

18th September 1937

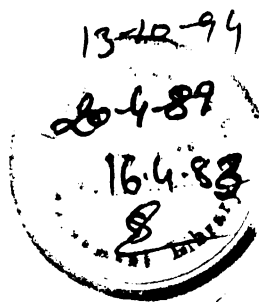
**THE
LEGISLATIVE ASSEMBLY DEBATES**

(Official Report)

Volume VI, 1937

(18th September to 29th September, 1937)

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



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Legislative Assembly.

President :

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

Deputy President :

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

SIR LESLIE HUDSON, M.L.A.

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

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MR. M. GHIASUDDIN, M.L.A.

MR. MATHURADAS VISSANJI, M.L.A.

CONTENTS.

VOLUME VI.—18th September to 29th September, 1937.

PAGES.	PAGES.
SATURDAY, 18TH SEPTEMBER, 1937,—	
<p>Statement laid on the Table <i>re</i> cases in which the lowest tenders have not been accepted by the High Commissioner for India 1937—41</p> <p>Election of a Member of the Central Advisory Board of Health 1942</p> <p>The Indian Companies (Amendment) Bill—Appointment of Mr. F. E. James to the Select Committee and extension of the time for the presentation of the Report of the Select Committee 1942</p> <p>The Insurance Bill—Discussion on the consideration of clauses not concluded 1943—97</p> <p>The Manœuvres Field Firing and Artillery Practice Bill—Presentation of the Report of the Select Committee 1997</p>	<p>MONDAY, 20TH SEPTEMBER, 1937,—<i>contd.</i></p> <p>The Destructive Insects and Pests (Amendment) Bill—Introduced 2058</p> <p>The Insurance Bill—Discussion on the consideration of clauses not concluded 2059—86</p>
MONDAY, 20TH SEPTEMBER, 1937,—	
<p>Members Sworn 1999</p> <p>Starred Questions and Answers 1999—2044</p> <p>Short Notice Question and Answer 2044—47</p> <p>Unstarred Questions and Answers 2047—51</p> <p>Statements laid on the Table 2051—58</p> <p>The Durgah Khawaja Saheb (Amendment) Bill—Introduced 2058</p>	<p>TUESDAY, 21ST SEPTEMBER, 1937,—</p> <p>Member Sworn 2087</p> <p>Starred Questions and Answers 2087—2122</p> <p>Unstarred Questions and Answers 2122—51</p> <p>The Insurance Bill—Discussion on the consideration of clauses not concluded 2151—2200</p>
WEDNESDAY, 22ND SEPTEMBER, 1937,—	
<p>MONDAY, 20TH SEPTEMBER, 1937,—</p>	<p>Member Sworn 2201</p> <p>Starred Questions and Answers 2201—42</p> <p>The Indian Mines (Amendment) Bill—Presentation of the Report of the Select Committee 2242</p> <p>The Insurance Bill—Discussion on the consideration of clauses not concluded 2242—84</p>
THURSDAY, 23RD SEPTEMBER, 1937,—	
<p>MONDAY, 20TH SEPTEMBER, 1937,—</p>	<p>Starred Questions and Answers 2285—2315</p> <p>Motion for Adjournment <i>re</i> British troops for internal security purposes—Disallowed by the Governor General 2315</p>

	PAGES.		PAGES.
THURSDAY, 23RD SEPTEMBER, 1937,—<i>contd.</i>		MONDAY, 27TH SEPTEMBER, 1937,—<i>contd.</i>	
The Insurance Bill—Discussion on the consideration of clauses not concluded	2316—61	The Patna University (Amendment) Bill—Introduced	2497
FRIDAY, 24TH SEPTEMBER, 1937,—		The Indian Companies (Amendment) Bill—Extension of time for the presentation of the Report of the Select Committee	2497
Member Sworn	2363	Resolution <i>re</i> Regulation of production and marketing of sugar—Adopted as amended	2497—2538
Starred Questions and Answers	2363—97	TUESDAY, 28TH SEPTEMBER, 1937,—	
Unstarred Questions and Answers	2397—98	Member Sworn	2539
Statements laid on the Table	2398—2411	Starred Questions and Answers	2539—76
Election of a Member to the Central Advisory Board of Health	2412	Unstarred Questions and Answers	2576—78
The Insurance Bill—Discussion on the consideration of clauses not concluded	2412—54	The Insurance Bill—Discussion on the consideration of clauses not concluded	2578—2619
MONDAY, 27TH SEPTEMBER, 1937,—		Statement of Business	2619—20
Member Sworn	2455	WEDNESDAY, 29TH SEPTEMBER, 1937,—	
Starred Questions and Answers	2455—90	Starred Questions and Answers	2621—62
Unstarred Questions and Answers	2490—91	Unstarred Questions and Answers	2662—66
Motions for Adjournment <i>re</i> —		Statements laid on the Table	2666—69
Singing of "Bande Mataram" by Muslim Members of the Madras Legislative Assembly—Ruled out of order	2491—93	Motion for Adjournment <i>re</i> indiscriminate assaults and outrages made by British soldiers at Daghahi—Disallowed	2670
Refusal by the Law Member to answer a question regarding Amendments to the Government of India Act—Ruled out of order	2493	The Insurance Bill—Discussion on the consideration of clauses not concluded	2670—2700
Statement laid on the Table <i>re</i> Agreement between the Governor of the North-West Frontier Province and the Reserve Bank of India	2499—96		

LEGISLATIVE ASSEMBLY.

Saturday, 18th September, 1937.

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

STATEMENT LAID ON THE TABLE.

CASES IN WHICH THE LOWEST TENDERS HAVE NOT BEEN ACCEPTED BY THE HIGH COMMISSIONER FOR INDIA.

The Honourable Sir Thomas Stewart (Member for Industries and Labour) : Sir, I lay on the table a statement, furnished by the High Commissioner for India, showing all cases in which the lowest tenders have not been accepted by him in purchasing stores for the Government of India during the half year ended the 30th June, 1937.

(1937)

HIGH COMMISSION

INDIA STORES

ABSTRACT OF CASES in which tenders for Stores demanded by the Central of the goods demanded, were accepted on the grounds of superior facility of inspection, HALF YEAR ENDING

Stores ordered.	Contract number.	Name of Contractor.	Amount of contract.
<i>PART A.—Cases in which lower foreign tenders, including British tenders for</i>			
<i>ten-</i>			
Bottles, water, Mk. VI, enamelled.			£ s. d.
No. 18,000 . . .	U. 2335/3484/7-12-36	F. C. Neuberger & Co., Ltd.	950 0 0 (Czecho-Slovakian).
No. 2,000 . . .	U. 2521/3484/23-12-36	Anglo Enamelware, Ltd.	141 13 4 (British)
			1,091 13 4
Test tubes— Doz. 2,700.	U. 3177/5489/4-3-37	Charles Hearson & Co., Ltd.	100 11 0 (British)

PART B.—Cases in which the discrimination

Shirting, Angola, drab:— 60,000 yards . . .	U. 2831/3897/30-1-37	John Smith (Milnrow), Ltd.	4,843 15 0 (British)
40,000 yards . . .	U. 2832/3897/30-1-37	James Harper & Sons	3,500 0 0 (British)
			8,343 15 0
Pumps, lift and force, Mk. V. No. 25.	U. 3139/6504/1-3-37	Marshall Sons & Co. (Successors), Ltd.	300 0 0 (British)
Thermometers, clinical— No. 8,000. . . .	U. 3455/5463/24-3-37	E. C. Smith	148 5 0 (British)
No. 5,940	U. 3456/5463/24-3-37	G. H. Zeal, Ltd.	150 0 11 (British)
			298 5 11

78

FOR INDIA.

DEPARTMENT.

Government, other than the lowest complying with the technical description quality, superior trustworthiness of the firm tendering, greater quicker delivery, etc.

30TH JUNE 1937.

Lowest tender not accepted.	Reason for acceptance.
1,055 11 1 (Czecho-Slovakian).	20,000 waterbottles were required for the equipment of the troops in India. The bulk of the order (18,000 waterbottles) was placed with the lowest tenderer, who offered waterbottles made in Czecho-Slovakia. In order to retain a British source of supply, as a matter of policy, the High Commissioner decided to place a small portion of the order (2,000 waterbottles) with the only British firm who tendered.
98 8 9 (German).	A portion of the tubes was urgently required. The second lowest tenderers offered much earlier delivery for this portion and their tender was preferred for that reason. There was also the advantage of greater facility for inspection.
8,135 8 4 (British)	The firm whose tender was lowest for flannel approaching the required standard had experienced difficulty in executing a recent contract for similar shirting. This caused considerable delay, and finally material below standard had to be accepted at a reduced price. The sample which they submitted for the present contract was also below the specified quality, but they undertook to correct the faults in the bulk supply. In view of this experience it was considered inadvisable to entrust them with the whole order, and 60,000 yards only were ordered from them. The remaining 40,000 yards were ordered from the next lowest tenderer, who is a thoroughly reliable manufacturer, in order to ensure as far as possible that the requirements of the Indenting Department will be met.
387 10 0 (British)	The indent asked for immediate supply. As the lowest tenderer required 12 weeks for delivery and was unable to undertake earlier delivery of an instalment, the order was placed with the next lowest tenderer who undertook to deliver twenty pumps in 4 weeks.
291 0 9 (British)	The lowest tenderer offered delivery at the rate of only 400 thermometers per week. Previously this firm had executed only one small trial order for thermometers which was delivered late. In view of the very slow delivery now offered and of the risk of delay the order was divided between this firm and the next lowest tenderer.

foreign made goods, have been set aside wholly or partially in favour of British ders.

£ s. d.

is between British firms only.

Stores ordered.	Contract number.	Name of Contractor.	Amount of contract.
			<i>£ s. d.</i>
Thread, machine— No. 17,918 cops .	W. 590/840/3-6-37 .	William Paton, Ltd. .	511 5 8 (British)
No. 5,500 cops .	W. 591/840/3-6-37 .	W. & J. Knox, Ltd. .	156 11 11 (British)
			667 17 7
Wire, barbed . 1,282 cwts.	W. 641/852/10-6-37 .	William Bain & Co., Ltd.	1,698 13 0 (British)
Nuts, mild steel No. 42,000.	W. 657/500/11-6-37 .	Thomas William Lench, Ltd.	29 3 4 (British)
Thread, machine 8,500 reels.	W. 696/1225/16-6-37 .	W. & J. Knox, Ltd. .	250 6 3 (British)
Canvas, flax, 2,000 yards.	} W. 697/1223/16-6-37 .	Stevenson & Son, Ltd.	228 2 6 (British)
Linen, brown, 4,000 yards.			
Web, hemp . 5,450 yards.	W. 724/1110/19-6-37 .	Arthur Hart & Son, Ltd.	102 3 9 (British)

PART C.—Cases in which the discrimination

Nil.

PART D.—Cases in which lower British tenders

Nil.

Lowest tender not accepted.	Reason for acceptance.
<p style="text-align: center;">£ s. d.</p> <p style="text-align: center;">656 18 10 (British)</p>	<p>The thread was demanded to arrive in India by the 15th July, 1937. If the lowest tender had been accepted the supply would have been about four months late. The order was divided between the second and fourth tenderers for delivery beginning in four and completing in six weeks, thus reaching India about six weeks late.</p>
<p style="text-align: center;">1,600 3 2 (British)</p>	<p>The indent asked for immediate supply. The lowest tenderer required 8/10 weeks for delivery. The order was placed with the next lowest tenderer who undertook to ship an instalment in 9 days and to complete within 4 weeks.</p>
<p style="text-align: center;">21 17 6 (British)</p>	<p>The indent requested immediate supply. The lowest tenderer required 18/20 weeks for delivery. The order was therefore placed with the next lowest tenderer who offered delivery in 4 weeks.</p>
<p style="text-align: center;">243 16 8 (British)</p>	<p>The thread was very urgently required. The lowest tenderer required 14/16 weeks for delivery. The order was therefore placed with the next lowest tenderer who offered delivery in 4/5 weeks.</p>
<p style="text-align: center;">226 0 10 (British)</p>	<p>The indent asked for immediate supply. The lowest tenderer required 12 weeks for delivery. The order was therefore placed with the next lowest tenderer, who offered to supply two-thirds of the quantity required from stock and to complete delivery in 5/8 weeks.</p>
<p style="text-align: center;">94 0 3 (British)</p>	<p>The indent asked for immediate supply. The lowest tenderer required 12 weeks for delivery. The order was placed with the next lowest tenderer who offered delivery from stock.</p>

is between foreign firms only.

Nil.

have been set aside in favour of foreign tenders.

Nil.

ELECTION OF A MEMBER TO THE CENTRAL ADVISORY BOARD OF HEALTH.

Sir Girja Shankar Bajpai (Secretary, Department of Education, Health and Lands) : Sir, I move :

“ That the Members of this Assembly do proceed to elect, in such manner as may be approved by the Honourable the President, one person from among their numbers to be a member of the Central Advisory Board of Health, *vice* Lieut.-Colonel Sir Henry Gidney who has ceased to be a Member of the Assembly.”

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

“ That the Members of this Assembly do proceed to elect, in such manner as may be approved by the Honourable the President, one person from among their numbers to be a member of the Central Advisory Board of Health, *vice* Lieut.-Colonel Sir Henry Gidney who has ceased to be a Member of the Assembly.”

The motion was adopted.

Mr. President (The Honourable Sir Abdur Rahim) : I have to inform Honourable Members that for the purpose of election of a Member to the Central Advisory Board of Health the Notice Office will be open to receive nominations upto 12 NOON on Tuesday, the 21st September, 1937, and that the election, if necessary, will be held on Friday, the 24th September, 1937. The election which will be conducted in accordance with the principle of proportional representation by means of the single transferable vote will, as usual, be held in the Secretary's Room between the hours of 10-30 A.M. and 1 P.M.

THE INDIAN COMPANIES (AMENDMENT) BILL.

The Honourable Sir Nripendra Sircar (Law Member) : I move :

“ That Mr. F. E. James be appointed to the Select Committee on the Bill further to amend the Indian Companies Act, 1913, for certain purposes, in place of Mr. A. Aikman.”

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

“ That Mr. F. E. James be appointed to the Select Committee on the Bill further to amend the Indian Companies Act, 1913, for certain purposes, in place of Mr. A. Aikman.”

The motion was adopted.

The Honourable Sir Nripendra Sircar : I move :

“ That the time appointed for the presentation of the report of the Select Committee on the Bill further to amend the Indian Companies Act, 1913, for certain purposes, be extended up to the 25th September, 1937.”

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

“ That the time appointed for the presentation of the report of the Select Committee on the Bill further to amend the Indian Companies Act, 1913, for certain purposes, be extended up to the 25th September, 1937.”

The motion was adopted.

THE INSURANCE BILL.

Mr. President (The Honourable Sir Abdur Rahim) : The House will now resume consideration of the Bill to consolidate and amend the law relating to the business of insurance, as reported by the Select Committee. **Mr. Lalchand Navalrai.**

Mr. Lalchand Navalrai (Sind : Non-Muhammadan Rural) : Sir, the other day, I presented an amendment* to clause 12 (1) of the Insurance Bill. My amendment refers to the actuarial investigation for the regulation of insurance companies and it provides for this. My amendment is not with reference to the insurance companies but with regard to the mutual insurance societies, and in their case I want an exception. It wants a concession that these societies, for the reasons contained in my amendment and also for the reasons that I have given the other day during my speech, should be exempt from actuarial investigation every five years. These societies have been in existence for a very long time and they are doing useful work among the poor policy-holders, and it has been represented to me and facts and figures have been placed before me to show that, if you ask for an actuarial investigation of these societies within five years, they will not be able for the reasons given by them to undergo it and they shall have to go into liquidation and it will do a great deal of harm to a number of poor people that have been taking advantage of these societies. Let me explain how these societies differ from the insurance companies.

The insurance companies are registered under the Indian Companies Act, whereas these societies are not. That is one very significant difference. The second is that, during the long period that some of these societies have been in existence, they have never been asked or rather they were exempt from this actuarial investigation under the Act of 1912. For the first time now they are being asked to have an actuarial investigation within five years and they would not be prepared, and it will be no fault of theirs, because they are not prepared for it. By a former practice they did not have to give actuarial investigation. The other thing which also entitled them to this concession is that these societies which are not registered have been doing business in a manner where they distribute all the premiums that they get to the policyholders. Also, these societies have got Directors who are honorary and they have got large establishments, and if they go into liquidation, the result will be unemployment. Unemployment is rampant in these days, and to kill these societies will aggravate the problem. They have got 180 clerks and several peons. If you ask for this actuarial investigation in such a short time, the result will be that they will have to close their doors. One good feature of these societies is that they have no managing agents. They are free from those cursed managing agents of whom we were talking the other day, and I think this ought to induce the Honourable Member to show sympathy to these managing agents. They have got no doubt a large number of agents, but they are not paid too much.

* That to clause 12 of the Bill, the following proviso be added :

' Provided that the investigation by an actuary into the financial condition including liabilities of life assurance business carried on by Insurance Societies, which were not required to undergo actuarial valuations under section 8 of Act VI of 1912 and have good past record shall be made for the first time ten years after this Act comes into force.'

[Mr. Lalchand Navalrai.]

One of these societies has about 300 agents for canvassing and also for collection, and they give only one-twelfth of the yearly premium for canvassing, and for collection they give one pice per rupee. Their working expenses are not more than eight per cent. of the total income. That is also a feature to be considered. On the question of good past record, I was asked by my friend, the Baronet from Bombay, "Who is to decide that?" Where there is a will, there is a way. When you are appointing a Superintendent of Insurance and he is all in all, he is the proper person to see whether the society has a good record or not.

Then, Sir, these societies have public opinion behind them. I shall quote an extract from the *Tribune* which says :

"If section 55 of the Insurance Bill, which is now changed to another number, were passed as it is, every society operating on the dividing principle will have to close down its shop irrespective of the fact that it might have rendered great service to the people, particularly its clientele. Some of these societies were established 40 years ago....."

Mr. President (The Honourable Sir Abdur Rahim) : I do not know if the Honourable Member remembers that this day has been specially allotted for the Insurance Bill so that we may make good progress with it. If every amendment requires the long speech which the Honourable Member is delivering, I am afraid there will be no chance of this Bill being finished this Session. There were four days of general discussion, and the arguments that the Honourable Member is advancing are really arguments which could have been put forward during the general debate.

Mr. Lalchand Navalrai : I will take your advice and the advice of others. I have been told that I am beginning with the wrong end. I have given an amendment to clause 43, and I do realise that this amendment should come after the amendment to clause 43. Therefore, I think I will be well advised to withdraw this amendment, and I, therefore, request the leave of the House to withdraw my amendment.

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

Raizada Hans Raj : (Jullundur Division : Non-Muhammadan) : Sir, I move :

"That in sub-clause (1) of clause 12 of the Bill, the words beginning with the words 'in the case of an insurer' and ending with the words 'any other insurer' be omitted."

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

"That in sub-clause (1) of clause 12 of the Bill, the words beginning with the words 'in the case of an insurer' and ending with the words 'any other insurer' be omitted."

Mr. Bhulabhai J. Desai (Bombay Northern Division : Non-Muhammadan Rural) : If amendment No. 2 is also allowed to be moved, then it is easier to proceed with the discussion.

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

Raizada Hans Raj : Sir, I beg to move :

“ That in sub-clause (1) of clause 12 of the Bill, after the word ‘ India ’, occurring in the sixth line, the following be inserted :

‘ and also in the case of an insurer specified in sub-clause (a) (ii) or sub-clause (b) of clause (3) of section 2 in respect of all life insurance business transacted by him ’.”

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

“ That in sub-clause (1) of clause 12 of the Bill, after the word ‘ India ’, occurring in the sixth line, the following be inserted :

‘ and also in the case of an insurer specified in sub-clause (a) (ii) or sub-clause (b) of clause (3) of section 2 in respect of all life insurance business transacted by him ’.”

Mr. Bhulabhai J. Desai : Mr. President, the effect of the two amendments now before the House will substantially be this, that every insurer, whether he belongs to one or the other of the several clauses mentioned in section 8, would have to have an actuarial valuation made of his business divided into two parts, (1) business in India, and (2) business outside India. It will apply as much to an Indian company operating in Malaya States as to the British company operating in India or a Canadian company operating in India. That is really the substance of the matter. In this connection, I will ask Members to turn their attention to clause 15, sub-clause (c), the importance of which will be fully appreciated. I am free to admit that, even if this is resisted, they cannot really escape as long as sub-clause (c) stands. The substance of the matter is this.

The reason why it is desirable and necessary to have a separation of the two items of business is to be able to understand how the operations in India are carried on with a view to see their results and their methods. Shortly stated, the point is this. Unless the actuarial value as well as the life fund are known, so far as they appertain to Indian business, it would not be possible to find what may be called the difference between the two, that is to say, the profits. And the importance of knowing the profits is this. Where bonuses are declared by companies, it is an important matter to understand from what source those bonuses are declared. If a bonus is declared from the profit, then, of course, to that extent, there is no objection to it. But if a bonus is declared which the profit does not bear, it clearly shows that the company that carries on a business on that footing is really issuing its policies at what you may call a real discount, that is to say, the real premium that the policyholder pays is the difference between the apparent premium. That is to say, an actuarial premium of, say, Rs. 100 and then a bonus is declared of Rs. 10. The result is that the company is buying its business at Rs. 90, though the nominal value is Rs. 100. That is one method by which the declaration of these bonuses is out of proportion to the profits and in this way they carry on what you may call dumping, that is to say, they carry on an uneconomic competition until you are able to drive your opponent out of the market. Therefore, unless the bonus is such that the profits can bear it, it is not right. In fact, it is the most convenient and most ingenious method of doing business in this country in order to undercut every other company that carries on its business *bona fide*. A *bona fide* business always looks at this.

[Mr. Bhulabhai J. Desai.]

Firstly, what is the life fund, that is to say, the premia less the expenditure. The next item to be considered is : what is the actuarial liability ? It is the difference between the two which will show what is the extent of the profit, if any ; and to the extent to which there is a profit, bonus is permissible and correct. But if the bonus is excessive in relation to the profits or the bonus is declared where the profits are too small or do not exist at all, then it is obvious that the particular insurer is carrying on its business by declaring bonuses of this kind and is selling policies, though apparently at Rs. 100 really at a discount. This is the way in which a great deal of uneconomic business is being done in this country both by outside companies and may be even by some Indian companies. The distinction, therefore, is not whether merely an outsider is carrying on uneconomic competition, but everybody who is carrying on an uneconomic competition must be checked. It would be impossible to check him unless we get these factors, life funds and the actuarial calculation. The result of deducting the second from the first will give you the first. Having done that, you are, of course, always aware from their annual contributions as to whether any bonus is declared by that company or not. As soon as they declare the bonus and knowing what profit they have got, we can exactly know whether the bonus is a genuine sharing of profits or whether it really results in dumping business at an uneconomic rate, cutting out every *bonâ fide* dealer in this country. It is easy, as is known in other instances to which I will not advert, that you may every time deplete your world fund. Take a company which is doing business throughout the world. Now, this company from its world business can easily find enough money for a few years to declare bonus, which its profit from the Indian business cannot bear. Having done that and having cut out the others, they then slowly put up their rates. In other words, it is a method of cutting out your competitor first even at a loss and afterwards, having got the monopoly in the field, they continue to thrive. I put it to my friends that no amount of jugglery can convince a man who does not fall into the snare thus laid for him. These factors are factors which, I think, must be known before one is able to say whether the competition that is being carried on, in fact, the business which is being carried on is on economic lines or uneconomic lines. We have so much insisted, for instance, on tables. But what is the good of insisting on a table which will give you an actuarial value of a particular type of a policy of, say, Rs. 5,000 with an annual premium of Rs. 100 unless that entry is going to be a genuine one ? It is no use obtaining your business at a low premium by declaring a bonus which your profits do not bear because you are really reducing your Rs. 100 to Rs. 90. They may say : We are charging ordinary actuarial rates, what is wrong with us ? But what is wrong with them is that they are pretending to do effectively what they really do not do. Their specious argument is this : But the policy holder gets it and why do you grudge it ? Even if he gets it from the outside business, the answer to this is this, that though it is a good temptation for the time being to the policy holders, in the end it results in creating a monopoly.

In this connection, I wish to give an illustration of what happened in shipping without offending my friends. You can, for instance, reduce your rates between Bombay and Rangoon from Rs. 15 to Rs. 3 for the time being and you may say : " I am carrying the goods of the shipper at such

a cheap rate. What is wrong with me ? The shipper gains." But the result in the end is that as other competitors are not able to reduce their rates to the extent of Rs. 3, they are driven out of the business. Afterwards, the rates go up even to Rs. 20. It is a process which I have seen in many other businesses which are being carried on by our friends abroad. Therefore, I submit this is one of the most important vital principles in the Bill and undoubtedly therefore it would be strenuously opposed on the other side. Before we can test whether they are carrying on business on economic lines, true and genuine economic lines in this country, for the purpose of testing that, all these items which are required in this Bill have to be required. Otherwise this Bill will have to be passed to no purpose. They will carry on competition nominally at these rates and when the Indian companies are no longer able to stand the competition and when all the competitors in the business have vanished, they will raise their rates.

Sir Cowasji Jehangir (Bombay City : Non-Muhammadan Urban) : Will the Honourable Member kindly read the clause as amended so that the House might understand.

Mr. Bhulabhai J. Desai : I will read the clause as amended :

" Every insurer carrying on life insurance business shall,"

then, the following words go :

" in the case of an insurer specified in sub-clause (a) (ii) or sub-clause (b) of clause 8 of section 2 in respect of all life insurance business transacted by him, and in the case of any other insurer,"

then, the amended clause will proceed :

" in respect of the life insurance business transacted by him in India once at least in every five years cause an investigation....."

The clause will read as follows with the second amendment :

"and also in the case of an insurer specified in sub-clause (a) (ii) or sub-clause (b) of clause (8) of section 2 in respect of all life insurance business transacted by him "

so that the actual result is as I have submitted. Shortly without going into the technical side of it, every insurer whether it is an Indian company operating now or whether it is a Canadian company operating in India will have to give two things, first the valuation of their business, the general valuation of their business in India.

Sir Cowasji Jehangir : Indian companies also.

Mr. Bhulabhai J. Desai : Yes, Indian companies also. They will have to give their valuation of their general business as well as of their Indian business. In other words, the whole point is this. We wish to know as regards each company whether Indian or non-Indian—I am not using it in any technical sense, so that my Honourable friends will appreciate that I am not re-opening any question which we have argued before—a company whether incorporated in India or in Canada and operating in Canada and India respectively—as regards both these classes—the requirement is that there shall be actuarial valuation both of their Indian business as well as of their general business. The result is when we know the actuarial valuation, we will know how it will compare with life fund, the life fund meaning—as we have defined it in a previous section—the premia taken less expenditure. Knowing that, we know the difference between

[Mr. Bhulabhai J. Desai.]

the two. Taking 'X' as the net amount of premia, and the actuarial liability that day as 'Y', the difference between the two is their profit, assuming there is a difference in favour. Therefore we will have the first item in our test, whether the bonus which they have declared bears a proportion to the profits which it is proper and economic to do because unless otherwise what you do is this. From your world-wide business, you declare bonus to the Indian fund and even though for the time being you lose on your Indian side of the business, yet you continue your bonus on the basis of your business in other parts of the world with a view to get the competing Indian life insurance companies out of the field. In other words, while your business requires you to declare a less rate of bonus, you adhere to a higher rate in the hope that the competitor would soon go out of the market, and then once you have got the monopoly, then of course you can do what you like with reference to your rates, because there is no competitor. In any case, applying the test in either way, if it is *bonâ fide*, then they could have no objection to disclose it, if it is *mala fide*, I think the law must require them to disclose it. That is really how the matter stands from the point of view of the requirements of the Act. Otherwise you really drive a coach and four through the Act by a method which we are now trying to stop if we can and this amendment is the only way in which we can stop them doing so.

Mr. P. J. Griffiths (Assam : European) : Sir, I rise to oppose the amendments moved by my Honourable friend, Raizada Hans Raj. As this is the first occasion on which it has been my privilege to speak on a matter with which no political issue is bound up, I am glad to find myself in the happy position of trying to defend the Indian companies against an extension to them of a principle which we regard as fundamentally unsound. That principle is the splitting up of the Funds. If the amendment of my Honourable friend is accepted, the effect will be that Indian companies will have to apply the provisions of the Fourth Schedule in respect of their particularly Indian business. There are many principles contained in the Fourth Schedule regarding which the application of the principle of separation of funds would be most undesirable. But I propose in this instance to call your attention to one only of these points. Part II, subsection (c) of the Fourth Schedule on page 57 requires the submission of "a valuation balance-sheet in the Form I annexed to this part of the Schedule". Now, if you turn to Form I on page 64, you will find that the particulars to be shown in the Form are—On the left hand side "Net liability under business as shown in the Summary and Valuation of Policies"—I would remind Honourable Members that all these particulars are to be shown with reference to purely Indian business—From the right hand side of this Form I, it appears that "Balance of life insurance fund as shown in the Balance-sheet" should be shown. There may be no particular difficulty about showing with regard to purely Indian business the liabilities, but our quarrel is with the proposal to compel companies to create separate life insurance funds for this country and by a logical extension of that principle for every other country in which in future they may happen to carry on business provided those countries follow the principles which are now being suggested. After all, if we wish to see the unsoundness of the proposition, let us carry it to its logical conclusion. Let us suppose similar legislation enacted in every other country in the world in

which insurance is carried on. Let us suppose that each insurance company is asked to split up its funds into 15 or 16 different parts. What would be the objections to such a course of action. I pass briefly over the fundamental point that any such principle is against the whole principle of life insurance. Why? Because the main principle of insurance is to spread your risks and spread your liabilities over as wide an area as possible. Here I would call to my aid the support of my Honourable friend, Dr. Ziauddin Ahmad, who I see is not here. Anything which depends upon the law of averages, I say, must operate in large units if any steadiness and freedom from undue fluctuation is to be preserved. After all, what is life insurance, but an application of the law of averages to a certain set of facts. The law of averages only works (here my Honourable friend, Dr. Ziauddin Ahmad, will bear me out) if the liability is spread over a sufficiently wide area. If you have any liability based on the law of averages, you must distribute it over a wide area. If you try to split into a smaller number of parts, the arrangement simply does not work, because the fluctuations will be so great that all the general laws which you are trying to apply will fail. It follows from this that if you are going to split your life funds into 15 or 16 different parts in different parts of the country and if that splitting is going to involve much greater deviation from those averages upon which your actuarial rates are calculated—in other words, if your splitting up of the funds is going to mean very much greater fluctuation in the amounts which you have to pay up—you will be going against all principles of life insurance. The first principle of insurance, I assert without fear of contradiction is to maintain the greatest possible degree of steadiness in the amounts you have to pay up. If you are to maintain that steadiness and to avoid fluctuations, you must not split up your funds into tiny little bits, here, there and everywhere.

Sir, the second objection that we have to this proposal is that it will give the policy-holder an entirely inadequate sense of the security behind any particular policy he may take. After all if one takes up an insurance policy, what does one want to see? One wants to see what is the total financial security behind that policy. For my own part, I have recently taken up a new policy—unfortunately I did it at a time, when I had not as much information about insurance business as I have now, having had opportunity to study it in connection with the debate on this Bill. I was only concerned with one thing and that was the total security—the total financial stability of the company in which I was taking up the policy. I was not interested to know whether that Company's position in Australia or Canada or anywhere else in the world was good, whether its position in some other place was particularly good and so on. All I wanted to know was whether the total volume of business stood in such a position that I could be certain of getting my money paid back at the time of maturity, and I suggest that if I had been compelled to form an inaccurate opinion by being presented with a picture not of the total business of that company but of the business done in some particular country, I might very easily have been led grossly astray. If the policy-holder is to be protected and is to be able to understand the proper position, what he must be able to see is the total business and not the business split into 16 or 17 different sections.

Then, Sir, there is another way in which this proposal, if accepted, will act adversely upon the policy-holder, and that follows from the

[Mr. P. J. Griffiths.]

simple principle that if you have great fluctuations or if you are liable to have great fluctuations because of the smallness of your fund, you have to keep in hand very much larger reserves. If your fund is so large that it goes on steadily, that the outgoings can reasonably be predicted from year to year, you have not got to keep in hand as much reserve as if you have a small fund from which you may be paying out large sums one year and very small sums next year. What is that going to mean? That instead of paying out to the policy-holders the largest possible bonus; you pay a small bonus and keep the rest against a rainy day. If there is one effect which it is certain this proposal will produce upon the policy-holder, it will be the reduction of his bonus. For all these three main reasons we are strongly opposed to this particular amendment. My Honourable friend, Mr. Desai, as far as I understood him, suggested that there was always a danger of large companies undercutting other new companies and quoting less than the proper actuarial rate. I can only say that his experience has been much more fortunate than mine. I would like to ask Mr. Desai in how many cases he has personally had a chance of being given an insurance policy at less than the proper rate by any large and responsible company. For my own part, if I had seen any such chance I should have been very quick to take it. For all these three reasons, firstly, that splitting up involves fluctuations, secondly, that showing one portion of the life fund only gives the policy-holder or the would-be policy-holder a wrong idea of the position, and thirdly, that fluctuations involve holding more in reserve,—for all these three reasons we in this Group strongly oppose the amendment now before the House.

Mr. S. Satyamurti (Madras City : Non-Muhammadan Urban) : Sir, I am surprised at my Honourable friend, on behalf of the European Group, opposing an amendment which seeks to make no discrimination between Indian and non-Indian companies. It seeks to place all insurers on the same footing. I thought, Sir, that my Honourable friends of the European Group were only out to protect what they consider their vested interests, and in respect of....

Mr. P. J. Griffiths : Sir, on a point of personal explanation, we object to this principle of splitting up of funds, whether applied to Indian, European, foreign or any other insurance company.

Mr. S. Satyamurti : I will presently answer the argument. There is no splitting of funds at all contemplated in this amendment. I challenge any businessman to get up and say that, because you are asked to keep separate accounts, you must split up the funds. It is only my Honourable friend, Mr. Griffiths, who can get up and say that. The amendment which my Honourable friend, Raizada Hans Raj, has moved simply says this—take these two amendments and read clause 12 as amended, then it will simply mean this : that every insurer carrying on life insurance business shall, in respect of life insurance business transacted by him in India and every other insurer,—that is to say, the Indian insurer and the foreign insurer,—having his place of business or domicile in India will be compelled, once at least in every five years, to have two actuarial valuations, that is to say, in respect of life insurance business transacted by him in India, and in respect of life insurance business transacted by him outside. Where is the splitting up of funds involved in this at all? There is no splitting

up of funds at all. It is a question merely of splitting up of accounts, and making up two actuarial valuations. Therefore, it seems to me, that this plea of my Honourable friend, Mr. Griffiths, for Indian companies must be looked at by Indians with some distrust. I mean no personal offence, but even if a gift comes from the Greeks, you must look at that gift, with some distrust; and when my Honourable friends of the European Group offer a gift to Indians, it is up to us to keep our eyes wide open.

Now, Sir, my friend started by saying that this is a fundamentally unsound principle. He gave no argument in favour of that "fundamental unsoundness", except an alleged splitting of funds which I suggest does not exist. Then, Sir, he invited the attention of the House to page 64 of the Bill, Form I. Honourable Members will see on the left side of the column two items which are, Net liability under business as shown in the Summary and Valuation of Policies, and Surplus, if any, Exactly, but we want to know the surplus of life business carried on in India. You have tried to hoodwink us all these years. Now, for the first time, we are trying to get these forms and accounts, some relevant informing figures about the surplus of your life business in India. May I ask my Honourable friends, who always claim business honesty and claim only a fair field and no favour and to be placed on exactly the same footing, as ourselves, why, in the name of honest business and in the name of fair field and no favour, they object to this amendment which is based on a demand for truth and facts? What is it that they have got to conceal? (*Voices from the European Benches*: "Nothing.") Then, why not say it? My Honourable friend, Mr. Lang, can say it, because he knows more of these things than my Honourable friend, Mr. Griffiths, does. Why do you object to give these figures, if you have nothing to conceal? My Leader made out this case, and because Mr. Griffiths tried to answer it, I want again to make it. The fear is this—not out of imagination but from what you have done in the past and you will do it in the future again when you get a chance,—that you seek to kill Indian business in every line by unhealthy competition, undercutting, getting money from outside; and when you have killed me you go back to your unhealthy higher rates. You did it in the case of shipping; I know it and every Indian knows it; and we suspect and believe that you are undercutting Indian business, by offering bonuses and offering inducements to the Indian policy-holder, not out of funds or profits made in this country, but out of profits made in other countries.

Dr. G. V. Deshmukh (Bombay City : Non-Muhammadan Urban) : That is their principle of business.

Mr. S. Satyamurti : Luckily they are only a minority in this House, and, if Indian businessmen and Indian patriots are wide-awake, they cannot walk away with it any longer.

Then, Sir, my Honourable friend, Mr. Griffiths, with that universality which they always affect when they want to injure Indian interests—they love every other country except India, they love England first, and then every other country, except India,—said, what does it matter to you, so long as the company has got enormous funds in other countries, what they do with their business in this country? And, he said that the Indian policy-holder is only interested in the whole security of the insurer, and

[Mr. S. Satyamurti.]

not in respect of his Indian business. Sir, I am getting accustomed to a series of surprises on this Insurance Bill, and, what the Government attitude will be, when we come to clause 26 I dare not prophesy.

Sir, undoubtedly the feeling in the House today, as far as I can ascertain it, is that we should insist on assets being kept in India, in respect at least of foreign insurers, whatever 113 may or may not mean. The idea behind it is that the Indian policy-holder is not concerned with the funds of foreign insurers in other countries, but with their funds in this country. Any policy-holder who understands insurance will agree with me that the general prosperity of a Canadian company in Canada is not going to help him at the time of a crisis, unless they have enough assets in this country, invested in trust for policy-holders. Whether this House will accept it, I cannot say, but I am merely answering the point of my Honourable friend, Mr. Griffiths. He quoted the great mathematician of the Aligarh University on the law of averages, and said that, so far as the Indian policy-holder is concerned, he does not bother about the business as conducted in India, so much as about the general welfare and security of the insurer, all over the world. I respectfully differ. There, he affected to represent the Indian policy-holder. My Honourable friends on that side have no sense of humility at all : they represent Europeans, they represent foreigners, and, if it comes to that, they will represent Indians also ; and, therefore, Sir, speaking on behalf of the Indian policy-holders, my Honourable friend, Mr. Griffiths, says, that the Indian policy-holder is not concerned with the business which is being carried on in India by these companies, so long as his money is safe. But I claim to speak for him slightly better than Mr. Griffiths can, and I want to say that the Indian policy-holder is not so unpatriotic as he used to be : he wants not only security for his money but he also wants Indian insurance business to grow. I speak for the average Indian policy-holder, when I say I want my money to be safe with an Indian insurer, as against any other insurer. Therefore, Sir, from that point of view, the Indian policy-holder demands that all steps, which can reasonably be taken in the name of law to see that there is no unhealthy competition between foreign and Indian insurers, are taken. Therefore, Sir, we demand that this information as to the profits actually arising from their business in India, should be shown in their accounts. I did not hear Mr. Griffiths give any argument on the question of the impossibility of giving such figures. After all, Sir, they are shrewd businessmen, they do not conduct their Indian life assurance business, without any idea of the profits they are making out of their Indian life business. Will any European businessman here get up, and say that any world insurer carries on business in India without having, at least for his own benefit, a clear actual up-to-date statement of how his business is going on in India ? What this amendment seeks is to put the Indian and the non-Indian insurers on the same footing, and require all of them to have their affairs actuarially valued every five years, and to have their accounts in a particular form. It is reasonable, I take it, Sir, that it ought to be done, and it will help the Indian insurers and Indian policy-holders to face unhealthy competition. I do hope, Sir, that this amendment will be accepted by all sections of the House,

including the Government, because it is based on no discrimination. It is intended to help Indian insurers and Indian policy-holders. I want no unhealthy competition in the market by non-Indian insurers against Indian insurers. I support this amendment.

Mr. T. Chapman-Mortimer (Bengal : European) : Sir, I rise to deal with some of the points raised by my Honourable friend, Mr. Satyamurti, because I feel he is under some misapprehension as to what exactly the position is, what is meant by a fund and so on. Before doing so I should like to make one or two general observations. First, I can assure him I am not going to offer gifts, so that he need not be suspicious! The second point he made was that we, in this Group, come here only to defend our interests. I suggest that is not a fair observation. We in this Group naturally want to protect our own interests : so do my Honourable friends in all parts of the House. Government want to protect their interests, and my friends opposite are always considering how to further some scheme of the Congress. In the same way we come here to protect our interests, but not, I suggest, *solely* to protect our interests. My friend says "Oh, oh!" how does he know? Mr. Satyamurti said, Sir, we are always talking about fair field and no favour, and that in this case we do not seem to like that idea. He further went on to say that we do not want to reveal information, and that the whole of our objection to this amendment is simply that we want to conceal something. My Honourable friend, Mr. Griffiths, has so ably dealt with the objection, on principle, to this amendment, that I do not propose to cover the same ground, but I propose to take up Mr. Satyamurti on his own ground. He talked all the time about the splitting up of *funds*, and he assured Honourable Members that there was no question of splitting up of funds in this amendment. Now, Sir, the mere fact that he talked about the splitting up of *funds* shows that he does not, if I may say so with due respect, understand what the exact object of this amendment is. I should like just to explain that in insurance accounting you are dealing with a much more complicated form of accounting than you have in any other business. You have on the one hand the life assurance fund, then there are assets which are often loosely called funds,—and I think that is really what was in my Honourable friend's mind,—and thirdly, you have the liabilities. This amendment means the splitting up of the life fund, and that is what we object to. My Honourable friend, Mr. Griffiths, explained that point so clearly and so well that I do not propose to go into that again. I merely draw the attention of this House to this fact, that my Honourable friend, Mr. Satyamurti, is quite wrong when he says that no splitting up of the funds is involved. If he means by that the life fund he is wrong : if he means the assets that is a different matter altogether. He tried to suggest that this was merely an accounting item. Well, any one knows it is an accounting item, but that accounting item is not like the separation of certain items in the accounts of an ordinary commercial concern. If my Honourable friend will turn to Fourth Schedule, page 57, he will see there a valuation balance sheet, and then if he turns to the statement to which he himself referred he will see there "balance of life insurance fund". It is that fund which will be split, and following from that will be the separation of the Indian business

[Mr. T. Chapman-Mortimer.]

from the rest of the business with the fluctuating results in profits and its effect on bonus and other payments, to which my Honourable friend, Mr. Griffiths referred. My Honourable friend, the Leader of the Opposition, and Mr. Satyamurti seem to think that the whole point of this was to restrict the bonus that would come to Indian policy-holders. Whether they admit it or not, the separation of the fund, therefore, was what they had in mind, and more than that it is what they always had in mind—namely, a complete separation of the Indian business from the rest of the business of the company to the detriment of the Indian policy-holders of the company. He said that Indian policy-holders today are more patriotic than I gather they were a few years ago and they now want more and more to insure with Indian insurance offices and not with others—British, Dominion or foreign. I have no doubt that as Indian insurance business grows and develops the natural patriotism of the people of the country will lead them, other things being equal, to prefer an Indian to a non-Indian insurance company. But that does not mean that there is any need today to prevent them from insuring, if they so wish, with non-Indian companies who may be able to offer them terms which are advantageous to them, and, therefore, in so far as they form part of this country, advantageous to India also. He went on further to suggest from that that what every one wanted was that Indian insurance should grow, that Indian insurance should be given a chance to develop on sound lines. We, on these benches, are not offering a gift: we are merely repeating what we have said on other occasions: we do not want to stand in the way of India developing her own insurance business or any other business. I made that point the other day and I feel it is perhaps necessary to repeat it again. You do not increase and improve your own business by destroying other people's business: that is the fallacy of those who think that by destroying another nation in war, you are going to enrich yourselves at the expense of that other nation. The last great European War amply proved that to destroy a competitor, to destroy another nation that does a large trade with you, does not enrich you who have destroyed that nation, though you may have ruined that nation. Sir, I strongly oppose this amendment.

The Honourable Sir Nripendra Sircar (Law Member) : Sir, as I

12 Noon.

understood the speeches of my Honourable friends, Mr. Desai and Mr. Satyamurti, the position is this: that English companies subsidise the Indian section of their business: they bring in monies from their large resources elsewhere in London; and the bonuses which they pay really could not have been paid if an Indian life fund had been separated and the bonus had to be paid from that fund. The argument led to this, that this throat-cutting rate war will mean the ruin of Indian business and the illustration of the shipping business was given. Before Honourable Members are carried away by any reference to shipping, I may remind this House that the facts are—I am reading from paragraph 14 of Mr. Sen's Report—that in 1914 the premium income of Indian life insurance companies was 1.17 crores: in 1933 it was 5.76 crores. Mr. Sen's report is probably a little antiquated now. But may I take the figures from the Indian Insurance Year Book: the total premium income of all foreign

companies—the German company is a big one and the Canadian is probably one of the largest—Canadian, German and United Kingdom and others, they come up to 4.7 crores of rupees.....

Sir Cowasji Jehangir : Life ?

The Honourable Sir Nripendra Sircar : I am talking only of life. The non-Indian insurance companies—under which I include United Kingdom, German, dominion, etc.—got Rs. 4.7 crores : in 1934 the premium income of Indian companies was Rs. 6.6 crores : that is, the Indian insurance companies have got ahead of the foreign business in life insurance by about 50 per cent. And any suggestions that there has been throat cutting warfare in rates is not borne out by the facts. The Indian life business is prosperous : I wish it more prosperity and I hope that very soon it will do even larger business. Let us come to this question from the point of view of an Indian company, and then I shall proceed to the United Kingdom companies. My Honourable friend, Mr. Satyamurti, is not right in thinking that if Government is objecting to this amendment or rather these two amendments.....

Mr. B. Das (Orissa Division : Non-Muhammadan) : Are you objecting ?

The Honourable Sir Nripendra Sircar : What do you think I am doing ? If Government is objecting, it is not on the ground of discrimination at all. I am putting forward a ground which is something other than discrimination and I take a hypothetical illustration—the Hindustan Insurance. It is a large insurance company with a life fund of nearly two crores. Of course I do not suggest to Sir Cowasji Jehangir that it is anywhere near the Oriental, in which he is interested ; but still it is a big company. It has some business—not very much—in South. It is getting on there. It has a still smaller business in Iraq and in other countries : I believe also in Ceylon, but I am not sure. Now, let us look at it from the point of view of Hindustan Insurance and then we shall proceed to the United Kingdom companies. Here the Hindustan has its life fund of Rs. 2 crores. We are asking by this gift of the Mover of this amendment that the Hindustan should separate on paper your life funds. Now, suppose in South Africa, having regard to the size of the business, the Hindustan is unable to give as large a bonus as it would be in a position to do if its funds had not been separated and it had paid an all-round bonus to all its policy holders, supposing that is the position or it may even be that the Hindustan is carrying on at a loss in South Africa for the present, my objection seriously to this—and I shall not repeat this argument when I come to 15C, as it really covers the same ground—that the policy-holder, whether in South Africa of the Indian company, or the Indian policy-holder of the Canadian Company in India, they are entitled to rely on the largeness of the resources, of the financial standing of the company as a whole. If that is so, what is the object of the separation of this fund ? If it is said,—“ well, your fund in South Africa is very small, why not pay a bonus by bringing in some money to South Africa from Calcutta ”,—to that the obvious criticism is, what is the object of showing an amount which has no relation to reality ? If

[Sir Nrupendra Sircar.]

some fund, other than the fund shown in South Africa, is really going to be the source from which your bonus will be distributed, what is the object of showing that small amount ?

Now, let us proceed further. In the South African Insurance Book,—I hope they have one,—the Hindustan Insurance Company appears as having a small life fund. It is carrying on business in South Africa at a loss for the present,—I do not say it is so. I am not stating facts about the Hindustan—but I am taking it as an example,—what is the effect on the policy-holders there ? Are they not entitled to come to the conclusion that, as a matter of fact, it is not a substantial company ? They will think : “ Oh, this is a small fund which is available to us for bonus,” and, whatever the Hindustan does it is in a tight corner. If it brings money from Calcutta and pays larger bounses than its life fund in South Africa would justify, then South Africa will say it is dumping. That is a word which covers a multitude of sins. But why should not a company which has large resources make those resources available for the benefit of its policy-holders ? What is wrong in it ? And can you get out of the situation by merely using the word ‘ dumping ’ ? I submit not.

Then, Sir, about the unfairness of competition, I think,—with my imperfect knowledge of mathematics and in the presence of my friend, Dr. Ziauddin Ahmad,—it is but reasonable to assume that if there is a larger life fund you can pay a reasonable or even a large amount of bonus out of that, which you cannot do if your life fund is small. Let us suppose there is competition, leaving aside for one moment foreign companies, because the name of foreign companies introduces unnecessary heat,—the Oriental is contrasted with a small company,—the Oriental with its huge resources is able to pay a bonus of 15 per cent. all-round, and the small company cannot pay more than one per cent., or possibly it has not got funds enough to permit of paying any bonus at all. Is it unfair competition ? Is it because that one company has so large resources that it can pay a larger bonus than a smaller company which has not sufficient resources to pay a bonus, that it is to be called unfair competition ? Then, where does the unfairness come. We may now transfer the argument to the United Kingdom. The Indian policy-holder who has taken out a policy in a Canadian or English company had every reason to think, when he took out the policy, that it was a big company, he looked at the figures, the reserves, the huge life policy fund and so on. Now he is going to be told—‘ Oh, never mind, their business is small, a separate life fund is shown, and you ought to be satisfied with that ’. I submit, Sir, there is no reason whatsoever in it. And again, just as in the imaginary case of the Hindustan the difficulty will arise if they give a larger bonus, equally in the case of the Canadian Company, they will be on the horns of a dilemma. If their comparatively small life fund in India justifies only a small bonus and they bring out money from Canada and give a larger bonus, then it is dumping. If, on the other hand, they don't bring in any money from abroad but give such bonus to the Indian policy-holders as the smaller life fund of the Canadian Company here permits, then it is a question of discrimination. I am sure Sir Cowasji Jehangir, on behalf of the Oriental, will

be quite entitled to say : ' Look at the position of the Canadian Company ; they are giving three per cent. to the Indian policy-holders, and they allow five per cent. to their Canadian policy-holders.....'

Sir Cowasji Jehangir : I won't say that ; I would like them to give as much as they can to Indian policy-holders.

The Honourable Sir Nripendra Sircar : I hope my friend will not interrupt me. If my friend means that it is quite legitimate for the Canadian company to bring in large resources from Canada and pay large bonuses here, then what is the object of showing a small fund here ? I see none.

Then, Sir, I think I have made it perfectly clear that it is not a question of discrimination, but this argument of separating your life policy fund into bits may be harmful as much to Indian companies as to non-Indian companies. It may be that one section of the House may think—' never mind about the damage to Indian companies but so long as we hit the other fellow, it does not matter what we hit him with'. I hope, Sir, the House will not accept that argument.

Then, it was said it was uneconomic competition,—that is another catch phrase. As I said, I will go back to my old but imaginary example. The Hindustan with its large resources not having split up its fund into a South African fund and an Indian fund pays a bonus at the rate of ten per cent. which would not be justified if the South African fund had been separated and a small fund had been created. As against the South African company doing business in South Africa, why is this uneconomic competition ? I have got my large resources to justify paying a bonus of ten per cent., although that would not be justified if you compel me to split it up and show a small life fund for South Africa. I submit, there is no question of uneconomic competition. The whole question is this,—the larger your resources whether you are Oriental or North British,—the greater the capacity to pay larger bonuses, and there is no reason why this life fund should be split up into different life funds all over the country in a way which does no good to the policy-holder. Of course, we are all dying for the policy-holder, but when we advance our arguments, we rather forget him for the moment. I make it quite clear that I shall not repeat these arguments when I come to 15C, because, so far as this particular point is concerned, it covers the same ground, and as my friend indicated, really this amendment is not very important, but that once for all this matter should be debated in the House. I submit, Sir, Government are unable to accept these two amendments.

Sir Cowasji Jehangir : Sir, I cannot help thinking that there has been some confusion of thought.....

The Honourable Sir Nripendra Sircar : Somewhere.

Sir Cowasji Jehangir :in one or two respects. We were told that this is one of the ways of preventing Indian people from insuring with English companies. I think my friend, Mr. Chapman-Mortimer, said so.....

Mr. T. Chapman-Mortimer : No, Sir, I don't recollect having said so.

Sir Cowasji Jehangir : I think you said ' prevent them from insuring with British companies ',—I got it down.

Mr. T. Chapman-Mortimer : I was quoting my friend, Mr. Satyamurti.

Sir Cowasji Jehangir : Now, Sir, believe me, so far as I am concerned, there is no such motive as that when I stand up to support this amendment.

Let me take just one or two arguments of my Honourable friends, but before I do so, let us understand what the amendments mean. Section 12 of the Bill provides that there shall be an investigation. Investigation is a technical term in life insurance business. An investigation means a comparison between assets, life fund and the liabilities. That is an investigation. Section 12 provides for an investigation both for Indian companies and all companies, whether they be British or foreign. But it makes one distinction. It provides that for British companies the investigation shall be with regard to their business in India. With regard to Indian companies, the investigation shall be with regard to all their business whether it be in India or in foreign parts. That is the Bill as it stands without the amendment. My Honourable friend, Dr. Ziauddin, asks where this is stated. I am reading clause 12 (1) of the Bill :

“ Every insurer carrying on life insurance business shall, in the case of an insurer specified (that is, an Indian company), in respect of all life insurance business transacted by him, and in the case of every other insurer (all others excepting Indians) in respect of the life insurance business transacted by him in India ”

Therefore, this sub-clause draws this distinction. The amendment has the effect of compelling all Indian companies, all British companies and all foreign companies to have investigations with regard to their business in India and with regard to all their business all over the world. My Honourable friends opposite contend that such an investigation—I use the word “ investigation ” in its technical sense—would cause a split in all their life fund. My Honourable friend, Mr. Griffiths, who stood up on behalf of the Indian companies, said, that it would do them damage if they had an investigation with regard to their Indian business and also an investigation with regard to all their world business combined with Indian business. Let me make this point clear ; when I say two investigations, one investigation is with regard to their business in India and the other investigation is with regard to their business all over the world, including India. Those are the two investigations which will have to be made once in five years, if the amendment is carried, both for Indian companies and for British companies. They contend that it will be splitting their life fund into so many sections. All that this clause, if amended as moved, requires, is that they shall show, and we shall show, the balance of the life fund at the end of the year one for India and one for the rest of their business including India. Now where is the hardship to insurance companies, both Indian and British, showing their life fund at the end of the year for the work done in India and for the work done all over the world ? I cannot understand this objection of splitting up the life fund . . . only into two parts under this Bill and not into half a dozen, as contended by some Honourable Members on the other side. We are only talking of the life fund of the work done in India as compared with the life fund and of the work done all over the world. Why should any company doing business in India not divulge to us the character and the methods of their work in India when it is open to them to see now, and as it has been in the past, all our accounts, and our life funds ? Why should they not show us their life funds at the end of the year in India ? The argument has been that it will mislead the public to believe that these

very big British companies working in India have not that stability which they actually have and that the person insuring with them will be misguided by seeing their life fund with regard to their work in India and will not take into account their great resources and the work they do all over the world. I contend, Mr. President, that no person who wants to insure his life will be so blind as to believe that if a British company is doing comparatively little business in India, it is a small company. They have only to look at the accounts, the life fund in India will be shown, and the life fund all over the world will be shown. The life fund in India may be small, but their life fund with regard to work all over the world will be of such a character as to assure the public of their great stability. Therefore, the argument that anybody will be misled into believing that these companies, doing business in India, are not as stable as they really are, is a fallacious one. The accounts are there, both side by side, but you will ask, why is it that we in India want to see what business others are doing in India, and what is their life fund in India? Because they have an opportunity of studying our balance sheets, our life funds, our work in India, why should we not have the same opportunity of studying their work, their methods, their balance sheets? Why should there be that distinction? Why should they see all our accounts, study all our methods and prevent us from studying their figures and their methods? We have no desire in any way to show or try to show to the public that they are less stable than they really are, and I believe that it is not complimenting those who insure their lives to say that they will be so ignorant as not to realise the stability of their big companies simply because they do little business in India. As to my Honourable friend, Mr. Griffiths's objecting, on behalf of the Indian companies to this amendment, may I most respectfully point out that he might have left that to us who represent Indian companies to object to it. If we are so mad, so foolish as to ask for this against our interests, please concede it to us as much as we are prepared to concede to you whatever you think is in your interests. I am not coming in the way of my Honourable friends asking for anything which they believe is in their interests. I have nothing further to do with it. I will say, "by all means. I am prepared to help you, if you believe it is in your interests". If I concede a thing to you, I ask you to concede the same to me. I believe that it is in my interests. You may not believe me but since I am the one who is going to suffer, don't bring up the argument that you are defending us. That is not a good argument. Let me defend myself. I am quite capable of defending myself and my interests. Let me do it. Don't do it for me. Don't try to help my interests. I know my interests.

Now, Sir, the only point is this. Are we going to be allowed to see the accounts of the Indian business of these British companies as they can see ours and are welcome to see ours or are they going to refuse us this privilege? We have heard a great deal of fair field and no favour. I wish that could be put into practice. We want fair field and no favour. If they want to come here and do business, they are welcome. They will be here for many many years to come but don't ask for a favoured position. That we cannot grant because we are also doing business in our own country. We cannot allow anybody to have a favoured position against us. No discrimination against you. I am with you but don't ask for favours.

Mr. F. E. James (Madras : European) : Does the Honourable Member think there is really any fair comparison between the five per cent. business which is being done here by the United Kingdom companies and the 95 per cent. that he is doing ?

Sir Cowasji Jehangir : I am not comparing it. I do not desire that any one who comes to insure with any British company should compare the company's life fund in India with their life fund in the world. There is no comparison. Their security is the total life fund of the company. That is their security. The assets all over the world are their security, but for purposes of competition in this country they shall not know facts and figures about our business in this country which we don't know about theirs. Everybody knows that in competition in business, it is a great advantage to know the exact financial position of your rivals doing business in India. I hope I have answered what I consider the fallacious argument of the handicap and damage that will be done by having two life funds, one for India and one for the rest of the world. Also, there is no question of splitting up the life fund into so many compartments for South Africa, for Canada and for Australia. We are not asking for that. We are only asking companies to have an investigation of their business in India as specified in the Act and I contend that they cannot have that investigation in the technical term unless they show their life fund at the end of the year and that is what they don't want to do. Their opposition to these amendments means that they refuse to allow an investigation, in the technical term, of their business in India. If they want to drive a coach and four through section 12 and ask this House to help them to do so, they are welcome to do so but I am not going to assist them to do so. I am not going to enable them to evade investigation in the proper sense of the term, which they are bound to do and which the Bill forces, us to do and which we are prepared to do, in the interests of the policy-holders, in the interests of the public and ourselves, Directors. I am prepared to have an investigation both for Indian companies and for British companies, for both sections of our business, but I am not going to assist them to evade that investigation. This amendment is placing Indian companies and all non-Indian companies on the same basis as regards investigation into both branches of the business—business in India as against business all over the world. I admit I represent a company that has business all over the world. I say that we are prepared to split up our business into Indian business and business all over the world and to place our figures at their disposal, for their inspection and I ask you to do the same and no more. I represent a company which is much bigger than many of the companies in which they are interested and if damage is going to be done I am prepared to face that damage.

Now, let me turn to my Honourable friend, the Leader of the House. He talked about damage done to the Hindustan Insurance Company. With the greatest respect, I think it will be well to leave the Hindustan Insurance Company to defend its own interests. If this amendment is going to be so damaging to the interests of the Hindustan Insurance Company my Honourable friend would have had not one telegram but a dozen telegrams from them.

The Honourable Sir Nripendra Sircar : How is the Hindustan Company to know ?

Sir Cowasji Jehangir : The amendment was on the Order Paper, three days ago. Now, Sir, it is not going to damage the Hindustan Insurance Company. If it damages the Hindustan Insurance Company, it will damage my Company much more. Take this question of bonuses. It is said that if a smaller life fund is shown at the end of the year, people in South Africa may believe that the Hindustan Insurance Company is a small, trifling company doing small business in South Africa, but people in South Africa are no fools. They will see the life insurance business done by the Hindustan Insurance Company all over the world, as compared with that done in South Africa and insurers in South Africa have all the assets of the Hindustan Insurance Company behind them. The only thing that will happen will be that the Hindustan Insurance Company will not have to show separately its business in South Africa or its life fund in South Africa. That is misleading the House. The Hindustan Insurance Company will only have to show the business it does in India and the business it does all over the world, unless the South African Government compels it to show the business it does in South Africa separately, but it will not have to do so as the South African Government do not compel them to do so and, therefore, the two figures, that the South Africans will have, will be the amount of business done by the Hindustan Insurance Company in India and the amount of business done by the same company throughout the world. How is that going to damage the Hindustan Insurance Company and how is it going to prevent them from taking any amount of money from this country to South Africa to pay bonuses ? There is nothing in the Act to prevent it, nor is there anything in this Act to prevent British companies from bringing money from England to pay bonuses to their life insurance people in India. I do not agree that anything should be done to prevent these companies from bringing moneys to India to pay bonuses to those who have insured their lives in this country. I would encourage it because it is all the better for my people if they get bonuses from money in England.

An Honourable Member : Will this amendment prevent this ?

Sir Cowasji Jehangir : No. Let the Honourable the Leader of the House say so. Is there anything in this amendment that prevents British companies to bring money in India ?

The Honourable Sir Nripendra Sircar : But what is the object of showing it ?

Sir Cowasji Jehangir : Because we do not want our business to be seen and inspected by them. We do not want our balance-sheets, our life insurance business and our life funds to be inspected by them and to be studied by them and we should be deprived of the privilege of seeing the details of the business they do in India. Why should they have this privileged position ? The days of privileged position are gone. With regard to discrimination, as I said, any time that such a thing is being done, I will be the first to protest against it. But act up to your motto : " Fair field and no favour ". That is all we ask and that is all there is in this amendment. All these arguments about bonuses are imaginary. I cannot guarantee what will be done ten years hence. I cannot guarantee what will be done two years hence. If I am here and if my voice has any weight, it will be thrown in on the side of bonuses to be paid by British

[Sir Cowasji Jehangir.]

companies from moneys in England. Amendments have been sent in, to prove that both Parties, the Independent Party and the Congress Party, want this.

Mr. T. Chapman-Mortimer : But the Leader of the Opposition wants exactly the opposite of what you want.

Sir Cowasji Jehangir : I agree that my Honourable friend, the Leader of the Opposition, went a little further than I do. But I cannot agree with him when he says that we may have to stop bonuses coming into this country or money being brought into this country to pay bonuses. I am with you and there is nothing in this Bill, whatever my Honourable friend may have said, to prevent those bonuses coming in, and nothing can be put into the Act so long as there is the British connection. If there is no British connection between England and India, then I do not know what is going to become of all of us. Nor am I concerned with what is going to happen a hundred years hence or 60 years hence. If their apprehensions are as to what is going to happen in the future and what legislation may be brought in the future, then we are beating the air. We cannot legislate today on apprehensions as to what will happen in the future. For the matter of that, there are many servants of Indian Insurance Companies who would have spent sleepless nights if they had believed that by law they were going to get only Rs. 500 a month. Are they going to die of starvation from now, because some of my friends talk of Rs. 500 a month for insurance officials who are accustomed to draw large salaries and who, in my opinion, deserve large salaries? In the same way, why take notice in legislation that we are enacting today of what some of my Honourable friends say they might do in the future. If that is the way we are going to legislate, then we cannot legislate at all. Let us look at the facts as they face us today. There is nothing in the Bill to prevent money being brought into this country to pay bonuses. All that we ask is that you and we should be placed on the same footing and on the same level with regard to our accounts. If there is anything unfair in that, then it is based on an apprehension as to what will happen in the future and not on the conditions that exist today. These, in short, are the reasons why I support this amendment.

Now, my Honourable friend, the Leader of the House, told us that British and foreign companies do business in life insurance to the extent of 4½ crores, while Indian companies do it to the extent of 6½ crores. That is correct. I am glad to see that he quoted those figures with satisfaction. It is the ambition of every country that its companies and its industry should grow.

Mr. Bhulabhai J. Desai : All business.

Sir Cowasji Jehangir : It is a legitimate ambition and we have been told up to now that Britishers who have lived in India all their lives are similarly gratified at seeing such figures. I do not know why my Honourable friend should have brought up these figures except perhaps to refute the argument that there was cut-throat competition. Even if there is cut-throat competition, my Honourable friend, the Leader of the House, was quite prepared to say that a bigger company has advantages over a smaller company. That will exist for ever. We have no desire to give Indian companies any advantage over English companies. We do not

want them to take an advantage over us. That is the point. It is not a question of our taking an advantage, but it is a question of their taking an advantage by not showing us their facts and figures of the business done in India. Do not tell us that it is such a great handicap and it is impossible to do. They might as well go and talk to people who know nothing about insurance business. They can easily split up their life fund into two. They are not physically cutting up their liabilities if they only show what they do in India. They do not want to have that investigation which will force them to have an analysis of that figure.

Mr. President, in short again and to emphasise a point because I find that a lot of emphasis is necessary with some of my Honourable friend on the Treasury Benches to drive it in.....

The Honourable Sir Nripendra Sircar : Then, you cannot be short.

Sir Cowasji Jehangir : I do not want to be because the matter is of great importance. There is nothing in this bonus argument ; there is nothing in this splitting of life fund argument. The long and short of it is that there is an attempt to avoid an investigation by companies, which are non-Indian, in the matter of business done in India. An attempt is being made in that direction and that is the attempt we propose to resist. That, in short, is the position. I trust that none of my Honourable friends will be misled by those arguments of damage being done to British companies. None of these arguments hold good at all. This is a bare-faced attempt to get preferential treatment in one respect in India.

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 negatived.

Dr. G. V. Deshmukh : Mr. President, it is difficult to understand the opposition to this very reasonable amendment, for this reason that whereas my Honourable friend, Mr. Griffiths, puts his opposition on scientific grounds, the Honourable the Leader of the House puts it on practical grounds. My Honourable friend, Mr. Griffiths, says, that on scientific grounds of splitting up of funds and the law of averages, this amendment should not be accepted, whereas, so far as the Honourable the Leader of the House is concerned, he opposes it entirely on the practical ground of bonus and what is the use of having it mentioned in the statement. It seems to me, Sir, that in all these discussions, I do not think that although different accounts were made of these different funds in different parts—such as the Indian section or the European section, I do not think that it precludes any company from giving bonus or from giving benefit of their large funds accruing from business in other countries, and, therefore, it is difficult to understand as to why a statement of the account of business done in this country should not be mentioned in this country. So far as the scientific grounds are concerned, they have been well explained by my Honourable friend, Mr. Satyamurti. What is this law of averages of which so much is being made ? We have heard *ad nauseam* that the whole of this Bill is for the purpose of the benefit of the policy-holders. Once

[Dr. G. V. Deshmukh.]

this law of averages may be all right so far as the setting up of the business is concerned, but once the business has been set up every time the law of averages need not be put forward. To give you an instance, Sir, from my line : a patient once went to a surgeon and wanted to be operated. Naturally the patient asked the surgeon, " Well, Doctor, is it a very serious operation ". The surgeon says : " No, the percentage of mortality on the average for these operations is about 50 per cent. I have operated during the last few years 50 cases who all died at my hands and as you are the 51st man to be operated, according to the law of averages, you may survive this operation." (Laughter.) Well, Sir, this law of averages cannot apply in the case of all these vital matters. After all we have been given to understand that so far as life insurance business is concerned, it is not like a profit making business ; it stands on an entirely different footing. So far as I know, it is entirely on a scientific basis. I can understand their not being willing to expose whatever their profits may be or whatever their calculations are, if it were a profit making business. But my Honourable friends cannot insist on life insurance business being merely a profit making business. My submission is that the life insurance business which has been built up for the last 200 years has been entirely by the co-operation not only of merchants and actuaries but also the co-operation of the different branches in public life such as the medical science, the actuaries, the accountants and so on. What has been the result ? The actuaries were assisted by the mortality tables, the Managing Agents have been assisted by the medical profession as well as by the Accounts Department. Why should there be any objection to putting down a statement of their Indian business so far as valuation and also their liabilities, their life insurance fund are concerned ? My plea for giving these particulars in the statement is this. In case the British life insurance companies or foreign companies are doing it on a scientific basis—we Indians are after all juniors to them in this line,—we will be able to profit by their example. If their example is good, we will follow them ; on the other hand if their example is bad, we will be able to point out to them their defects, and we will condemn their methods. If on no other ground, at least on this ground, I say the British companies here and the foreign companies should not hesitate to expose their Indian accounts, and it is for this reason that it will be for the benefit of the life insurance business as a whole and it will be for the benefit of the policy holders. It is from that point of view that I urge on my British friends here not to oppose this amendment, but to withdraw their opposition.

Dr. Ziauddin Ahmad (United Provinces Southern Divisions: Muhammadan Rural) : Sir, it is an old saying that when thieves fall out, then the property of the honest man is safe. The speech which I just now heard from my Honourable friend, Sir Cowasji Jehangir, has left an impression on my mind, not knowing the intricacies of insurance business, that there is something mysterious in the business itself. He is so anxious to see the secrets of other companies that it makes me extremely suspicious about the whole matter. If I hear a few more speeches of that type, I will have no alternative but to table an amendment here, on the floor of the House, that all insurance companies should be wound up in the interest of the people of India and in the interest of the policy-holders themselves and that Government alone should be permitted to carry on this business. (Hear, hear.)

Now, he laid so much stress on showing the accounts that I cannot possibly understand what really it means; and the impression on my mind is that there is so much cooking of accounts that they do not like to show these accounts to others. There may be a number of secret rebates and secret commissions and large bonuses given to the Managing Agents and large salaries paid to the managers, that they are exceedingly anxious to conceal the whole thing as far as possible. Therefore, I have become very suspicious of the whole business which I obviously considered to be scientific. It is a business by means of which these big maguates really make every attempt to cheat the policy holders and to get money in as many ways as possible. Therefore, I appeal to Government to safeguard the interests of honest men living in this country. If it is their duty to safeguard the lives and properties of people, it is also their duty to save them from these parasites. I am not speaking of the Indian insurers or the foreign insurers but of insurers as a class. I have become suspicious of the whole thing, and with a few more speeches of this type I think I would carry on a propaganda against them. This is my general impression, and I think that the time has come when we ought to consider this question rather seriously in the interest of the policy holders.

Now, as regards the amendment itself, if I understood it rightly, it simply means that whether the policy holder, in this country, who has insured his life with a foreign company, should or should not be entitled to the bonus which the company had really derived from their business outside India.

Sir Cowasji Jehangir : No, that is not the amendment at all.

Dr. Ziauddin Ahmad : That is really the issue.

Sir Cowasji Jehangir : No, that is not the issue at all.

Dr. Ziauddin Ahmad : That is the real issue. When they want the accounts to be separated and shown separately, the logical consequence of that is that they will show the bonus derived from their profits derived in this country separately. That is the logic. If they show the Indian accounts separately, naturally the company will say, "Why should we give the policy holder in India more than what we earn in this country ?

Sir Cowasji Jehangir : I may point out, Sir, that there is nothing to stop British companies from bringing monies into India and crediting it to their revenue account to enable them to pay bonuses.

Dr. Ziauddin Ahmad : There is nothing in the Bill against you paying me a crore of rupees, but why should you do it ? Why should foreign companies bring to India profits which they earned outside ? They will only do it if business is one, but they will not do it if the business is entirely separated. We may argue but this is the logical consequence.

Sir Cowasji Jehangir : That is not so at all. What is the use of saying that black is white and white is black ?

Dr. Ziauddin Ahmad : To my mind the issue is clearly this, whether the Indian policy holder should be entitled to the bonus which that company derives from their business in India or from the profits of the company as a whole. My friend says that is not the issue, but if you ask them to keep accounts separately, naturally the policy holders of

[Dr. Ziauddin Ahmad.]

other countries will prevent the company from taking their money to India, because there is separate income and expenditure and the money must be kept in watertight compartments. We are providing elsewhere that every foreign company must keep a certain portion of their capital in India. As far as the security of payment is concerned life policy holders are perfectly safe because the money is in India. And if you keep the account separate and show it separately then naturally, whether my friends agree or not, the policy holders will not expect any bonus which is derived from foreign transaction. (*Voices of "No, no."*) Companies may pay but actually they will not do so. This is the object and I think it is very desirable that the Indian policy holders should derive the full bonus from the business conducted anywhere else. Now, Sir, I have been told, very often, here, that life business done by the foreign companies is only 10 per cent. of the total amount done by the Indian companies. The amount is very small, and the only thing is whether this ten per cent. should be permitted to take the full benefit of the bonus which has really accrued from the business of the company all over the world. My friend, Sir Cowasji Jehangir, is very keen on one particular point, namely, competition of Indian companies with foreign companies. I will remind him of what Sir Homi Mody said, that big business is always done in Bombay ; and I must say they have no sympathy whatsoever for small companies. In textiles we have seen, repeatedly, that they have very little sympathy with cottage industries. They want to suppress and kill the smaller concerns, and on the other hand they want to be protected from outside. Therefore, they want to have it both ways, protection from inside as well as from outside. We are prepared to protect our bigger industries provided the bigger industries are generous enough to protect the smaller industries. I repeat that the issue before us in this amendment is whether the policy holders in India, who get their policies from British companies, should or should not be entitled to get the benefit of the profits which companies make elsewhere. I am strongly of the opinion that Indian policy holders should get the profits.

Mr. M. Ananthasayanam Ayyangar (Madras ceded Districts and Chittoor : Non-Muhammadan Rural) : I am very sorry that with all his learning the speaker who has just sat down has entirely misunderstood the scope of this amendment. The Honourable Members of the European Group have, I know, understood its scope, but they are trying to misunderstand it. As regards the Leader of the House I will presently answer him as to how this amendment is necessary in connection with the aspects in which he has placed this matter before this House. First, let us understand the original section of the Bill and, thereafter, the scope of this amendment. The clause of the Bill refers to actuarial valuation of assets and liabilities of all insurance companies once every five years : with respect to companies which have their headquarters or principal place of business outside India, this is confined under the present clause to their Indian business only ; and, so far as companies, which are incorporated in India or are domiciled in India or have their principal place of business in India, are concerned, there is a clause in the present Bill requiring their accounts to be actuarially valued not only with respect to their Indian business, but also with respect to their foreign

business. The amendment wants that with respect to business transacted by Indian companies there ought to be a differentiation between their Indian business and their whole business. That is what the amendment seeks. It does not affect foreign companies whose principal place of business is outside British India. Under the Bill, as it stands, foreign companies with their principal place of business outside British India and transacting business all over the world have to confine their actuarial valuation only to their business in India. Now, Sir, what objection can the Honourable Members who belong to the European Group have to this? Assuming that the life fund is split, it is a thing of which we need not be afraid, but the life fund is not going to be split. All that we want to do now by this amendment is to place Indian insurers also on a line with other insurers. I did not understand their objection, but I have scratched my head very deeply. They, now pretend to be our helpmates, our friends, but if the amendment is not carried they will come again and say there is discrimination between English companies and Indian companies and that while so far as Indian companies are concerned you have a single life fund, one actuarial valuation of their entire business both that transacted in India and that transacted outside India, you want a separation in the case of English foreign companies.

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. M. Ananthasayanam Ayyangar : Sir, just before Lunch I was submitting that so far as the European section is concerned they need not be alarmed at this amendment, and need not protest against it, as it does not affect their position at all. Even if this amendment is not passed, the non-Indian insurer will have to submit to actuarial valuation all his assets and liabilities under the existing clause 12. This amendment does not seek to interfere with that. All that it seeks to do is to place the Indian insurer on a par with the non-Indian insurer so far as the actuarial valuation of the Indian business is concerned. Further, so far as the Indian insurer on a par with the non-Indian insurer so far as the actuarial also, what he is asked to do by this amendment is that he should not only submit to actuarial valuation all his Indian business but also the whole of his business in its entirety. Even there, there is no splitting up. The only addition that is sought to be made by this clause is that whereas under clause 12 as it stands the non-Indian insurer is asked to submit to actuarial valuation his Indian business only, and the Indian insurer is asked to submit to actuarial valuation his whole business, it is further made incumbent on the Indian insurer to show in addition to submitting the whole of his business, his Indian business separately for actuarial valuation. The Indian insurer's life fund will not be split, and this amendment affects only the Indian insurer. Even if this amendment is lost, the non-Indian insurer would not be affected by it. His liability to submit his Indian business to actuarial valuation still stands.

Mr. Sen in his elaborate report has found that the only safeguard for policy holders in this country, who enter into business contracts with

[Mr. M. Ananthasayanam Ayyangar.]

non-Indian insurers, is their having to submit their Indian business to actuarial valuation. This is what he says in paragraph 287 of his report :

“ The Act should provide that every foreign company must have the assets and liabilities of their Indian business duly valued by a qualified Actuary once at least in every five years and that the procedure relating to valuation of Indian companies should be applicable to these companies as well.”

It is on this report that clause 12 as it applies to non-Indian insurers has been framed. It is not the intention of the Mover of this amendment to interfere with that liability of the non-Indian insurer in respect of his Indian business. If that has the tendency or effect of splitting up his life insurance fund into two sections, it is already there. The Honourable the Leader of the House is responsible for it and we are not trying to interfere with it. All that we desire is to bring the Indian insurer on a par with the non-Indian insurer. What is the harm? We do want to know what exactly the business is that this man does so far as India is concerned, whether he is able to crawl here before he is able to run to foreign lands. The Honourable the Leader of the House made much of our trying to extend our business in the case of one company, the Hindustan Insurance Company, to foreign lands. I do not know if he can congratulate himself or this House or the country at large on the enormous business done by that company. If these companies have been able to crawl to foreign lands, it is in spite of my Honourable friend, the Leader of the House, here, and, in spite of the Government, in spite of the obstruction and dumping that has been carried on by the foreign insurance companies to kill out and root out our Indian insurance companies. The Honourable the Leader of the House gave some figures : from the same book I will also take some figures to show how in very adverse circumstances our insurance companies have been able to get on, and why this information is necessary. The foreign insurance companies that carry on life business in this country are few : sole life insurance companies are 11 : composite companies are 13, the total number being 24. Indian insurance companies carrying on life business number 165, and composite companies 36, making a total of 201. These 201 have to struggle against 24. By the end of 1934 the total number of policies in force was 245,000 so far as foreign companies are concerned : the sum assured being 83 crores, and the policy income 4½ crores. In case of Indian companies, the total number of policies was 742,000, the sum assured being 132 crores and the premium received six crores. Now, compare these figures. These 24 foreign companies have a premium income of 4½ crores, while 201 Indian companies do business to the extent of only six crores. Are we running a proper race ? It is a race between a race horse and a lame donkey : and my Honourable friend not only wants to cripple one leg already crippled, but he wants to cripple the other leg also. The Honourable the Leader of the House says : “ You are not going to gain anything : You are not going to prevent money being brought to India from foreign countries.” But it is only for the purpose of statistical information. Even that is a legitimate desire, for this reason : in 1928 this Assembly or rather its predecessor passed an Act merely for the purpose of collecting statistics with respect to insurance companies. After all, before we come to legislate to prevent certain abuses or inroads or attacks made on our industries, we must have statistics. We cannot be groping in the

dark. For this very purpose an Act was passed in 1928 merely for collecting statistics. The Honourable the Leader of the House will kindly refresh his memory by looking at Act XX of 1928. I shall read only the preamble :

“ Whereas it is expedient further to amend the Indian Life Assurance Act, 1912, for certain purposes hereinafter appearing, and to provide for the collection of statistical information in respect of insurance business.....”

Sir, if a whole Act could be brought into existence for the purpose merely of obtaining some statistical information, surely it cannot be complained if a sub-clause is sought to be put into this Act to assure us as to what exactly these people are doing—I am talking only of Indian insurers, not the foreign assurers for whom provision is made in the report of Mr. Sen. Even the Honourable the Leader of the House cannot help it, neither can the European section. I am merely telling the European Group not to shed crocodile's tears over this effort to control Indian companies to see that they do not, before they establish a reputation in this country, try to crawl to foreign lands, thus sinking both the Indian and the foreign policy holder at one and the same time. It is for this purpose that I want this statistical information. The Honourable the Leader of the House might congratulate himself, after so many years, after 1912, on the amount of business done by the Hindustan Assurance Company in foreign lands. But the facts speak for themselves. After all these years the amount of life policies in force in foreign lands is not more than five crores, and the annual premium income is only 25 lakhs. Is this a matter for congratulation? Is it a matter on account of which we should stay our hands and not look into our own affairs? The Hindustan Assurance was taken as an example, and my friend, the Honourable the Leader of the House, said, that we had not heard from the Hindustan Insurance Company as to whether they will agree with this amendment or not: I will give him time to persuade the Hindustan Company to express its opinion, and, I am sure, having regard to the facts, they will certainly approve of this amendment. Even if it should err, we are not to depend upon one Hindustan Company. There are other companies also. Then the Honourable the Leader of the House referred to the advantages of not disclosing the income and expenditure and creating a separate life fund. That will remain on paper only. It will not really affect the business. My point is this. Is it not necessary for the policy holders of the Hindustan Company to know definitely whether the business of the Company, in foreign lands, is profitable or otherwise? Is all the money that the policy holders give to the Hindustan Company or to any other Company which may be ambitious enough to carry on their enterprise in foreign countries to be invested in such a manner that the policy holders may not know anything about the nature of the investments? Are not the policy holders to know whether the money is not frittered away in sands and deserts on the off chance of securing some business in a distant country? Is it wrong for the policy holders to be furnished with a check to see that such an unfortunate enterprise would not work to the prejudice of the Indian insurers? My friend has taken only the brighter side of the picture. We are attempting to legislate for the darker side of the picture. We have the Indian Penal Code, the provisions of which will be enforced only in the case of one in a million,—they are not going to be applied universally every day. The other day my friend, the Honourable the Leader of the House, himself referred to it and said that in spite of the

[Mr. M. Ananthasayanam Ayyangar.]

Indian Penal Code murders are committed. Therefore, I say let us not address ourselves to the brighter side of the picture only because, if perchance the business in the foreign country becomes a sinking pit and all our resources are lost, what would be the position? Is that a situation that we should encourage? Is it right for the policy holders in this country to sit idle without trying to know the position of the company in a foreign land; at any rate having regard to clause 12, is it not necessary for the policy holders to know at least once in five years as to how the enterprise is getting on? Sir, it is in that spirit that this amendment is sought to be introduced. Therefore, I inform my European friends this amendment does not touch them. Let them not unnecessarily suggest ways and means for us or to help us out of ourselves. I take it that it is not really helping us, but it is distinctly putting obstacles in our way so that we may not raise our head at any time. Even otherwise, Sir, this provision is necessary. Both the clauses 26 and 46 demand such a separate investigation. Clause 26 relates to the investment of funds in securities. The amount is fixed, that is to say, it should be at least equal to the liabilities of the insurer to policy holders in India, and such liabilities to include matured claims and reserves for outstanding policies. Now, for that purpose is it not necessary to have an actuarial valuation? Section 26 confines itself to business in India. If that is so, is it not necessary to have an actuarial valuation of the business done in India alone?

Then, there is another aspect also. In making the actuarial valuations the entire assets and liabilities have to be taken into account. That does not impose any additional burden upon the actuary. It is only a question whether the whole business is an Indian business or one of the component parts of it is the Indian business. Therefore, it does not impose any additional burden on the actuary except that he will have to use some more paper for this purpose, and some more additions will have to be made; beyond that it will not interfere with the actuarial work of the company. On the other hand, section 26 makes it obligatory upon the actuary to know definitely that the insurer is making certain investments in Government securities.

Then, we go to clause 43. I am afraid my friend, Mr. Chapman-Mortimer, has misunderstood the situation altogether, and the Honourable Member who preceded him, I mean Mr. Griffiths, also was under some misapprehension. Sir, it is not the intention of the Mover of this amendment that there should be a physical separation of the life fund, or that this fund should be split into two separate sections. It will be done only on paper. Is not the foreign insurer, under clause 12, to enter into a separate actuarial valuation? How does the Indian insurer suffer any more? As regards splitting this fund, my friend, Dr. Ziauddin Ahmad, need not be under any misapprehension. We shall welcome any amount of bonus or any amount of the wealth of foreign companies being brought to this country and distributed here. This amendment does not stand in their way at all. Merely because my friend sits by the side of my European friends, let him not change his colour. What I am saying is this. I have heard my friend saying, from time to time,—when a question of protection comes,—he is for free trade; when it is a question of free trade, he is for protection. If ever a foreign insurer is interested in giving large bonuses to policy holders in this country out of generosity, or pity or compassion,

by all means let him do so, and this amendment does not stand in his way at all. So far as the Indian insurer is concerned, the Honourable the Leader of the House was under the impression that this amendment will prevent the Hindustan Company from earning large profits here and distributing them among the policy holders in South Africa. If he will refer to clause 43, he will see it says this :

“ No insurer, being an insurer specified in sub-clause (a) (ii) or sub-clause (b) of clause 8 of section 2, shall declare or pay any dividend to shareholders, or any bonus to policy holders except out of a surplus ascertained as the result of an actuarial valuation of the assets and liabilities of the insurer.”

Sir, the words have to be carefully noted,—“ assets and liabilities of the insurer ” as a whole, and not the assets of the insurer so far as the Indian business is concerned. Thus this amendment relates to Indian insurer alone. Under clause 43, he is entitled to arrive at the surplus profits, not on account of the Indian business alone, but on account of the entire business wherever transacted. Therefore, Sir, the apprehension which the Honourable the Leader of the House has entertained has no foundation whatever. If the Hindustan Company wants to extend its jurisdiction over other countries, nothing can prevent them from doing so. All that we want to know is if really they are proceeding on sound lines or they are entering on a wild goose chase. After all, it is a process of accounting. This is only a piece of the whole. The whole is not sought to be disturbed but only a separate account of certain items alone is sought to be introduced by this amendment. Therefore, I would say that this might be supported by all sections of the House.

One more word as regards dumping. Lest the Honourable the Leader of the House should try to water down the thing on account of pressure from the Honourable Member who is sitting by his side, let me say this. Again and again we have heard from the Honourable the Leader of the House and also from certain other Members that if certain clauses are taken away by us the whole Bill will be dropped. On the other hand, I am convinced, having perused this Bill from time to time, that if you interfere with two or three items you are only trying to tighten the noose round the neck of two hundred and one companies in this country. They are struggling hard and it is not as if you are protecting them by pursuing this course. Let me take the Sun Life of Canada. They have got one million policies all over the world, whereas the policies of all the companies put together here in this country consisting of 367 millions of people,—they do not come to one million. The whole income therefrom is ten crores, whereas the income of the Sun Life alone is more than 31 crores a year. Then, is it open to the Leader of the House to say that there is nothing like dumping in this case and that the foreign company can go on competing with small Indian companies in this country by giving it a free hand and withholding even the small statistics that we want, not from it but from our own companies ? It is unfortunate that the Government does not support this amendment but I hope that after this discussion they will come round and support this amendment.

Mr. N. C. Chunder (Calcutta : Non-Muhammadan Urban) : After the very eloquent speech of my Honourable friend, Mr. Ayyangar, there is not much to be said in support of the amendment. The amendment, by itself, is not asking the European companies or the foreign companies to do anything more than what they would be bound if this clause was

[Mr. N. C. Chunder.]

passed without the amendment. As Mr. Ayyangar has very clearly shown, what is wanted of the foreign companies, now, by this amendment, is also wanted of the Indian companies, namely, that they should show their Indian business separately. This is required of all the companies, Indian or foreign. That is all that this amendment seeks to do, but, as the Honourable the Law Member, with the fairness which always characterises him, has pointed out, the real trouble is with clause 15, sub-clause (2) (c). The fight that we are now having is really a fight over that sub-clause. But that, after all, would be the difficulty of the foreign companies, especially of the U. K. companies if they had to give the abstract that is asked for from them. For my share of the original sin I have to look from time to time into that very well known book, Macgillivray on Insurance Law, and as this edition was published in 1937 I take it that after this edition there has been no change in the English law. I will draw the attention of the House to Note 3 in the 4th Schedule of Assurance Companies Act, 1909 :

“ In cases also where separate valuations of any portion of the business are required under local laws in places outside the United Kingdom, a summary statement must be furnished in respect of the business so valued in each such place showing the total number of policies, the total sums assured and bonuses, the total office yearly premiums, and the total net liability on the bases as to mortality and interest adopted in each such place, with a statement as to such bases respectively.”

Therefore, it is not at all unusual for the Indian Legislature that they should ask that separate valuations of the portion of the business of the U. K. companies, or for the matter of that, any foreign companies should be required under the Indian laws in places outside the United Kingdom or rather within their own jurisdiction. Not only that, but if you look at Note 2, you will find :

“ Separate returns and valuation results must be furnished in respect of classes of policies valued by different tables of mortality, or at different rates of interest, also for business at other than European rates.”

So that the U. K. companies, at any rate, are not being asked to do anything which they do not already do with respect to their own Assurance Companies Act. They have got to value their Indian business separately.

Mr. F. E. James : May I interrupt my Honourable friend for a moment ? I understand that that requirement under the English Act refers to summaries of separate valuations of liabilities ; and that is what is now required under the Bill now under the consideration of this House. Will my Honourable friend point to any section or any schedule in the English Act which requires the separation of the life fund ?

Mr. N. C. Chunder : But, as a matter of fact, the separation of the life fund that is wanted here is not the separation of the life fund physically.

The Honourable Sir James Grigg (Finance Member) : Of course, it is.

Mr. F. E. James : How else does my Honourable friend suggest that it can be done ?

Mr. N. C. Chunder : It must be a matter of accounting. We want these statistics. We are asking only for information ; we want to know how much of the life fund corresponds to the business which is current

in India. What is the harm in that ? What harm is there in getting knowledge ? All that we want is that we should know the method in which their business is carried on in this country and we want to know the expense at which it is carried on. If the consequences of such knowledge are disastrous to them they have only got to thank themselves. It is not suggested, and, in fact, under section 113 of the Government of India Act we cannot force them to bring their life fund and keep it in India. Therefore, what does it amount to ? We only want knowledge and are we to be denied knowledge ?

Mr. F. E. James : No.

Mr. N. C. Chunder : Then why do you fight shy of knowledge ?

Mr. F. E. James : May I interrupt the Honourable Member and say that actually all the knowledge that is required is contained in the schedules today. That is an entirely different matter from the physical separation of the life fund which my Honourable friend now requires.

Mr. M. A. Jinnah (Bombay City : Muhammadan Urban) : What do you mean ? There is no physical separation.

Mr. N. C. Chunder : If he won't understand it I cannot help him. But, so far as I read the Bill I do not see that anywhere they have been asked to bring into India, and, in fact, we are told that we cannot even ask them to bring into India, the life fund which they may hold even for their Indian business. As I was saying, we really want to know what is the method of business that they follow here in this country. The Honourable the Law Member very pertinently asked, if they give you a large bonus do you call it dumping ? It may or may not be dumping, but in the circumstances which he stated it certainly would not be dumping. But, has he not heard of a British company which raised, about four or five years ago, capital at a premium in their own country and thus obtained a million pounds, and that amount, the President himself admitted in a public speech, was earmarked for establishing their business in India ? How has that million pounds been spent ? Are we not entitled to know that ? Are we to be denied the opportunity of knowing it ? That is all that we are asking for.

Mr. S. C. Sen (Government of India : Nominated Official) : I am
3 P.M. afraid there has been a little confusion of thought in this matter. If I have understood the Honourable the Leader of the Opposition correctly, the main idea behind this amendment is to enable the Indian companies and the Indian public to find out how the non-Indian companies carry on their business in British India, to find out if the bonuses which they declare, from time to time, are warranted by the surplus which they have from their Indian business and it is on that point of view that I would like to address the Members of this Honourable House. In the first place, what is the life fund ? The life fund is nothing but the excess of the receipts over the disbursements and in order to find out the distributable surplus you have to deduct from this excess the liabilities before you can find out the distributable surplus. Let us turn to the provisions of the Bill and let us see if what we have got enables us to get at the non-Indian companies, and if we can have all the materials which we want for the purposes of comparing the business carried on by them as compared with the business carried on by the Indian Companies.

[Mr. S. C. Sen.]

I will first take Second Schedule, Form D. If Honourable Members will look into it for a minute, they will find that under the Bill as it is, it is intended that all non-Indian companies should make full disclosures about their revenues, the income and the expenditure. It must be borne in mind in this connection that before the present Bill, there was no provision which enabled any idea as regards their expenses to be had. That was one of the legitimate grievances of the Indian companies because they said they could not possibly find out anything about the mode of business of non-Indian companies without the expenses but if we look at Form D, taking it with the asterisks, in the Bill as it has emerged from the Select Committee, Honourable Members will find that it is obligatory upon all companies to disclose full details of income and expenditure.

Mr. Bhulabhai J. Desai : Don't labour something that we know.

Mr. S. C. Sen : I trust that the Honourable the Leader of the Opposition will allow me to develop my ideas in my own way. Now, let us look at clause 12. Does clause 12 provide for the information about the valuation of the liabilities of their Indian business? I submit it does.

Mr. Bhulabhai J. Desai : Then, why don't they give it.

Mr. S. C. Sen : You are not insisting upon the valuation of India liabilities only. You are insisting upon the production of the valuation of their non-Indian business in order to get a separation of the life funds.

An Honourable Member : That is the point.

Mr. S. C. Sen : My point will be that if any one is inquisitive to find out what the life fund is, the materials are there for him to find out.

Mr. M. A. Jinnah : Why not mention it?

Mr. Bhulabhai J. Desai : If it can be done, it must be done.

Mr. S. C. Sen : I submit, Sir, it is imposing a needless obligation and it will not benefit the Indian companies in the least.

An Honourable Member : That is not impossible.

Mr. S. C. Sen : Nothing is impossible in this world but we are digressing from the point. The question is what is the present amendment? In the present amendment you are asking for, not only information about Indian business but also, business overseas. Let us direct our attention to this—information about business overseas. We are not interested in finding out if they carry on their overseas business profitably or otherwise, all that you want is if any portion of the surplus from the overseas accounts is brought to India for the purpose of supplementing the bonuses. If I understood the Members opposite all right, they do not at all object to anything being brought from the overseas for the purpose of supplementing the bonuses to the Indian insurer so long as that is disclosed. That is what Sir Cowasji said.

Sir Cowasji Jehangir : I agree.

Mr. S. C. Sen : Then for what purposes do you require information about the overseas business? It is quite legitimate for Indian companies to ask to know the results of the Indian business. For that, all that is necessary is you have got to look at the Indian income, Indian expenditure

and Indian liabilities. Nothing more than that. Therefore, my submission before the House is that it is not necessary by reason of this round about way to put on additional obligation of splitting the life fund or even ascertaining what life fund appertains to the Indian business.

An Honourable Member : There is no harm.

Mr. S. C. Sen : It is not a question of harm. What do you gain by it. If you gain nothing, then why do something to spite or harass others. My submission is that in the Bill as it is there are ample materials which will enable you to judge how the Indian business is being carried on by the non-Indian insurers and that is all that is required.

Sir Cowasji Jehangir : May I ask the Honourable Member one question. Does not in Part II, Form D, the balance of life fund apply only to the whole of the business ? Then under clause 12, it is incumbent upon companies to have an investigation in the technical term of their Indian business. How is any actuary to have an investigation in the technical sense without the figure of the balance of the life fund for their business in India ? How is that investigation ever to take place ?

Mr. S. C. Sen : It can be done, according to my humble submission ; only it may take some more time.

Sir Cowasji Jehangir : Every actuary says it cannot be done.

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

Mr. Deputy President (Mr. Akhil Chandra Datta) : The question is :

“ That in sub-clause (1) of clause 12 of the Bill, the words beginning with the words ‘ in the case of an insurer ’ and ending with the words ‘ any other insurer ’ be omitted.”

“ That in sub-clause (1) of clause 12 of the Bill, after the word ‘ India ’, occurring in the sixth line, the following be inserted :

‘ and also in the case of an insurer specified in sub-clause (a) (ii) or sub-clause (b) of clause (8) of section 2 in respect of all life insurance business transacted by him ’.”

The Assembly divided :

AYES—62.

Abdul Ghani, Maulvi Muhammad.
Abdul Qaiyum, Mr.
Abdur Rasheed Chaudhury, Maulvi.
Aney, Mr. M. S.
Ayyangur, Mr. M. Ananthasayanam.
Azhar Ali, Mr. Muhammad.
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.
Desai, Mr. Bhulabhai J.
Deshmukh, Dr. G. V.
Deshmukh, Mr. G. V.
Esak Sait, Mr. H. A. Sathar H.
Gadgil, Mr. N. V.

Ghiasuddin, Mr. M.
Ghulam Bhik Nairang, Syed.
Govind Das, Seth.
Gupta, Mr. K. S.
Hans Raj, Raizada.
Hoshmani, Mr. S. K.
Jedhe, Mr. K. M.
Jehangir, Sir Cowasji.
Jinnah, Mr. M. A.
Jogendra Singh, Sirdar.
Joseph, Mr. George.
Kailash Behari Lal, Babu.
Lahiri Chaudhury, Mr. D. K.
Lalchand Navalrai, Mr.
Maitra, Pandit Lakshmi Kant.
Malaviya, Pandit Krishna Kant.
Mangal Singh, Sardar.
Misra, Pandit Shambhu Dayal.
Mody, Sir H. P.
Mudaliar, Mr. C. N. Mathuranga.

AYES—contd.

Muhammad Ahmad Kazmi, Qazi.
Murtuza Sahib Bahadur, Maulvi Syed.
Paliwal, Pandit Sri Krishna Dutta.
Pande, Mr. Badri Dutt.
Raghbir Narayan Singh, Choudhri.
Ranga, Prof. N. G.
Rao, Mr. Thirumala.
Saksena, Mr. Mohan Lal.
Sant Singh, Sardar.
Santhanam, Mr. K.
Satyamurti, Mr. S.

Sham Lal, Mr.
Shaukat Ali, Maulana.
Sheodass Daga, Seth.
Siddique Ali Khan, Khan Sahib Nawab.
Sikandar Ali Choudhury, Maulvi.
Singh, Mr. Gauri Shankar.
Singh, Mr. Ram Narayan.
Sinha, Mr. Satya Narayan.
Som, Mr. Suryya Kumar.
Sri Prakasa, Mr.
Varma, Mr. B. B.

NOES—49.

Abdul Hamid, Khan Bahadur Sir.
Ahmad Nawas Khan, Major Nawab Sir.
Bajpai, Sir Girja Shankar.
Boyle, Mr.
Buss, Mr. L. O.
Chanda, Mr. A. K.
Chapman-Mortimer, Mr. T.
Dalal, Dr. R. D.
Dalpat Singh, Sardar Bahadur Captain.
Fazli-Ilahi, Khan Sahib Shaikh.
Ghulam Muhammad, Mr.
Ghuznavi, Sir. Abdul Halim.
Gidney, Mr. C. W. A.
Griffiths, Mr. P. J.
Grigg, The Honourable Sir James.
Highet, Mr. J. C.
Hudson, Sir Leslie.
James, Mr. F. E.
Kamaluddin Ahmed, Shams-ul-Ulema.
Kushalpal Singh, Raja Bahadur.
Lang, Mr. J. C.
Lloyd, Mr. A. H.
Mackeown, Mr. J. A.
Manavedan Raja, Rao Bahadur K. C.
Mani, Mr. R. S.
Mehta, Mr. S. L.
Mudie, Mr. B. F.

Murid Hussain Qureshi, Khan Bahadur
Nawab Makhdum.
Nagarkar, Mr. C. B.
Nauman, Mr. Muhammad.
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.
Scott, Mr. J. Ramsay.
Sen, Mr. S. C.
Sher Muhammad Khan, Captain Sardar
Sir.
Sircar, The Honourable Sir Nripendra.
Sivaraaj, Rao Sahib N.
Spence, Mr. G. H.
Staig, Mr. B. M.
Stewart, The Honourable Sir Thomas.
Sukthankar, Mr. Y. N.
Sultan Ahmad, The Honourable Sir
Saiyid.
Thorne, Mr. J. A.
Yakub, Sir Muhammad.
Ziauddin Ahmad, Dr.

The motion was adopted.

Mr. Deputy President (Mr. Akhil Chandra Datta) : We cannot put clause 12 for adoption by the House, because it refers to Schedules.

The question is :

“ That clause 13 stand part of the Bill ”

The motion was adopted.

Clause 13 was added to the Bill.

Mr. Deputy President (Mr. Akhil Chandra Datta) : The question is :

“ That clause 14 stand part of the Bill.”

Mr. Sri Prakasa (Allahabad and Jhansi Divisions : Non-Muhammadan Rural) : Sir, I beg to move :

“ That in the proviso to sub-clause (1) of clause 14 of the Bill, after the word ‘ but ’, occurring in the 5th line, the word ‘ also ’ be inserted.”

Sir, my original amendment was, that the words 'as well' be inserted. But I am given to understand that that is not a correct legal expression and that the word 'also' is a better one. The purpose is obvious. Sir, I move.

Mr. Deputy President (Mr. Akhil Chandra Datta) : Amendment moved :

"That in the proviso to sub-clause (1) of clause 14 of the Bill, after the word 'but', occurring in the fifth line, the word 'also' be inserted."

Mr. S. C. Sen : I accept the amendment.

Mr. Deputy President (Mr. Akhil Chandra Datta) : The question is :

"That in the proviso to sub-clause (1) of clause 14 of the Bill, after the word 'but', occurring in the fifth line, the word 'also' be inserted."

The motion was adopted.

Mr. M. Ananthasayanam Ayyangar : Sir, I beg to move :

"That in sub-clause (2) of clause 14 of the Bill, after the words 'managing director' the words 'or managing agent' be inserted."

"That in sub-clause (2) of clause 14 of the Bill, after the words 'by that director' the words 'or managing agent' be inserted."

Mr. Deputy President (Mr. Akhil Chandra Datta) : Amendments moved :

"That in sub-clause (2) of clause 14 of the Bill, after the words 'managing director' the words 'or managing agent' be inserted."

"That in sub-clause (2) of clause 14 of the Bill, after the words 'by that director' the words 'or managing agent' be inserted."

Mr. S. C. Sen : I accept these amendments.

Mr. Deputy President (Mr. Akhil Chandra Datta) : The question is :

"That in sub-clause (2) of clause 14 of the Bill, after the words 'managing director' the words 'or managing agent' be inserted."

"That in sub-clause (2) of clause 14 of the Bill, after the words 'by that director' the words 'or managing agent' be inserted."

The motion was adopted.

Mr. S. Satyamurti : Sir, I beg to move :

"That in sub-clause (3) of clause 14 of the Bill, for the words 'in lieu thereof' the words 'where such documents are not required to be filed' be substituted."

Mr. Deputy President (Mr. Akhil Chandra Datta) : Amendment moved :

"That in sub-clause (3) of clause 14 of the Bill, for the words 'in lieu thereof' the words 'where such documents are not required to be filed' be substituted."

Mr. S. C. Sen : I accept the amendment.

Mr. Deputy President (Mr. Akhil Chandra Datta) : The question is :

"That in sub-clause (3) of clause 14 of the Bill, for the words 'in lieu thereof' the words 'where such documents are not required to be filed' be substituted."

The motion was adopted.

Mr. Deputy President (Mr. Akhil Chandra Datta) : The question is :

“ That clause 14, as amended, stand part of the Bill.”

The motion was adopted.

Clause 14, as amended, was added to the Bill.

Mr. Deputy President (Mr. Akhil Chandra Datta) : The question is :

“ That clause 15 stand part of the Bill.”

Mr. S. Satyamurti : Sir, I have been persuaded not to move amendment No. *284, on a certain understanding, which I hope the European Group will keep.

Mr. Sri Prakasa : Sir, I beg to move :

“ That in sub-clause (2) of clause 15 of the Bill, after the words ‘ four certified copies ’, occurring in the third line, the words ‘ with a translation thereof ’ be inserted.”

Sir, the original Bill wanted these papers to be filed in the original language of the insurer, but as the Select Committee has amended it now, only English copies are wanted. I should like to have the papers both in the original language of the insurer and an English translation thereof.

The Honourable Sir Nripendra Sircar : We are getting English copies. What is the additional translation for ? I do not understand what translation the Honourable Member wants.

Mr. Sri Prakasa : Supposing there is a Norwegian company in which case the original papers will be in Norwegian language. I want them to send the papers in the Norwegian language along with an English translation. This will give some work to the Superintendent on the one hand and it will also serve as an exhibit in our museum besides. It would be interesting to have all these copies in the original languages in the archives of the Government of India for the purpose of research and investigation later on, and incidentally enable us to test the accuracy of the translation as well. Sir, I move.

Mr. Deputy President (Mr. Akhil Chandra Datta) : Amendment moved :

“ That in sub-clause (2) of clause 15 of the Bill, after the words ‘ four certified copies ’, occurring in the third line, the words ‘ with a translation thereof ’ be inserted.”

Mr. Sri Prakasa : Sir, I beg leave of the House to withdraw my amendment.

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

Mr. S. Satyamurti : Sir, I beg to move :

“ That in part (d) of sub-clause (2) of clause 15 of the Bill, before the word ‘ appertain ’, occurring in the last line, the word ‘ properly ’ be inserted.”

Mr. Deputy President (Mr. Akhil Chandra Datta) : Amendment moved :

“ That in part (d) of sub-clause (2) of clause 15 of the Bill, before the word ‘ appertain ’, occurring in the last line, the word ‘ properly ’ be inserted.”

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

“ That clause 15 of the Bill be omitted.”

Mr. Deputy President (Mr. Akhil Chandra Datta) : The question is :

“ That in part (d) of sub-clause (2) of clause 15 of the Bill, before the word ‘ appertain ’, occurring in the last line, the word ‘ properly ’ be inserted.”

The motion was adopted.

Mr. Deputy President (Mr. Akhil Chandra Datta) : The question is :

“ That clause 15, as amended, stand part of the Bill.”

The motion was adopted.

Clause 15, as amended, was added to the Bill.

Clauses 16 to 19 were added to the Bill.

Mr. Deputy President (Mr. Akhil Chandra Datta) : The question is :

“ That clause 20 stand part of the Bill.”

Mr. S. C. Sen : Sir, I beg to move :

“ That for sub-clauses (1) (b) and (1) (c) of clause 20 of the Bill, the following be substituted :

(b) call upon the insurer to submit for his examination at the principal place of business of the insurer in British India any book of account, register or other document or to supply any statement which he may specify in a notice served on the insurer for the purpose,

(c) examine any officer of the insurer on oath in relation to the return.”

The purpose of the amendment is obvious.

Mr. S. Satyamurti : Sir, we accept it. (Laughter.)

Mr. Deputy President (Mr. Akhil Chandra Datta) : The question is :

“ That for sub-clauses (1) (b) and (1) (c) of clause 20 of the Bill, the following be substituted :

(b) call upon the insurer to submit for his examination at the principal place of business of the insurer in British India any book of account, register or other document or to supply any statement which he may specify in a notice served on the insurer for the purpose,

(c) examine any officer of the insurer on oath in relation to the return.”

The motion was adopted.

Sardar Mangal Singh (East Punjab : Sikh) : Sir, I beg to move :

“ That in part (d) of sub-clause (1) of clause 20 of the Bill, for the words ‘ it was furnished ’ the words ‘ requisition asking for correction or supply of deficiency was delivered to the insurer ’ be substituted.”

The object of the amendment is obvious, and I will not take the time of the House. Sir, I move.

Mr. Deputy President (Mr. Akhil Chandra Datta) : Amendment moved :

“ That in part (d) of sub-clause (1) of clause 20 of the Bill, for the words ‘ it was furnished ’ the words ‘ requisition asking for correction or supply of deficiency was delivered to the insurer ’ be substituted.”

Mr. S. C. Sen : Sir, we accept this.

Mr. Deputy President (Mr. Akhil Chandra Datta) : The question is :

“ That in part (d) of sub-clause (1) of clause 20 of the Bill, for the words ‘ it was furnished ’ the words ‘ requisition asking for correction or supply of deficiency was delivered to the insurer ’ be substituted.”

The motion was adopted.

Mr. S. Satyamurti : I beg to move :

“ That in sub-clause (2) of clause 20 of the Bill, after the word ‘ insurer ’, where it occurs for the first time, the words ‘ and after hearing the Superintendent ’, be inserted.”

Mr. S. C. Sen : We accept it.

Mr. Deputy President (Mr. Akhil Chandra Datta) : The question is :

“ That in sub-clause (2) of clause 20 of the Bill, after the word ‘ insurer ’, where it occurs for the first time, the words ‘ and after hearing the Superintendent ’ be inserted.”

The motion was adopted.

Mr. Deputy President (Mr. Akhil Chandra Datta) : The question is :

“ That clause 20, as amended, stand part of the Bill.”

The motion was adopted.

Clause 20, as amended, was added to the Bill.

Mr. Deputy President (Mr. Akhil Chandra Datta) : The question is :

“ That clause 21 stand part of the Bill.”

Dr. P. N. Banerjea (Calcutta Suburbs : Non-Muhammadan Urban) : I beg to move :

“ That in clause 21 of the Bill, for all the words occurring after the words ‘ condition of the affairs of the insurer ’ the following be substituted :

‘ he may call upon the insurer to cause a fresh investigation or valuation by the same actuary or any other actuary who may be appointed by the insurer ’.”

The Honourable Sir Nripendra Sircar : May I make a statement ? Very much to the same effect and probably in a better language—I mean no disrespect—and more acceptable is amendment No. 334. I would request my Honourable friend, Dr. Banerjea, to consider whether 334 will satisfy him.

Dr. P. N. Banerjea : I am prepared to withdraw my amendment in favour of 334.

Mr. F. E. James : I beg to move :

“ That in clause 21 of the Bill, for the word ‘ himself ’, occurring at the end, the words ‘ the insurer for this purpose and approved by the Superintendent of Insurance ’ be substituted.”

There is some doubt as to the precise meaning of the word ‘ himself ’. Moreover we feel that, although the insurer should have a definite say as to whom he is going to have for the revaluation, that should be subject to the approval of the Superintendent. Sir, I move.

Mr. Deputy President (Mr. Akhil Chandra Datta) : The question is :

“ That in clause 21 of the Bill, for the word ‘ himself ’, occurring at the end, the words ‘ the insurer for this purpose and approved by the Superintendent of Insurance ’ be substituted.”

The motion was adopted.

Mr. Deputy President (Mr. Akhil Chandra Datta) : The question is :

“ That clause 21, as amended, stand part of the Bill.”

The motion was adopted.

Clause 21, as amended, was added to the Bill.

Clauses 22 and 23 were added to the Bill.

Mr. Deputy President (Mr. Akhil Chandra Datta) : The question is :

“ That clause 24 stand part of the Bill.”

Seth Govind Das (Central Provinces Hindi Divisions : Non-Muham-
madan) : I beg to move :

“ That to clause 24 of the Bill, the following proviso be added :

‘ Provided that nothing contained in this section shall prevent an insurer from publishing a true and accurate abstract from such returns for the purposes of publicity ’.”

I think, Sir, it is a harmless proviso, and, if that is not passed, then every insurer will have to publish everything that will have to be submitted to the Superintendent in way of returns involving huge expenses.

The Honourable Sir Nripendra Sircar : We accept it.

Mr. Deputy President (Mr. Akhil Chandra Datta) : The question is :

“ That to clause 24 of the Bill, the following proviso be added :

‘ Provided that nothing contained in this section shall prevent an insurer from publishing a true and accurate abstract from such returns for the purposes of publicity ’.”

The motion was adopted.

Mr. Deputy President (Mr. Akhil Chandra Datta) : The question is :

“ That clause 24, as amended, stand part of the Bill.”

The motion was adopted.

Clause 24, as amended, was added to the Bill.

Clause 25 was added to the Bill.

The Honourable Sir Nripendra Sircar : I may remind you that you gave us a little indulgence and said that if 26 is reached, you will not mind the clause standing over for a day or two. I suggest we may pass on to other sections and not take 26 till Monday.

Seth Govind Das : You said you would be prepared to give even two days. Why not have the discussion on Tuesday ?

The Honourable Sir Nripendra Sircar : It is not a question of my being prepared. The Chair said it would give a day or two.

Mr. S. Satyamurti : In view of the number of amendments we might have on this important clause, Sir.....

The Honourable Sir Nripendra Sircar : I am not standing in the way of the matter standing over : but Mr. Jinnah said the clause should be taken up on Monday : it is now for the Chair to decide.

Mr. F. E. James : May I make a submission ? If it is desired to postpone this section, from our point of view I think we should prefer to adjourn now and not take up the subsequent sections.

Mr. S. Satyamurti : No doubt the Honourable the Law Member's amendment is on the order paper since yesterday ; but I think you will bear with me, and the House will support me when I say that even I—I mean no offence to any one else—have not had time to look into it and digest the whole thing. We have been working at high pressure both yesterday and today and I think the Standing Orders require two days' notice for amendments. My Honourable friends on this side have not had time to put in any amendments and objection may be taken by other Honourable Members on the ground that two days' notice has not been given. It is a matter of first class importance and I trust we shall have two days—tomorrow and the day after—to study and table our amendments. Unless you take it up on Tuesday, there is every chance that amendments which might commend themselves to the vast majority of this House may be ruled out on technical grounds.

Sir Cowasji Jehangir : An excellent suggestion from the point of view of many of the Members would be that we should adjourn now and give Mr. Satyamurti and his friends time to go into clause 26, especially as today is Saturday.

Mr. S. Satyamurti : I request, Sir, you will adjourn this till Tuesday and that you will also waive all formal objections on the ground of want of full two days' notice, and suspend the relevant standing order.

Mr. Deputy President (Mr. Akhil Chandra Datta) : This question has already taken two or three minutes : I do not think it is a question of any great importance whatever. The whole question is whether it should stand over till Monday or Tuesday : and, in view of the strong opinion held by a certain section of the House, I think clause 26 may stand over till Tuesday.

Mr. S. Satyamurti : I suggest this, Sir, and I hope that every section will agree with me, the amendments will be in the hands of Honourable Members on Monday evening, and it will suit the convenience of all if we could take up the amendments on Tuesday and on that you will be pleased to waive the two days' notice.

Mr. M. S. Aney (Berar : Non-Muhammadan) : If on Monday evening we are going to have another amendment in our hands, then any one can stand up and say : " We did not get two days' notice to consider this amendment." We must waive the right at that time of asking for two days' notice.

Mr. S. Satyamurti : Amendments will be in the office on Monday morning so that they can be moved on Wednesday positively even if anybody raises any objection. I am, therefore, asking the indulgence of the House with a view to take up the discussion on this clause and

discuss all relevant amendments on Tuesday, and that you will be pleased to suspend the Standing Order with regard to amendments, provided they are given notice of the first thing on Monday morning.

Mr. F. E. James : Sir, I submit that you will not suspend the Standing Order or give a hint that you will do so in respect of any amendments that have not been tabled yet. I am sure that every section of the House will be reasonable ; but I am quite sure that it is not reasonable to ask the Chair to say now that it will in fact suspend the Standing Order on Tuesday morning.

Mr. S. Satyamurti : If that is the position taken up, Sir, then we can only take it up on Wednesday morning. We are always asked for co-operation : we want co-operation and we ask every one to co-operate with us on a matter of first class importance, "and this is the sort of co-operation we get. I have said that the amendments will be given to the office the first thing on Monday morning and Honourable Members will have them in their hands on Monday evening and will have ample time to consider them before the next day. I, therefore, trust to the good sense of my Honourable friend to see that he co-operates with us in getting this Bill through ; but if he insists on his pound of flesh, I submit that you will be good enough to allow these amendments and the clause to be taken up on Wednesday. Then, we shall put in the amendments on Monday, and he will have his two days' notice.

Sir Muhammad Yamin Khan (Agra Division : Non-Muhammadan) : I propose, Sir, that it being Saturday we adjourn now.

The Honourable Sir Nripendra Sircar : No, no : that is another matter. If the matter is going to wait till Tuesday, I have no objection to its waiting till Wednesday, and the rules and Standing Orders being strictly enforced, so that every Member will have two days' notice of the amendments which are going to be moved. I object to the House adjourning now. My Honourable friend, Sir Muhammad Yamin Khan, probably had too heavy a lunch : he has just returned and he might just as well wait another hour.

Mr. Deputy President (Mr. Akhil Chandra Datta) : Then, I think in view of the opinion expressed by the Congress Party and also by the Honourable the Leader of the House, clause 26 may stand over till Wednesday.

The question is :

“ That clause 27 stand part of the Bill.”

On this clause I have just received notice of a number of amendments, eight in number from Sardar Mangal Singh, and one from Mr. Sham Lal. They have just been received, and I do not know now as to what is their proper place.

The Honourable Sir Nripendra Sircar : As regards clause 27, Sir, there was no order that any indulgence will be shown ; there is no reason why clause 27 should not go on ; and these amendments, not being given notice of two days before, should be rejected. I am quite prepared to go on with my amendment to clause 27.

Mr. Deputy President (Mr. Akhil Chandra Datta) : As objection has been taken on the ground of two days' notice, these new amendments cannot be taken up for consideration.

Mr. B. Das : Sir, I beg to move :

“ That for clause 27 of the Bill, the following be substituted :

‘ 27. (1) No insurer shall, after the commencement of this Act, appoint Managing Agents for the conduct of his business.

(2) Where any insurer engaged in the business of insurance before the commencement of this Act employs Managing Agents for the conduct of his business then notwithstanding anything to the contrary contained in the Indian Companies Act, 1913, and notwithstanding anything to the contrary contained in the articles of the insurer, if a company, or in any agreement entered into by the insurer, such Managing Agents shall cease to hold office on the expiry of three years from the commencement of this Act and no compensation shall be payable to them by the insurer by reason only of the premature termination of their employment as Managing Agents ’.”

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

The Honourable Sir Nripendra Sircar : Sir, will you allow me to make a suggestion ? My friend, Mr. B. Das, has moved amendment No. 419. I may be permitted to move No. 7 on the supplementary list No. 1, and then there can be a general discussion. I shall not take more than five minutes, because the matter has been fully threshed out in this House.

Mr. President (The Honourable Sir Abdur Rahim) : Yes.

The Honourable Sir Nripendra Sircar : Sir, I move :

“ That in sub-clause (1) of clause 27 of the Bill, for the word ‘ ten ’, occurring in the fifth line, the word ‘ five ’ be substituted.”

Mr. M. Ananthasayanam Ayyangar : Sir, I move amendment No. 3 in Supplementary List No. 2 to the consolidated List of amendments. It reads thus :

“ That in sub-clause (1) of clause 27 of the Bill, for all the words occurring after the word ‘ shall ’ the following be substituted :

‘ after the commencement of this Act appoint or renew or after the expiry of three years from the commencement of this Act, employ a managing agent for the conduct of his life assurance business ’.”

Mr. B. Das : Sir, I beg leave of the House to withdraw my amendment.

Mr. President (The Honourable Sir Abdur Rahim) : Then, there is no other amendment in that connection.

Dr. P. N. Banerjee : Sir, there are many amendments on the list. They either refer to the period of appointment or to remuneration. I suggest that these should be taken together.

Mr. President (The Honourable Sir Abdur Rahim) : I take it that the discussion of the one as regards the period will decide the fate of the other as well. Is it necessary to move the other amendment ? I shall first put the amendment moved by Mr. B. Das.

Has the Honourable Member the leave of the House to withdraw his amendment ?

Several Honourable Members : Yes.

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

Mr. President (The Honourable Sir Abdur Rahim) : Then, there is another amendment by Seth Govind Das :

Seth Govind Das : I am not moving it, Sir.

Mr. President (The Honourable Sir Abdur Rahim) : So there will be a discussion now on amendment No. 7 on Supplementary List No. 1 and on amendment No. 3 in Supplementary List No. 2.....

Dr. P. N. Banerjee : Is it your ruling, Sir, that the question of remuneration should be considered later or you propose to consider both the period as well as remuneration now ?

Mr. President (The Honourable Sir Abdur Rahim) : I think we had better first finish with amendment No. 7 regarding period.

The Honourable Sir Nripendra Sircar : Yes, Sir, that will be more convenient.

Mr. S. Satyamurti : Sir, there are two issues involved in this clause, one is the period and the other is the remuneration. It will conduce to clarity of debate and voting, if we take 27 (1) first. All those amendments refer to the period. I suggest, Sir, that sub-clause (1) of clause 27 be taken now, and all the amendments thereto.

Mr. President (The Honourable Sir Abdur Rahim) : Yes, but I understand there is another amendment for substitution by Dr. Ziauddin Ahmad, No. 421.

Dr. Ziauddin Ahmad : It consists of two parts, Sir. One of the parts is contained in 423. I beg to move :

“ That for sub-clauses (1) and (2) of clause 27 of the Bill, the following be substituted :

- ‘ (1) No insurer shall, after the commencement of this Act, appoint managing agents for the conduct of his business.
- (2) Where any insurer engaged in the business of insurance before the commencement of this Act employs managing agents for the conduct of his business then notwithstanding anything to the contrary contained in the Indian Companies Act, 1913, and notwithstanding anything to the contrary contained in the articles of the insurer, if a company, or in any agreement entered into by the insurer, such managing agents shall cease to hold office on the expiry of three years from the commencement of this Act and no compensation shall be payable to them by the insurer by reason only of the premature termination of their employment as managing agents.’

This amendment is really taken verbatim from the old draft as was originally presented to us. I think that the provision in the original Bill was much better than the amendments of the Select Committee on this subject and I want to restore it. There are two parts in this amendment. One part says that after the commencement of this Act no Managing Agent should be appointed in future. Those who are already there as Managing Agents will continue to remain for another period of three years. I would like that the system of Managing Agents should cease to

[Dr. Ziauddin Ahmad.]

exist in future, but whoever are there now it is only fair that they should continue for three years and after three years they may also cease to exist and no new one should be appointed after the commencement of the Act. Much has been said about the Managing Agents and I do not want to repeat what has been said so often in this House. Sir, I move.

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

“ That for sub-clauses (1) and (2) of clause 27 of the Bill, the following be substituted :

(1) No insurer shall, after the commencement of this Act, appoint managing agents for the conduct of his business.

(2) Where any insurer engaged in the business of insurance before the commencement of this Act employs managing agents for the conduct of his business then notwithstanding anything to the contrary contained in the Indian Companies Act, 1913, and notwithstanding anything to the contrary contained in the articles of the insurer, if a company, or in any agreement entered into by the insurer, such managing agents shall cease to hold office on the expiry of three years from the commencement of this Act and no compensation shall be payable to them by the insurer by reason only of the premature termination of their employment as managing agents.”

The Honourable Sir Nripendra Sircar : As my Honourable friend, Mr. B. Das, has withdrawn his amendment, may I enquire from him whether there is any real difference between his one, withdrawn by him, No. 419, and No. 421 which has been moved by Dr. Ziauddin.

Mr. President (The Honourable Sir Abdur Rahim) : That would not bar it.

Mr. Bhulabhai J. Desai : The reason why this was withdrawn was that the general feeling, during the course of discussion, was that whereas as regards life insurance the Managing Agents may be terminated within a period to be determined by the House—that seems to be the consensus of opinion. But as regards general business it was also the general opinion of the House that it should not be abolished and inasmuch as in Mr. Das's amendment the word was “ insurer ”—if he had said “ life insurer ”, it would have been all right. That is why the amendment was withdrawn.

Mr. M. A. Jinnah : I do not agree that the general opinion of the House was that with regard to the general business they should be exempt. I thought I had made my position quite clear.

Mr. President (The Honourable Sir Abdur Rahim) : It has been withdrawn and now Dr. Ziauddin Ahmad's is before the House.

Sir Cowasji Jehangir : What about the amendment of Mr. Ayyangar?

Mr. President (The Honourable Sir Abdur Rahim) : This is one for substitution, and, if it is carried, the other two fall. I will put the question, as no Honourable Member has risen to speak on it.

Dr. Ziauddin Ahmad : On a point of order, Sir. There are three issues in this particular clause. (1) What should be the period for the Managing Agents, (2) the emoluments to be paid to these, and (3) whether there should be any further appointment of Managing Agents after the passing of this Act.

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

Dr. Ziauddin Ahmad : I say that there are those three issues.

Mr. President (The Honourable Sir Abdur Rahim) : That is no point of order.

Mr. M. A. Jinnah : I thought that the various amendments were being moved, so that there should be a general discussion, and, after the discussion, these amendments may be dealt with and may be put to the House one after the other.

Mr. President (The Honourable Sir Abdur Rahim) : I think the Honourable Member has not followed this particular amendment. It wants to substitute " new sub-clauses for sub-clauses (1) and (2) of clause 27 ". If this is carried, amendment No. 7 on List No. 1 and amendment No. 3 on List No. 2 would fall. The point of order raised by Mr. Jinnah is that all these three amendments shall be discussed. That cannot be done, because this one is before the House. If that is negatived, then the others will be open to discussion. If this is carried, then the others will be barred.

Mr. M. A. Jinnah : But then there will be no discussion.

Mr. President (The Honourable Sir Abdur Rahim) : It is for the House to negative it.

Mr. M. A. Jinnah : We want a discussion before it is negatived.

Mr. President (The Honourable Sir Abdur Rahim) : You can have a discussion on this amendment first. That is the usual practice.

Mr. T. S. Avinashilingam Chettiar (Salem and Coimbatore *cum* North Arcot : Non-Muhammadan Rural) : There is absolutely no difference between the amendment moved by Dr. Ziauddin Ahmad and the amendment which was moved by my Honourable friend, Mr. Das, and withdrawn later on. The amendment reads as follows :

" That for clause 27 of the Bill, the following be substituted :

' No insurer shall, after the commencement of this Act, appoint Managing Agents for the conduct of his business.

Where any insurer engaged in the business of insurance before the commencement of this Act employs managing agents ',"

and so on.

Now, we have had lot of discussion on this matter, whether managing agents ought to be retained or not, and the opinion expressed in many quarters is that, as regards life, managing agents are not necessary. Even from the very beginning, an insurance company can be initiated and run efficiently without a managing agent, but with the help of paid managers and secretaries. It is in this connection that the Leader of the House quoted the opinion of Sir Purshotamdas Thakurdas in which he said that, as far as insurance companies are concerned, the institution of managing agents cannot be justified and this remark only applies to life insurance business and not to other business, such as marine, fire and other things. We oppose this amendment for the reason that it seeks to avoid the manag-

[Mr. T. S. Avinashilingam Chettiar.]

ing agents for all forms of insurance, whether it is life, marine or fire. If the amendment had been limited to life alone, we would have been in a position to accept this amendment ; but, as it is, we are not able to accept it, and so we oppose it.

Mr. S. Satyamurti : We are now somewhat, I mean no offence to the House, in a position, where we are not able to follow the full implications of all the amendments now before the House. You have now ruled that only Amendment No. 421 is before the House. I shall, therefore, confine myself to the arguments against accepting amendment No. 421 as it stands. On this matter, there are three different schools of thought as regards the managing agency—the future of the existing managing agencies, the appointment of Managing Agents in the future, and their remuneration, either for a period which shall be limited, or for a period which may be unlimited. In this country, there are two big categories of insurance business—life insurance business on the one hand, and on the other, business of a general kind, such as fire, marine, and so on. Now, Sir, the opinion of those of us who sit on these benches is that, so far as life insurance business is concerned, it has made such a good progress in this country, although it has not made as good a progress as we wish, that there is a very strong case for the limitation of the period of managing agencies, or, in the alternative, for the limitation of their remuneration, or as a third alternative, for a limitation both of their period and their remuneration. So far as what is compendiously called general insurance is concerned, we still want the class of men, known as Managing Agents who will bring their brain-power, their initiative, their enterprise and their money, in order to build up general business on a satisfactory footing. That is the simple reason why I ask the House not to accept the amendment of my Honourable friend, the Vice-Chancellor of the Aligarh University. I am sure he himself has been thinking all the time of life insurance business. I trust I am not misrepresenting him. Unfortunately, to many of us, insurance only means the policies we hold, and most of us hold only life policies. When we talk of insurance, we naturally tend to ignore,—I blame nobody,—merely owing to want of familiarity with it, general insurance. I am sure, Sir, a moment's reflection ought to convince all Honourable Members of this House that in the field of general insurance we have got a great leeway to make up yet, and for that purpose I would beg of the House, for the present, not to put any limitation on the freedom of these insurance companies doing general business to appoint Managing Agents on such terms as they think fit and proper. I put it only on the simple ground, that I want that business to be built up. The same argument, as applied to general insurance business, appealed to this House, when we dealt with the question of Managing Agents in connection with the Indian Companies Act. We were then told by several Members of this House that, for building up industries in our country, we want their co-operation. I am perfectly willing, that they should be bound by the provision of the Indian Companies Act. There is an amendment which will come at the proper time. There are provisions in the Indian Companies Act intended to prevent Managing Agents from abusing their position in the matter of getting commissions, contracts, hereditary rights, irremovability, and so on. On that, the Honourable the Leader of the House has an amendment, which will come up later on. I think that the House will agree with me that,

subject to those well-understood limitations laid down in the Indian Companies Act, it is best and wisest for us not to touch general companies, but let them have the benefit of the help of Managing Agents, subject to the restrictions of the Indian Companies Act.

Coming to insurers carrying on life insurance business, there is one school of thought which shares the mania of the Leader of the House and says : ' decapitate them forthwith, the minute the Act comes into force '. There is a considerable school of thought, including my friend, Prof. Ranga, which says that they should cease to exist forthwith. Secondly, there is the other school of thought which says that they should have a limited period. It may be one, two or three years. There is no difference in principle between the first school and the second school of thought. Both schools of thought agree that life insurance business today has attained a stage in our country when they can do without these Managing Agents, and in the interests of policy-holders we say that the Managing Agents should go. The only question is as to what is the proper thing to do. Shall they go forthwith, or may they get two or three years more ?

Mr. M. A. Jinnah : They should go forthwith.

Mr. S. Satyamurti : I know there is a strong section which believes that they ought to go forthwith.

Mr. M. A. Jinnah : All agencies should go forthwith.

Mr. S. Satyamurti : I have stated what, so far as general business is concerned, is the position of several Honourable Members of this House. I shall be glad to hear the Leader of the Independent Party to tell us exactly his reasoning, and I shall keep an open mind on the subject.

Mr. M. A. Jinnah : I made my position quite clear at the time of the consideration of the Bill and I think the Honourable Member promised me that he will consider the matter and will vote for wiping off the whole of them.

Mr. S. Satyamurti : That was only with regard to life insurance, and, if I did not make this point clear at that time, I plead guilty. But there is no doubt that in my mind there is a clear and categorical distinction between insurers who carry on life business and those who carry on general business. We do want to make that distinction. But I shall be glad to be convinced by my Honourable friend, and I shall keep an open mind, unlike what my Honourable friend does.

The next matter of importance is : what shall be the period ? Of course, when we come to the amendments and, in case the Honourable Dr. Ziauddin Ahmad's amendment is not carried by this House, then, I am sure, we shall discuss and decide the question whether they shall go forthwith, or go at the end of two or more years.

Then, Sir, the third point about life insurance is : shall there be a restriction of remuneration up to Rs. 2,000 as provided in sub-clause (3) of clause 27 as reported by the Select Committee, namely, that during the period they will continue as Managing Agents they will draw not more than Rs. 1,000 as remuneration for their services and Rs. 1,000 as commission or in other ways ? On the whole, their remuneration shall not be more than Rs. 24,000 a year. On these three matters, the Congress Party has decided that it shall accept three years for Managing Agents of life insurance, without limitation. If, however, the majority of the House

[Mr. S. Satyamurti.]

decide against the three years without any limitation, they will vote and support the amendment which the Honourable the Law Member has moved, namely, that, subject to the limitation in sub-clause (3) of clause 27, the period shall not be ten but shall be five years. That is the position of the Congress Party, and I have explained it. We are doing this in the interests of the policy-holders. At the same time, I do not want the policy-holders to insure with any company, Indian or European or American or Japanese, and somehow only keep their moneys safe. I want the safety of the *Indian* policy-holders and, and I want them to increasingly insure with Indian insurers; in order to give a chance to Indian insurers to do general business and to compete on more equal terms with the foreign insurers, we want to exempt the Indian insurers from the operation of this clause, in order to help them to do more and more general business. That is why we cannot support Dr. Ziauddin Ahmad's amendment. Our position is clear. We are in favour of a three years' period being given to these people, *viz.*, Managing Agents of life insurance, in consideration of their past services, before we do away with them. If, on the other hand, in view of the strong feeling of several sections of the House, that amendment is defeated in this House, we shall then support the amendment limiting the period of Managing Agents of life insurance to five years, subject to the maximum limitation of remuneration of Rs. 24,000 a year in any form. That, Sir, is the position of the Congress Party.

The Honourable Sir Nripendra Sircar : Sir, it is entirely our mistake that, while drafting amendment No. 7, it was not realised that we were confining ourselves to life insurance only. In the circumstances, I shall give my reasons why I am willing to accept Dr. Ziauddin's amendment. Sir, in my speech, which was rather a long speech, I do not remember that I made distinction between the Managing Agents of life insurance companies and the Managing Agents of general insurance companies. Whatever observations I then made applied to all of them, though I admit there is some difference between 'life' and 'general' and, of course, it is a sight for the gods to see my Honourable friend, Mr. Satyamurti, fighting for the Managing Agents so far as the general insurance business is concerned. But when I was making my speech, I received a good deal of encouragement from Mr. Satyamurti, who said that they should go out tomorrow. But now I find there is a change in the spirit of his dream and he has now discovered that there is all the difference between life business and general business. I made no such difference.

Mr. Bhulabhai J. Desai : When I spoke for the Party, I made it quite plain.

The Honourable Sir Nripendra Sircar : I did not mention your name. But it is always a pleasing sight to see some people changing their opinions. And why should he not? It is said that so far as general insurance is concerned, the matter is quite different. Now, the largest general insurance company—I am speaking subject to correction—namely, the New India, has gone on very well without any Managing Agents. Which is the other general insurance business done by Indians that owes its financial position to Managing Agents? I submit to the House that if we have not got a sufficient footing in general business, we must try for more business, but often the Managing Agents are parasites though not

always. Let the business in fire insurance go on. It can be managed under the control of the directors by competent managers, secretaries and so on. No necessity whatsoever appears to have been shown for making this distinction. The passages which were read by myself and by my Honourable friend, Mr. Jinnah, from the statements of Sir Purshotamdas Thakurdas and others made no distinction between life and general insurance. The distinction which it made was that, although manufacturing and producing companies may require and do require, owing to peculiar circumstances of our country, the support of Managing Agents, yet banking and insurance are two kinds of business in which the Managing Agent is not wanted. I think one of these eminent men suggested that the existence of these Managing Agents is due to the love for managing agency commission and not in the interests of the business. If I had not made that slip in drafting my amendment, for which I am sorry, I would have pressed for it. But as I have made that slip and even if my amendment is carried, only life insurance Managing Agents will be controlled by my amendment. That is not what I desire and if Dr. Ziauddin Ahmad's amendment is not carried, I shall take such course as I can think fit. But in the present circumstances I give whole-hearted support to the amendment of Dr. Ziauddin Ahmad.

Mr. M. A. Jinnah : Sir, I made it clear and I want to make it quite clear again to the House that I am opposed to the system of managing agency contracts for any kind of insurance business. I am opposed to it on a definite principle. That was also my position when we were dealing with the other companies under the Companies Act. The Honourable Member, the Leader of the House, said that these are parasites. They are parasites and I am really astonished that my Honourable friend, Mr. Satyamurti, should stand up and plead for these parasites. His amendment is this that these parasites should continue for three more years to bleed to the fullest possible extent.

The Honourable Sir Nripendra Sircar : In connection with general insurance, he wants them for ever.

Mr. M. A. Jinnah : I am talking of life insurance for the present. I am really astonished at his attitude. I appeal to the Congress Benches whether they are going to allow these parasites to continue for the life insurance for three years and for ever with regard to the general insurance business ? (*An Honourable Member from Congress Party Benches :* "There are so many parasites.") You will not, therefore, encourage at least one that is before you now and give your sacred sanction to it. I am, therefore, absolutely opposed to these managing agents.

Sir, I have to think of the second alternative, and the best possible alternative is to support the amendment of my Honourable friend, Dr. Ziauddin Ahmad. That amendment comes to this, that he wants to give three years for all with a limited remuneration, because the third clause will stand. I appeal to the Congress Party to support that amendment. I would have had nothing whatever to do with even these three years—after all, that is my own personal view, my own personal opinion—if I had the majority behind my back, I will get rid of this managing agency system this very moment. But I know I have not got the majority behind me. I have, therefore, to bow before the different opinions that exist in this House. Therefore, unwilling as I am, I feel that we are reducing this evil to a minimum point by adopting the amendment of my Honourable friend, Dr. Ziauddin Ahmad.

Mr. S. Satyamurti : It is three years there.

Mr. M. A. Jinnah : I have explained my position clearly. Surely my Honourable friend ought to have some sense of fairness after I have explained my position. I was explaining that if I had the majority behind my back, I would have nothing whatever to do with it, but here is this Bench continuing their support of these parasites for three years in life insurance.

Mr. Bhulabhai J. Desai : Why don't you point out to the other Benches ?

Mr. M. A. Jinnah : Let me finish with these Benches first. There is this other Bench supporting three years with limited remuneration. These are the two alternatives which you stand for. There are other opinions in this House, and I am taking all that into consideration, helpless as I am.....

Mr. S. Satyamurti : Why didn't you move an amendment ?

Mr. President (The Honourable Sir Abdur Rahim) : I must ask the Honourable Member not to interrupt the speaker.

Mr. M. A. Jinnah : Well, Sir, my Honourable friend, Mr. Satyamurti, cannot remain silent unless he is smitten with silence on some convenient occasions. He must always keep interrupting. He knows perfectly well why I cannot move an amendment, because my Honourable friends do not support me. You want these parasites to continue and, in spite of you, I want to get rid of these parasites as soon as I can, and, therefore, I am doing the next best, namely, agreeing to three years with limited remuneration—not lakhs, but not exceeding Rs. 2,000 a month. Sir, I do ask this House, I invoke the sense of justice and fairness of the Congress Party, and I say that, if you do not support this amendment, you will stand condemned in the estimation of any civilised country in the world. (Applause.)

Mr. M. S. Aney : Sir, I rise to support the amendment of my Honourable friend, Dr. Ziauddin Ahmad. I will not make a long speech. I will give my reasons in a very few brief sentences. I want to know one thing, that is, if the system of managing agency is bad and the results of that system, so far as the life insurance business is concerned, have been found to be injurious so much so that its continuance in that field is considered dangerous, and, therefore, we are thinking of abolishing that system from that field altogether, then we have to consider whether it would be wise for us to allow such a pernicious system to remain in other fields of insurance. We are told that in other fields of insurance, we have not made sufficient progress. It may be so ; but is that the reason for continuing the system ? Because the managing agents have not been paid more than what they have been paid till now, is it contended that we have not made sufficient progress in other spheres ? If the managing agency system has in it inherent defects and is entirely unsuited or rather unnecessary for the purpose of insurance business—and that fact is admitted so far as life insurance business at least is concerned—what are the special reasons to justify its existence or its continuance in the other fields of insurance ? I am unable to see that. On the other hand, if the fire and marine insurance business has just made a beginning in our country, it is better that we take every step to get rid of that system of

managing agency altogether at this initial stage, so that the fire and other insurance business may begin to show a healthy growth from the very beginning and proceed on sound lines hereafter. Considering that fact, I have not been able to see any real intelligible justification given in favour of continuing the managing agency system in the fire, marine and other general insurance field.

Now, Sir, as regards limitation of remuneration is concerned, the amendment of my Honourable friend, Dr. Ziauddin Ahmad, has got a distinct advantage over other amendments that have been moved in the House. My Honourable friend, Dr. Ziauddin Ahmad, wants a limited period of three years to be given to the managing agents, and their remuneration also is to be limited during that period. The House has listened to the extraordinary tale of profits narrated by the Honourable the Law Member on the last occasion when he discussed the managing agency system. He gave concrete instances and showed that the managing agents were drawing fabulous sums by way of commission. My point is this. That, in itself, is a sufficient justification for us to get rid of this system. If that is the kind of fabulous remuneration that the managing agents get, then it ought to disappear at once. Therefore, if we are to make a reform, let us make it today and not postpone it. So far as the question of salaries are concerned, I am quite sure that there is not a single man sitting on the Congress Benches who will ever vote for one pie more than Rs. 500 for the highest office that can be occupied by anybody. I do not think that the managing agent, whatever be the amount of wealth he handles, can be considered to occupy a more responsible position than the Premier of a Province, and when the Premier of a Congress Province gets only Rs. 500 what justification is there for you to sanction one pie more than Rs. 2,000 that is fixed in this amendment. This amendment gives four times the amount that is paid to the Premier of a Province. I think the amendment of my Honourable friend, Dr. Ziauddin Ahmad, is a reasonable one, and I appeal to all those who are sitting on this side of the House and to all those who have consistently stood for a reasonable salary or, for a reasonable remuneration not exceeding rupees 500 per month for the highest public office occupied by the noblest of our public men, that they should not make the managing agents an exception to their general rule. I support the amendment.

Mr. T. Chapman-Mortimer : Sir, I do not expect that any one in this House will expect me to agree with the views of my Honourable friend, Mr. Aney, with regard to managing agents. Sir, we have heard a great deal both in the last September Session and this Session about the managing agent. He has been held up as something not very different from the devil and on the other hand a snake ; and I believe he has also been compared to a tiger ! Sir, I should like to put in a defence for the managing agent. In the first place, Sir, I think all of us will agree that there has hardly been time yet for the country to appreciate what is going to happen as a result of the Companies Act which was passed by this House just a year ago. As a result of that Act the wings of the managing agents who are unscrupulous managing agents will be very severely clipped now and it will be very difficult for dishonest persons to use the managing agency system in future as it has been used by some dishonest persons in the past. But that is very far from saying that there are not good managing agents who, so far from fleecing the companies they manage, have put them on

[Mr. T. Chapman-Mortimer.]

their feet in times of crisis, have built them up from small beginnings and have managed them well through good times and bad. I think, Sir, that is a point of view that should be expressed in this House. Now, Sir, though I feel that managing agents have been much abused in some quarters, and certainly much misunderstood in others, I rise on behalf of the European Group to support the amendment of my Honourable friend, Dr. Ziauddin Ahmad. In doing so I am fully conscious that I shall probably have to explain myself to my constituents when I get back as to why I have on behalf of my Group accepted or rather supported the amendment moved by my Honourable friend, Dr. Ziauddin Ahmad. Sir, we decided after the most careful consideration to support this amendment, for this reason. We listened with astonishment and surprise in more ways than one that such managing agency contracts can exist as were referred to on the floor of the House by my Honourable friend, the Law Member. Sir, the existence of such unconscionable contracts is a scandal, and we are firmly of the opinion that if the only way to put down that scandal is to abolish the managing agents for insurance companies of all classes, we are entirely in favour of the abolition of these managing agents.

Now, Sir, my Honourable friend, Mr. Satyamurti, put in a plea for managing agents for general companies, and in support of his arguments he brought out the astonishing suggestion, either when he was speaking or when he was interjecting when some one else was speaking, that he had a further amendment bringing all these managing agents under the Companies Act. I can hardly credit that a man of his standing should have really thought of putting forward such an amendment. Every single insurance company automatically comes under the Companies Act, whether he likes it or not. But I should like to draw the attention of the House to a curious omission from the amendment No. 473 to be moved by my Honourable friend, Mr. Satyamurti. He forgets altogether section 87-C. of the Companies Act. Now, Sir, that is a provision which puts restrictions on ordinary managing agents, that is to say, on managing agents of ordinary business concerns, in regard to the form of their remuneration. From this provision of the Companies Act the managing agents of insurance companies are specifically excluded. Now, Sir, even at this stage my Honourable friend, Mr. Satyamurti, does not want to bring them even on to the same basis as other managing agents are on. In other words.....

Mr. S. Satyamurti : Sir, I will first point out that my Honourable friend is not quite in order in referring to an amendment which has not yet been moved. Secondly, the amendment was given notice of on the understanding that clause 27 (3) will remain, that is to say, that the remuneration of Managing Agents of all insurers will be limited if they exist. Therefore, I had to give notice on various contingencies, and I shall certainly amend this amendment and give fresh notice, if certain decisions are taken by the House. But it is hardly fair to refer to an amendment which is not yet moved.

Mr. T. Chapman-Mortimer : I do not agree that it was hardly fair because in actual effect the whole burden of his speech was to exclude general insurance business from the provisions of section 27.

Mr. S. Satyamurti : But subject to the Companies Act.

Mr. T. Chapman-Mortimer : I think I need not say more on this subject as I have already made the position of this Group sufficiently clear. We feel that on principle managing agents are by no means the snakes and tigers and other fierce things they are made out to be. On the other hand, in the case of insurance companies of all classes they have shown themselves to be in many cases,—though by no means in all,—unscrupulous in the way in which they have taken money from the companies for work which is not anything like the value of what they receive for it. We firmly support my Honourable friend, Dr. Ziauddin Ahmad.

Several Honourable Members : The question may now be put.

Sir H. P. Mody (Bombay Millowners' Association : Indian Commerce) : Sir, I want to submit that on much less important questions there have been much longer debates, and it will be a denial of the right of Members if on this very important issue, within an hour's discussion, the question should be allowed to be put.

Mr. President (The Honourable Sir Abdur Rahim) : I thought the Honourable Member was going to address the House on this amendment.

Sir H. P. Mody : Sir, I will take some time.

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

Sir H. P. Mody : I will take at least fifteen minutes.

Mr. President (The Honourable Sir Abdur Rahim) : The Honourable Member can then go on.

Sir H. P. Mody : Sir, this is a very topsy-turvy world. Here are my friends on the Congress benches recognising that even Managing Agents have a right to exist and a right to be considered. There is my Honourable friend, the Leader of the Independent Party, who calls them parasites ; and here is this socialist Government masquerading as a benevolent autoocracy, wanting to expropriate the Managing Agents. Why ?

Mr. M. A. Jinnah : Because they deserve it.

Sir H. P. Mody : I will come to that. So far as this benevolent
5 P.M. autoocracy is concerned, their autoocracy has been amply demonstrated by the proposal with which they have come to this House, and as regards their benevolence I have still to see any proof of it. It is easy to give a dog a bad name and then hang it. You can call Managing Agents tigers, snakes, parasites, though there seems to be a contradiction in ideas, tiger on one side and a little bug on the other. I say you can do all this, and then say you have established your case. You have done nothing of the sort. What is wrong with Managing Agents ? I, at any rate, claim to be consistent. Ever since I have been here, and long before that, I have stood up for the

[Sir H. P. Mody.]

class to which I belong and whose interests I am here to protect. I say, Sir, there is nothing wrong with Managing Agents. There may be rascals among Managing Agents, but there are rascals among other classes and other professions, but that is no justification for abolishing the professions or restricting their remuneration. No one has come forward and said because a doctor or a lawyer has charged an extortionate fee, he should cease to exist, or that his remuneration should be fixed at a particular figure. I maintain no case has been made out for the abolition of Managing Agents or for the restriction of their remuneration. In this connection I am surprised that my friends on the European benches, who, on the Companies Bill, fought tooth and nail for the existence of Managing Agents, have now discovered some wonderful difference, and have come forward to say, Yes, we are convinced that it is right that Managing Agents should exist for only three years, with restriction on their remuneration. Where is the consistency in their attitude? Mr. Chapman-Mortimer was talking of scandalous agreements, but there were plenty of scandalous agreements when we were considering the Companies Act, still they stood up for Managing Agents. I say, Sir, no justification exists for this change of attitude. Of course, there have been unconscionable bargains, but the remedy is in the hands of the public. Why do the public subscribe to shares, why do policy-holders support companies, if there are such scandalous agreements? If they are unable to help themselves you do not want the law to help them. Managing Agents, Sir, have done very good service in the past even in the matter of insurance. Their services are well-known. They had, as I said on a previous occasion, to fight against vested interests, against established powerful interests. That they have survived, that they have made all this headway, as admitted by the Honourable the Law Member, is a tribute to the way in which Indian insurance has been carried on in this country. A large part of this credit is due to Managing Agents. I could have produced facts and figures, but for the fact that I did not anticipate the discussion today, to show that Managing Agents have in many cases in the first years of nurturing their companies foregone very large commissions, and have drawn considerably less than what managing directors would have drawn. What is the difference between a Managing Director and a Managing Agent? You can pay a Managing Director or your manager five thousand or six thousand rupees, but if the same sum was drawn by way of remuneration by a firm of Managing Agents—it probably has three or four people engaged in the business—you call it extortionate. It is nothing of the sort. Let people pause and consider before they come forward to prejudice the issue by using these fantastic terms in relation to a class of people who have deserved well of their country. I, Sir, have a clear conscience in the matter. The company I have an interest in is not conducted by Managing Agents. That particular company is run very well without Managing Agents. But that is no argument for saying that a company which has got Managing Agents should be run without them, and the agents shown the door, and told that, hereafter, their remuneration will be two thousand rupees only. I say, Sir, it is rank injustice to a class of people who have, with all their limitations, deserved well of their companies. While I am not here to defend any extortionate agreements or

bargains or deals, I am here to say that there is no case for doing away with the whole class of Managing Agents or for laying down statutorily that a limit shall be placed on their remuneration. Sir, I strongly oppose the amendment.

THE MANŒUVRES FIELD FIRING AND ARTILLERY PRACTICE BILL.

PRESENTATION OF THE REPORT OF THE SELECT COMMITTEE.

Mr. C. M. G. Ogilvie (Defence Secretary) : Sir, I beg to present the Report of the Select Committee on the Bill to provide facilities for military manœuvres and for field firing and artillery practice. *

The Assembly then adjourned till Eleven of the Clock, on Monday, the 20th September, 1937.