

2nd October 1937

THE LEGISLATIVE ASSEMBLY DEBATES

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(30th September to 7th October, 1937)

SIXTH SESSION OF THE FIFTH LEGISLATIVE ASSEMBLY, 1937



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L453LAD



Legislative Assembly.

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MR. MATHURADAS VISSANJI, M.L.A.

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LEGISLATIVE ASSEMBLY.

Saturday, 2nd October, 1937.

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

STARRED QUESTIONS AND ANSWERS.

(a) ORAL ANSWERS.

RAISING OF PLATFORM AND CONSTRUCTION OF WAITING ROOMS AT PURAB SARAI STATION ON THE EAST INDIAN RAILWAY.

983. ***Mr. Sri Prakasa** : Will the Honourable the Railway Member state :

- (a) if it is a fact that there is more booking of passengers at Purab Sarai, a suburban station of Monghyr, than at Monghyr, on the East Indian Railway ;
- (b) if he is aware that the platform of Purab Sarai is very low and causes much inconvenience to passengers ;
- (c) if the stoppage of trains at Purab Sarai is only three minutes ; and
- (d) if Government are prepared to consider the necessity of raising the platform at Purab Sarai and constructing waiting rooms there ?

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

(c) The maximum stop is three minutes.

(d) The matter is within the discretion of the Railway Administration, to whom copies of this question and my answer are being sent.

STOPPAGE OF TRAINS AND INTERMEDIATE CLASS WAITING ROOM AT KIUL JUNCTION.

984. ***Mr. Sri Prakasa** : Will the Honourable the Railway Member state :

- (a) the average amount of time for which mail and express trains stop at Kiul junction on the East Indian Railway ;
- (b) if, in view of the importance of the station, Government are prepared to recommend to the Railway to give longer stoppage to their mail and express trains at this station ;

(2913)

- (c) if he is aware that the platform of the Kiul railway station is very low and causes much inconvenience to passengers ;
- (d) if it is a fact that there are no separate intermediate class waiting rooms for ladies and gentlemen, and that no lavatory is attached to the existing intermediate class waiting rooms ; and
- (e) if Government are prepared to recommend to the Railway to provide separate intermediate class waiting rooms (with the necessary lavatories attached to them) for ladies and gentlemen ?

The Honourable Sir Saiyid Sultan Ahmad : (a) About five minutes.

(b) No.

(c) The Honourable Member is referred to the reply given to question No. 118 asked by Sir A. H. Ghuznavi on 19th July, 1934.

(d) and (e). There is a general intermediate class waiting room. The matter is within the entire discretion of the Agent who should be approached either direct or through his Local Advisory Committee. A copy of the Honourable Member's question has been sent to the Agent, East Indian Railway, already.

INCONVENIENT TIMINGS OF TRAINS ON THE LOOP LINE OF THE EAST INDIAN RAILWAY BETWEEN KIUL AND HOWRAH *via* BHAGALPUR.

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

- (a) if complaints have been made by the public regarding inconvenient timings of trains on the loop line of East Indian Railway between Kiul and Howrah *via* Bhagalpur ;
- (b) if it is not a fact that passengers travelling in the Punjab Calcutta Down Mail and bound for any station on the loop line have no connecting train and have to wait at Kiul from quarter past eleven in the night till quarter to six next morning ;
- (c) if it is not a fact that the last train leaving Kiul *via* loop line is the Dinapur Express at twenty past one in the night and there is no train after that for the whole night for a person arriving at Kiul by the main line trains and going to Bhagalpur which is an important station on the loop line ; and
- (d) if the Railway authorities have remedied this grievance or propose to remedy this grievance by changing the timings in the time table to be enforced from the next month ?

The Honourable Sir Saiyid Sultan Ahmad : (a) Government are not aware of any such complaints.

(b) In the time table in force from 1st October, 1937, the Punjab Mail arrives at Kiul at 3-2 instead of 23-16 as formerly and the connecting train leaves at 5-37 hours.

(c) The following gives the timings from October 1st of Main Line train arrivals at Kiul and the time of departure of trains from Kiul via the loop towards Bhagalpur :

Train No.	Arrivals of trains from Main line at Kiul.	Train No.	Departure of trains from Kiul via Loop line.
56 Down Arr. ..	12-25	56 Down ..	12-30 Through train.
26 " " ..	15-7	106 " ..	18-40
24 " " ..	19-52	24 " ..	19-57 Through train.
12 " " ..	20-6		
6 " " ..	3-2		
16 " " ..	23-11	54 " ..	5-37
20 " " ..	23-59		
22 " " ..	5-17		
14 " " ..	9-24	66 " ..	9-40

(d) The Honourable Member is referred to the replies to parts (b) and (c) above.

Mr. Sri Prakasa : Is it a fact that the speed of the Punjab Mail has been lessened since 1st October, 1937, by three hours ?

The Honourable Sir Saiyid Sultan Ahmad : I do not think so.

Mr. Sri Prakasa : Is it not a fact that while the train used to arrive in Calcutta at about seven o'clock now arrives at ten o'clock ?

The Honourable Sir Saiyid Sultan Ahmad : The starting time is different now.

Babu Kailash Behari Lal : Do I understand that there is no inconvenience to the loop line passengers as regards the timings ?

The Honourable Sir Saiyid Sultan Ahmad : Since the new timings came into force only yesterday, the question of inconvenience does not arise. We do not know about the inconvenience.

Babu Kailash Behari Lal : Is it a fact that according to the new timings the loop line express which used to run *via* Bhagalpur has been stopped ?

The Honourable Sir Saiyid Sultan Ahmad : I cannot give any further information on that point more than what I have given. I have not got the time table before me.

DEPARTURE OF THE INDIAN TRADE DELEGATION FROM ENGLAND.

986. ***Mr. S. Satyamurti :** Will the Honourable the Railway Member be pleased to state :

(a) whether it is a fact that the Indian Trade Delegation are leaving England early in October ;

- (b) the reasons for their early departure ;
- (c) whether there is any hitch or there are any hitches in the Indo-British trade negotiations ;
- (d) whether Government will place a copy of the reports of the Indian Trade Delegation on the table of this House ;
- (e) whether Government propose to consult the House and abide by its verdict before coming to any agreement with England as a result of these or independently of these negotiations ; and
- (f) if not, why not ?

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

(b) Does not arise.

(c) The Honourable Member is referred to the replies given by me to parts (b) to (h) of his question No. 880 on the 29th September.

(d) The question will be considered after the Report is received.

(e) and (f). The Honourable Member is referred to the replies to part (j) of his question No. 880 and its supplementaries.

Mr. S. Satyamurti : May I know whether the attention of the Government has been drawn to the statement published in the newspapers, within the last two or three days and even today, that Sir Purshotamdas Thakurdas, Mr. G. D. Birla and Mr. Kasturibhai Lalabhai, the Indian non-official advisers are leaving by a specific Italian Boat from Venice on 7th October, 1937 ?

The Honourable Sir Saiyid Sultan Ahmad : Yes, I have seen.

Mr. S. Satyamurti : Have Government no information on this matter, as to the date of their departure, official or non-official ?

The Honourable Sir Saiyid Sultan Ahmad : No.

Mr. S. Satyamurti : Are the Government keeping themselves in touch with these non-official advisers at all ?

The Honourable Sir Saiyid Sultan Ahmad : Yes.

Mr. S. Satyamurti : Have the Government heard from them recently, about the time of their departure to India ?

The Honourable Sir Saiyid Sultan Ahmad : No.

Mr. S. Satyamurti : With reference to part (c), may I know whether, since the last answer was given two days ago, Government have heard anything further about the progress of the negotiations ?

The Honourable Sir Saiyid Sultan Ahmad : No.

Mr. S. Satyamurti : Has the attention of the Government been drawn to the Lunch given by His Majesty's Government to Sir Muhammad Zafrullah Khan ?

The Honourable Sir Saiyid Sultan Ahmad : Yes, I have seen in the papers.

Mr. S. Satyamurti : Was it a farewell lunch ?

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

Mr. T. S. Avinashilingam Chettiar : When did the Government last hear from England about these negotiations ?

The Honourable Sir Saiyid Sultan Ahmad : About a week ago.

Mr. T. S. Avinashilingam Chettiar : Is there any inkling that it will be finished so soon or that it will continue ?

The Honourable Sir Saiyid Sultan Ahmad : No.

EXPENDITURE OF STAFF AREA COUNCILS OF THE NORTH WESTERN RAILWAY.

987. ***Bhai Parma Nand :** Will the Honourable the Railway Member be pleased to state the total yearly expenditure of staff area councils including salaries of staff warders and allowances of members attending councils and staff warders of the North Western Railway ?

The Honourable Sir Saiyid Sultan Ahmad : The information asked for is not readily available and Government do not consider that the cost and labour involved in its compilation would be justified by the results to be obtained.

Mr. Lalchand Navalrai : Wherefrom can we get the information ?

The Honourable Sir Saiyid Sultan Ahmad : From the different reports and books you will have to compile them.

Mr. Lalchand Navalrai : Who is to guide us in this compilation ? Can we ask the Agent to give us that information ?

The Honourable Sir Saiyid Sultan Ahmad : I think so.

ALLEGED VICTIMISATION OF THE MEMBERS OF THE NORTH WESTERN RAILWAY UNION.

988. ***Bhai Parma Nand :** (a) Will the Honourable the Railway Member be pleased to state whether Government are aware that a North Western Railway Union of the North Western Railway employees has been registered under Trade Union Act and recognised by the Railway Administration ?

(b) Are Government aware that this Union is required to prepare representations and stands in need of circulars issued by the Agent, North Western Railway, concerning the railway employees and that the Agent has refused to supply the copies of such circulars to this Union ?

(c) Are Government aware that ever since the chowkidars of the General Stores, North Western Railway, Mughalpura, have joined this Union, the Senior Inspector, Watch and Ward, has turned hostile to them and threatens them with dismissal and that their complaints written and laid by the Secretary of the Union to the Agent have been unheeded ?

(d) Is it a fact that the Secretary of the Union made a complaint on behalf of the staff working in the Loco. Shed, Lahore, that their foreman refused them leave even in cases of serious sickness and of deaths of their relatives, but no action has been taken on this complaint ?

(e) Is it a fact that Fazal Elahi, a representative of the chaukidars, was suspended for the offence of making such complaints and that one Sher Mohammad, tin-smith of Loco. Shed, was transferred and re-transferred involving a loss of Rs. 20 a month ; and that on account of taking part in the Union blacksmith Abdul Aziz, fitter Amar Singh and cleaner Amar Nath were transferred ? If the answer to the question is in the affirmative, are Government prepared to see that the members of a recognised Union are not victimised ?

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

(b) The reply to the first part is in the negative. As regards the latter part Government have no information.

(c) to (e). Government have no information. These are matters of detailed administration within the discretion of the Agent, North Western Railway, to deal with, to whom I am sending a copy of this question for such action as he may consider necessary.

Mr. Lalchand Navalrai : With reference to part (b), may I know why when these Unions are registered they are not supplied with the circulars, if there are any in existence, especially in view of the fact that these will be very useful to them ?

The Honourable Sir Saiyid Sultan Ahmad : I said the Government have no information.

Mr. Lalchand Navalrai : Have Government no information as to whether the circulars are being issued or whether circulars are not being supplied ?

The Honourable Sir Saiyid Sultan Ahmad : The question is :

“ Are Government aware that this Union is required to prepare representations and stands in need of circulars issued by the Agent, North Western Railway, concerning the railway employees and that the Agent has refused to supply the copies of such circulars to this Union ” ?

The reply I gave was, we have no information.

Mr. Lalchand Navalrai : Will the Honourable Member get this information from the Agent ? This is an important matter. May I ask whether the Government, on getting this information, will pass orders thereon ?

The Honourable Sir Saiyid Sultan Ahmad : We will try to get the information.

Mr. Lalchand Navalrai : With reference to part (c), will the Honourable Member get the information because the charges mentioned therein are so serious ?

The Honourable Sir Saiyid Sultan Ahmad : I said already that a copy of this question and answer will be sent to the Agent for such action as he may consider necessary.

Mr. Lalchand Navalrai : Generally when questions are sent to the Agent, he does not take any action ; nor does the Railway Board take any further action. I would therefore request the Honourable Member, that if the Agent takes any action, he should inform the Honourable Member of the Government ?

The Honourable Sir Saiyid Sultan Ahmad : I will see that it is done.

LUGGAGE PASSES GRANTED TO INFERIOR STAFF ON THE NORTH WESTERN RAILWAY.

989. ***Bhai Parma Nand** : Will the Honourable the Railway Member be pleased to state whether Government are aware that prior to the introduction of the revised Pass Rules, promulgated with Railway Board's notification No. 9132-F/S.R.-14-Ry., dated the 13th October, 1936, the inferior staff on the North Western Railway was granted luggage passes on transfer for goats or sheep up to two, kids up to four, poultry as asked for and luggage up to 20 maunds ; and staff drawing Rs. 50 per mensem was treated as superior staff and granted passes accordingly, but the Agent has now issued orders that no extra luggage shall be allowed to an inferior servant ? Do Government propose to have this order cancelled ?

The Honourable Sir Saiyid Sultan Ahmad : The Honourable Member is referred to the answer given in this House to Mr. Lalchand Navalrai's question No. 682 on the 21st September, 1937. The status of the staff drawing Rs. 50 per mensem has not been altered by the notification referred to by the Honourable Member.

Mr. Mohan Lal Saksena : May I know if any action has been taken regarding the pass rules ?

The Honourable Sir Saiyid Sultan Ahmad : How does that arise on this question ?

Mr. Mohan Lal Saksena : It relates to the changes in the new pass rules.

The Honourable Sir Saiyid Sultan Ahmad : The matter is under consideration, and I hope to make a statement on Tuesday next, the 5th or 6th October.

†990*—996*.

CHINA'S REPRESENTATION TO THE LEAGUE OF NATIONS AND DEVELOPMENTS IN THE FAR EAST.

997. ***Mr. Mohan Lal Saksena** : (a) Will the Honourable the Law Member be pleased to state whether China has made any representations to the League of Nations regarding action being taken by the League against the aggressor country Japan ? If so, did the Government of India support this request of China ? If not, why not ?

(b) What are the latest reports regarding the developments in the Far East ? Is there any possibility of their developing into a world conflagration as reported in certain quarters ?

(c) Do Government propose to consult this House in the event of a world conflagration ?

The Honourable Sir Nripendra Sircar : (a) China appealed to the Council of the League under Articles 10, 11 and 17 of the Covenant, and the Council referred the appeal to the Advisory Committee set up to deal with the Sino-Japanese conflict under a Resolution adopted by the Assembly of the League on February, the 24th, 1933. The Advisory

†For these questions and replies thereto, see pages 2921—23 of these debates.

Committee adopted a Resolution expressing profound distress at the loss of innocent civilian lives as the result of the aerial bombardment of open towns in China and declaring that no excuse can be made for such acts. This Resolution was laid before and unanimously adopted by the Assembly. In these circumstances, no question arose of the Government of India supporting China's appeal otherwise than through their Delegates to the Assembly whose conduct in supporting the Resolution has the full approval of Government.

(b) On the first point I have no information beyond what has appeared in the press. On the second point I must leave the Honourable Member to form his own appreciation of future possibilities.

(c) I cannot attempt to forecast the course which Government would take in the contingency referred to.

Mr. Mohan Lal Saksena : May I know if Government are aware of the proposal to boycott Japanese goods ?

Mr. President (The Honourable Sir Abdur Rahim) : That does not arise out of this question

(b) WRITTEN ANSWERS.

PRICES OF PIG IRON.

990. ***Dr. Ziauddin Ahmad :** (a) Will the Honourable the Commerce Member please state what is the cost of production of pig iron per ton in the Tata Iron Steel Factory ?

(b) At what price is pig iron sold to Japan and other foreign countries and how much quantity has been exported since April, 1937 ?

(c) At what price is it sold to smaller Indian industries ?

(d) At what price is it sold to Government ?

(e) What was the fair selling price of pig iron calculated by the Tariff Board ?

The Honourable Sir Saiyid Sultan Ahmad : (a) The Honourable Member's attention is invited to paragraph 38 of the Tariff Board's Report on the Iron and Steel Industry, 1934.

(b) I lay a statement on the table giving the average declared values, quantities and total values of pig iron exports from India to Japan and other foreign countries from May to July, 1937.

(c) Government have no definite information on the point. I would, however, refer the Honourable Member to the *Indian Trade Journal* which gives current market quotations of pig iron from week to week. Copies of the *Journal* are in the Library.

(d) It is presumed that the Honourable Member refers to purchases of pig iron on behalf of Government from the Tata Iron and Steel Company since April, 1937. No purchases of pig iron have been made from

the firm since April, 1937, as they informed the Indian Stores Department that they were unable to supply.

(e) The Honourable Member's attention is invited to paragraphs 232 to 245 of the Tariff Board's Report on the Iron and Steel Industry, 1934.

Statement showing the Quantity and Value of Exports of Pig Iron for the months of May, June and July 1937.

		Japan.	China.	U. S. A.	Other Countries.
May 1937 ..	0 (tons)	24,026	942	5,189	1,895
	V (Rs.)	4,99,675	20,727	1,19,033	46,653
	Average declared value per ton.	20·8	22·0	22·9	24·6
June 1937 ..	0 (tons)	24,816	867	6,683	3,115
	V (Rs.)	5,64,388	18,847	1,54,037	83,776
	Average declared value per ton.	22·7	22·0	23·0	26·9
July 1937 ..	0 (Tons)	27,258	703	5,755	2,570
	V (Rs.)	8,66,096	26,778	1,87,084	79,740
	Average declared value per ton.	31·8	38·1	32·5	31·0

IMPORT DUTY ON PIG IRON.

991. ***Dr. Ziauddin Ahmad :** (a) Will the Honourable the Commerce Member please state what is the import duty on pig iron ?

(b) Are Government aware that pig iron is now exported from India and is sold at an abnormally high price to the smaller industries, and are Government prepared in the interests of smaller industries to remove the import duty on pig iron altogether ?

The Honourable Sir Saiyid Sultan Ahmad : (a) The rate is 20 per cent. *ad valorem* standard and 10 per cent. *ad valorem* Preferential for the produce of the United Kingdom.

(b) The reply to the first part of the question is in the affirmative. As regards the latter part, the Honourable Member's attention is invited to the reply given by my predecessor to his question No. 275 during the last Delhi Session.

EQUALISING OF EXTERNAL AND INTERNAL PRICES OF PIG IRON.

992. ***Dr. Ziauddin Ahmad** : Will the Honourable the Commerce Member please state whether in view of the fact that the manufacture of pig iron is a protected industry, Government are prepared to force the Tata Iron Steel Company to equalise the external and internal prices ?

The Honourable Sir Saiyid Sultan Ahmad : Pig iron is not one of the protected items of iron and steel.

PRICE OF INGOTS.

993. ***Dr. Ziauddin Ahmad** : (a) Will the Honourable the Commerce Member please state what the fair selling price of ingots calculated by the Tariff Board was ?

(b) What is the price of ingots at present ?

(c) What profit per annum did the Tariff Board recommend for the Tata Iron Steel Company ?

(d) What was their profit last year ?

The Honourable Sir Saiyid Sultan Ahmad : (a) I would invite the Honourable Member's attention to Table XXI in paragraph 92 of the Report of the Tariff Board on the Iron and Steel Industry, 1934.

(b) Except in very special cases steel in the ingot stage is not a marketable commodity and no market prices of steel ingots are available.

(c) The Honourable Member's attention is invited to paragraph 80 of the Tariff Board's Report already referred to.

(d) The published accounts of the Tata Iron and Steel Company show that the net profits of the Company for the year ending the 31st March, 1937, amounted to Rs. 1,83,56,464-13-9.

PRICE OF B. PREFERENTIAL TATA SHARES.

994. ***Dr. Ziauddin Ahmad** : (a) Will the Honourable the Commerce Member please state what the value of B. Preferential Tata Shares in June 1934 was ?

(b) What is the price of B. Preferential Tata Shares at present ?

The Honourable Sir Saiyid Sultan Ahmad : (a) and (b). The Honourable Member can obtain the information by a reference to the commercial journals and newspapers for the respective periods.

PROFITS GIVEN BY THE TATA IRON AND STEEL COMPANY ON ITS SHARES.

995. ***Dr. Ziauddin Ahmad** : (a) Will the Honourable the Commerce Member please state what profit has Tata Iron Steel Company given in the year 1936-37 on the face value of the shares ?

(b) Did the Tata Iron Steel Company keep a portion of their profits in reserve ? If so, how much ?

(c) Was the Steel Act passed by the Government of India in 1934 to encourage the iron and steel industry in this country in general or was it only intended for the benefit of the shareholders of Tata Iron and Steel Company ?

The Honourable Sir Saiyid Sultan Ahmad : (a) The Honourable Member presumably refers to the amount disbursed as dividends by the Tata Iron and Steel Company during the year 1936-37. The published accounts of the Company show that a sum of Rs. 1,62,09,676-7-0 was distributed.

(b) It is presumed that the Honourable Member is referring to the amount kept in reserve to cover depreciation. The published accounts of the Company show that a sum of Rs. 93,00,000 was kept in reserve to cover depreciation.

(c) The Honourable Member's attention is invited to the Statement of Objects and Reasons to the Iron and Steel Duties Act, 1934.

TRAINING OF INDIANS BY THE TATA IRON AND STEEL COMPANY.

996. ***Dr. Ziauddin Ahmad :** (a) Will the Honourable the Commerce Member please state the number of persons employed by the Tata Iron and Steel Company drawing over Rs. 1,000 per mensem and how many of these are Indians ?

(b) Has the Tata Iron and Steel Company taken any steps to train Indians for smaller industries ? If so, what is the method of their training, and how many persons have they trained ?

The Honourable Sir Saiyid Sultan Ahmad : (a) and (b). The finding of the Tariff Board in 1934 on the subject was that satisfactory progress had been made in technical training and Indianisation of the staff by the Tata Iron and Steel Company. I would in this connection also invite the Honourable Member's attention to paragraphs 143—145 of the Report of that Board. Government have no further information on the subject.

UNSTARRED QUESTIONS AND ANSWERS.

LEAKAGE OF ROOFS OF THE THIRD CLASS CARRIAGES ATTACHED TO THE GRAND TRUNK EXPRESS.

189. **Dr. Ziauddin Ahmad :** Will the Honourable Member for Commerce and Railways state whether :

(a) Government are aware that the roofs of the third class carriages attached to the Great Indian Peninsula Grand Trunk Express leak freely during rains ?

(b) Do Government propose to direct the Great Indian Peninsula Railway Administration to appoint an officer or officers to see that the windows and roofs do not permit water to come inside the compartment while it is raining ?

The Honourable Sir Saiyid Sultan Ahmad : The question and its answer will be forwarded to the Agent, Great Indian Peninsula Railway, for such action as he may consider necessary.

**DISMISSAL OF THE BENGAL NAGPUR RAILWAY EMPLOYEES AFTER THE
TERMINATION OF THE STRIKE.**

190. Mr. Mohan Lal Saksena : (a) Will the Honourable Member for Commerce and Railways state :

- (i) how many employees of the Bengal Nagpur Railway have been dismissed from service from the date of the termination of the strike ;
- (ii) whether appeals were preferred against the original order to the Agent, Bengal Nagpur Railway ; and
- (iii) whether the Agent instead of dealing with the matter personally as an appellate authority left the same to be disposed of by the subordinate officers, viz., the Chief Mechanical Engineer, Khargpur, District Loco. and Carriage Superintendent, Khargpur, Commercial Traffic Manager, Bengal Nagpur Railway, Calcutta or other officers who had already dealt with and disposed of the matter personally against the memorialists ?

(b) Is the Honourable Member prepared to see that things are done consistently with the rules of the Government framed in their behalf ?

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

(b) No, as the rules framed by Government are not applicable to staff of the Bengal Nagpur Railway which is a Company-managed Railway.

**FRANCHISE QUALIFICATIONS FOR LANDHOLDERS CONSTITUENCY IN THE UNITED
PROVINCES FOR THE FEDERAL LEGISLATIVE ASSEMBLY.**

191. Raja Bahadur Kushalpal Singh : Will the Honourable the Leader of the House be pleased to state the franchise qualifications for electors and candidates in the special constituency of landholders in the United Provinces of Agra and Oudh formed for the Federal Legislative Assembly ?

The Honourable Sir Nripendra Sircar : The franchise qualifications for electors and candidates for the United Provinces Landholders constituency in the Federal Assembly have yet to be prescribed, *c.f.*, paragraphs 23 (b) and 25 (ii) of Part I of the First Schedule to the Government of India Act, 1935. The Honourable Member may, however, like to refer to the recommendations contained in Chapter XVII of the Report of the Indian Delimitation Committee, a copy of which is in the Library of the House.

**FRANCHISE QUALIFICATIONS FOR LANDHOLDERS CONSTITUENCY IN THE UNITED
PROVINCES FOR THE FEDERAL COUNCIL OF STATE.**

192. Raja Bahadur Kushalpal Singh : Will the Honourable the Leader of the House be pleased to state the franchise qualifications for electors and candidates in all the constituencies in the United Provinces of Agra and Oudh formed for the Federal Council of State ?

The Honourable Sir Nripendra Sircar : The franchise qualifications for electors have yet to be prescribed, *c.f.*, sub-paragraph (4) of paragraph 6 of Part I of the First Schedule to the Government of India Act, 1935. But the Honourable Member's attention is invited to the White Paper published in October, 1935, and particularly part IV thereof, a copy of which is in the Library of the House.

The qualifications for candidates are laid down in paragraph 11(b) of Part I of the First Schedule to the Act.

CREATION OF A POST OF AN ECONOMIC ADVISER TO THE GOVERNMENT OF INDIA.

193. Mr. Amarendra Nath Chattopadhyaya : (a) Will the Honourable Member for Commerce and Railways be pleased to state if the Government of India has resolved to create a new post of an Economic Adviser to the Government of India ?

(b) If so, will the Honourable Member be pleased to state the subject in detail on which the proposed adviser will have to advise ?

(c) Will the Honourable Member be pleased to state whether the Honourable the Finance Member along with the Honourable the Commerce Member could not do the duties of the proposed Economic Adviser ?

(d) If the answer to part (c) be in the negative, will the Honourable Member be pleased to state the qualifications required for this post and if the post will be advertised ?

(e) Will the Honourable Member be pleased to state what remuneration has been fixed for that post and if this post will be given to any deserving Indian who has the necessary qualifications ?

(f) Will the Honourable Member be pleased to state if it is a fact that the Government of India have any particular person in view for the post ? If so, will he state his name and qualification and his knowledge about India and her economic situation ?

(g) Will the Honourable Member be pleased to state if the duties of the Economic Adviser will not be overlapping with the duties of both the Honourable the Commerce Member and the Honourable the Finance Member ?

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

(b) I would invite the attention of the Honourable Member to pages 124-126 of the Proceedings of the meeting of the Standing Finance Committee held on the 11th February, 1937, a copy of which is in the Library.

(c) No.

(d) The Honourable Member's attention is invited to the reply given to part (b) of his question.

(e) The pay of the Economic Adviser has been fixed at Rs. 3,000 per mensem. The post has already been offered to a candidate who is considered by Government to have the necessary qualifications.

WORKING HOURS OF GUARDS AND DRIVERS.

194. **Mr. Mohan Lal Saksena :** (a) Will the Honourable the Railway Member be pleased to state what are the normal working hours for the railway employees particularly the guards and engine drivers ?

(b) Is it not a fact that the eight hours' working day has been accepted by Government for railway workers in India ? If so, what steps do Government take to see that the rule is not defied ?

The Honourable Sir Saiyid Sultan Ahmad : (a) I would refer the Honourable Member to the reply given to unstarred question No. 123 asked by Maulvi Muhammad Abdul Ghani in this House on the 21st September, 1937. The Hours of Employment Regulations do not apply to guards and engine drivers whose hours of work on different links vary *inter alia* according to the exigencies of service. As far as practicable, their hours of work are, however, regulated within the limits laid down in the Hours of Employment Regulations.

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

PURCHASE AND MANUFACTURE OF WAGONS.

195. **Mr. Mohan Lal Saksena :** Will the Honourable Member for Railways be pleased to state :

- (a) the total number and cost of railway wagons purchased by the railways in India during 1936-37 ;
- (b) the number and cost of the wagons manufactured in the railway workshops ;
- (c) the number and cost of wagons manufactured by other firms in India ; and
- (d) the names of the various firms, with the number and cost of wagons manufactured by each of them separately ?

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

STATEMENTS LAID ON THE TABLE.

Information promised in reply to unstarred question No. 31 asked by Mr. Abdul Qaiyum on the 27th August, 1937.

RE-NOMINATION OF THE SAME MUSLIM MEMBER TO THE PESHAWAR CANTONMENT BOARD.

(a) The answer to the first part is in the affirmative and to the second in the negative. The gentleman concerned was nominated to the late Cantonment Committee, Peshawar, from October, 1916, to September, 1918, and not as stated in the latter part of the question.

(b) Yes, because the person concerned was considered to be the most suitable.

(c) Yes.

(d) Government do not propose to interfere in the discretionary powers of the Officer Commanding the Station.

Information promised in reply to starred question No. 390 asked by Mr. Kuladhar Chaliha on 8th September, 1937.

LAVATORIES IN THIRD AND INTERMEDIATE CLASS CARRIAGES OF THE ASSAM BENGAL RAILWAY.

(a) 520 intermediate and third class carriages of the Assam Bengal Railway have been provided with lights in lavatories and the sizes of 64 lavatories of such carriages have been increased to the standard size of 12 sq. ft.

(b) No mirrors and wash basins are provided in the lavatories of third and intermediate class carriages. It is, however, proposed to provide such amenities in intermediate class carriages when carriages are being rebuilt.

Information promised in reply to starred question No. 498 asked by Mr. Badri Dutt Pande on the 14th September, 1937.

OCCUPATION OF "RAMSAY HOUSE" IN THE ALMORA CANTONMENT BY CERTAIN OFFICERS.

(a) and (b). Yes.

(c) No.

(d) No medical certificate was demanded from the officials concerned whom the Board considered it justifiable to assume would not be on the active list were they suffering from tuberculosis. The action of the Cantonment Board was, however, not in accordance with the bye-laws and this is being brought to their notice.

(e) No.

Information promised in reply to starred question No. 583 asked by Mr. Ram Narayan Singh on the 16th September, 1937.

GRIEVANCES OF THE PATNA PUBLIC REGARDING SHUTTING UP OF THE WESTERN LEVEL CROSSING GATES.

(a) Railway officials met the Director of Industries, Bihar, and some members of the public interested in the improvement of facilities for crossing the railway lines at Patna on the 23rd June, 1937.

As a result of the meeting orders have been issued which it is hoped will reduce detention to road traffic.

(b) The members of the public were generally of the opinion that an additional crossing was necessary for the convenience of people living in bungalows constructed during recent years, on the south side of the line. The Railway Administration has no objection to this proposal provided the Government of Bihar agree to find funds for the purpose.

It is understood the Director of Industries, Bihar, decided to put up the proposal to the Minister-in-Charge of that Province.

Information promised in reply to starred question No. 606 asked by Mr. Sri Prakasa on the 20th September, 1937.

GRAVEYARDS IN NEW DELHI.

(a) Yes.

(b) The New Delhi Municipal Committee have power to control and regulate the use and management of burial grounds.

(c) Graveyards actually in use on land belonging to Government are cared for either by Government or by the community concerned.

(d) None that Government are aware of.

Information promised in reply to part (b) of starred question No. 673 asked by Mr. Mohan Lal Saksena on the 21st September, 1937.

ACTION TAKEN ON MOTIONS FOR ADJOURNMENT CARRIED IN THE INDIAN LEGISLATIVE ASSEMBLY.

Serial No.	Date on which moved in the Legislative Assembly and carried.	By whom.	Subject of the Motion.	Action taken by Government.
1	23rd March, 1936.	Pandit Nilakantha Das.	The decision of the Government of India conveyed to Mr. Subash Chandra Bose through the British Consul at Vienna to the effect that Mr. Bose could not expect to remain at liberty if he returns to India.	No action was taken by the Government.
2	31st August, 1936.	Mr. S. Satyamurti	The attitude and action of the Government of India in respect of the new rules for recruitment to the Indian Civil Service in London and in India.	A copy of the debates was forwarded to the Secretary of State for information.
3	31st March, 1937.	Mr. M. Ghiasuddin	The racial discrimination against the Indian members of the Military Medical Services in India as set forth in the Government communique of the 25th March, 1937.	Government took no action. The reason is that as pointed out by the then Defence Secretary in his speech on the motion Government does not admit that the alleged discrimination exists.
4	2nd April, 1937	Mr. M. Asaf Ali ..	The indiscriminate <i>lathi</i> charge on the public and the arrest of local Congress leaders and volunteers in Delhi yesterday in connection with the <i>hartal</i> proclaimed by the Congress against the introduction of the New Constitution.	No action was taken by the Government.
5	24th August, 1937.	Mr. S. Satyamurti	The amendments to the rules of the Indian Legislative Assembly published in the Gazette of India of the 24th of July, 1937, without even consulting the Assembly.	No action has been taken by the Government.
6	25th August, 1937.	Mr. S. Satyamurti	The callous attitude of the Government of India in respect of the recent hunger-strike of the political prisoners in the Andamans.	No action was taken by the Government.

Information promised in reply to starred question No. 674 asked by Dr. P. N. Banerjea on the 21st September, 1937.

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

(a) There was a great flood in the districts mentioned in 1936.

(b) It is understood that a small area of land was eroded owing to the insufficiency of waterway at one of the bridges on the Sara-Serajganj Railway. There was no insufficiency of waterway on the main line of the Eastern Bengal Railway.

(c) Yes, suggestions were made in regard to the particular bridge referred to in (b).

(d) It has been decided to provide an additional bridge of two 40 ft. spans on the Sara-Serajganj Railway.

Information promised in reply to parts (d) and (e) of starred question No. 728 asked by Mr. K. M. Jedhe on the 22nd September, 1937.

OVERSEERS OF THE KASAUJI CANTONMENT.

(d) and (e). No. The allegations are baseless.

Information promised in reply to part (c) of starred question No. 816 asked by Mr. K. M. Jedhe on the 27th September, 1937.

FEE CHARGED BY THE DOCTOR OF THE CANTONMENT HOSPITAL AT DAGSHAI FROM MILKMEN AND HAWKERS OF FOODSTUFFS.

The Military Sub-Assistant Surgeon holds charge of the Cantonment Outdoor Dispensary, Dagshai, in addition to his normal military duties, and is allowed to charge fees for medical examination of milkmen and other hawkers of foodstuff under the bylaws of the Cantonment which were authorised by the Provincial Government. The reply to the second part is in the affirmative.

THE INDIAN COMPANIES (AMENDMENT) BILL.

PRESENTATION OF THE REPORT OF THE SELECT COMMITTEE.

The Honourable Sir Nripendra Sircar (Law Member) : Sir, I beg to present the Report of the Select Committee on the Bill further to amend the Indian Companies Act, 1913, for certain purposes.

THE INDIAN TARIFF (SECOND AMENDMENT) BILL.

Mr. A. H. Lloyd (Government of India : Nominated Official) : Sir, I beg to move :

“ That the Bill further to amend the Indian Tariff Act, 1934, for a certain purpose, be taken into consideration.”

As has been explained in the Statement of Objects and Reasons, the object of the Bill is to remove a doubt as to the interpretation of the tariff which has arisen in circumstances which I shall now explain.

Before March 31, wheat flour was covered by item 68 of Schedule II to the Indian Tariff Act, 1894, and wheat by item 1A. These read :

“ 68. Flour (except Sago flour).” Duty 15 per cent.

“ 1A. Grain and Pulse, all sorts, including broken grains and pulse, but excluding flour (see Nos. 1B and 68).” Free.

In March, 1931, a protective duty of Rs. 2 per cwt. was imposed, both on wheat and on wheat flour, by the Wheat (Import Duty) Act, 1931. This protective duty was continued by fresh legislation from year to year, with certain modifications, and, during the year 1936-37 stood at Re. 1 per cwt. for both wheat and wheat flour.

The protective duties were allowed to lapse on the expiry of the latest extension, i.e., on the 31st March, 1937.

The effect of this decision was, in the view of the Customs authorities in India, to throw the articles back into the appropriate entries in the Indian Tariff Act, 1934, namely, *wheat flour* into entry No. 11 which reads “ flour not otherwise specified ” and has the normal revenue duty of 25 per cent. attached to it and *wheat* into entry No. 10 which reads “ grain and pulse, not otherwise specified, including broken grains and pulse, but excluding flour ” and carries no duty, that being a free item. This view has been acted upon by the Custom Houses in India and has not been challenged by any of the merchants who have made the comparatively small imports of wheat flour that have occurred.

The authorities in Burma took a different view. They held that the result of the lapsing of the protective duty was to leave both wheat flour and wheat duty-free, for the following reason. Section 11 (1) of the Indian Tariff Act, 1934, reads :

“ 11. (1) When the duty specified for any article in the First Schedule is characterised as protective in the third column of that Schedule, that duty shall have effect only up to the date, if any, specified in the seventh column of that Schedule.”

The Burma view is that this only effects the cancellation of the entries in the fourth and seventh columns of the First Schedule to that Act, which relate to “ standard rate of duty ” and “ duration of protective rates of duty ” and that the entries in columns one and two of that Schedule, which relate to “ item no.” and “ name of article ”, still remain part of the law. That is to say, wheat and wheat flour are still shown in the tariff, but without any duty attached ; consequently, they have to be admitted free. This view is, we cannot deny, entitled to respect : and we cannot put our own case higher than to say that both views are arguable.

The Government of India have decided, therefore, to introduce this Bill which is designed to confirm the course of action taken in the Custom Houses in India, both for the future and also with a view to forestalling the possibility of any challenge being made now of the validity of the assessments which have been made since the 1st April last and which, as I have said, have hitherto passed unchallenged.

The revenue significance of the matter is small, at least up to date, since the imports of wheat flour up to the end of July have only amounted to 50 tons, valued at Rs. 8,744 ; while, so far as wheat is concerned, no substantive change will be made and our object is merely to tidy up the tariff. Our most important reason for promoting the legislation is to

be found in the consideration that unless our own law is such as to remove all doubts, we cannot hope that Burma will follow suit and restore the revenue duty on wheat flour. That Burma should do so is desirable both in the interests of the administration and of the Indian milling industry—in the interests of the administration because it is desirable to avoid a situation in which an article that is dutiable in India is free on import into Burma, which involves the inconvenience of having to levy a countervailing duty in British India on imports from Burma under paragraph 6 of Part II of the India and Burma Trade Regulation Order, 1937 ; and in the interests of the Indian milling industry because the products of that industry will, if the duty is restored in Burma, have the advantage of its shelter in the Burma market. The importance of this last consideration may be gauged by the fact that exports of wheat flour from India to Burma during the first four months of the current year, amounted in value to 12½ lakhs. I am glad to be able to say that the Government of Burma have indicated their willingness to introduce the necessary legislation in due course, although it will not be possible for them to do so simultaneously with the action that is being taken in this country. Sir, I move.

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

“ That the Bill further to amend the Indian Tariff Act, 1934, for a certain purpose, be taken into consideration.”

Mr. B. Das (Orissa Division : Non-Muhammadian) : Sir, the hectoring attitude of the Burma Government and the repudiation of the Burma Government in regard to the Indo-Burma Trade Agreement has been....

The Honourable Sir James Grigg (Finance Member) : Sir, is the Honourable Member in order in referring to the action of another Government in those terms ?

Mr. President (The Honourable Sir Abdur Rahim) : What is the language which the Honourable Member used ?

Mr. B. Das : I used the words “ hectoring attitude ”. What I was going to say is that although there was an Indo-Burma Trade Agreement and Burma was allowed certain concessions and to profiteer at India's cost to the extent of a crore of rupees, as soon as Burma was separated from India she enhanced the postal rates whereby, although Burma added to her own coffers, the Indian trades people and the Indian workers that work in large numbers in that country suffer terribly because they cannot write letters on the old postal rates.

The Honourable Sir James Grigg : I again rise to a point of order, Sir. Is it in order to discuss the Indo-Burma Trade Agreement on a Bill to amend the Indian Tariff Act ?

Mr. President (The Honourable Sir Abdur Rahim) : I myself do not see the relevancy of it. The Honourable Member had better come to the Bill.

Mr. B. Das : This is the second instance when Burma.....

Mr. President (The Honourable Sir Abdur Rahim) : I do not want any recital of previous instances. I only want that this Bill should be discussed.

Mr. B. Das : This is the second loophole which Burma has taken advantage of, although I was pleased to hear from my Honourable friend, Mr. Lloyd, that the Burma Government has condescended that they will legislate on the line suggested by the Government of India. The attitude of the Burma Government has all along been to deprive the Indian Government of its proper revenues, to deprive Indian traders and Indian businessmen of their fair right of business and trade in Burma. This is one of the instances. My Honourable friend, the Finance Member, does not want to hear of the instances : but he is not merely concerned with the collection of taxes but also with the development of Indian trade and commerce ; and if a certain agreement were entered into for three years, the Government of Burma ought to have fulfilled it and my Honourable friend, the Finance Member, ought not to have suffered the humiliation of approaching the Burma Government, to legislate on the lines of the speech delivered by my Honourable friend, Mr. Lloyd. I have no alternative but to give my support to this Bill ; but I only want to point out to the House the way Burma is treating not only the Government of India, but is also causing trouble to Indian trade and commerce, and this is one of the most sinister instances. With these observations, I support the Bill.

Prof. N. G. Ranga (Guntur *cum* Nellore : Non-Muhammadan Rural) : Sir, I welcome the Bill and the principles underlying it. I am glad for once the Government propose to take timely action to help the Indian agriculturists, even though it is to a very small extent. But I want to know why Government fight shy of placing information in the possession of this House in regard to some of the most important things. It is true that the Governor General in Council is entitled, according to section 11(2), to make an inquiry into the need for the continuation of any protective duty and to remit it if he were to find it unnecessary or excessive, and so on. But when they thought it advisable to remit or abolish this wheat import duty, I do not know why they did not take the House into their confidence and state why, and, on the basis of what facts, they came to that conclusion, and what were the results of their inquiry, and so on. When I put a short notice question in the last Budget Session, it was refused by the Honourable Member concerned, and the House lost an opportunity of discussing whether Government were rightly advised or not in dropping that protective duty for wheat and wheat flour. Now, I find by the necessity of Government to continue this *ad valorem* revenue duty on wheat flour, there are certainly some imports of wheat flour into this country : we want to know—and I think the House has a legitimate right to know—how much of wheat imports are coming into this country and how much of revenue of the Government are able to get from such *ad valorem* revenue duty. We are not given any such information. The House has a right to be satisfied that there are not any more imports of wheat flour than can be properly checked and controlled by this revenue duty alone, and that there are not any more imports which really mitigate (conflict with) the wheat flour industry and wheat growers in this country. We have not had that information, and I would like the Honourable Member in charge of this Bill to enlighten the House in regard to these points. Coming to this particular provision in the Bill that item 11(1) should be dropped, we recognise that if there were to be any loophole at all, it should be removed immediately, so that our agriculturists can again export wheat

and wheat flour to Burma and can try to compete on more favourable terms with other countries such as Australia. Therefore, I am in favour of this Bill and the principle underlying it ; but I would like the Government to state the facts, as they are, whether we are having too much of imports into this country of wheat flour, and whether there is any danger at all of outside wheat flour coming in here in spite of the 25 per cent. *ad valorem* duty and compete with the local industry to the disadvantage of our own peasants in this country. Sir, I support this Bill.

Mr. A. H. Lloyd : Sir, the observations which fell from the lips of my Honourable friend, Mr. B. Das, seem to me to be so irrelevant to the Bill that I do not propose to detain the House by discussing them....

Mr. B. Das : You are wrong there.

Mr. A. H. Lloyd : As regards what my Honourable friend from Madras said, he asked for a definite statement as to whether we were satisfied that the import of flour was not taking place to any considerable extent in spite of the imposition of the 25 per cent. duty. I have already given the figures for the imports of wheat flour for the first four months of this year, namely, something like 50 tons—quite a negligible figure. As regards the second part of his question, I think it will probably satisfy him, and even please him, if I mention that it so happens that the standard revenue duty of 25 per cent. *ad valorem* will work out at something like 50 to 100 per cent. higher than the protective duty which has lapsed.

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

“ That the Bill further to amend the Indian Tariff Act, 1934, for a certain purpose, be taken into consideration.”

The motion was adopted.

Clause 2 was added to the Bill.

Clause 1 was added to the Bill.

The Title and the Preamble were added to the Bill.

Mr. A. H. Lloyd : Sir, I move :

“ That the Bill be passed.”

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

“ That the Bill be passed.”

The motion was adopted.

THE INDIAN SECURITIES (AMENDMENT) BILL.

The Honourable Sir James Grigg (Finance Member) : Sir, I move :

“ That the Bill further to amend the Indian Securities Act, 1920, for a certain purpose, be taken into consideration.”

This is a matter of pure routine. Certain duties were, under the original form of the Indian Securities Act, thrown upon the ‘ prescribed officer ’, and the ‘ prescribed officer ’ was prescribed under rules made

[Sir James Grigg.]

by the Government of India. The officer prescribed was the Controller of Currency, and he has, until recently, been doing the particular duties required to be performed by this Act. Now, Sir, a great part of the Controller of Currency's work disappeared with the inception of the Reserve Bank, and there has not been since then really a full time job.....

Pandit Lakshmi Kanta Maitra (Presidency Division : Non-Muhammadan Rural) : When is this post going to be abolished ?

The Honourable Sir James Grigg : I will tell you. As I was saying, there has not been really full time work for the Controller of Currency, hence the decision of the Government to transfer the whole of the work to the Reserve Bank and wind up his duties entirely, and he has, since the inception of the Reserve Bank, been engaged on the process of transferring those duties to the Reserve Bank. As the Indian Securities Act requires the function which I have referred to, to be performed by the prescribed officer, and as the Reserve Bank can in no sense be described as an officer, it has been necessary to amend the Indian Securities Act so as to substitute the word ' authority ' for the word ' officer ' and the word ' it ' for ' him '. This might appear slightly ridiculous on the surface, but I cannot imagine that there can be any difference of opinion on this, and I hope that the House will regard it as a matter of pure routine.

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

" That the Bill further to amend the Indian Securities Act, 1920, for a certain purpose, be taken into consideration."

There is an amendment, I think, in the name of Prof. Ranga.....

Prof. N. G. Ranga (Guntur *cum* Nellore : Non-Muhammadan Rural) : I don't propose to move it, Sir.

Mr. K. Santhanam (Tanjore *cum* Trichinopoly : Non-Muhammadan Rural) : Sir, there can be no dispute about this Bill, but I should like to make just one remark. If the post of Controller of Currency had been abolished a year ago, the Indian Exchequer would have been saved a good lot of money. I am afraid the Government has unnecessarily delayed this matter for a considerable length of time.

Mr. Sri Prakasa (Allahabad and Jhansi Divisions : Non-Muhammadan Rural) : Sir, the Honourable the Finance Member with the recklessness that always characterises him.....

Mr. President (The Honourable Sir Abdur Rahim) : I must object to this.

Mr. Sri Prakasa : Very well, Sir. I will say with the good humour that always characterises him, or, may I say, optimism, light heartedness.....

Mr. President (The Honourable Sir Abdur Rahim) : The Honourable Member should be serious in his observations.

Mr. Sri Prakasa : As I was going to say, the Honourable the Finance Member, with the good humour, which makes him so popular in

this House, has really tried to do something that no Legislature has ever tried to do before. My own memory of studies of constitutional law tells me that though a Legislature including the British Parliament can do everything, it cannot change the sex of an individual ; and that is exactly what the Honourable the Finance Member is trying to do. If you will please refer to clauses 2, 4, and 5, you will find that the one constant refrain in all these is that 'him' should be changed into 'it'. It reminds me of the story one used to hear of the medieval Turkish Sultan who used to employ eunuchs to keep their unlimited harems in check.....

Mr. Muhammad Azhar Ali (Lucknow and Fyzabad Divisions : Muhammadan Rural) : Sir, I rise to a point of order. It was not the Turkish Sultans who did so, but it was a heritage of the old despots of the Bysentine Empire that the Turkish Sultan had inherited.

Mr. Sri Prakasa : I do not dispute what my friend says, but the heritage—and a very convenient one too—was there all the same.

Dr. G. V. Deshmukh (Bombay City : Non-Muhammadan Urban) : Is it changing the sex or unsexing ?

Mr. Sri Prakasa : I am glad, Sir, that the Indian Legislature, under the guidance of the Finance Member, has more powers than any other Legislature in the world, except the old despots.

Now, Sir, to come to the more relevant part of my objection. I see that the powers of the Controller of Currency, his duties and his obligations, are all going to be transferred to the Reserve Bank. I know that once a mistake is made, one must go through all the gamut of its implications and disabilities, and once we have established the Reserve Bank, we must suffer the consequences ; but I should like the Honourable the Finance Member to consider this question from just one important standpoint and to give such relief as he or his Government may be able to give in this behalf. There are laws which make it incumbent on various parties to keep large sums of money with Government. The Insurance Bill which is still fresh in our memory, requires large sums of money to be kept by the insurers with Government in its securities. All this money so far was kept with the Controller of Currency ; and the Controller of Currency gave interest on these securities without any extra charge in the form of commissions. Now, Sir, when all this money will be kept with the Reserve Bank, the Reserve Bank will be charging a certain amount of commission. It is a funny thing that they should have the right to coin the currency, the whole of the finance of the country should be practically in their hands ; that they should have to take no extra trouble in making these payments, and still, should be permitted to charge a certain amount of commission for the payment of interest on the securities that they, themselves, keep and for the payment of interest on which they have to take no trouble at all. I do think, Sir, when all these powers are being sought to be transferred to the Reserve Bank, the Finance Member should see to it that the public does not suffer and is not put under the obligation of any extra payment. I have absolutely no objection to the money being kept with the Reserve Bank instead of with the Controller of Currency, though, I have a general sort of objection to any money being kept with this

[Mr. Sri Prakasa.]

Government at all. For the present I only want to be assured that the Reserve Bank will keep our money on the same terms that the Controller of Currency did : and, if the Finance Member cannot make the Reserve Bank keep money on the same terms, I hope he will consider the desirability of withdrawing this Bill. But if he feels that he can make the Reserve Bank give us all the facilities that the Controller of Currency formerly gave, and specially to give us interest on the securities that are kept in safe custody with it on the same terms that the Controller of Currency did, I for one will have no objection to this Bill.

Mr. B. Das (Orissa Division : Non-Muhammadan) : Sir, I would like to know from the Honourable the Finance Member whether, with the abolition of the institution of Controller of Currency, the annual report will be published as usual by the Reserve Bank. The annual report of the Controller of Currency has not been published since 1935, and we do not want to transfer power to an outside authority over which the Honourable the Finance Member does not appear to have adequate control, because, Sir, it is found that, whenever we ask questions relating to the Reserve Bank, the Finance Member does not want to impart any news to this House. Sir, I was a member of the Reserve Bank Select Committee and was present on the floor of this House when the Reserve Bank Bill was passed, and I think the Finance Member is entitled to enlighten this House on the actions and on the operations of the Reserve Bank. Now that the work of the Controller of Currency is completely passing over to the Reserve Bank, I would like to know from the Finance Member whether he will exercise adequate control over the minting of currency or whether it is the Governor of the Reserve Bank who is to be permitted to change the silver tokens, to fix the quantity of silver or nickel in silver and nickel coins. The Controller of Currency is an old and historic institution which has served this great purpose, but it has not helped us so much as it has helped different Finance Members in their hours of need in their past acts of commissions and omissions to supply them with silver coins that they drew away from the masses by issuing currency notes. Of course, I do not lay any charge against the present Finance Member. He did not dabble in any such dangerous financial policy as some of his predecessors did. However, the House is entitled to know, the country is entitled to know that, with the passing away of this great institution, the Reserve Bank will not be reserved always, but will supply information to this House and the country at large about the currency policy of the Government. Particularly, I do hope that the salutary practice of publication of the annual report of the Controller of the Currency will be continued, so that the public may avail itself of the information about the currency and finance of the Government of India which we do not find anywhere else. With these observations, I support the motion.

Prof. N. G. Ranga : I am also in favour of the suggestion made by my Honourable friend, Mr. B. Das, that the report of the Controller of Currency which has been published till now should find its counterpart even from the Reserve Bank of India which is to discharge the Controller's functions hereafter. On the whole, I am not at all in favour of transferring any more power from the Government to the Reserve Bank of India over which, unfortunately, the Government of India has

no direct control. I am not one of those who advocate the so-called quasi or complete independence of the Reserve Bank of India or the Central Bank from the Government of the day. It was all right in those days when we had no control over our Government, for people to talk of the need for the establishment of an independent bank. Very soon, we hope to gain complete control over this Government, and then it will be found what a mistake we had made in establishing this Reserve Bank completely independent or quasi-independent of the Government of India. Even as it is, although we do not agree with this Government of India, at least we can content ourselves with having a certain amount of influence over it and its decisions through this Legislature. As things are at present, we are not able, even through this Legislature, to exercise any influence, whatsoever, upon this wonderful Reserve Bank. It is worse than the Government of India, and even worse than His Majesty's Government. We can at least have some occasions of criticising the actions of His Majesty's Government, but not of this great institution, the Reserve Bank, whose headquarters is not kept even at Delhi, but at Calcutta, very conveniently, I suppose, in the interests of British industrial magnates and other magnates also. This Reserve Bank of India has failed so far, according to me, to discharge the functions which have been charged to it even by this House. It was expected to advance cheap credit.....

Mr. President (The Honourable Sir Abdur Rahim) : The Honourable Member cannot go into all that on a Bill like this—what are their acts of commission or omission, or what they have done or failed to do.

Prof. N. G. Ranga : My only submission is this. We are asked now to transfer some more powers which till now have been exercised by the Controller of Currency, over whom the Government of India has had direct control, to this Reserve Bank. I submit for your consideration that it is relevant to discuss whether till now to the extent that any powers have been delegated to the Reserve Bank by this House—whether this Bank has discharged its functions.

The Honourable Sir James Grigg : May I remove a misapprehension that the Honourable Member seems to labour under ? It is not proposed to transfer any powers in regard to the control of currency or credit whatever ; those have already been completely transferred by the decision of this House. Now it is proposed to transfer certain residuary powers in the management of the Public Debt, certain almost routine powers. If it is in order for me to confirm or to agree with the view of the President, any question of control of currency or credit certainly does not arise on this Bill.

Prof. N. G. Ranga : If you look at the Indian Securities Act of 1920, section 24, you will find that very important powers are sought to be conferred upon this Reserve Bank in regard to sections 10, 11, 12, 13, 15, 19 and 21. These sections confer really a tremendous amount of discretion upon the Reserve Bank of India in regard to the transfer of securities and the settlement of disputes over these securities as between different holders of securities. I, personally, am not in favour of transferring so much of power to an institution over which, as things are today, neither this House nor the Government of India have any direct control or authority. And, it was only in support of that that I was

[Prof. N. G. Ranga.]

saying that till now the Bank has failed to discharge its functions, and only to instance it, I simply wanted to say, and, I say, as far as the rural credit is concerned, this Reserve Bank of India.

Mr. President (The Honourable Sir Abdur Rahim) : Order, order. The Honourable Member must confine himself to the Bill.

Prof. N. G. Ranga : I want to know what sort of control in so far as this particular Bill is concerned and the powers which the Government of India seek to confer upon the Reserve Bank—what sort of control they do expect to have over the activities of the Reserve Bank. I want to know whether they are going to have the same amount of control over its activities in regard to the discharge of its functions as they have had, till now, upon the activities of the Controller of Currency. If they are not going to have that much of control, there is no good transferring this power to the Reserve Bank. It does not matter if the country has today to incur some expenditure upon this office of Controller of Currency or any other office that has to discharge this function, provided the Government can have direct control over that particular office. If, on the other hand, Government were to transfer all these powers to the Reserve Bank and then to sit quiet here and simply trust to some indirect influence that the Finance Member may come to have either over the Governor directly or through the Governor General here or the Secretary of State, then I for one cannot think of supporting this Bill.

Mr. Muhammad Azhar Ali : We have been hearing complaints about the Reserve Bank of India, but I have to ask a very simple question, and it is in connection with the securities contained in big notes, for instance, notes of the value of Rs. 1,000 or more.

The Honourable Sir James Grigg : Currency notes ?

Mr. Muhammad Azhar Ali : Yes.

The Honourable Sir James Grigg : This does not apply to currency notes at all.

Mr. Muhammad Azhar Ali : Then, I have nothing to say.

Some Honourable Members : Let the question be now put.

Mr. T. S. Avinashilingam Chettiar (Salem and Coimbatore *cum* North Arcot : Non-Muhammadan Rural) : May I know when they propose to amend the rules ? If they take time to amend the rules there will be a lacuna in the law, and there will be a difference between the rules and the Act. I hope that they will amend it soon, for, if they do not do so, it will create trouble for the public. I would like to make a suggestion in the matter of amending the rules. At present all applications under sections 10 and 11 to which this amending Bill applies are made to the Controller of Currency. Now that the Reserve Bank has branches all over India, in Calcutta, Bombay and Madras, I would suggest to the Government that in the amendment of the rules scope should be given to applicants under these rules that they may apply in their own particular presidency so that it will be convenient for them. With this suggestion I support the Bill.

Mr. S. Satyamurti (Madras City : Non-Muhammadian Urban) : I want to ask one question of the Honourable the Finance Member. I want to know, if it is his intention that all these functions of a routine nature are to be transferred to the Reserve Bank, why is not the Act sought to be amended by substituting the word 'Reserve Bank' for the 'prescribed officer', instead of seeking to put in the word 'authority', which leaves it to the Government to make rules or not, or amend them, from time to time ? Is there any purpose behind it, or is it merely bad drafting ?

The Honourable Sir James Grigg : I will deal with the last point first. I am not of course an authority on drafting, but I made inquiries on the very point which the Honourable Member has raised, and I am assured that this is the orthodox way of dealing with the matter, and if the Honourable Member will excuse me for following orthodoxy in this instance, that is all I can say about it.

I do not propose, nor would it be in order for me to follow the various Honourable Members who have sought to deal with the question of the control of the Government over the Reserve Bank in the matter of currency and credit. The question of that control is irrelevant because in this matter the Reserve Bank is performing, not its own functions conferred upon it by statute but will operate as the agent of Government and of course Government will have control over its functions in that matter and propose to regulate them by an informal agreement with the Bank. I hope that will re-assure Honourable Members who think that this Bill means a further lessening of the control of the Central Government. The Bill merely transfers certain routine functions in regard to certain aspects of the management of the public debt to the Reserve Bank.

Perhaps I may deal here with the point raised by Mr. Santhanam who said that it ought to have taken place a year ago. He is entitled to his opinion but the process of transferring the functions to the Reserve Bank has necessarily taken some time and, moreover, the Controller of Currency has, during the last year and in fact ever since the Reserve Bank was set up, been acting as the Government director on the Board of the Reserve Bank and has been acting as the liaison officer with the Bank. Other arrangements would obviously have to be made to fulfil that part of his duties in future.

Prof. N. G. Ranga : Will an informal agreement be enough ?

The Honourable Sir James Grigg : If that is not enough, we will have something more formal. Mr. Das raised the point of the annual report of the Controller of Currency. I do not think it is quite in order but, of course, the Reserve Bank will issue an annual report on matters of interest in connection with currency and credit during the year. In fact, they have already started doing so. The only other point that was raised during this debate was raised by Mr. Sri Prakasa and if he will allow me to retaliate in kind, I might say that with his customary irrelevance he dragged in a point which was disposed of in connection with the Insurance Bill and asked if that is going to be put right. He said that if we don't put it right, he will oppose the Bill. I am very sorry I must leave him to oppose the Bill. That is all I have to say.

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

“ That the Bill further to amend the Indian Securities Act, 1920, for a certain purpose, be taken into consideration.”

The motion was adopted.

Clauses 2, 3, 4, 5, 6 and 7 were added to the Bill.

Clause 1 was added to the Bill.

The Title and the Preamble were added to the Bill.

The Honourable Sir James Grigg : Sir, I move :

“ That the Bill be passed.”

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

“ That the Bill be passed.”

Mr. Sri Prakasa : Sir, I am sorry that my Honourable friend, the Finance Member, instead of taking a sympathetic view of the problem that I raised, has thrown out a sort of challenge ; and has asked me to oppose the Bill, if I so wanted. Well, as an honourable man, I am bound to take up the challenge. I can only put down this bad temper on his part, so unusual in him, to his disappointment at tea yesterday, (Laughter) at the Viceroy's Party. When the Insurance Bill, to which my Honourable friend referred, was being discussed, he will probably remember that I had actually an amendment to the effect that there should be no charge of commission for the payment of interest on securities deposited with the Reserve Bank. There is just time now to save ourselves. I was informed by a high legal authority that in case the Reserve Bank has no authority to charge the commission, even if we put that clause in the Bill, they could not charge. Therefore, Sir, I thought I would make sure, now that this Bill was before the House, that the Honourable the Finance Member, when he is exercising that informal control, of which he was just talking, over the Reserve Bank, will see informally that they do not charge any commissions that the Controller of Currency was not charging. That is all I have to say and I hope that the Honourable the Finance Member will still relent.

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

“ That the Bill further to amend the Indian Securities Act, 1920, for a certain purpose, be passed.”

The motion was adopted.

THE INSURANCE BILL.

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

Mr. Bhulabhai J. Desai (Bombay Northern Division : Non-Muhamadan Rural) : Before you call upon the Leader of the House to speak, I wish to say a few words. I owe a duty as regards an inadvertent omis-

sion of an amendment which was on the Order Paper, amendment No. 42. It only seeks to do this, that the expenses of management in the case of foreign companies need not be split up if in their own country no such requirement exists. There was a great rush of work yesterday and we did not appreciate that my friends, of the European Group had not given notice of a similar amendment, though I am bound to confess that it was understood, between us, that an amendment to that effect would be supported. That is an inadvertent omission. There is a precedent to which my attention has been very kindly called by the Secretary of the Assembly.

Mr. President (The Honourable Sir Abdur Rahim) : Is it a clerical error ?

Mr. Bhulabhai J. Desai : In this instance it was a clerical error but it is obvious what the facts were. It says that the matter which was set right by the Chair could only have been set right by the Chair and not otherwise. I am reading from the proceedings of the Assembly, 1934, on page 2284, 29th August, 1934 :

“ *Mr. President* (Sir Shanmukham Chetty) observed as follows :

‘ It has been brought to the notice of the Chair that in the Bill to consolidate the law relating to customs duties as supplied to Honourable Members, in the printed form there has been a clerical omission, that is, in page 37, relating to Item No. 63 ‘ All sorts of Iron and Steel and manufactures thereof not otherwise specified ’. Of course there is no change in the customs duty, but they forgot to print the actual duty in columns 3, 4 and 5. Therefore, the Chair has ordered that the clerical omission may be rectified ’.”

Mr. President (The Honourable Sir Abdur Rahim) : What happened was that the Bill, as moved, did not contain this provision at all, and, therefore, it is not a question of omission of any kind ?

Mr. Bhulabhai J. Desai : I quite agree it could have been rectified.

Mr. President (The Honourable Sir Abdur Rahim) : Was there an amendment ?

Mr. Bhulabhai J. Desai : There was none. I make the suggestion and I hope it will commend itself to the Chair, that there is what may be called a rule of inadvertent omission and that is a rule which has been adopted in reference to proceedings of a similar nature in all the courts. In other words, if it is brought home to the Chair that it was a case of inadvertent omission and there is no controversial matter in issue, then it is a matter that should be corrected by the House. If, Sir, you will look at it in this way that in the Bill as modified columns 3, 4 and 5 contained no reference to the duty whatever, it is no use saying it was inadvertent ; undoubtedly they intended to maintain the same duty as before, but the Bill, as brought in, never contained that and it could only be corrected. The way in which the Honourable the President dealt with it was that you must bring it within a recognised statute to give relief in a matter of inadvertent omission—that was precisely a case of inadvertent omission.

Mr. President (The Honourable Sir Abdur Rahim) : The inadvertent omission was an omission to move an amendment ?

Mr. Bhulabhai J. Desai : In the first instance, no notice was given that columns 3, 4 and 5 substitute so much as duties under these heads. At that stage the Bill was about to be passed. The position is this. If you turn to amendment No. 42 to Part II of the Third Schedule to the Bill, you will see it is merely a new foot-note to be added. You will see that the expenses of management are provided for in form D. All that is intended to be added by the footnote is that :

‘ (e) in the case of an insurer having his principal place of business outside British India the expenses of management for total business need not be split up into the several sub-heads, if they are not to split up in his own country.’

Mr. President (The Honourable Sir Abdur Rahim) : Is it a case in which the rule-making power can be involved ?

Mr. Bhulabhai J. Desai : It is a case in which we are not altering, in the language of Sir Shanmukham Chetty, what I would call the substance of a matter which was passed by the House. This form D was passed.

Mr. President (The Honourable Sir Abdur Rahim) : Passed in that form ?

Mr. Bhulabhai J. Desai : This is not inconsistent with any clause, nor is it inconsistent with form D, because all that it is intended to provide for is that if in the country of origin and in the place of business the expenses are not split up, then we do not, by form D, require them to be split up—because form D, *prima facie*, by suggestion, would show that they must be split up.

Mr. President (The Honourable Sir Abdur Rahim) : I take it that the amendment did not attract notice of any one and it has not been moved—without this amendment the result is an omission ?

Mr. Bhulabhai J. Desai : What happens is that the form as it stands may involve, by implication, that they must be split up.

Mr. President (The Honourable Sir Abdur Rahim) : I quite sympathise with the Leader of the Opposition but I do not think that the ruling quoted applies.

Mr. Bhulabhai J. Desai : As the form now stands, it is purely by implication : there is no provision of law that it may be split up or may not be split up. It is *only* by virtue of the form prescribed that by implication—it may be argued—it should be split up.

Mr. President (The Honourable Sir Abdur Rahim) : I am afraid I cannot, by any rule of procedure at this stage, allow amendment No. 42, to be moved, which, as pointed out by the Leader of the Opposition, was not moved through a pure inadvertence. A ruling has been cited of Sir Shanmukham Chetty on page 2284 of Volume VIII of the Debates of 1934. That ruling does not lay down any principle according to which the Chair should act in cases of that character. What he said was that in that particular case there had been a clerical omission. Whether he meant what is suggested by the Leader of the Opposition I cannot say, but that is the reason that was given,—that there was a clerical omission which was sought to be supplied and apparently nobody thought at the

time—at any rate so far as that case was concerned—that an amendment for the purpose was necessary. In this particular case, the words sought to be inserted as a note at the foot of Form D of Part II of the Third Schedule cannot be added without an amendment being moved and adopted by the House. It may be absolutely non-controversial and I agree, as suggested by the Leader of the Opposition, that it was by inadvertence that the amendment was not moved. But all the same, the Schedule has been adopted in the form as it stands and as amended by other amendments. I am afraid it is too late now for amendment No. 42 to be moved.

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

“ That the Bill to consolidate and amend the law relating to the business of insurance, as amended, be passed.”

I do not desire to make two speeches, and I would like to make my observations, if any,—and I hope I shall not be too long—when I give my reply to the speeches which are going to be made now. Sir, I move.

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

“ That the Bill to consolidate and amend the law relating to the business of insurance, as amended, be passed.”

Sir Cowasji Jehangir (Bombay City : Non-Muhammadian Urban) : Sir, needless to say that I rise to support the third reading. But my real object in speaking now is to bring a few points to the attention of the Honourable House. In the very lucid speech that my Honourable friend, the Leader of the House, made on the general discussion, he criticised certain companies and their accounts, and I honestly and sincerely believe that inadvertently, he placed a few facts before the House about one company in particular, which is a general insurance company and not a life insurance company, which, I think, did not do justice to that company.

The Honourable Sir Nripendra Sircar : I have discovered that, and I wanted to correct the mistake myself.

Sir Cowasji Jehangir : I am much obliged to the Honourable Member. Then, I will just put the facts before the House. He did not name the company, and I am not going to name it either. But as I am connected with that company, I consider it my duty.....

Mr. S. Satyamurti (Madras City : Non-Muhammadian Urban) : Then you have named it.

Sir Cowasji Jehangir : How ? Could you tell me the name of that company ?

Mr. S. Satyamurti : I shalln't tell you.

Sir Cowasji Jehangir : I consider it my duty to place these facts before the House. The Honourable the Law Member said that although the agents' commission in the revenue account showed that for a certain year—I think it was 1936—it was only Rs. 29,500, yet it appeared to him, from the revenue account, that the agents had really drawn Rs. 1,25,000.

The Honourable Sir Nripendra Sircar : No, no.

Sir Cowasji Jehangir : I have got the speech and I will just point it out to him.

The Honourable Sir Nripendra Sircar : In correcting my mistake you are making three mistakes.

Sir Cowasji Jehangir : I will leave it to the Honourable Member to correct me but I am placing the facts as I know them. In the revenue account of that company, the Honourable Member pointed out, that there was an amount of commission of Rs. 96,620-15-0 paid, and there was a foot-note, that two directors were interested.

The Honourable Sir Nripendra Sircar : Not two, but the directors were interested.

Sir Cowasji Jehangir : As a matter of fact that 96,000 odd rupees went to the insurance agents, and chief agents, and those two directors were not *ex-officio* directors, and had nothing to do with the firm of agents and got only five per cent. of that amount, as they were the chief agents in two provinces, and they were appointed directors with the special sanction of the shareholders according to the new Companies Act. The only agency commission, that these agents had drawn was Rs. 29,500, and not Rs. 1,25,000 as some Honourable Members may have believed.

The Honourable Sir Nripendra Sircar : I never said all that.

Sir Cowasji Jehangir : Please see your speech. Now, Sir, there was another statement made which showed, that in the particular agency agreement of this firm, if they ceased to be agents, they were to be compensated by five times the amount of the profit which the Honourable Member suggested came to Rs. 6,50,000.

The Honourable Sir Nripendra Sircar : I said five times the commission.

Sir Cowasji Jehangir : You gave the amount to be Rs. 6,50,000. The real facts are that the agreement shows, that if the agents ceased to be agents, they had to be compensated by five times the amount of the commission, which will only come to Rs. 1,25,000 and not Rs. 6,50,000.

The Honourable Sir Nripendra Sircar : I won't interrupt you any more, but that is not the clause.

Sir Cowasji Jehangir : That is the clause. We have seen it. The amount mentioned was Rs. 6,50,000. As a matter of fact, it will be only Rs. 1,25,000, which was the commission drawn for the last five years by the agents. Those are the only two points, which I would like to bring to the attention of the Honourable House with regard to that particular company.

Now, Sir, my Honourable friend, the Law Member, gave an impression to this House, that Indian general insurance companies were doing remarkably well. That was the impression he had and he conveyed that impression to the Honourable House. But the real facts are very different. He quoted some figures, which were perfectly correct. He said that the European companies—I won't say foreign companies—the English companies, which were doing business in India, got about two crores of premium.

The Honourable Sir Nripendra Sircar : May I on a point of personal explanation remind my Honourable friend that possibly he was not here when attention was drawn by Mr. Satyamurti to that part of my speech and I stood corrected.

Sir Cowasji Jehangir : Thank you. I am very much obliged to my Honourable friend. It is entirely in keeping with his great sense of justice, which he has already exhibited throughout the proceedings in this House, and I will take an opportunity to allude to that just in a minute or two. But the Indian general insurance companies are not doing at all well. You cannot judge them by the amount of premium they take. You have to judge the prosperity of a company, firstly, by its working cost, and, secondly, by the profits it makes. I will only take the liberty of reading out to this House, just a few lines from the *Review* of London, dated the 10th January, 1936. It is an insurance journal in London, which reviews the working of 13 Indian general insurance companies in this country. Lest any of my Honourable friends may believe that I am quoting from a number of the *Review* which is over a year old, let me immediately say, that the position is worse today, than it was in January, 1936, and if the figures are changed in any way, they are on the wrong side. This is what the *Review* says :

“ Eight of the thirteen companies do not show a profit. Five obtained an average profit of 4.9 per cent., and the others returned an aggregate under-writing loss of 5.05 per cent.”

Then, it goes on :

“ Judging by the claims ratio, the business is of very good quality.”

It, then, further goes on :

“ The accounts break down on excessive costs and particularly on excessive commission, but it is obvious that in certain instances, the companies are not writing the volume of business, necessary to carry overhead and inevitable working charges economically.”

Now, Sir, this is an English journal, a journal that carries considerable weight in the insurance world, and this is what it says about the 14 Indian insurance companies doing general insurance business in India. We are not jealous of the prosperity of our English companies. By no means. We have copied them, we follow in their footsteps. All we desire, is that our companies should thrive and prosper just as theirs have done in the past and that we should be given opportunities of developing our companies, of starting new companies, and if possible, in the future of getting all the premium that is available in our own country. These are sentiments that have been expressed by Englishmen in England ; “ buy English goods ” is a sentiment well known in England. We are only expressing the sentiment expressed by Englishmen in England, and by other men in all parts of the world. But it is a very different thing to say that our companies, general insurance companies, are in a very flourishing condition. They are not. From what I will say later on, this House will see that as things stand at present, we see few prospects of any great improvement. A great deal has been said in this House about the energy displayed by insurance companies, their managers and agents during the discussion of this Bill, and even prior to its coming before this House, when committees were sitting to investigate the subject. I agree, that “ this parliamentary mentality ” has come to stay, and that all classes of people look to the Legislatures for justice, and that they come to their

[Sir Cowasji Jehangir.]

Members to place their claims before them, and even press their claims upon Honourable Members. That is exactly what we want them to do. If businessmen take an interest in legislation, which concerns them, they are only following the excellent example set by Englishmen in England, and in this country, and I think there is nothing to criticise, if a few dozens do come and sit at Simla to watch our proceedings, and take a keen interest, in what we say and do and give us, in pamphlet forms of all colours, all the information available. But, Sir, have the Englishmen been backward during this Bill (Hear, hear) ? No. They have done their duty by their interests. Two Englishmen have made their journey, all the way from England to India, one having remained in India since the days of the Advisory Committee in Delhi. Two representatives of Lloyd's have been in Simla, one of them, specially came from London.

Mr. Sri Prakasa (Allahabad and Jhansi Divisions : Non-Muhammadan Rural) : They have come to seal the fate of the Insurance Bill.

Sir Cowasji Jehangir : Surely, if they come out all the way from England to instruct us, and give us advice, and show us the right path, to show us light when we were in darkness, our own people in India doing business, are more than entitled to come and instruct us and show us, what to do. (Hear, hear.) If they have done so, all the more credit to them, and they should not be criticised. (Applause.)

Allusion was also made to the high salaries paid by Indian companies to some of their general managers, and two instances were alluded to. Two big insurance companies in India have general managers and they are both Englishmen and we are very glad to have them, and they are paid fairly high salaries. You must not compare the salaries to the salaries paid to Englishmen who are branch managers of British companies in India, but you must compare them, with the salaries paid to general managers of big insurance companies in England, and if, then, the salaries appear to be extravagant, I will plead guilty. But, believe me, Mr. President, whether we have Indians, or Englishmen, as general managers of companies that deal in crores of money, you will have to pay them a reasonable salary, if you want to get proper work done. The secret of success of America, followed by England in big companies, is to have their general managers well paid, well qualified, with the greatest experience that it is possible to get in a man. Unless you do that, you will not succeed. Why then criticise poor Indian companies if they do pay to their general managers a certain amount of money that they really deserve ? Compare them with the general managers in England, not with the Branch managers in this country. As a matter of fact, Branch managers of English companies in India get a much higher salary than the Branch managers of Indian concerns in India.

The Honourable Sir Nripendra Sircar : How can we compare them unless you give us the figures ?

Sir Cowasji Jehangir : I am quite prepared to give you any number of figures, if my Honourable friend, who is very knowledgable, takes out the figures from his pocket and places them before the House, I have no objection. We are not ashamed of that. I have not the slightest objection. As a matter of fact, it is my Honourable friend, who said, that

Indian companies were more guilty than the English companies by way of high salaries, and because of that remark, I have made the few statements that it is my privilege to do today.

I will now come to what I consider to be one of the most important matters to which I wish to draw the attention of the House. I readily admit that all sections in this House, and all schools of thought, have done their very best to make this Bill as good a Bill as it is possible to get. But there is one point, which has caused considerable uneasiness in important insurance circles, and I consider it my duty to voice that uneasiness in this House at this moment. There are differences of opinion as to the limitation of commissions. There are some of my Honourable friends, who sit behind me, who believe that limitation of commissions is a bad thing for small companies, and they have not been backward in voicing their opinion in this House. But there are many insurance people, who believe that this limitation of commission is the most vital provision in this Bill. I regret that this House has accepted an amendment from the European Group—what they call defining chief agents, which amendment I will again repeat the phrase, ‘drives a coach and four’ through all the clauses that provide for limitation of commissions. The amendment is, that any person, who employs an agent, licensed under clause 37, shall get an unlimited commission. The real object, I believe, of my Honourable friend was to provide, that all the “big” agents of “big multi-millionaire” companies in England, should get unlimited commission. With that I have complete sympathy. There should be no limit upon the commissions paid to Bird & Co. and Andrew, Yule and Co. for being Chief Agents of very big companies in England. But as the amendment is worded and now accepted by the House, I am afraid that a great deal of the good of the limitations clauses have been done away with.

The Honourable Sir Nripendra Sircar : But you never objected.

Sir Cowasji Jehangir : I did, strongly. It was the time when I was supposed to have obstructed the House for 20 minutes. I got up and stopped the proceedings of the House. I did my very best. I went further ; I suggested an alternative definition. It was in the hands of the European Members in the morning.

The Honourable Sir Nripendra Sircar : May I remind my Honourable friend that the definition of “insurance agent”, as proposed by Mr. Desai, was accepted without any discussion, and the only protest which was made, at an earlier stage, was by a gentleman who once belonged to a Party and has now come over here ? (Laughter.)

Sir Cowasji Jehangir : I may point out that the Honourable Member is confusing the amendments. I am not talking of the amendment to the definition of “insurance agent” at all ; I am talking of the amendment which was accepted by this House whereby it is clearly laid down that anybody who employs an insurance agent, licensed under clause 37, shall get unlimited commission. That is the amendment I am alluding to, and that is the amendment on which I spoke for 20 minutes. That is the amendment on which, as the House will remember, I put up for their consideration an alternative amendment. But due to certain circumstances over which I personally had no control, I was, unfortunately, not able to put it before the House for a vote ; and I am not going to allude

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any further to it. But I am going to voice the great uneasiness that has been caused in important insurance circles, all over India, by the acceptance of this amendment ; and I firmly believe that the object of the European Group could have been gained by other words and other definitions. But if they did it deliberately, if they did wish to have a big loophole in limitations, then of course they are their own masters and they know best. But, so far as I know, that was not their object and, therefore.....

Mr. F. E. James (Madras : European) : Not even a little rickshaw !

Sir Cowasji Jehangir : I trust that there is some hope of remedying matters, if not in another place, in a year or two. But I do prophesy this, Sir, that if this clause remains as it is, this Act will have to be amended within the next three or four years, and I also express the opinion that there will be a change of views in some quarters even before this Bill reaches another place.

The Honourable Sir Nripendra Sircar : If it is three or four years, I am quite safe.

Sir Cowasji Jehangir : The Leader of the House may not be here, I may not be here, but this House or its successor under the new reforms will have to amend this clause because it will work to the ruin of both English companies and ourselves. That I do prophesy and that I believe will come true, and that will be brought to the attention of the Leader of the House very pointedly and very soon.

Now, Sir, I have nothing further to say. I have only to voice what I believe are the feelings on every side of the House, and that is to thank the Leader of the House (Applause) for his courtesy, for his great patience and, above all, for his great sense of justice throughout the proceedings of this Bill. (Applause.) We may not have agreed with him but we could not help but feel that he was trying to do his best, that whatever his conclusions were, they were arrived at by him after weighing all the *pros* and *cons* of the question and that he was trying to do his very best in the interests of the country to which we are proud he belongs. Sir, the Honourable the Law Member has one great quality shared by many eminent lawyers,—patience.

Mr. F. E. James : A stout Bengali.

Sir Cowasji Jehangir : No, a stout Indian. He is not a stout Bengali, I would not insult him by calling him a stout Bengali,—I will call him a stout Indian ; and I trust he will get no thinner. (Laughter.) I am afraid that we have tried his patience on many occasions, and let it be remembered that he steered this Bill through this House when he was not in the best of health (Applause) and when, on many occasions, he was suffering physically from pain. And this was only because he was a stout Indian and I trust he will regain all that he may have lost during the last few days by the rest he well deserves. It is only because he was a stout Indian that he sat throughout on that Bench, patient, trying to do justice, trying to do the right thing in the interests of the country.

Mr. Sri Prakasa : Emphasis on stoutness or Indian ? (Laughter.)

Sir Cowasji Jehangir : On both. Sir, I again repeat my own personal thanks to him and I am certain those thanks will be repeated by other Honourable Members.

Sir Leslie Hudson (Bombay : European) : Sir, quite a large part of the speech of my Honourable friend, Sir Cowasji Jehangir, expresses my own views on this Bill. I think the House should be allowed to congratulate itself upon the energy of many of its Members who spent much time and considerable midnight oil in going into the intricacies of this very technical Bill to the extent that the Notice Office have received, I believe, over two thousand amendments. I think, also, the House may congratulate itself upon the alacrity with which many of those Members withdrew their amendments when it came to the point. Well, Sir, the Bill as it has emerged may be criticised from many angles. It probably will be criticised but I think it may be described in broad outline as a sound measure. It should certainly serve its main purpose, namely, of cleaning up an unsound and even dangerous position to which Indian life insurance had arrived up to the date of this Bill. It should also go far to ensure that in the future insurance in India will develop on sound lines. But while the general structure is sound the Bill contains, I am inclined to think, the defects inevitable where an attempt is made to reconcile two conflicting systems of legislation. As originally introduced by the Honourable the Law Member, the Bill was based on the English model ; as it has emerged it contains considerable evidence of the influence of Canadian legislation which is, in many respects, contrary to the United Kingdom practice of insurance. The English Act is based mainly on publicity with a minimum of control, whilst the Canadian Act is, I think, based mainly on control alone. The Bill has gone a long way from the original Bill and some part of the change can be ascribed to the attempts made in one or two quarters to place difficulties in the way of non-Indian insurers. I venture to say that if there had been rather less endeavour in that direction the position of insurance, generally, including the small Indian insurers, would have been better under the resulting Bill.

There are a certain number of points where we think that steps should be taken to improve the Bill in another place. Without attempting to refer to all of them, I may say that we should have preferred to see the words "companies incorporated in British India" substituted for "Indian national" in clause 3 (3). The use of these words would not, in any way, affect the intention of the clause, but it would have been more exact and that in law making is an important point to be kept in mind. We should also have preferred the permissive character of the original clause restored.

There are also one or two amendments which have been passed as the result of the discussions in the House in which the requirements of law and theory have been the guiding principles, but which it appears to some of us will be found to be at variance and conflict with sound insurance practice : and, we think, that further consideration of these is essential.

Sir, I cannot end without saying a word about my Honourable friend, the Law Member. Some hard things have been said about him during the course of these debates.....

Sir Cowasji Jehangir : No, not in this House at any rate.

Sir Leslie Hudson : . . . and he himself has had some hard words to say (Laughter) not only about his pet aversion the Managing Agents, or as I expect he would prefer to call them, mismanaging agents, but about critics in almost every quarter of the House. Indeed his impartiality in this matter, no doubt, accounts for the unanimity which every section feels that it has not had all that it feels it ought to have received. But let me say at once that we, in this Group, recognise that even where my Honourable friend gave us his hardest knocks he did so in what he sincerely believed to be the best interests of India and of Indian insurance, and we accept them in the same spirit, for we have no right to expect, nor did we expect, special treatment or favours at the hands of Government, since we did not share the view of some Honourable Members opposite that the Government of India seeks only to defend European interests at the expense of Indian interests. All we did expect to receive from my Honourable friend, the Law Member, was a fair hearing and equitable treatment, and I say, unhesitatingly, that we received both (Cheers) and that not only from my Honourable friend, Sir Nripendra Sircar, but from Honourable Members in other sections of the House ; and in that connection I should like to acknowledge with appreciation on behalf of my Group the great courtesy of the Leader of the Opposition in seeking to rectify an inadvertent omission which occurred yesterday. I should like also to pay a tribute on behalf of my Group to Mr. Susil Sen (Cheers) whose industry and research produced what, I think, my Honourable friend, Mr. Desai, called a commendable report upon which the original Bill was based. At all times we have received the greatest courtesy from Mr. Sen. For our own part we have endeavoured, at all times, to base our arguments on the grounds of principle and to seek to do what we sincerely believed to be in the best interests of insurance in India. Naturally in doing so, we have endeavoured to protect the interests of those whom we represent. That is what Honourable Members, in all parts of the House, are here to do. But I take this opportunity to endorse what my Honourable friend, Mr. Chapman-Mortimer, said on more than one occasion when he denied certain unfair charges made against us and, in particular, the charge that we sought at any time to wreck the Bill. We can well understand the natural desire of Honourable Members belonging to other parties that the interests of India in this measure should be paramount, and I hope that Honourable Members opposite who have listened to our arguments during the course of these debates will credit us with the same desire in this matter to advance the best interests of insurance in India that they claim for themselves. Sir, I support the motion.

Mr. S. Satyamurti : Mr. President, we have gone through some weeks of strenuous discussion on this Bill. Before I proceed to say a few things on the merits of the Bill as such, I seek your leave to point out some difficulties in the procedure with regard to legislation of this important kind in this House. It does seem to me that we have to work under great pressure ; and since we have nothing like a committee stage of the whole House, it does happen that things, such as my Honourable friend, the Leader of the Opposition, pointed out, this morning, cannot be rectified at this stage. Moreover, I think the House does feel handicapped that we have got to vote for the passing of the Bill, without looking at the Bill with all the amendments passed by the House carried out, and having a conspectus of the whole Bill as amended, before it. I quite recognise that the factor of time is against us, but I do suggest to you, Sir, and to all sections of this

House to look into this somewhat important matter, and see if we cannot make some improvement in procedure, with regard to legislation which may enable the House more effectively to discharge its very responsible duties in connection with legislation of this character.....

Mr. President (The Honourable Sir Abdur Rahim) : I did not quite follow what the Honourable Member was saying.

Mr. S. Satyamurti : My Honourable friend, the Leader of the Opposition, wanted an amendment moved this morning,—and you ruled, Sir, rightly, if I may say so without impertinence, that it cannot be done at this stage,—I was suggesting that we might have a committee of the whole House, as it were, to go through the second reading stage, as it is called elsewhere, so that any inconsistencies and any omissions may be repaired ; and my second suggestion is this : that, before we are asked to vote for the motion that the Bill be passed into law, copies of the Bill with all the amendments made by the House incorporated in the various clauses and arranged seriatim may be placed in the hands of Honourable Members for two or three days at least so that we may have an opportunity of looking at the whole Bill, and of pronouncing our opinion finally on the whole Bill as it has emerged. I know legislation is a somewhat difficult task and we cannot realise—even the most acute among us—unless the actual words are transported in their proper context and printed, and Honourable Members are enabled to read them for themselves for some time in their own houses. They would then be able to give their considered vote in favour of the Bill, as one would expect of a legislature of this responsibility. Of course, we take many things on trust, and we have no doubt we shall be justified by events ; but it does seem to me that this matter requires very careful consideration at the hands of the Honourable the President and the Leaders of Parties to see if we cannot evolve some means of improving our procedure, in regard to legislation of this kind.

Now, Sir, I should like to pay unreservedly, on behalf of myself and the great Congress Party which I have the honour to serve here, our unstinted tribute of admiration for the great ability and the great industry, which the Honourable the Law Member has brought to bear on this measure. (Applause.) Sir, I have had the privilege of working with him on two Select Committees connected with the Companies Act and the Insurance Bill, and also in the House ; and in his case, I have always increasingly felt the truth of the dictum that ability is character. The Honourable the Law Member is so able that he cannot do anything wrong consciously. He will begin to lose his self-respect if he allows anything to go into a Bill of which he is in charge, if it does not commend itself to his high intelligence. (Applause.) More than that, Sir, I was pleased to hear on the floor of this House, as I am sure all Indian Members were, when he spoke, as any Congressman would have spoken, for the protection of Indian rights against non-Indians. (Applause.) I trust it was not a lapse on his part, but I believe, and profoundly believe, it was a genuine expression of the feeling in his mind that,—as he sees day after day the workings of the Government of India in its innermost secrets, his heart is becoming changed, and he realises that,—if the best interests of the country are to be served, they should be served by our being Indians first and Indians last.

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Of his work in this Bill, reference has been made to his cynicism, but one thing has struck me more than anything else, and that is his keen sense of humour. Sir, work in this House becomes dreary, almost invariably dreary, when we have to deal with a problem of this complicated nature, but, on this occasion, his sarcasm and wit encouraged us to go on with the work day after day and week after week.

Sir, I should also like to associate myself with the tribute to the industry and ability of his able assistant, Mr. Sushil Sen. (Applause.) I do not know, Sir, who the superman is, who is going to be appointed Superintendent of Insurance. Soon the Insurance Bill is going to become an Act. But, if I may give a chit to the Honourable the Law Member or to the Honourable the Commerce Member, I would like to give a chit for Mr. Sen. I do not think he will care to accept it, but if this Act is to function properly, and if we ought to place Indian insurance on a safe footing, I can think of no better man, but unfortunately, Sir, I am told he is not an actuary ! (Laughter.)

The Honourable Sir Nripendra Sircar : His uncle is an actuary.

Mr. S. Satyamurti : I have no use for uncles and nephews.

Sir, as to the progress of the Bill, on the floor of this House, I should like, if I may, Mr. President, with your leave, to acknowledge the intensity of the hard work done by the Secretary and his able office in dealing with the two thousand and odd amendments sent to them, day after day, sometimes very late in the day. I think, Sir, it did require great industry and it does deserve to be acknowledged.

Perhaps it is not usual, Sir, to praise one's own Party, on the floor of the House ; but, if you will bear with me and the House will bear with me, I should like to say a word about the manner in which the Congress Party has worked on this Bill. I want to tell the House as a bare statement of fact, that often we met at 10 A.M. in the morning here, and went on till 8 P.M. in the night and often at lunch time, we used to meet and work on this Bill. That is why the Leader of the European Group was able to congratulate the House on the alacrity with which many of the amendments were withdrawn. Hard work was done in our Party, with a more rigorous Chairman than even you, saying ' You can't move this, that should not be moved ' and so on and so forth ; so that I think the pleasant words came to you when you called on amendment, and Members said ' Not moving, not moving '. That was the result of hard work, and I may also add this. On this Bill there were strong differences of opinion among us based on strong convictions as to what was best for Indian insurance, and yet it speaks volumes for the solidarity and the sense of discipline of the Congress Party which was able to thrash out all differences, and I say that we had no scene on the floor of the House of Members of our Party, speaking one way and voting another way or the Leader supporting a motion, the Deputy Leader, speaking against it, and the Party voting against it. That never happened. I think, Sir, it is an example of team work which deserves the commendation of this House. Particularly, Sir, to the three musketeers, as my Madras friends are called, Mr. Ananthasayanam Ayyangar, Mr. Santhanam and Mr. Sami Vancatachelam Chetty and many other Members whose names I need not

mention, I must pay a tribute,—we had a series of good and carefully thought out amendments given notice of, which enabled the House to dispose of almost all important clauses with great alacrity, and to the satisfaction of all. Particularly, Sir, I should like to acknowledge publicly the generous assistance which the Leader of our Party placed at our disposal from his long, wide and rich experience of law and of facts; and last but not least, I must also acknowledge the great assistance which the Chief Whip, Sardar Jogendra Singh, rendered to us, and with an alacrity and a charm peculiarly all his own, he was able to guarantee the smooth passage of many amendments on the floor of this House which otherwise would have tried our patience.

Some Honourable Members : What about yourself ?

Mr. S. Satyamurti : Now, Sir, coming to the clauses of the Bill, I want to tell the Honourable the Law Member that he should see the wounds in our hearts, when we agreed to clause 26, as he placed it before this House. Do you know what we have done, Sir ? We have put in clause 26, the words to which we most object in the Government of India Act, 1935. We have agreed to swallow the bitter pill, and we have suggested that the subjects of the United Kingdom shall be the same as Indians for the purposes of clause 26. It cost us a great deal, Mr. President. We feel that section 113 of the Government of India Act is a standing insult to the self-respect and the progress of this nation. In spite of it, Mr. President, we have agreed to this proposal. Why ? The Honourable the Law Member made no secret of it. He said, on the floor of the House, more than once, that under the Government of India Act and the Instrument of Instructions to the Governor General in Council, the Governor General has been advised to reserve this Bill for His Majesty's assent, if any doubt arises in respect of our attempt to define Indian, Non-Indian or U. K. insurers. We did our best, and our Leader produced a definition which seemed to commend itself, for the time being, even to the Government, but, unfortunately, other forces were at work, and we were told, ultimately, that if we forced a definition, the fate of this Bill was in the balance. We came to the conclusion, Mr. President, —and I repeat it deliberately,—that, in spite of this sacrifice on our part, there were enough elements in the Bill to justify our not taking the responsibility of risking this Bill becoming an Act. We felt, and we still feel that the good features in the Bill are such that we ought to eat this bitter pill. Therefore, we agreed, and I want to state publicly, the big price that we have paid for allowing clause 26 to go as it is. But I want to remind my Honourable friends of the European Group of one thing. My honourable friend, the Leader of the European Group, speaks so charmingly as if we have only to follow him and India will be a land flowing with milk and honey tomorrow,—but his able lieutenants, who sit behind him, know how to sting, when to sting, and how effectively to sting whenever they can. I want to tell my friends that section 113 of the Government of India Act is not going to be permanently on the Statute-book of this country, if we have our way. I would rather ask them to read section 118 a little more than they do, and try to take advantage of those friendly provisions, and not to rely upon this broken read of section 113. You may be happy to day that you have got this, but he laughs best who laughs last. And I suggest, Mr. President, that when they have made us eat this bitter fruit of humiliation

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of treating strangers on the same footing as Indians, when we felt cribbed, cabined and confined when we wanted to protect Indian insurers as against non-Indian insurers and U. K. insurers, when we felt we were handicapped,—I want my Honourable friends to remember that it has left a feeling in our hearts which will fructify sooner or later. Then, throughout the discussions and the voting, there was another feature. Whenever we said something reasonable and the Government thought and publicly stated that we were reasonable, and whenever Government said or moved something reasonable and we thought and said they were reasonable, there was a cry in some parts of this House, “Look at this unholy alliance. Both Sir N. N. Sircar and Mr. Bhulabhai Desai say two and two is four. How dare they say two and two is four? They must always differ even on these fundamental matters. But those very sections of the House, when they thought we were unreasonable and did not respond to the Government, called the heavens to witness, and said, “Look at these Congress fellows. They are unreasonable. They will never see and the Government is right.” It comes to this, as Bhartrihari has said :

Mounanmukaha : Pravachanapaturvachako jalpako Va.

If a man does not speak he is dumb ; if he speaks, he is garrulous. (Laughter.)

Mr. F. E. James : You are not dumb.

Mr. S. Satyamurti : Nor are you (Laughter), although there is 1 P.M. greater reason for you to be dumb, because of section 113. Sir, from my point of view, a very satisfactory feature of the Bill is in clauses 15 (c) and (d). I want to say, Mr. President, that the amendment of the European Group to delete sub-clauses (c) and (d) of clause 15 was not moved, as a result of an understanding between the European Group and the Congress Party in this House. I have reason to believe that the European Group will keep that honourable understanding and will not seek other means to undo what has been done here, in another place. But I learn that there are some people who are more loyal than the King, who feel for European interests even more than the European interests feel for themselves, and are trying to exert themselves and see, if they cannot get this thing upset. I want to make an appeal, and, if I may do so respectfully, utter a warning to the Honourable the Law Member. On this matter we have gone as far as we can go and there can be no more monkeying with those clauses, and I want to tell the Honourable the Law Member, in a spirit of friendliness and not in a spirit of threat, that, if anything of that sort is done, it will have tried the patience of this House beyond endurance. Those clauses must stand as they are.

Other welcome features of this Bill are with regard to deposits, working capital, full returns and accounts, limitation of commissions, licensing of agents, and proper actuarial valuation. But, before I say a few words on those very good features, I want to draw the attention of the House, if I may, to clauses 3 and 53 of the Bill,—the two clauses which enable the Superintendent of Insurance on the one hand and the

Government on the other, to retaliate against countries or insurers who practise discrimination against us. I want to draw a distinction between clause 3 and clause 53. Clause 3 of the Bill deals only with individual insurers. If individual insurers apply for registration, or if individual insurers carrying on business after registration come under the Superintendent of Insurance, if he is satisfied that there are practices of discrimination in their own country against Indian insurers as such, the insurer may either be refused registration or the registration may be cancelled. But clause 53 is a general clause. That is to say, if the Central Government is satisfied that either with regard to assets or deposits or otherwise there are discriminatory conditions enforced by the law or practice of any other country against Indian insurers, then the Central Government shall, on being satisfied of those requirements in those countries, prevent the insurers of that country carrying on business except under similar conditions imposed by the Central Government. There is no difficulty in working this section, and I hope it will be properly worked. I hope that those countries who want to practise discrimination against India will either give up their practice or give up their business in India.

My Honourable friend, the Law Member, referred to Bombay big business more than once. I entirely associate myself with the words of the Deputy Leader of the Independent Party when he said that Europeans sent their men all the way to try and influence the judgment of this House on this Bill. Moreover, Bengal small business, if it had had its way, may I remind the Honourable the Law Member, would have left nothing for him of this Bill, except the preamble as he himself pointed out. Therefore, each interest fought for what it considered to be in its own interest, and the Bill has, on the whole, survived the onslaughts, sometimes conflicting onslaughts, of these vested interests. The European Group contributed a great deal to the discussion of this Bill. I congratulate them on their industry, on their perseverance, and on their success in some of their amendments, deserved or undeserved. (Laughter.) But they were greatly helped by the presence in their Benches, constantly, of the most virile personality of this House, the Honourable the Finance Member. (Laughter.) I congratulate them on this new accession of strength, but I want them to realise this, put not thy faith in Princes or in Finance Ministers. (Laughter.)

So far as deposits are concerned, we have tried to meet the reasonable objections and fears of what are called young companies, by extending the period to ten years and extending the instalments. I trust there will be no difficulty in their way. As for the limitation of commission which I consider is the back-bone of this Bill, I realise the loophole pointed out by Sir Cowasji Jehangir, but may I draw his attention and that of the Honourable the Law Member to what I consider is a safeguard? Whether it is adequate or not, time alone will show. It is this, that these chief agents who may get unlimited commissions cannot pass on any commission themselves to the canvassing agents except up to the maximum limits prescribed. I believe that is a safeguard, because no insurer, unless he has a suicidal mania is going to waste his money on his chief agents, if the money is not going to pass over to the canvassing agents, and again, I may add, that the section with regard to prohibition of rebate has prohibited the passing on in their turn of that money by the canvassing agents to the

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policy holders themselves? I hope that this limitation of commission will achieve its bigger purpose, that is to say, of reducing the expenses of all insurers in this country. This limitation of commission is intended to secure the ultimate reduction of their expense ratio. I want it, not because I want larger bonuses, but because I have a bigger object in mind, namely, that the premium rates for policies, at least up to a thousand or five hundred, should be considerably reduced. Mr. President, I have not got the figures with me, but I am told that the number of insured in our country is very, very small, compared to any other country. I want the insurance habit to grow in this country, especially among the poor people. Often enough, one knows from one's experience that a man earning something suddenly dies, and his poor widow and children are thrown on the streets, without anything to live on. I am anxious that some facilities should be provided for these people to insure themselves, not by offering rebates or even by the payment of bonuses, but by the premium rates being reduced. My idea is this, that for the payment of one rupee a month a man must be able to insure his life for the payment of Rs. 500 or one thousand, at the end of his life, to his widow and children. I believe that this can be achieved. Moreover, the average man who goes to an insurer to insure his life goes there, not for bonuses or profits, but for safety and security. He is anxious that those who may be left behind him may have enough to fall back upon. If he wants profits, he goes to the share market. I am, therefore, anxious that insurers ought to concentrate increasingly, on the lowering of premiums more and more. We moved an amendment to the Schedules yesterday, under which we wanted commissions to be shown respectively under first year's premiums and renewal premiums. That was defeated, but one of the arguments of the Honourable the Law Member was that, after all, the Superintendent can call for the information. I hope the Superintendent will be alert and quick to call for the information, whenever he feels it ought to be called for.

With regard to the licensing of agents, there has been some opposition, but I want to say that those who supported it did so in the interests of the agents themselves. I want the profession of agents to become an honourable one. I want them to do social service, and to be recognised as people doing social service. That should be welcomed and with the clause prohibiting rebate, Mr. President, I am satisfied that agents on the whole will retain in their pockets as much of the commission as they do now, instead of giving rebates to others. On this question of economy of management, I have the support of all sections of the House. I desire to send forth to all these managers of insurance an appeal that they should economise expenditure, and make insurance service a real service to the people. I want life-insurers to prolong the life of the insured, as much in their own interest, as in the interest of those who insure themselves. They must have medical clinics and health propaganda. All these services are rendered in other countries, and I do not see why they should not be done in our own country.

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

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

Mr. S. Satyamurti : Sir, apart from the other provisions of the Bill to which I was referring when we adjourned for the mid-day interval, from the point of view of the policy-holder I consider, Sir, that the clauses relating to assignment and nominations of their policies and also the two other clauses moved by my friend, Dr. Deshmukh and accepted by the House, viz., the estoppel of the insurer, after payment of premiums for three years, from raising all sorts of objections to statements made at the time the policy was effected and the provision for paid-up policies, are all great concessions to the policy-holders. But I consider the greatest concession will be the provision for representation on the directorate of insurance companies of at least a fourth of the directors elected by the policy-holders themselves. That will give them a good share in the management of the affairs of insurance companies. If policy-holders are alert, they can exercise a powerful and healthy influence on the development of Indian insurance on sound lines. So far as actuaries, on whose reports of the various insurance companies in this country and their affairs the working of this Bill will depend to a large extent, are concerned, I hope, Sir, the Government will be able to make rules, and will make rules, by which they will accept actuarial reports, only when they are sent up by fully-qualified actuaries. I do not want to mention names, but there are actuaries and actuaries, and I know one who certifies all insurance companies to be sound if they are paying small bonuses, he says that that shows careful management ; if on the other hand the bonuses are large, he says that shows what wonderful people they are. (Laughter.) Sir, this sort of indiscriminate certificate in favour of all insurers must go, and we must get from fully-qualified actuaries proper certificates as to the soundness or otherwise of insurers in this country. On the vexed question of Managing Agents—which has transferred one Honourable Member from one section of the House to another—I will not say anything. Let them die ; but my feeling was and is that, with respect to general insurance, we do require the services of pioneers. If, however, the events show that in spite of the abolition of Managing Agents, all our insurance business flourishes, life and general, none will be happier than myself. Sir, there were discussions on the floor of the House on the extent of the success of Indian insurance business, and we have been shown figures, and it was said : “ oh, India has got 65 to 70 per cent. of life insurance, she has got 20 to 25 per cent. of general insurance, and, therefore, we ought to be happy ”. But, Sir, my ambition for my country is unlimited ; I want Indian insurers to have cent. per cent. of all Indian life insurance, of all Indian general insurance, and to capture the markets of other countries. I do not see why, when the Englishman can come to my country, Italians can come to my country, Germans can come to my country, Canadians can come to my country, my countrymen cannot go and capture the business of other countries ? Sir, we are not lacking in business acumen, we are not lacking in honesty, we are not lacking in industrial enterprise. I, therefore, feel that we ought not to be satisfied with small success that has so far been achieved ; we must go further.

[Mr. S. Satyamurti.]

But the disappearance of the Managing Agents has resulted not only in the transference of one Member from one section of the House to another ; it also resulted in two valuable concessions, which the Congress Party rejoices at. The Government of India have shown, by their speech and by their vote, that where vested interests have proved to be against the general interest, that is, the maximum happiness of the maximum number of people, they must go, and no compensation shall be paid for them. Sir, I am grateful for that achievement, but, even more than the Government, I am obliged to the European Group, which is conspicuous by its absence on the floor of the House just now, excepting for Mr. Gidney who is my own countryman, for making this valuable concession. I am grateful for the speech of my friend, Mr. Chapman-Mortimer, from which it is clear that the European Group has admitted that, where vested interests are proved to be against the general interest, they shall go, and no compensation shall be paid to them. No doubt next morning when we raised the enormity of the concession they had made, the amiable Leader of that Group got up and said, "we do not mean that, we mean something else". But the European Group supported the proposition that Managing Agents must go, and we must deny compensation to them, and I am glad. This will now be taken advantage of by Congress Ministries in the seven provinces to abolish all vested interests, where we feel they ought to go, because they are inconsistent with the general interest as we conceive it to be and when Europeans and others in the Provinces squeal, we shall refer them to the speeches of the Honourable Mr. Chapman-Mortimer and the Honourable Sir Leslie Hudson.

So far as the late lamented clause 3A of this Bill is concerned, I feel that that clause had to go because of the same difficulty that was referred to this morning, but I commend to the European Group the Irish parallel ; and, although that clause in the Irish Act is not actually working, a compromise was arrived at by which non-Irish insurers practically re-insure ten per cent. of their business with Irish insurers. Passing rapidly over the other clauses, I congratulate the House on having put in clause 13, directing a register of policies and of claims being kept by all insurers. As regards clause 26 regarding investments, regarding the percentage of investments to be in certain prescribed securities, and the percentage of what are called free investments, I am of the opinion though I may be in a minority, that even forty-five per cent. is too much. Others think it is too little, but my own personal feeling is that I want insurers to play for safety first and then for profits. The amalgamation of small insurers with big insurers is made fairly easy in this Bill, subject of course to the superior interests of policy holders. As a result of this Bill becoming law, Mr. Deputy President, I do expect with equanimity the amalgamation of the weaker and the stronger insurance companies, so that insurance may progress on sound lines in this country. Clause 40 of the Bill removes a great defect in the present insurance law under which Indian insurers are granted a right of redress in Indian Courts of law, and guaranteed the application of Indian law in all disputed claims. Clause 41 provides for the payment of money into Court compulsorily within a prescribed period, where there are doubts about the proper

claimants. This is also in favour of policy holders. As to Provident Societies and Mutual and Co-operative Societies, we have made a proper provision, and I hope there will be no competition between these two classes of societies, and young insurers. On clause 101, regarding the rule-making power, the House has accepted a good amendment, which I hope will be a precedent with regard to future statutes subjecting the rule-making power of the Government to the control of the legislature. These rules will have to come before the House for such modifications as the House may choose to make. As for the Schedules rapidly passed yesterday, our object has been to get the maximum information, and not to harass people. I trust the Schedules will give us the maximum information. We have also another clause put in in the Bill, under which this Act will not affect any insurance started by Provincial Governments. I hope that, Provincial Governments will take advantage of this, and when their schemes are ready they will come to this House or its successor for proper legislation. As one who believes profoundly and sincerely in the nationalization of all life insurance, I trust that this clause will be soon taken advantage of by Provincial Governments, and they will promote and run schemes of life insurance in their own provinces. As for the future of postal insurance, I do not know what the actual position is, and whether it will be governed by this Act or not. I know that the postal insurance is serving a good purpose and I should not have its activities restricted. On the other hand, I should like to have its activities extended as much as possible consistent with the provisions of this Act.

Last, but not least, I repeat what I said this morning, namely, that the success or otherwise of this Bill depends to a very large extent on the personality of the first Superintendent of Insurance, and I hope that in making the appointment no racial or communal considerations will be brought into effect, but considerations purely of efficiency, integrity, qualifications, drive and enthusiasm will be taken into account, and the Government will appoint a proper man, who will bring to the discharge of his duties, the enthusiasm of a man who wants to see the insurance business of his country placed on strong and sound lines. I hope that this Bill will have a smooth passage in another place, and come back to us without being wounded, and this Assembly will pass it next January. Ample notice has been given to all vested interests. The Bill will come into effect some time next year. I sincerely hope that within two or three years or at the most five years after the passing of this Bill into law, Indian insurance will come into its own. By that time there will be no inefficiency, no weakness, and no extravagance of expense; and the Indian insurers will re-organise themselves and will capture the entire market of life and general insurance in this country and outside. I hope, contrary to what he said on the floor of the House, the Honourable the Law Member, in his retirement, wherever he may be in office or out of it, will have the satisfaction of having rendered a great and lasting service to the progress of sound Indian insurance.

Bhai Parma Nand (West Punjab : Non-Muhammadian) : Sir, I oppose the motion and before I do so I beg the Honourable the Law Member and the House to excuse me for this note of dissent. My objection is not to this or that clause of the Bill, but my objection is to the spirit in which this Bill has been framed. Nobody could find any fault

[Bhai Parma Nand.]

with the Bill, if its object were to remove any defects in the law relating to Insurance. But I find that instead of removing any evils that had crept in, in the existing law of insurance or in the business of insurance, this Bill aims at practically suppressing the business of insurance in this country.

I was once sitting with a friend of mine, a young man came to us and said that he had gone to a dentist as he was suffering from toothache, and the dentist had advised him to have his tooth extracted. My friend told him not to follow that advice. He said by way of joke that if tomorrow you get headache, what would you do? Would you follow the advice of the surgeon to have your head cut off? Similarly, if there were some defects in the law that already existed and if legislation were needed to remove those defects, everybody would have welcomed it. But as the Bill stands at present, I find that it practically means to have the head cut off so as to get rid of pain. This Bill aims at stopping altogether the business of Insurance.

Now, Sir, having taken up this view of opposition, I want to say one thing more. I do not yield to any one in my appreciation of the labours which the Honourable the Law Member has spent and of the ability he has displayed in carrying through this Bill. But as there is a load on my conscience, I want to clear it by expressing what I have so strongly felt all this time.

Sir, in this country we are passing through a sort of slow and imperceptible revolution. All the old customs and usages are breaking down. The old ways by which the people could help each other on the occasions of social functions are disappearing. In this state of society the best thing for us to do is to adapt ourselves to the new conditions in which we are placed. If we cannot adapt ourselves to these new conditions, then it won't be possible for us any more to survive. Adaptation to the environments is the law of survival in this struggle for life. I consider, therefore, that if we want to live under these new conditions, we must freely adapt ourselves to them.

Again, Sir, there is so much talk about unemployment and about poverty in the country. I would say that mere talk, passing of resolutions, making speeches on the subject or the appointment of some committees by the Government for the removal of unemployment cannot remedy this evil. There are only two ways by which this unemployment can be removed. One is the development of new industry and the other is the opening out of new classes of business. The business of insurance is the one kind of new business that this country has taken up and it has engaged hundreds and thousands of educated youngmen who could not be engaged in any other way. If we today pass a Bill which will practically deprive all these youngmen from employment, then instead of encouraging this new business in the country we will be discouraging it, and instead of finding out any remedy for this unemployment, we are practically helping it to grow more. No Government, in any country, would take a step by which the unemployment of the young people of the country is increased. Therefore, I do not think that the talk of the

removal of unemployment and poverty has any meaning when we are taking steps in this Assembly to increase this unemployment in the country.

What I have to show is that this Bill, as it has been framed, will act like axe at the root of insurance business. There were companies of so many different kinds and there were jealousies among them, the Indian Companies were jealous of non-Indian companies. Perhaps there existed some jealousy between the non-Indian companies and the U. K. companies. Similarly, big concerns that were established in India, much earlier, were jealous of the new companies whom they called as mushroom growth of insurance in India. There were other companies, mutual benefit companies or companies working on dividing principle. All these different kinds of companies had their interest clashing with one another. Naturally, each one wished and clamoured in its own interest to have insurance law modified by which all of them thought that the new companies should be placed under some restraint. I think this clash of interest and this clamour for remedying the defects has been taken advantage of by the Government and instead of removing the evils or defects in the Law, they are trying to have a new legislation which, as I said, will go to root out the business.

Sir, there is a story in our part. There was a cane grower—a Jat. He was watching his cane fields. He saw four different persons coming up, one was a Brahman priest, the second was a shop-keeper, baniya, a third was a barber and the fourth was an ordinary singer. All these four persons passed by the field and they naturally, each one of them, took out a sugar cane and began to chew it. The watching owner of the field saw it. He thought that he could not fight against all the four at once. He wanted to play a trick. Looking to the Brahman priest, he said, "You are our priest and so I have to respect you". Turning to the rest, he said, "We buy our things from the shop-keeper and this barber serves us now and then, but you musician why have you taken the sugar cane from my field"; saying this, he gave him a thrashing. Then he turned his attention to the barber and said, "Well you do us service but you get paid for it, why should you pluck the cane". He thrashed him as well. In the same way he took each one of the others and belaboured them. This is an instance to show that the man took advantage of the jealousy and the clash of interests which existed among them, and they had to suffer one by one. This Bill is supposed to take advantage of the clash of interests and feeling of jealousy existing between the small companies and the big companies. It was said that there was a large amount of swindling going on specially in the small companies, while no case has been made out in any speech to show here that any of these companies had been guilty of swindling. My Honourable friend, Mr. Sen, gave us two instances. I have got in my hands a telegram from one company which he mentioned and that is from Calcutta. I had no opportunity of quoting this telegram till now. It is from Jatiya Kalyan company. It says: "Please contradict Mr. Sen's statement regarding Great India Insurance whose policy-holders saved by Jatiya Kalyan Limited society by a scheme approved in the High Court, 14th January, 1937". It seems there was one fellow who was really a swindler but where is the profession in which there is no blacksheep.

[Bhai Parma Nand.]

The position of the Insurance Companies is this. There are about 266 companies out of whom 217 are Indian. Out of these 217 companies, about 166 are doing life insurance business. Out of these 166, the small companies number 110. They have been working for periods varying from one to ten years or a little more. We have been able to find only two companies whose managers or Managing Agents have been accused of swindling. I admit, there may be one or more other cases also. The so-called interest of the policy holders is the pretext for practically suppressing all these new companies. The pretext is all right. But it has not at all been shown that these policy holders have suffered any where, except in the case of one company. Even in the case of that company, I think, if it had been properly controlled by the Government officials, it would certainly have paid the policy holders their dues. If there was any defect, it surely lies in the execution of the law that already exists. There is the Company Law. If a company does not pay its policy holders, it can be sued and if it fails to make the payment within a certain period, can be brought into liquidation. Where is the necessity of killing all the companies simply because one or two companies have been guilty of swindling? And, even if there be some more companies of that type, the fault lies with the policy holders who are careless and do not take proper steps to safeguard their interest. This new law cannot protect these careless policy holders against the swindlers. The House is aware that the Indian Penal Code lays down laws for the punishment of crime, but that has not stopped crime altogether. Similarly there are sure to be certain companies that would cheat and swindle the public. Law should be made to punish those who are guilty of such acts or such crime. But there is no reason to punish a whole class on account of the crimes of one or two individuals of that class. Simply because one company has failed to pay its policy holders, you cannot place all the 110 companies under certain restrictions and treat all of them in the manner of criminals.

There was another statement made by Mr. Sen. He said that in the case of 15 companies or so, their expense ratio is more and that they are not able to make up some four or five lakhs. If out of 110 companies, only 15 companies have not been able to make up four or five lakhs, what does it matter? All these companies put together do business in crores, and if out of so many crores, a few companies are involved in a sum of a few lakhs, it does not much matter. Even if there be a default of four or five lakhs, the present law is good enough to deal with the delinquents. It was not fair to place such restrictions on sound, honest and industrious people, the result of which could only be to stop them all from working.

The greatest favour that my Honourable friends up there (referring to the Congress Party) and the Government have done to these small companies is that the time of payment of two lakhs as deposit has been extended from three years as originally proposed to ten years. I want to say, although I may be wrong, as they are all able and patriotic men, but all the same I have to say, that out of 110 companies those which have not deposited Rs. 50,000 will find it most difficult to find the money to make up the annual deposit. They shall have to pay Rs. 50,000 to start with

and then at the rate of Rs. 15,000 a year. I submit this is impossible for most of them to do. Mine is not only an inference, but I know it for a fact that a large number of these small companies are now thinking of either stopping their work or amalgamating. It is said that they can amalgamate. That is their own lookout. The Legislature has nothing to do with amalgamation. That may be in the interest of the companies themselves, but, I submit, that the amalgamation of small companies will reduce their number very low and increase unemployment among the young men who are working for the small companies. Amalgamation is no favour to them.

On these grounds, I say that this law will stop the growth and
 3 P.M. even kill this business. If there be some wrong or evil in its growth it is our duty to remove that wrong or evil. It was said that there are weaklings and they should be done away with. The Spartans had a rule that a when a baby was a weakling or looked ugly they use to throw him down from the top of a hill and kill him. This is the new principle of morality that small companies because they are weaklings and small should not be allowed to exist. I do not understand this new principle in business. Our friends there (Congress Benches) always advocate the cause of small or cottage industries, without considering that these industries cannot compete with large factories in cities. Who does not know that in 1920 and 1921 thousands of people invested huge sums of money in these small hand loom factories but they could not compete with large cloth mills. All the same, in the name of patriotism they are still appealing for these small factories and thinking it in the interest of the country they encourage them. To satisfy a great social need, these new insurance companies have been started and it is wrong to say that they have not done any good. Formerly, say ten years ago, insurance business in this country amounted to ten or 12 crores and now it is over 32 crores. All this increase is all due to these young company promoters. They go from village to village and from town to town to propagate ideas of insurance and it is they who have made people insurance minded. Now, by one stroke of the pen, we are wiping out these small companies simply because two or three of them have been guilty of malpractice. We could strengthen the present law for the punishment of such offenders but this Bill passed into law will make conditions too severe for their existence. In England a deposit of only £ twenty thousand has to be made but in some other countries no deposit is required. In India every young company must pay two lakhs within a fixed period which is almost impossible.

The first blow fell on the young companies. Then came the question of Managing Agents and the question of investments to be made with Government which agitated the European Group, Sir, I do not hold any brief for the Managing Agents. In every field, whether law or medicine or any other business we find that pioneers, i.e., the people who start, make lots of profits ; similarly the Managing Agents had also the right, being early in the field, to derive the benefit that they could. If the Managing Agents have been robbers, there have been people in other professions and every field of life who have been robbers. I do not support the managing agency system but cannot condemn it either. What I say is that the Bill has been framed in a very bad spirit. The

[Bhai Parma Nand.]

object has not been to cure the disease and to let the business grow in the country. I would say that in India there should be companies in every District insuring people so as to be helpful to them in times of distress and difficulty. This law is sure to stop the growth of this business.

There was the question of investments, and my friend, Prof. Ranga and his friends are glad that most of the assets of the companies should be invested in the Government Securities, as the Provincial Governments are now in the hands of the Congress Party and they want money for nation-building projects. And so this insurance money will go to them, depriving the companies of the benefit of using their earnings. The insurance companies, of course, have to take a risk and to make up for that risk they have to invest their money in some profitable business. If all that money be put in the hands of the Provincial Governments, how could they get profits out of their business? I repeat, Sir, I am not particularly against this clause or that clause but I find fault with the whole spirit of the Bill which does not aim at the growth and development of insurance business in this country. It will deprive so many young men of their employment and the business of insurance will come to an end. I would wish that just as small industries should grow in every part of the country, so should the business of insurance grow and develop in every town and village. In my opinion the duty of the Government and the Legislature is to see that there is no dishonesty or fraud in it and that the interests of the policy-holders are made perfectly safe. But in the course of this Bill I have seen no case of dishonesty made out against the small companies, except in the case of one company or where the policy-holders were deprived of their dues. Therefore I say that what this Bill aims at is not the development or the growth but the curtailment and practical suppression of these young companies, and the managing or other agents who, whether licensed or unlicensed, will have no urge and will feel no interest in the further development and the growth of the business. For these reasons, I oppose this Bill. At the same time I want to remove one impression. I am not unmindful and I yield to nobody here in my appreciation of the labours and work done by the Honourable the Leader of the House, and as this Assembly is going to pass the Bill, I congratulate him on his success.

Sir H. P. Mody (Bombay Millowners' Association : Indian Commerce) : Mr. Deputy President, my Honourable friend, Mr. Satyamurti, has been in an expansive mood and has congratulated in a very happy vein everybody and anybody in this House. In particular, he has waxed very eloquent and enthusiastic over the achievements of his own Party, the ability of his Leader, the loyalty of the following and the efficiency of the secretariat, and particularly of the Chief Whip of the Party. I gladly concede all that, but I want to tell my Honourable friend, that that is nothing before the achievements of my Party. (Laughter.)

An Honourable Member : Where is your Party ?

Sir H. P. Mody : My Party has not only been loyal to me in this House : it has been loyal to me outside. It has never questioned my authority and not one single amendment has been tabled without my permission. (Laughter.)

Sir, we have reached the end of our agony and have reached the final and what I regard as the inevitable stage, namely, forgetting all our quarrels, ignoring all our differences, we are all anxious to rush forward and shake the Law Member by the hand and tell him what an excellent person he is. I am going to join whole-heartedly in this performance, but I shall do it in my own way. This has been a wonderful Bill, as I see it, from every point of view. Young companies and old companies, Indian companies and foreign companies, weak companies and strong companies—all alike have had reason to complain about the manner in which they have been dealt with. Some Members of this House are dissatisfied that the Managing Agent has not been done to death overnight, straightaway, without even having a chance of offering a last prayer. Others have been dissatisfied over other features of the Bill, such as the question of leaving the chief agent or the district agent free and unrestricted in the remuneration he can charge: foreign companies are dissatisfied because they have been asked to disclose certain particulars which will put them into difficulties: one and all are dissatisfied. It really comes to this—young and old, weak and efficient, Indian and foreign, all have been laid low by my Honourable friend, the Law Member, with the tenderness of a Chinese executioner. It has been a Bill which has created difficulties all round: assets here, deposits there, restrictions everywhere have been the order of the day, and if I at all refer to one or two of the unsatisfactory features of the Bill, it is not because there are no more, but because I regard them as particularly taking away a great deal from the utility of the Bill.

One thing that was referred to by my Honourable friend, Sir Cowasji Jehangir, this morning, was the question of the freedom of the Chief Agent to charge anything he likes which he said had taken away from the value of the provision which we have made with regard to the field worker and the ordinary agent. What is the position? Mine was, unfortunately, the only voice raised against this. My Honourable friend, Mr. Ananthasayanam Ayyangar, raised that point earlier; but somehow or other he evaporated when I raised my protest, and pointed out how it would nullify the provision with regard to ordinary agents: but no voice was raised in support of the contentions I then advanced. I feel that it is a very serious deficiency in this Bill which will soon have to be rectified.

Then, I come to the question of Managing Agents. I do not know whether my Honourable friend, the Law Member, really wanted to do as much damage to them as has actually been done. They seem to have almost died by accident. No one intended to put an end to their existence within three years: no one intended to restrict their emoluments to Rs. 2,000 a month, for at least some years to come: and yet, by one of those accidents which are sometimes happening in this world and which seem to do no good to anybody, the poor Managing Agents are, to put it quite plainly, being expropriated. My friend, Mr. Satyamurti, must have been very hard up for argument, because he leant upon what was supposed to have been said by my friends, Mr. Chapman-Mortimer and the Leader of the European Group, Sir Leslie Hudson. I do not know whether they really intended to support the idea that vested interests should be done away with; but if they did, then I am sorry for them, and I for one am never going to agree to

[Sir H. P. Mody.]

such a proposition. I cannot understand this harshness towards Managing Agents. If I know something about the Penal Code or the criminal law, there are probably very few crimes which entail confiscation of property—treason for one thing. My Honourable friend, the Leader of the Opposition would know of some more : but, after all, there are very few crimes, and those too very serious ones, which entail such very heavy punishment as that which has been meted out to Managing Agents. Well, if my Honourable friend, the Law Member, thinks that he has rid the country of a dangerous pest, I am not going to quarrel with his self-satisfaction. I hope a new race of controllers of insurance business will arise, and the stream of Indian insurance will henceforth flow pure and undefiled. Some one told me the other day that there is a company in Bengal known as the Genuine Insurance Company of which the Managing Agents are Happy and Company. It seems to me that when we have seen the end of this Bill, there will be no genuine companies left and no Managing Agents will be happy at all !

Sir, I want to tell the House quite frankly how I am reacting to this Bill. I am going to advise every one over whom I have any influence and who happens to be engaged in insurance business to shut up shop at once and to turn policy-holder. (Laughter.) I myself propose to do the same. I am not going to make any statements in any forms that may be sent to me, because I know that there is a provision that if I am caught out in two years I will get no relief. I shall instead get a friend to say all manner of nice things about me, that I am of very sober habits and that I go to bed every night at nine o'clock, and so on. So far as I understand the section, no penalty need attach to me : and after two years I am perfectly happy.

Then, Sir, I object to another thing which arises from this Bill, and that is with regard to the procedure that has been adopted. Why should we, into whose hands the destinies of the nation are committed, be engaged over one tiresome Bill, occupy the whole of the Simla Session ? For weeks I have been unable to sleep : for weeks I have dreamt of preambles and sections, amendments and explanations, provisos and schedules, and all that sort of stuff : and it has engaged unremittingly our attention the whole of this Simla Session. I suggest that if such contentious Bills are to be taken up in future, this is not the proper Session for consideration and decision. I am also beginning to wonder whether this procedure which we have been following all along is really the right procedure, considering that we are living in a world of rush and hurry. Why should we have a Select Committee, then a Bill, then prolonged discussions in the House, very often in the nature of a second Select Committee ? My own feeling in the matter would be, and here I am expressing my unbounded confidence in my friends,—if we have a contentious measure of this character, why not commit it to the entire and sole care and custody of the Honourable the Law Member, Dr. Ziauddin Ahmad and Professor Ranga ? (Laughter.) I am quite sure that between them they would produce just as acceptable or just as unacceptable a Bill as that which has now seen its passage through this House.....

Sir Muhammad Yakub (Rohilkund and Kumaon Divisions : Muhammadan Rural) : Then you will not have the tragedy of Members crossing the floor.

Sir H. P. Mody : I do not know whether it is a tragedy or comedy. Now, Sir, it only remains for me to refer to my friend, the Law Member, and my friend, Mr. Sen. Very deserved tributes have been paid to No. 2 of the Law Department on this business, namely, Mr. Sen. I feel sometimes terribly unkind towards him, and if I had my own way, I would deport him from Simla and Delhi, and detain him in a place where he could not tinker with Insurance and Company Bills ! But, Sir, on other occasions, when my irritation with him over particular matters evaporates, I am free to recognise the very great industry and capacity he has brought to bear upon the task of preparing the ground, of initiating the Bill and helping in its passage through this House. I am sure that every one of us is agreed that Mr. Sen is a great asset to the Honourable the Law Member and to this House.

And, finally, coming to Honourable the Law Member himself, I will only say this. Handsome and well deserved tributes have been paid to his great industry and ability, and I am sure my friend, Mr. Aney, and my friend, the Leader of the Opposition, in their own inimitable way will add to those tributes, but, so far as I am concerned, I will only say that the Honourable the Law Member has added very greatly to his reputation. I do not know,—because I have never seen him with a cap, as to how many feathers it has in it, but I am sure he has added one more feather to it. I hope, if I may say so, he will rest on his laurels a bit, because, Sir, I am becoming very apprehensive of what his itching hand may next attempt to achieve. I hope the Honourable the Law Member will feel that he has done a great day's work in placing on the Statute-book the Companies Act and the Insurance Act, and with that he should, if he has only a normal appetite, of which I am rather doubtful, be completely satisfied. Sir, I support the Third Reading of the Bill, and join whole-heartedly in congratulating its authors. (Applause.)

Mr. M. S. Aney (Berar : Non-Muhammadan) : Sir, my friend, the Honourable the Leader of the House is the recipient of congratulations and encomiums from all parts of the House, and I feel it a great pleasure to add my humble tribute to the chorus of tributes that have already been showered on him. Nobody can deny that he has not spared himself in preparing the ground for this Bill and in piloting it through this House with great skill and ability.

Sir, I do not think this is a proper occasion for me, at any rate, to review the provisions of this Bill over which we have been labouring practically during the whole of this Session. If I attempt to do that, probably I shall have to inflict a speech very much longer than the one which my friend, my Satyamurti, made. But he has really relieved me of a great duty on account of the pains he has taken in reviewing some of the important provisions and pointing out what are the points on which this House feels very keenly, and what was left unsaid by him was, to a large extent, made up in his own inimitable way, by my friend, Sir Homi Mody. Both of them together have shown, from two opposite points of view, what are the merits and demerits of the present Bill before

[Mr. M. S. Aney.]

us. I, therefore, do not propose to again take a review and point out from my own point of view as to what are the salient features of this Bill which we consider as important and what are those provisions with which we are satisfied and which are those with which we are dissatisfied. In fact, I agree with the advice which my friend, Sir Homi Mody, has given us, that we have now reached a stage when we ought to forget all misunderstandings, and all the hard words exchanged between us over this Bill. We have now reached a stage when we should recognise, a stage which he called as the inevitable stage, that all of us have worked hard and that we have all succeeded in presenting to the House and to the country as a whole a measure which will ultimately lead to good business, for the sake of which alone we have been undertaking all these labours. I do confess, as I said at the beginning in my general speech, that we have arrived at a stage of our progress in regard to insurance business now where we cannot stop and sit with folded hands ; and the present law of insurance would not do, that it needed modifications, and modifications of a radical character, and I do maintain, in spite of my differences on certain points with the Honourable the Law Member and differences of my Group also with him and with the Members of the Congress Group, we have been able to work together and to give the country a measure which deserves to be given a fair trial by this country, and which I strongly hope and trust may ultimately prove to be a sure and sound foundation of the work of insurance business hereafter, at least for some time to come.

Sir, some of my friends, and particularly the Honourable the Law Member must be feeling a great deal of relief when he is moving the Third Reading of this Bill. He must be feeling like a man who having to make a long and arduous journey, after a hard struggle, comes to a stage when he sees that the uphill journey is over. In the case of Bills particularly, the passage of a contentious Bill through this House is really uphill work. When the height is scaled and when the top is reached, the future journey is comparatively easy. I am quite sure the Honourable the Law Member must be looking forward to the passage of the Bill in the other House not as a journey of ascent, but as a journey on a level road. He has now that feeling in him, and we also think as his collaborators in the arduous task that we have been able to bring the Bill to such a stage that it may pass without any serious opposition elsewhere. That is the situation to which we have brought this measure. In connection with this Bill, it was, I maintain, the privilege of my Group to have moved a certain number of amendments, and it is but natural in a debate in which the parties are seriously divided on certain vital points and there is a sincere feeling of conviction behind, that some hard words are exchanged. But we must remember that this is a time when we have to forget all that. If certain expressions have been used by Members on this side or by Members of this Group to which I have the privilege to belong, it was not really intended to show that anybody was acting wickedly in this House. There was no intention to attribute any wicked or unworthy and wrong motives to anybody at all. It was intended merely to express how keenly we felt that on certain points those whom we expected to lend us their support were not supporting us. It was only this sense of

keen disappointment which was responsible for certain hard expressions that were being used. If two reasonable men come together and say that two and two is four, we are not foolish enough not to understand it and to say it is an unholy alliance. You must give us credit that we understand and that we have got common sense to know the simple calculation that two and two make four. We protested only when we were seeing that two and two instead of becoming four were either five or three. There were points on which we expected my friends on the Congress Benches to come to our help and assistance, as they have always undoubtedly been the champions of the cause of the poor, of the cause of the weak, of the cause of the depressed, and with whom we have had the privilege of working for so long a period—when we find that our expectations in this direction were altogether frustrated on certain occasions, it was but natural to use expressions to the effect that they had entered into an unholy or undesirable and unexpected combination with those who never saw eye to eye with any Member who were sitting on this side of the House. A sight like that sometimes startled us, and in our startled moments expressions have been used of which my Honourable friend, Mr. Satyamurti, ought not to have taken any serious notice at a stage which we ought to be in a position to recognise the virtue of mutual assistance and joint labours of all and how every Group and the whole House have contributed their best to make the Bill what it is today. Mr. Satyamurti will certainly, in a calmer moment, admit that my Honourable friends, Dr. Banerjee, Pandit Lakshmi Kanta Maitra and Amarendra Nath Chattopadhyaya are not persons who will espouse a cause for which they do not feel strongly and are not men to lightly find fault with those with whom they have been working for the whole of their lives. But if they were constrained to use strong language, it was because of the keen feeling of disappointment that on certain vital points they expected some kind of result, but, unfortunately, that result was not forthcoming. It should be taken only as an expression of keen disappointment. I myself do not like to use hard words at all and I do not at all feel anything even if anybody else uses harsh words against me, because hard words break no bones. If anybody uses a hard word against me, the moment I go into the lobby I can go and shake hands with him without even remembering that he has used hard words. It has never broken any bone when I heard it, and much less will it break any bone some time after it. Though there were unfortunate occasions for intimate friends to differ from each other during the debate over this Bill, still I do not think that it is likely to create any feeling of estrangement between those Benches and these Benches, because, after all, the distance between us is only a few feet. The heart is the same and we are working for the same purpose and we shall, God willing, be working, hereafter, for the same purpose. It is not for the first time that we have had this. Even on the Companies Bill, I had the privilege, at times, of making an "unholy alliance" with the Honourable the Law Member and voting against my friends on the Congress Benches. I am not afraid of joining hands with those Benches at all if I find their position to be reasonable and my convictions agree with them. I hope my Honourable friend, Mr. Satyamurti, will understand that the expression "unholy alliance" was not intended to indicate that there is a general spirit of demoralisation and that the Congress friends have altogether

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forsaken their principles, but only there was a feeling of disappointment at the attitude of some of the Congress friends on some of the most vital points connected with the present measure.

I want to say something about some other points. One thing must have struck everybody. Some of the admirable speeches, which the Honourable the Law Member has made in this House,—I am not referring only to the speech which he made in the general discussion but also to those delivered by him in defence of certain clauses also—cannot be forgotten. My Honourable friend, Mr. Satyamurti, has made a very eloquent and pertinent reference to one of such passages in these speeches. I refer to the same passage in which he tried to defend the rights of the Indian people, to protect their own interests, against the aggressive tendencies of the foreigners and the words which he used at that time will be ringing in our ears for a long time to come. There-in we found that it was not a Government servant who was talking, but it was an Indian heart that was speaking through him, and it was because of that, because of the deep patriotic conviction in him, that I feel that any measure of this kind, however much one may differ from him at times on this point or that point—any measure intended for the amelioration of this country in his hands is a safe measure and he is a safe pilot in whom we can put our confidence.

Mr. H. A. Sathar H. Essak Sait (West Coast and Nilgiris : Muhamadan) : Patriotic heart,—Mr. Satyamurti said Congress heart.

Mr. M. S. Aney : I identify the word Congress with patriotism. I cannot understand being a patriot and at the same time not being a Congressman. Those who are not in the Congress are also of Congress mind. They are inwardly Congressmen if they are really patriotic. They may or may not take the label of a Congressman, but inwardly they are all Congress minded. But if they do not like the label Congressmen, they can choose any label they please. Unfortunately, my Honourable friend, Mr. Satyamurti, made a reference, in the course of his speech, to this, that, if all the amendments of the Bengal Group representing the small companies had been carried, nothing would have been left of the Bill except the preamble. I thought that was the way in which the Honourable the Law Member at times spoke ; in his humour he permitted himself such exaggerations. But when he was quoted with approbation by my Honourable friend, Mr. Satyamurti, I thought he had failed to understand the humour underlying that remark. Our amendments did not say that no limitations were necessary, no restrictions were necessary. They only said that the amount of restriction that you wanted to impose was unreasonable. They never said no investment was necessary or that no deposit was necessary. They only said that the way in which you were running was probably too precipitate and might lead to disaster. If these amendments had been carried, I make bold to say, inspite of the eloquent speech of Mr. Satyamurti, and whatever else the Honourable the Law Member might have to say, hereafter, that they would have made the Bill much more acceptable to the country and would have brought more laudable results than it is likely to do now. I am not entirely dissatisfied with the Bill, but I am not wholly satisfied with the Bill either. That is my posi-

tion. No human measure can be perfect. As men we are all liable to some kind of limitation, and every human creation is bound to be imperfect. That is my consolation. Another consolation is this. In spite of all these differences, the Honourable the Law Member, in his admirable speech, stated that he was open to conviction, and let me say that, in spite of our differences, whenever any suggestions were made he used to weigh them carefully and he really kept an open mind for a long time, except on one or two points on which he had his own opinion. But he consistently kept up an open mind and it was because of that open mind of his that we were able to place before him certain suggestions which he accepted and which have really gone to make this Bill more acceptable and a better and improved one.

Before I sit down, I do want to make one remark and that is this. As the way has been shown by my Honourable friend I think it shall not be right for me not to refer to the very hard work done by three or four Members of my Party in connection with this Bill. First and foremost, there is my Honourable friend who happens to be in the Chair now. He had been in the Select Committee and his experience and advice had been of great use in considering the various points that came up before us. Then, there are Dr. Banerjea and Mr. Maitra. They cannot be forgotten. I ought not to forget also to refer to my friend with a respectable flowing beard, Sardar Sant Singh. These four persons have worked hard and I believe if Sardar Sant Singh had been present in the House, clause 43 would not have been passed by this House so smoothly as it did. We would have witnessed at any rate an interesting debate on that question. Lastly, I must express my admiration for my friend Mr. Ananthasayanam Ayyangar which compels me to make a reference to him. When I spoke at the time of the Companies Bill and when I made a speech on the third reading, I specifically mentioned his name after having paid my tribute to my friend who is no longer in this House and whose presence we have been missing here so much for all these days and who is now, however, occupying a very responsible position outside as the Premier of the United Provinces. I then mentioned that here was a young man who is showing a capacity for work and has an acumen and subtlety which is bound to elicit the admiration of this House. That prophecy which I made about him at the time I am glad to find is more than justified. It was because of his labour and the labour of his friend, Mr. Santhanam, that we have been able to find out many little points which would otherwise have escaped notice, and many inconsistencies have been eliminated. I want to express my appreciation of the work of Mr. Ayyangar and Mr. Santhanam.

Before I sit down, I wish to pay my tribute to Mr. Satyamurti himself. It will be unkind of this House, it would be in fact playing Hamlet without Hamlet himself if we do not pay our tribute to his services. It was he who has taken a great deal of pains ; and although he is responsible for some of the evils of which I and my Group have been complaining it must be admitted that he is also responsible for improving this Bill to a large extent on some very important points. If he has got his points of weakness, he has also his points of strength and greatness. It is true that on certain points he remained strong and adamant. From the tributes that he has just paid to the great loyalty of his Party, I feel

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we are coming up to the age of Hitler. I do not know whether on many of the points that came up he had the real majority of the Party behind him but it is nevertheless true that there is a spirit of loyalty—a spirit of subordination to the Leader and allegiance to the Party, which deserve mention. Therefore, even if a Hitler is coming tomorrow, we are being gradually prepared and trained to follow him. We have come to that stage. It is because of the spirit of co-operation among the various Leaders and different parties in this House that we have been able to bring about this Bill in a presentable and acceptable form. I shall not forget also the valuable contribution made to this debate and to this Bill by the Members of the European Group. There were certain points on which I did not see eye to eye with them but I found that on other points they were able to take a reasonable view of things, a more reasonable view than some of us could take. In spite of their strong sense of selfishness—I'll add enlightened selfishness (Laughter) there is a feeling of doing justice to the land which feeds them and where they make their fortune. That spirit is there and it is that spirit that is a guarantee for the future, that enables us to work with them, if necessary, in the interest of working up for the ultimate goal we have in view, namely, the complete independence of India. Last time when I finished my speech on the Companies Bill, I had an occasion to have a little chat with the Law Member. He said then (I don't know if he remembers the incident now) "Mr. Aney, my next anxiety is to tackle the Insurance Bill". He said that in the case of the Companies Bill, he could rely upon one thing. There was an organised group of persons known as the Shareholders' Association, and those fellows took all the pains to present the share-holders' case, and, therefore, he had no anxiety as to leaving anything that would really be of benefit to the share-holders but, so far as this Bill is concerned, he said, that the policy-holders were an innocuous and unorganised body scattered over the whole country and he did not know whether the case of the policy-holders would be properly presented to him and whether he would be able to do justice to the policy-holders or not. Now, we have come to the end of the measure. I say now that we have seen that in this House there is an overwhelming love and regard for the policy-holder, so much so that some people thought, even the Leader of the Opposition thought, that in that love and regard for the policy-holder, the existence of one to whose existence the policy-holder owes his existence is likely to be forgotten. Insurance business does not mean only the policy-holder. There is somebody else, the insurer. Whatever injustice may have been done to the insurer, so far as policy-holders were concerned, their interests have been safeguarded and, in fact, the difficulties that have been imposed upon the insurers and some of their workers are mainly due to this extraordinary regard for the interests of the policy-holders. I can assure the Honourable the Law Member that the policy-holder has found in him the strongest champion and, therefore, this Bill so far as the policy-holder is concerned is a tolerably safe and reliable measure. I do not want to take more of the time of this House but there is one more remark which I want to make. The Law Member told me once, I don't know if he remembers it, that Indian business requires to be considered from three points of view. First, was its organisation, then, its financing and the third, he mentioned, was banking business. I wish that he takes rest now after his strenuous labours, which he so well deserves and let him, after that, before he lays down his reins,

take up the question of improving Indian banking business and if he does that, I am sure it will do immense credit to the great position that he occupies today. Law Members have come and gone but my friend, Sir Nripendra Sircar's name will go down to posterity as the person who has made a sincere attempt and a substantial contribution to the Statute-book, a contribution which is bound to result in helping the economic and industrial progress of this country in the years to come. In this I wanted to include also my Honourable friend, Mr. Sushil Chandra Sen, and I am glad my friend behind me has reminded me of a duty which I would have been guilty of not performing if I had not done it now. I want to mention this fact also that when I spoke of the Honourable the Law Member I had always in my mind his counter-part Mr. Sushil Chandra Sen (Hear, hear), but for whose help it would have been difficult even for him to have so successfully piloted this Bill. Sir, my friend, Mr. Sen's labours, his industry, the acumen with which he has prepared his able report and the lucid explanations that he has always given, whenever any difficulty arose, have helped us to understand the Bill and to find out what was the proper way of meeting it. Therefore, Sir, I should like to say that this House feels greatly indebted to Mr. Sushil Chandra Sen for all the troubles he has taken and for the great ability he has brought to bear upon this legislation. Sir, I only want to add one word, *viz.*, that I give my support to the motion moved by my Honourable friend, and I wish that this motion will be unanimously passed and the Bill will have a safe passage in the other House. (Loud Applause.)

Sir Muhammad Yakub : Mr. Deputy President, everybody in this House must have taken a sigh of relief today to find that the discussion on this Bill is now coming to a close. Sir, this Bill has taken over three weeks in the House itself, and the record of amendments was broken when over two thousand amendments were tabled and a very large number of them were also moved and debated upon. We have had many legislative measures in this House, and, since 1924, when I have been in this Assembly, I have seen many contentious measures being debated and passed in this House but never did any legislative measure create such a thrill, not only in the House but in the whole of Simla, as was created by the Insurance Bill. About one hundred persons, who were connected with the insurance business, were staying at Simla since the Bill was before the Select Committee, and besides, many other beneficiaries. I know that the Cecil Hotel made a very thriving business out of this. Dinner parties and luncheons were the order of the day, and it was during this time that my friend, the Chief Whip of the Congress Party, entertained some of them at a cocktail party in the Cecil Hotel. But in spite of many conflicting opinions and different ways of thinking, it must be recognized that the law of insurance has been placed on a fairly sound basis. The chief conflict lay between the major and the minor or the bigger and the smaller companies and, as is usual everywhere in the world, the more influential and the more resourceful companies have made the best of their opportunities. I am told that most of the amendments which were either passed by the House or were accepted by the Government were those which were tabled according to the suggestions of the representatives of those big and resourceful insurance companies, but there is always a thorn with the rose. Unfortunately, the amendment of my esteemed friend and professor, Dr. Ziauddin Ahmad, who has no doubt made a very valuable contribution to this debate, has, as they say, embittered altogether the

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cup of joy of the company managers which was passed in spite of the forceful and eloquent defence of the Honourable the Leader of the Opposition, and many of them, I am told, left Simla the very after-noon in disgust, much to the disappointment of those who made business out of them. (Laughter.) Well, Sir, really it is very difficult to satisfy everybody and every interest in this world, and I think it is not possible to see what would be the cumulative effect of all the amendments which have been made in this Bill, in the House, until the Government have got time to go through the whole Bill, and I say it was extremely wise on the part of Government that they did not try to rush this Bill through the Council of State this Session. They will now have time to go through the whole Bill and see what would be the cumulative effect of certain amendments which were passed,—probably some of them on account of the eloquence or party strength of certain parties in the Assembly,—before the Bill goes to the other House, I think Government itself would be in a position to table some amendments so as to improve the Bill and to remove contradictions. There are certain points, no doubt,—for instance, the Managing Agents, or the re-insurance question or the question regarding the reserve funds which the companies ought to keep : these are points which require, no doubt, careful consideration and now that the Government have got time at their disposal, I think, before the Bill goes to the other House, they will carefully go through all these points and scrutinise them and I hope, that after this Bill has emerged out of the two Houses, it will probably then be an improvement on the existing law of insurance. Mr. Deputy President, the Bill has no doubt taken a very long time in the Assembly ; my friend, Sir H. P. Mody, has suggested a way of shortening the procedure of going into Select Committees. I would, with your permission, suggest even a shorter way of getting the thing which he requires, that is to say, that all the Bills should be referred to a Select Committee consisting only of one of the mill-owners of Bombay and then they should be allowed to have a proxy in their pockets to vote in the House (Laughter) and then I am sure all the contentious Bills, particularly those which relate to financial matters, will probably be passed within a few minutes....

Sir H. P. Mody : You are quite right.

Sir Muhammad Yakub : ...and I think my friend, Sir H. P. Mody, has crossed the floor of the House and is sitting along with the Honourable the Law Member, and with the other Treasury Members now, in order to persuade them to adopt the method which has just been suggested by me. Sir, I do not want to take much of the time of the House but I should not be doing justice to myself if I did not refer to a very minor incident which happened between a Member of my Party, Mr. Bajoria, and the Honourable the Leader of the Opposition. I am very glad that the Leader of the Opposition, with his usual magnanimity, wrote a letter to my Honourable friend, Mr. Bajoria, and said that he did not mean to hurt his feelings. I am very glad that this harmony between different Parties, which is so necessary in order to carry on the work of this Assembly, has been restored by the courtesy of the Leader of the Opposition.

Now that big bouquets of praise and encomiums have been showered
 4 P.M. on the Honourable the Law Member and his lieutenant,
 Mr. Susil Sen, it would be extremely improper on my

part if I did not also present to both of them a small button-hole of my tribute. There is no doubt that the Honourable Sir Nripendra Sircar has perpetuated his name in the annals of this Legislative Assembly by steering through two very important legislative measures, namely, the Companies Act and the Insurance Bill, and both he and his lieutenant, Mr. Susil Sen, richly deserve our tributes, compliments and congratulations. As has already been suggested by my Honourable friend, Mr. Aney, when the Honourable the Law Member has also placed the Banking Law of the country on a sound basis, he would have broken the record of legislative work in this Assembly. Now, Sir, I would not indulge in showering praise over everybody in the House and without turning the House into a mutual praising society I support the motion before the House.

Mr. Bhulabhai J. Desai (Bombay Northern Division : Non-Muhamadan Rural) : Sir, it is rather unusual that nearly the whole day should be spent on the third reading of a Bill, but I appreciate the occasion when a long, difficult and arduous task has been performed. While I am overwhelmed with the sense of criticism of what this House has achieved or failed to achieve, I have this satisfaction that every Member of this House has approached the Bill before it and he has not suffered for want of pressing the views from any point of view from which they emerged. I have not that proper sense of bitter humour or bitter sweet humour which characterises the Leader of the House and it is better, therefore, that I must confine myself to my own mode of expression of what I have observed and what at the end of this arduous labour I feel in regard to this Bill. So far as any personal praise in this matter is concerned, it appears to me that I am not quite fitted for the purpose of giving due expression, not so much because of want of language.....

Mr. M. S. Aney : Of which you are a master.

Mr. Bhulabhai J. Desai :but because I feel that it is far better to speak perhaps a sentence in which you have put in and concentrated all you wished to say instead of taking much more of your time. Apart from any question of political measures, in so far as the Indian Companies (Amendment) Bill was concerned and so far as the Insurance Bill is concerned, I would not undertake the task of supererogation of telling the House what is already known as to the unique abilities, the experience and the self-possession of the Leader of the House. But I have this greater satisfaction that in the case of these two Bills we were able, without much difficulty, to pool as much knowledge and experience as we possessed in order that we may be able to assist in a proper and effective legislative measure, having borne in mind the purposes of those two Bills. In that encouraging helpfulness of pooling our resources, I have great satisfaction in acknowledging what has been done by me. Bouquets of compliments can be paid and I have brought none of them, but I have brought a warm enough heart to the task which I am now to perform and which I, therefore, feel that we owe it to the House that, whether the public at large disagrees with us as to the measure and whether the Parties, during the interval of the Bill, were disagreed as to the measure, we are all agreed today—at least I hope we are—that, though the Bill might have been better, if each one of our opinion had prevailed, we have to accept the common minimum reserve or the

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common maximum reserve in whichsoever way you may look at this matter. On that, I tender my felicitations to my Honourable friend. My Honourable friend, Mr. Susil Sen, as I have already said, produced a commendable Bill with the assistance of the Draftsman and I must confess to a sense of small disappointment that out of 2,000 odd amendments, I was only able to allow, so far as in me lay, about 200 to be moved. It is a guillotine of which my Honourable friend, Mr. Satyamurti, complained.....

Mr. S. Satyamurti : I did not complain.

Mr. Bhulabhai J. Desai :while he talked about everybody else. Though it happens that Mr. Ananthasayanam Ayyangar and Mr. Satyamurti are members of the Party to which I belong, I think it is right that we must acknowledge that their energy, their initiative and their industry contributed a great deal to the utility of this House. As regards my friend, Mr. Susil Sen, not only did he produce a commendable report but, since then, has worked hard to understand every point of view. To say that he and the Leader of the House were accessible is using very mild language for the simple reason that I think, occasionally, he has had reason to complain, a complaint which we on this side of the House, being public men, cannot afford to voice, that he was being too much educated. But for myself I feel that we cannot be too much educated though, at the same time, I must confess that you cannot, in this life, please every interest where conflicting interests in a measure of this kind are concerned. To anybody who is disappointed either inside or outside this House all I can say is this that our endeavour has been for the larger cause of the purity of the business and for the advancement and growth of Indian insurance. In that, everyone of us has contributed a share of experience, knowledge, ability, industry and, to the extent to which he could, persuasion. In response to what my Honourable friend, Mr. Aney, said, I am not one of those who believe that any combination—and it was not a combination in this case—of those who say that two and two is five is good enough. I hope and trust that from my point of view, at all events, whenever I have made a combination with him or with my friends of the middle or my friends opposite, I have always believed that it was because two and two made four and that they accepted the same formula. I have no doubt that it is possible to say from the point of view of those with whom I did not combine that my sum of two and two made four was wrong, but I am glad to have the credit of at least not being misunderstood in any matter.

Sir, during the course of this debate, I was the subject of many criticisms, many temporary elations, many temporary supposed victories, but, at the end of it all, what must prevail is a sense of duty irrespective of what others may feel as to the course that we are adopting. and I am glad to be able to say that so far as in me lay, so far as in those who work with me lay, we have tried to put forward our point of view and though it may be very much wished that as a Party we must express different views and though discipline may be called the complex of Hitlerism, I am one of those who believe that you cannot work in any organisation as a party without a sense of unity, without a sense of

mutual restrictions on each other's views to produce the best results. (Hear, hear.) It is only in that way that we can work, otherwise disintegration may begin which even those who wish it for the time being would in the end regret. Therefore, I am not at all sorry that notwithstanding apparent differences, and I welcome them in our Party myself, of course they are expressed with fullness of candour, enthusiasm and even vigour, but then here I do not object to any friends of mine telling me that he does not accept a particular judgment on the question on a purely personal view, but once it becomes a Party view we try to negotiate, understand, appreciate, restrict, deduct, add and, in the end, come to a conclusion. Having done that, we hope and trust that we shall continue to act in the same spirit and, if my Honourable friend, Mr. Aney, would want to produce a Hitler in this country, we will give him a few lessons.

Coming to the question of the Bill itself, I only wish to say a few words. But before I come to it, Sir, there is the class of helpful servants of this Assembly—I call them servants in no ignoble sense, for they serve nobly and silently, I refer those who assisted in collating these 2,000 amendments, so that we were able, every evening, to sit down the remaining three hours and perform our task with some regularity and be able to present to the House, as time went on, with proper form—I refer to the Assembly office for having done the work with celerity. As regards the Bill itself, there are only a few words, which I wish to say, for I have already expressed my views on two occasions apart from short speeches which I made when the amendments came up before the House. I have a sense of disappointment that I have not been able to contribute to the extent to which I would have wished, had this been our sovereign legislature (Hear, hear) for the purpose of encouragement and growth of my country's progress in this direction. For indeed, I think it is a truism which I want all my friends here to appreciate that if to be a pro-Indian is to be anti-anything else, I think it is a misconception which if they in their own minds turn over, they would find it regretful to express the contrary. For, if a Britisher were pro-British, I believe he is not anti-world. If he is that, then he may have a return compliment from me that I am a pro-Indian first and also last and to the extent to which we have power and authority which we find restricted and constrained, we will make every endeavour in order that we may progress in our country as they have progressed in their own, apart from the progress which they may have done in the rest of the world. So that, our points of view, where they differ, are points of view which I am quite certain they must appreciate and that is this. That we desire and we must desire, that if it were not difficult in this case that another interpretation of section 113 might have held up this Bill, I still maintain that I would have ventured to submit to the House the definitions which I suggest and pass on that definition, if you like call it a discrimination in favour of my own country. For who is not patriotic enough in this world, who does not discriminate in favour of his own. (Applause.) It is all very well to be altruistic, to be international, but when it comes to actual business, I have not yet seen any single race dealing in politics of today, while talking of internationalism, are not exclusively national in the advancement of their own interests. I, therefore, make no apology whatever for the point of view that I press with apparent bitterness which some of my friends saw when I spoke. My bitterness is only its value. When I feel

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strongly, as strongly as every Member of this House that my right to legislate for my country should be restricted, as it is in the manner in which it is. If that is bitterness, I confess to it, but more than that, I think every friend in this House recognises that as a mere matter of human element I have never been wanting in friendship and goodwill to any single individual from whom I have had or I have received differing opinion which I have always attributed to be *bona fide*, if I claim *bona fides* for myself.

Coming to the other parts of the Bill I have only to say a few words. So far as I have understood the trend of this legislation, the points of view which have come before this House, a great deal more or a great deal less might have been done. You may have extended the life of Managing Agents, you might have more easily limited or extended the commissions payable not merely to insurance agents, but for other persons interested in insurance business. You might have got rid of or tightened by adding more qualifications to insurance agents.

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

You might have had, had I prevailed, better retaliatory measures in order that foreigners may not compete unequally and unfavourably with ours. But, none-the-less, if in weighing these scales, we have made mistakes, they are mistakes in learning. While those of our friends who came here—and I am very glad indeed that our people have learned the art of the business and the necessity and the value of propaganda (Hear, hear), I am not afraid whether it is called the big business or the small business, the big bug or the small bug, every one who feels pinched in any matter ought to say boldly, and courageously and press his points of view to the extent to which he is able to persuade a diversified House of this kind. (Hear, hear.) When the Companies Act was passed, when I returned to Bombay, they asked me whether I had produced a monster. I had to protest and say that if a monster had been produced, you go to Sir Nripendra Sircar. But, none-the-less, I told my friend that having seen a monster frequently face to face and in proximity, I think they were very much mistaken. The same remark might apply as regards a Bill of this nature. But the working of it will clearly show if any adjustments are needed, and if such is the case, I have no doubt that this House will, at an early date, set them right. But the principles on which they are based are those which may be recognised. Freedom is given for those who are strong, as my Honourable friend, Sir Leslie Hudson, said. We believe in publicity, but no restriction. Yes, I quite agree. If I were strong enough to compete on equal terms, I might perhaps agree to it. If I had learnt that art for as many years as his race had learnt it, I might have agreed to compete; if I had all the wealth and the resources of that race, I might have agreed, but we belong to a poorer race which has been suppressed for quite a long time. for many years dominated and impoverished and, therefore, to the extent to which it lies in us we shall, if you like to say so, impose restrictions on others so that we may grow. I must remind my Honourable friend in this connection that during the last 14 or 15 years, ever since discriminating protection was passed by this House, we have reared at

least five industries, one of which was the subject of discussion only last Monday, and I have no doubt so much so that the complaint of my Honourable friend was, "Oh ! he has a baby-killing mania, because they happen to be weak". He says, now that you have more than enough sugar, you produce not only for your own consumption, that is what they say. But my Honourable friends are denying me even the chance of being able to sell my sugar in another country. Our eyes are thus always turned to our brethren in the land. If we feel disappointed, occasionally, by your passing, what we believe to be, unjust restrictions placed upon us, you must not feel that the complaint is bitter. You must recognise its justice ; you must assist in their removal if you mean what you say, as I have no doubt you mean what you say.

Sir, there is only one word more and I have done, and it is this that in all legislative measures of this kind it is not possible to satisfy all interests, any more than it is possible to satisfy two suitors who imagine that each one has a claim larger than he has got. But, in the long course of my career in the Bar, I have, to a large extent, recognised that life is a matter of compromises ; for indeed if each of us wanted to stand in the same place as the other, having the freedom so to do, it would be impossible. And it is impossible to prove that the compromise we arrived at is good or bad, because that can only be proved by an impossible process, and you must fight it to a finish and lose it when there is no question of compromise left. So that the value of a compromise depends on the judgment that you form as to the future and the confidence in your integrity and in the ability of those to whom that task is entrusted. In that spirit we have worked in the support of this Bill and in that spirit I commend it to the House.

Several Honourable Members : The question may now be put.

Mr. President (The Honourable Sir Abdur Rahim) : I will accept the closure subject to reply by the Honourable the Law Member. The question is :

" That the question may now be put."

The motion was adopted.

The Honourable Sir Nripendra Sircar : Sir, I acknowledge very gratefully the kind words which have been used in connection with my labours over the Insurance Bill. Casting my mind back over the 19 days through which this Bill has lasted before this House, I come to ask myself what is the most prominent feature and the most remarkable incident in connection with this Bill ; and I have no hesitation in saying that the point which was indicated by my Honourable friend Mr. Satyamurti, is really the matter which caused me the greatest anxiety, although the end of that has been a happy solution. The House will remember that there was a long controversy here over section 113 of the Government of India Act. It is quite true that, so far as I am concerned, I have my own view of section 113 ; and what that is is well known to the House. That is my honest and sincere conviction as regards the interpretation of section 113. But, at the same time, I recognise that there are others who are equally entitled to have their own opinions who do not accept my construction of section 113 ; and, if I am not mistaken,

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I think that that is a very large section of this House. I put myself in the shoes of those who hold that opinion. They were confronted with two difficulties : (1) If they pressed for the logical end of their own conviction, they would have been entitled to press for certain measures like the definition of " Indian insurer " or provision for " compulsory re-insurance " or discrimination in the matter of investments under section 26. (2) If, on the other hand, owing to the difficulties, which I pointed out, they preferred not to press that opinion (because being confronted with the choice of two evils they had to make up their mind as to which on the present occasion is the greater evil), that must have led to severe mental struggle, and they had to make up their mind as to whether they would wreck this Bill, a Bill which is so very necessary for putting Indian insurance on a good and sound footing, for getting control over outside insurers (remembering that at the present moment we have none), whether, with all these good features, this Bill must be wrecked, or whether matters should be brought to a head and the issue tried over section 113. As I say, Sir, those who did not agree with my construction of section 113 were placed in a very difficult situation. I acknowledge very gratefully, and I refer to no particular section but to all sections of the House, that I was given every opportunity of explaining, on the floor of this House as well as on numerous occasions outside this House, my difficulties and the practical realities of the situation. And, if in the end, almost all sections of the House decided, without prejudice to their contention and without giving up their point once and for all or for all purposes,—if they have decided on this occasion to waive their point and to agree to pass a Bill which will do good to Indian insurance, if I may say so humbly and with respect to all sections of the House, they have chosen the wiser course. But I can assure the House that I can quite feel for those who were confronted with that difficult situation ; for, speaking for myself, no difficulty arose because I had my own opinion about section 113. I have no doubt that it prevents the discriminations which were intended. Sir, when I said that I had the opportunity of talking very frankly and discussing very fully with Members of the House, sometimes with them as parties, I include every section of the House. I had numerous conferences with the European Group, the Congress Group and with practically everybody in the House ; and I believe, it is these conferences, which, at first seemed to be interminable conferences, that really ended in our getting a measure of this kind which has been remarkable by the absence of divisions. During these 19 days there were five or six divisions, three or four of which were on very trivial matters, and on all the big controversial points there was hardly any occasion for pressing matters to a division. That shows that in the end we had been able to come to a kind of agreement over the main controversial matters involved in this Bill. I frankly confess that when I started with this Bill I was not in a very optimistic mood.

Sir, as I do not propose to go over all the points which have been raised by the numerous speakers who addressed the House today, I will choose some of the more important points. My Honourable friend, Mr. Satyamurti, referred to clauses 12 and 15. As regards that the position is this. An objection was taken by the European Group that in-as-

much as clause 12, as passed by the Select Committee, made discrimination between Indian and outside companies, that was unfair. The point that was made by them was that it is not fair that the Indian companies would give returns or accounts or figures for their total business, while they, the outsiders, should be asked to send in their returns only for their Indian business. The unfairness of that they pressed very much. Sir Cowasji Jehangir to meet their point successfully moved his amendment for amending clause 12, and its effect is that outside companies and inside companies have been placed on exactly the same footing. I believe that is the effect of his amendment. Therefore, the result achieved by the amended clause 12 was to remove that particular objection which was pressed very much from one section of the House,—the question of discrimination. It was conceded during the arguments, both from the side of Government and the European Group, as also from the Opposition, from Mr. Desai, from Sir Cowasji Jehangir, that this fight over clause 12 was really not of much concern. What the two parties were after, what they were fighting for, was clause 15, or rather sub-clauses (c) and (d) of clause 15. Mr. Satyamurti and some of his colleagues had an amendment for complete deletion of clause 15 ; and clause 15, however limited its operation is, is a discrimination not against but in favour of outside companies. It is meant to give the latter relief in the matter of filing their returns, accounts, papers and so on. Controversy was raised, and very naturally raised, though not fiercely, over the question as to whether the relief given to outside companies is substantial. Is it as much as the outside companies can reasonably expect, or it is too little ? Over that, opinions are bound to differ, but the European Group had no objection except as to 15 (c) and (d). The point is that in so far as clause 15 goes, that is a clause intended to make a discrimination in favour of outside companies. That is a point which the House has got to remember. Then, we were confronted with this position : by reason of Sir Cowasji Jehangir's amendment having been carried, both sets of insurers, Indian and foreign, were put on exactly the same footing. Mr. Satyamurti did not move his amendment for deletion of clause 15, nor had my friends, Mr. Chapman-Mortimer and Mr. Buss, moved their amendment for deletion only of sub-clauses (c) and (d). I was not aware of any agreement—not that I am complaining, I know it was done on the floor of the House at a time when I was addressing the House and I am really not suggesting that I have any grievance. The agreement was arrived at without their having an opportunity to communicate with me. If I may say so, I still think that was a very reasonable agreement arrived at by the European Group composed of business men, including Mr. Chapman-Mortimer, intimately connected with foreign insurers. When Mr. Satyamurti interjected that “ we have come to an understanding ”, it was the first intimation that I had that some kind of arrangement having been made between the Congress Group and the European Group. All that I can say is that that understanding has been carried into effect in this House. I find that the European Group have carried out their part of the bargain or understanding by not asking for deletion only of sub-clauses (c) and (d) : equally the other side—their opponents if I may say so in this particular matter—have carried out their part of the bargain by not moving for deletion of whole of clause 15. That is the position : and by reason of the agreement the Schedules have not been altered to the detriment of either interest. Although by consent

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and agreement no attempt has been made to delete sub-clauses (c) and (d), yet I am quite willing to examine the provision on its merits and to see if any real hardship is created by those sub-clauses.

I intend to reproduce the contentions of my Honourable friend, Sir Leslie Hudson's Group and I state them seriatim in my own order : though most of these contentions were not raised on the floor of the House. It was first of all said and I have no doubt that they sincerely believed in the point that if you split up the life fund and show a smaller Indian life fund, that is hardly fair. The Indian business of a foreign company may be relatively small, but it may have millions of pounds in reserve and it may have very large business. That point was really met by the amendment which was carried at the instance of Sir Cowasji Jehangir, because now, in the returns which will come, outside Companies will show not merely their Indian business but also their total business. Then it was said that the outside companies will be on the horns of a dilemma. If they declared a bonus which is considered to be too high, having regard to the comparatively smaller Indian life fund, then it will be said that they are "dumping". On the other hand, if it is too small, compared to the bonus declared outside India, it will be said that they were discriminating against their Indian policy-holders. May I stop here for one second to analyse this argument ? The whole of this argument proceeds on the assumption that the outside companies, because for the purpose of filing their returns have to split up on paper their life fund into two divisions, Indian and non-Indian, therefore, they are compelled or they are required by law, under this Bill, to have regard only to their Indian life fund for payment of bonus to Indian policy-holders. If I may make myself clear : supposing a foreign insurer's life fund for the total business is one million £, and that their Indian life fund is only £5,000, on the assumption that this big company happens to have very small Indian business. If it is assumed that the foreign company will not be allowed to pay the same bonus all round to its policy-holders, whether in South Africa or New Zealand or the United Kingdom or India, out of their general resources, out of their larger life fund, then, undoubtedly, a hardship would have been created. However, section 43 of the Bill which lays no such restriction was not attempted to be amended in any way ; and, at the present moment, there is no occasion for any fear that under this law they will be compelled to have regard only to their Indian life fund, which may happen to be small in some cases, for payment of bonus. Although in one of the speeches, I believe from the Congress Group, that idea was suggested if not clearly expressed, yet I remember that the Mover of the amendment, Sir Cowasji Jehangir, on the floor of this House, made it perfectly clear that he had not the slightest objection to the foreign insurer getting money from England for paying bonus to Indian policy-holders. Assuming, therefore, that the general life fund—may I call it the bigger fund—is available for payment of bonus to all policy-holders, in all parts of the world, then I venture to think there is no substance in this argument relating to bonus ; What applies to an English company or an American company will equally apply to an Indian company. Take for instance the Oriental or the Hindustan : they have got large business in India and comparatively smaller business outside British India—South Africa,

Iraq, the Indian States and so on. If the Oriental is compelled—I believe its life fund runs into five or six crores—and I am supposing that its business in Hyderabad is small and its life fund there is only Rs. 50,000—if the Oriental were compelled to pay bonus to policyholders in Hyderabad, only out of the fund in Hyderabad, they may or may not be able to declare any bonus there whatsoever. That would be unfair; but that has not been provided for in our Bill. No amendment was made in that direction. Life fund has to be split up in the accounts only for giving an idea of the Indian business and Mr. Griffiths admits it can be easily done. It is not to be separated for all purposes, and the larger life fund is free to be dealt with for the benefit of all policyholders. I have no hesitation in saying that, if any such attempt is made, if any such legislation is introduced, we shall certainly oppose it, not in the interest of outside insurers only, but equally in the interest of all insurers, Indian or foreign. We shall oppose any such legislation which may be attempted. Of course none is on the anvil now for limiting bonus to the local fund.

Then, Sir, with regard to the objection to 15 (d), Honourable Members may remember,—I may put it in simple language,—that all outside companies have got to show the monies which they receive in India from outside. That is the long and short of 15 (d). Now, before considering the matter as to whether 15 (d) creates any difficulty or not in the way of outside companies, one has got to consider what are the other provisions to which the outside companies have agreed without demur. I refer first of all to section 26. Section 26, which was not objected to by any section of the House, involves this. The splitting up of the life fund on paper is one thing,—but I am not talking of the life fund but of assets. By reason of section 26 the assets are split up, because you have got to earmark your securities which are held in investment for the Indian business. To that extent, therefore, the outside companies have been willing to separate assets, in the same manner as British companies have to do in Canada. They have agreed to give an accurate idea of what the liabilities are, of the Indian business: liabilities as explained in section 26 for matured claims and for claims which are maturing—to that there is no objection.

Then, the House will remember, and my friends of the European Group will also bear me out, that there had been no objection to putting these two asterisks in Schedule D against the items "expenses" and "other expenditure", which means that the European Group took up a very proper and reasonable attitude, and which was confirmed by my friend, Mr. Chapman-Mortimer or Mr. James, when he said that they had not the slightest objection to show every pice of the expenditure incurred by the foreign insurer in India. The position, therefore, is that first of all, there is no objection to earmarking their investments and to giving an account of the liabilities of their Indian business. Then, secondly, there is no objection on their part to show every pice of expenditure incurred in India. It is equally conceded that the accounts, if they have got to be submitted, must be true and faithful accounts. I am not an accountant, I am not a financier, I am not an actuary, but I ask myself as a man of some common sense, whether the accounts can be correct and full, if you show expenditure to the last pice and omit to show all items on the receipts side. Can that account be correct? If, therefore, a correct account involves showing all receipts and all expenditure, then what objection can

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there be to show the receipts ? Indeed no strong objection, if any, at all, has been taken in the House. What is probably feared,—I am not speaking for the European Group,—is this ; that if in any case it is shown from the amounts received from England that the Indian business is being carried on with subsidy from the English business, then there may be an outcry under the slogan of what is called “ dumping ”,—a particularly unhappy word. As I understand dumping it means this. If an article costs one shilling to produce in England or in Japan or in America, and it is sold in the Indian market at eleven pence that is called dumping,—selling below cost, not with the object of making any gain to yourself, but with the object of ruining your competitors, so that in the end you may have your own way. That is what is meant by dumping, as I understand it. Sending money from a strong branch to a weak one is not “ dumping ”. Now, Sir, if it is shown that as a matter of fact money is coming from England for subsidising the Indian business, what will be the consequences ? Under the existing law nothing can be done. You can bring in any amount of money you like from England and use it for your Indian business ; you can run your Indian business at a loss, but under the present Bill nothing can be done. Secondly, if, as a matter of fact, there is no legislation which compels bonus being paid out of the Indian fund alone (and I have assured the House that, we shall oppose such legislation),—then what is the practical consequence ? None. But it is said that there will be propaganda and it might be said by the Indian insurers that some of the outside companies cannot compete successfully with Indian concerns and so they are bringing money from outside and running their Indian business. Assume that to be so. I admit there will be some amount of propaganda, if facts justify it. But from the point of view of propaganda, I earnestly ask my European friends here to consider the other side of the picture. Supposing, as a result of strenuous efforts on the part of their Group and of others, 15 (d) is deleted by some means, either in the other House or by some other means, then from the point of view of propaganda, will it not be a hundred times more effective against them ? Will it not be said that they are so nervous about showing what they are getting from England, that they are fighting to the last ditch for avoiding disclosure ? I am taking a dispassionate view of things. I think it is not in the interest of outside companies to resist disclosure or to giving a correct account of the receipts of monies from outside. I am afraid if 15 (d) is deleted, though I do not see any chance of that happening, it will do no good to the outside companies. On the other hand, as the law now stands, if it is proved that in some cases there has been “ dumping ”, in that sense, namely, money has been brought from England for running Indian business, I submit not only will there be no consequences, but as propaganda, even if justified, it will not be as effective as a propaganda carried on if disclosure of these amounts is resisted. I honestly venture to think that that is the correct view of the situation. Because I have dealt with at some length on clauses 12 and 15, it must not be assumed that the European Group are really disturbed over these clauses, or that they will attempt to get out of their agreement, and try to attack 15 (c) and 15 (d) elsewhere. The agreement has been fully carried out by both parties and as the result of that, the schedules remain un mutilated.

Sir, I regret that I have spoken at some length on clauses 12 and 15. I have now got to come to the general aspects of the Bill. Of course, it

is obvious to everybody in this House that the interests are conflicting and we know what those conflicting interests are. Let us take some of them one by one. We have, first of all, well established Indian concerns. As against them we have what have been called young companies. Then, there is the question of the outside companies. They are again sub-divided into United Kingdom companies and non-United Kingdom companies. We have to add to this the conflicting interests that of the Managing Agent of the company, and all these different interests have got to be reconciled. After the heat of this battle is over, if each Party will sit down and try to think over what they have gained and what they have lost, they will find that no Party can say that it has gained all or most of its points. The decision of this House, if it does not completely please any of the sections,—it is because it is a just decision and it takes into consideration the claims of others. If you take, for instance, first of all, the big companies, what is it that they wanted? I do not say that there was perfect unanimity of opinion amongst them, but, generally speaking, what is it that they wanted? They wanted that provision should be made against the growth of mushroom companies, and without going into details of this Bill, it can very properly be said that they have gained that object; they have not failed. Then they wanted control in some shape or other of licensing and of registration. I am rapidly going through the very important points. Have they lost or have they gained? I think they have substantially gained in getting registration. They wanted prevention of unhealthy competition by means of fixing a maximum commission, prevention of rebate and so on. That is what they have gained. They may have not got exactly what they wanted. The percentages may not be the percentages fixed by them, but substantially they have gained. They have lost really, apart from the vexed question of Managing Agent, on the matters which are covered by section 113 of the Bill, namely, compulsory re-insurance and things of that type. About the young companies, which according to Bhai Parma Nand are all going to be killed as soon as this Bill is passed—have they gained nothing? What about their getting ten years for paying their money when the Bill provided for only three, and the Select Committee provided for seven? Then the other amendments which were moved on behalf of the Congress Nationalist Group—I mean, measures like giving a right of appeal from the Superintendent, a right of appeal from the District Judge to the High Court, etc., although big business, no doubt, will get the benefit of those provisions, they are meant for all, big and small. Are they not likely to help the younger companies more than the bigger ones because it is the younger companies with their insecure finances, with their difficult conditions, that are more likely to receive the prompt attention of the Superintendent rather than the bigger ones. I venture to think that when the young companies have a little time for reflection, when the propaganda is over and when they come to think over what they have gained, they will see that there is no justification for saying that they have lost all along the line.

As I do not want to carry over my speech to another day, I have got to omit many of the points I intended to speak on, but I shall be failing in my duty if I do not give in a summarised form the benefits which have been conferred by this House on the policy-holders, and may I rapidly summarise them? The items which I am going to mention are all intro-

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duced for the benefit mainly of the policy holder. When they talk of business being run on sound lines, what does it mean ? It means that the policy holder will run no risk and that he will get his money when it falls due.

1. Working capital, to prevent the policy holders' money being resorted to for expenses.

2. Deposits on life fund have been made the absolute security of policy-holders and cannot be applied either directly or indirectly for any purpose other than that of life insurance.

3. The dividing principle has been barred and the rights under policies have been maintained.

4. Rights have been given to policy holders to obtain—I believe that was as a result of Dr. Deshmukh's amendment—certified copies of all reports and statements.

5. The provision for 55 per cent. of the liabilities to be invested by United Kingdom and Indian companies and 100 per cent. by non-United Kingdom and non-Indian companies. That is also for their protection.

6. The high remuneration paid to Managing Agents. If that has been barred, that is equally in their interest however much we may quarrel as to the number of years over which they should be allowed to run or the restrictions which should be placed on them.

7. Loans to directors, managers, Managing Agents, auditors, actuaries and other officers have been prohibited.

8. We have not been able to fix an expense ratio, but I do submit that indirectly there has been a check on expense ratio by providing for the maintenance of 55 per cent. of the liabilities in gilt-edged securities, by limitation of commission and prohibition of rebates.

9. The Superintendent of Insurance has been given very extensive powers to safeguard the interests of policy holders,—powers of investigation. In passing, a question was put to me in a speech by my Honourable friend, Mr. Satyamurti, about the duty of the Superintendent to find out what commissions have been paid. It ought to be his very important duty, and knowing the world as we do, if a company is really paying too much commission there will be many friends outside to give the information to the Superintendent. (Laughter.)

10. Then we have given the right of audience in case of schemes for amalgamation and transfer.

11. We have given the right of representation on the board of directors.

12. To prevent insurance companies from sitting over mortises on the ground that they do not know whom to pay, provision has been made for deposit in Court.

13. As Mr. Satyamurti has pointed out, we have given the right, whatever the conditions in the policy may be, to bring their suit in India and to be governed by British Indian law.

14. And a very great improvement, which the policy holder will gratefully recognise later on, is the provision which this House has made for disabling insurance companies after two years from raising frivolous pretexts for repudiating claims.

15. Then we have put in a restriction on dividends except from surplus ascertained on an actuarial valuation. In the case of provident societies, we have a like provision for actuarial certificate, for soundness of the scheme, for working capital and so on.

Maulana Zafar Ali Khan (East Central Punjab : Muhammadan) : I wish you could satisfy Bhai Parma Nand.

The Honourable Sir Nripendra Sircar : But he is not here to be satisfied.

As I said, I must leave unsaid many things which I should have said if I had risen a little earlier. I should conclude by saying
5 P.M. that it is not a mere platitude in which I am indulging when I say that I have received co-operation from every section of the House, and the invaluable services of Mr. Sen and I gratefully acknowledge the opportunity which was given to me by every section to express my difficulties and also to understand their views. There was one remark made, I believe it was made in the heat of the moment. It was said that the European Group here is out to wreck this Bill. Well, I have met them very often. I judge them not only by what they have done here but also by the discussions we had, and I do believe that that statement has been made under a complete misapprehension. I do not for one moment suspect that there is any desire on their part other than the desire of every section of the House that they will help me in getting a Bill which will be as good a Bill as is possible in view of the conflicting interests. Sir, I have nothing further to add. (Loud Applause.)

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

“ That the Bill, as amended, be passed.”

The motion was adopted.

The Assembly then adjourned till Eleven of the Clock on Tuesday, the 5th October, 1937.