, has said, I do not wish to press this amendment and beg leave of the House to withdraw it.

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

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

“ That clause 32 stand part of the Bill.”

The motion was adopted.

Clause 32 was added to the Bill.

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

“ That clause 33 stand part of the Bill.”

**Mr. K. Santhanam** (Tanjore *cum* Trichinopoly : Non-Muham-madan Rural) : Sir, I beg to move :

“ That to sub-clause (2) of clause 33 of the Bill, the words ‘ by or on behalf of the transferor or transferee ’ be added at the end.”

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

“ That to sub-clause (2) of clause 33 of the Bill, the words ‘ by or on behalf of the transferor or transferee ’ be added at the end.”

**Mr. S. C. Sen :** Sir, we accept the amendment.

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

“ That to sub-clause (2) of clause 33 of the Bill, the words ‘ by or on behalf of the transferor or transferee ’ be added at the end.”

The motion was adopted.

**Mr. F. E. James** (Madras : European) : Sir, I beg to move :

“ That in sub-clause (5) of clause 33 of the Bill, after the word ‘ assignee ’, in the third line, the words ‘ named in the notice ’ be inserted.”

If Honourable Members will kindly look at the Bill they will find that under sub-clause (5) the insurer will receive only the notice. The person to be recognised should be the person named in the notice, not being the person who may be described as transferee in the endorsement or instrument of transfer. The effect of the amendment is to make it clear that the insurer's liability is to the person of whom he has received notice, whether it is the person named in the endorsement or instrument or not.

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

“ That in sub-clause (5) of clause 33 of the Bill, after the word ‘ assignee ’, in the third line, the words ‘ named in the notice ’ be inserted.”

**Mr. S. C. Sen :** Sir, we accept the amendment.

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

“ That in sub-clause (5) of clause 33 of the Bill, after the word ‘ assignee ’, in the third line, the words ‘ named in the notice ’ be inserted.”

The motion was adopted.

**Mr. F. E. James** : Sir, I beg to move :

“ That in sub-clause (5) of clause 33 of the Bill, for the word ‘ policyholder ’, in the fifth line, the words ‘ transferor or assignor ’ be substituted.”

This is a purely verbal amendment, and we suggest that “ transferor or assignor ” are more suitable words than the word “ policyholder ”.

Sir, I move.

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

“ That in sub-clause (5) of clause 33 of the Bill, for the word ‘ policyholder ’, in the fifth line, the words ‘ transferor or assignor ’ be substituted.”

**Mr. S. C. Sen** : Sir, we accept the amendment.

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

“ That in sub-clause (5) of clause 33 of the Bill, for the word ‘ policyholder ’, in the fifth line, the words ‘ transferor or assignor ’ be substituted.”

The motion was adopted.

**Sardar Mangal Singh** (East Punjab : Sikh) : I beg to move :

“ That in sub-clause (5) of clause 33 of the Bill, after the words ‘ remedies of the ’ the words ‘ assignee or ’ be inserted.”

The object of this amendment is clear, and I hope the Honourable Members would accept it. Sir, I move.

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

“ That in sub-clause (5) of clause 33 of the Bill, after the words ‘ remedies of the ’ the words ‘ assignee or ’ be inserted.”

**Mr. S. C. Sen** : We accept it.

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

“ That in sub-clause (5) of clause 33 of the Bill, after the words ‘ remedies of the ’ the words ‘ assignee or ’ be inserted.”

The motion was adopted.

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

“ That clause 33, as amended, stand part of the Bill.”

The motion was adopted.

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



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

“ That clause 34 stand part of the Bill.”

**Mr. F. E. James** : I move :

“ That in sub-clause (2) of clause 34 of the Bill, for the word ‘ communicated ’, in the third and fourth lines, the word ‘ produced ’ be substituted.”

The point of this amendment is that it is not sufficient merely to communicate the fact of nomination to the insurer, but that the policy with the endorsement should be produced to the insurer. This amendment will have that actual effect. I hope the House will accept it. Sir, I move.

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

“ That in sub-clause (2) of clause 34 of the Bill, for the word ‘ communicated ’, in the third and fourth lines, the word ‘ produced ’ be substituted.”

**Mr. S. C. Sen** : I am afraid I have got to oppose this amendment moved by my Honourable friend, Mr. James. In the previous clause we have, in the case of assignments, provided that a mere intimation is sufficient : why should in the case of nomination policy-holders be forced to produce the policy before the insurance company. Sir, I oppose it.

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

“ That in sub-clause (2) of clause 34 of the Bill, for the word ‘ communicated ’, in the third and fourth lines, the word ‘ produced ’ be substituted.”

The motion was negatived.

**Mr. F. E. James** : Sir, I move :

“ That in sub-clause (2) of clause 34 of the Bill, after the word ‘ endorsement ’, occurring in the eighth line, the words ‘ or a will ’ be inserted.”

That is intended to clear the difficulty which might arise if a will bequeathed the policy to some one else specifically or as part of the residue of the estate. There might in that circumstance be a contest between the nominee and the legatee under the will, and this is to make it quite clear that the policy which might be bequeathed would also come under this section as would an endorsement or a further endorsement. Sir, I move.

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

“ That in sub-clause (2) of clause 34 of the Bill, after the word ‘ endorsement ’, occurring in the eighth line, the words ‘ or a will ’ be inserted.”

**Mr. S. C. Sen** : We accept it.

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

“ That in sub-clause (2) of clause 34 of the Bill, after the word ‘ endorsement ’, occurring in the eighth line, the words ‘ or a will ’ be inserted.”

The motion was adopted.

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

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

The motion was adopted.

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

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

“ That clause 39 stand part of the Bill.”

**Mr. F. E. James** : Sir, I move :

“ That in clause 39 of the Bill, for the word ‘ and ’, occurring in the ninth line, the word ‘ or ’ be substituted.”

The object of this amendment is that if the policy-holder knew at the time of making it that his statement was false the question as to whether it was a material matter or not should not really arise. Sir, I move.

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

“ That in clause 39 of the Bill, for the word ‘ and ’, occurring in the ninth line, the word ‘ or ’ be substituted.”

**Mr. S. Satyamurti** : Sir, I strongly oppose this amendment. This clause may be called Dr. Deshmukh's clause.

**The Honourable Sir Nripendra Sircar** : It has had many joint parents.

**Mr. S. Satyamurti** : We heard a lot about parents yesterday in this House. I do not want to pursue that further. I think we may say that in a way it is the child of Dr. Deshmukh. If he (the Law Member) or the Leader of the Opposition choose to speak later, they can give instances of cases where insurers have taken objections, in the most outrageous manner, all sorts of pleas against the insured, sometimes against his heirs and against those who survive him, most extraordinary pleas, on some trifling mistake about some disease, some age, and so on. This clause provides very healthily that no policy of insurance shall, after the expiry of two years from the date on which it was effected, be called in question by an insurer on the ground that a statement made in the proposal for insurance or in any report of a medical officer, or referee, or friend of the insured, or in any other document leading to the issue of the policy, was inaccurate or false unless the insurer shows that such statement was on a material matter and fraudulently made by the policy-holder and that the policy-holder knew at the time of making it that the statement was false. My Honourable friends of the European Group, with a keen anxiety, evidently for supporting unscrupulous insurers in their unequal fight against the helpless heirs of policy-holders, have taken up this cudgel on behalf of those gentlemen. My Honourable friend, Mr. James' amendment says :

“ In clause 39 of the Bill, for the word ‘ and ’, occurring in the ninth line, the word ‘ or ’ be substituted.”

If that substitution be accepted by the House, it will mean this : the insurer can successfully resist the claims of the heirs of a policy-holder if they prove either this, that the statement was on a material matter,

or fraudulently made by the policy-holder. That is quite enough. They need not prove what the clause rightly demands, that the policy-holder knew at the time of making it that the statement was false. It seems to me that unless the insurer brings home these three facts to the Court, namely, that the statement was on a material matter—cases have arisen in which statements on worthless matters have been trotted out as statements which are wrong and, therefore, ought to invalidate the claim of policy-holder's heirs,—secondly, the statement was made fraudulently by the policy-holder, and thirdly,—and this is the most important—that the policy-holder knew at the time of making it that the statement was false. It seems to me that this is sound law, and we are giving ample protection to the insurer and the insured alike. To accept the amendment of the Honourable Member of the European Group will mean that the policy-holder's heirs will be at the mercy of unscrupulous insurers. On behalf of policy-holders and those who expect to get money from them in the happening of certain contingencies provided for in the policy, I very strongly resist this amendment, and expect the House to vote against it.

**Sir Cowasji Jehangir (Bombay City : Non-Muhammadan Urban) :** Mr. President, I would like to support this amendment. In championing the cause of the policy-holders, my Honourable friend, Mr. Satyamurti, forgets that at least we should ensure that the policy-holders behave honestly. If my Honourable friend, Mr. Satyamurti, can show a large number of cases where small insurance companies have been tyrannical, it is also possible to show that in a good many cases policy-holders have deliberately tried to defraud insurance companies. Now, I have known of many cases where false statements have been deliberately made, which are very difficult to prove. Up to now, the law has been that if a policy-holder is caught making a wrong statement, or if anybody on his behalf makes a wrong statement, which is of a material character, then the insurer is protected.....

**The Honourable Sir Nripendra Sircar :** No : even if immaterial, the policy goes. That is what we want to change.

**Sir Cowasji Jehangir :** That may be so in law today, that any sort of false statement made—and it is possible my Honourable friend, the Law Member, may be able to show cases where fairly unscrupulous insurers have taken advantage of it. But at the same time you must give the insurer some protection. If a policy-holder makes a material mistake—it may not be deliberate—but it may make all the difference in the world to the insurer ; surely the insurer need not go further and prove that it was done with his knowledge. If the mistake was of such a material character that the insurer suffered a considerable loss by that mis-statement, do you desire that further proof should be given that it was done with his knowledge, which my Honourable friend, the Law Member, knows is very difficult to prove ? It is quite enough that the insurer should suffer up to a certain point by a false statement being made which is of a material character : that is quite sufficient : I am certain that no reasonable person in this House will demand that the insurer should suffer due to a false statement being made by or on behalf of a policy-holder : and the insurer should still further have to prove that it was done with his knowledge ! If it is material and if the policy-holder has got a considerable advantage by having made knowingly or unknowingly that statement, then the insurer should be

[Sir Cowasji Jehangir.]

protected by having that policy at least cancelled. But it cannot go on for ever after two years or any period that the House may decide upon. You cannot allow that false statement to stand and the policy-holder to get advantage out of it. Therefore, I see a great deal of reason in the amendment moved by my Honourable friend, that if the policy-holder requires protection, the insurer also requires protection. If my Honourable friends can show many instances where policy-holders have suffered due to unscrupulous insurers, I can cite many cases where insurers have suffered due to false statements made by policy-holders. Under the circumstances, I would ask the House not to be completely carried away, but to give protection to both sides. If it is of a material character, and even if it is done by accident, not deliberately, there is no remedy. Suppose a man says he is 42 years of age when he is really 62 : it might be said that he did not make that mistake, but that somebody on his behalf did it—it was not done with his knowledge and, therefore, he should remain insured for all time, because he was not caught within the first two years : and believe me, those cases are not rare. I have known from experience that policy-holders, when coming to insure, have cut off sometimes ten years from their age : it would be difficult to catch and they can be caught only afterwards.....

**The Honourable Sir Nripendra Sircar :** What about the doctor ? He could not discover the difference of ten years ?

**Sir Cowasji Jehangir :** It would make a complete change in the insurance policy. There are many men in this Honourable House whose age cannot be guessed within ten years : there are many other mis-statements which policy-holders also make. I have known of a case where the policy-holder stated on oath that he suffered from no disease at all. The doctor passed him to be so. His friends testified that he suffered from no disease of the kind specified in the policy ; and as a matter of fact that man had suffered from that very disease and it was apparent even two days before he made that statement on oath.....

**Dr. G. V. Deshmukh (Bombay City : Non-Muhammadan Urban) :** Was he the policy-holder's doctor or was he the company's doctor ?

**Sir Cowasji Jehangir :** The company's doctor ; but it could not be detected : for such a disease—epileptic fits—you have to depend upon the honesty of the policy-holder to give the real facts and upon his friends who also endorsed what he said. Surely, then, the insurer should have some protection. Therefore, if it makes a material difference, I think that my Honourable friend should not insist that the insurer should further prove that it was done to his knowledge ; and my Honourable friend, the Law Member, knows better than anybody else better than other lawyers, how difficult it is to prove that a thing was done with the knowledge of a certain person. All I plead for is this : that if it makes a material difference in the policy, if the terms would be completely different, if the real facts were known, then some protection should be given to the insurer. This is all I ask, and I do not think it is asking anything very much that will prejudice the case of a policy-holder who, as some of my Honourable friends, contend, might have been badly treated in the past by certain insurance companies. It is

penalising all honest insurance companies in order to punish a few dishonest ones that my Honourable friends may have detected in the past.

**The Honourable Sir Nripendra Sircar :** Sir, in opposing the amendment, may I make it clear to the House what difference it makes—and a very substantial difference—by changing the word “and” into “or”. It may be rather technical, but all lawyers here are well aware that if the statements which are made in writing, the questions which are answered, are made part of conditions of the issue of the policy, as they almost always are, then, however immaterial, however trivial the mis-statement may be, the policy money is not recoverable, and if my friend, Sir Cowasji Jehangir, in his leisure moments, will look up the cases collected in Halsbury, he will find that judge after judge have regretted that they have been unable to decree the suit in favour of the nominee of the policy holder because the law is very hard, and as soon as these answers are made part of the conditions, then the Court has no option to give any relief to the policy holder. As a matter of fact, Sir, some of the reported cases show an extraordinary position. If a man is asked if there was any illness in his family, possibly his great grand uncle had suffered from something some 50 years, and that may come within this mis-statement.....

**Sir Cowasji Jehangir :** We are talking of material.

**The Honourable Sir Nripendra Sircar :** Then about what is false. There again I am afraid most of the non-lawyer Members do not know the difficulties which have been created in the law Courts with regard to a false statement. If my Honourable friend were to refer to the text book on Torts, he will observe that a statement is supposed to be a misrepresentation (1) if it is known to be false, and (2) if it is rashly made without making inquiry as to whether it was true in fact or not. There is all the difference from a practical point of view between item No. 1, a statement which I know to be false, and No. 2, a statement which I have made without making reasonable inquiry. That will also come in the category of the items given under fraud, and that will be misrepresentation. Therefore, Sir, the whole object of this is, in so far as the statements are concerned, the insuring company gets two years to make further inquiries. It is quite possible, I can conceive of such cases, and there may be one case in a thousand or in ten thousand, where even by making inquiries within two years you cannot find out what the real state of affairs was. It is quite conceivable, but as against that, there will be a very large number of cases where the assured has been hit by the operation of the hard law which exists today. My friend was asking me if I knew of many cases and so on. May I refer him to a recent batch of cases, six in number, before Mr. Justice Lort-Williams, which were decided early this year. In each of these cases insurance companies were involved. The point was taken that the statements were conditions, and some of the conditions have been broken, and, therefore, they won't pay. Now, Sir, in the first case judgment was delivered, and rather trenchant observations were made by His Lordship against the insurance company who tried to take shelter under this. Unfortunately, in that particular case the insurance company had committed the mistake, which they seldom do, and I am sure Sir Cowasji's Company

[Sir Nripendra Sircar.]

never makes that mistake,—in that they forgot to have the usual endorsement that the questions and answers were part of the conditions of the policy. Therefore, the Court could give relief, but as a result of the observations made on the existing state of the law and Mr. Justice Lort-Williams' recommendations that the matter should be taken up in the Legislature to remove the hard situation which is created by the existing law, I had this in mind, although I am obliged to Dr. Deshmukh for reminding me of it. Now, look at the comparative position. A man dies and the money becomes due on his policy. Who is the claimant? Probably the orphan or the widow, and she has then to get proof and bring evidence to show that what was stated 20 years ago by the father or the husband was or was not correct. In this particular case though Mr. Justice Lort-Williams decided in favour of the policy holder, the latter really got nothing. Three doctors were examined by him and four doctors were examined by the Insurance Company, but the misfortune of the Insurance Company's doctors was that their evidence, to use the mild language employed by the judge, was held to be not very reliable. I submit, Sir, that the House should not allow this very salutary provision to be whittled down in the interests of the policy holders, a provision which has been introduced by the Select Committee, by changing the word "and" to "or", which will enable Insurance Companies to take advantage of immaterial statements known to be false.

**Dr. G. V. Deshmukh :** Sir, I hope the House will not whittle down this salutary provision, as suggested by the Honourable the Leader of the House. I do not wish to deal with it from any other point of view, except from the point of view which has been raised by my friend, Sir Cowasji Jehangir. It is curious that my friend, Sir Cowasji Jehangir, should take his stand on mis-statements of policy holders, and should point out instances of wrong age. I want to ask my friend,—what do the Insurance companies in India do? To begin with, the insurance companies themselves give mis-statement of age, and I shall explain to the House how it is done. Every life in India is loaded by five years. What is the meaning of this? Every life that is insured in India is loaded to the extent of five years by the Insurance companies.....

**Sir Cowasji Jehangir :** Will you please explain what you mean by 'loaded'?

**Dr. G. V. Deshmukh :** Yes, I shall explain it to you. Suppose I insure my life and I am 25 years old. No insurance company in India will charge me the premium that is due at age 25, but it will charge me premium as if I am aged 30. That is the minimum. Some companies even load more. Therefore, Sir, to begin with, in the matter of age, there is dishonesty on the part of insurance companies in India. I am glad Sir Cowasji has raised this point, because I was going to allude to it a little later. Now, Sir, what is the result of this loading. The result is, to begin with, the insurance companies take more premium than they are entitled to, and when worked out at compound interest, do you know what it means? It means that these insurance companies take from me, without my knowledge, 15 or 20 per cent. more than what they are entitled to. This is so far as age is concerned. Now, I come to the statement made by Sir Cowasji.....

**Sir Cowasji Jehangir :** Will you explain to me what 'loaded' means, and how it is worked out?

**Dr. G. V. Deshmukh :** I am very glad my friend asks me that question. I thought that he being a Director of one of the eight big companies in the Empire knew all about this loading and rating. Very well, for the edification of my friend I shall gladly explain what I mean. There are certain mortality tables, and the actuaries have worked out that for a certain age a certain amount of premium should be charged. If you insure your life, say, at the age of 20, the insurance companies charge you as if you are aged 25, or rather they charge you five years' extra premium ; you are not charged on your actual age. Do you understand what I mean now ? (Laughter.)

**Sir Cowasji Jehangir :** The trouble is that the Doctor does not understand.

**Dr. G. V. Deshmukh :** It does not matter if I do not understand, but Sir Cowasji does not understand because he does not want to understand. If the House understands, I am quite satisfied. The result of it is this that every party who goes in for insurance is already—I won't use a very strong word, that is, swindled, into paying 15 or 20 per cent. more than the actual charge.

**Sir Cowasji Jehangir :** May I ask one question. Taking for the sake of argument.....

**Mr. President (The Honourable Sir Abdur Rahim) :** I cannot allow the Honourable Member to argue again.

**Sir Cowasji Jehangir :** No, no. Sir. I am asking him a question. Taking for argument's sake that my Honourable friend's contention is correct, about the way in which insurance companies charge premiums, does he contend that because they do so, the policy holder should be allowed to do the same ?

**Dr. G. V. Deshmukh :** This is just the argument of Sir Cowasji to which the House is well accustomed by this time and I do not want to answer this sort of argument. What I say is this. So far as mis-statement is concerned, the charge can be laid more to the door of the companies which want to put on a righteous air than to the door of the policy holders. After the rating—the whole system being based on a certain amount of fraud to begin with,—what is the next point of Sir Cowasji about medical examination ? He talks of apoplectic persons coming to the companies and the age limit being brought down by ten years. My Honourable friend must be engaging very cheap doctors not to find out that when a person robs ten years—mind you, the company which has already added five years to the insured's life,—now they want to make an excuse of it to say that when the party comes to us they may subtract ten years out of the age. It seems to me that it is almost impossible, for this reason, namely, that between the company and the policy holder there are more chances of the company having an advantage over the policy holder. First of all, the company has its medical doctors. Then there is the referee, and I cannot see how all these excuses can be brought forward. Again, after the policy holder dies—usually you will find that during the lifetime of the policy holder no company will challenge. I have known cases—my Honourable friend is talking of apoplectic cases—I have known cases where the patient was actually suffering from cancer and yet, during the lifetime of the patient, the company never challenged the man or put

[Dr. G. V. Deshmukh.]

forward any objections. As soon as he was dead, when it came to paying the amount of the policy to his dependants, the widow and the children—it is then that their Inspectors go round, whoever they are, and try to find out what was the mis-statement. If they can do that within six months or a year after the death of the policy holder, why cannot they do it within two years that has been allowed by this clause? I hope that the House will agree with me that there is absolutely nothing in the arguments which have been brought forward by the director of one of the biggest companies and that in the interests of the policy holder the House will agree to the clause as it is.

**Mr. M. S. Aney** (Berar : Non-Muhammadan) : So far as the principle laid down in this clause is concerned, I believe that no man who has any sense of equity will take exception to it. In fact, in view of the existing state of the law on the subject, it is necessary that a very clear and unambiguous rule should be provided for so that in future the policy holders should not find themselves in the same difficulties in getting justice as they do at present. Therefore, I should like to congratulate Dr. Deshmukh on having made this happy suggestion when the Select Committee was meeting here. I was present at his house on the very day on which he sent a telegram to the Select Committee and drawing its attention to this particular defect so that it might take that into consideration when it was considering the whole Bill. Therefore, there is no question that we ought not to leave the state of the law in an ambiguous condition in which it is really difficult for the policy holder in ninety-nine cases out of hundred to get justice if a dispute arises. But when I read this clause I find some difficulty in understanding it. Three conditions have got to be satisfied, one, that such statement was on a material matter, secondly, that it was fraudulently made by the policy holder, and thirdly, that the policy holder knew at the time of making it that the statement was false. Would it not be sufficient to have these two conditions, namely, that the false statement was on a material matter and that he knew at the time of making it that the statement was false? There should be no need in such a case of proving fraud in addition. If these two conditions are separated, taking fraud as one element and the false statement on a material point to the knowledge of the man when he made that statement as the second element; it will serve the purpose. These two elements should be separate and independent of each other to bar the claim. Otherwise, three elements will have to be proved. If any of these two conditions is proved, he should be in a position to get justice. If the clause is a little bit changed then the object which my Honourable friend has in view will be achieved. That is how I feel, that is my difficulty in understanding the clause. At any rate, if I am wrong in understanding it I shall be very glad to see how it can be interpreted in any other way. But I strongly support the principle of the clause 59.

**Sir H. P. Mody** (Bombay Millowners' Association : Indian Commerce) : I am afraid I do not understand anything about loading or unloading; I am just a humble seeker after truth. (Laughter.) Everybody must concede that if the present law operates very harshly upon the policy-holder it requires to be changed. The provision suggested, to my way of thinking, would make the policy-holder a sort of chartered libertine. If it were to stand, it would impose on the insurance



company the establishment of three conditions, one, that there was a mis-statement of a material fact, next, that it was fraudulently made by the policy-holder, and thirdly, that the policy-holder knew at the time of making the statement that it was false. There is one thing which I want to know, and I hope the Honourable the Law Member will enlighten me about it, what happens if the policy-holder has died in the meantime ?

**The Honourable Sir Nripendra Sircar :** My Honourable friend wants enlightenment. May I throw a little light ? If the policy-holder dies within two years.....

**Sir H. P. Mody :** I say, after two years.

**The Honourable Sir Nripendra Sircar :** After two years have lapsed, the representative will get the benefit of clause 39. I may inform my Honourable friend in connection with big Insurance companies—they begin their researches and enquiries and investigations only when the man is dead. Why don't they do it earlier ?

**Sir H. P. Mody :** I am afraid the Honourable the Law Member has for once been very unconvincing. Supposing five  
1 P.M. years after a policy has been effected, the policy-holder dies, how is the insurer to establish that the policy-holder made a material misstatement of fact and that it was fraudulently made ? If he was living, the insurer would have means of finding out, he would question him, he would have enquiries made and would be able to ascertain the truth. But if the policy-holder is dead where can I make enquiries ? I would not know where the policy-holder had gone after death, I would not know the precise place where he had gone. (Laughter.) I would be able to know the place in the case of some of my Honourable friends (Laughter); but I am sure that if he was an ordinary policy-holder who had gone out of my sight, I would not know anything more about him than that he was once before me as a policy-holder, and so no means would be left to the insurance company of ascertaining whether the statement was fraudulently made. Then there is another question I want to ask. In the first part of the clause you talk of false statement made by a medical officer, referee, friend of the insured, etc., etc., but in the last part, where you make it obligatory upon the company to meet the claim unless the policy-holder was himself fraudulently making the statement, you have none of these safeguards. What is the result ? The result is that a friend of the policy-holder can make any sort of fraudulent statement, but it is only when the insurance company can establish that the policy-holder himself made such a statement fraudulently that you can defeat the claim. The last portion is quite clear. It says " Unless the insurer shows that such statement was on a material matter and fraudulently made by the policy-holder and that the policy-holder knew at the time of making it that the statement was false." The policy-holder may not himself make a false statement. He may evade a question, and allow his friend to make a deliberately false statement on a material fact, and then the policy-holder, under the provisions of this section, would escape liability altogether. I think that if the law is to be altered, the way in which the provision is worded is not an equitable one. As it stands, the section is much too oppressive on the insurance company.

**Mr. Sham Lal (Ambala Division : Non-Muhammadian) :** Sir, I oppose this amendment. I thought that Sir Homi Mody knew some law. As a business man he ought to know that even if a man is dead it is possible to prove his knowledge. If a man was 60 years old and gave his age as 30 and it is proved in Court that he was really 60, no witnesses are required. It would be possible for the Court to hold that he made a statement knowing it to be false. Then I would submit this. For every wrong, there is a limitation. The insurance contract is like any other contract and these cannot be questioned after some time. What I think is that this exception has been made in favour of the insurance company. Otherwise, after some time, it should not be open to either party to question the contract. You can go enjoying the premium and when it is your turn to pay, you begin to suddenly discover that some statement made by the policy-holder is wrong. This is not just. You stay in a hotel and you enjoy the dinner for 15 days or a month and when the bill comes, you should not say : ' the food was not good and, therefore, I refuse to pay '. You employ your own agents, your own doctors and after enjoying the premium how is it open to you to question the contract. There must be some limitation and I think the law ought to have been that after two or three years, it would not be open to either party to question the contract. I think after you have taken the premium, after you have entered into the contract with open eyes, it should not be open to you to question the contract. This is rather a concession in favour of the company and I hope this amendment will be rejected.

**Mr. Bhulabhai J. Desai :** The true import of the section as it would run after substituting " or " for " and " must be fully perceived, apart from the general arguments which have been addressed. The clause would then mean this : No policy of insurance, after the expiry of two years from the date on which it was effected, shall be called in question by an insurer on the ground that a statement made in the proposal for insurance or in any report of a medical officer or referee or friend of the insured or in any other document leading to the issue of the policy was inaccurate or false, unless the insurer shows that such statement was material and fraudulently made or the insurer says that the policy-holder knew at the time of making it that the statement was false. The result of putting " or " would be that any immaterial statement, so long as it can be shown to have been made by the policy-holder with a knowledge of its falsity, would still invalidate a policy--which would practically negative the whole value of this section. The value of this section is this, that if a matter is material, and, on that material matter, it was falsely stated, then it should undoubtedly be invalidated, but we really go back to the old position with this much added that, though immaterial, the policy-holder knew at the time it was made that it was false and it may have been made by his friend, it may have been made by a referee, and it may have been made in a medical report. Therefore, if you put in " or ", the whole value of this section would disappear. The true object of this section was to relieve the harshness of the present law, that immaterial statements, though inaccurate, should not invalidate a policy. In the discussion that has taken place, the true point is not seen, namely, that if you substitute " or ", you are making every immaterial statement, which is inaccurate or false, an

invalidating factor, so long as the insurer can prove that the policy-holder knew it. Suppose you ask a man "do you smoke", and he says "no", and supposing it is proved that he did smoke, and he must have known that he was smoking, that would still invalidate a policy. Therefore, you really do not want to destroy the value of the clause by substituting "or" for "and".

**Sir H. P. Mody :** Supposing you left out the last three lines ?

**Mr. Bhulabhai J. Desai :** I am only answering the question for myself. It is entirely for the Leader of the House to answer you. To me, at all events, it would not very much matter. I will tell you why you are not going to get anything out of me, because, if it is fraudulently made by the policy-holder, then, to me, the words "fraudulently made" involve the falsity of knowledge. The point is that if you put in the word "or", you are coupling it to an immaterial statement, because you would, then, dissociate it from the first part, namely, "unless the statement was materially and fraudulently made. What I, therefore, want is that, whatever condition is attached, the primary condition must remain, namely, before the policy can be invalidated, the inaccurate and false statement must be material.....

**Sir Cowasji Jehangir :** I agree.

**Mr. Bhulabhai J. Desai :** If you agree, then you are supporting me that the amendment is wrong.

**Sir Cowasji Jehangir :** Would the Honourable Member re-draft it ? What I am saying is that he shall have to prove three things.

**Mr. Bhulabhai J. Desai :** I am trying to answer that question. I am afraid I am undertaking to answer too many questions, but as it is a matter with which I happen to be somewhat conversant, I do not mind answering the questions. The point is this. I take it from Sir Cowasji Jehangir that he agrees that if substituting the word "or" would make an invalidating factor an immaterial statement, then he does not want it. He is willing that it should be invalidated only if it is material. I understood him to say that. If he says that, then the word "or" will not serve the purpose. Then, I come to the three factors which, with great submission, are these : Firstly, you have to prove that it is material. Secondly, you have to prove that it is fraudulently made by the policy-holder. So far as the last words are concerned, especially when he knew it to be false, it does not add very much to the burden of proof so far as I can appreciate it, because if it is fraudulently made by the policy-holder, the only value of those words, if any, is this—as far as I can see on its construction,—that though material and not made by him, he knew its falsity. That is the way in which I construe the section as it stands. In other words, when he made it, he must have fraudulently made it, but when a Doctor makes it or a referee makes or a friend makes it, then he must know it to be false. Therefore, really and truly, the distinction must be obvious by now, namely, first, that it should be material. When it is made by himself, it should be fraudulently made, and when it is made by another friend, Doctor or referee, he must know that it is false, because he must not be answerable for a statement made by a doctor, a friend or a referee unless he knew it to be false. In view of that explanation, if the opinion of Sir

[Mr. Bhulabhai J. Desai.]

Cowasji Jehangir was that there was additional burden of proof, I submit he was mistaken. In so far as the substitution of the word "or" would lead to the situation which I have submitted to the House, namely, that it would attach itself to an immaterial statement, it should not be done.

**Mr. M. A. Jinnah** (Bombay City : Muhammadan Urban) : Sir, I quite see the point of the Leader of the Opposition that if you substitute the word 'or' for 'and', it might cover even an immaterial statement if proved as a sufficient ground to resist the claim. On the other hand, as the clause stands now, it seems to me that it is also open to the policy holder to urge with a great deal of force in any Court of law that, first of all, the statement must be inaccurate or false, secondly, that that statement must be material and, thirdly, that it was fraudulently made. I quite agree with the Leader of the Opposition that when you say that it is fraudulently made, it means that you either knew or that you must have known or that if you had taken the precaution as a reasonable and prudent man, you would have come to know. All that will come under 'fraudulently' if it stops there. But it goes further. Although the insurer may prove that the statement is inaccurate or false, although he may prove that it is a material statement and although he may prove that it is fraudulent, namely, that he ought to have known and that as a prudent man he must have known, that is not enough. The fourth ingredient is necessary, that is to say, his knowledge in fact. Now, that knowledge in fact must be proved. Until you satisfy the last ingredient, that is, knowledge in fact, the policy holder would be entitled to establish his claim. Therefore, the position really is this. While there is a great deal of force in the point of the Leader of the Opposition, namely, that that might let in even an immaterial statement—that is how I understood him—it is equally objectionable that it might require that the knowledge of the policy holder must, in fact, be proved. There is, therefore, that danger and I would really appeal to the Leader of the House to consider it. I am only pointing this out in the interests of the policy holders as well as in the interests of the insurers. So, it is for the Leader of the House to consider it.

**Mr. Bhulabhai J. Desai** : May I make a suggestion and, if there is no time now, it may be taken up afterwards ? If it is a material matter and is fraudulently made by the policy holder and in the case of statements made by persons other than the policy holder, the policy holder knew that it was false.....

**The Honourable Sir Nripendra Sircar** : I must resist it at once and say that I shall not accept it because a fraudulent statement does not cover only a statement which was known to him to be false.

**Several Honourable Members** : The question may now be put.

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

"That the question be now put."

The motion was adopted.

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

“ That in clause 39 of the Bill, for the word ‘ and ’, occurring in the ninth line, the word ‘ or ’ be substituted.”

The motion was negatived.

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

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

**Mr. F. E. James** : Sir, I propose to move only the first proviso in amendment No. 711. I beg to move :

“ That to clause 39 of the Bill, the following proviso be added :

‘ Provided that nothing in this section shall prevent the insurer from making such adjustment in the policy terms as may be necessary in consequence of any mis-statement of age in the original proposal ’.”

Sir, this proviso is designed to relieve the rigidity of clause 39 as it stands. I would call the attention of Honourable Members to that clause once more :

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

I understand that it is a common practice of life insurance companies not to ask for proof of age when the policy is actually being effected and it is also common, that it may be discovered later on that, not by reason of any fraudulent mis-statement or by reason of any intent to deceive, the statement made in the policy is, in fact, not entirely accurate. Our proviso makes it possible, in such an event, for the necessary adjustment to be made, if quite inadvertently a person taking out an insurance policy puts his age down as so much, the result may be that he would be paying an insurance premium either more than what he should have paid or for a longer period than would be necessary. Therefore, our proviso suggests that where there is a mis-statement of age in the original proposal, then it should be possible, notwithstanding anything in this section, for the insurer to make such adjustment in the policy terms as is necessary in consequence of such mis-statement. It seems to us a perfectly reasonable proposal. As I said in the first instance, it does relieve the section of something of its rigidity in the case where the mis-statement is not made either fraudulently or with intent to deceive. Sir, I move.

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

“ That to clause 39 of the Bill, the following proviso be added :

‘ Provided that nothing in this section shall prevent the insurer from making such adjustment in the policy terms as may be necessary in consequence of any mis-statement of age in the original proposal ’.”

**Mr. M. Ananthasayanam Ayyangar :** Sir, I oppose this amendment. Sir, this is a hurdle race in which our Honourable friends of the European Group aided by my Honourable friend, Sir Cowasji Jehangir, are engaged. First of all they wanted to nullify the beneficent effect of this clause 39 by introducing the word 'or' for 'and'. When that attempt failed, this is another attempt to see that so far as age is concerned, whether they could not re-open the matter and get the policy declared void on that ground. Sir, age is one of the matters which have to be noted in a policy. A statement regarding age is given now in every policy. The policy holder also has to state the age and then it becomes conclusive and irrefutable after the period of two years. This amendment seeks to get over the effect of prohibiting the insurer to go behind the age noted in the policy or to call it in question after it matures or even before the policy matures. So far as age is concerned, the insurer wants to have unlimited time to make unilateral adjustment in the terms of the policy. Sir, if with the consent of the policy holder, the insurer wants to readjust the premium or the terms of the policy in accordance with the age, there is absolutely no prohibition. This proviso is not necessary. If both the insured policy holder and the insurer join together irrespective of fraud, irrespective of anything else, they can do so. But if unilaterally the amendment should enable the insurer to do as he pleases with the policy, I object to it. The very mischief that is sought to be prevented by the introduction of clause 39 is allowed to be perpetrated if we accept this amendment. Sir, that is improper and I oppose the amendment.

**Dr. G. V. Deshmukh :** Sir, not only do I oppose, but I very strongly oppose this amendment that has been put forward, because, as I took the opportunity of pointing out to the House, besides agreeing with every word of what my Honourable friend, Mr. Ayyangar, has said just now, I would say that these are the ways of circumventing the effects of clause 39 of the Bill. I wish to point out to the House how this age is made the factor on which special stress is laid because, in the majority of cases, insurance companies before have found out frivolous excuses for not paying moneys either to the policy holders or very often to their dependants and this excuse of age has always been put forward. It is proverbial how inaccurate Indian policy holders are with regard to their giving correct age. What usually happens is this. Supposing for instance, a policy holder is dead and there is some discrepancy about the age. Usually either the Agent or somebody else from the company will go to the widow—always an ignorant widow—and tell her : " Well, this is a mis-statement made by the deceased, you may not get anything at all, therefore, compromise this matter for something ". In between, the Agent takes something or the Company retains something and the dependants of the policy holders—I have invariably seen—are cheated out of their legitimate dues.

**Mr. F. E. James :** May I point out to my Honourable friend that it might also operate to the policy holder's advantage ?

**Dr. G. V. Deshmukh :** Personally I fail to see how it is going to operate to the advantage of the policy holder. So far as my experience goes it invariably acts to the disadvantage of the dependants of the policy holders. As I have mentioned before, usually these questions do not crop up during the life time of the policy holder. All these objections, frivolous and technical objections, are always raised after the death of the policy

holder and if a provision like that were left behind it will only mean that the harassment to policy holder's dependants has not come to an end on account of this enlightened legislation but the same thing is to go on. Sir, I strongly oppose the amendment.

**Sir Cowasji Jehangir :** Sir, I do not know whether the Government are going to oppose this motion or support it.

**The Honourable Sir Nripendra Sircar :** I am going to oppose it.

**Sir Cowasji Jehangir :** I propose to put a few points before the Government for their consideration. This question of age, as my Honourable friend, Dr. Deshmukh, reminded us, is one of considerable importance in this country because many of the policy-holders do not really know their age. And they make a guess and it is possible they may be out, one way or another, by a certain number of years. Facts may come to the knowledge of the insurer and to that of the policy-holder as to the accurate age of the policy-holder. This amendment seeks to enable the insurer to correct that age in the policy and the terms of the policy in accordance with the correct age.

**Dr. G. V. Deshmukh :** Within the first two years you can do it.

**Sir Cowasji Jehangir :** I will reply to that argument in a minute. Now, Sir, if you leave this clause as rigid as it is, it will work as a great hardship to the honest insurer, because, if the age happens to be lower, naturally the policy-holder will go to the honest company and say that he made a mistake, and very few companies will, if they are satisfied, refuse to rectify it. But if the age is, as in the majority of cases, much higher actually than the policy-holder has stated in the original proposal form then the insurer has no remedy after two years. What this amendment seeks to do is purely to enable the insurer to put the correct age into the policy and so alter the terms according to the age at any time after the policy has been effected in the first instance. If my Honourable friends want justice on both sides, how can they object to this amendment? If they desire that policy-holders should get more opportunities than they have now of giving wrong ages and never allow it to be rectified in the future, then I can understand their opposition to this amendment.

**Mr. Sham Lal :** Should it be with the consent of the policy-holder or without his consent?

**Sir Cowasji Jehangir :** I agree there is something in that. I understand that an unscrupulous insurer would always attempt to prove that the age was higher, and the policy-holder would contest it. In that case there is always the Court of law open.

**Dr. G. V. Deshmukh :** You want widows and children to go to a Court of law?

**Sir Cowasji Jehangir :** No; but the fact remains that in the majority of cases in this country the policy-holder attempts to give a lower age than is actually the facts. Difficult as the position is in this country, you are trying to make it more difficult. Now, Sir, the argument has been brought up that within the first two years the matter

[Sir Cowasji Jehangir.]

can be rectified ; but a large company cannot go on examining and re-examining its policies during the first two years. You will do all you can to see that you get accurate information in the first instance, and does this House mean to say that it is going to legislate in a way which will force the companies to examine and re-examine the facts within the first two years ? Will they not be putting the policy-holders to a considerable amount of worry and trouble ? I maintain, Sir, that this two-year limit will work to the hardship and harassment of some of the policy-holders. An unscrupulous company, if you take for granted that some companies are unscrupulous, will make every attempt in the first two years to worry and harass their policy-holders, because they will examine and re-examine and ask for all sorts of examinations in the first two years, which they would not do if they were at liberty to find out the truth at all times.

**Dr. G. V. Deshmukh :** Will you insure without taking precautions ?

**Sir Cowasji Jehangir :** If you make a mistake you cannot rectify it, and, therefore, your precautions will be so severe and will continue to be so severe that for the first two years it may mean harassment to the policy-holders in some cases.

Now, Sir, we were told that companies are unscrupulous with regard to their calculations of premium as compared to age. I am reliably informed that so far as the Oriental Life Insurance Company goes, it relies on its own mortality tables derived from experience of the last 65 years.

**The Honourable Sir Nripendra Sircar :** That may be good advertisement, but there are other companies. (Laughter.)

**Sir Cowasji Jehangir :** I also understand that very many companies are now following the Oriental's mortality tables.

**Dr. G. V. Deshmukh :** No.

**Sir Cowasji Jehangir :** There may be some who take the mortality tables of European countries and add a certain percentage on to that mortality table to enable it to come into parity with what they consider is the mortality in this country. That may be so in some cases.

**Mr. Bhulabhai J. Desai :** In all cases.

**Sir Cowasji Jehangir :** As I say, in the case of the Oriental, it relies on its own mortality tables obtained from its experience of the past 65 years and they do not add one day to the life of the person. And I understand now, that a good many companies are following the mortality tables of the Oriental Life Insurance Company. In the beginning they have to get the mortality tables of other countries and adjust them to the conditions prevailing in this country. But having come to the stage when you have your own mortality tables in this country, having gained the experience of 65 years, I think the House will be justified, in taking such precautions, to see that unscrupulous insurance companies do not use the tables and add an amount to that table which will be unjustified.



**Dr. G. V. Deshmukh :** Have you printed and published your mortality tables and have you circulated them to the other insurance companies ?

**Sir Cowasji Jehangir :** I am not in a position to sepecifically answer that question as to whether the Oriental Life Insurance Company has taken the trouble to circulate its mortality tables to all the insurance companies in India. But I presume that any insurance company in India which chooses to get for their information the mortality tables of the Oriental can do so quite easily ; and I do not see why one company should go out of its way to circulate its tables for the information of all companies. But I am certain that they have no objection to any company using their mortality tables. Now, Sir, if my Honourable friends desire that policy-holders should take advantage of this legislation, that is, by stating any age at random, they are doing everything in their power to encourage it ; and this amendment would have some check upon that tendency of policy-holders to pretend to be much younger than they are. It is only human nature. Even when it is not a question of life insurance, some of my friends try to be younger, than they are without having their lives insured. How much more will they be tempted to take a few years off their life, when their lives are going to be insured ! Therefore, I ask Honourable Members to take human nature as it is and not put a premium upon a fraud which has been perpetrated against life insurance companies for many years in this country, but to support this amendment which will help, in some way, to counteract the tendencies of human nature, specially among the policy-holders.

**The Honourable Sir Nripendra Sircar :** My Honourable frined, Sir Cowasji Jehangir, said that if one has any regard for justice for both sides he cannot oppose this amendment. Well, Sir, my idea of justice is that it must be for both sides, and I do not understand the special signification of the safeguard that it must be for both sides. Let us take a concrete view of things. The biggest companies, and I repeat, the Oriental is the biggest, best and most satisfactory company, what do they do ? When they want to raise objection, as they do in very many cases, the Oriental being the sole exception, what do they do ? It is only after the man dies, their vigilant body of investigators run about, and when the deceased's heir makes the demand for policy money you find a reply is sent within a week or a fortnight that the age was wrongly stated, or that his grandmother really died of consumption. All that is found by companies, of course, other than the Oriental, within ten or fifteen days. Sir Cowasji said " the first two years we are busy examining our policies, what time can we have ", that is to say when it is a question of pocketing money, there is no need to make any enquiry, but when the time comes for making the payment, let us see whether we can avoid it.

**Sir H. P. Mody :** Many discoveries are made after death.

**Sir Cowasji Jehangir :** If during the life time the fact is brought out that the age was wrongly given, is there no remedy after two years ?

**The Honourable Sir Nripendra Sircar :** There is no remedy for the man who sleeps for more than two years. Under the law of limitation

[Sir Nripendra Sircar.]

there are various periods of limitation, one year, two years, provided for wrongs, and those who go to sleep, if they sleep long enough, find all remedies barred. There is no distinction between that and this case. Then, Sir, it is said by my Honourable friend that is a very simple provision, merely one of adjustment. Now, Sir, the point was really very tersely put by Mr. Ananthasayanam Ayyangar, and probably I may repeat it, is the insurer going to make this adjustment with or without the consent of the insured : if it is with the consent of the insured no law is wanted : both the parties can, at any moment, sit down at a table and come to an adjustment. But, no, that is not the idea. The insurer has the whip hand and says, I have found that your age is over-stated by nine days, and, therefore, I propose to take this amount off your policy. That is the situation which we want to prevent. If people here are so appallingly ignorant as regards their age, two years time is long enough for even sleeping insurance companies to wake up.

**Mr. Sri Prakasa** (Allahabad and Jhansi Divisions : Non-Muhammadan Rural) : Sir, when we are legislating in this House, we very often forget our own actual experience of life outside. It would appear from the speeches of many Honourable Members that an individual is exceedingly anxious to be insured ; but, as a matter of fact, it is the insurer who is more anxious to insure him than the poor devil himself is anxious to get insured. What actually happens is this. An insurance agent arrives at my house with his conventional portfolio, the sort that many of us carry here ; and he brings out his literature, tries to impress upon me the desirability of dying early so that I may be able to get from the insurer himself an amount of money that I should never be able to earn in my whole life time. All sorts of fine stories are told to me, great hopes are given, and I am at last tempted to insure. Now, Sir, that insurance agent gets his commission all right, sometimes it is 100 per cent. of what I pay in the first year. The doctor also, Dr. Deshmukh excepted, gets his fee, but the policyholder goes on paying his premium year after year. At first, Sir, it seemed all very tempting ; but when notices arrive every three or six months from the insurance office and say : ' you must pay within fifteen days of grace,'—they call it grace, one has to look about, for one does not always know exactly how he is going to pay. If there is a delay of even a day or two, one is fined. So what is wanted is that the layman-policy-holder should be protected from all the possible wiles of the insurer and his agent.

Sir, it is perfectly correct that most of us do not know our age. Sir Cowasji has no experience of our countryside : I am sorry his experience is entirely confined to Bombay where I understand not only women but also men try to give out their ages as much less than what they are. (Laughter.) But in the countryside you may take it from me that for the first 20 or 30 years, they give their ages to be much less than they are. I asked a man his age. He said 20 years. I asked him his father's age, replied it must be 30. I said he could not have been born when his father was only ten. It is all due to ignorance, honest ignorance. When they go beyond 40, then they go up by ten years every year. If you ask a man his age, and he says 40, be sure it will be fifty next year and sixty the year after next. (Interruption by Sir H. P. Modi.)

I am a landlord, I deal with my men almost every day, and I have many jokes at their expense in respect of their age, so that I cannot be beaten either by the Baronet on this side or by the Knight on the other in my experience in this behalf. The insurer, while he is very anxious to give one a first class life in the beginning, begins to have suspicions later on. I do not know, Sir, if you know it, but I certainly know of a man who went to the British Museum and got out a huge volume of *Materia Medica*, studied all diseases mentioned therein from A to Z, and found, after studying it, that he was really suffering from every possible disease that was mentioned in the book except one disease, that came under 'P', and that was Pregnancy. (Laughter.) I do not know why it should be a disease as we are all the results of that disease. But it is so regarded in medical books. If you were to ask an ordinary layman : are you suffering from this particular disease, he says yes ; are you suffering from that, he still says, yes. Although, in the beginning a man may say he was suffering from no disease at all, later on it transpires, when he is closely questioned—Dr. Deshmukh should know this—that he suffers from every possible disease except the impossible disease. In these circumstances, we cannot possibly make the law against the insurer strong enough.

In fact, Sir, to my mind this clause does not go far enough. If I had  
 3 P.M. my way I would have even deleted the proviso about fraud. I do not like any policy to be questioned after a certain number of years on any ground, fraud or otherwise. Of course, lawyers can prove everything. One can prove fraud against a man who was dead 30 years ago ; and then another lawyer will find another set of arguments to show that there was no fraud at all. So I felt that they must be very wise and I did not want to put forward any amendment on that subject. But I should certainly have wished that after two years, an insurer should not be able to question a policy even on the ground of fraud. Because, Sir, after all, what is the fraud ? So far as I know, in the ordinary life of the world, fraud is taking money from somebody else under false pretences. Here it is not taking but giving some money to others under false pretences ! (Laughter.) I fail to understand how I am committing fraud by giving some money out of my hardearned income to somebody else. But lawyers are lawyers ; and some day when the world is free of lawyers we may hope to have a better day. Till then we must suffer all sorts of impossible situations in life. I still fail to see what moral right an insurer can have to keep the money that he has got from somebody else on the ground that the man who paid the money had committed some kind of fraud. Anyway, as things stand, I feel that we cannot have too stringent a provision against the insurers and too lenient a provision for the policy holders ; and in these circumstances, I am bound to oppose this amendment.

**Some Honourable Members :** The question may now be put.

**Mr. Bhulabhai J. Desai :** Sir, I will not be long. My desire was to clear the ground, having regard to the references to the many lawyers in this Assembly. (Laughter.) But I do not propose to take up the challenge. I will confine myself, as I hope I generally do, to the actual proposal before the House, because the other incidents of life are more pleasantly related by others. So far as this proviso is concerned, I object to it on two grounds : the first ground on which I object to it is

[Mr. Bhulabhai J. Desai.]

that the insurer, without any limit of time, and notwithstanding the two years which we have already passed, wants to make himself a judge whether there was a misstatement of age or not. For what is the means of ascertaining an alleged misstatement at all? He has only to say, as the Honourable the Leader of the House pointed out, "I have now come to know that your age is so and so : you are guilty of a misstatement, and we have accordingly corrected the policy : that is to say, the premium to be paid is half as much again or some such figure owing to your misstatement." Now, how is the policy holder, what means has he got to get this tested anywhere? My friends, who drafted these amendments, have lawyers—some of them are lawyers themselves, and they are constantly advised by lawyers and also by retired civilians who have been district magistrates. (Laughter.) I wish they had considered this point of view. Supposing an insurer proceeds like that, how is the policy holder to get the matter tested? So far as I understand, I cannot imagine such an absurdity being perpetrated on this House, unless you are going to say that a man is to be the judge in his own cause and there is to be no right of appeal of any kind. My Honourable friend, Sir Cowasji Jehangir, could not have meant this, but generally what happens is that we enter on a general digression as to loading and unloading and p's and q's, and that is how we miss the point. The true point before the Legislature is this : when this great insurer has, in exercise of his self-given right, proceeded to correct the policy and the amount payable on an alleged misstatement, how is it going to be tested and the change corrected? I know a little of the Specific Relief Act, but I am quite certain that there is no provision that I can think of that applies to this correction. In other words, it merely comes to this, that while we are enacting a section to protect the policy holder, the insurer comes along and says "I do not want merely an exception from you : I want to confer on myself some other fresh and new right to do what I like without having tested that there was an alleged misstatement made." Sir, such a thing is impossible.

**Honourable Members :** The question may now be put.

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

"That the question may now be put."

The motion was adopted.

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

"That to clause 39 of the Bill, the following proviso be added :

'Provided that nothing in this section shall prevent the insurer from making such adjustment in the policy terms as may be necessary in consequence of any mis-statement of age in the original proposal'."

The motion was negatived.

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

"That clause 39 stand part of the Bill."

The motion was adopted.

Clause 39 was added to the Bill.

**Dr. G. V. Deshmukh :** Sir, I move :

“That after clause 39 of the Bill, the following new clause be inserted :

‘ 39 (1). Every insurer shall publish in the policy of the insured the terms of his policy, including the surrender value of the policy from the second year from the date of the policy till it matures, in the \* \* \* language of the province where the insurer is carrying on his business and shall supply to the policy holder a photographic copy of the statement made by him ’.”

Sir, I am not moving the second part of this amendment, and if the House will permit me, I should like to drop out the word ‘ vernacular ’ in line four.

**Sir H. P. Mody :** If there is more than one vernacular, what will you do ?

**Dr. G. V. Deshmukh :** The language of the province.

**The Honourable Sir Nripendra Sircar :** What is the official language of the Madras Province ?

**Dr. G. V. Deshmukh :** The principal language of the Madras Province is Tamil.

**Some Honourable Members :** No, no.

**Dr. G. V. Deshmukh :** I am quite prepared to accept any practical modification that may be suggested, but I should like to place before the House my main point, and it is this. I want that the main clauses of the policy should be mentioned on the policy itself, so that the policy-holder himself may understand what he is bargaining for. ....

**Sir Cowasji Jehangir :** You don’t understand what you are talking about.

**Dr. G. V. Deshmukh :** You don’t understand what you are saying.

**Sir Cowasji Jehangir :** I am saying about nothing.

**Dr. G. V. Deshmukh :** Then, I am talking about nothing. (Laughter.)

Very well, Sir, as I was explaining, I want that important provisions of a life policy should be put down on the policy itself. Now, Sir, in this it will be admitted by all that the surrender value is the most important factor from many points of view. First of all, the policy-holder must know what he is going to get in return for the money that he pays to the company, and no company can possibly have any objection to this, because, Sir, many of the efficient and good companies have been doing it for years. It is a thing which is invariably followed in America. I myself have a recollection that in the company in which I was insured about 20 years ago, they have put down the surrender value on the policy itself, and if somebody wants to be convinced of it, I can give the name of the company. It was in the New York Life Assurance Company that I was insured so early as 1910, and even at that time that company has mentioned the surrender value for every year on the policy itself ; they have stated on the policy that for the first year the surrender value is so much, for the second year so much and so on. Therefore, what I am asking for is that every insurance company which claims itself to work efficiently and in the interest of the policy-holders should mention on their policy the surrender value.

[Dr. G. V. Deshmukh.]

Then, Sir, the second question is this. I have suggested that the surrender value at the end of two years should be put down on the policy. I know that practically all companies are doing it as a matter of convention, but they state the surrender value from the third year onwards. Somehow this third year is supposed to be sacrosanct, because anybody who suggests under three years is supposed to be doing something outrageous which would be to the detriment of the insurance company itself. Sir, let me point out that this is not a question of academic interest to me, because I am suggesting this period of two years, after a close study of life insurance for well nigh 20 years. Let me explain my point further. Suppose I am going to get myself insured in a company, and I pay Rs. 100 as premium for the first year. I get nothing in return for the first year. I don't agree to it, because I don't see why I should pay for the inefficiency of the company. The company might say that in the first year they have to pay 80 per cent. commission to their agents. Why should they pay 80 per cent. commission to their agents? But that is another point. Then I say, very well, for the first year they need not pay me anything because the company itself does not make anything from me and the expenses come to about Rs. 200. But what about the second year? In the second year too I pay Rs. 100 to the company. Out of this Rs. 100, how much does the company pay to their Agent? At the most it will pay about five per cent. renewal commission. But what is the expense ratio? It may be 30 to 35 per cent., but I am prepared to give the company the maximum of 35 per cent., or even 40 per cent. as is suggested in the Bill; that will make it 45 per cent. Then what is the mortality reserve? Every company has to keep a certain amount of money to guard itself against the mortality reserve. Very well, all this comes to about 50 or 55 per cent. So, on the second year's premium actually the company has 45 to 50 per cent. of my money with them. If you say that if the policy lapses at the end of two years no money should be returned to the policy-holder it means that the policy-holder is merely making a gift to the company. Is that right, Sir, I ask.....

**The Honourable Sir Nripendra Sircar :** May I point out, Sir, that most of the speech the Honourable Member is making is rather irrelevant, because we are not going to lay down what is going to be the surrender value. You only want to give them the right to get the information, and they can always get it by writing a post card.

**Dr. G. V. Deshmukh :** I admit, Sir, that at the present stage my speech may seem irrelevant, but if the Honourable the Leader of the House will have a little patience, he will see that it is not so irrelevant as he imagines, but that it has a point in it. Of course, some people have the capacity to make their points clear quickly, but I have not got that capacity. Therefore, Sir, as I was saying, out of the Rs. 200 I have paid to the company, Rs. 50 of mine is with the company, and so I would suggest that at the end of two years some kind of surrender value should be put down.....

**The Honourable Sir Nripendra Sircar :** In spite of your section, the companies can write a zero every year.

**Dr. G. V. Deshmukh :** I am glad that the Honourable the Law Member has himself suggested the point I was going to make. How much

amount the companies should put down as the surrender value at the end of the second year I am not going to suggest, for this reason, that I want to give them perfect liberty to put down zero if they want to do so, but if it is made compulsory that they should put down the surrender value at the end of the second year, then.....

**The Honourable Sir Nripendra Sircar :** This section does nothing of the kind. It does not prevent them from saying zero for the next ten years. You cannot lay it down by a section.

**Dr. G. V. Deshmukh :** Very well, Sir. I should like to ask the Law Member some questions because it will clear my own ideas and it will also help the House. The point that I am making now is that at present all the companies and their actuaries have been going about and saying, "No. Before three years do not give any surrender value". That is the point that I want to prove to be wrong.

**The Honourable Sir Nripendra Sircar :** You are not hitting at that by this clause.

**Dr. G. V. Deshmukh :** I will request you to suggest some clause or some modification, in some way or other, if you agree with me in the principle that I am enunciating. What I want to do is to supply the raw material. I am not a lawyer myself. I do not claim to be a draftsman. All I want to do is this. I will supply the raw material of principles and I certainly leave it to the experts in the House to produce an amendment accordingly.

**The Honourable Sir Nripendra Sircar :** You have in your Group men who can produce first class finished products, not raw material merely. (Laughter.)

**Dr. G. V. Deshmukh :** If the Honourable the Law Member accepts the raw material principle of mine, I am perfectly willing to leave it both to the experts on my side—I entirely agree with the Honourable the Law Member that there are experts on my side who can produce a finished product, but if the experts on the other side want to produce a finished product I should be only too glad and willing to agree to it.

**Mr. Deputy President (Mr. Akhil Chandra Datta) :** In the meantime let us discuss this amendment. (Laughter.)

**Dr. G. V. Deshmukh :** I thought I was discussing this amendment all the time ; however, I take that suggestion. What is the point ? (Laughter.) What I was suggesting was this, that from a business point of view the present position is this. I pay Rs. 200 to a company, and with all the expenses, and with all the extravagance that they commit, still they keep Rs. 50 with them at the end of two years. And I am told that there should be no surrender value for that ! That is what they call business, which I would call dishonesty. This, so far as the individual is concerned. Let us look at the same thing on a bigger scale. What do we find on the bigger scale ? The figures which were supplied by the Honourable the Law Member, the other day, told us that something like Rs. 11 crores, that is, five crores and six crores,—something like Rs. 11 crores is the premium income per year. If you look at the figures, you will find that life insurance in this country is going up by leaps and bounds. If you see and compare the figures of 1935 and 1934 with the figures of the

[Dr. G. V. Deshmukh.]

present year you will find that something between 20 and 25 crores of insurance business has been done and the premium income per year is something like one crore. In between I want to tell you one thing and that is this. What is the lapse ratio ? Because if you do not give them anything at the end of two years, it means that they do not get anything, which is called the lapse ratio. I have taken care to find out from different companies and the lapse ratio is something between ten and forty per cent. Take the average lapse ratio as 25 per cent. That means what ? Taking one year's premium as one crore, you are making a gift of the first year's premium to these companies. That means one crore. When you come down to the second year what is it that you make a gift of to the company ? 25 lakhs. If you take the whole of the insurance, as I have said, out of 200, having Rs. 50 of mine, so far as all the companies are concerned, they will still be having Rs. 75 lakhs of the country in their possession. What I say is this. When you are legislating, is it not right that you should guard against this so-called gift of public money to the insurance companies ?

**The Honourable Sir Nripendra Sircar :** That is not done by your draft.

**Dr. G. V. Deshmukh :** As I said, for the moment if the principle is accepted it may be.....

**The Honourable Sir Nripendra Sircar :** Neither principal nor interest. Either this is accepted or this is refused.

**Dr. G. V. Deshmukh :** It will save the time of the House when the other amendments come on. Therefore, I do not think that I am wasting the time of the House. I put it at a very low minimum. There is something that I remember again. I am glad that the interruptions do not upset me ; if anything, they stimulate me and I remember a few more things. I said that in the first year a crore of rupees of gift is made to the insurance companies, and I think that when you are legislating you are bound to prevent this, call it whatever you like,—this crore and 25 lakhs. A little while ago, while discussing the amendment of my Honourable friend, Mr. Chapman-Mortimer, I had said that the lives in India are already loaded by five years, which means 15 per cent. more. So, it is not one crore but really one crore and fifteen lakhs which have been taken, and 25 lakhs. Actually what is it that you are giving to these companies by means of this legislation and not insisting that there should be some surrender value at the end of two years ? Nearly, out of two crores, a gift of Rs. 150 lakhs. Is it right to do so when you are legislating ? Therefore, I suggest that on every insurance policy there should be mentioned as to what is the surrender value at the end of two years' premium. What the surrender value should be may be left to competition. If a company chooses to put down zero, let it do so. I have not the slightest doubt that at the end of the year their premium income also will soon dwindle down to zero. Only those companies which behave fairly and treat their policy-holders properly will prosper. So, as the other parts of the amendment are concerned about the language of the province and the photographic copy, the Honourable the Law Member himself had agreed to them the other day. So, I do not want to take up the time of the House so far as those are concerned. I suggest that this amendemnt of mine be accepted by the House.



**Mr. Deputy President (Mr. Akhil Chandra Datta) :** Before I put the motion, may I draw the attention of the Honourable the Mover that as this is to be inserted after clause 39 as a new clause, the number should not be 39 (1), but it should be 39A.

**Dr. G. V. Deshmukh :** Certainly I accept it. (Laughter.)

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

“ That after clause 39 of the Bill, the following new clause be inserted :

‘ 39A. Every insurer shall publish in the policy of the insured the terms of his policy, including the surrender value of the policy from the second year from the date of the policy till it matures, in the language of the province where the insurer is carrying on his business and shall supply to the policy holder a photographic copy of the statement made by him ’.”

**Dr. Ziauddin Ahmad (United Provinces Southern Divisions : Muhammadan Rural) :** During the general discussion of this Bill every speaker who got up expressed great sympathy with the policy-holders, and now is the time for testing whether he meant seriously when he was speaking in favour of the policy-holders or he was only shedding crocodile tears. Here is a very important motion that has been moved, namely, that the policy-holder should know what is the surrender value at the end of a particular year. My Honourable friend, the Leader of the House, said that this is not necessary. The policy-holder has only to drop a line and he will be able to find out what the surrender value of his policy is. But I may tell him that there are very few intelligent people among the policy-holders and very few of them know that a policy has got a surrender value. I paid premium for four years when I was a student years ago.

**An Honourable Member :** What did you give your age as ?

**Dr. Ziauddin Ahmad :** My Honourable friend, Sir Homi Mody, has been making money on these facts ; unfortunately, I have not been. I had been paying premium for four years and on account of my financial position as a student I found that I could not keep up my policy. I had to give it up, but at that time I had no idea whatsoever that there could be a surrender value for the particular policy and I could get something. A large number of policy-holders are in the same position as myself. They think that they get so much money at the time of death or so much after a certain age but they do not know that the policy has a surrender value. In the interest of the policy-holders it is exceedingly desirable that the policy-holders ought to know what the surrender value is after a certain number of years. My friend says that the surrender value may be zero but if two agents come to me and they tell me that Company A gives a surrender value of zero, zero, zero after a certain number of years and another company B gives me a certain amount, I am sure that I would not on any account touch Company A. I quite agree that the minimum value of the surrender policy at the end of each year ought to be given and I have got an amendment on that which will come up later on. What the surrender value should be is an entirely different question. I think the Bill ought to prescribe at least a minimum surrender value at the end of each year. This is not a new thing that we are demanding. In the case of the cash certificates a provision like this has been made, that you will get so much at the

[Dr. Ziauddin Ahmad.]

end of the first year, so much at the end of the second year and so on. The company ought to tell the policy-holders definitely what they will get if the policy is surrendered after a certain number of years.

The second point as to what the surrender value should be at the end of each year will come up later on. With these words I heartily support the amendment moved by Dr. Deshmukh.

**The Honourable Sir Nripendra Sircar :** I do not propose to take more than one minute for the reason that we have made no progress of any kind today. My objects are briefly these. Dr. Deshmukh, in spite of having traversed a wide area, has not realised that so far as his amendment is concerned, he does not compel the insurance company to fix any particular value as surrender value. That is all that I meant by my interruption. If it puts down Rs. 10 for the second year, Rs. 15 for the third year and so on, it will not be hit by Dr. Deshmukh's amendment at all. Therefore, I do not see what benefit the policy holder is going to obtain. There are ignorant people here but I would like to ask how many wise people in this House who have taken insurance policies have actually read them. How many have done it?

**An Honourable Member :** None.

**The Honourable Sir Nripendra Sircar :** The ignorant villager, if he takes out a policy, he will probably put it in an earthenware jar and never find whether any surrender value is mentioned there, but the intelligent man who has sense enough to understand that at a certain point of time he will have a surrender value cannot have the slightest difficulty in finding out the surrender value. That is not the only thing. My friend also talks of the vernacular, which word has been dropped out. He wants that the surrender value must be set out in the language of the province and there should be a photographic copy of the statement made by him. Why should all this burden be placed on the insurance companies and why should the Statute-book be loaded with provisions which are not of much assistance to the policy holders? If my friend had suggested here that a certain line should be laid down for valuing surrender values, I would still oppose it as not being desirable but we are not concerned with that bigger question. I oppose this amendment.

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

“ That after clause 39 of the Bill, the following new clause be inserted :

‘ 39A. Every insurer shall publish in the policy of the insured the terms of his policy, including the surrender value of the policy from the second year from the date of the policy till it matures, in the language of the province where the insurer is carrying on his business and shall supply to the policy holder a photographic copy of the statement made by him ’.”

The motion was negatived.

Clause 40 was added to the Bill.

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

“ That clause 41 stand part of the Bill.”

**Mr. P. J. Griffiths** (Assam : European) : Sir, I move :

"That in sub-clause (1) of clause 41 of the Bill, for the words 'shall before the expiry of nine months from the date of the maturing of the policy apply to' the word 'may' be substituted."

The main point of this amendment is that the apparent object of the present provisions of the clause is to protect the insurer. Cases occur where genuine doubt exists as to the person to whom payment of sums legally due is to be made. In such cases, to protect the insurer from the responsibility of the legal consequences of non-payment, provision has been made that the sum may be paid into Court, but since this provision is for the protection and benefit of the insurer, we feel that it should be permissive and not mandatory. Under the Criminal Law, I have a certain right of self-defence, but I am not compelled to exercise that right. I am merely allowed to do so. In the same way, since this procedure is meant for the protection of the insurer, we suggest that he should not be compelled to exercise that right. Secondly, we seek to remove the time limit of nine months which has been placed upon this particular procedure. It may often happen that somebody is away or ill, or some document is not forthcoming and at the end of nine months laid down by this clause it may not be possible to be certain whether those circumstances have arisen which necessitate payment into Court. For these reasons we suggest that the procedure should be permissive and not mandatory and that the time-limit of nine months should be removed.

Sir, I move.

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

"That in sub-clause (1) of clause 41 of the Bill, for the words 'shall before the expiry of nine months from the date of the maturing of the policy apply to' the word 'may' be substituted."

**The Honourable Sir Nripendra Sircar** : Sir, my Honourable friends of the European Group ought to be congratulated on the dexterity in composing very brief amendments which completely destroy the section. In the morning we had a very simple change of one word which, they said, was not of much consequence, but the section was destroyed. Now, my friend, Mr. Griffiths, has got hold of the wrong end of the stick. He says it is the right of the insurer to pay the money into the Court. Then why is he using the word 'shall' ; he should use the word 'may'. Everyone has got the right to do something : do not compel him. But that is not the view of the Select Committee. It is not from the point of view of the insurer but from the point of view of the insured that it has been put. What happens is this. Some companies—and I am not talking of the Oriental again—if they want to put off the evil day of payment, raise the plea that they do not know whom to pay and who can give the discharge. Here is the widow claiming as *Stridhan* and here is the nephew and the company says : "Let these fellows fight as long as they can." The whole idea is this that you are not to be allowed to do it. Take a reasonable time and nine months is more than reasonable. I regret it ought to have been made three months. If within nine months they find that there is none to whom they can honestly make over the money and be satisfied that they have got a good discharge, then let them put the money into Court and let those who are entitled to the money fight for it. As soon as the money has been put in the Court, it can be invested under

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the rules of the Court. Therefore, it is not for the benefit of the insurer but we are putting an obligation on him to prevent him from getting the use of the money on the ground that no one can establish his claim for it.

Sir, I oppose.

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

“ That in sub-clause (1) of clause 41 of the Bill, for the words ‘ shall before the expiry of nine months from the date of the maturing of the policy apply to ’ the word ‘ may ’ be substituted.”

The motion was negatived.

**Mr. S. Satyamurti :** Sir, I beg to move :

“ That in sub-clause (6) of clause 41 of the Bill, for the words ‘ deducted from the amount paid into ’ the words ‘ in the discretion of the ’ be substituted.”

As amended, if the House accepts my amendment, the clause will read thus :

“ (6) The insurer shall transmit to the Court every notice of claim received after the making of the application under sub-section (3) and any payment required by the Court as costs of the proceedings or otherwise in connection with the disposal of the amount paid into Court shall as to the costs of the application under sub-section (3) be borne by the insurer and as to any other costs be in the discretion of the Court.”

I submit that the scheme of this clause is that up to the moment when the amount is paid into Court, the insurer will pay the cost. Honourable Members will find that in sub-clause (8) of this clause it is said :

“ The Court shall decide all questions relating to the disposal of claims to the amount paid into Court.”

The original intention was that any cost involved in hearing these parties and taking evidence and coming to a conclusion should be taken out of the sum paid into the Court. We feel that, while that may be necessary in some cases, we ought to follow the general law with regard to costs in such proceedings, and leave it to the discretion of the Court, so that if there are false or frivolous claims brought forward, the cost may be collected from those people, and not from the unfortunate widows or orphans who may have their claim contested on wholly untenable grounds. I trust the House will accept this amendment.

Sir, I move.

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

“ That in sub-clause (6) of clause 41 of the Bill, for the words ‘ deducted from the amount paid into ’ the words ‘ in the discretion of the ’ be substituted.”

**Mr. S. C. Sen :** Sir, We accept the amendment.

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

“ That in sub-clause (6) of clause 41 of the Bill, for the words ‘ deducted from the amount paid into ’ the words ‘ in the discretion of the ’ be substituted.”

The motion was adopted.

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

“ That clause 41, as amended, stand part of the Bill.”

The motion was adopted.

Clause 41, as amended, was added to the Bill.

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

“ That clause 42 stand part of the Bill.”

**Dr. Ziauddin Ahmad :** Sir, I beg to move :

“ That in sub-clause (1) of clause 42 of the Bill, for the word ‘ one-fourth ’ the word ‘ one-half ’ be substituted.”

Sir, on the first reading of the Bill it was mentioned that the contribution by the policy holders is about a thousand times as much as the contribution by the share holders and therefore it is clear that the policy holders should be given more adequate representation in the directorate. Now, the Bill provides one-fourth and I think it is not sufficient. Instead of one-fourth we should have one-half. In the case of the life insurance companies it is very desirable that people who have got a larger stake in the company should have at least equal representation compared with those who have got only a nominal interest in the company. It will be seen from the figures that the interest of the policy holders in a company is much more than the interest of the shareholders. I think it is fair to demand that at least half representation on the directorate should be given to the policy holders. In fact I would like to make a provision that the policy holders should be able at any time to buy up all the shares of the shareholders so that the company might become a purely mutual insurance company. That is the most desirable thing. In fact, when the company is very much developed, there is greater stake of the policy holders in that company than that of the shareholders and I suggest that the shareholders should be eliminated after a time. That is really the correct thing to do. In this case I only move this small amendment at this stage to have the directorate divided into half and half for the shareholders and the policy holders. Sir, I move.

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

“ That in sub-clause (1) of clause 42 of the Bill, for the word ‘ one-fourth ’ the word ‘ one-half ’ be substituted.”

**The Honourable Sir Nripendra Sircar :** Sir, I oppose this amendment. For the first time the Select Committee has done, I will say, the right thing in giving them a certain amount of representation on the directorate, but to give them half, is, I think, excessive. After all we are all full of the milk of human kindness for the policy holders. Let us take a concrete view of things. These directors who represent the policy holders really know less of the business than all the other directors. The policy holders are scattered all over the country. In case some wrong is done to their interest, we have given some representation to the policy holders. If business is done by four directors represented by the policy holders, I submit that is not really in the interest of the company. I think the Select Committee has gone to the right extent in making provision under section 42 and I oppose this extension to half.

**Dr. Ziauddin Ahmad :** Are not the shareholders scattered all over India in the same manner as the policy holders ?

**The Honourable Sir Nripendra Sircar :** Yes.

**Dr. Ziauddin Ahmad :** Then why this differentiation in the case of policy holders alone.

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

“ That in sub-clause (1) of clause 42 of the Bill, for the word ‘ one-fourth ’ the word ‘ one-half ’ be substituted.”

The motion was negatived.

**Mr. M. Ananthasayanam :** Sir, I beg to move :

“ That in sub-clause (1) of clause 42 of the Bill, after the word ‘ company ’, occurring in the fourth line, the words ‘ till the tenth year from the second year of commencement of business thereof and thereafter half of the whole number of directors ’ be inserted.”

Sir, in this clause 42, provision is made for not less than one-fourth of the number of directors to be recruited from the policy-holders. Sir, this principle of giving representation on the directorate to the policy-holders has been accepted. It is in the Bill itself. Now, by this amendment what I intend to have is that within the ten years from the commencement of the business of any company the representation to the policy-holders on the directorate may be confined to one-fourth the number and thereafter, because by that time it grows sufficiently strong to take care of itself and because by that time also its policy-holders would have contributed practically 75 per cent. or even 99 per cent. of the total assets of the company, the representation to the policy-holders should be increased from one-fourth to one-half. That is the scope of this amendment. In the earlier stages, it is true that the policy-holders may not be many and, therefore, the necessity for the shareholders running the concern is more often felt and it is also necessary then that the discretion of the shareholders' directors from the earliest stages ought not to be interfered with by the policy-holders and that is why in the clause as it stands, representation to the policy-holders in the earlier stages of an insurance company's life is confined to one-fourth. That is, the policy-holders' directors will be in a minority merely watching the proceedings of the shareholders' directors and acting as a check in case the shareholders' directors go headlong. Thereafter, after ten years time, the number of policy-holders would increase and it is necessary in the interest of policy-holders—it is not merely the milk of human kindness—that their representation on the directorate should increase. There can be no insurance company without policy-holders, there can be one without shareholders. Therefore, Sir, I want the representation for the policy-holders' directors to be increased from one-fourth to half. In this country there are 201 life offices out of whom 42 are already mutual companies. The objection that the Honourable the Leader of the House raised about the unworkability of such a scheme because the policy-holders are scattered throughout the length and breadth of the country does not really hold water. There are already 42 mutual companies out of 201 life insurance companies. That is, nearly a fourth are mutual concerns and three-fourths are proprietary concerns. As the House is aware in all these 42 mutual concerns, there are no shareholders

and it is only the policy-holders that are managing these concerns. These mutual concerns are going on merrily no matter wherever the policy-holders are situated in this country and in other countries also. Therefore, the objection on account of the unworkability of the scheme falls to the ground.

Now, Sir, it is necessary to see what exactly the shareholders have contributed to the various companies that have grown up and built up their large assets and are carrying on large business not only in this country, but have extended their business to other shores also. I will give the House one or two figures culled out from this Insurance Year Book of 1935. Reference may be made to pages 108-109. Whereas in the various companies, the subscribed capital may not be more than two lakhs the paid up capital is less than one lakh. In the case of the United India Life Assurance Company of Madras, the authorised capital or the subscribed capital is two lakhs and the paid up capital is only Rs. 79,000 and its annual premium income is more than 4½ lakhs. That is the position with respect to that company. Take the Oriental: its nominal capital is ten lakhs and its paid up capital six lakhs. It has been declaring huge dividends to its shareholders. It declared nearly 75 per cent. in 1933, 62½ per cent. in 1934, in 1935 it was 37½ per cent., in 1930, it was 100 per cent. and in 1929, it was 33½ per cent. and so on. The total premium income of the Oriental is more than one crore. What I am submitting is that there are life insurance companies in this country whose paid up capital is very small but whose premium income is very large, out of all proportion to the amount of share capital either authorised or paid up. I am referring to this for this reason, to show that in the life insurance company the policyholders have got real and a much greater live interest in the welfare of the concern, than the shareholders. The shareholders are there only with a small capital and, even if the whole of the authorised capital should be called in, it may not be more than two lakhs. Take the case of the United India again, its authorised capital is only two lakhs and its paid-up capital Rs. 79,000. The reserve liability of the shareholders, in this instance, is a little over one lakh. That is all. But the income from premium is 4½ lakhs per year. That is with respect to a small company in Madras. I would, therefore, say, that the general argument that the shareholders have greater interest might apply in the first years of the life of the company. After the first ten years by which time it must have attained sufficient strength, it is necessary to protect the policy-holders' interest and their representation must be increased.

As regards investment the Honourable the Leader of the House and his 4 P.M. able assistant have tabled a motion that 66.2|3rd per cent. alone need be invested in Government and other approved securities. As regards the balance or 33.1|3rd per cent. it is left to the shareholder directors to invest it as they please. And what is this 33.1|3rd per cent. but matured claims and reserve liabilities for payment to the policy-holders? Is it not the interest of the policy-holders to see that these investments are made properly? I do not deny the interest of the shareholders; the shareholder's 50 per cent. representation is there and the policy-holders 50 per cent. is there. Let us take the case of dividends, bonuses and expense ratio. As regards expense ratio, the Managing Agents are no doubt being sent away but instead of the

[Mr. M. Ananthasayanam Ayyangar.]

Managing Agents other men might come in as managers who really are not managing directors and they might take away Rs. 5,000 a month. I am appealing to that section of the House which was so anxious to avoid parasites in one form or another. Let them avoid this parasite. Let them give some representation to the policy-holder and see that the expense ratio does not increase. The House has abolished the managing agency system : I am appealing for a curtailment of their income even in the short span of life left to them. We have been fighting against the expense ratio. The other day the Deputy Leader of my Party said that is not possible to find out what the expense ratio is. For that reason the policy-holders must have greater representation than they have. Therefore, in the interests of the policy-holders, whose interests must be paramount, I appeal to all sections of the House to support this amendment.

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

“ That in sub-clause (1) of clause 42 of the Bill, after the word ‘ company ’, occurring in the fourth line, the words ‘ till the tenth year from the second year of commencement of business thereof and thereafter half of the whole number of directors ’ be inserted.”

**Prof. N. G. Ranga (Guntur cum Nellore : Non-Muhammadan Rural) :** Sir, I am glad that an opportunity has been given to the House to discuss the main principle underlying this amendment. It is a pity that no opportunity was given to have a full-dress debate on the question whether there should be State insurance or not. I am glad, my Honourable friend, Mr. George Joseph, has brought to the notice of the House the advisability of considering the possibilities for establishing State insurance in this country. But unfortunately we have not had any opportunity at all of discussing any clause which seeks to establish in this country State insurance either straightaway or after a particular period. Failing that opportunity, I find that my Honourable friend, Mr. Ayyangar's amendment goes towards not entirely bringing about nationalisation of insurance which I would very much desire although some wiseacres think that it cannot be practicable and acceptable, or not even towards complete socialisation of insurance although some capitalists think that it is only the dream of fanatics, but towards the popularisation as well as the insurance of this insurance business itself. As my Honourable friend, Mr. Ayyangar, has made it perfectly clear, the principle underlying this amendment is not in question. It is not questioned that the rights of the policy-holders to have some voice in the counsels and control of insurance companies should be accepted, because the Select Committee itself has agreed to provide one-fourth of the directorate for the policy-holders. Having agreed so far, I do not know why my Honourable friend, the Law Member, is so opposed to its extension to one-half. Sir, I claim the right, as well as the possibility, of the working classes and peasants of this country, not only to take hold of one individual's property, but of every private property ; and the time is not very far either. It is all right for people like the Baronet from Bombay to sit snugly in their seats and smile saying, “ Not in your lifetime and not in my lifetime ”. So did the people say when they were sitting in their castles in the Balkans.



What has happened to all of them today ? I need not go to Russia, but in the Balkans, in Roumania, Jugoslavia, Czecho-Slovakia and all those countries, where are the zamindars ? The zamindars had to be sent away. They were not sent away by socialists like me, they were not sent away by revolutionaries like Pandit Jawaharlal Nehru, but they were sent away by the protagonists of the capitalists themselves like Massaryk and Pildewski and all the rest of them. And I shall not be surprised if my own Leader were to be at the head of the band of people who would be abolishing this private property. It may be that my Honourable friend, the Leader of my Party, and my other friend from Bombay, Sir Homi Mody, who has so quietly and without giving any notice to anybody gone and displaced labour by occupying that seat (Laughter),—these very same people, who have got their lakhs and millions of money thrown into the insurance companies and all the rest of the companies in this country, will be obliged to speak in my place and in my manner some day, even while they are alive.

**An Honourable Member :** How can they speak when they are dead ? (Laughter.)

**Prof. N. G. Ranga :** And they will ask the consent of the House, a House like this, not for this kind of modest proposal, but for a very much more radical proposal.

**Sir Leslie Hudson (Bombay : European) :** Sir, may I know on what amendment my Honourable friend is speaking ?

**Mr. Deputy President (Mr. Akhil Chandra Datta) :** Let us now come back to the amendment.

**Prof. N. G. Ranga :** My friend, Sir Leslie Hudson, only the other day, took a very revolutionary step in coming here and asking us to consent to his proposal to do away with these parasites and their remuneration. I agree with that—they are even worse—I am glad they are given only three years' life.

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

Times have changed in such a rapid fashion that even my friends from the European Group have proposed socialistic changes and have transferred a capitalist from this bench to that. So, Sir, it is really irrelevant, if I may respectfully submit, for anybody to come and say that it is not proper, timely, wise, to talk of a proposal like this. What is this proposal ? I would certainly completely socialise this insurance industry, but no, I am only supporting this amendment. It is a very moderate amendment. Whose money is this ? My friend, Mr. Sri Prakasa, made it perfectly clear. These insurers who claim to be thoroughly honest—we have discussed all the different phases of their honesty on the floor of this House—take the money of the policy-holders, and afterwards play all sorts of pranks with it. The other day, what happened to the Bharat Insurance Company of Lahore ? The whole bill is a record of their sins of omission and commission. My Honourable friend, the Law Member, and Mr. Sen need not have taken all this trouble, my Leader need not have pored over midnight oil, day after day, over this Bill if these insurers had been thoroughly reliable. We do not want these insurance companies to start with any handicap in the very beginning, we want to wait for ten years, we want to give them

[Prof. N. G. Ranga.]

an excellent opportunity of making good in these ten years, if they make any profits, we do not come in their way ; these companies give more bonus in order to induce more and more men to come to them, they are free to do it, if they want to burn their fingers they are free to do it. Managing Agents have three years, they are free to do what they want during these three years. But we want, at the end of ten years, the insurance companies to admit representatives of policy-holders up to 50 per cent. of their directorates. Where is the harm in this ? Is it really revolutionary ? If these things sound revolutionary, then I can only say they are really forgetting the spirit of the times. They are only sleeping.

**An Honourable Member :** Over spring mattresses.

**Prof. N. G. Ranga :** Over Kurma Avatar who is likely to give them a greater shock than the Bihar earthquake. Therefore, Sir, I commend for the acceptance of this Honourable House this moderate amendment.

There is one more consideration. Some people have been saying why not in that case turn them all into mutual insurance companies, but I dare say you all recognise the initial handicaps these insurance companies are suffering from. They cannot have any share capital. They cannot even go and get some money from their own policy holders and place it with banks and on their security issue debentures. I do not know how to bring in money at all. Most of these mutual insurance companies have come into existence only in the recent past, and they have not been able to make much progress. They have been handicapped by the existing Act and they are handicapped by this Bill also, and it is for that reason I cannot say that all insurance companies should be organised on a mutual basis. I do not see why we should not expect the shareholders' insurance companies quietly and gradually to turn themselves into mutual insurance companies by readjusting and getting the special advantages provided by this Bill, not by changing almost in sudden ways, but by changing their constitution and thus giving opportunities to their policy holders to gain the major control over their organisation. It is said you do not want shareholders' money to be controlled by somebody else. But is it all the money of the shareholders ? The fact is that most of the money that is now being invested by the insurance companies does not belong to the shareholders, but to the policy holders. Who is looking after this money ? The shareholders alone. Can you be quite sure that if you were to trust the fortunes of the policy holders to the shareholders and their directors, these directors will make a proper use of this money ? My friend, Mr. Ananthasayanam Ayyangar, has explained it very well that only 66 2/3rd per cent. the Law Member seeks to protect. The law says that these moneys should be invested in approved securities, but what about the 33 1/3rd per cent. ? Are we to let this money to be invested in all sorts of securities ? I am a nationalist, an ultra nationalist, but I do not want the policy holders' money to be squandered away in the name of so-called swadeshi industries. Swadeshi has been exploited till now by my Honourable friends from Bombay and other capitalists. I do not want this money to be squandered away on all kinds of monkey investments. I do not want them to be looked after by Sir H. P. Mody or by the Baronet. I want this money to be looked after and properly

administered by people like me. Sir, who stand to lose if these moneys are badly invested,—the people who earn their living by the sweat of their brow. It is all right, Sir, here, for people nicely dressed, with an allowance of Rs. 20 a day, in this cool comfortable climate, to laugh it over at the mere mention of raising the proportion of representation given to policy holders from  $\frac{1}{10}$ th to  $\frac{1}{5}$ . Yes, it is a very convenient thing, far away from the toiling millions of the country, 7,000 feet above here in the ethereal regions, to say that everything is all right on the western front—everything was all right, only the Emperor had to take to his own feet and run away and hide himself, to get married to a widow later on.

In conclusion, I say this : I am never tired of warning this House and the country and the capitalists, wherever they may be seated on whatever bench they may be found, that the times are changing, the time spirit is demanding greater attention from them ; and it is time that they showed greater consideration, greater respect and greater regard for the needs of the policy holders and their demands, and also to the warnings of poor people and poor advocates like me.

**Dr. Ziauddin Ahmad :** Sir, like King Lear who said to his daughter that 50 knights were better than 25, I am going to accept this amendment because I hold with King Lear that 100 knights are better than fifty. In fact we ought to have got a full directorate representing the policyholders alone and there ought to be a provision in this Bill that after a period of thirty years the policyholders should have the right to purchase all the shares of the company and turn themselves into a mutual insurance company. This is a defect in the present Bill and I am sure that after 10 years there will be another amendment to this Bill in which there will be same onslaught against shareholders as we are now having on the managing agents in this Bill. We had a very good speech from Professor Ranga and I just want to relate one incident : in 1845, an insurance man approached Prof. Adams and asked him “ How many people will be alive after a certain time ? ” Then he calculated and in his calculation the “  $\pi$  ” entered : and on being asked what it was, he said it was the ratio of the circumference to the diameter. Then insurance agent said what circumference and diameter have to do with the life and death of people. Similarly, I cannot understand what monkeys have to do with the insurance Bill. (Laughter.)

**The Honourable Sir Nripendra Sircar :** Sir, my Honourable friend, Dr. Ziauddin Ahmad, by putting that question : “ what have monkeys got to do with this Bill ? ” puts me in a very embarrassing situation. (Laughter.) The question before the House is what number or percentage of directors the policy holders should be allowed to have on the board of directors. Now, we had a very instructive address, the quintessence of all that was cogent and relevant, from Prof. Ranga. For instance, without properly understanding nationalism and ultranationalism. I cannot make up my mind whether they will have three or four directors. Necessarily I must know something about what happened in the Balkans : and I interrupted him not for taking him away from his line of argument, but only to inquire how one burns mid-night oil in day time. (Laughter.) That was all. I meant no offence.

The next important matter which has been brought out by Prof. Ranga and which really helps us to solve the question is the fact that

[Sir Nripendra Sircar.]

Kaiser Wilhelm married a widow. (Laughter.) With the help of these arguments (Renewed Laughter), I come, Sir, to the inevitable conclusion that the Select Committee has done the right thing.

Then, Prof. Ranga in his very illuminating address told us of the capitalists and millionaires on whichever benches they may be sitting. I rather thought he was looking at the bench right in front of him. (Laughter.) That again is an argument which enables me to come to the conclusion that the policy holders' directors should be only 25 per cent. and not more. I, therefore, support what is in the Select Committee's Report and oppose Mr. Ayyangar's amendment.

**Mr. S. Satyamurti :** Sir, I am grateful to the Honourable the Law Member, as I am sure the whole House is, for giving us some minutes of exquisite enjoyment. But even those minutes cannot take the House from the real argument behind this amendment. I quite agree that Prof. Ranga referred to Kaiser Wilhelm and his widow consort : my Honourable friend is perfectly right in referring to them in his own inimitable way, but neither Kaiser Wilhelm nor his widow consort has anything to do with the actual merits of the amendment. (Laughter.) I rise to support this amendment, and ask the House to vote for it ; and I want to give one very specific reason for it. If consistency makes any appeal to this Honourable House, as I believe and trust it must and will, we decided without a division, on the floor of this House only two days ago, that Managing Agents of all insurers, life and general, shall go at the end of three years, and during these three years they shall not get more than Rs. 2,000 per mensem. It was so passed without a division, because the party which has always identified itself with vested interests, the European Group, and the Government, which always says it stands for vested interests, both said that, in the interests of policy holders and in the interests of general insurance business in this country, they must go. Now, in the name of those very policy holders, we are suggesting a much more modest, a much more moderate, and a much more workable arrangement. My Honourable friend, Prof. Ranga, made this point first in his speech : that after all, all those who have thought about the subject—I am now confining myself to life insurance—have come to the conclusion that the business ought to be nationalised, and the earlier the better. I have no doubt in my own mind about it. Life insurance business is such that, if we are to get the maximum benefit to the people as a whole, if expenses are to be reduced, if the insurance habit is to become more popular in this country, if premiums are to be reduced—and let me here say in passing that in our country, our premiums for life insurance are higher than in almost any other country—one of the reasons is the enormous expenses on the part of these insurers,—I believe that the interests of our country from any point of view demand that the business of life insurance ought to be nationalised. If today we do not put forward and support that amendment, it is because we know the Government is not in the hands of the people of this country. I have no doubt that, when the Government comes into the hands of the people of this country, almost the very first thing they will do will be to nationalise the business of life insurance. Therefore, Sir, this amendment is a humble attempt in the direction of giving the people who are most affected, a higher voice in the management of life insurance companies, than the Select Committee has given.

The Honourable the Leader of the House said, more than once, that the Select Committee had done the right thing, that is to say, in providing for not less than one-fourth,—let me read to the House the words,—the words in the clause are “not less than one-fourth of the whole number of Directors of the company”. Therefore, Sir, the Bill contemplates, the Select Committee contemplates, the Government contemplate with equanimity the possibility of a rational insurance company, of a company which knows its own interest, increasing the number from one-fourth to one-half. Let me re-state the argument in another way. There is nothing in the Bill as it stands today, even if the amendment were not accepted by this House, to prevent one-half of the directors of a company being policy holders, or even the whole of them. I am suggesting, Sir, that all these arguments of disastrous consequences can have no relevance, when the Bill contemplates and provides, wherever a company so desires, for half or even more directors being policy holders. Now, Sir, we are in a minority here. And is it seriously suggested that policy holders, in all life insurance companies, should play the same futile game as we are playing here of passing Resolutions, of making suggestions, and the Government saying they will do nothing, they will not even tell us why they do nothing, because public interest demands they should tell us nothing? What is the idea, Sir, of saying that statutorily they shall be in a minority always?

Then, Sir, if really the policy holders' directors are such impossible people, that if they become one-half, something disastrous will happen to insurance companies, I suggest, Sir, that even one-fourth of them, if resourceful men, if they are unscrupulous, and if they want to hurt the affairs of the company, can do enough mischief. Therefore, there can be no argument on principle or on merits against this amendment. The argument, all along, is an assumed antithesis between the character and efficiency of shareholders' directors on the one hand and the character and efficiency of policy holders' directors on the other, and secondly, that the first class—shareholders' directors—will always keep the affairs of the insurance company above everything else, whereas the unfortunate policy-holders' directors may introduce irrelevant considerations. I have two answers to give. Sir, shareholders in this country are not *sui generis*. Shareholders are among the men and women of the country; so are policy holders. Therefore, there is no inconsistency between the character and efficiency of the shareholders' directors and that of the policy holders' directors. Secondly, Sir, the idea that policy holders' directors are likely to hurt the affairs of the company cannot hold water for one moment, because, literally, in the case of policy holders' directors if they do anything mischievous it will be a case of cutting their nose to spite their face. After all, in every life insurance company carrying on the business of life insurance, the policy holders' interests demand and require the prosperity and good working of the company. If the company goes forward and works soundly, the policy holders' interests are protected. I, therefore, ask,—why should there be this distrust of the policy holders' directors? They are bound to be men who will take the same interest as shareholders' directors in the financial affairs of the company. There are questions coming before these directors, for example, the declaration of dividends, declaration of bonuses, investments of the properties of the company, subject to what we may do, when we come to clause 26. In

**Mr. S. Satyamurti.** all these cases, my friend, the Mover of the amendment, has already pointed out that often,—I don't say often,—but sometimes, insurance companies do declare dividends, much beyond what even the most avaricious capitalist may consider reasonable. Now, Sir, it is right and proper that when these dividends are declared which are really earned out of the sums contributed by the policy holders, by way of premiums paid by them, there should be an equal voice to the policy holders, whose directors will be not less than one-half. Similarly, with regard to declaration of bonuses, there must be a proper discussion and a proper settlement arrived at. And last, but not least, I suggest, Sir, that in the matter of investments, it is very important that, considering recent happenings in this country, the policy holders' directors should have a powerful voice. It seems to me, Sir, that considering the actual amendment,—and I want to remind the House of the words of the amendment once more, if I may,—“till the tenth year from the second year of commencement of business thereof and thereafter half of the whole number of directors”.....

**An Honourable Member :** Not from the commencement of the Act.

**Mr. S. Satyamurti :** I may also add that this clause itself provides that this section shall not take effect, until the expiry of one year from the commencement of this Act. This Act will take another six or seven months to come into force ; and there will be ten years more. It seems to me that, if we believe in ourselves,—after all, Sir, we in this House are competent enough to represent lakhs of voters and to do our duties here,—if we believe in ourselves, the policy holders are men like ourselves, we should have trust in them, and I have no doubt that they will be selecting proper directors.

As for the argument that they are spread over the whole country, I have two answers. Shareholders are spread all over the country, but, unfortunately, the fact is that in several cases shareholders are in the pockets of one or two people. I am stating a matter of fact which the Honourable the Law Member must know, and in certain insurance companies the shareholders' meetings are nothing more than a farce, because A or B commands the vast majority of the shares. We must break the monopoly, and we want to break the monopoly in the interests of the policy holders one-fourth of whose directors ought to be there till the tenth year from the second year of commencement of business of these companies, and, thereafter, one-half of the whole number. It seems to me, Sir, this is a modest amendment and ought to commend itself to every section of the House. I have great pleasure in supporting it.

**Several Honourable Members :** Sir, the question may now be put.

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

“That the question be now put.”

The motion was adopted.

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

“ That in sub-clause (1) of clause 42 of the Bill, after the word ‘ company ’, occurring in the fourth line, the words ‘ till the tenth year from the second year of commencement of business thereof and thereafter half of the whole number of directors ’ be inserted.”

The Assembly divided :

**AYES—46.**

Abdul Qaiyum, Mr.  
Abdur Rasheed Chaudhury, Maulvi.  
Aney, Mr. M. S.  
Ayyangar, Mr. M. Ananthasayanam.  
Banerjee, Dr. P. N.  
Bhagavan Das, Dr.  
Chaliha, Mr. Kuladhar.  
Chattopadhyaya, Mr. Amarendra Nath.  
Chettiar, Mr. T. S. Avinashilingam.  
Chetty, Mr. Sami Vencatachelam.  
Chunder, Mr. N. C.  
Das, Mr. B.  
Das, Pandit Nilakantha.  
Datta, Mr. Akhil Chandra.  
Desai, Mr. Bhulabhai J.  
Deshmukh, Dr. G. V.  
Deshmukh, Mr. G. V.  
Gadgil, Mr. N. V.  
Govind Das, Seth.  
Gupta, Mr. K. S.  
Hans Raj, Raizada.  
Hosmani, Mr. S. K.  
Jedhe, Mr. K. M.

Jogendra Singh, Sardar.  
Joseph, Mr. George.  
Kailash Behari Lal, Babu.  
Maitra, Pandit Lakshmi Kanta.  
Mangal Singh, Sardar.  
Misra, Pandit Shambhu Dayal.  
Mudaliar, Mr. C. N. Muthuranga.  
Muhammad Ahmad Kazmi, Qazi.  
Pande, Mr. Badri Dutt.  
Raghubir Narayan Singh, Choudhri.  
Ramayan Prasad, Mr.  
Ranga, Prof. N. G.  
Rao, Mr. Thirumala.  
Saksena, Mr. Mohan Lal.  
Santhanam, Mr. K.  
Satyamurti, Mr. S.  
Sham Lal, Mr.  
Singh, Mr. Gauri Shankar.  
Singh, Mr. Ram Narayan.  
Sri Prakasa, Mr.  
Umar Aly Shah, Mr.  
Varma, Mr. B. B.  
Ziauddin Ahmad, Dr.

**NOES—56.**

Abdul Hamid, Khan Bahadur Sir.  
Abdullah, Mr. H. M.  
Ahmad Nawaz Khan, Major Nawab Sir.  
Anwar-ul-Azim, Mr. Muhammad.  
Asghar Ali, Sheikh.  
Bajoria, Babu Baijnath.  
Bajpai, Sir Girja Shankar.  
Boyle, Mr. J. D.  
Buss, Mr. L. C.  
Chanda, Mr. A. K.  
Chapman-Mortimer, Mr. T.  
Dalal, Dr. R. D.  
Dalpat Singh, Sardar Bahadur Captain.  
Essak Sait, Mr. H. A. Sathar H.  
Fazli-Ilahi, Khan Sahib Shaikh.  
Ghiasuddin, Mr. M.  
Ghulam Muhammad, Mr.  
Ghuznavi, Sir Abdul Halim.  
Gidney, Mr. C. W. A.  
Griffiths, Mr. P. J.  
Grigg, The Honourable Sir James.  
Hudson, Sir Leslie.  
James, Mr. F. E.  
Jawahar Singh, Sardar Bahadur Sardar Sir.  
Jehangir, Sir Cowasji.  
Kamaluddin Ahmed, Shams-ul-Ulema.  
Kushalpal Singh, Raja Bahadur.  
Lalchand Navalrai, Mr.  
Lang, Mr. J. O.

Lloyd, Mr. A. H.  
Mackeown, Mr. J. A.  
Manavedan Raja, Rao Bahadur K. C.  
Mani, Mr. R. S.  
Mehta, Mr. S. L.  
Mody, Sir H. P.  
Mudie, Mr. B. F.  
Nagarkar, Mr. C. B.  
Nayudu, Diwan Bahadur B. V. Sri Hari Rao.  
Ogilvie, Mr. C. M. G.  
Parsons, Lieut.-Colonel A. E. B.  
Pursell, Mr. R. S.  
Rahman, Lieut.-Colonel M. A.  
Roy, Mr. S. N.  
Sant Singh, Sardar.  
Scott, Mr. J. Ramsay.  
Sen, Mr. S. C.  
Sher Muhammad Khan, Captain Sardar Sir.  
Siddique Ali Khan, Khan Sahib Nawab.  
Sircar, The Honourable Sir Nripendra.  
Spence, Mr. G. H.  
Stewart, The Honourable Sir Thomas.  
Sukthankar, Mr. Y. N.  
Sultan Ahmad, The Honourable Sir Saiyid.  
Thorne, Mr. J. A.  
Tylden-Patterson, Mr. A. E.  
Yakub, Sir Muhammad.

The motion was negatived.

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

“ That clause 42 stand part of the Bill.”

The motion was adopted.

Clause 42 was added to the Bill.

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

“ That clause 43 stand part of the Bill.”

**Mr. L. C. Buss** (Nominated Non-Official) : I beg to move :

“ That in clause 43 of the Bill, after the figure ‘ 2 ’, occurring in the third line, the words ‘ who carries on the business of life insurance ’ be inserted.”

The point of this amendment is that restrictions in this clause are by their nature not applicable in the case of insurance business other than life insurance. In such cases the question of actuarial valuation of the assets and liabilities does not arise. It is, therefore, proposed that the application of the clause should be restricted to life insurance business. Sir, I move.

**Mr. S. C. Sen** : We accept the amendment.

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

“ That in clause 43 of the Bill, after the figure ‘ 2 ’, occurring in the third line, the words ‘ who carries on the business of life insurance ’ be inserted.”

The motion was adopted.

**Mr. L. C. Buss** : Sir, I move :

“ That after clause 43 of the Bill, the following proviso be inserted :

‘ Provided that the provisions of this section shall not apply in the case where an insurer, in addition to life insurance business, carries on one or more of the other classes of insurance business specified in sub-section (1) of section 6 ’.”

The same difficulty arises in the case of an insurer carrying on non-life business besides life business as in the case of an insurer doing non-life business only. In fact, such a company is not in a position to comply with this clause because of the complications arising from the stipulation that dividends or bonuses may only be paid out of a surplus disclosed by an actuarial valuation of the assets and liabilities. It is for this reason that the proviso is proposed. Sir, I move.

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

“ That after clause 43 of the Bill, the following proviso be inserted :

‘ Provided that the provisions of this section shall not apply in the case where an insurer, in addition to life insurance business, carries on one or more of the other classes of insurance business specified in sub-section (1) of section 6 ’.”



**Mr. Bhulabhai J. Desai :** I rise to oppose this amendment, and for a good reason. The protection that is given by this section is sought to be taken away for all practical purposes by my Honourable friends. According to this, if Rs. 10 worth of non-life business is done and millions worth of life insurance business is done, you need not have an investigation. I submit, it requires no further argument. If they had moved a sensible amendment to this effect that if there is a mixed company, that is to say, life plus something else, and that the investigation should be confined to the life part of the business and not be general, it might have been acceptable, but, as it is worded, it is utterly impossible to accept it.

**The Honourable Sir Nripendra Sircar :** I have nothing to add to the grounds put forward by the Leader of the Opposition. I oppose the amendment.

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

“ That after clause 43 of the Bill, the following proviso be inserted :

‘ Provided that the provisions of this section shall not apply in the case where an insurer, in addition to life insurance business, carries on one or more of the other classes of insurance business specified in sub-section (1) of section 6 ’.”

The motion was negatived.

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

“ That clause 43, as amended, stand part of the Bill.”

The motion was adopted.

Clause 43, as amended, was added to the Bill.

**Prof. N. G. Ranga :** I want to move only the second part of the amendment and omit the first part. I have amended the second part as follows.....

**Mr. President (The Honourable Sir Abdur Rahim) :** If no objection is raised, I will allow you to move it in the amended form.

**Prof. N. G. Ranga :** Sir, I move :

“ That after clause 43 of the Bill, the following new clause be added :

‘ 43A. An insurer shall give notice within three months of a policy lapsing informing the assured of the amount required to change the policy into a paid up policy within one year after such notice, if so desired by the assured ’.”

**I** understand the Government are prepared to accept this. Sir, I move.

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

“ That after clause 43 of the Bill, the following new clause be added :

‘ 43A. An insurer shall give notice within three months of a policy lapsing informing the assured of the amount required to change the policy into a paid up policy within one year after such notice, if so desired by the assured ’,

**Mr. S. C. Sen** : We accept the amendment.

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

“ That after clause 43 of the Bill, the following new clause be added :

‘ 43A. An insurer shall give notice within three months of a policy lapsing informing the assured of the amount required to change the policy into a paid up policy within one year after such notice, if so desired by the assured ’,

The motion was adopted.

New clause 43A was added to the Bill.

The Assembly then adjourned till Eleven of the Clock on Wednesday, the 22nd September, 1937.