

23rd September 1937

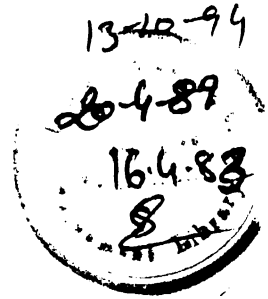
**THE
LEGISLATIVE ASSEMBLY DEBATES**

(Official Report)

Volume VI, 1937

(18th September to 29th September, 1937)

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



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Legislative Assembly.

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MR. MATHURADAS VISSANJI, M.L.A.

CONTENTS.

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

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

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

LEGISLATIVE ASSEMBLY.

Thursday, 23rd September, 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.

ENTRY OF EUROPEANS WITH SHOES ON INSIDE PROTECTED SHRINES.

743. **Mr. Sri Prakasa :** (a) Will the Secretary for the Department of Education, Health and Lands state if it is a fact that Government make arrangements for European visitors and others in European clothes to such protected shrines where shoes are not permitted to put on cloth covers on their shoes ?

(b) Are Government assured that this process is enough to satisfy the sentiments, religious and other, of the communities concerned ?

(c) Are Government aware that the sentiment is against the taking of shoes inside these places in whatever form and on whatever part of the body, and not only against the use of shoes in direct contact with the floor ?

(d) What danger or difficulty do Government anticipate if they insisted on all European, or other visitors taking off their shoes when visiting these shrines ?

(e) Are Government prepared to insist on Indian visitors, even if making exceptions for Europeans, to take off their shoes regardless of the sort of clothing they may have on, when visiting such places ?

(f) Are Government aware that many sects and communities in India regard it as incumbent on them to keep their head covered when visiting particular types of places including religious places, like churches ?

Sir Girja Shankar Bajpai : (a) Yes.

(b) and (c). Government have received no complaint against the existing arrangements.

(d) In view of the answer to parts (b) and (c), this question has not been examined.

(e) Government see no reason for making this discrimination.

(f) I am prepared to accept the Honourable Member's statement.

Mr. T. S. Avinashilingam Chettiar : May I know what steps do Government propose to take if the people are really aggrieved by this ?

(2285)

Sir Girja Shankar Bajpai : I made inquiries from the Director General of Archæology who has some experience of the administration of these rules, and he says nobody has complained so far.

Mr. T. S. Avinashilingam Chettiar : May I know whether the Government are aware that once some years back a question was put in this House to the effect that people do not agree to the public going to the Taj Mahal with shoes on ?

Sir Girja Shankar Bajpai : Not only do we know that, but it was as a result of an undertaking which I gave on that occasion that I made inquiries from the Director General of Archæology.

AFFAIRS OF THE BANGALORE INSTITUTE.

744. ***Mr. Sri Prakasa** : Will the Secretary for the Department of Education, Health and Lands state what is the nature of the trouble, if any, in the Bangalore Institute ? And what decisions, if any, have Government finally taken in the matter ?

Sir Girja Shankar Bajpai : The Honourable Member probably has in mind reports that were current some weeks ago regarding relations between the Council of the Institute and Sir Venkatraman. This matter has been settled in the manner described in a communiqué issued by the Council on the 28th July, 1937, a copy of which I lay on the table. Government are not aware of any difficulties having arisen at the Institute since the settlement described in the communiqué.

INDIAN INSTITUTE OF SCIENCE, BANGALORE.

Press Communiqué.

The affairs of the Indian Institute of Science, Bangalore, particularly relationship between the Council and Sir C. V. Raman, who has been Director of the Institute since April, 1933, have been recently subject of various conflicting and inaccurate comments in the Press. The Council, therefore, consider it desirable to issue a statement embodying a summary of decisions which were unanimously reached at the meeting on July 19th, 1937. Twelve out of fourteen Members of Council were present. As a result of deliberations at the meeting Sir C. V. Raman has relinquished office of the Director from July 19th, 1937. In place of this post Council made him an offer to remain as Professor of Physics on a pay of Rs. 2,500 per mensem for a period of ten years. Sir C. V. Raman accepted this offer. The Council will take early steps to appoint a permanent Director in his place under Regulations of the Institute. Meanwhile, they have appointed Rao Bahadur Venkatechar who was recently Professor of Physics, Central College, Bangalore, and is a Member of the Council of the Institute to act as Director of the Institute until a permanent Director can be appointed. According to the revised constitution of the Institute, a Registrar has been appointed who will take over charge towards the end of this month. He will not, however, take the place of the Director who will have in future many important functions to perform.

The Council believes that this arrangement will afford greater leisure and better opportunities to Sir C. V. Raman to devote himself exclusively to scientific work ; and that it will also help to create an atmosphere in the Institute which will enable all its departments to carry on their legitimate activities with harmony and efficiency. This arrangement has the approval of the three principal parties responsible for endowments of the Institute, namely, the Tata family, the Government of India and the Government of Mysore.

Dated 28th July, 1937.

1745°.

†For this question and reply thereto, see page 2314 of these debates.

PROPOSAL TO ESTABLISH A CENTRAL MUSEUM IN NEW DELHI.

746. *Mr. S. Satyamurti : Will the Secretary for Education, Health and Lands be pleased to state :

- (a) whether the Government of India propose to establish a Central Museum in New Delhi, and if so, whether they propose to construct that museum in *Purana Kila* ;
- (b) whether these questions are being considered and when Government will decide them ;
- (c) whether the proposals will be placed before the legislature during the next budget as part of it and if not, why not ; and
- (d) whether Government propose to send an officer to study the latest developments of museum practice in other countries of the world and whether an Indian officer will be selected for this purpose and if not, why not ?

Mr Girja Shankar Bajpai : (a) and (b). The Honourable Member's attention is invited to the reply given by me on the 10th September, 1937, to part (a) of Mr. C. N. Muthuranga Mudaliar's starred question No. 448.

(c) Does not arise at present.

(d) I lay on the table of the House a press note recently issued by Government on the subject.

GOVERNMENT OF INDIA.

DEPARTMENT OF EDUCATION, HEALTH AND LANDS.

Simla, the 17th August, 1937.

Press Note.

The Government of India have decided to depute an officer of the Archaeological Department to the countries in Europe and the Near East to study the up-to-date methods of museum curatorship. The actual officer to be sent has not yet been decided on. The officer will spend at least six months in England and will visit such important museums as the British Museum, the India and Science Museums, Kensington, the Ashmolean Museum at Oxford and Fitz-William Museum at Cambridge and other important museums and galleries in that country where methods of exhibition, preservation and in general of enhancing the value of museums to the public can be most fruitfully learnt. On the Continent, the museums at Paris, such as the Louvre, and the Musée Guimet will be visited as also the International Museums Office and the pre-historic collections at St. Germain. This will be followed by visits to the important museums at Amsterdam, Leydon, Berlin, Munich, Rome and Naples and the excavations at Pompeii and Herculaneum near Naples. On his way to Europe or back he will also pay visits to the Egyptian Museum at Cairo, the museums at Aloppe, Baghdad and Jerusalem. The entire programme will cover a year's deputation including the time for voyage. It is intended that on the officer's return he should be employed in the first instance in inspecting the archaeological museums and recommending measures for their improvement or development. His experience will be made use of for spreading a knowledge of the latest museum practice through the Department. His services will be available for advice and suggestions to Provincial Governments or other museum authorities should they so desire, and it may be possible to arrange for courses of training to this end.

Mr. S. Satyamurti : May I know, Sir, with regard to the second part of my question, clause (d), whether an Indian officer will be selected for this purpose, and if Government have come to any conclusion in this matter ?

Sir Girja Shankar Bajpai : We have not actually settled upon the officer to be selected, but I can tell my Honourable friend that the officer selected will be an Indian.

Mr. S. Satyamurti : With reference to the answer to clause (c) of the question, may I take it that the Government's answer means that they are not in a position to state whether the proposals which they are now considering have reached such a stage as to be incorporated in the next Budget ?

Sir Girja Shankar Bajpai : That is the position, Sir.

Mr. S. Satyamurti : May I know whether, with regard to the construction of the museum in *Purana Kila*, Government will keep in mind the consideration that such construction as they may decide upon should be in consonance with the historical traditional selling of this place ?

Sir Girja Shankar Bajpai : I think my friend may rest assured that if we do decide upon the construction of a museum then it will be in architectural harmony with the building itself.

POSITION REGARDING INDIAN LEGISLATION IN SOUTH AFRICA.

747. ***Mr. S. Satyamurti** : Will the Secretary for Education, Health and Lands be pleased to state :

- (a) the latest position with regard to the Indian legislation in South Africa ;
- (b) whether the commissions suggested are going to be appointed, and if so, when ;
- (c) whether the attention of the Government of India has been drawn to the demand of the Agent General in South Africa that South African Indians should be granted political representation in the dominion on the ground that even legislation directed to the welfare of the general community reacts against Indians because they have no vote ; and
- (d) whether the Government of India are taking up this matter with South African Government and if not, why not ?

Sir Girja Shankar Bajpai : (a) and (b). There have been no developments since the reply given to the Honourable Member's question No. 267 on the 2nd of this month.

(c) Yes.

(d) The Government of India will take up the matter when a suitable opportunity offers.

Mr. S. Satyamurti : With reference to the answer to clause (d) of the question, may I know whether my friend is aware that certain trade negotiations are said to be going on now between South Africa and India, and whether the Government of India will press on those

who are carrying on those negotiations, the need for bringing within the scope of those negotiations the political status of Indians in South Africa ?

Sir Girja Shankar Bajpai : So far as I am aware, no trade negotiations are in progress between the Government of India and the Government of the Union of South Africa.

Mr. S. Satyamurti : May I remind my friend that,—I think he was present,—I may be wrong in my recollection,—in this House,—Sir Saiyid Sultan Ahmad, the Honourable Member for Commerce and Railways, stated that certain talks are going on between South Africa and India with regard to trade relations ?

Sir Girja Shankar Bajpai : I was not here at the time, Sir.

Mr. S. Satyamurti : May I know whether he will inquire into the matter ?

Sir Girja Shankar Bajpai : Certainly, I will look into the matter.

Mr. S. Satyamurti : With reference to the answer to clause (c) of the question, may I know what was the last occasion on which the Government of India took up this matter with the Government of the Union of South Africa, and what was the reply they received from them ?

Sir Girja Shankar Bajpai : As far as I know, Sir, the question of the conferment of political franchise on Indians in South Africa has not yet been officially broached to the Government of the Union.

Mr. S. Satyamurti : May I know whether Government propose to address the Government of the Union of South Africa on the conferment of political franchise on Indians at the earliest possible moment ?

Sir Girja Shankar Bajpai : I have already told my friend that we will take up this matter at the first favourable opportunity ; I cannot say whether it will be early or late.

Mr. S. Satyamurti : With reference to the answers to clauses (a) and (b) of the question, may I know whether my Honourable friend's attention has been drawn to recent statements in the newspapers that these Commissions may be appointed, as a result of the propaganda for the elections, and may I know whether Government are satisfied that at present the Commissions will not be appointed ?

Sir Girja Shankar Bajpai : I think my friend might also have seen a recent report in one of the newspapers to the effect that the Minister of the Interior has stated that it is not intended to proceed with the appointment of a Commission to go into the question of mixed marriages, and he has made no statement as regards the proposed commission to inquire into proprietary rights in the Transvaal. That is as far as I know the position.

Mr. S. Satyamurti : May I know if Government themselves are keeping in close touch with the possibility of those Commissions being appointed, and will see that our point of view is pressed strongly on the Union Government ?

Sir Girja Shankar Bajpai : I think my friend may rest assured that the views of the House and of the Indian community in South Africa generally in regard to the commissions will be pressed on the Union Government whenever there is an indication of an intention on their part to appoint them.

NOMINATION OF INDIANS TO THE FIJI LEGISLATIVE COUNCIL.

748. ***Mr. S. Satyamurti :** Will the Secretary for Education, Health and Lands be pleased to state :

- (a) whether it is a fact that the Government of Fiji have nominated two Indian representatives to the newly constituted Legislative Council, although the results of the elections which took place recently have not yet been announced ;
- (b) the reason why the Government of India were not consulted ;
- (c) whether these nominations have been made as a special case for the Indian community, or whether European members have also been similarly nominated ; and
- (d) whether the Government of India are prepared to ascertain from the Fiji Government the reasons for this step and communicate the same to the House ?

Sir Girja Shankar Bajpai : (a) Yes.

(b) This is a matter within the discretion of the Governor of Fiji.

(c) Two European members were also nominated at the same time as the Indian members, that is before the elections of European members were held.

(d) The Government of India have been informed that there is no provision that nomination shall be made after election and that both His Excellency the Governor and the Colonial Office considered that it was in the best interests of the Colony for them to be made before the election.

RADIO TRANSMITTING STATIONS AND TRAINING OF TECHNICIANS IN INDIA.

749. ***Mr. S. Satyamurti :** Will the Honourable Member for Industries and Labour be pleased to state :

- (a) whether it is a fact that as regards the technical section of the All-India Radio, it has so far been dependent upon foreign radio companies and that no attempt has been so far made to train a batch of technicians in India for the service of India ;
- (b) whether the All-India Radio are erecting stations without proper preliminary investigation ;
- (c) whether any tests are being made on higher research work essential for successful broadcasting, as is done in other countries .

- (d) whether it is a fact that while the number of radio listeners in England is about seven million, there are only 40,000 receiving sets in India and the reasons for this disparity ; and
- (e) whether Government propose to take steps to have properly planned transmitting stations and to organise an efficient service ?

The Honourable Sir Thomas Stewart : (a) and (b). No.

(c) I would invite the Honourable Member's attention to the statement which I placed on the table of the House in reply to part (c) of Mr. Mohan Lal Saksena's starred question No. 619 on the 20th instant indicating the kind of research that is being done in the Research Department of the All-India Radio.

(d) I am not quite sure about the exact number of radio licences in England but it is very large. The number of licences in India, at the close of the financial year 1936-37, was 42,008. I would not venture to express any views on a point which must be a matter of opinion, but it will be realised that broadcasting is still in its infancy in India, that until the development programme is finished it will not be possible to give to all parts of India a reasonably efficient service, and that there is considerable difference in the wealth and the standards of living between the two countries.

(e) Yes.

Mr. S. Satyamurti : With reference to the answer to clause (a) of the question, I thought I heard my Honourable friend say "yes" to the question. Am I right ?

The Honourable Sir Thomas Stewart : Yes.

Mr. S. Satyamurti : If so, may I know if Government are now thinking of, or considering any attempts being made to train a batch of technicians in India for this service in India ?

The Honourable Sir Thomas Stewart : The constitution of the technical branch of the All-India Radio is this. The Chief Engineer is an officer recruited from England. He had considerable experience of technical work with the British Broadcasting Corporation. To assist him in the technical department several Indians have been recruited and it is part of the duty of the Chief Engineer to communicate to his subordinate staff the knowledge and experience of broadcasting engineering which he possesses.

Mr. S. Satyamurti : May I take the answer to mean that the idea is that, as far as possible, these Indians ought to be trained, ultimately with a view to having a batch of technicians in India consisting of Indians trained and fully qualified to do this work ?

The Honourable Sir Thomas Stewart : Undoubtedly that is the intention.

Mr. S. Satyamurti : With reference to the answer to clause (b) of the question, I heard the Honourable Member say "Yes" to that clause. Am I right ?

The Honourable Sir Thomas Stewart : Yes.

Mr. S. Satyamurti : Then, may I know the reasons why the All-India Radio are erecting stations, without proper preliminary investigation ?

The Honourable Sir Thomas Stewart : I cannot admit that the All-India Radio are erecting stations without preliminary investigation. The technical and physical advantages of the sites which have been selected were considered before a decision was taken to erect stations on these sites.

Mr. S. Satyamurti : May I know, then, what is the meaning of the answer "Ycs" to clause (b) of the question ?

The Honourable Sir Thomas Stewart : I beg the Honourable Member's pardon. The answer to parts (a) and (b) is No.

Mr. S. Satyamurti : With reference to the answer to clause (d) of the question, I quite admit the relevancy of what my Honourable friend has stated in the answer. But, still, may I know whether it is the ambition of the Government of India to make much further progress in the number of receiving sets and the number of listeners in, and if so, may I know what are the steps they are taking to have, on the one hand, properly planned transmitting stations, and on the other, efficient service ?

The Honourable Sir Thomas Stewart : As regards the first part of the Honourable Member's supplementary, I hasten to assure him that it is the desire and ambition of the Government of India that a widespread and efficient service should be established. As regards the question of efficient installations, I have already said on more than one occasion that the suitability of the sites selected and of the installation proposed have been the subject of expert examination. As regards an efficient service, I have to say that the type of programme, now being put across, must necessarily,—especially in regard to rural broadcasting,—be of an experimental nature, but I did mention two or three days ago that we were conducting a fairly elaborate experiment from the Delhi station with a view to determining what is the most suitable type of programme for universal broadcast.

Mr. S. Satyamurti : Since music makes a most universal and powerful appeal to the people of all countries, including my own country, are Government considering any proposal by which high class music of all-India musicians of first class repute may be broadcasted from these stations, especially in view of the desire to synthetise Indian music as far as we can ?

The Honourable Sir Thomas Stewart : I cannot speak as a musical critic, but we are interested in broadcasting the best possible programmes, and if the Honourable Member, or any other person who is interested in the quality of our programmes, will forward their criticisms I can assure them that they will receive the most earnest consideration.

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

POSITIONS REGARDING INDIAN LABOUR IN BRITISH GUIANA.

750. *Mr. S. Satyamurti : Will the Secretary for Education, Health and Lands be pleased to state :

- (a) the latest position with regard to Indian labour in British Guiana ;
- (b) whether the commission appointed by the Government of that country after the disturbance of 1935 reported that the disturbances were primarily due to the economic conditions and that the grievance and possibility of Indian labourers were genuine ;
- (c) whether it is a fact that the position of Indian labour is deteriorating during the last few years ;
- (d) whether it is a fact that as things stand at present Indian labourers no longer enjoy the measure of security of property under the Emigration Ordinances in respect of pay, housing, hours of work, and benefits of the provision of immigration officers ;
- (e) whether the commission recommended the creation by Government of some authority with necessary powers for safeguarding all the interests of both the employee and the employer and the revision of the provisions of the Employees' Service Ordinance ;
- (f) whether the Government of India have now received the recommendations of the Government of British Guiana on the report of the commission ; and
- (g) whether the Government of India are now forwarding their own observations to the Colonial Office, and whether Government in this matter, will consult the Legislature before making their final proposals to the Colonial Office, and, if not, why not ?

Sir Girja Shankar Sajpai : (a), (b), (d), (e) and (f). Government have no further information beyond what is contained in paragraphs 31—33 of the 'Review of important events relating to or affecting Indians in different parts of the British Empire during the year 1936-37', copies of which are available in the Library of the House and with which the Honourable Member appears to be familiar.

(c) The possibility of this is suggested by the conditions described in part (d) of the question.

(g) The Government of India have already forwarded their observations. Should the necessity arise the Standing Emigration Committee of the two Houses of the Legislature will be consulted.

Mr. S. Satyamurti : With reference to the answer to clause (a) of the question, may I know if the information contained in the annual publication which my Honourable friend has now started of the status of Indians in British possessions is the latest, or has he got any later information ?

Sir Girja Shankar Bajpai : In so far as the findings of the Commission are concerned, those are summarised in the publication to which my Honourable friend has referred. The only development since has been that the Government of India have addressed the Secretary of State for the Colonies on the recommendations made by the Commission.

Mr. S. Satyamurti : Have the Government received a copy of the report of the Commission ?

Sir Girja Shankar Bajpai : Oh, yes. We had a copy of the report, and, what was more,—we were specifically invited to make our observations on the report.

Mr. S. Satyamurti : Will my Honourable friend lay on the table of the House a copy of the observations they have made to the Government of British Guiana, on the matters mentioned in clause (d) of my question ?

Sir Girja Shankar Bajpai : I cannot say that we have made any separate reference with regard to the points in clause (d). We have made one comprehensive communication on the recommendations contained in the report as a whole. The document is a confidential document at the moment, but I will consider my Honourable friend's suggestion.

Mr. S. Satyamurti : With reference to the answer to clause (f) of the question, may I know whether the Government have any information as to the recommendations of the Government of British Guiana on the report of this Commission ?

Sir Girja Shankar Bajpai : Yes. What happened was that the report was forwarded to the Secretary of State for the Colonies by the Government of British Guiana with their own observations and our despatch takes into account the recommendations of the Commission as also the views thereon of the Governor.

Mr. S. Satyamurti : What is the answer to the second part of clause (g) of the question, namely, whether the Government of India in this matter will consult the Legislature before making their final proposals to the Colonial Office, and, if not, why not ?

Sir Girja Shankar Bajpai : I have already said that the Standing Emigration Committee will be consulted if necessary. Government have already seen comments in the press on the report. Those are favourable to the report and we do not anticipate at this stage that there would be any difference of opinion between the views which we have expressed on the report and the views which the Legislature is likely to express.

Mr. T. S. Avinashilingam Chettiar : May I know whether the Government are aware of the communique issued by the Indian Citizenship Association that entry to British Guiana has been restricted by the imposition of certain deposits ?

Sir Girja Shankar Bajpai : I submit that that question does not arise out of this which relates to the report. If my Honourable friend gives notice of it I will try to get the information.

Mr. Mohan Lal Saksena : Was the Standing Emigration Committee consulted before the despatch was sent ?

Sir Girja Shankar Bajpai : For the reasons which I have stated in reply to a supplementary question by Mr. Satyamurti the answer is in the negative.

†751*.

PROPOSAL TO ESTABLISH A CENTRAL VETERINARY COLLEGE AT IZATNAGAR.

752. ***Mr. Mohan Lal Saksena :** (a) Will the Secretary for Education, Health and Lands be pleased to state whether it is a fact that the Animal Husbandry Wing meeting held at Madras had recommended to Government to establish a Central Veterinary College at Izatnagar ?

(b) If so, what is the likely initial and recurring cost of the proposed college and how many students are expected to pass out every year ?

(c) Have Government considered the aforesaid recommendation and what action, if any, do they propose to take on it ?

(d) Has the attention of Government been drawn to the resolution passed by the All-India Veterinary Conference that met at Bombay during the last Christmas holidays condemning the aforesaid scheme ?

(e) Have Government considered the suggestions made by the *Indian Veterinary Journal* for January, 1937, that instead of financing a new college the Government should, while allowing the development of provincial colleges to the required standard, take immediate steps to constitute an Indian Veterinary Council to lay down and maintain the requisite standard of education in India and to arrange for the conduct of examinations and the grant of diplomas ? If so, with what results ?

Sir Girja Shankar Bajpai : (a) Yes.

(b) Detailed estimates are being prepared. No figures of cost can be given at this stage. The scheme contemplates turning out 10 to 12 fully qualified Veterinarians every year to begin with.

(c) The Honourable Member is referred to the reply given to Mr. Satyamurti's question No. 338 on the 7th September, 1937.

(d) Yes : the resolution merely asked that Local Governments, States and Veterinary Associations should be consulted ; but there was no condemnation of the scheme.

(e) Yes, but the Government of India doubt whether the proposal will ensure a supply of trained veterinary officers of the standard necessary having in view the importance of the subject to the whole of India.

Prof. N. G. Banga : When do Government propose to establish an Indian Veterinary Council on the lines of the Indian Medical Council ?

Sir Girja Shankar Bajpai : I do not think that the Government have yet considered the question of establishing an Indian Veterinary Council on the lines of the Indian Medical Council.

†For this question and reply thereto, see page 2315 of these debates.

Mr. Mohan Lal Saksena : With reference to part (c) of the question, may I know whether the Provincial Governments have been consulted in the matter ?

Sir Girja Shankar Bajpai : The scheme which the Government are examining will, if necessary, be discussed with Local Governments.

Prof. N. G. Ranga : Will Government consider the advisability of training the students in the Central Veterinary College up to a standard which will put it on a line with the standard established by the Royal Veterinary College ?

Sir Girja Shankar Bajpai : That is the only reason why we are considering the desirability of having a separate Central Veterinary College.

Pandit Lakshmi Kanta Maitra : Is it in the contemplation of the Government to run this Veterinary College out of the finances of the Central Government or out of provincial contributions for the purpose ?

Sir Girja Shankar Bajpai : As far as I can see, if the Central Government establish a Veterinary College, they will pay for it themselves.

Mr. Mohan Lal Saksena : The Honourable Member has said that if necessary the Central Government will consult the Provincial Governments ? Are not the latter vitally interested in this question ?

Sir Girja Shankar Bajpai : I am not saying that they are not vitally interested. All that I am saying is that there has been a volume of correspondence with the Local Governments already and I cannot say that in the light of their scheme it will be necessary to have further correspondence.

Prof. N. G. Ranga : Will an attempt be made to provide higher standards of education in the Central Veterinary College than are provided in the provincial Veterinary Colleges ?

Sir Girja Shankar Bajpai : That is the whole idea.

VETERINARY COLLEGES IN THE PROVINCES.

753. ***Mr. Mohan Lal Saksena :** (a) Will the Secretary for Education, Health and Lands be pleased to state how many Veterinary Colleges there are in the various provinces ?

(b) What is the total number of students reading in them ?

Sir Girja Shankar Bajpai : (a) and (b). A statement giving the available information is laid on the table.

Statement showing the number of Veterinary Colleges in India and the number of students studying in those Colleges.

No. of Colleges.—Five—viz., at Lahore, Patna, Calcutta, Madras and Bombay.

No. of students.—Excluding the College at Bombay the total number of students in 1935-36 was 419. At the Bombay College there were 73 students in 1933-34. Later figures are not available.

TELEGRAPH OFFICE AT GUPTA KASHI, DISTRICT GARHWAL.

754. *Mr. Mohan Lal Saksena : (a) Will the Honourable Member for Industries and Labour be pleased to state if a telegraph office was opened in Gupta-Kashi (district Garhwal) ? If so, when ?

(b) Were the residents of Gupta-Kashi made to execute any indemnity bond for defraying deficit, if any, resulting in establishing and maintaining the telegraph office ?

(c) Was the deficit realisable annually ? If so, what amount was realised and how much remained unpaid up to 1931 ?

(d) Were any suits filed to recover the dues from the guarantor ? If so, how many, and when ?

(e) Is it a fact that the guarantors made an application to the authorities intimating that they were not prepared to pay any more contribution towards deficits ? If so, when and why did not Government close the telegraph office then ?

(f) When was the telegraph office closed and what was the total amount of deficit ? How much of it had been paid by the guarantors and how much of it is still due ?

(g) What portion of the deficit if any, did Government defray ? If none, why not ?

(h) Are not Government aware that Gupta-Kashi is an important place on the route of pilgrimage to Badrinath ?

(i) Why did not Government meet the deficit by imposing a little amount as pilgrims' tax ?

(j) Is the Honourable Member for Industries and Labour aware that most of the guarantors are men of ordinary means, and is prepared to consider the advisability of remitting the amounts still due from them ?

The Honourable Sir Thomas Stewart : (a) Yes, on the 5th May, 1927.

(b) Yes.

(c) Yes ; about Rs. 1,200 was realised and about Rs. 4,140 remained unpaid for the period up to 31st March, 1930.

(d) Yes ; one in February, 1932.

(e) Yes, on the 2nd February, 1932. The telegraph branch was not, however, closed, as under the rules of the Department which regulate the supply of lines for new telegraph offices the guarantors would still have been liable for payment of compensation to the extent of about Rs. 7,000 plus the deficit of about Rs. 4,000 which had accrued from 1st April, 1930.

(f) The telegraph branch was closed on the 1st February, 1934, at which time the deficit for the period 1st April, 1930, onwards amounted to Rs. 8,314. This sum is still owing by the guarantors.

(g) In the case of guaranteed telegraph offices the whole of any deficit has ordinarily to be defrayed by the guarantors but by closing this telegraph office on the 1st February, 1934, i.e., about three years and three months before the expiry of the period of guarantee, Government suffered a loss of more than Rs. 4,000.

(h) Yes.

(i) The Indian Posts and Telegraphs Department has no power to impose a tax on pilgrims for meeting the cost of working and maintaining a telegraph office.

(j) The matter is under examination.

Mr. Badri Dutt Pande : What is the amount of deficit still to be realised from the guarantors ?

The Honourable Sir Thomas Stewart : The amount still outstanding against them is Rs. 8,340.

Mr. Badri Dutt Pande : What is the process of realisation ?

The Honourable Sir Thomas Stewart : The process of realisation is by filing a suit against the guarantors.

Mr. Badri Dutt Pande : How many suits have been filed ?

The Honourable Sir Thomas Stewart : One.

Mr. Mohan Lal Saksena : Why was not the telegraph office also closed as the guarantors said that they were not prepared to pay any indemnity ?

The Honourable Sir Thomas Stewart : If the Honourable Member will study my reply carefully, he will see that by delaying the closure of the office we actually saved a considerable amount of money to the guarantors. It was kept open in the hope that their liability would be decreased.

GRANT OF OLD SCALES OF PAY AND OTHER CONCESSIONS TO CERTAIN ACCOUNTS CLERKS IN THE UNITED PROVINCES ON THEIR RE-EMPLOYMENT.

755. ***Sir Muhammad Yakub :** (a) Is the Honourable the Finance Member aware that a large number of young men, many of them with high academic qualifications, were thrown out of employment in the United Provinces when the separated accounts and audit offices were re-amalgamated in October, 1931, that this Government did absolutely nothing to absorb them in any of their offices, and that these men were under their administrative control ?

(b) Is the Finance Member aware that the Government of the United Provinces, out of generosity, issued circulars to the various heads of the departments to employ these men in preference to others and give them old scales of pay whenever employed, although new rates of pay were already in force at the time in such offices ?

(c) Is the Honourable the Finance Member aware that these ex-accounts clerks on re-employment in their parent office have been offered the new rates of pay and the new conditions of service enforced since ?

(d) Is the Honourable Member aware that these unfortunate young men were made to sign a declaration on the dates of their appointment, in separated accounts and audit offices, that they would not seek appointment elsewhere and that they were made to work for five or six long years in the belief that they would be confirmed in their respective offices in the long run and they were declared substantive temporary in their respective posts ?

(e) Will the Honourable the Finance Member be prepared to take back the gratuity and allow these men to count their past services towards increment in the old scale under the ordinary provisions of the Fundamental Rules ? If not, why not ?

(f) Is the Honourable the Finance Member aware that a similar case of hardship occurred in the case of employees of the Railway Accounts offices and that they were allowed the old rates of pay and the old conditions of service on re-employment ?

(g) Is the Honourable the Finance Member prepared to treat these *ex-accounts* clerks in a similar way and grant them concessions on the same lines as in the case of employees of Railway accounts offices ? If not, why not ?

The Honourable Sir James Grigg : The attention of the Honourable Member is invited to the replies to parts (a) to (e) of starred question No. 554 asked by Mr. D. K. Lahiri Chaudhury on the 26th February, 1935, and unstarred questions Nos. 142, 143, 145 and 147 asked by Pandit Sri Krishna Dutta Paliwal on the 18th February, 1936, which were laid on the table of the House on the 30th March, 1935, and the 6th and 13th March, 1936, respectively.

Sir Muhammad Yakub : Have the Government of India received any further representation since they gave the last answer and have they taken any action ?

The Honourable Sir James Grigg : I am not sure about further representations. They have certainly taken no action, because they rejected the earlier representations and their decision is to continue to reject them.

Sir Muhammad Yakub : If any more representations are received, will the Government of India, in the light of the facts given in my question, revise their judgment and reconsider the representations ?

The Honourable Sir James Grigg : I will certainly make inquiries whether any further representations have been received, but I cannot hold out any hope whatever that Government are prepared to alter their decision in the matter.

GRANT OF COMPENSATORY ALLOWANCE TO CERTAIN OFFICIALS OF THE POSTS AND TELEGRAPHS DEPARTMENT IN SIMLA.

756. ***Mr. Mohan Lal Saksena :** (a) Will the Honourable Member for Industries and Labour state whether it is a fact that reduced scales of pay have been sanctioned for officials employed in the Posts and Telegraphs Department after the 15th July, 1931 ?

(b) Will the Honourable Member for Industries and Labour state whether it is a fact that compensatory allowance is paid at Simla on account of its higher prices only to such employees of the said department as entered the service before the 16th July, 1931, and are in receipt of old (higher) scales of pay ?

(c) Is it a fact that no compensatory allowance is paid to those employees posted at Simla who entered the Department after the 15th July, 1931, and who are in receipt of reduced scales of pay ?

(d) Will Government be pleased to show justification for not allowing compensatory allowance to officials mentioned in part (b) ?

(e) Is it a fact that the officials employed after the 15th July, 1931, are in receipt of reduced scales of pay, and are Government aware that the dearness of Simla has an equal effect on the cost of their living ? Are Government prepared to sanction compensatory allowance to them also ?

The Honourable Sir Thomas Stewart : (a), (b) and (c). Yes.

(d) Compensatory allowances are not granted to any staff on the new scales of pay throughout the Department and no exception is justified in the case of Simla as the revised scales are higher at Simla than at ordinary plains stations and contain an element of compensation for the higher cost of living.

(e) The reply to the first part is in the affirmative. With regard to the second part, attention is invited to the reply given to part (d) of the question. In these circumstances Government do not propose to sanction compensatory allowances for clerks on the revised scales of pay.

Mr. Lalchand Navalrai : May I know if the new scales are higher than the old ones ?

The Honourable Sir Thomas Stewart : No. As a general rule, the revised scales are, for reasons of economy and retrenchment, on a lower level than the old ones.

Mr. Lalchand Navalrai : In that case, may I know why no compensatory allowances are given ?

The Honourable Sir Thomas Stewart : I have already said that the scale of pay in Simla is higher than that given in the plains and that it does include an element of compensation.

CONTEMPLATED REDUCTION OF TELEPHONE CHARGES AND REDUCTION OF POSTCARD RATES.

757. ***Mr. C. N. Muthuranga Mudaliar :** (a) Will the Honourable Member for Industries and Labour please state if it is a fact that there is a surplus revenue under Posts and Telegraphs ?

(b) Is it a fact that Government are contemplating to reduce telephone charges and trunk call charges ?

(c) Are Government prepared to consider the advisability of utilising the surplus revenue towards the reduction of postcard rates from nine pies to six pies in the first instance ?

The Honourable Sir Thomas Stewart : (a) The accounts for 1936-37 have not yet been closed and no definite information can be given in the matter. It is expected, however, that there will be a small surplus.

(b) Government do not contemplate any reduction in telephone rates at present. The question of rationalisation of trunk call charges according to busy and slack periods of traffic is under consideration.

(c) Government are not yet in a position to undertake the revision of the postcard rate.

CARRIAGE OF MAILS BY BUSES TO POONAMALLI AND SURROUNDING VILLAGES IN THE CHINGLEPUT DISTRICT.

758. ***Mr. C. N. Muthuranga Mudaliar :** (a) Will the Honourable Member for Industries and Labour please state if it is a fact that the mails intended for Poonamalli and Sriperambalur, Chingleput district, are first carried in mail trains at night from Madras Central station to Arkonam and then back the next morning in local trains to Avadi and Tiruvellore respectively and then they are distributed to the surrounding villages ?

(b) Are Government aware that though the distance of Poonamalli is only about thirteen miles from Madras, the *dak* for that place and the surrounding villages are not made available until after the lapse of at least 15 to 20 hours ?

(c) Is it a fact that buses ply regularly from Madras to Poonamalli and Sriperambalur at intervals of every fifteen minutes from morning 6 A.M. till night 9 P.M. ?

(d) Are Government prepared to consider the advisability of arranging the carriage of mails by buses to Poonamalli and surrounding villages ?

The Honourable Sir Thomas Stewart : (a) Yes.

(b) Government regret that with the present arrangements some delay is inevitable. The matter, however, is receiving further consideration.

(c) From Madras to Poonamalli at 15 minutes intervals, and at 45 minutes intervals to Seriperambalur.

(d) Attempts have been made to arrange for conveyance of the mails by motor but the call for tenders elicited no response.

EXAMINATION FOR RECRUITMENT OF CLERKS IN THE POSTS AND TELEGRAPHS DEPARTMENT.

759. ***Mr. Sham Lal :** (a) Will the Honourable Member for Industries and Labour please state if there is going to be an examination for the recruitment of clerks in the Indian Posts and Telegraphs Department at the end of September, 1937 ?

(b) Is it a fact that according to the present rules a candidate is only eligible for examination if his age does not exceed 21 years ?

(c) Is it a fact that some young men have been serving the department for some years and though eligible to appear at the examination under the old rules are now ineligible under the new rules, because their age exceeds 21 years ?

(d) Are Government prepared to consider the cases of such young men and allow them to appear at the examination ?

The Honourable Sir Thomas Stewart : (a) Examinations for the recruitment of clerks have been or are being held on varying dates in the different circles of the Posts and Telegraphs Department. The only one due to be held at the end of September is in the Sind and Baluchistan Circle.

(b) Yes, for all outside candidates.

(c) Yes, subject to certain relaxations which were detailed in my reply to a supplementary question to starred question No. 185, dated 30th August, 1937, asked by Mr. Lalchand Navalrai.

(d) As explained in the *ad interim* reply given to Mr. Amarendra Nath Chattopadhyaya's starred question No. 348, dated the 7th September, 1937, Government have the whole matter under consideration and I hope to lay a statement on the table of the House in the near future.

Mr. Sham Lal : May I ask whether any relaxation will be made in favour of those who are already serving the Department ?

The Honourable Sir Thomas Stewart : I would ask the Honourable Member to refer to the somewhat full explanation I gave in answer to the question I quoted. There he will find the exact nature of the relaxations which we have already granted.

AMOUNT PAID BY THE PUBLICITY SOCIETY FOR USING THE TELEGRAPH POSTS FOR ADVERTISEMENTS.

760. ***Mr. T. S. Avinashilingam Chettiar :** Will the Honourable Member for Industries and Labour state :

(a) in continuation of his answer to question No. 332 on the 7th September, 1937, what amount the Publicity Society pays on their using the telegraph posts for advertisement ;

(b) when the contract was given ;

(c) whether the contract is given by provinces or for the whole of India ; and

(d) what are the conditions of contract ?

The Honourable Sir Thomas Stewart : (a) Rupees 12 per annum per post subject to a minimum total payment of Rs. 10,000 per year.

(b) The contract was first given with effect from the 1st April, 1924, and has been renewed from time to time. The present contract is for ten years from 1st August, 1937.

(c) For the whole of British India.

(d) A copy of the contract is placed on the table of the House.

Copy of License granted by the Governor General in Council to the Publicity Society of India, Limited, for Exhibition of Kiosk Advertisements in British India.

THIS LICENSE given this twentysixth day of July One Thousand Nine Hundred and Thirty Seven BY THE GOVERNOR GENERAL IN COUNCIL (hereinafter called the Licensor which expression shall unless excluded by or repugnant to the context include his successors in office and assigns) of the one part to the PUBLICITY SOCIETY OF INDIA LIMITED, a company incorporated under the Indian Companies Act 1913 and having its registered office situate at Waterloo Street, Calcutta (hereinafter called the Licensees which expression shall unless excluded by or repugnant to the context include its successors and permitted assigns) of the other part. WITNESSETH that in consideration of the Rents hereinafter reserved and the Covenants on the part of the Licensees hereinafter contained the Licensor hereby grants the Licensees permission and License to affix attachments in the form of kiosks to Government of India telegraph and telephone poles for the time being erected in British India excluding Burma and Aden and over which the Licensor may have power to grant such permission on the terms and subject to the conditions hereinafter mentioned, that is to say,

1. The kiosks shall be of a quality size and design approved by the Director-General of Posts and Telegraphs to the Government of India for the time being (hereinafter called "the Director-General") and shall be made in a workmanlike manner from the best galvanised steel available of uniform size and generally to the satisfaction of the Director-General and so fixed that the base shall be at least seven feet from the ground and shall be all in perfect alignment. The advertising signs exhibited will be 20" wide and 30" deep, the overall measurement of the kiosks including the frame and canopy being approximately 21" by 46½" subject to such revision as may be considered necessary by the Director-General.

2. This License shall be in force for the period of 10 years from the 1st day of August 1937 or until previously determined under the provisions hereinafter contained in that behalf.

3. No kiosk shall be affixed to any telegraph or telephone pole on or in any way attached to a building.

4. All kiosks erected under these presents shall conform exactly in size and shape and in all other respects to a specimen previously submitted to and approved by the Director-General and no kiosk shall be fixed so as to be a danger to the public and there shall never be more than one kiosk on any pole. The manner of fixing shall also be subject to the approval of the Director-General.

5. The Licensees shall not assign or underlet the privileges hereby granted to any person or persons whomsoever without the previous written permission of the Director-General.

6. The Licensees shall bear all the cost of erecting and removing the kiosks and carry out all work in connection therewith in a good and workmanlike manner making good any damage done to the said poles. The Licensees shall also in like manner maintain all kiosks for the time being erected under this agreement in good repair and condition and the non-enamel parts properly painted to the satisfaction of the Director-General.

7. If at any time during the continuance of this license any person or authority duly authorised in that behalf shall lawfully require the Licensees to remove any kiosk or advertisement the Licensees shall at their own expense forthwith remove the same and shall have no claim for compensation for or arising out of such demand or removal.

8. If in the opinion of the Director-General (which shall be final) it is desirable that a kiosk erected on any particular pole should be removed the Licensees shall forthwith remove the same and shall have no claim for compensation for or arising out of such demand or removal.

9. The Licensees shall be liable for and forthwith discharge all or any payments payable on account of the erection of the said kiosks and all expenses whatsoever associated therewith including all charges made by Local Governments, Municipalities or other recognised local bodies or persons with respect to the same.

10. No unsightly or objectionable kiosks shall be erected and if there is any dispute as to whether any kiosks are unsightly or objectionable the matter shall be decided by the Director-General, whose decision shall be final.

11. The Licensor shall not be liable for any loss, damage or injury which may occur to any kiosks erected under this agreement.

12. If the Licensees fail to do or perform any matter or thing which they have agreed to do under these presents the Licensor may do or cause the same to be done and recover the cost of so doing from the Licensees without prejudice to any other right the Licensor may have on account of such default.

13. The Licensees shall indemnify the Licensor against all claims actions demands losses costs charges and expenses whatsoever which the Licensor may incur or which may arise by reasons of the exercise or enjoyment of the privileges hereby granted including those arising out of any advertisement being libellous or in consequence of the falling or displacement of any kiosks or part thereof from any cause whatsoever and any claims made by local authorities or others as mentioned in clause 9 hereof or any rates and taxes levied in respect of anything erected hereunder the intention being that the Licensor shall not be liable to make any payment in respect of anything done under these presents or any matter or thing arising thereout and that all liabilities are undertaken by the Licensees.

14. The Licensees shall pay to the Licensor a sum of Rs. 12 per annum per kiosk for the average number of kiosks existing or erected in any year on any of the poles aforesaid. Such average shall be calculated as follows, viz., at the end of each year these presents are in force the number of kiosks existing or erected on poles as aforesaid during each of the preceding 12 months shall be added up and divided by 12. PROVIDED ALWAYS that kiosks exhibited free under the provision of clause 17 hereof shall not be taken into account or charged for and PROVIDED FURTHER that the Licensees guarantee a minimum annual payment of Rupees Ten Thousand per annum and even when the amount due for kiosks exhibited calculated as aforesaid comes to a smaller sum such minimum payment shall be made by the Licensees to the Licensor on the 1st day of August each year the agreement is in force and if payment due for kiosks exhibited during any year calculated at the rates aforesaid comes to more than that amount the excess over the minimum, if any, shall be payable within 30 days from the end of each preceding year this agreement is in force. For the purpose of checking the amount payable the Licensees shall supply to the Licensor on the last day of each month with a statement showing the number of kiosks that existed or were erected on poles as aforesaid during the preceding month made out in areas corresponding with districts controlled by Divisional Engineers, Telegraphs.

15. The Licensees shall on the signing of these presents furnish as security to the Licensor either in Government promissory notes to the extent of their market value or in Post Office Cash Certificates at issue price or cash security in Government currency notes or a deposit made in the Post Office Savings Bank pledged to the Director-General of an amount equal to the guaranteed minimum yearly rent aforesaid, viz., Rupees Ten Thousand.

16. The Licensor shall authorise all Divisional Engineers aforesaid to grant a certificate in duplicate testifying that an advertiser's kiosk or kiosks have been erected as and when such kiosks are in fact erected and shall deliver the same to the Licensees for the purpose of their records only but the Licensor will accept no responsibility and shall not incur any liability whatsoever in the granting of such certificates. The Licensees shall produce such certificates to the said Engineer if and when called upon to do so.

17. The Licensees will arrange for the construction of kiosks in accordance with designs furnished by the Director-General at their own expense and their erection maintenance including renewal and subsequent alterations free of any charges on such of the poles aforesaid as shall be specified by the Director-General PROVIDED ALWAYS that the number shall not exceed 100 in any year.

18. If the Licensees shall go into liquidation or compound with their creditors or if any payments due hereunder shall not be paid within 30 days of the date on which it became due or if the Licensees shall fail to observe and perform any of the obligations on their part hereinbefore contained it shall be lawful for the Licensor to terminate the License forthwith and take possession of all kiosks then erected hereunder and the same shall become the property of the Licensor without prejudice to his right to recover all sums due under these presents and damages in respect of such determination.

19. So long as this license is in force the Licensor shall not grant a license to any other persons or company to attach kiosks for advertisement purposes.

20. The Licensees shall not be entitled to enter into any obligation or agreement on behalf of the Licensor.

21. Before the expiration of this License the Licensees shall remove all kiosks erected hereunder making good all damage done. Any kiosks not so removed shall become the property of the Licensor and the Licensees shall not be entitled to any compensation.

22. All questions and differences which may hereafter arise between the parties hereto touching these presents or the construction thereof or any matter or thing whatsoever arising therefrom or in relation thereto the decision of which is not hereinbefore provided for shall be referred to the Secretary to the Government of India in the Industries and Labour Department for the time being whose opinion and decision upon such dispute or difference shall be final and conclusive thereon.

IN WITNESS whereof the parties hereto have executed these presents the day and year first before written.

Signed by (Sd.) R. S. PURSELL.

Offg. Director General, Posts and Telegraphs.

On behalf of the Governor General in Council in the presence of (Sd.) H. SUR,

Offg. Deputy Director General, Telegraphs.

The Common Seal of the Publicity Society of India Limited was hereunto affixed in the presence of (Sd.) M. S. RAJAGOPAL.

Director (Sd.) H. D. NAG.

Director (Sd.) F. MAITLAND,

and Countersigned by (Sd.) A. V. KETH,

General Manager.

Mr. Sri Prakasa : What right have Government to give such contracts ?

The Honourable Sir Thomas Stewart : Government are entitled to dispose of their own property in whatever way they desire.

Mr. Sri Prakasa : Is the Honourable Member aware that, though the telegraph post is their property, the land on which the telegraph post is placed is not their property, and the advertisements which they hang on these posts are over land which is not their property. Therefore, I would like to know under what law the Government are acting, unless it be the usual law of force, when they give contracts over lands over which they have no proprietary right ?

The Honourable Sir Thomas Stewart : Government give the advertising company the right to put on the post, not on the land, certain kiosks. The right of the advertising company to exhibit advertisements is subject to any limitation that may be imposed by the owners of the land on which the post stands.

Mr. Sri Prakasa : Is it not a fact that these kiosks abut over the municipal land and are not entirely attached to the posts themselves ?

The Honourable Sir Thomas Stewart : The kiosks must be attached to the posts from which they depend.

Mr. T. S. Avinashilingam Chettiar : The Honourable Member said that they charge Rs. 12 per post. If it is Rs. 12 per post, what is the minimum ?

The Honourable Sir Thomas Stewart : The meaning is this. The advertising company may find in one year that it has use only for, say, 500 posts but we lay down the minimum so that, at any rate, we are assured of Rs. 10,000 per annum.

Mr. Mohan Lal Saksena : May I ask whether any advertisement was made regarding this contract ?

The Honourable Sir Thomas Stewart : No, Sir.

Mr. Mohan Lal Saksena : Why not, Sir ?

The Honourable Sir Thomas Stewart : Because the people who have the contract were the pioneers in this method of advertising. They came forward with what appeared to us to be a valuable proposition from our point of view and we accepted it.

Mr. Mohan Lal Saksena : Is it not a fact that they had the contract before the 1st August, 1937, as well ?

The Honourable Sir Thomas Stewart : It is so.

Mr. Mohan Lal Saksena : For how long have they enjoyed the contract ?

The Honourable Sir Thomas Stewart : If the Honourable Member will refer to my answer, he will get the information he is asking for.

Mr. Mohan Lal Saksena : May I know when the contract had already been enjoyed by the present contractors for such a long time, why was it not advertised a second time to find out if there were any other companies which were prepared to offer better terms ?

The Honourable Sir Thomas Stewart : The Government of India were under the impression that the renewal of the contract with the present contractors was the most satisfactory arrangement from their point of view.

Mr. S. Satyamurti : May I ask whether the Government of India have, in their possession or had in their possession at the time they concluded the contract, any information as to the amount which this contractor collects from the various advertisers who advertise through him, and the amount he had collected for the last year, for which he could have given figures ?

The Honourable Sir Thomas Stewart : No, Sir.

Mr. S. Satyamurti : What, then, are the considerations on facts on which the Government came to the conclusion that this arrangement was the most satisfactory from the tax-payer's point of view ?

The Honourable Sir Thomas Stewart : The arrangement has been in existence for some considerable time and no other advertising company has ever come forward with a proposal to take this contract.

Mr. S. Satyamurti : How can the Government expect other company to come forward with another offer, when the matter admittedly was not advertised ?

The Honourable Sir Thomas Stewart : So far as my experience goes, firms of this sort are never reluctant to put forward suggestions which are in their own interest.

Mr. S. Satyamurti : Will the Government inquire now, and find out what is the income which this gentleman is making out of the various people who use these advertisements on the various telegraph ports ?

The Honourable Sir Thomas Stewart : Sir, Government have neither the right nor the power to make the investigation suggested by my Honourable friend.

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

LEVY OF INCOME-TAX ON PENSIONS PAID ABROAD.

761. ***Mr. T. S. Avinashilingam Chettiar :** Will the Honourable the Finance Member state :

- (a) the amount paid as pensions in England during the last financial year ;
- (b) what the amount of income-tax will be if those pensions were liable to the levy of income-tax ; and
- (c) whether the Honourable Member refuses to take up the matter with His Majesty's Government to make a proper amendment to the Government of India Act, so that those pensions can be taxed ? If so, why ?

The Honourable Sir James Grigg : (a) Rs. 8,18,49,067, but about 1 2/8 crores of this represents contributions to the non-effective charges of personnel of the British Army who have served in India. The figure for individual pensions is, therefore, about 6½ crores and this figure will, of course, diminish owing to the fact that the retired list contains a higher proportion of British personnel than the active list.

(b) and (c) I would refer the Honourable Member to my reply to part (a) of Mr. Mohan Lal Saksena's question No. 354 on the 7th September, 1937, and to part (b) of his question No. 4, answered on the 23rd August, 1937, and to the supplementary questions asked in connection with them.

Mr. T. S. Avinashilingam Chettiar : Sir, I have got the answer with me and in that answer the Honourable Member refused to give the reasons why the Government did not move in this matter. I want to know why the Government refuse to approach the British Government on this matter ?

The Honourable Sir James Grigg : If the Honourable Member will refresh his memory, he will find that I did answer the question. I said that it was a question which was a matter for argument and that it could not suitably be dealt with by way of question and answer.

Mr. T. S. Avinashilingam Chettiar : In view of the fact that a large amount would accrue to Indian revenues if this matter is decided in India's favour, will the Honourable Member make a representation to His Majesty's Government ?

The Honourable Sir James Grigg : The Honourable Member's premises are wrong. I explained in the supplementary questions, one of which was put by the Honourable Member himself to which he has not apparently referred, that the sum involved is very much smaller than he had supposed. It is a matter of comparatively a few lakhs. I think the Honourable Member had better read over the answer to which I have referred him.

Mr. S. Satyamurti : Has the attention of Government been drawn to an attempt which is now being made to amend the Government of

India Act to suit Their Highnesses, before they join the Federation, and will my Honourable friend take advantage of this opportunity to get the Government of India Act amended in this behalf also ?

The Honourable Sir James Grigg : I think the Honourable Member is making an assertion which, to the best of my recollection, has been contradicted.

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

RURAL POST OFFICES STARTED IN BIHAR.

762. ***Mr. Ram Narayan Singh :** Will the Honourable Member for Industries and Labour be pleased to state :

- (a) the amount of money allotted to Bihar for opening new village post offices ; and
- (b) the number and names of the new village post offices started this year in the Province of Bihar in general and those in the Chota Nagpur Division in particular ?

The Honourable Sir Thomas Stewart : (a) A sum of Rs. 34,400 has been allotted for the extension of postal facilities in rural areas during the current financial year.

(b) 25 village post offices have so far been opened in the province of Bihar, including five in the Chota Nagpur Division, during the current financial year. A statement showing the names of these offices is laid on the table.

Names of Post Offices opened in Rural Areas in the Province of Bihar during the Current Financial Year.

1. Amouna Branch Office.
2. Bind Branch Office.
3. Roh Branch Office.
4. Pandaree Branch Office.
5. Rajapur Branch Office.
6. Kirhindi Branch Office.
7. Bhawanipur Branch Office.
8. Matalupur Branch Office.
9. Bhagwatpur Branch Office.
10. Purushottampur Halai Branch Office.
11. Dighwa Dubauli Branch Office.
12. Pirnagra Deorhi Branch Office.
13. Telmar Branch Office.
14. Kasap Branch Office.
15. Shambhoopatti Branch Office.
16. Keora Branch Office.
17. Manudehri Branch Office.
18. Balibelchi Branch Office.
19. Ladaura Dargah Branch Office.
20. Karsar Branch Office.
21. Kharkaree Branch Office.
22. Kurdeg Branch Office.
23. Shirum Branch Office.
24. Tarhasi Branch Office.
25. Rengarh Branch Office.

} Chota Nagpur Division.

Mr. Ram Narayan Singh : What is the process which is adopted in the matter of opening new village post offices ? Is the initiative to be taken by the Department or is it left to the village people to approach the Department ?

The Honourable Sir Thomas Stewart : This is a matter which is within the discretion of the Postmaster-General of the Circle and he uses that discretion when he becomes aware that there is a real demand and a real necessity for postal facilities in the districts.

Prof. N. G. Ranga : In view of the fact that the Chota Nagpur Division is the most backward area in the Bihar province and in view of the further fact that these village post offices are being opened in order to provide more postal facilities in rural areas, will Government consider the advisability of opening more post offices in the area of the Chota Nagpur Division ?

The Honourable Sir Thomas Stewart : The opening of fresh post offices not only in the Chota Nagpur area but throughout India is a matter which is always engaging the attention of the Posts and Telegraphs Department.

Prof. N. G. Ranga : In regard to the distribution of these post offices in this particular Province, will Government give greater consideration for the needs of Chota Nagpur as far as Bihar is concerned ?

The Honourable Sir Thomas Stewart : I should be very reluctant to enter into any promise that might be regarded as discriminatory.

Mr. Ram Narayan Singh : May I take it that the whole of the amount allotted is being spent on the new post offices ?

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

PROTEST AGAINST THE TRANSFER OF THE PALAMAU DISTRICT FROM THE GAYA POSTAL DIVISION.

763. ***Mr. Ram Narayan Singh :** Will the Honourable Member for Industries and Labour be pleased to state whether he or the Director General of Posts and Telegraphs has received any memorial from the All-India Postal Union, protesting against the transfer of the Palamau district from the Gaya postal division to the Ranchi postal division and if so, what is the final decision of the authorities on the subject ?

The Honourable Sir Thomas Stewart : The Director-General received a representation in the form described by the Honourable Member, but it relates to the transfer of the Palamau District from the Gaya to the Hazaribagh Division and not to the Ranchi Division. After investigation the Director-General was satisfied that the changes were in the best interests of the Department and accordingly declined to interfere with the orders passed by the Postmaster-General.

OPENING OF A SAVINGS BANK BRANCH IN THE DANTAR POST OFFICE IN THE HAZARIBAGH DISTRICT.

764. ***Mr. Ram Narayan Singh :** Is the Honourable Member for Industries and Labour aware of the fact that the people of the area of the Dantar village post office in the Hazaribagh district applied to the

Postal Superintendent of Hazaribagh for opening a savings bank account also in the Dantar village post office, affording to the people an opportunity to deposit their savings in the local village post office at Dantar and if so, why this prayer of the people has not been complied with yet !

The Honourable Sir Thomas Stewart : Government have no information. As the matter is one that lies entirely within the competence of the Postmaster-General, Bihar and Orissa Circle, a copy of the question and of this reply will be sent to him for examination, and such action as is necessary.

Mr. Ram Narayan Singh : I want to know whether a savings bank account is also opened in Branch post offices ?

The Honourable Sir Thomas Stewart : I am afraid I cannot give the Honourable Member a definite answer. I must have notice.

Mr. M. S. Aney : May I ask, whenever there is any matter that is entirely within the jurisdiction of the Postmaster General, is it not open to the people who are aggrieved by the orders of the Postmaster General to appeal to the Honourable Member against his decision ?

The Honourable Sir Thomas Stewart : Certainly there is no reason why they should not appeal to the Honourable Member, but in the ordinary course of business, the Honourable Member would refer the appeal back to the Postmaster General, who has the local knowledge of the circumstances of the case.

Mr. Lalchand Navalrai : Will that amount to an appeal, if it is again sent to the Postmaster General for his remarks ?

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

ABOLITION OR REDUCTION OF STAMP DUTY ON INLAND BILLS OF EXCHANGE.

765. ***Babu Baijnath Bajoria :** (a) Will the Honourable the Finance Member be pleased to state whether he has consulted the Provincial Governments regarding abolition or reduction of stamp duty on inland bills of exchange as promised by him in reply to my starred question No. 441 on the 23rd February, 1937 ?

(b) What replies have been received from the Provincial Governments on this subject ?

(c) Do Government propose to abolish or reduce these stamp duties at an early date ? If not, why not ?

The Honourable Sir James Grigg : (a) Yes.

(b) and (c). The question is still under consideration in consultation with Provincial Governments.

Babu Baijnath Bajoria : Which of the Provincial Governments have been consulted, which of them are in favour and which are against ?

The Honourable Sir James Grigg : I cannot answer that question without notice ; but I can say that all Provincial Governments have been consulted.

Babu Baijnath Bajoria : May we expect any reduction in the near future ?

The Honourable Sir James Grigg : There is no harm in the Honourable Member expecting. I am not responsible for the Honourable Member expecting anything.

Babu Baijnath Bajoria : I put my question six months ago—on 23rd February last—and on that date the Honourable Member said that Provincial Governments were being consulted. Is it not high time that the Provincial Governments replied to the Honourable Member's communication ?

The Honourable Sir James Grigg : The only thing I can say is that matters move rather more slowly in the East than in some other parts of the earth.

Babu Baijnath Bajoria : When did the Government of India apply to the Provincial Governments for their opinion about this matter ?

The Honourable Sir James Grigg : I cannot answer that off-hand. If, as the Honourable Member says, he asked a question on this subject six months ago, I except the Provincial Governments were addressed six months ago or more.

Mr. Sri Prakasa : Are western governments in eastern countries also slow ?

The Honourable Sir James Grigg : I meant Provincial Governments.

GRIEVANCES OF THE CLERKS OF THE OFFICE OF THE CONTROLLER OF STORES,
ALIPORE, CALCUTTA.

766. ***Dr. P. N. Banerjea :** Will the Honourable Member for Industries and Labour please refer to the individual memorials addressed to His Excellency the Governor General of India in Council submitted in January, 1936, by the fourteen clerks of the Office of the Controller of Telegraph Stores, Alipore, Calcutta, who were confirmed on 1st April, 1935, and inform this House what arrangements have been made by the Government of India to redress their grievances ?

The Honourable Sir Thomas Stewart : The representations to which the Honourable Member refers are still under consideration and it is expected that orders thereon will be issued very shortly.

EMPLOYMENT OF PERSONS WITH QUALIFICATIONS IN ACCOUNTANCY AND
COMMERCIAL SUBJECTS IN THE INCOME-TAX DEPARTMENT.

767. ***Dr. P. N. Banerjea :** (a) With reference to the reply given in this House on the 27th March, 1929 to unstarred question No. 423, will the Honourable the Finance Member please state what progress has now been made in regard to the number of persons employed in the Income-tax Department in the various provinces possessing university or other recognised qualifications in accountancy and commercial subjects ?

(b) Is it a fact that the knowledge of the subjects mentioned in part (a) is considered desirable for an executive officer of the Income-tax Department ?

(c) Is it a fact that in the early stages of the Income-tax Department most of the executive officers were appointed without sufficient qualifications or training in the subjects and that they were trained in this work after their entry into the Department at Government cost ?

(d) Is it also a fact that the Income-tax experts complained in their Report published recently about "lack of sufficient accountancy knowledge" in the officers ?

(e) Are Government aware that during the last decade or so colleges teaching accountancy and other business subjects up to university degree standard have been opened in almost all the provinces in India and that it is now possible to obtain a larger number of qualified persons ?

(f) In view of the changed conditions, do Government propose to consider the desirability of making recognised accounts and business qualifications an essential condition for appointment to executive posts in the Department ? If not, why not ?

Mr. A. H. Lloyd : (a) The information is being collected and will be laid on the table in due course.

(b) Yes.

(c) Yes.

(d) Yes ; but only in the case of some officers.

(e) Yes.

(f) No. Government are not prepared to go beyond the recommendation in the Report that in considering candidates greater weight should be given to accountancy qualification than is done at present.

Dr. P. N. Banerjee : Has that policy been definitely laid down that greater importance should be attached to accountancy qualification ?

Mr. A. H. Lloyd : I am not now in a position to state whether we have specifically issued orders on the recommendation of the Income-tax Enquiry Committee report that greater weight should be attached to such qualification. I have no doubt at all that if these orders have not yet issued, they will issue shortly.

RECRUITMENT OF INDIAN LABOURERS TO CEYLON.

768. ***Mr. M. Ananthasayanam Ayyangar :** Will the Secretary for Education, Health and Lands be pleased to state :

(a) if the Government of Ceylon have sanctioned the recruitment of labour from India ;

(b) if Mr. P. S. Vidyalingam has sent a telegraphic communication to His Excellency the Governor General that so long as the rights and status of Indians are not clearly defined, recruitment of Indian labourers to Ceylon should not be allowed ; and

(c) What action Government have taken or propose to take regarding this matter ?

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

(c) No recruitment is legal unless the licence to recruit is endorsed by the Agent of the Government of India. The Government of India are not aware that any applications for such endorsement have recently been received by the Agent, but if such applications are received the Government will bear Mr. Vidyalingam's representation in mind.

IMPROVEMENT IN FACILITIES FOR THE MARKETING OF AGRICULTURAL PRODUCE FROM RURAL AREAS.

769. ***Mr. M. Ananthasayanam Ayyangar :** (a) Will the Secretary for Education, Health and Lands please state whether the Central Marketing Board has evolved any scheme for improving marketing facilities in India ?

(b) Has a scheme, if any, been published for general information ?

(c) How long has the Central Marketing Board been in existence and what is the annual expenditure on the same ?

(d) What steps, if any, are being taken to implement the recommendations, if any, of the said Board in particular with reference to the marketing of agricultural produce from rural areas ?

Sir Girja Shankar Bajpai : (a) and (d). There is no Central Marketing Board. The Honourable Member is doubtless thinking of the marketing surveys in progress under the general direction of the Central Marketing Officer. The progress made with this work since its inception is summarised in the Annual Reports of the Imperial Council of Agricultural Research, copies of which are available in the Library of the House.

(b) A report on the All-India Marketing Survey of wheat has already been published. Similar reports on linseed, tobacco, grapes, cattle, eggs and coffee are in an advanced stage of preparation.

(c) The office of the Agricultural Marketing Adviser was established in January, 1935. The annual expenditure on the marketing officer and his staff including survey officers financed from Central funds is Rs. 2.5 lakhs.

Prof. N. G. Ranga : Are there any marketing surveys in progress in regard to the marketing of rice and sugar ?

Sir Girja Shankar Bajpai : Investigations in regard to rice are in progress. As regards sugar, I do not think that this Marketing Officer has any enquiry in hand.

Mr. M. S. Aney : What is the reply to part (d) ?

Sir Girja Shankar Bajpai : I have included the answer to part (a) and (d) together. I said that there is no Central Marketing Board in existence. There are only enquiries in progress.

Prof. N. G. Ranga : When do Government expect to complete this survey of marketing rice and publish their report thereon ?

Sir Girja Shankar Bajpai : As far as I know, the Marketing Officer is doing his best to bring the report out as soon as possible.

Mr. Ram Narayan Singh : Has any inquiry been completed in the province of Bihar ?

Sir Girja Shankar Bajpai : I really could not say as to what the territorial progress of this investigation is.

Prof. N. G. Ranga : Will Government consider the desirability of publishing at least a summary of these marketing reports in the principal languages of the people, whether Hindi or Urdu ?

Sir Girja Shankar Bajpai : I think, Sir, my Honourable friend will agree that in the one report which has been issued so far, namely, the wheat report, the Central Marketing Office has done its duty well ; it has not merely given a broad statement of the position but summarise at the end of each chapter. So far as publicity in the vernaculars is concerned, I think that is a responsibility which the Local Governments ought to shoulder.

Mr. Ram Narayan Singh : What progress has been done in this connection till now ?

Sir Girja Shankar Bajpai : I have already referred my Honourable friend to the published reports of the Agricultural Council.

(b) WRITTEN ANSWERS.

MANUFACTURE OF HEAVY CHEMICALS.

745. **Prof. N. G. Ranga :** Will the Honourable Member for Industries and Labour be pleased to state :

- (a) whether the Tariff Board have recommended that " the production of heavy chemicals should be concentrated in a single central unit of manufacture which would supply the whole of India's requirements " ;
- (b) whether they are aware that their manufacture is highly centralized in England in the Imperial Chemicals ;
- (c) if so, whether Government have considered the advisability of themselves taking the manufactures of heavy chemicals as it is a heavy industry, so as to insure an adequate supply during the war-time and reserve the profits for the state ; and
- (d) whether they are aware of the fact that sulphuric acid was produced by Germany in war-time from gypsum ?

The Honourable Sir Thomas Stewart : (a) and (d). Yes.

(b) Imperial Chemical Industries, Limited, has the predominating position in Great Britain.

(c) No.

GRANT TO THE SIWON LADY HOSPITAL.

751. ***Maulvi Muhammad Abdul Ghani** : Will the Secretary for Education, Health and Lands be pleased to state :

- (a) the total amount of the Lady Dufferin Fund for Hospitals for Women for the year 1937 ;
- (b) the total amount given to hospitals for women in the Province of Bihar ;
- (c) the total amount unspent under the disposal of the Council and Committee for the Lady Dufferin Fund ;
- (d) the amount of grant given to Siwon Lady Hospital ;
- (e) whether Government are aware that the equipments in the Lady Hospital, Siwon, are very inadequate and the recurring charges for the salary of the lady doctor and nurses are equally inadequate ; and
- (f) whether Government are prepared to consider the desirability of increasing the grants under both heads, recurring and non-recurring, before the said hospital is closed ?

Sir Girja Shankar Bajpai : (a) The Honourable Member is referred to the reply given on the 30th August, 1937, to part (a) of Mr. Sri Prakasa's unstarred question No. 35.

(b) No grant has been made by the Central Countess of Dufferin's Fund.

(c) Rs. 140.

(d) Nil.

(e) Government have no information.

(f) This is not a matter for the Central Government. The Hospital is a municipal one and it is for those responsible for its management to approach the Local Government or the Countess of Dufferin's Fund.

MOTION FOR ADJOURNMENT.

BRITISH TROOPS FOR INTERNAL SECURITY PURPOSES.

Mr. President (The Honourable Sir Abdur Rahim) : I have received notice of a motion for adjournment of the House from Mr. Avinashilingam Chettiar who wishes to discuss a definite and specific matter of urgent public importance of recent occurrence, namely, the going back of the Government on the statement of the Commander-in-Chief in the Council of State on the 18th March, 1937, regarding British troops for internal security purposes and their refusal to consult the Local Governments over this matter.

I have to inform the House that His Excellency the Governor General has disallowed the motion on the ground that it cannot be moved without detriment to the public interest.

THE INSURANCE BILL.

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

“ That clause 35 stand part of the Bill.”

Mr. Sham Lal (Ambala Division : Non-Muhammadan) : Sir, I move :

“ That in clause 35 of the Bill, after the word ‘ insurer ’, occurring in the first line, the words ‘ or any of his officers or chief agents or district agents ’ be inserted.”

The object of this amendment is that, not only the insurer, but the other employees of the insurance company will not be allowed to pay any commission to any other person. As the clause now stands, the insurer may not pay the commission to an unlicensed agent, but it would be open to other employees of the insurance company to pay this commission. The object is to debar them also from paying commission to an unlicensed agent. If the Honourable the Law Member moves another amendment on the same subject I would be prepared to withdraw. Sir, I move.

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

“ That in clause 35 of the Bill, after the word ‘ insurer ’, occurring in the first line, the words ‘ or any of his officers or chief agents or district agents ’ be inserted.”

Mr. Bhulabhai J. Desai (Bombay Northern Division : Non-Muhammadan Rural) : Sir, I suggest that instead of this amendment it would be better to take the words which Mr. Chapman-Mortimer seeks to introduce by his amendment No. 4 in supplementary list No. 2, and insert those words in the first part of the clause as well as in the last. If that is done, we would have no objection to withdraw this amendment.

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

Mr. Sham Lal : In that case, I beg leave of the House to withdraw the amendment.

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

Mr. F. E. James (Madras : European) : Sir, if that is the understanding and if no objection is raised to making that alteration in Mr. Chapman-Mortimer's amendment, we might move that now.

Mr. President (The Honourable Sir Abdur Rahim) : How will the amendment read then ?

Mr. T. Chapman-Mortimer (Bengal : European) : Sir, I shall write it out and give it to you very shortly.

Mr. Akhil Chandra Datta (Chittagong and Rajshahi Divisions : Non-Muhammadan Rural) : Sir, I beg to move :

“ That in clause 35 of the Bill, for the words ‘ three months ’ the words ‘ three years ’ be substituted.”

The object of this amendment is to give reasonable time for readjustment, in view of the fact that a very important change is being made in clause 35.

Sir, I move.

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

“ That in clause 35 of the Bill, for the words ‘ three months ’ the words ‘ three years ’ be substituted.”

The Honourable Sir Nripendra Sircar : I object to this amendment.

12 Noon. The extension to three years from three months seems to me to be unreasonable. I am quite prepared to accept No. 553 which is in the name of Dr. Banerjea, and which substitutes six months for three months. I am opposing this.

Mr. Akhil Chandra Datta : Sir, I beg leave of the House to withdraw my amendment.

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

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

“ That in clause 35 of the Bill, for the words ‘ three months ’ the words ‘ six months ’ be substituted.”

As the Honourable the Law Member has been good enough to accept this amendment, I need not say anything to commend it for its acceptance by the House.

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

“ That in clause 35 of the Bill, for the words ‘ three months ’ the words ‘ six months ’ be substituted.”

The motion was adopted.

Mr. T. Chapman-Mortimer : Sir, I move :

“ That in clause 35 of the Bill, the words ‘ in or for collecting insurance premiums ’, occurring in the fifth line, be omitted.”

The reason for this amendment is that if an amendment of this nature is not carried, the position of banks and others who collect insurance premiums on behalf of the insurer may be made impossible. It is, therefore, suggested that these words should be omitted. Sir, I move.

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

“ That in clause 35 of the Bill, the words ‘ in or for collecting insurance premiums ’, occurring in the fifth line, be omitted.”

Mr. S. C. Sen (Government of India : Nominated Official) : We accept this amendment.

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

“ That in clause 35 of the Bill, the words ‘ in or for collecting insurance premiums ’, occurring in the fifth line, be omitted.”

The motion was adopted.

Mr. T. Chapman-Mortimer : Sir, I move :

“ That in clause 35 of the Bill, after the word ‘ insurer ’, occurring in the first line, the words ‘ or any person who, for the purpose of insurance business, employs an agent licensed under section 37 ’ be inserted.”

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

“ That in clause 35 of the Bill, after the word ‘ insurer ’, occurring in the first line, the words ‘ or any person who, for the purpose of insurance business, employs an agent licensed under section 37 ’ be inserted.”

Sir Cowasji Jehangir (Bombay City : Non-Muhammadian Urban) : This is putting the cart before the horse. Instead of moving the substantial amendment in the first instance and then his consequential amendment, he asks for the consequential amendment first and then desires to move the substantial amendment afterwards. Under the circumstances we are compelled to discuss his amendment No. 4.

Mr. President (The Honourable Sir Abdur Rahim) : No. 4 is not before the House.

Sir Cowasji Jehangir : May I point out that words are being inserted at the beginning of the section, and afterwards he is proposing to put them at the end of the section in another amendment No. 4.

Mr. T. Chapman-Mortimer : On a point of order, may I just remind the House that what was moved was Mr. Sham Lal's amendment which Government accepted, and which I promised Mr. Sham Lal yesterday we were prepared to support. It was then suggested by the Leader of the Opposition that it would be very much better to take the same wording out of my other amendment No. 4—which is not exactly the same,—instead of Mr. Sham Lal's. That is what is now before the House.

Sir Cowasji Jehangir : This is confusion worse confounded. I want to draw your attention to what I want you to consider. If supposing the amendment No. 4 of the Honourable Member, which he is going to move, in a few minutes, is thrown out or altered, then the words that he is now using will also have to be altered.

Mr. President (The Honourable Sir Abdur Rahim) : What it is you propose to move is No. 4, the same wording as I have just read.

Sir Cowasji Jehangir : The same wording as in No. 4.

Mr. F. E. James : I am making a suggestion. There is no objection whatsoever to these two amendments being considered together the original moved by Mr. Chapman-Mortimer and the one he has just moved.

Mr. Bhulabhai J. Desai : I support that the words “ or any other person who for the purpose of insurance business employs an agent licensed under clause 37 ” come both at the beginning, that is, after the word “ insurer ” and also at the end. The fact of the matter is this : the clause stands thus at present :

“ No insurer shall after the expiry of three months from the commencement of this Act pay or contract to pay any remuneration or reward whether by way of commission or otherwise for soliciting or procuring insurance business or for collecting insurance premiums in British India to any person except an insurance agent licensed under section 37.”

What my Honourable friend, Mr. Chapman-Mortimer, says is that not only there is another class which is left out to whom it may be paid and not maintain the maximum as regards the license fee, but the person to whom the person who for the purposes of the business employs insurance agents, etc. Now what we want is, and what Mr. Sham Lal wanted by his amendment was : that the object of the section would be defeated if

similar words were not put in the early part of the section : for this reason, that supposing there is what I may call a class to whom it may be paid, and if they were free to part with a part of that to licensed agents, the result will be that the section would be defeated to a large extent. Therefore, what is now agreed is that no insurer or a person who otherwise receives the largest commission shall pay anything more than the maximum to the insurance agent, and I suggest that both these may be taken together.

Mr. President (The Honourable Sir Abdur Rahim) : You mean the amendment after the word 'insurer', and the amendment at the end of the section ? I was just putting the first amendment.

Mr. Bhulabhai J. Desai : They want both to be put and both can be discussed together.

Mr. T. Chapman-Mortimer : That is exactly what I suggest, that both.....

Mr. President (The Honourable Sir Abdur Rahim) : I understand the suggestion is that there should be one amendment putting in these words, that is to say, the words : " or any person who for the purposes of insurance business employs an agent licensed under section 37 " to be inserted after the word 'insurer' in the first line and also at the end of the section after the words " section 37 ". That is the suggestion now : is that so ?

Mr. T. Chapman-Mortimer : Yes, Sir : that is the suggestion of the Honourable the Leader of the Opposition. But as I tried to point out in the redraft which I have given you, the word cannot exactly be the same, because the position in the sentence is different and, therefore, I would like to move them separately.

Mr. President (The Honourable Sir Abdur Rahim) : Therefore I wanted the Honourable Member to give the entire amendment that he wants to move. If he wants to move the two amendments separately, that is another matter. But if there is only one amendment covering both, I want him to let me have the wording of it.

The Honourable Sir Nripendra Sircar : May I make a suggestion ? The paper which you have got before you, *plus* amendment No. 4, that is what is intended to be moved : how it is to be done is a matter for the Chair and for Mr. Chapman-Mortimer.

Mr. President (The Honourable Sir Abdur Rahim) : I want him first to give me the entire amendment as proposed.

Mr. T. Chapman-Mortimer : We do want to move two separate amendments, because they are in different parts of the section. Therefore I want to move my second amendment.

Mr. President (The Honourable Sir Abdur Rahim) : Then, I am putting the first amendment to the House. Amendment moved :

" That in clause 35 of the Bill, after the word 'insurer', occurring in the first line, the words ' or any person who, for the purpose of insurance business, employs an agent licensed under section 37 ' be inserted."

Sir Cowasji Jehangir : Sir, I apologise for butting in like this, but there seems to be still an amount of confusion.....

Mr. President (The Honourable Sir Abdur Rahim) : You can oppose it if you like.

Sir Cowasji Jehangir : I am not opposing it. I have been trying to explain and Mr. Chapman-Mortimer has already explained, if you will kindly allow Mr. Chapman-Mortimer to move amendment No. 4 on the paper first, and then allow him to move the amendment you have put. . . .

Mr. President (The Honourable Sir Abdur Rahim) : I cannot allow that, because that comes at the end and this comes in the beginning.

Sir Cowasji Jehangir : If a consequential amendment happens to be in the beginning of a section because another alteration has been made in the section, we cannot help it. Or let him move both together, because there is a great deal in it. . . .

Mr. President (The Honourable Sir Abdur Rahim) : I have had enough conversation about it. I suggested both alternatives to the Honourable Member : he wants to move this amendment first and I have put it to the House and there will be discussion on it.

Sir Cowasji Jehangir : All right, Sir. I will discuss it : and in discussing it I will have to allude to the amendment that he is going to move. The Honourable Member from the European Group desires by both his amendments to secure one object : I am rather at a disadvantage in having to speak at this particular time, because I have not heard his arguments in this House in support of his amendment No. 4. Nevertheless, if this amendment is passed, naturally, my case will be prejudiced against amendment No. 4. Therefore I desire to point out to the Honourable House what exactly the amendment No. 4 is. . . .

Mr. President (The Honourable Sir Abdur Rahim) : The amendment now under discussion is the amendment I have read out.

Sir Cowasji Jehangir : That is the same as amendment No. 4.

Some Honourable Members : No, no.

Sir Cowasji Jehangir : The purpose is different but the wording is the same. The object of my friend, Mr. Chapman-Mortimer, as I understand him, is to enable chief agents to get unlimited remuneration. Now, I am in complete sympathy with that object. I desire that chief agents should get unlimited remuneration. But the point for consideration is, who is the chief agent ? The definition of my Honourable friend of a chief agent is one who employs an agent licensed under section 37 and who does practically no canvassing himself. I think that is much too wide a definition of a chief agent ; and it leaves loopholes for insurers who desire to give a bigger commission than what the Honourable the Law Member has expressed his desire to do, to appoint ordinary agents as chief agents. And an ordinary agent can be appointed as chief agent by undertaking to employ two men or one man and not to canvass himself. The result will be that insurers will have a number of chief agents instead of ordinary canvassers. My Honourable friend's object could be completely achieved, if he would only clearly define what a chief agent is. . . .

Babu Baijnath Bajoria (Marwari Association : Indian Commerce) : What is your definition ?

Sir Cowasji Jehangir : I am going to define it, if you will only permit me to speak. I have got it.

If I understand my friend aright and the object he has in view, then I would respectfully suggest to the House that we should do exactly what is intended to be done, and not leave any loophole anywhere ; let us do everything in a straightforward and honest manner. We all have got the same object in view, and that is, the chief agents should have no limit on their remuneration. If that is admitted, then I respectfully contend that instead of putting the words that my Honourable friend, Mr. Chapman-Mortimer, has suggested, he might consider the advisability of putting in the following words.....

Mr. Bhulabhai J. Desai : Not only he may not receive it, but he may pass no part of it on to the insurance agent so that the limitation may be futile.

Sir Cowasji Jehangir : I have understood the point ; we shall amend it, so that that point may be covered by different words. My point is, if you cover the point made by Mr. Sham Lal by the words used now, then I might be ruled out from making any other suggestion in amendment No. 4.....

The Honourable Sir Nripendra Sircar : That is not a calamity.

Sir Cowasji Jehangir : It is certainly a great calamity to a large number of people. It will not be a calamity to my friend, the Honourable the Leader of the House, and if he will only have a little patience and hear what I have to say, he will realise what I mean.

Now, Sir, what I suggest is this. I request my friend, Mr. Chapman-Mortimer, to add the following words at the end of section 35. (At this stage some conversation was going on between Mr. Bhulabhai Desai and Professor Ranga.) Will the Honourable the Leader of the Opposition kindly give me his attention for a few minutes ? My Honourable friend, Prof. Ranga, seems to be engrossing his attention, but this is a very important point.....

Mr. Bhulabhai J. Desai : I am very sorry.

Sir Cowasji Jehangir : I suggest, Sir, that the following words be added at the end of section 35.....

Mr. President (The Honourable Sir Abdur Rahim) : There is no such amendment before me.

Sir Cowasji Jehangir : Sir, I am making a suggestion for your consideration.

Mr. President (The Honourable Sir Abdur Rahim) : The Honourable Member can advance any argument he likes either in support of or against the amendment before the House. The amendment before the House is that after the word "insurer" in the first line, the words I have read out be inserted. The Honourable Member can either accept it or oppose it.

Sir Cowasji Jehangir : Sir, instead of those words the Honourable Member now suggests,—there was no notice for that,—I suggest that something of this sort should be put in,—namely, "or any person who under the authority of or power of attorney....."

Mr. President (The Honourable Sir Abdur Rahim) : If the Honourable Member really wants to move an amendment, he must put it in proper form and let me have it now, and then he can move it afterwards. But if he wants to negotiate with any other Honourable Member, this is the time for it. The amendment before the House is....

Sir Cowasji Jehangir : Sir, I am merely drawing the attention of the House to certain loopholes in my Honourable friend's amendment, and I am making a suggestion for the consideration of the House....

Mr. President (The Honourable Sir Abdur Rahim) : Is it against the amendment that is before the House ?

Sir Cowasji Jehangir : Yes, because the words of the present amendment entirely depend upon the words that may be used in amendment No. 4. You allowed it to be moved....

Mr. President (The Honourable Sir Abdur Rahim) : I have not allowed it. That has not been moved.

Sir Cowasji Jehangir : Sir, Mr. Chapman-Mortimer's amendment was moved without notice. It was put in in order to serve a certain purpose. I desire to serve the same purpose by using other words, because I am going to suggest that something should be added to Mr. Chapman-Mortimer's amendment No. 4 when he moves it. If I allow this opportunity to pass....

Mr. President (The Honourable Sir Abdur Rahim) : I do not know if I have made myself clear to the House. The only amendment that is now before the House is the amendment that has been read out, that is the amendment for inserting the words I have read out after the word "insurer". The Honourable Member can support or oppose it.

Sir Cowasji Jehangir : Sir, may I just repeat for your particular consideration one point ? The words of the amendment that has been moved by Mr. Chapman-Mortimer just now are identically the same as those in amendment No. 4 except one word 'such'. I have no criticisms to offer....

Mr. President (The Honourable Sir Abdur Rahim) : Wait till that comes.

Sir Cowasji Jehangir : No, if I am a party to these words being put in it might be contended that I have agreed to the principle that Mr Chapman-Mortimer is going to enunciate in amendment No. 4....

The Honourable Sir Nripendra Sircar : Then oppose it.

Mr. President (The Honourable Sir Abdur Rahim) : The Honourable Member has got the amendment which is now before the House.

Dr. Ziauddin Ahmad (United Provinces Southern Divisions : Muhamadan Rural) : On a point of order, Sir. As I understand the position, Sir Cowasji Jehangir's point is this. He will support Mr. Chapman-Mortimer only on condition that certain words are added to it, but let us know what those words are.

Mr. President (The Honourable Sir Abdur Rahim) : I must really ask the House to proceed with the amendment that is before the House.

Sir Cowasji Jehangir : I suggest, Sir, that instead of the words used by Mr. Chapman-Mortimer, we should defer the consideration of his amendment until No. 4 is reached....

Mr. President (The Honourable Sir Abdur Rahim) : I cannot allow that. We should first dispose of the amendment that is before the House.

Sir Cowasji Jehangir : There should be a clearer definition of "Chief Agent", and if it is clearly understood, then, when amendment No. 4 is moved, and if my view is accepted by the House, by the Honourable the Leader of the House, and by all the other parties in the House, if necessary another amendment may be considered to change the words now moved by Mr. Chapman-Mortimer to be in consonance with the views of the House.

Mr. President (The Honourable Sir Abdur Rahim) : I can't allow that.

Sir Cowasji Jehangir : If that is not conceded, I can't proceed further.

Mr. President (The Honourable Sir Abdur Rahim) : The Honourable Member must know that can't be allowed.

Mr. M. S. Aney (Berar : Non-Muhammadan) : Sir, I think the amendment which my friend, Mr. Chapman-Mortimer, has moved without notice was on account of an understanding that he was to move amendment No. 4 and that will be supported by both parties if the present amendment which is before the House is accepted. That was the clear understanding. Therefore, according to this understanding, both the amendments should be placed before the House together. That is what I think is the meaning of that understanding. If both of them are before the House it would be possible for the House to judge whether to support the amendment which is only a part of the entire amendment which is to be considered by this House. Therefore, I think that my Honourable friend, Mr. Chapman-Mortimer, was willing to move both, but on account of the observations which you had been making not being properly understood by him, he was saying, "I have two amendments, I shall move them separately". He probably was not able to catch what you said. If you allow him to move the other amendment also the whole trouble in debating this amendment will be over.

The Honourable Sir Nripendra Sircar : I support the only amendment which is now before the House. I shall make only one observation. (Interruption.) May I be allowed to go on? As regards my Honourable friend, Sir Cowasji Jehangir's point, he seems to be obsessed with the idea that the words which have been added are meant only for the chief agent. He was continually talking of the chief agent and said he would give us a better definition of the chief agent. Obviously the words added include persons other than chief agents. By reason of the words which have been added there may be persons who are not chief agents but who will get the benefit of this addition. I can give one example. For instance, as I said the other day, the manager at Calcutta working for the head office in London—what is he? Is he a chief agent? He need not be called a chief agent. His function

[Sir Nripendra Sircar.]

may be very different from that of the chief agent but he will come within these words, and it is possible to think of various persons other than chief agents which are included in these words.

Babu Baijnath Bajoria : I rise to support the amendment moved by Mr. Chapman-Mortimer. This amendment is very necessary. As the clause at present stands, it reads :

“ No insurer shall, after the expiry of six months, pay or contract to pay to anybody excepting insurance agent licensed under section 37.”

The insurer cannot be present personally or cannot have his head office at all the places. There may be branch offices, there may be chief agents, or there may also be agents of foreign companies, British or other European countries, in Calcutta or Bombay, and it is necessary that this amendment should be there because any person who employs an insurance agent will be in the position of the insurer himself. In my opinion this amendment is very necessary to clarify the object which we have in view.

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

“ That in clause 35 of the Bill, after the word ‘ insurer ’, occurring in the first line, the words ‘ or any person who, for the purposes of insurance business, employs an agent licensed under section 37 ’ be inserted.”

The motion was adopted.

Mr. T. Chapman-Mortimer : I beg to move :

“ That at the end of clause 35 of the Bill, the words ‘ or any person who, for the purposes of insurance business, employs such agent ’ be added.”

My Honourable friend, the Law Member, made it very clear yesterday that the intention of clause 37 of the Bill is to limit the licensing of agents to what he called the field worker or canvasser. Now, it will also be noticed if Honourable Members will look at clause 37 that only an individual may so canvass—quite properly. But if that individual is employed by a chief agent or by a special agent that chief or special agent cannot be paid in any way if clause 35 of the Bill is not amended by the addition which is suggested in my amendment. If Honourable Members will look at clause 35, it says :

“ No insurer shall after the expiry of three months from the commencement of this Act pay or contract any remuneration or reward whether by way of commission or otherwise.....”

That would mean that the chief agent could not be paid by the insurer for the work which he does by way of organising the insurance business in any province or district in India and it is for that purpose that we propose the addition of these words at the end of clause 35. Sir, I move.

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

“ That at the end of clause 35 of the Bill, the words ‘ or any person who, for the purposes of insurance business, employs such agent ’ be added.”

Sir Cowasji Jehangir : My Honourable friend, Mr. Chapman-Mortimer, has given us quite clearly the object for which he moves this amendment. I am in complete sympathy with the object, that is, that

there should be no restriction on the remuneration to be paid to a chief agent or anybody else working in the capacity of a chief agent or manager. But the wording, as used, leaves considerable loopholes for persons other than chief agents and managers or of that class, being given the privilege of being remunerated to any extent. If the words are, all persons who employ field workers who are licensed under section 37, then there would be nothing to stop the insurers employing a field worker as a chief agent, and practically all field workers will demand from insurers the privilege of being called the employers of licensed workers. Take a man who is a field worker. Under the Act that will come into force, his remuneration will be restricted. He won't like it, nor may some insurers like it. He will say, "Make me an employer of a licensed agent. I will keep one man and I can get any remuneration which you choose to give me or I choose to demand". Therefore, there is a loophole for running a coach and four through sections that we are going to bring into the Bill at a later stage. I would respectfully suggest to all Honourable Members of this House to consider a suggestion that I have to make. Let us amplify or define more clearly the persons whom my Honourable friend desires should have unlimited remuneration. The object we have in view is the same. I would suggest that instead of saying merely those who employ licensed agents under section 37 something like the following words may be used. I would suggest for the consideration of the House that instead of the words that are in the amendment the following words may be inserted.

"Or any person who, under the authority of a Power of Attorney or Letter of Appointment from the principal office of the insurer, performs in his own office, independently and without assistance, except advisory and/or supervisory, such functions of an insurer as may be assigned to him by the insurer, provided that no insurer shall appoint more than fifteen such persons in India and provided also that such persons shall not themselves perform the duties and functions of insurance agents licensed under section 37 of this Act."

The wording I have suggested will cover all the objects that my Honourable friend, Mr. Chapman-Mortimer, has in view. Managers and chief agents will all be appointed and any remuneration that their head office in England choose to give them can be given, but it will prevent small men from claiming the right of becoming chief agents by employing one man. May I point out to my Honourable friends in the European Group, that the wording that I have given covers every one of their cases? Do they realise that by the wording that they have adopted, they lay insurers open to one of the worst kinds of oppression, viz., blackmail? One of their field workers or insurance agents may come and say: 'I threaten to leave you and join one of your rivals, unless you make me a chief agent or an equivalent to a chief agent'. That is to say, you will employ somebody who is licensed, thereby enabling you, that is, the insurer to pay that field worker an unlimited amount of commission and such demands will be made upon all insurers, including such firms as Bird and Co., Andrew Yule and Co., Jardine Skinner and Co., who are all very big chief agents—and represent some of the largest insurance companies of the world. Protect them by all means. No one wants to come in the way of their head offices remunerating them to any extent that the head office may choose, but why leave such a big loophole for insurers to appoint men under this amendment, if it is carried into law, and be forced to give them unlimited commission.

The Honourable Sir Nripendra Sircar : They cannot do it.

Sir Cowasji Jehangir : How ?

The Honourable Sir Nripendra Sircar : I will explain it in my reply.

Sir Cowasji Jehangir : If you will give me a hint, I will sit down ; if my apprehensions are wrong, nobody will be more pleased than myself.

The Honourable Sir Nripendra Sircar : I won't make a second interruption.

Sir Cowasji Jehangir : The object in providing that an insurer shall appoint 15 of such men is again to prevent a loophole for, I won't say, corrupt practices but for taking advantage of the wording of this suggested clause. I suggest 15 of such men all over India. Most of them have only four or five. Take Bird and Co. or anybody else. They can appoint 15 chief insurers all over India, the provision being to stop them appointing hundreds of them under this clause, and again driving a coach and four through the principle we have all agreed upon. I would ask the Honourable the Law Member and the Leader of the Opposition to consider my suggestion. I do submit that this is a very important matter and if my Honourable friends are really anxious to carry out the objects which we are all agreed upon, they will give my suggestion and my apprehensions some consideration. That is all I ask for, and, even if it is necessary that some further time should be taken to consider this important clause, I hope the House will not be in a hurry and rush through a legislation, which they may regret. I feel that we are rushing through important sections.....

Mr. President (The Honourable Sir Abdur Rahim) : I cannot agree with the Honourable Member there.

Sir Cowasji Jehangir : On unimportant clauses, long speeches are being made. In an important matter like this, I trust that the House will take time to deliberate and consider and weigh the *pros* and *cons* before giving their vote or accepting Mr. Chapman-Mortimer's amendment. I would suggest again for the consideration of the European Group my alternative wording. Take a little time over it and do not rush this amendment through.

Dr. Ziauddin Ahmad : If I understand aright the point of view of Sir Cowasji Jehangir, with which I have great sympathy, is this. We have to deal with three persons in this Bill. First, the insurer who is A, the other is the Agent B and the third is the field worker and whom I will call C. There is a provision that A cannot pay to B and B cannot pay to C more than the prescribed limit. But A can pay to C any amount he likes. That is what I understand is the point made by Sir Cowasji Jehangir.

The Honourable Sir Nripendra Sircar : Sir, I support the amendment of Mr. Chapman-Mortimer. The most material contribution of Sir Cowasji Jehangir is the mixed metaphor of driving a coach and four through a loophole. I shall try to meet that point. The idea of the legislation which is intended is this, that the field worker—I am using that rather colloquial expression—is not to get beyond a certain percentage. Equally, the man who is just above him is not to be paid 70

per cent. or 80 per cent. and to be allowed to pass on a portion of the commission which he gets. Although he may not be hit by section 35, he must not be allowed to pass on a portion of his commission to the field worker. That is the idea. Now, I really do not understand what Dr. Ziauddin Ahmad meant by his A, B and C. Fortunately, he stopped at C and did not carry it on to X. I understood him to say that his fear is that A might jump over the head of B and drop on C and pay the money to him. (Laughter.)

Dr. Ziauddin Ahmad : I understand that the apprehension just expressed by Sir Cowasji Jehangir was that there is a loophole in this particular provision and I wanted the Leader of the House to explain that loophole. The loophole, as I understand it, is this, that the insurer cannot pay to the agent, and the agent cannot pay to the field worker more than a given percentage but the insurer can pay direct to the field worker any percentage.

Sir H. P. Mody (Bombay Millowners' Association : Indian Commerce) : That is a mathematical jump !

The Honourable Sir Nripendra Sircar : I do not think that any legislation—certainly not this legislation—can stop all loopholes, and when Oriental wants all loopholes, even the small ones, to be closed, I get a bit suspicious. In this fight between the small companies and the big companies, one has got to remember this that the big companies are very fortunately situated. Never mind the limitation of commission and other things, they can spend a couple of lakhs tomorrow for opening a big branch office somewhere else. They have their advantages and they intend to examine the small loopholes through a microscope. We are trying to stop all the big loopholes. Sir, I support the amendment.

Mr. M. A. Jinnah (Bombay City : Muhammadan Urban) : Sir, the position that we have tried to take up is this. The first question which really goes at the root of the amendment and the clause and also the subsequent clauses is this. Hitherto, there is absolutely no limit to any commission that may be paid either to the chief agent or a special agent or a special manager or a field worker or a canvasser. That has been the position up to the present moment. Now, Sir, on the question of commission, there are various schools of thought and there are various interests involved, and the one point of view that has impressed us—at least impressed the Members on this side of the House—is this, that in trying to limit these commissions or the percentage of the commissions we should see that the small companies are not hit hard. There is a competition and the House, I think, must be aware by now as to what this struggle is about. The competition is this that, naturally, the large and influential Indian companies wish to limit the commission in order to prevent the foreign companies or the United Kingdom companies from competing with them by offering very large commissions because they are very powerful companies. So, this is a fight between the large and powerful and influential Indian companies and the foreign or the British companies. In that fight between the two, what I am trying to guard and what I want this House to guard is to see that, when these two big lions are fighting, let not the poor lamb be swallowed up. It was only with that consideration that I also hinted about it in my speech when we were considering the Bill.

[Mr. M. A. Jinnah.]

Now, Sir, what is the position? There is no confusion about this at all. The amendment to this clause now comes to this. As the clause stood before, there was a big loophole. That loophole was that the insurer, that is, the company, was prohibited from paying a commission to anybody else except the canvasser or the field worker. It will, of course, have to be considered whether the commission should be limited or not, but here the question was that the insurer was prohibited from paying any commission to anybody except one class, namely, the field worker or the canvasser. Now, there was a loophole and that loophole was that the insurer may not be allowed to pay yet somebody else may pay out of his own remuneration and that was intended to be stopped by the first amendment that the House has passed. So, there is no confusion and there is no conflict of any kind. Now, we come to the amendment which is now before the House. The object of this amendment is that, unless you accept it, you will exclude any remuneration being paid to the chief agents at all on the basis of commission or otherwise. Now, the whole question is this that that class, whatever you may call it,—namely, the chief agents or special managers or the organisers—but which cannot come under the category of canvassers or field workers may be paid such remuneration as the insurer may think fit. Now, if this amendment is not carried and if we, by any chance, decide to limit the percentage of the commission, then I feel that small companies will go to the wall, as they cannot employ chief agents or special agents. Sir, I support this amendment entirely in the interests of the small companies and I hope that the House will pass it.

Mr. F. E. James : May I make one observation? I was not quite certain from what my Honourable friend, Mr. Jinnah, said just now as to whether he had completely understood the position which has been taken up by the U. K. companies in regard to this question of limitation of commission. It has not been expressed in the House and perhaps I might take this opportunity of expressing

Mr. M. A. Jinnah : I did not refer to any definite position that the European Group has taken up. All I said is this that that proposition, namely, limiting the commission will come before us later on. If that is accepted, then this amendment becomes all the more essential, and that was my point.

Mr. F. E. James : I am very glad to have that explanation, and the position will be made quite clear at a later stage.

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

“That at the end of clause 35 of the Bill, the words ‘or any person who, for the purposes of insurance business, employs such agent’ be added.”

The motion was adopted.

Mr. Akhil Chandra Datta : Sir, I beg to move :

“That to clause 35 of the Bill, the following proviso be added :

“Provided that nothing in this section shall bar the payment of commissions as they fall due in respect of the business placed prior to the commencement of this Act.”

The whole object of this amendment is to prevent retrospective effect being given to the new provisions of the Bill. That is my object.

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

“ That to clause 35 of the Bill, the following proviso be added :

‘ Provided that nothing in this section shall bar the payment of commissions as they fall due in respect of the business placed prior to the commencement of this Act ’.”

Mr. N. C. Chunder (Calcutta : Non-Muhammadian Urban) : Sir, may I draw the Honourable Member's attention to my amendment No. 578, because that deals not only with what my Honourable friend has suggested here, but also with the question of representatives of the deceased agents. If he will accept my amendment and withdraw his, it will be better. Or I would request you to allow me to move my amendment also along with his one.

The Honourable Sir Nripendra Sircar : The amendment of Mr. Chunder is a better and more comprehensive one.

Mr. Akhil Chandra Datta : I shall gladly withdraw my amendment on the understanding that my Honourable friend, Mr. Chunder, will move his and on the further understanding that he has got an assurance from the Honourable the Law Member that it will be accepted.

Mr. President (The Honourable Sir Abdur Rahim) : I cannot accept any such conditional withdrawal.

Mr. Akhil Chandra Datta : I beg leave of the House to withdraw my amendment.

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

Mr. President (The Honourable Sir Abdur Rahim) : The next amendment is in the name of Mr. Satyamurti.

The Honourable Sir Nripendra Sircar : Before my Honourable friend moves his amendment, I have a suggestion to make. This is intended to be a definition of ‘ Insurance Agent ’ really. I have certain objections to this definition. We had a long discussion this morning between different parties. I did not have the chance of talking to all the different parties in the House. I suggested that ‘ Insurance Agent ’ had got to be defined particularly having regard to what I said that I wanted to hit only one class of men. What is that class of men ? I am suggesting that all the parties might meet today and try to agree to a definition that will be acceptable or, at any rate, generally acceptable, rather than trying to destroy individually, one by one, all the definitions which have been put up. If this suggestion commends itself to the House and to the Chair, I would suggest that somebody might be allowed to move tomorrow the definition of ‘ Insurance Agent ’.

Dr. P. N. Banerjea : Will you define ‘ Chief Agent ’ and ‘ Special Agent ’ also ?

The Honourable Sir Nripendra Sircar : No.

Mr. Bhulabhai J. Desai : I have no objection to this amendment being postponed.

Mr. President (The Honourable Sir Abdur Rahim) : I do not know whether there is any objection on the part of any one. It seems to me that perhaps it would serve a useful purpose if this amendment stands over till tomorrow.

Mr. Akhil Chandra Datta : Sir, I beg to move :

“ That to clause 35 of the Bill, the following *Explanation* be added :

Explanation.—When an insurer employs a person or body of persons as chief or special agent to organise to secure business by appointing agents, to collect premium and generally to transact and conduct the business of the insurer within a definite area and territory such chief or special agent by whatever name called shall for the purposes of this section and sections 37 and 38 be deemed to be an insurer and shall not be required to take out a license under section 37 ’.’

Now, Sir, the object of this amendment is this. So far as the intention of this clause is concerned, the Honourable the Leader of the House has very carefully explained yesterday as also today that the intention is that these provisions should apply only to field workers and for canvassers. That is a matter on which it is perfectly clear that all the sections of the House are quite agreed. There is no quarrel about that. My only trouble is that intention is not clearly explained in this clause. Now, Sir, there are two expressions which have been used here to describe those persons about whom these three clauses are being enacted. One is given by name and another by the function they are to perform. The name given in all these three clauses 35, 37 and 38—is ‘ Insurance Agent ’. We have up to now got no definition of ‘ Insurance Agent ’. The Honourable the Leader of the House has just promised us a definition tomorrow. That is the reason why I suggest that this amendment might stand over till tomorrow till that definition is drawn up. However, that permission not having been given I have got to move it. As I have said. One description is by the name of “ insurance agent ” and the other description is by the function they perform, namely, “ procuring insurance business ”. My submission is that the expression “ insurance agent ”,—I am of course compelled to place this view because the definition has not yet been enacted, and if the Honourable the Leader of the House wants I may again propose that this should stand over till that definition is settled.....

The Honourable Sir Nripendra Sircar : I object to its standing over.

Mr. Akhil Chandra Datta : Then my case is this. As the expression “ insurance agent ” stands in the Bill now, before that promised definition comes, it applies to the field worker and the canvasser as well as the chief agent and special agent. The chief agent is none the less an agent and an insurance agent, and, therefore, the word “ insurance agent ” applies equally to the chief agent. The other description is, “ procuring insurance business ”. That again is an expression used in all the three clauses 35, 37 and 38. That is an expression which applies equally well to the Chief Agent because the function of the Chief Agent is to procure insurance business. Therefore, in order to give effect very clearly to the intention of these provisions as clearly expounded by the Honourable the Leader of the House, this amendment is moved.

Again, in clause 37 the license is to be given to an “ individual ”,—not a person. If the word “ person ” had been used it might have referred to a body of persons also under the definition in the General Clauses Act. The

word is "individual", and, as a matter of fact, there are many chief agents who are not individuals but firms. Then I would invite the attention of the House to another expression in clause 38. It is a penal provision because the insurer would be committing an offence if he transacts any insurance business through any such individual. Sir, I am not preaching or laying down any new principle. Just to prevent any possible misconception let me concede, for the sake of argument, that it will be a wrong construction to put upon these words "insurance agent" and "procuring insurance business", that they can include chief agent. My experience of law Courts is that there is always room for misconception, and as we are going to legislate now, it is the duty of the legislature to prevent all possible room for misconception. Therefore, in order to give effect to the intention so clearly expounded by the Leader of the House, this amendment is moved.

Sir, I move.

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

"That to clause 35 of the Bill, the following *Explanation* be added :

'*Explanation*.—When an insurer employs a person or body of persons as chief or special agent to organise to secure business by appointing agents, to collect premium and generally to transact and conduct the business of the insurer within a definite area and territory such chief or special agent by whatever name called shall for the purposes of this section and sections 37 and 38 be deemed to be an insurer and shall not be required to take out a license under section 37.'

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. President** (The Honourable Sir Abdur Rahim) in the Chair.

The Honourable Sir Nripendra Sircar : Sir, apart from the question of any better definition which may be thought of tomorrow, I oppose this definition on its merits. The definition, although a long one, I think my Honourable friend will agree, does not prevent persons defined here from taking part as canvassers. On that ground alone I would object to this amendment.

Mr. Akhil Chandra Datta : My point is "to secure business" by appointing agents.

The Honourable Sir Nripendra Sircar : I have nothing to add.

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

"That to clause 35 of the Bill, the following *Explanation* be added :

'*Explanation*.—When an insurer employs a person or body of persons as chief or special agent to organise to secure business by appointing agents, to collect premium and generally to transact and conduct the business of the insurer within a definite area and territory such chief or special agent by whatever name called shall for the purposes of this section and sections 37 and 38 be deemed to be an insurer and shall not be required to take out a license under section 37.'

The motion was negatived.

Sardar Sant Singh (West Punjab : Sikh) : Sir, I move :

“ That clause 35 of the Bill be re-numbered as clause 35 (1), and, after the clause as so re-numbered, the following be inserted :

(2) No insurer shall in respect of any risk arising or accruing in India pay, or contract to pay to any insurance agent by way of commission or as remuneration in any form an amount exceeding the undermentioned percentages in respect of different classes of insurance business other than the business of life insurance :

(i) in the case of fire and/or motor insurance—twenty-five per cent. of the premium ;

(ii) in the case of business of any other class of insurance fifteen per cent. of the premium.

(3) No insurer carrying on the business of life insurance or any of his officers of district and/or chief agents shall in respect of any risk arising or accruing in India pay or contract to pay to any insurance agent by way of commission or as remuneration in any form an amount exceeding the undermentioned percentages :

(a) in the case of an insurer carrying on the business of life insurance for a period of fifty years or more, 30 per cent. of the initial premium payable on any policy or policies effected through him and five per cent. for renewal premium ;

(b) in the case of an insurer carrying on the business of life insurance for a period of more than ten years but less than fifty years, forty per cent. of the initial premium payable on any policy or policies effected through him and five per cent. for renewal premium ;

(c) in the case of an insurer carrying on the business of life insurance for a period of less than ten years, fifty per cent. of the initial premium payable on any policy or policies effected through him and five per cent. for renewal premium :

Provided also that an insurer shall be at liberty to pay an additional remuneration to a chief agent or district agent at a rate not exceeding twenty per cent. on the first year's premium and two and a half per cent. on the renewal premium in order to enable such chief agent or district agent to perform the duties and functions of a chief agent and/or district agent in districts not controlled by a Branch Office. For the purposes of this sub-section an insurer shall not be entitled to appoint more than five chief and/or district agents in a single province or in a single Indian States Agency provided that the total number of such chief and/or district agents in India shall not exceed in all thirty-five.

Provided further that for the purposes of this sub-section a subsidiary or a controlled company as defined in the First Schedule Part I shall be deemed to be carrying on the business of life insurance for the same period as that of the principal insurer.

(4) Nothing contained in sub-sections (1) and (2) shall be deemed to affect reinsurance contracts or arrangements between Head Office which contracts or arrangements are hereby expressly excluded from the operations of sub-sections (1) and (2).

(5) All existing contracts and arrangements for payment of commission or remuneration made by an insurer with an insurance agent at a rate higher than that specified in sub-section (2) shall be void and of no effect.

(6) Every insurer shall furnish along with the annual returns to be filed by him under sections 12 and 13 with the Superintendent of Insurance a certificate signed by the principal officer of the insurer that no insurance agent or chief agent or other representative in India or any other person in India or elsewhere directly or indirectly connected with such insurance agent, chief agent, district agent or representative, has been paid by such insurer directly or indirectly commission or remuneration at a rate higher than the percentages mentioned in sub-sections (2) and (2) (a).

- (7) If default is made in complying with the provisions of this section by a chief agent or a district agent he shall be punishable with a fine which may extend to rupees five hundred."

I am moving this very comprehensive amendment for the purposes mentioned in the amendment itself. I have divided the business of insurance into three parts—first, life assurance, second, fire or motor insurance, and, third, all other classes of insurance. In the case of fire and motor insurance, I propose to commend to the House that a commission of not more than 25 per cent. of the first premium should be payable, and in the case of any other class of insurance, excepting life, only 15 per cent. of the first premium should be payable. As regards life insurance, I have again graded this limitation into three parts : first, in the case of those companies which are of 50 years standing from the date of incorporation of that company, the maximum commission payable is proposed to be restricted by me to 30 per cent.; in the case of insurers of between 10 and 50 years standing, ten per cent. more has been allowed, that is 40 per cent.; and, in the case of younger companies of less than ten years standing, the rate of commission proposed is 50 per cent. Then, I have provided that, in addition to these maximum amounts, in the case of a chief agent or district agent another 25 per cent. may be given. Further, in order to avoid an old company setting up a subsidiary company to get over these restrictions, I have provided that subsidiary companies shall be considered as part of their parent companies, and their date of incorporation will be the date of incorporation of their parent companies. Further on, I have excluded existing reinsurance contracts or arrangements from the operation of 1 and 2, but for the future all existing contracts and arrangement for payment of commission will be subject to the provisions of this amendment if it is carried through. I have further provided that, along with the annual returns, it will be the duty of those who are responsible for the company's business to make a declaration that the provisions of this amendment have been complied with ; and, in case of default, certain penalty is provided therein. My submission is that there is no doubt that there is a cut-throat competition between the various companies in the matter of paying commissions to their agents. It is alleged that the younger companies will be hit by this limitation of commissions ; but my own personal view is that, instead of being compelled to make payments, sometimes rising to over 160 or 170 per cent. of the first year's premium, it will be in their interest that you should restrict their commission, so that they may be able to make something from the very first year of the start of their life. In order to avoid that, it is absolutely necessary that the commissions should be restricted. There may be companies of more than ten years' standing who are yet not able to secure policies of this amount which some of the older companies enjoy at present : but if they cannot run into the struggle for existence, if they fail to compete or become efficient during the time that they have been in existence, the fault will be theirs if they cannot compete on equal terms with the companies of their own standing. Therefore, without taking much of the time of the House, I move that this amendment be accepted.

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

" That clause 35 of the Bill be re-numbered as clause 35 (1), and, after the clause as so re-numbered, the following be inserted :

- (2) No insurer shall in respect of any risk arising or accruing in India pay or contract to pay to any insurance agent by way of commission or as

[Mr. President.]

remuneration in any form an amount exceeding the undermentioned percentages in respect of different classes of insurance business other than the business of Life insurance :

- (i) in the case of fire and/or motor insurance twenty-five per cent. of the premium ;
 - (ii) in the case of business of any other class of insurance fifteen per cent. of the premium.
- (3) No insurer carrying on the business of life insurance or any of his officers of district and/or chief agents shall in respect of any risk arising or accruing in India pay or contract to pay to any insurance agent by way of commission or as remuneration in any form an amount exceeding the undermentioned percentages :
- (a) in the case of an insurer carrying on the business of life insurance for a period of fifty years or more, 30 per cent. of the initial premium payable on any policy or policies effected through him and five per cent. for renewal premium ;
 - (b) in the case of an insurer carrying on the business of life insurance for a period of more than ten years but less than fifty years, forty per cent. of the initial premium payable on any policy or policies effected through him and five per cent. for renewal premium ;
 - (c) in the case of an insurer carrying on the business of life insurance for a period of less than ten years, fifty per cent. of the initial premium payable on any policy or policies effected through him and five per cent. for renewal premium :

Provided also that an insurer shall be at liberty to pay an additional remuneration to a chief agent or district agent at a rate not exceeding twenty per cent. on the first year's premium and two and a half per cent. on the renewal premium in order to enable such chief agent or district agent to perform the duties and functions of a chief agent and/or district agent in districts not controlled by a Branch Office. For the purposes of this sub-section an insurer shall not be entitled to appoint more than five chief and/or district agents in a single province or in a single Indian States Agency provided that the total number of such chief and/or district agents in India shall not exceed in all thirty-five.

Provided further that for the purposes of this sub-section a subsidiary or a controlled company as defined in the First Schedule Part I shall be deemed to be carrying on the business of life insurance for the same period as that of the principal insurer.

- (4) Nothing contained in sub-sections (1) and (2) shall be deemed to affect reinsurance contracts or arrangements between Head Office which contracts or arrangements are hereby expressly excluded from the operations of sub-sections (1) and (2).
- (5) All existing contracts and arrangements for payment of commission or remuneration made by an insurer with an insurance agent at a rate higher than that specified in sub-section (2) shall be void and of no effect.
- (6) Every insurer shall furnish along with the annual returns to be filed by him under sections 12 and 13 with the Superintendent of Insurance a certificate signed by the principal officer of the insurer that no insurance agent or chief agent or other representative in India or any other person in India or elsewhere directly or indirectly connected with such insurance agent, chief agent, district agent or representative, has been paid by such insurer directly or indirectly commission or remuneration at a rate higher than the percentages mentioned in sub-sections (2) and (2) (a).
- (7) If default is made in complying with the provisions of this section by a chief agent or a district agent he shall be punishable with a fine which may extend to rupees five hundred."

Sir H. P. Mody : Sir, I have got an amendment—No. 5 on Supplementary List No. 2—the main object of which is the limitation of commissions of district or chief agents ; and as that particular portion is covered by the amendment just moved, I desire to say a few words in support of it.....

Mr. M. S. Aney : You are not moving that ?

Sir H. P. Mody : We will see later on. My Honourable friend, the Law Member, seems to have constituted himself as the '*Ma Bap*' of the younger companies.....

The Honourable Sir Nripendra Sircar : They are all cursing me—the young and the old !

Sir H. P. Mody : But you seem to thrive upon their curses all right !

What I was going to say was that it does great credit to his heart, but like many misguided parents, my Honourable friend does not know what is really good for his offspring. We are all agreed that it is necessary in the interests of Indian insurance that the acquisition costs of insurance companies ought to be limited to something reasonable, and for that purpose various amendments have been tabled, which will presently be coming before the House, which seek to limit the commission paid to ordinary agents or field workers. But I submit that so long as you leave out the district agent or the chief agent, you have not achieved the object in view—not, at any rate, satisfactorily or adequately. Now, there was a great deal of confusion, in the minds of some of us at any rate, this morning with regard to the exact import of what was placed before the House. I would like to ask my Honourable friend, the Law Member, whether there is any provision in the Bill, as it is now before us, or any provision likely to be introduced at a later stage, which will make it penal for a district or chief agent to give a commission, in addition to the maximum prescribed, to the field worker or the ordinary agent, and whether there is also an adequate provision against the field worker or the ordinary agent receiving anything in addition to the maximum. I want to know whether there are any penalties provided.....

The Honourable Sir Nripendra Sircar : Yes, there are.

Sir H. P. Mody : For both ? I would like to see my Honourable friend point out later on whether it has been made not only obligatory on the district agent not to pay anything to the agent beyond the maximum stipulated, but also for the ordinary agent not to receive beyond that maximum—whether besides the mere prohibition there is any provision which subjects either of these parties to any penalty. Now, the position is this : and it has happened times without number within the experience of many insurance companies. If the district agent or the chief agent is to be allowed any sort of commission whatever, apart from the possibility of a great many irregularities taking place, that is to say, outside the law,—the district agent or the chief agent having a great deal of money in hand and parting with it surreptitiously or otherwise,—there is also the risk, that there will be a scramble for chief agents and districts agents. Take the case of the smaller companies on whose behalf, I understand, my Honourable friend, the Law Member, resists this proposal for limiting the commission to district and chief agents. A small company has

[Sir H. P. Mody.]

established a chief agent in a district which is not covered by a large company : the large company in course of time comes along and finds a chief agent or district agent ready at hand, so to speak. It goes to him and says : " How much are you receiving from your present company ? " If the man were to say " 50 per cent ", the larger company, whether in India or in the United Kingdom or in foreign countries, might say ; " Well, take 70 per cent. and come over to us. " I say, where would, then, be the reduction or the restriction of the acquisition costs of insurance business ? The larger companies will pinch the district or the chief agent of the smaller companies ; they will be able to do it much easier than the smaller companies will be able to say to their agent : " Never mind : we will give you as much. " If they are not able to give as much as is offered by the other company, they lose their district or chief agent with all the connections that he has built up. If on the other hand, they say " All right, we will be prepared to go up to the same figure ", their acquisition costs are increased. In other words, there is a competition in which the worst sufferer is bound to be the smaller company, with its smaller resources ; and I say that if you leave the district or the chief agent out of the picture, then you have tackled the problem only piecemeal, and in a most unsatisfactory manner. You will be merely limiting the commissions of the agents and the field workers, but you will be leaving alone the more important party, the district agent and the chief agent, who would very probably be got at by the larger companies. I say, Sir, that cannot possibly be the object of my friend, the Honourable the Law Member, when he agrees that the acquisition costs of insurance companies ought to be limited generally....

Mr. Bhulabhai J. Desai : When have you developed this new affection ?

Sir H. P. Mody : I have affection only for myself ! I am never so hypocritical as to pretend to speak for others. When, however, an argument is brought forward from the other side, I am rebutting it....

Mr. Bhulabhai J. Desai : Which is the other side ?

Sir H. P. Mody : The side represented by my friend, the Law Member, who says that in the interests of the smaller companies, district and chief agents should not be limited. That seems to be the point of view of my friends on this side.....

Mr. Bhulabhai J. Desai : There is also the other side.

Sir H. P. Mody : It seems to me that there is an unholy alliance, some subterranean move, which I cannot get at. Anyway, I hope I have established to the satisfaction of my friends, from the Honourable the Law Member downwards, that they are thoroughly misguided in what they are doing, and that they are not helping insurance companies, either large or small. They are placing smaller companies at the mercy of the larger companies, and the larger companies will also be suffering because there will be unhealthy competition between them. For these reasons I strongly urge the acceptance of the position that it is necessary to curtail the commissions payable to chief and district agents.

The Honourable Sir Nripendra Siroor : Sir, my friend, Sir Homi Mody, must credit this House with an absolute lack of sense of humour

if he thinks that after his assertion that he stands only for the people who are represented by him, that is to say, the big companies, then his impassioned oration was in the interest of small companies. Well, Sir, the House will take him at his true valuation.....

An Honourable Member : At face value.

The Honourable Sir Nripendra Sircar : I will not take up the time of the House in opposing this amendment, because I did indicate yesterday, and I affirm it again, that I am willing and I was, when moved, to accept the amendment No. 582 of Mr. Satyamurti, with certain modifications which have been suggested by him. That being so, it necessarily follows that I am opposed to No. 581, and that is sufficient ground.

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

Sardar Sant Singh : May I, Sir, with the permission of the House withdraw.....

The Honourable Sir Nripendra Sircar : I oppose it.

Mr. President (The Honourable Sir Abdur Rahim) : The Honourable Member can't withdraw it now. The question is :

“ That clause 35 of the Bill be re-numbered as clause 35 (1), and, after the clause as so re-numbered, the following be inserted :

(2) No insurer shall in respect of any risk arising or accruing in India pay or contract to pay to any insurance agent by way of commission or as remuneration in any form an amount exceeding the undermentioned percentages in respect of different classes of insurance business other than the business of life insurance :

- (i) in the case of fire and/or motor insurance twenty-five per cent. of the premium ;
- (ii) in the case of business of any other class of insurance fifteen per cent of the premium.

(3) No insurer carrying on the business of life insurance or any of his officers of district and/or chief agents shall in respect of any risk arising or accruing in India pay or contract to pay to any insurance agent by way of commission or as remuneration in any form an amount exceeding the undermentioned percentages :

- (a) in the case of an insurer carrying on the business of life insurance for a period of fifty years or more, 30 per cent. of the initial premium payable on any policy or policies effected through him and five per cent. for renewal premium ;
- (b) in the case of an insurer carrying on the business of life insurance for a period of more than ten years but less than fifty years, forty per cent. of the initial premium payable on any policy or policies effected through him and five per cent. for renewal premium ;
- (c) in the case of an insurer carrying on the business of life insurance for a period of less than ten years, fifty per cent. of the initial premium payable on any policy or policies effected through him and five per cent. for renewal premium :

Provided also that an insurer shall be at liberty to pay an additional remuneration to a chief agent or district agent at a rate not exceeding twenty per cent. on the first year's premium and two and a half per cent. on the renewal premium in order to enable such chief agent or district agent to perform the duties and functions of a chief agent and/or district agent in districts and controlled by a Branch Office. For the purposes

[Mr. President.]

of this sub-section an insurer shall not be entitled to appoint more than five chief and/or district agents in a single province or in a single Indian States Agency provided that the total number of such chief and/or district agents in India shall not exceed in all thirty-five.

Provided further that for the purposes of this sub-section a subsidiary or a controlled company as defined in the First Schedule Part I shall be deemed to be carrying on the business of life insurance for the same period as that of the principal insurer.

- (4) Nothing contained in sub-sections (1) and (2) shall be deemed to affect reinsurance contracts or arrangements between Head Office which contracts or arrangements are hereby expressly excluded from the operations of sub-sections (1) and (2).
- (5) All existing contracts and arrangements for payment of commission or remuneration made by an insurer with an insurance agent at a rate higher than that specified in sub-section (2) shall be void and of no effect.
- (6) Every insurer shall furnish along with the annual returns to be filed by him under sections 12 and 13 with the Superintendent of Insurance a certificate signed by the principal officer of the insurer that no insurance agent or chief agent or other representative in India or any other person in India or elsewhere directly or indirectly connected with such insurance agent, chief agent, district agent or representative, has been paid by such insurer directly or indirectly commission or remuneration at a rate higher than the percentages mentioned in sub-sections (2) and (2) (a).
- (7) If default is made in complying with the provisions of this section by a chief agent or a district agent he shall be punishable with a fine which may extend to rupees five hundred."

The motion was negatived.

Mr. S. Satyamurti (Madras City : Non-Muhammadan Urban) : Sir, I move :

"That clause 35 of the Bill be re-numbered as 35 (1), and, after the clause as so re-numbered, the following be inserted :

'(2) No insurer,—and I want your permission, Sir, to add the words 'or any person who for the purposes of insurance business employs insurance agents licensed under section 37, shall pay or contract to pay to any insurance agent',—again I seek your leave to add the words after agent 'licensed under section 37,'

The whole thing will read thus :

"No insurer or any person, who, for the purposes of insurance business, employs insurance agents, licensed under section 37, shall pay or contract to pay to any insurance agent, licensed under section 37, by way of commission or as remuneration in any form an amount exceeding in the case of life insurance business forty per cent. of the initial premium payable,"

Here, again, the word "or" should be :

"on" "any policy or policies effected through him and five per cent. of a renewal premium, or in the case of business of any other class thirty per cent. of the premium, provided, however, that insurers carrying on life insurance business only, may pay, during the first ten years of their business, to their insurance agents fifty per cent. of the initial premium payable on any policy or policies effected through them and six per cent. of the renewal premiums."

The Honourable Sir Nripendra Sircar : Is it 40 or 45 per cent. ?

Mr. S. Satyamurti : As regards the actual figure, I am not committed to 40 equivocally. If, in the course of the discussion, the Law Member suggests 45.....

The Honourable Sir Nripendra Sircar : I can suggest it now.

Mr. S. Satyamurti : If you agree, Sir, I should like to substitute in line 4 " forty-five " for " forty ".

Mr. President (The Honourable Sir Abdur Rahim) : I think it would be simpler if the House were to discuss it as 45.

Sir Cowasji Jehangir : Sir, we oppose 45 on the floor of this House.

Mr. President (The Honourable Sir Abdur Rahim) : There is no difficulty in opposing it.

Sir Cowasji Jehangir : I rise to a point of order, Sir. Is it permissible for my friend to change 40 to 45 without notice ?

Mr. President (The Honourable Sir Abdur Rahim) : It will save the time of the House.

The Honourable Sir Nripendra Sircar : If my friend does not want two days' notice.....

Mr. President (The Honourable Sir Abdur Rahim) : I shall suspend the Standing Order. It depends on the Mover as to how he wishes to move it. If the Honourable Member says that.....

Mr. S. Satyamurti : Yes, Sir, if the Honourable Member wants it.....

The Honourable Sir Nripendra Sircar : I thought you were agreeable.

Mr. President (The Honourable Sir Abdur Rahim) : Then you better make it clear.

Mr. S. Satyamurti : Sir, I want the House to follow this clearly. Besides the words I have read, there are two words being added in line 4, and the last but two lines after the word ' fifty ' the word ' five ' is being added.

Sir Cowasji Jehangir : That makes it necessary for us to move amendments to his amendment. Let my friend move his amendment as it is, and let somebody else move an amendment to change it.

The Honourable Sir Nripendra Sircar : This has been permitted.

Mr. S. Satyamurti : I want to move it in this form, because it has been suggested that it will save time.

Mr. President (The Honourable Sir Abdur Rahim) : Yes, you can go on.

Mr. S. Satyamurti : Sir, in view of certain amendments already moved and discussed on the floor of this House,—amendment No. 581 and the speech of my Honourable friend, Sir Homi Mody—I think I am right in saying that the House is generally now in favour of the limitation of commission payable to canvassing agents.....

Mr. Akhil Chandra Datta : No, 'not unanimously.

Mr. S. Satyamurti : I did not say ' unanimously ' in favour, but I said ' generally ' in favour. From the speech of my Honourable friend, who moved No. 581 and the speech which the Honourable
 3 P.M. Sir Homi Mody made, I felt that the House was generally in favour of a limitation of this commission. The Honourable the Law Member has already indicated more than once his willingness, so far as he is concerned, to accept this amendment No. 582. Therefore, the whole question has to be viewed now

[Mr. S. Satyamurti.]

from the point of view of discussion and voting on this motion, one, on the actual percentages which are to be allowed, secondly, the difference to be made in favour of what are called young companies, that is to say, during the first ten years of their business, and thirdly, there is one point on which I should like to have some light on, from the Honourable the Law Member. I feel that my Honourable friend, Sir Homi Mody, was perfectly right when he said that, while we may limit by statute the percentage of commission to be paid to the actual canvasser or the field worker, if we leave a big loophole by which persons called chief agents or branch agents or district agents can get any amount of percentage and pass it on to the actual canvassers the provision may be practically nullified. So far as the latter part of his objection is concerned, I take it that the acceptance of Mr. Chapman-Mortimer's amendment this morning by the House makes it impossible for the district agent or chief agent to pass on to the actual canvasser this commission, in the form in which Sir Homi Mody fears it may be done. So far as these district agents or other agents are concerned who do not actually do canvassing business, they stand on a different footing altogether. This clause, and the amendment which I seek to move, cannot and do not intend to prescribe a maximum limit for the general expenses of insurers; that is to say, we cannot prescribe by statute, "You shall pay to the managing agents Rs. 1,000 and not Rs. 5,000". That is out of the question. We are only seeking to limit the commission paid to canvassers. The point on which I wish to have light from the Honourable the Law Member, is this, whether it is open to these so-called district agents or chief agents or branch managers to themselves canvass business without taking a license under clauses 37 and 38. My humble submission to this House is this. As I read these clauses, no man can canvass business for insurers, unless he is a licensed agent. Therefore, whatever the name these managers or district agents may go by, they cannot, if clause 38 is passed as it stands, canvass business, unless they get a license. I want to invite the attention of the House to clause 38, sub-clause (2) :

"Any individual not holding a licence issued under section 37 who acts as an insurance agent for any insurer shall be punishable with fine which may extend to fifty rupees and any insurer who knowingly appoints as an insurance agent any individual not so licensed or transacts any insurance business through any such individual shall be punishable with fine which may extend to one hundred rupees."

I take it that the prohibition of this clause means that, by whatever name you may call your canvasser, so long as he does not take out a license he commits an offence against this clause. Moreover, the clause is so comprehensive that it ropes in the insurers also, because it says :

".....any insurer who.....transacts any insurance business through any such individual shall be punishable with fine which may extend to one hundred rupees."

I take it that I am right, therefore, in contending that, when these clauses, 35, 36, 37 and 38 become law it will be impossible for anybody hereafter, or for any individual, to transact any business by way of canvassing insurance policies for the insurer, unless he is a licensed agent, and if he does it, both the man who canvasses and the insurer who gets the business seem to come within the mischief of this clause. If that be so, I submit that whatever may be the meaning of the amendments moved by Mr. Chapman-Mortimer and accepted by this House,

they cannot pay to these district agents or chief agents, unless they are licensed agents, any commission on the securing of policies for the insurer, for *ex-hypothesi* they cannot canvass policies for their insurers, and, if they are licensed agents, I submit that my amendment hits them as much as it hits any other canvassing agent. That is to say, they can have only the percentages fixed, now 45 in the case of old insurers, and 55 in the case of young insurers for the first ten years of their life. Then I say that this clause to limit commissions is absolutely indispensable, if clause 36 which prohibits rebate is to be actually worked and not to be evaded. Clause 36 definitely provides :

“ No insurer, and no insurance agent acting on behalf of an insurer (*I expect the amendment carried this morning will be carried out here also, namely, any person who employs a licensed agent*) shall allow or offer to allow either directly or indirectly as an inducement to any person to take out or renew a policy of insurance any rebate of the whole or part of the commission payable or any rebate of the premium shown on the policy nor shall any person taking out or renewing a policy accept any rebate.....”

If this were to prohibit rebate effectively, I suggest that we ought to limit commissions. If we prohibit rebates and we do not limit commissions, we still leave open a great field for temptation to get behind this Act. Whereas, if you prohibit rebates on the one hand and limit commissions on the other, the scheme becomes complete. There will be no money, there will be no temptation, either to give rebates or to ask for them on the part of the people who insure themselves. It has been argued on the floor of the House, and I believe it will be argued again as the Honourable the Deputy President has already given a broad hint that the House is not unanimously in favour of limiting of commissions, that it is likely to hurt the young Indian insurers. I have in my hand a letter written to me by a young Indian insurer :

“ Sir, we regret to observe that clause 33 regarding limitation of commission has been omitted by the Select Committee. We shall be grateful if it is possible in the interests of the insuring public to have this clause incorporated in the Bill to be passed by the open session of the Assembly. This company is a young company having been established in 1934, but having started with the highest ideals of efficiency and service, would welcome the limitation of commission. This company's figures up to date are—

Paid up capital over Rs. 2 lakhs.

Deposit with Government Rs. 1,33,100.

Business completed Rs. 8 lakhs.

Business in force Rs. 6 lakhs.

Expense ratio from 1st April, 1937, to date about 50 per cent.

Our condition is that 85 per cent. of the renewal premium is invested in trust securities. The Official Trustee of the U. P. Government will be the company's trustee and correspondence with the Administrator General is going on.....

Trusting that you will kindly give the matter your careful attention for which we shall ever remain grateful.”

I am only reading this letter, because I am anxious that there should be no misunderstanding in any quarter of the House, that this limitation of commission is intended to hit adversely, any companies young or old. While I am on this, let me say once and for all that we here stand for sound insurers, both young and old. There are other forces at work both inside and outside this House. My Honourable

[Mr. S. Satyamurti.]

friend, talked of an unholy conspiracy. If there be any it is between foreign insurers, the so-called young insurers and many others, to destroy this Bill. I have read these amendments, and I may say this, that if some of these amendments are moved and accepted, there will be nothing left of the Bill but the preamble. The amendments are, that clause so and so be omitted, clause so and so be omitted, clause so and so be omitted, and so on. It does seem to me that the unholy conspiracy is somewhere else.

Sir H. P. Mody : It will serve the Honourable the Law Member jolly well right if only the preamble is left. (Laughter.)

Mr. S. Satyamurti : If all your amendments are carried, I quite agree. But apart from life insurance business with which most of us are familiar and with which most of us are rightly most intimately concerned, this limitation of commission is intended to protect Indian insurers doing general business as against non-Indian and foreign insurers. I want to make a statement of fact, which I will prove presently, about what the foreign companies are doing. I am using the word 'foreign' in the literal sense of the word—non-Indian insurers doing general business and under-cutting our Indian insurers doing general business, and not giving them a decent chance. My European friends talk always of a fair field and no favour. That is, till they are found out. When they are found out, they will sing a different tune. They say : ' Why should we not do this ? If you are efficient, you must survive. We will do what we like, dump our money and under-cut '. Therefore, I say that we should have this limitation of commission, primarily in order to give Indian general insurers a fair field and no favour. The Honourable the Law Member is very proud, and rightly very proud, on his having squashed Mr. Duff in cross-examination. An able lawyer like him can down anybody, and, undoubtedly, he is very proud of it. He has told us several times that all this talk about dumping is ' nonsense ', and that he has shown that Mr. Duff cannot prove his facts, and that there is an end of the matter. I do not want to join issue with him, as he is accepting my amendment. Apart from the ability or inability of a witness to prove some case as against an astute lawyer, I should like to point out that the facts are eloquent, I have got some figures here. It is a comparative statement of commission and managing expenses of Indian and British companies. New India, the commission is 32.3 per cent., the management is 15.5 per cent., total 47.8. Jupiter, commission 44.2, management 12.3, managing agency charges 0.8, total 57.3, Vulcan, commission 46.9 management expenses 22.5, managing agency charges 3.4, total 72.8, Universal, commission 43.7. management expenses 22.7, managing agency charges 3.6, total 70.8. This is all general business.

Indian Globe, commission 41.1, management expenses 28.5, total 69.6, Indian Mercantile commission 39.7, management expenses 21.5, total 61.2, National Fire commission 37.1, management expenses 17.3, managing agency charges 5.8, total 60.2.

If you take similar ratios of their expenses in their own country, this is the average of 22 well known British Companies. My reference

is from the *Economist*. In the year 1935, the average commission of these British companies, in their own country, was 20.3 and in 1936 it was 20.3. Their managing expenses was 27.3 and 27.5 respectively.

Now, Sir, it is the commission which these gentlemen offer here that is practically ruining the chances of India to build up her business on right lines. My Honourable friend, the Law Member, said, the other day that, after all, these Indian general insurers are doing very well indeed. I do not believe they are. I have got here a few figures giving what are called underwriting results, that is to say, the balance of profit or loss on the actual insurance business. You will notice, Sir, that most companies are on the minus side, and only two companies are on the plus side, that is the New India and the Jupiter.

The Honourable Sir Nripendra Sircar : My friend is right. Since making that statement, I had certain further information and made some investigation and as a result of that, I think, I made an over-statement of the case.

Mr. S. Satyamurti : Then, I shall not pursue that point further. I take it that it is common ground that Indian insurers doing general business are really handicapped in the progress of their business, by the under-cutting of foreign insurers. That is the primary ground on which I ask this House to accept my amendment limiting in the case of those doing general business 30 per cent. of their premium income for commissions. Then, Sir, so far as Indian life insurance is concerned. I want to support the amendment on this ground. I take it that everybody agrees that the bulk of the income of insurers doing life business comes from policy-holders, and secondly, the bulk of the expenditure on the one side is on the Managing Agents and on the other on commissions to agents. Now, so far as the Managing Agents are concerned, the House has limited their life to three years, and has limited their remuneration to Rs. 24,000 a year ; but still, some important work remains to be done and this amendment seeks to do it, and I am anxious that there should be no feeling on any side of the House that this amendment seeks to do something which is unnecessary, or which is done merely for the sake of perfection. I want to give the figures of a few Indian insurers doing life business. I will not give their names, but I want to give the expense ratio of some of these companies : 136 per cent., 150 per cent., 156 per cent., 300 per cent., 173 per cent., 112 per cent. and 104 per cent. That is to say, they spend more than what they get. From the point of view of policy-holders, there must be a limitation of expenses by way of commission, and this amendment, if accepted, will go a long way towards giving a much-needed protection to our policy-holders, who really want to be protected against too much of expenditure. I do not want to tire the House with too many figures, but the rate of commission paid in the first year varies between 31 per cent. and 91 per cent., if the first year's premiums and high commissions go hand in hand with high expense ratios. I can prove it. Wherever companies are spending a large portion of expenses, the bulk of it is accounted for by the extravagant and extraordinary commissions which are given to canvassing agents. There is no doubt about it. Unless there is going to be some kind of co-operation among all life insurers, merely expecting particular insurance companies to control this commission is asking for the impossible.

[Mr. S. Satyamurti.]

Then, Sir, today what happens is this. No doubt agents get high commissions in some insurance offices. Since there is no prohibition of rebate, what happens is that the poor policy-holder does not get the benefit of it from the agent, but the richer policy-holder gets it. There is another danger. I am told that policy-holders are advised in many cases to drop their policy and take out another policy, because when a new policy is effected, the higher is the commission that the agent gets. That is no good either to the policy-holder or the insurer or the other policy-holders, because, the more defaults there are in policy-holders paying their premium, the lesser becomes the credit of the insurer as a whole. Now, I am suggesting this limitation of commission apart from other reasons for this great reason that we want the expenses of insurers to be reduced. If they are so reduced, that will go back to the policy-holders in one of two ways, either by increased bonuses to them or, what I want more definitely and more urgently, the lowering of the premium rates. I honestly feel that to collect from policy-holders large premiums and then seek to reconcile them to it by giving them bonuses, which you may or may not declare, is not the sounder way of promoting insurance business in this country. On the other hand, as I said the other day, I feel strongly that what is required in this country, more urgently than any other reforms, is the lowering of the premium rates so that, consistently with the level of poverty in this country the insurance habit may grow more and more, and more and more people may insure themselves. I am particularly anxious that the premiums for an insurance of Rs. 500 or Rs. 1,000 ought to be much lower than they are today, because the poor people in this country will then alone be able to get the benefit of the insurance, that we want them to get.

So far as the young insurers are concerned, I want to assure them that this limitation of commission will be universal and will not affect them adversely. Their expenses will go down and all other insurers, young and old, will have the same limitation.

Sir, I have one more word to say. This fixation of percentage is not to be interpreted, as if in each particular policy the amount is to be calculated and only 45 per cent. is to be spent. I think I am right in saying, and the Honourable the Law Member will agree with me, that what we are fixing is the total percentage of expenditure of the premium annual income in each year, whether it be the first premium or the renewal premiums. I submit that, within those limits, it is open to the insurer to so adjust his expenditure as to spend more on areas where he has got to spend more being far from his place. That is a matter of internal management with which this clause, as it stands, does not interfere. Therefore, I suggest that this clause, as it stands, is perhaps one of the most important clauses of this Bill. We want the life insurance business to be conducted in an economical manner consistent with efficiency. That is why we want the limitation of commission, and I hope that the amendments which we accepted this morning will not take away the effect of the wholesome provision of this proviso if it is accepted by this House, by allowing the Chief Agents to get commissions without their being licensed agents and thus coming within the mischief of this proviso. Sir, in the interests of policy-holders

and in the interests of sound life insurance business in this country, young and old, and of the progress of Indian general business I hope the House will unanimously accept this amendment. Sir, I move.

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

“ That clause 35 of the Bill be re-numbered as 35 (1), and, after the clause as so re-numbered, the following be inserted :

- (2) No insurer or any person, who, for the purposes of insurance business, employs insurance agents, licensed under section 37, shall pay or contract to pay to any insurance agent, licensed under section 37, by way of commission or as remuneration in any form an amount exceeding in the case of life insurance business forty-five per cent. of the initial premium payable on any policy or policies effected through him and five per cent. of a renewal premium, or in the case of business of any other class thirty per cent. of the premium, provided, however, that insurers, carrying on life insurance business only, may pay, during the first ten years of their business, to their insurance agents fifty-five per cent. of the initial premium payable on any policy or policies effected through them and six per cent. of the renewal premiums.”

The Honourable Sir Nripendra Sircar : Sir, as I am accepting the amendment, I need not have taken part in the debate but I want to make some remarks on my Honourable friend, Mr. Satyamurti's statement, about myself and Mr. Duff. Mr. Duff was one of the two witnesses examined before the Advisory Committee. Mr. Duff put up the case of Indian companies dumping, as high as possible. As my friend, Mr. Satyamurti pointed out, he says that because I was a clever lawyer Mr. Duff admitted, in answer to my questions, that he could not prove anything against the foreign companies. Let us stop there for one moment. Then, Mr. Satyamurti quoted certain figures. Do I understand him to say that from those figures an inference can be drawn that the foreign company was dumping? I say no. I do not say whether they are dumping or they are not dumping, but just as Mr. Duff has not been able to prove, and I admit that it is not an easy matter to prove, that they had been dumping, so Mr. Satyamurti's arguments make no further advance. He quotes certain figures. Let us say, there are certain Indian companies. A company spends 60 per cent., and B company spends 55 per cent., whereas the ratio of expense of English companies is 20 per cent. How does that prove that the foreign companies are dumping in India? How does that argument prove that they are dumping? I admit that 60 is a thumping good figure, but there is no question of dumping, because it may be that we are cutting one another's throats, purely Indian throats. That is to say, A, B, C, D, E, and F which are all Indian companies are trying to outvie one another by paying high commission. Then, there is another explanation. One has got to remember, when one talks of expense ratio, of the outturn of business of a company. Take, for instance, Lloyds. You say that Lloyd's expense ratio is 20 and the expense ratio of New India is 50 and therefore the conclusion is that Lloyd's are dumping. Q. E. D. That is not so because the business of Lloyd's in India is somewhere 1/280 of their total business. Their total business runs into millions and the expense ratio is bound to be smaller apart from any other factor. I am not trying to prove that they are not dumping but what I say is that Mr. Satyamurti's arguments do not really carry the matter further and there is no proof of dumping. I will leave the matter there and not take up the time of the House as

[Sir Nripendra Sircar.]

I am supporting the amendment. I would like to answer one question in the affirmative, a question which was put to me by Mr. Satyamurti. He says that there is a practice here of taking out a policy as the canvasser or the field worker gets 70 or 80 per cent. There is evidence to show that sometimes he gets more than 100 per cent. of the first year's premium. What very often happens is that that policy is allowed to drop and then another policy is taken out. I do not want to tar everybody with the same brush, but I am able to confirm that view. It is a mal-practice which is in existence and it is due merely to the fact that from the first year's premium the canvasser or the field worker, as he has been called, gets a huge percentage. Then, he allows that to drop and the second policy is taken out next year and he gets a similarly large amount again. Unfortunately, many instances have come to my own knowledge. I do not want to mention names. But I know one particular company where this abuse is due to the greed of the canvassers who go out for procuring the business for the insurers. I have accepted Mr. Satyamurti's amendment. I have nothing to suggest about the figures. The figures, as I said on a previous occasion, must be purely empirical. We have got to fix it at some figure. One cannot positively say that it should be 45 or 42 or 49 or 50. I support the amendment of Mr. Satyamurti.

Mr. Bhulabhai J. Desai : Sir, I have no desire to make any additional speech, but there is just one matter, not as regards the ten years period which are allowed to young companies, but I beg leave to suggest to the House that they should carry out the true intentions of this amendment. The amendment says :

“.....provided, however, that insurers, carrying on life insurance business only, may pay, during the first ten years.....”,

a larger amount. What is really meant is, that it is not intended either by the Mover or by the House, supposing there is what is called a young company of less than ten years standing which carries on business both in life and in any other kind of business, that in respect of their life business, they should not get the benefit. I suggest that only the language requires some alteration. I, therefore, suggest that the wording should be “insurers in respect of their life insurance business only”, instead of “carrying on life insurance business only”. That would carry out the true intention of this amendment.

The Honourable Sir Nripendra Sircar : That is “carrying on” is substituted by ‘in respect of’.

Mr. Bhulabhai J. Desai : Yes.

Mr. S. Satyamurti : I accept this amendment.

Mr. Akhil Chandra Datta : Sir, I rise not to support this amendment but to oppose it. I do protest against it tooth and nail, because I am not protesting merely against the percentage of commissions to be fixed, but I am protesting against the very principle of limitation of commission. Now, Sir, in doing so I shall not rely merely upon my opinion or upon the opinion of my Party. I shall rely mostly upon the opinion of two eminent gentlemen who have been our friends, philosopher and

guide, throughout this legislation. I mean in the first place my Honourable friend, Mr. Sen, and, in the second place, I rely upon no other than the Honourable the Mover of the Bill.

The Honourable Sir Nripendra Sircar : We have learnt better since.

Mr. Akhil Chandra Datta : I shall show that my Honourable friend has not at all become wiser, upon his own admission. I say, Sir, not in mere humility or as a matter of modesty, that my Honourable friend, Sir Nripendra Sircar, has bestowed very great care and very great thought over these things and he knows these things better than I do. Therefore, instead of relying upon my own judgment, I shall rely upon his judgment in this important matter.

The Honourable Sir Nripendra Sircar : Rely upon my present judgment.

Mr. Akhil Chandra Datta : Very well, I shall rely upon your present judgment. But let me dispose of that point first at once. What is his present judgment ? He says, you support the amendment No. 4 of Mr. Chapman-Mortimer and in that case I shall support this principle of fixation of commission. If you do not accept that, I shall not accept any provision relating to limitation of commission. Is not that his present opinion ? What does it come to ? He does not accept this principle of fixation of commission upon the merits of the matter, but he proceeds upon the doctrine : " you scratch my shoulders, and I shall scratch yours ". In this particular case, although it is a little unpleasant, I am constrained to say that the shoulders to be mutually scratched are the shoulders of the Leader of the House and of the Leader of the Opposition. It comes to this. My Honourable friend, Sir Nripendra Sircar, is against this policy of fixation of commission and limitation of commission unless the Congress Party comes to an understanding with him. My Honourable friend does not proceed upon any principle or any policy, but he proceeds entirely and only on compromise. He is keen for something, the Congress party is keen for something else. The Law Member says ' you surrender to me on this and I shall surrender to you on that '. That is the whole point. (Hear, hear.) So, there has been an alliance, I shall not call it an unholy alliance, because they must have been actuated by the best of motives. (Hear, hear.) However, I do feel that they are going wrong. But I am not the person to question their motives. But none the less that is the position. Now, I do protest against this method of legislation. You can compromise between 55 per cent. and 50 per cent. or between 40 per cent. and 45 per cent. that is on matters of detail. But to proceed on such compromise on vital points and vital principles, that is a system, that is a procedure and that is a method of legislation which is fundamentally unsound.

The Honourable Sir Nripendra Sircar : This was the principle in the Bill as we introduced it in the first instance.

Mr. Akhil Chandra Datta : I do not admit that. Whenever my Honourable friend, Sir Nripendra Sircar, gets up and says something, here is my Honourable friend, the Leader of the Opposition, getting up instantaneously to support him. This is really a sight for the Gods to see. It is generally said that no two doctors agree. But these two great men have begun to agree in all essential and controversial provisions of this Bill. I want to show that really the Honourable the Law

[Mr. Akhil Chandra Datta.]

Member is against limitation of commission. Let me begin, however, with my Honourable friend, Mr. Sen. He ransacked the Canadian Act to find out what stringent restrictions there are in that Act which can be incorporated in the Indian Act. After all, with all the labour of my Honourable friend, Mr. Sen, he has not been able to recommend anything like limitation of commissions.

The Honourable Sir Nripendra Sircar : He is still very young.

Mr. Akhil Chandra Datta : My Honourable friend, the Law Member, when referring this Bill to the Select Committee, what did he say ? Although he said he kept an open mind, his mind at that time was very clear. He told us that there is objection to this system of limitation of commissions, not only objection but what is worse, he was of opinion that there were "serious objections" to the proposal of limitation of commissions—that was his opinion then.....

Sir H. P. Mody : His mind was closed then for repairs. (Laughter.)

Mr. Akhil Chandra Datta : Next in chronological order, I submit he was definitely against any limitation of commission when the Bill was discussed in the Select Committee.

Mr. Bhulabhai J. Desai : The Honourable Member cannot discuss here what took place in the Select Committee. We lost it because of others.

Mr. Akhil Chandra Datta : I do say he was against it in the Select Committee.

Mr. S. Satyamarti : I deny that.

Mr. Akhil Chandra Datta : There are others who communicated to me what took place there.

Mr. President (The Honourable Sir Abdur Rahim) : The Honourable Member cannot refer to the proceedings of the Select Committee.

Mr. Akhil Chandra Datta : I shall wait and see if my Honourable friend, Sir Nripendra Sircar, contradicts me.

The Honourable Sir Nripendra Sircar : I shall not contradict something which the Honourable Member is not entitled to say, namely, what happened in the Select Committee.

Mr. Akhil Chandra Datta : Every day you are doing it.

The Honourable Sir Nripendra Sircar : We are not doing it. The Honourable Member is the Deputy President, he may be doing it. I am not doing it.

Mr. Akhil Chandra Datta : I would have given my ruling if I were occupying the Chair at this time.

Sir Nripendra is quite safe there ; he is privileged so far as the Select Committee is concerned. However, that does not affect my position very much. After the Select Committee Sir Nripendra submitted a dissenting note and in that dissenting note reference is made to this very clause. But he never complained against the deletion of that clause with regard to

the limitation of commissions. Then, Sir, although any number of amendments have been proposed by Sir Nripendra Sircar, I do not find any on this point. He does not complain in any amendment against the decision of the Select Committee.

Sir, next in chronological order let us come to his first speech during the general discussion of the Bill. There he maintained substantially the same position. My Honourable friend, Mr. Satyamurti, speaks of the rebate, that rebate would not be effective unless there is a limitation of commission. I shall not attempt any reply to that argument of Mr. Satyamurti because that point was dealt with elaborately by Sir Nripendra Sircar in his speech on the 30th August, and he said that he did not accept that argument. He discussed that point and said that rebate would certainly be effective even without fixing any maximum of commission. Then in his reply to the general discussion, on the 7th September, he said this with regard to maximum commission :

“ I am not yet convinced that this fixing is necessary and I shall give a reason in addition to what I have already told the House.”

He proceeded to give that additional reason and said :

“ As the Leader of the Opposition said and very rightly said, the scientific method is to fix expense ratio, but in practice it is so difficult that the idea must be given up. There I agree also. But what I do beg of you to notice is this,”—

Mark the language of the Law Member :

“ that although we are not fixing an expense ratio, if the House carries out the idea of compelling companies to keep their assets here, are you not automatically tying their hands ? If they have got to have their assets with the Reserve Bank or keep it earmarked separate under a charge and so on, what are they going to play with ? Out of what funds will they go on recklessly paying 300 per cent. to the licensing agents ? Therefore, although there is no expense ratio (I do not for a moment suggest that we are fixing an expense ratio), I do suggest that to a very large extent the result is attained by this method of compulsion on companies to keep assets here.”

This brings us down to the 7th September ; now let us discuss what his present mind is. But I have already discussed that at an earlier stage in consequence of an interruption by the Law Member and I do say, that according to his own statement made, I believe, day before yesterday, in plain English, it comes to this that on the merits he is not for it but accepts it as a matter of bargaining. We have got provision for mutual insurance companies in the Bill. By this bargaining we have got floated, what may be called, a mutual insurance legislation company. Now, Sir, the question arises, apart from principle, is it a workable proposition ? Take the Indian Life Association. Their opinion is that it is not a workable proposition at all ; it can be circumvented very easily. Then with regard to general insurance companies although there are no statutory laws with regard to the limitation of commission, there are regulations, adopted by the General Insurance Association, though I am assured—(I have no personal knowledge)—that those regulations do not work at all. Admittedly,—though my Honourable friend, Mr. Satyamurti, does not admit it,—it is admitted by Sir Nripendra Sircar that it is really a fight between big companies and small companies. This limitation of commission will not hit the big companies but it will hit the small companies. Now, Sir, we have been accused of supporting the small companies. I plead guilty. I shall say once for all that we cannot support the big companies in this legislation because, according to Sir Nripendra Sircar, these big companies

[Mr. Akhil Chandra Datta.]

want to kill out the small companies and have the monopoly in insurance business. That is the considered opinion of the Honourable the Law Member. On the 30th August he said this :

“ As regards my opinion of big Bombay business, may I describe their attitude in the language which has been used in the note of dissent by Messrs. (Hiasuddin and Essak ? The idea of this section is to ‘ push out foreign companies on the one hand and kill out the smaller Indian concerns on the other and thus provide a sort of monopoly for a few large Indian companies in the field of insurance ’.”

That, according to the Honourable the Law Member, is the attitude of big companies, be they of Bombay or Calcutta, it does not matter. As regards the place of small companies in the field of insurance, may I refer, Sir, to a recent speech delivered by the Chief Minister of Madras, the Honourable Mr. Rajagopalacharya :

“ I do not want to discourage babies in the insurance world (*He is speaking of insurance companies, not Managing Agents*). Babies ought to be provided for. Unless you give food to babies your race will be extinct. So also baby insurance companies should be encouraged. If you have self-confidence, if you have confidence in your own people, you can encourage even younger insurance companies.”

With regard to the value of service that is rendered by them may I quote the opinion of the first British Government Actuary, Mr. Finlayson :

“ Thousands and thousands are brought to insure their lives by the agency of young offices, who, otherwise (*this is important*), never would have heard of life assurance at all, and never would have come at all.”

In this fight, between the big companies and the small companies in this diabolical attempt to kill the small companies, I think it is the duty of every Indian, in Congress and outside Congress, to support the small companies and not the old companies. I should think it is a compliment paid to us to be told that we are supporters of small companies. If on the other hand, the people in the street whisper that we are supporting big companies I should regard it as a libel. I do say that in this fight between the big and small companies for killing small companies, whoever supports the former, is an enemy of the insurance industry and the country. Now, Sir, if we have a soft corner for the Managing Agents, we ought to have a soft corner for the small companies also, and should not try to crush them by all sorts of provisions about licensing and limitation of commission. This provision for limitation of commission cannot be considered in an isolated manner and apart from the other provisions of the Bill, about initial deposits, aggregate deposits, working capital, license, restrictions about investments and the limitation of commission. My point is this. What will be the cumulative effect of all these provisions on the development of insurance business in this country. Of course, a sliding scale has been proposed, but all the same, I do feel, it is something like prescribing the same fee for all lawyers,—this fixation of the same rate or slightly different rates of commission for all companies. If we have any regard to the opinions of the different chambers of commerce and the different life assurance associations we find the following are against limitation :

- Baroda State Life Assurance Co.'s Association ;
- Bengal National Chamber of Commerce ;
- Bombay Chamber of Commerce (majority) ;
- Bombay Chief and Special Agents Committee ;

Bombay Mutual Chief Agents' Association ;
 Bombay Mutual Life Assurance Society, Ltd. ;
 Empire of India Life Assurance Co., Ltd. ;
 Federation of Indian Assurance Chambers, Bombay ;
 Indian Assurance Chamber, Bombay Presidency ;
 Indian Insurance Companies Association, Bombay (subject to a
 margin for Chief Agents at 20 and 2½ per cent.) ;
 Indian Insurance Companies Field Workers Association, Calcutta ;
 Indian Life Offices Association ;
 Indian Merchants Chamber—for the principle, they are practically
 in favour of it ;
 Insurance Legislation Committee (Bengal) ;
 Insurance Representatives (Bombay) Society ; and
 Young Life Offices Legislation Committee.

If we have any regard for the opinion of the people concerned, of
 people who are competent to give an opinion, I say, that the bulk of the
 opinion is against any limitation. Then, coming to the question of what is
 the law in other countries, in England there is no limitation, nor is there
 any in Canada for which Mr. Sen and the Law Member have an abundance
 of love and admiration. I cannot speak with confidence about other
 countries, but I know that so far as Canada is concerned, there is no limita-
 tion in regard to commission. As regards other countries I cannot speak
 with very great confidence, about all countries but I am sure that in most
 of the countries in the world there is no limitation on commission.

Mr. S. C. Sen : Keep your 100 per cent.: we will leave the limitation
 on commission.

Mr. Akhil Chandra Datta : I do not know, I speak subject to correc-
 tion, whether there is any limitation in any other part of the world or not.

Mr. S. C. Sen : Take the other conditions also.

Mr. M. S. Aney : Is there any country where there is limitation ?

Mr. S. C. Sen : I do not know if I am called upon to answer it, but
 I can tell you there is none.

Mr. Akhil Chandra Datta : Presumably, Mr. Sen did not recommend
 any limitation on commission in his voluminous and elaborate report, pre-
 sumably because he did not find any precedent anywhere else. Otherwise
 he would have referred to those precedents in very bold letters. It is also
 admitted by the Honourable the Law Member that this is a matter in which
 there is a fight between the big and the small companies and, therefore, on
 all these grounds and especially having regard to the attitude of the
 Honourable the Law Member, I oppose the principle of limitation of com-
 missions and I oppose this amendment.

Babu Baijnath Bajoria : Sir, I rise to oppose this amendment. I
 know I am in a hopeless position, because after the
 4 P.M. Congress Party and the Government make a secret
 alliance outside this House and then come here with a pact, it is useless
 for any other parties to oppose or to go against their wishes...

Mr. S. C. Sen : It is no secret pact at all : it was stated openly on the floor of the House.

Babu Baijnath Bajoria : It is open when it comes here. I do not know whether the Mover of this amendment has carefully considered what effect his amendment will have on the smaller and younger life insurance companies. I know it does not matter to him : if he had considered, if he had any interest, whatsoever, if he had taken any pains, whatsoever, to safeguard the interests of the smaller and the younger companies, I am sure he would not have cared to move such an amendment. This amendment cuts at the very root and at the very foundation of the smaller companies. Here the Mover says that the commission should be limited to 45 per cent. for companies of more than ten years standing and 55 per cent., i.e., ten per cent. more, for companies which have not got ten years life yet. I do not understand how this will give any appreciable benefit to the smaller companies. There are some companies which are seven or eight years old : after two years they will have to give only 45 per cent. and they will have to compete on the same terms, on equal terms, with big companies like that of my friend, Sir Cowasji Jehangir, or other big British companies and other big Indian companies like the Empire, the National and the Hindustan. The whole effect of this amendment if passed—as I am sure it will be passed—will be, that business will be confined to bigger companies, both Indian and European and foreign ; and the smaller companies will have to shut their doors. I am sure that if this amendment is passed, half or more of the smaller companies will have to shut up. At the present moment there are altogether about 217 Indian insurance companies, doing life and general business ; I am sure if this amendment is carried more than half, if not three-fourths, will have to shut their doors before many years pass by. I do not claim the same infallibility as my friend, Mr. Sri Prakasa, when he says that whatever his party does is absolutely all right : they can do no wrong. I am a human being and to err is human. He and his party may be godly and so the proper place for them is not on this earth but in the heavens. The Congress Party always say that they stand for the poor, and for the weaker and smaller : and I do not understand how they have turned turtle and they are now outdoing even a capitalist like myself (Laughter).....

An Honourable Member : Join the Congress.

Babu Baijnath Bajoria : I cannot go like a race horse as they are doing. (Laughter.) They want to protect the interests of the capitalists and they get all their inspirations from the seven wise men of the east, as our Law Member has referred to the seven men of the big Indian insurance companies.....

An Honourable Member : Are you one of them ?

Babu Baijnath Bajoria : No. In this Bill we have provided that there should be sufficient deposits for all those companies who want to do any class of business : that they must have a minimum amount of working capital ; that there will be restrictions about the investment of funds in Government and approved securities ; that the Superintendent of Insurance will have absolute checking powers and control over these companies. We have also provided ample provisions for the disclosure of full particulars of all accounts and for the valuation of assets being done every five years by actuaries. We have done away with the Managing Agents also, and

insurance companies will, henceforth, after three years, be controlled by a board of directors generally. Are not all these provisions and safeguards sufficient to check the growth of mushroom companies? I say they are. This amendment is a direct interference with the internal management of business. If we are to say that we will give only so much commission for this business and so much commission to that business, we can as well provide in this Bill that you will have to pay so much commission or salary to managers, and so much to clerks and so much to peons. On principle, I do not like that there should be any limitation on commissions. We should have some faith in the management of the companies. As has already been pointed out by the Honourable the Law Member, the insurance companies will have managers well informed and well versed in insurance business, and they will look after the management of the company. Have you got no faith in them? Are we to take it that all insurance companies are there only to defraud the people? If that is so, then let us provide that all of them should go. Why should you put so much burden on younger companies and just make the way clear for the bigger companies, both Indian and European? If that is the desire of the Law Member or of this House that most of the companies should close down and the business of insurance should be in the hands of a few magnates, then I think this clause will serve that purpose more than any other clause and more than any other provision in this Bill.

There is another point. As regards general business I mean business other than life insurance business, no preference whatsoever has been given to the existing younger companies or companies which may be formed later on. It is mentioned that more than 30 per cent. of the premium will be given by all companies irrespective of their date or their financial capacity. How can we imagine that any other company will begin and compete on equal terms with the present big foreign companies and there are many of them, and also the two big Indian insurance companies—I mean, the New India and the Jupiter Insurance. Sir, we know that the share of business secured by Indian insurance companies, so far as general business is concerned, that is in fire, marine and accident, is extremely small, and, therefore, it is very desirable that we should encourage the growth of new companies doing general business of this character. This clause, as it is worded, will absolutely cripple and hamper the formation of new companies, and the few young companies that exist today in this country will soon have to close their doors.

Then, Sir, it is mentioned here "provided, however, that insurers, carrying on life insurance business only, may pay, during the first ten years of their business, to their insurance agents, 50 per cent.". What does this mean? There may be very big British and German companies, long established, who may be coming here to start business, and I ask my friend to say whether they will also get the benefit of the ten per cent. during the first ten years of their business? If they will get that benefit, then those companies will be at a great advantage, and they will be competing even to the detriment of our big companies. I do not think it is the intention of the Honourable the Mover of this amendment that these well-established foreign companies, who have been in the line for a long time, should be treated as new companies from the date they commence their business in this country. This is a most objectionable

[Babu Baijnath Bajoria.]

part in this amendment. On all these grounds, therefore, Sir, I oppose this amendment, because, I feel that this amendment is most unhappy, it is most detrimental to the interests of most of the Indian companies doing life as well as general business in India. I, therefore, oppose this amendment with all the emphasis I can command.

Mr. M. Ananthasayanam Ayyangar (Madras ceded Districts and Chittoor : Non-Muhammadian Rural) : Sir, it is unfortunate that at the very outset of this Insurance Bill we have entered into a sort of fratricidal war. I have carefully listened to all people, agents of big companies as well as agents of small companies, as also the representatives of old companies. There is really no difference between the one and the other, and there are no really conflicting interests. I thought that all the energies of this House could be mustered strong against the more dangerous competitors in this field, I mean the foreign companies. Unfortunately, attention has been diverted and we are trying to bolt the door after the colt has bolted.

Sir, this is a very modest amendment. We are just making a beginning. I hope ere long we will be in a position to restrict the commission of the chief agent also and put an end to the unfortunate cut-throat competition that exists among ourselves with a view to see, that the foreigner does not dump his business on this country. I shall presently refer to that portion where, without exception, young and old alike, have made representations to me that they should be protected against foreign companies. I do not know which of these younger companies has approached my friend, Mr. Bajoria, and I cannot believe that a young company can always remain young. I never thought that a man having been born from his mother's womb would always remain young. A young man of today must become an old man of tomorrow, and, therefore, let us close up our ranks. Sir, I am appealing to all sections alike. I have tried to consider to the best of my ability the various difficulties of both young and old companies. The young companies' agents came to me as much as the representatives of older companies, and I found that young companies would be quite satisfied if they were given ten per cent. more than what is given to others.

Some Honourable Members : No, no

Mr. M. Ananthasayanam Ayyangar : I am not speaking an untruth. They talked to me privately. They came to my residence. I have seen the agents or representatives of all young and old companies. I gave all of them a most patient hearing, but though I always reserved my judgment, I kept my ears so wide as the whole Assembly might pass through my ears. (Laughter.) I never denied an interview to any of them ; I heard them all privately, and I convinced them that there ought not to be any difference between young and old companies in this country. No doubt, the younger companies ought to be allowed to walk. The bigger companies in their anxiety to avoid foreign competition might try to impose terms which might be a little embarrassing to younger companies. I do not belong, nor do I think that any of the other Members of this House belong to any of the companies. All of them are young as well as old ; all the children are good and useful to a parent, and, therefore, I say that all young and old companies alike serve the same useful purpose.

Pandit Lakshmi Kanta Maitra (Presidency Division : Non-Muhamadan Rural) : You should have remembered it yesterday.

Mr. M. Ananthasayanam Ayyangar : That was also conceived in the best spirit. I never thought that the non-licensing of agents was to the best interests of the country. In our party meeting the question whether young and old companies....

Mr. President (The Honourable Sir Abdur Rahim) : The Honourable Member cannot refer to that.

Mr. M. Ananthasayanam Ayyangar : They also told us that the young companies would be satisfied if they were given a margin of ten per cent. over the commission that was allowed to older companies. So far as the actual field worker is concerned, it is 45 per cent. now. From 40 it has been raised to 45 per cent. With reference to young companies it has been raised automatically from 50 to 55 per cent. I would say that the first year's premium would be absorbed in various kinds of expenses of the insurer. There is not only the commission to be paid to the agents who canvass the business, but the new companies have to meet their office expenditure, advertising charges, and also, if some of the claims mature, unfortunately, during the first year of their existence, those claims also will have to be met, and, therefore, it is necessary to see both in the interests of the shareholders as well as in the interests of the policy-holders that the young company does not squander away its resources in the very first year of its existence on all sorts of extravagant expenditure. I believe the agents of both old and young companies are *bonâ fide* in their request when they make this demand. Unfortunately, the position of a young company is somewhat pitiable. It has to run an uneconomic race over the older companies. Sir, I have tried to find out the actual figures, and the figures show that whereas the average amount of a life policy, which a foreign company gets in this country, is Rs. 3,500 per policy, the average for Indian companies is Rs. 1,500 only. I would say that in a vast country like India, from the Himalayas to Cape Comorin, we have about 375 millions of people inhabiting this country, and the young companies can certainly go to the villages and secure business, though on a small scale, leaving the bigger companies to compete against the foreign companies, which take away at present the bulk of our business. The young companies need not fight the older companies at all. It is also the experience of all Members of this House that even though the rate of premium is somewhat high in some of the old companies, they will generally prefer to insure with such old companies. In the same way, clients generally go to a lawyer who has a reputation behind him even though his charges may be somewhat higher than those of others, because the lawyer with a reputation has a larger amount of experience and can certainly offer better advice. It is the same case in every profession. Therefore, I would ask Honourable Members of this House to realise that there is absolutely no conflict of interests between the young and old companies.

There is one other point before we come to general business, for which, unfortunately, there has not been a sufficient provision made, as pointed out by my Honourable friend, Sir Homi Mody. No doubt, that provision has not been made on account of various circumstances. As regards chief agents, on account of the amendment passed this morning, No. 4 to clause 55, the chief agents have been let at large. The young

[Mr. M. Ananthasayanam Ayyangar.]

companies can spend their coppers, nay, can shower their gold coins on the chief agents and we have not tried to cut that item down. If they have no capital, they can get or borrow capital and spend or waste any amount on uneconomic competition with the other companies. That is so far as the young companies are concerned. Leaving young and old aside, are they trying to support our companies as against foreign competition? With very great respect to the Honourable the Leader of the House, may I say that the witness box is the last place to which anybody would like to go. When a witness is in the box you can make him say that the sun rises in the west and sets in the east. It is so easy, it depends upon the capacity of the individual who cross-examines. Mr. Duff and others have not escaped the fire of cross-examination of the Honourable the Leader of the House. There are three points on which, without elaboration, I would like to say something, as to how our general business is suffering today, and on account of want of proper limitation of commission others whom we do not like to do business in this country, certainly on account of unhealthy competition, are allowed to roam at large. Our general business companies are getting only Rs. 54 lakhs by way of premium a year, while foreign companies who are doing general business such as fire, marine, accident, etc., get Rs. 193 lakhs per year. Look at the difference between the one and the other. Those Indian companies doing fire and marine business have had to struggle. They wanted not 30 per cent. commission, as we have provided in this amendment, but they wanted it to be limited to 15 per cent. We have given them 15 per cent. more. They wanted 15 per cent. for fire and accident and not more than 25 per cent. for others. We are giving them five per cent. more. Just after the Great War, in about 1919, our companies came into existence. The foreign companies began to attack them in three ways. One attack was in the direction of the agents. Our companies had been paying 30 or 40 per cent. to the agents. The foreign companies offered them 75 per cent. Whatever may be the sense of patriotism or the interests of the country, that cannot stand before the lucre of 75 per cent. And what happened? The erstwhile agents of Indian companies in Bombay became the agents of foreign companies. The second was a rate war. The Honourable the Leader of the House asked Mr. Duff and he was not able to give any facts. I am not a greater expert than Mr. Duff, but I find from the literature that has been distributed to us that after the westerners wanted to enter the field by way of competition the rates came down. There started giving a flat rate for all distances. The Lloyds are giving a flat rate, taking all risks,—Rs. 15—from Karachi to Bombay, from Karachi to Calcutta, from one end of the world to another, they charge the same Rs. 15. Is not this a thing against which all of us, 140 Members of this House, irrespective of caste, colour or creed, should protect our industry in this country,—against foreign aggression? Unfortunately, neither this amendment nor the Leader of the House has tried to safeguard it. We have to carry with us the other side also and we have made our attempts. Do not think that this is the end of our aspiration. As soon as we are in a larger majority, and with your assistance, we shall certainly put in larger restrictions so far as foreign companies are concerned. That will be the end of our ambition in this matter. I have submitted that the foreign companies have been trying to take away our agents by one means or another, by promise of

larger commission. I have also shown how, whatever may be the risk, and whatever may be the distance, they have tried to reduce their rates. In order to meet the uneconomic race our companies tried to give larger commissions to their agents but in reinsurance with foreign companies in London and other places they hoped to make good what they lost by this uneconomic warfare. But the western companies had the ears of their friends and colleagues in London. I find from these papers that they sent word to their friends in London not to offer good rates for reinsurance. That is the third method by which our babies or children, i.e., companies doing general business have been treated. If anybody reads this literature I am sure he will shed tears for our companies. My Honourable friend, Mr. Bajoria, is not helping any of these people. He is trying to help the foreign companies against our own companies. My Honourable friend does not know the circumstances that are prevailing here and the struggle that our men have got to put up, in Bombay, Calcutta and Madras. I, therefore, appeal to my friends, not to throw out this amendment but to accept it. If it is open to us to restrict the commission payable to chief agents I would be the first to jump at it; I would restrict their commission also. I appeal to my friends not to be carried away by the young and old distinction. We have tried to satisfy all, and if God gives us long life we will try to meet this uneconomic competition also.

Mr. T. Chapman-Mortimer : It is not my idea at this late hour to make a long speech on this matter which has become so contentious, but there are one or two observations which I should like to make. First of all, my Honourable friend, Mr. Satyamurti, charged the European Group with having entered into an unholy alliance with certain young companies for the destruction of the Bill. Not only have we not entered into any such alliance with young companies, but it is entirely incorrect and unjust, if I may say so, to say that we, on these Benches, have, at any stage in this Bill, tried to destroy it or tried to do anything else than to produce the best Bill that could possibly be produced for the welfare and development of insurance in this country. In regard to these young companies it is perfectly true that on certain occasions, both before this Bill came to this House and in this House, we, on these Benches, have supported certain of the claims of these young or small companies. We have done so because we believe that justice is a thing which deserves the consideration of this House and of all Groups in it. On the other hand, it has never been our desire, nor is it now our desire, to keep alive companies that should be put to death as quickly and painlessly as possible. Bad companies, unsound companies are a daily source of loss to their policy-holders and we, on these Benches, are entirely in favour of the speedy despatch of such unsound concerns. These, however, should not be confused with sound young companies struggling to do honest business.

Now, Sir, with regard to this matter of the limitation of commission, I should like, first of all, to make quite clear the attitude of the United Kingdom insurance companies. I am frankly astonished at the nature of the remark made by some of my friends on the opposite benches. They seem to suggest that if you can only have a limitation of commission, these wicked U. K. and other non-Indian companies will be speedily put in their places and will no longer be able to do injury to Indian insurance companies. Sir, I am really astonished that such

[Mr. T. Chapman-Mortimer.]

remarks and such observations should fall from otherwise extremely astute politicians. My Honourable friend, Mr. Bajoria, was a great deal nearer the mark when he said that by the limitation of commission you are going to help these big non-Indian companies and so, in the same way, you are going to help the big Indian companies. As I say, the U. K. companies' attitude is this. Throughout all stages of this Bill, they have made it clear to my Honourable friend, the Law Member, that they wanted to do everything in their power to assist him to make a good Bill and if, in his opinion, it was considered necessary for the making and framing of a good Bill that there should be limitation of commission, the U. K. companies were prepared to follow him in his desire to have such a limitation of commission. That is their attitude and it is on account of this that we are now proposing to support this amendment. On the general question of the limitation of commission, I should like also to put forward the views of this Group. In general, we are opposed entirely to any such attempts to restrict remuneration or commission. It is perfectly obvious that when you embark on proposals of this kind, you are getting into very deep water indeed. It is a short step from that to State socialism on the one hand or to complete chaos on the other. Further, Sir,—and this is my personal opinion and not the opinion, I may say at once, of either the U. K. companies or of this Group—it is my honest, sincere view that if you introduce into this Bill, as is now proposed to be done, restriction and limitation of commission, great difficulties are certainly lying ahead of insurance in this country. However, Sir, the Honourable the Law Member has made his position on this point amply clear. He has done his best to make it certain that the small company that employs a Chief Agent, instead of having a branch office, will still be able to do so and other sections of the House have also co-operated towards the same end. In these circumstances, notwithstanding the great difficulties that undoubtedly lie ahead as a result of what the House proposes to do tonight—because as my Honourable friend, Mr. Bajoria, has already pointed out, the fate of this amendment is more or less certain—notwithstanding all the difficulties and dangers that may exist, the difficulties of working and so on, we, on these Benches, intend to support the amendment of my Honourable friend, Mr. Satyamurti, for the reason that I have given. As I have said, we communicated to the Honourable the Law Member long ago that if in his opinion a measure of this kind was necessary we were prepared to support it, though we fully appreciate the great difficulties that lie ahead. Sir, I support the amendment.

Mr. S. C. Sen : Sir, I listened with much interest to the observations of the Honourable the Deputy President, who gave us an idea that he was opposed to this measure from the very beginning. I was surprised, however, on turning up the list of amendments to find in List No. 4 an amendment standing in his name which is almost identical with that which has been moved.

Mr. Akhil Chandra Datta : I was thinking of a second string !

Sardar Sant Singh : On a point of order. Is it not permissible to move alternative amendments, if one fails ?

Mr. President (The Honourable Sir Abdur Rahim) : I don't think that Mr. Sen suggested that.

Mr. S. C. Sen : When I looked at that, I thought that it was a second line of defence and that my friend's convictions were not so firm as they were thought to be. However, that is another matter. My Honourable friend, Mr. Datta, had referred to the Honourable the Leader of the House and pointed out that by his speeches in this House he had declared himself unequivocally against an amendment of this nature.

Mr. Akhil Chandra Datta : I never said ' unequivocally '.

The Honourable Sir Nripendra Sircar : Then, equivocal.

Mr. S. C. Sen : As the Honourable the Leader of the House points out, I will take it that it was an equivocal opinion. If the speeches referred to by the Honourable Member are looked into, the Honourable the Leader of the House had made it abundantly clear that he had been keeping his mind open and he was of the view that some discrimination was necessary for the safeguard of the younger companies. Now that it has been done there is absolutely no justification for complaining of his change of attitude on this question. In the present amendment, Honourable Members must have seen that ten per cent., at least, has been allowed by way of discrimination to younger companies. If it is not out of place, I will again refer to some of the instances given by the Honourable the Leader of the House of the younger companies and if Honourable Members will look at the Blue Book, they will find what is the percentage of expenses of these younger companies. I will choose one or two at random. I take the first one. In 1934, the premium income was Rs. 10,000, the expenses were Rs. 11,000, in 1935 the premium income was 9,000 and the expenses were 9,000.

Mr. Sri Prakasa (Allahabad and Jhansi Divisions : Non-Muhamadnan Rural) : Just like the Government of India !

Mr. S. C. Sen : Take another case. In 1930, the premium income was Rs. 12,000 and the expenditure was 18,000. What do these figures show, that the majority of the younger companies have been spending more than their income. What are these expenses due to ? The Honourable Members who have supported their cause cannot possibly ignore or challenge the fact that the majority of the expenses were in the shape of commission for procuring business and if we have got to stop this appalling state of affairs, what is it that is necessary. Is it not necessary that even if we have got to save them against themselves, some provisions should be made for curtailing their expenses ? Now, Sir, what would be the effect of the amendment if it is accepted ? Will it not effect a compulsory curtailment of expenses in their case ? In those circumstances, I was rather surprised that my Honourable friends, Mr. Datta and Mr. Bajoria, should have said that this was intended to kill them. It is, if I may say so, a misguided view. It is an absolutely unreasonable view to take and I only wonder how the Honourable Members can possibly take the measure which is intended to be eminently salutary to have such an effect. Sir, I was asked a question by my Honourable friend, Mr. Aney, as to whether there is any precedent for the limitation of commissions in other countries. There is no other country where such appalling circumstances prevail and, therefore, there are no other countries where limitation of

[Mr. S. C. Sen.]

commission is necessary. Then, I was asked by my Honourable friend, Mr. Datta, as to why, although we had taken the laws of Canada as the precedent, we had been supporting this limitation of commission. Sir, in Canada there are many other things which do not require a limitation of commission to be put in. For instance, in Canada there is a provision for keeping 100 per cent. of the liabilities. As I suggested, will my Honourable friend agree to that being imported in the laws of this country? He will not. Why then talk of Canada? Now, Sir, the last point which I wish to meet is the suggestion that it is an unwarranted interference with the internal management of insurance concerns and that there is no precedent for such a thing. Sir, may I point out to my Honourable friend, Mr. Bajoria, who knows all about the new laws, as to why this House, including himself, agreed to the limitation of commission allowable on shares issued at a discount? Why was it that ten per cent. was limited in the Statute? Why were not the companies allowed to give such discount as they liked? That is only because they thought that allowing more would be to the detriment of the companies. Therefore, it is no use suggesting that there is no precedent. Wherever the Legislature thinks that a man has got to be saved against himself, it is the duty of the Legislature to step in. I submit, therefore, that this provision which is intended to be passed is not something new. It is really intended for the benefit of the younger companies and not intended to kill them and as such should be supported.

Some Honourable Members : The question be now put.

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

“ That the question be now put.”

The motion was adopted.

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

“ That clause 35 of the Bill be re-numbered as 35 (1), and, after the clause as so re-numbered, the following be inserted :

“(2) No insurer or any person, who, for the purposes of insurance business, employs insurance agents, licensed under section 37, shall pay or contract to pay to any insurance agent, licensed under section 37, by way of commission or as remuneration in any form an amount exceeding in the case of life insurance business forty-five per cent. of the initial premium payable on any policy or policies effected through him and five per cent. of a renewal premium, or in the case of business of any other class thirty per cent. of the premium, provided, however, that insurers, in respect of life insurance business only, may pay, during the first ten years of their business, to their insurance agents fifty-five per cent. of the initial premium payable on any policy or policies effected through them and six per cent. of the renewal premiums.”

The Assembly divided :

AYES—82.

Abdul Hamid, Khan Bahadur Sir.
Abdul Qaiyum, Mr.
Abdullah, Mr. H. M.
Ahmad Nawaz Khan, Major Nawab Sir.
Asghar Ali, Sheikh.
Ayyangar, Mr. M. Ananthasayanam.

Bajpai, Sir Girja Shankar.
Bhagavan Das, Dr.
Boyle, Mr. J. D.
Buss, Mr. L. C.
Chaliha, Mr. Kuladhar.
Chapman-Mortimer, Mr. T.

AYES—contd.

Chaudhury, Mr. Brojendra Narayan.	Mudaliar, Mr. C. N. Muthuranga.
Chunder, Mr. N. C.	Muhammad Ahmad Kazmi, Qazi.
Dalal, Dr. R. D.	Nagarkar, Mr. C. B.
Dalpat Singh, Sardar Bahadur Captain.	Nayudu, Diwan Bahadur B. V. Sri Hari Rao.
Das, Mr. B.	Ogilvie, Mr. C. M. G.
Das, Pandit Nilakantha.	Pande, Mr. Badri Dutt.
Desai, Mr. Bhulabhai J.	Parsons, Lieut.-Colonel A. E. B.
Deshmukh, Dr. G. V.	Purssell, Mr. R. S.
Deshmukh, Mr. G. V.	Raghbir Narayan Singh, Choudhri.
Gadgil, Mr. N. V.	Rahman, Lieut.-Colonel M. A.
Ghulam Muhammad, Mr.	Ramayan Prasad, Mr.
Gidney, Mr. C. W. A.	Ranga, Prof. N. G.
Govind Das, Seth.	Rao, Mr. Thirumala.
Griffiths, Mr. P. J.	Roy, Mr. S. N.
Grigg, The Honourable Sir James.	Saksena, Mr. Mohan Lal.
Gupta, Mr. K. S.	Santhanam, Mr. K.
Hands, Mr. A. S.	Satyamurti, Mr. S.
Hans Raj, Raizada.	Scott, Mr. J. Ramsay.
Hosmani, Mr. S. K.	Sen, Mr. S. C.
Hudson, Sir Leslie.	Sham Lal, Mr.
James, Mr. F. E.	Sheodass Daga, Seth.
Jawahar Singh, Sardar Bahadur Sardar Sir.	Sher Muhammad Khan, Captain Sardar Sir.
Jedhe, Mr. K. M.	Singh, Mr. Gauri Shankar.
Jogendra Singh, Sirdar.	Singh, Mr. Ram Narayan.
Joseph, Mr. George.	Sinha, Mr. Satya Narayan.
Kailash Behari Lal, Babu.	Sircar, The Honourable Sir Nripendra.
Kamaluddin Ahmed, Shams-ul-Ulema.	Spence, Mr. G. H.
Kushalpal Singh, Raja Bahadur.	Sri Prakasa, Mr.
Lang, Mr. J. C.	Staig, Mr. B. M.
Lloyd, Mr. A. H.	Stewart, The Honourable Sir Thomas.
Mackeown, Mr. J. A.	Sukthankar, Mr. Y. N.
Manavedan Raja, Rao Bahadur K. C.	Thorne, Mr. J. A.
Mani, Mr. R. S.	Tylden-Pattenson, Mr. A. E.
Mehta, Mr. S. L.	Varma, Mr. B. B.
Misra, Pandit Shambhu Dayal.	
Mody, Sir H. P.	

NOES—20.

Abdul Ghani, Maulvi Muhammad.	Ghulam Bhik Nairang, Syed.
Abdur Rasheed Chaudhury, Maulvi.	Ghuznavi, Sir Abdul Halim.
Aney, Mr. M. S.	Jinnah, Mr. M. A.
Anwar-ul-Azim, Mr. Muhammad.	Lalchand Navalrai, Mr.
Bajoria, Babu Baijnath.	Maitra, Pandit Lakshmi Kanta.
Banerjea, Dr. P. N.	Murtuza Sahib Bahadur, Maulvi Syed.
Chattopadhyaya, Mr. Amarendra Nath.	Sant Singh, Sardar.
Datta, Mr. Akhil Chandra.	Siddique Ali Khan, Khan Sahib Nawab.
Essak Sait, Mr. H. A. Sathar H.	Som, Mr. Suryya Kumar.
Ghiasuddin, Mr. M.	Umar Aly Shah, Mr.

The motion was adopted.

The Assembly then adjourned till Eleven of the Clock on Friday, the 24th September, 1937.