

15th September 1937

**THE
LEGISLATIVE ASSEMBLY DEBATES**

(Official Report)

Volume V, 1937

(2nd September to 17th September, 1937)

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



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1938.**

Legislative Assembly.

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

MR. MATHURADAS VISSANJI, M.L.A.

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LEGISLATIVE ASSEMBLY.

Wednesday, 15th 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.

INSTALLATION CHARGE FOR TELEPHONES LEVIED FROM THE MEMBERS OF THE INDIAN LEGISLATIVE ASSEMBLY.

530. ***Mr. Sri Prakasa** : (a) Will the Honourable Member for Industries and Labour state whether it is a fact that an extra installation charge of Rs. 10 is made from Members of the Legislative Assembly when they renew their telephones at the beginning of the Session even when no extra fittings are made and the line and plug are in existence from the previous year ?

(b) Are Government prepared to discontinue this extra levy in the circumstances as detailed above ?

The Honourable Sir Thomas Stewart : (a) Yes, but the charge is a universal one and recovered from all subscribers in the circumstances mentioned by the Honourable Member.

(b) No.

Mr. Sri Prakasa : In view of the fact that the Honourable Member said the other day that this extra charge is levied because of the extra trouble and expense incurred by the department, and further in view of the fact that in the particular cases, mentioned in my question, there is neither extra trouble nor expense involved, will the Honourable Member consider the desirability of abolishing this charge in these particular cases ?

The Honourable Sir Thomas Stewart : Sir, in my answer to the Honourable Member's question a few days ago, I was referring to the case of a transfer of a telephone connection from one house to another. In the present instance, we are dealing with a case where for half of the year the installation is lying unused, and this charge is intended to cover depreciation and interest charges for the period when the telephone is not in use.

Dr. Ziauddin Ahmad : Sir, will Government be pleased to consider the desirability of charging a concessional rate to Members of the Assembly for telephones in their rooms ?

(1697)

The Honourable Sir Thomas Stewart : I am informed that there is a concessional rate already levied ; the charge has been reduced.

Mr. S. Satyamurti : Will my Honourable friend consider the desirability or possibility of abolishing the charge in the second category of the cases he mentioned, namely, that the charge for a telephone being shifted during a session may be reduced ? May I know whether they will consider this question ?

The Honourable Sir Thomas Stewart : I would refer my friend to the answer I gave to the question asked by Mr. Sri Prakasa a week or ten days ago.

Mr. Mohan Lal Saksena : Is a similar charge made from Government Members ?

The Honourable Sir Thomas Stewart : On Government Members individually, no, but a debit is raised against the department.

Mr. Sri Prakasa : Am I to understand that there is a special concession made to Members of the Assembly, or is it the same for every one ?

The Honourable Sir Thomas Stewart : No, Sir, it is the same for every one in the same circumstances.

†531.*

FRONTIER CUSTOMS CORDON AND SMUGGLING OF GOODS BETWEEN INDIA AND NEPAL.

532. ***Mr. S. Satyamurti** : Will the Honourable the Finance Member be pleased to state :

- (a) the composition and cost of the Frontier Customs Cordon in India to check the smugglers who have taken advantage of the arrangements between Afghanistan and India by which goods destined to Afghanistan are allowed duty free and the goods from Afghanistan duty free from India ;
- (b) whether Government will give the House any approximate estimate of the saving to the customs revenue by this arrangement ;
- (c) whether this cordon is reducing the loss ;
- (d) whether any form of smuggling is practised on the Frontier between India and Nepal ;
- (e) and if so, what it is ; and
- (f) what steps Government are taking to prevent the loss of revenues on this account ?

†This question was withdrawn by the questioner.

Mr. A. H. Lloyd : (a) There is no customs cordon existing at present against Afghanistan, but it has been decided to set one up at an early date. In the meantime, the bringing by land from that country into British India of any goods on which a rebate of customs duty has previously been paid is prohibited. For this purpose certain local officers in the North-West Frontier Province and Baluchistan have the powers of customs officers. The cost of the existing arrangement is negligible.

(b) No reliable estimate can be made of the saving in customs revenue.

(c) The preventive measures are calculated to discourage the re-importation of goods on which rebate has been paid.

(d) to (f). As a considerable traffic in rebated cotton and silk piecegoods sprang up between Nepal and India, a prohibition was imposed against the import of such goods into British India. To make the prohibition effective, suitable instructions have been issued to the local officers concerned to keep a strict watch along the border and the co-operation of the Nepal Government who are keenly alive to the necessity of preventing smuggling has been enlisted.

Suitable steps are also being taken to prevent the prohibited goods from finding their way into British India through the medium of the post.

Mr. S. Satyamurti : With reference to the answer to clause (a) of the question, may I know what is the exact present arrangement to prevent abuses particularly those which my friend mentioned ?

Mr. A. H. Lloyd : Powers have been given, as I said, to local officers of the North-West Frontier Province.

Mr. S. Satyamurti : Are Government satisfied that their present arrangements are yielding such results as to completely eliminate the abuse of re-exporting without customs duty ?

Mr. A. H. Lloyd : No, Sir, that is why we have decided to put on a land customs cordon.

Mr. S. Satyamurti : What is the proposed expenditure on this frontier customs cordon ?

Mr. A. H. Lloyd : I regret, Sir, I am unable to give accurate figures, but the cost will not be large because we have already a customs staff engaged upon the work of passing transit traffic out of British India, and we shall be able to use their services. The provision we have made for this purpose in the current year's budget is about Rs. 16,000, and I should say, as a pure guess, on all frontiers in the first instance it will cost within a lakh of rupees a year.

Mr. S. Satyamurti : Are Government satisfied that, once this customs cordon is introduced and it begins to function, the abuse will be completely put down ?

Mr. A. H. Lloyd : I regret, Sir, I could never say that with all our efforts the abuse will be completely eliminated, but we hope that the position will be greatly ameliorated.

Mr. S. Satyamurti : Apart from the " impotency of the law " ; may I ask my friend whether, as a matter of administrative experience, Government are satisfied that they are making every possible arrangement that is humanly possible to put down these abuses ?

Mr. A. H. Lloyd : No, Sir, I don't think you can say that everything humanly possible will be done, it rather depends upon what meaning you attach to the words ' humanly possible ',—but if you say reasonably possible, yes.

Mr. S. Satyamurti : May I know, Sir, if the new arrangement will be put into force in time to be included in the next year's budget ?

Mr. A. H. Lloyd : Yes, Sir.

Mr. S. Satyamurti : With regard to the arrangements between India and Nepal, may I ask one general question, if I may, whether the Government of India are considering the possibility of evolving in this country a uniform customs line for geographical India ?

Mr. A. H. Lloyd : Really Nepal is not part of geographical India.

Mr. S. Satyamurti : But can you not enter into a treaty with them by suitable arrangements by which all these abuses may once for all be put an end to ?

Mr. A. H. Lloyd : I think, Sir, I shall have to ask for notice.

POSTAL ARRANGEMENTS BETWEEN MADRAS AND DELHI.

533. ***Mr. S. Satyamurti** : Will the Honourable the Member in charge of the Industries and Labour Department be pleased to state :

- (a) whether the Government of India are aware that the postal arrangements between Madras and Delhi have given rise to grave complaints from time to time ;
- (b) whether any attempt is being made to speed up the Grand Trunk Express, so that the train may reach Madras early enough in the afternoon for mails to be delivered immediately and enable replies to be despatched by the next morning's train ; and
- (c) if no such steps are taken, the reasons why such steps are not taken ?

The Honourable Sir Thomas Stewart : (a) No.

(b) No.

(c) Because this would necessitate a considerable increase in operation costs and difficulty in providing suitable connections at junctions and adequate service to passengers on certain of the sections traversed.

Mr. S. Satyamurti : May I ask my friend whether he will consider the possibility of having a special delivery in Madras, in the evening after the Grand Trunk Express reaches Madras, so that correspondents may have some time to write and post their letters in time to catch the next morning's mail ?

The Honourable Sir Thomas Stewart : The suggestion of the Honourable Member will be considered.

REPORT OF MESSRS. MARKHAM AND HARGREAVES ON MUSEUMS IN INDIA.

534. ***Mr. S. Satyamurti :** (a) Will the Secretary for Education, Health and Lands place on the table a copy of the report of Messrs. Markham and Hargreaves on Museums in India ?

(b) Is it a fact that their suggestions for the improvement of museums and their management are being carried out ?

(c) If not, why not ?

Sir Girja Shankar Bajpai : (a) A copy has been placed in the Library of the House.

(b) and (c). I would invite the Honourable Member's attention to the reply given by Mr. Hydari to parts (a) and (b) of Mr. Muthuranga Mudaliar's starred question No. 195 in this House on the 30th August, 1937.

Mr. S. Satyamurti : In view of the statement made two or three days ago to the effect that some arrangements are being made for carrying out these suggestions in the Calcutta Museum, may I know, Sir, whether the Government of India have any general plan for carrying out the suggestions of these experts with regard to museums in India, and secondly whether they propose to address the Provincial Governments on this matter ?

Sir Girja Shankar Bajpai : The position as regards Provincial Governments, if I may take the second part of my friend's question first, is we have suggested to them that they might sit in conference with a view to consider the recommendations and see whether any plan of action can be evolved.

As regards the Calcutta and other Museums directly under the control of the Government of India, action has already been or is being taken.

Mr. S. Satyamurti : May I know whether Government will consider the advisability of making these bulletins and any other pamphlets which they may publish with regard to the exhibits in the museum more popular and better understood by publishing them in the languages of the country, and not in English alone ?

Sir Girja Shankar Bajpai : It is rather difficult to give an assurance in regard to that because there are as far as I know over 100 dialects in India but if my Honourable friend is considering the possibility of publication in the main languages I will have that suggestion examined.

Mr. S. Satyamurti : Will the Honourable Member consider the possibility of reducing the prices of these bulletins, so as to make them more easily reach the poorer people of this country ?

Sir Girja Shankar Bajpai : In so far as publications which involve photographic reproductions are concerned, I fear I cannot hold out any prospect of a substantial reduction of cost because the price charged now barely covers the cost. In the case of purely letterpress publications, there might be some possibility of reduction.

Prof. N. G. Ranga : In view of the fact that photographic plates are anyhow produced for their English publications, will Government consider the advisability of making their vernacular publications cheaper than what they are today ?

Sir Girja Shankar Bajpai : I think my Honourable friend is casting his net a little too wide. My previous reply was only with reference to certain special bulletins issued for popularising exhibits. My Honourable friend seems to ask that I should also assume a similar responsibility in regard to the annual report of the Archæological Department. I cannot.

ADULT EDUCATION FOR INDIANS AND APPOINTMENT OF AN AGENT GENERAL IN BRITISH GUIANA.

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

- (a) whether his attention has been drawn to the proceedings of the Second Annual Conference of Indians in the British Guiana ;
- (b) whether Government are aware that the number of Indians on the Public Boards in that country is entirely inadequate ;
- (c) whether the Conference requested the Government there to enforce compulsory education Act more rigorously and to make adequate arrangements for providing adult education ; and
- (d) whether the Conference recommended to this Government to appoint an Agent General with the same powers and duties as the Agent General in South Africa and what action if any the Government propose to take thereon ?

Sir Girja Shankar Bajpai : (a) Government have seen a press report of the proceedings.

(b) Government have no information beyond the resolution on the subject passed at the Conference referred to by the Honourable Member.

(c) Yes.

(d) No. The recommendation was made to the Government of British Guiana and was to the effect that that Government should invite the Government of India to appoint an Agent General. The attitude of the Government of India regarding the appointment of Agents overseas has been explained to this House on previous occasions.

Mr. S. Satyamurti : Will Government consider the question of appointing an Agent in British Guiana ?

Sir Girja Shankar Bajpai : Government are considering the question of appointing an Agent General or an Agent for the territories comprehensively described as West Indies—British Guiana, Trinidad and Jamaica.

Mr. S. Satyamurti : Will Government come to an early decision on this matter, so that it may be included in next year's budget ?

Sir Girja Shankar Bajpai : We hope that the decision will be reached in time for any provision that may have to be made in next year's budget but I cannot say anything more.

Mr. S. Satyamurti : May I know whether Government have any means of ascertaining the exact position in British Guiana, since they have no Agent there ?

Sir Girja Shankar Bajpai : It is because of the inadequacy of the provision for obtaining information that the question of the appointment of an Agent is being considered.

Mr. S. Satyamurti : Before making this appointment, will Government ascertain from the promoters of this conference or otherwise, their desires and their needs ?

Sir Girja Shankar Bajpai : I think that the gentlemen who constitute this Association and other representative associations not merely in British Guiana but in the other colonies, if they desire to bring any point to the notice of the Government of India, they do not hesitate to do so.

Mr. Ram Narayan Singh : In view of the importance of this question of Indians overseas, may I ask whether the Honourable Member will consider the advisability of having a full day's debate on this question at least once every session ?

Sir Girja Shankar Bajpai : I think that does not arise out of this.

DECISION OF ALMORA INCOME-TAX CASES AT BAREILLY OR BUDAON

536. ***Mr. Badri Dutt Pande :** (a) Does the Honourable the Finance Member know :

(i) that the Income-tax Officer, Bareilly, who is in charge of Almora District also, generally calls people from Almora and the Kumaon Division to Bareilly or Budaon for income-tax cases, instead of deciding Almora cases at the spot ; and

(ii) that it entails a great hardship on the people, as they have to close their business and travel a long distance ?

(b) Are Government prepared to issue orders that as travelling in the hills entails hardships, especially in summer, income-tax cases of the hill districts should be decided at the headquarters of the district and not outside ?

Mr. A. H. Lloyd : The matter is being enquired into and a reply will be laid on the table of the House in due course.

**RETIREMENT OF CERTAIN OFFICERS OF THE MILITARY ACCOUNTS
DEPARTMENT.**

537. ***Mr. Sham Lal** : With reference to his answers on the 12th October, 1936, to my question No. 1101, parts (a) and (b), will the Honourable the Finance Member be pleased to state :

- (a) why officers of the Military Accounts Department who were not retired in 1932 under the Special Retrenchment Rules, issued by Government, were retired a year later under an obsolete rule not applicable to the case, *vide* Finance Department's interpretation of 1st November, 1933 ; and
- (b) whether prior to the retirement in 1933 of the above-mentioned officers, the Military Accountant General, Military Accounts, made recommendations and submitted proposals for retrenchment of Subordinate Service Officers, Accountants and Clerks of the Military Accounts Department ; if so, whether the Finance Member will please place the same on the table ?

The Honourable Sir James Grigg : (a) The Honourable Member is presumably referring to the rule in Note 1 to Article 465A, Civil Service Regulations. This rule was operative in 1933 and is still in force. The Finance Department's interpretation dated the 1st November, 1933, did not abrogate the rule but merely laid down that the provisions of this rule should be applied only to cases of officers whose efficiency is impaired and that the rule should not be used as an instrument of retrenchment on general financial grounds. The retirement of the officers in 1933 was justified in the light of this interpretation as all the officers retired in that year were regarded as below standard and unfit for further retention in the service. The Honourable Member's attention is invited in this connection to the reply given to Mr. Jagan Nath Aggarwal's starred questions Nos. 781—791 on the 22nd August, 1934. Prior to 1933 no compulsory retrenchment was made in the grade of subordinate service officers. It was only in 1933 that a review of the quality of officers in this grade was undertaken, and, as stated above, those who were regarded as definitely inefficient were retired.

(b) Yes. In 1932 the Military Accountant General proposed the abolition of a number of appointments in the various grades of the Military Accounts Department in pursuance of the general economy campaign launched by the Government of India in that year. These proposals were accepted and a statement showing the numbers of subordinate personnel retrenched in that year was presented to the Legislative Assembly in reply to Mr. Gaya Prasad Singh's question No. 1 of the 22nd August, 1933. In addition to this the offers of eight Deputy Assistant Controllers of Military Accounts of the Subordinate Accounts Service for retirement under the retrenchment terms were also accepted in 1932. No further retrenchment amongst this class was permissible under the Special Retrenchment Rules and as stated in the reply to part (a) of the question no officers were retired under those rules.

Mr. Sham Lal : May I know whether the cases of these officers were examined also in 1932 ?

The Honourable Sir James Grigg : If the Honourable Member will refresh his memory of what I said just now, he will remember that I said :

“ It was only in 1933 that a review of the quality of officers in this grade was undertaken, and, as stated above, those who were regarded as definitely inefficient were retired.”

Mr. Sham Lal : Their cases were examined in 1932 and they were not found to be unfit then. Why were they retired in 1933, after they were declared efficient in 1932.

The Honourable Sir James Grigg : The Honourable Member is asserting that they were declared efficient in 1932. That is not the case.

PURCHASE OF METAL POLISH BY THE INDIAN STORES DEPARTMENT,

538. ***Mr. Amarendra Nath Chattopadhyaya :** (a) Will the Honourable Member for Industries and Labour be pleased to state what quantity and what value of foreign metal polish—Brasso and Glasso—have been purchased by the Indian Stores Department, during 1935-36, 1936-37 and 1937-38 ?

(b) Will the Honourable Member be pleased to state what quantity of Indian Metal Polish and of which brand, has been purchased by the Indian Stores Department during the aforesaid period ?

(c) Is it not a fact that the Chief Controller of Stores kept complete silence for a few months after receipt of a registered letter from Messrs. Sett and Dass Company, in which Messrs. Sett and Dass Company, strongly protested against the policy of the Indian Stores Department and differential and exceptional treatment to them ?

(d) Is it not a fact that the Chief Controller of Stores assured Messrs. Sett and Dass Company in his letter on the 29th July, 1937, that country-made articles would receive his consideration and preference ?

(e) Will the Honourable Member be pleased to state what effective action Government propose to take to protect and safeguard such small Indian industries, and to stop acceptance of foreign metal polish to encourage pure Indian one ?

The Honourable Sir Thomas Stewart : (a) and (b). Information has been called for and will be placed on the table of the House in due course.

(c) A registered letter was received by the Chief Controller of Stores on the 14th April which was couched in such intemperate and objectionable language that no reply to it was considered necessary. The firm had already been warned against the language and tone of their letters.

(d) Messrs. Sett and Dass Company were informed that when tenders were received, orders would be placed in accordance with the policy regulating Government purchases of stores and that articles of Indian manufacture would receive the consideration and preference enjoined in the rules.

(e) Government are following and will continue to follow the policy of preference to articles produced or manufactured in India laid down in the Stores Purchase Rules and do not consider that any further action is called for.

Pandit Lakshmi Kanta Maitra : May I know whether tenders were invited for the supply of these stores ?

The Honourable Sir Thomas Stewart : That, Sir, is the invariable practice.

Pandit Lakshmi Kanta Maitra : May I know if that was done in this particular case ?

The Honourable Sir Thomas Stewart : Yes, Sir.

Mr. T. S. Avinashilingam Chettiar : May I know if the kind of language used by this company is responsible for articles not being purchased from them ?

The Honourable Sir Thomas Stewart : No, Sir, only that the letter was not replied to.

Seth Govind Das : Are the lowest tenders not accepted in every case ?

The Honourable Sir Thomas Stewart : I would refer the Honourable Member to the Stores Purchase Rules, copies of which are in the Library.

Mr. S. Satyamurti : What is the reason for the delay in getting the information asked for in clauses (a) and (b) of this question, considering that the Indian Stores Department is in Simla ?

The Honourable Sir Thomas Stewart : I presume that the information has to be obtained from the various indentors.

Mr. Sri Prakasa : Was not the language used English ; and has the Honourable Member any objection to that language ? (Laughter.)

CUSTOMS DUTY FOR BRINGING GOLD IN INDIA AND DUTY PAID BY PANDIT JAWAHAR LAL NEHRU ON A GOLD CASKET.

539. ***Mr. Mohan Lal Saksena** : (a) With reference to his answer to question No. 84 of the 25th August, 1937, will the Honourable the Finance Member be pleased to state if it is a fact that articles made of gold brought into India from outside countries for being exhibited in museums or other public places are not liable to any duty ?

(b) If so, is the Honourable Member aware that Pandit Jawahar Lal Nehru has made a gift to the nation of all presents, including the gold casket in question received by him during his recent visit to Burma and Malaya ? If not, is the Honourable Member prepared to make enquiries to satisfy himself that it is so and direct refund of the duty realised on the gold casket ?

The Honourable Sir James Grigg : (a) No. Articles made of gold are liable to a duty of 50 per cent. *ad volerem* under item 61 (6) of the Indian Customs Tariff. There is no exception in favour of such articles when imported for exhibition in a museum or a public place.

(b) Does not arise.

Prof. N. G. Ranga : May I ask if gold bullion is also liable to duty ?

The Honourable Sir James Grigg : No.

Mr. Sri Prakasa : Is it not a fact that articles that are meant to be exhibited in public places are exempt from duty ? If so, why was the duty charged on this gold casket ?

The Honourable Sir James Grigg : The Honourable Member is referring, I suppose, to Item 86 (2) of the tariff which does not refer to articles but to "statuary and pictures intended to be put up for the public benefit in a public place". I do not think the casket falls in that category. "(2) Memorials of a public character intended to be put up in a public place, including the materials used, or to be used in their construction, whether worked or not." I do not think the gold casket comes under this head either. However, if the victim of the harsh treatment of the Customs in this case likes to appeal or apply for a revision, no doubt the Central Board of Revenue will take the appeal into consideration.

Mr. Sri Prakasa : Will the Honourable Member permit us to appeal on his behalf ?

The Honourable Sir James Grigg : No, Sir.

NON-CLEARANCE OF LETTER BOXES ON CERTAIN RAILWAY STATIONS.

540. ***Mr. Mohan Lal Saksena :** (a) With reference to his answer to question No. 96 on the 25th August, 1937, will the Honourable Member for Industries and Labour be pleased to state what will be the difficulty, if any, in clearing the post and handing it to the guards along with the railway dak, to be reposted at the stations where Railway Mail Service trains stop ?

(b) What will be the amount of extra expenditure, if any, in making arrangements as suggested above ?

(c) Is it not a fact that very soon the Railway and Postal Departments are going to be placed in charge of one and the same Member ?

The Honourable Sir Thomas Stewart : (a) The clearance of letter boxes must be done by persons who are subject to the provisions of the Indian Post Office Act. It would thus not be possible to utilise railway servants for clearing the letter boxes in question.

(b) Does not arise.

(c) Yes.

Mr. Mohan Lal Saksena : Is it not a fact that in certain villages the village school teachers are utilised to work as postmasters for clearing the letter boxes ?

The Honourable Sir Thomas Stewart : It is possible that village postmasters may be employed as extra departmental agents, in which case they are subject to the provisions of the Indian Post Office Act.

Mr. Mohan Lal Saksena : May I ask why the station masters of these stations are not similarly appointed ?

The Honourable Sir Thomas Stewart : The effect of that would be to create a divided loyalty. We should have a servant who was responsible to two departments, a state of affairs that is administratively impossible.

Mr. Mohan Lal Saksena : Is it not a fact that the Railway Department and the Posts and Telegraphs Department are going to be placed under one and the same Member ?

The Honourable Sir Thomas Stewart : That is so ; but I trust that the Member will not be asked to run the trains and also to clear the post boxes.

Qazi Muhammad Ahmad Kazmi : Is it not possible to have some part-time workers to clear letter boxes ?

The Honourable Sir Thomas Stewart : It is perfectly possible but at some expense, an expense that we are not prepared to undertake.

EXAMINATION FOR RECRUITMENT TO THE FIRST DIVISION CLERICAL CADRE
IN THE OFFICES OF THE POSTMASTERS⁵ GENERAL.

541. ***Khan Sahib Nawab Siddique Ali Khan :** (a) Will the Honourable Member for Industries and Labour please state whether it is a fact that a competitive examination for the appointment to the First Division clerical cadre in the Office of the Postmasters General has been introduced recently and that the Second Division clerks are also to pass this examination for promotion to the First Division along with the outsiders ?

(b) If so, is it not a hardship to those officials who were appointed in 1930, 1931 and 1932 in the old upper division but were not confirmed on account of ban on confirmation owing to retrenchment campaign and as a result of it they were brought on to the lower division ?

(c) Do Government propose to view the cases of such officials leniently by exempting them from appearing in this examination and promoting them direct to the First Division vacancies ?

The Honourable Sir Thomas Stewart : (a) Yes.

(b) No.

(c) The position is that, as a measure of retrenchment, appointments to the upper division were suspended in 1932. Future recruitment was confined to the lower division clerical cadre throughout. Candidates previously approved for the upper division who still wished to join the service, therefore, had to accept employment in the lower division. Irrespective of the ban on confirmation such candidates could have been confirmed only in the second division. In these circumstances Government cannot admit that these officials have special claims to consideration on the grounds put forward.

Dr. Ziauddin Ahmad : With reference to the answer to part (a) of the question, may I ask the Government whether it is fair that the persons who have been working for a considerable time in the office should be asked to sit in a competitive examination with persons who are fresh from the Universities ?

The Honourable Sir Thomas Stewart : Officers who have not been confirmed have no reason to complain and I cannot admit that any unfairness exists.

Dr. Ziauddin Ahmad : Part (a) of the question says : " Whether it is a fact that the Second Division clerks are also to pass this examination for promotion to the First Division along with the outsiders ? " My question is whether it is fair that these persons should be asked to appear in the same competitive examination in which students fresh from the Universities appear ? Will any Civil Servant be able to compete for promotion with men coming from the Universities ?

The Honourable Sir Thomas Stewart : The Honourable Member is under a misapprehension. The second division clerks already in employ are not in competition with outsiders. The examination, so far as they are concerned, is merely a qualifying examination.

PROMOTIONS TO THE FIRST DIVISION CLERICAL CADRE IN THE POSTAL
CIRCLE OFFICE, NAGPUR.

542. ***Khan Sahib Nawab Siddique Ali Khan :** (a) Will the Honourable Member for Industries and Labour please state the clerical strength of the Circle Office, Nagpur ?

(b) Are there some vacancies in the First Division and surplus permanent Second Division clerks over the sanctioned strength ?

(c) If so, why were the surplus Second Division clerks not promoted to the First Division if they have been actually working against those vacancies satisfactorily ?

(d) Are these Second Division clerks drawing the pay prescribed for the First Division clerks ? If not, why not ? When are they performing more responsible work ?

(e) How are Government going to consider such cases ?

(f) Was it not open to the Head of the Circle to promote really competent Second Division clerks to the First Division vacancies in view of the reply given by Mr. G. V. Bewoor, Director General of Posts and Telegraphs to the representative of the Posts and Telegraphs Union as published in the administration of May and June, 1936 ? If so, why was it not done in the Circle Office, Nagpur ?

The Honourable Sir Thomas Stewart : (a) Excluding the selection grades staff, the clerical staff of the Circle Office at Nagpur is 69 first division clerks including seven reserve clerks and nine second division clerks including one reserve clerk.

(b), (c) and (d). Government have no information at present. Particulars are being collected and will be laid on the table of the House in due course.

(e) In view of the reply to parts (b), (c) and (d) Government are not in a position to answer this part of the Honourable Member's question.

(f) No. The Head of the Circle was precluded from so doing by the issue of new recruitment rules subsequent to Mr. Bewoor's interview with representatives of the Union.

PROMOTIONS TO THE FIRST DIVISION CLERICAL CADRE IN THE POSTAL CIRCLE OFFICE, NAGPUR.

543. *Khan Sahib Nawab Siddique Ali Khan : (a) Will the Honourable Member for Industries and Labour please state whether it is a fact that in the Bombay Circle Office all the existing vacancies in the First Division have been filled in by promoting the surplus Second Division clerks without their passing the newly introduced examination ? If so, why the same procedure has not been allowed to be followed in the Circle Office, Nagpur, also ?

(b) Do not Government propose to give the same equitable treatment to the officials in other Circles having identical claims ?

The Honourable Sir Thomas Stewart : (a) and (b). It is not a fact that all existing vacancies in the first division have been filled by promoting surplus second division clerks thereto without requiring them to pass the new competitive examination. In these circumstances the rest of the question does not arise.

APPLICATION OF NEW RECRUITMENT RULES IN THE POSTS AND TELEGRAPHS DEPARTMENT.

544. *Khan Sahib Nawab Siddique Ali Khan : Will the Honourable Member for Industries and Labour please state whether Government do not propose to apply the new recruitment rules to those who join the Posts and Telegraphs Department on or after these rules have been published ?

The Honourable Sir Thomas Stewart : It is the intention of Government that the new rules for the recruitment to the service of clerks, sorters, telephone operators and telegraphists shall apply to all candidates for vacancies existing on and occurring after the date of announcement of the competitive examination to be held in each Posts and Telegraphs Circle under the new rules. These dates vary from Circle to Circle.

TRANSFER OF THE POST OFFICE AT ALAMBADI VILLAGE IN SOUTH ARCOT DISTRICT TO KRISHNAVARAM VILLAGE.

545. *Mr. C. N. Muthuranga Mudaliar : (a) Will the Honourable Member for Industries and Labour please state if it is a fact that the Branch Post Office at Alambadi village, Chidambaram Taluq, South Arcot District, Madras Presidency, which was in existence since 1st September, 1927, was recently shifted under the orders of the Inspector, Cuddalore Division to Krishnavaram village ?

(b) Is it a fact that the volume of postal traffic in Krishnavaram village is only a fifth of that of Alambadi ?

(c) Is it a fact that there is great loss of revenue to the postal department on account of the shift ?

(d) If the answer to parts (b) and (c) be in the affirmative, do Government propose to consider the advisability of reinstating the Post Office in Alambadi village ?

The Honourable Sir Thomas Stewart : (a), (b) and (c). Government have no information.

(d) The question of reopening the post office is entirely within the competence of the Postmaster-General, Madras, who has already been asked to examine it.

Prof. N. G. Ranga : Are there any general rules at all promulgated by the Government of India to guide these various local officials in locating these post offices or shifting them from one place to another ?

The Honourable Sir Thomas Stewart : These questions are within the discretion of the Postmasters-General who are guided by the information they may receive as to the amount of postal matter which is likely to be handled by the offices in question.

Prof. N. G. Ranga : My question has not been answered. Are there any general rules at all laid down by the Government of India for the guidance of these Postmasters-General in various places in deciding these questions ?

The Honourable Sir Thomas Stewart : No, Sir. When a matter is left to the discretion of an officer, it is obvious that no rules can be laid down for his guidance.

Mr. C. N. Muthuranga Mudaliar : May I know if the Government will ask for information with regard to parts (b) and (c) of my question ?

The Honourable Sir Thomas Stewart : In regard to parts (b) and (c), I have already answered that Government have no information.

Mr. C. N. Muthuranga Mudaliar : Will Government ask for this information from the Postmaster-General, Madras ?

The Honourable Sir Thomas Stewart : Sir, I have already said that this refers to a matter which is within the discretion of the Postmaster-General, Madras, whose attention has been drawn to it.

Mr. Sri Prakasa : Is it not a fact that the discretion of the Postmaster-General usually depends upon the advice from his subordinates who may give wrong advice because of some local quarrels into which they might have got ?

The Honourable Sir Thomas Stewart : Sir, if the Honourable Member will bring to my notice any case of this sort, I shall be very glad to look into it.

Mr. C. N. Muthuranga Mudaliar : May I point out to the Honourable Member that the case mentioned in my question is one of those cases ?

(No reply.)

NON-RECOGNITION OF THE MEDICAL COLLEGE OF THE ANDHRA UNIVERSITY.

546. **Mr. T. S. Avinashilingam Chettiar :** Will the Secretary for Education, Health and Lands state :

- (a) whether it is true that the Indian Medical Council has refused recognition of the Medical College of the Andhra University ;
- (b) the reasons for the refusal ; and

(c) whether the want of a building was the main reason for the refusal ?

Sir Girja Shankar Bajpai : (a) Yes.

(b) and (c). The lack of proper facilities for teaching to the M.B., B.S. standard, particularly in respect of proper accommodation and arrangements for treatment and teaching in the Outpatients' Department, provision for Midwifery and Gynæcology and the adequate space for the Anatomy and Pathology Museums.

Mr. T. S. Avinashilingam Chettiar : Was the refusal due to the lack of staff or to the lack of buildings ?

Sir Girja Shankar Bajpai : Both staff and buildings.

Mr. T. S. Avinashilingam Chettiar : May I ask if this matter of the inadequacy of the staff and buildings has been pointed out to the Madras Government ?

Sir Girja Shankar Bajpai : I am quite certain that the report of the Inspectors appointed by the Medical Council has been forwarded to the Government of Madras for such action as they may desire to take on it.

Mr. K. Santhanam : May I know if the refusal has been in spite of the undertaking of the Madras Government to get the buildings ready as soon as possible ?

Sir Girja Shankar Bajpai : I should hardly think so.

Mr. T. S. Avinashilingam Chettiar : May I ask if the Government are aware that the Madras Government have promised to provide in the next Budget for the building and they have provided a sum of Rs. 1,000 as a token this year ?

Sir Girja Shankar Bajpai : I have no information about that, but I am quite certain that if that information has been communicated to the Council, they will take it into consideration.

Prof. N. G. Ranga : Is there any proposal to make a grant from the Government of India to the Medical College, Vizagapatam ?

Sir Girja Shankar Bajpai : It is not competent for the Government of India to make a grant to the Medical College at Vizagapatam ?

Mr. Thirumala Rao : Has the attention of the Honourable Member been drawn to the remarks made by Dr. Tirumurthi, a responsible Member of the Indian Medical Council, that teaching in midwifery has been recognised by the Indian Medical Council and it is only a question of brick and mortar that stands in the way of recognition of the Medical College ?

Sir Girja Shankar Bajpai : My Honourable friend who has come to the House since I left it temporarily has given notice of a question which he is repeating here. Without anticipating the reply which I will give to that question later on, I may say that so far as the attitude of the Medical Council is concerned, it must be regulated by the report of its own Inspector and not by the opinion of other individuals outside however eminent they may be.

Mr. Thirumala Rao : Are the Government aware that the Surgeon General to the Government of Madras also recommended for the recognition of this College ?

Sir Girja Shankar Bajpai : I am not aware of that. As I have already stated in reply to another question, if there is any such opinion or recommendation from authorised sources communicated to the Medical Council, then the Medical Council will take it into account.

Pandit Lakshmi Kanta Maitra : Is the Medical Council expected to go into the courses of instruction, etc., before giving recognition ?

Sir Girja Shankar Bajpai : The Medical Council is required by the provision of the Indian Medical Council Act, in considering the applications for recognition, to have the courses of instruction as well as equipment for purposes of instruction examined by experts in different subjects.

WITHHOLDING OF PROTECTION GIVEN TO THE TATA IRON AND STEEL COMPANY AND LEASING OF LANDS BY THE COMPANY.

547. ***Mr. Ram Narayan Singh :** (a) Will the Honourable Member for Industries and Labour be pleased to state whether Government are aware that the Tata Iron and Steel Company at Jamshedpore has made a large profit amounting to some five crores of rupees, in the year ending in March last and if so, in view of this big profit, will he consider the desirability of withholding the protection granted to the Company ?

(b) Is it a fact that though the lands at and near about Jamshedpore were acquired for the Company only at nominal prices, the Company has been leasing out the same to tenants intending to build houses thereon and to settle therein, at an exorbitant rate of rent and advance, and, if so, are Government prepared to take steps to stop this profiteering practice ?

The Honourable Sir Thomas Stewart : This question should have been addressed to the Honourable the Commerce Member.

DELAY IN THE REGISTRATION OF NEWSPAPERS.

548. ***Mr. Sham Lal** (on behalf of Pandit Sri Krishna Dutta Paliwal) : Will the Honourable Member for Industries and Labour state :

(a) if Government are aware that delay in registration inflicts much economic loss on newspapers ; and

(b) if so, what action, if any, they propose to remedy it ?

The Honourable Sir Thomas Stewart : (a) Government have no reason to believe that there is any undue delay in the case of publications which fulfil all the conditions which have to be complied with before registration can be effected.

(b) Does not arise.

Qazi Muhammad Ahmad Kazmi : Has there been any change in the regulations for registration of newspapers recently ?

The Honourable Sir Thomas Stewart : No, Sir.

Mr. Sham Lal : How long does it ordinarily take in registering them ?

The Honourable Sir Thomas Stewart : Normally about two weeks.

Prof. N. G. Ranga : Is it not a fact that whereas in the past newspapers were expected to get themselves registered only once, they are now being obliged to register themselves once every year, and supply information about their circulation, etc. ?

The Honourable Sir Thomas Stewart : That is quite correct.

Prof. N. G. Ranga : Why is it that this new departure has been made ?

The Honourable Sir Thomas Stewart : Sir,

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

Prof. N. G. Ranga : May I have your advice and enlightenment on this point ? When an Honourable Member of the Government who is concerned with a particular question is prepared to answer a question and is actually in the process of answering the question, is it fair, is it just on the part of the Chair

Mr. President (The Honourable Sir Abdur Rahim) : The Honourable Member must not question my ruling.

Prof. N. G. Ranga : I do not question your order, but at the same time I want you to enlighten the House. I do not wish to be obliged to think that your order is wrong and therefore I should like to know whether, when an Honourable Member of the Government is in the process of answering a question, we should think that your order calling the next question is right or wrong ?

Mr. President (The Honourable Sir Abdur Rahim) : Order, order. It is for me to decide whether a particular supplementary question arises out of the original question or not. Next question.

Mr. Sham Lal : Is the Honourable Member aware that sometimes it takes seven months to get registration ?

Prof. N. G. Ranga : How is it Sir, that you shut out my supplementary question and did not allow it to be answered while you are allowing another supplementary question to be put even though the next question has been called.

Mr. President (The Honourable Sir Abdur Rahim) : Order, order. It is not for the Honourable Member to regulate the proceedings of the House.

Prof. N. G. Ranga : If you give one order and call the next question, you must stick to it.

Mr. President (The Honourable Sir Abdur Rahim) : I must ask the Honourable Member not to interfere with the proceedings of the House in this manner. Next question.

Mr. Sri Prakasa : I submit this is an important question and I wish to ask a supplementary question.

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

RE-INSTATEMENT OF PANDIT CHANDRABANSA SHARMA, BRANCH POSTMASTER MALPURA, DISTRICT AGRA.

549. ***Mr. Sham Lal** (on behalf of Pandit Sri Krishna Dutta Paliwal) : Will the Honourable Member for Industries and Labour state :

- (a) if it is a fact that Pandit Chandrabansa Sharma, who was in charge of the Branch Post Office, Malpura, District Agra, was relieved of his duty in 1932, because of his being a Congress worker ;
- (b) if it was also a fact that he was also relieved of his duty in 1930 for the same reason, but was reinstated in 1931, as a result of what is popularly known as the Gandhi-Irwin Pact ; and
- (c) whether Government are prepared to reinstate him, and all other men, similarly relieved, again in view of the changed circumstances of the country ?

The Honourable Sir Thomas Stewart : (a) and (b). Government have no information. The matter is one within the competence of the Postmaster-General.

(c) Does not arise.

Mr. S. Satyamurti : Have Government laid down at any time any policy, with regard to the treatment of Government servants, of the kind mentioned in this question, on account of their political or alleged political activities ?

The Honourable Sir Thomas Stewart : Sir, answering for my own department, I would say that no policy has been laid down.

Mr. S. Satyamurti : In view of the fact mentioned in part (c) of the question, namely the changed circumstances of the country, will Government re-examine this question or examine it, not only from the point of view of the person whose name is given here, but generally whether they may not follow another policy and re-instate men who may have been dismissed, because of certain alleged political activities ?

The Honourable Sir Thomas Stewart : Sir, from the answers to parts (a) and (b) of this question which are to the effect that Government have no knowledge of the existence of the conditions set out there. I am afraid that the Honourable Member's question is entirely hypothetical.

Mr. S. Satyamurti : May I take it, therefore, that the Postmasters General have absolute discretion in the matter, and Government have no directions to give them one way or the other in this behalf ?

The Honourable Sir Thomas Stewart : That is correct.

POST OFFICES OPENED AND CLOSED IN RURAL AREAS.

550. ***Mr. Kuladhar Chaliha** : (a) Will the Honourable Member for Industries and Labour be pleased to state how many Posts and Telegraphs Offices have been opened in rural areas during 1935-36 and 1936-37, and how many were closed during that period ?

(b) How many Post Offices have been opened in the partially excluded areas and excluded areas in Assam ?

The Honourable Sir Thomas Stewart : (a) and (b). Information has been called for, and a reply will be placed on the table of the House in due course.

Mr. Kuladhar Chaliha : I have the misfortune to notice that, whenever I ask questions, I find that, the answers thereto are not ready. The Government always say that they are collecting the information. Is it because I come from a long distance, from Assam, that the answers are far away ?

Mr. President (The Honourable Sir Abdur Rahim) : If the information is not readily available, it has to be collected before the answer could be given.

Mr. Kuladhar Chaliha : To every question that I put, the answer given is that information is being collected ?

Mr. President (The Honourable Sir Abdur Rahim) : The Honourable Member may have the misfortune of putting questions to which information is not readily available.

Mr. S. Satyamurti : Have Government considered the advisability of getting these figures, or will they consider getting these figures, that is to say, the number of posts and telegraphs offices in rural areas opened and closed during each year collected automatically and published in view of the large interest taken by Honourable Members of this House in this matter ?

The Honourable Sir Thomas Stewart : That I am informed is a proposal which is under consideration and which is likely to be accepted.

Mr. T. S. Avinashilingam Chettiar : May I know whether rural posts and telegraphs offices are at present opened only on guarantee or are they opened experimentally by the Government themselves ?

The Honourable Sir Thomas Stewart : That question does not arise.

RE-NAMING OF CERTAIN POST OFFICES IN BENARES.

551. ***Mr. Sri Prakasa** : Will the Honourable Member for Industries and Labour state :

(a) if it is a fact that the chief post-offices of Benares are called 'Benares Cantonment' and 'Benares City', while the chief telegraph offices are called 'Benares' and 'Benares-Bisheshargunj' ;

(b) if the Benares Telegraph Office and the Benares Cantonment Post Office are situated in the same premises ;

- (c) if he is aware of the confusion caused because of the different names of the Telegraph Office and the Post Office situated in the same building and the existence of a separate Benares Cantonment Telegraph Office at the railway station of the same name ;
- (d) if it is a fact that a new building has been constructed in Benares City in which it is intended to house the present Benares-Bisheshargunj Telegraph Office and a sub-post office ; and
- (e) if he is prepared to consider the desirability of re-naming the offices and calling both the Cantonment Post and Telegraph Offices by a common name of ' Benares ' and both the City Post and Telegraph Offices as ' Benares City ' ?

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

(d) The Head Post Office of Benares will be transferred to the new building in Bisheshargunj. A telegraph branch office from which the delivery of all telegrams for Benares City will be effected, will form part of the Head Post Office in the new building. A Sub-Post Office with a telegraph branch for booking telegrams will be located in the building which at present houses the Head Post Office.

(c) and (e). With a view to preventing any misunderstanding it has been decided that as soon as the new building is ready the four post and telegraph offices will be re-named as follows :

Benares Cantonment Sub Post Office,

Benares Cantonment Telegraph Office,

Benares Head Post and Telegraph Office, and

Benares City Sub Post and Telegraph Office.

SPECIAL OFFICER SELECTED TO ENQUIRE INTO THE EFFECTS OF THE VARMA COMMITTEE REPORT.

552. ***Pandit Nilakantha Das :** Will the Honourable Member for Industries and Labour state whether Government have selected a special officer to enquire into the effects of the Varma Committee Report ? If so, what is his name ?

The Honourable Sir Thomas Stewart : The special officer to enquire into the effects of certain recommendations of the Varma Committee has not yet been selected. The question of selecting him is receiving attention and the decision of Government will be announced in due course.

Prof. N. G. Ranga : How long is it since this Varma Committee reported ?

The Honourable Sir Thomas Stewart : That, Sir, I cannot say off-hand. But the promise to appoint an officer to examine the working was made last March.

Prof. N. G. Ranga : Why is it there is all this delay in appointing this particular officer to go into this report ?

The Honourable Sir Thomas Stewart : I do not admit that there has been any delay. The promise was made that an officer would be appointed after some time. Our intention is that he will be appointed in the forthcoming cold weather.

Prof. N. G. Ranga : Will there be any terms of reference to this officer when he is called upon to submit his report ?

The Honourable Sir Thomas Stewart : I cannot forecast.

Prof. N. G. Ranga : Do Government propose to fix any time limit before which the officer will be called upon to submit his report ?

The Honourable Sir Thomas Stewart : No, Sir.

DELAY IN ENFORCING SANITARY RULES IN AINDRI NEAR SIMLA.

553. ***Mr. Muhammad Azhar Ali :** (a) With reference to the answers given to Assembly questions Nos. 1497 and 1533, dated 8th and 9th April, 1936, and No. 1043, dated 10th October, 1936, in which Government have given the undertaking that they will impress upon the authorities concerned the need of early action and Aindri is not neglected by the Simla Sanitary staff and all the Sanitary Simla Bye-Laws are operative in Aindri since their inception, will the Secretary for Education, Health and Lands kindly state what sanitary improvements have so far been made in the sanitation of Aindri ? If none, will Government kindly state the reasons for putting off indefinitely such a vital question affecting the health of the residents, of the locality and the clerks living in the Government Quarters, Summer Hill ?

(b) Will Government kindly state when the authorities concerned will definitely move in the matter and take action in this direction ?

(c) Is it a fact that the Clerks Association, Summer Hill, again addressed the Health Officer, Simla, on the insanitation of Aindri, on the 28th July, 1937 ? If so, will Government kindly lay a copy of his reply on the table of the House ? Will Government kindly definitely state, if at this time, they are going to do what the Health Officer, Simla, promised in his letter to the Association ?

(d) Will Government kindly state (i) the number of those *gowalas* who are alleged to have hereditary rights to store dung, rubbish, etc., in front of their house doors in Aindri, (ii) when these rights were granted and acknowledged by the Local Government, and (iii) whether these are perpetual and non-interferable ? If so, would these not be detrimental to the village uplift scheme ?

(e) Is it a fact that the Public Health Commissioner, Punjab, submits his report annually on the health and sanitation of Simla to the Government of India, after his visit ? If so, did he visit Aindri this time, the insanitation of which is being discussed in the Assembly since 1935 ? If so, what were his recommendations and how far have these been carried out ? Will Government kindly state reasons for non-compliance ?

Sir Girja Shankar Bajpai : (a)—(e). The Government of India are as anxious as the Honourable Member to see improvements effected in the areas mentioned by him and in the direction suggested. He will appreciate that the matter is entirely one within the jurisdiction of the Local Government and that the Government of India can proceed only by suggestion. This they will do.

Mr. Muhammad Azhar Ali : Will the Government of India ask the Local Government to proceed in the matter ?

Sir Girja Shankar Bajpai : That is just what I said : the Local Government will be asked to take up this matter themselves.

CO-ORDINATION OF DIFFERENT KINDS OF TRANSPORT ON AN ALL-INDIA BASIS.

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

- (a) whether Government have considered or propose to consider the question of organising all transport in India rail, road, inland water and coastal on an All-India basis, with a view to co-ordinating the whole scheme of transport ;
- (b) whether Government have considered or propose to consider the question of getting the co-operation of Provinces, on the basis of their share in the receipts to the extent to which they now get on motor transport in their own provinces being given to them ; and
- (c) whether for this purpose Government propose to take steps to consult all Provincial Governments and other relevant authorities ?

The Honourable Sir Thomas Stewart : (a) The Government of India have for some time past had under their consideration the question of the co-ordination of road and rail transport. They have not under consideration the further co-ordination suggested by the Honourable Member.

(b) and (c). Government are alive to the desirability of securing the co-operation of Provincial Governments and are at all times ready to consult them in matters which affect them.

Mr. S. Satyamurti : With reference to the answer to clause (a), may I know whether Government propose, in the further consideration of this question of co-ordination of road and rail transport, to take into consideration the question of inland water and coastal transport also on an all-India basis ?

The Honourable Sir Thomas Stewart : They have not considered it necessary so far. The conditions of competition, if it does exist, between inland water transport and shipping and road and rail have been in existence for about a hundred years, and have so far raised no problems which can in any way be regarded as acute.

Mr. S. Satyamurti : Have Government examined this question recently, or do they propose to wait until the question becomes almost insoluble, as road-rail competition has now nearly become ?

The Honourable Sir Thomas Stewart : Government have a certain amount of evidence on which to judge. The Honourable Member may remember that some five or six years ago a section was introduced into the Inland Steam Vessels Act at the instance of Mr. Neogy, which purported to deal with conditions of competition on inland waterways. That section has been invoked, I think, on only one occasion since the Act was passed and Government feel themselves justified in concluding that no acute problems of competition do exist.

Mr. S. Satyamurti : With reference to the answer to clauses (b) and (c), do Government propose to invite the co-operation of provinces on the basis suggested therein, namely,—treating road and rail transport on an all-India basis,—by giving them a contribution out of the receipts if road and rail transport, thus treated on an all-India basis ?

The Honourable Sir Thomas Stewart : No, Sir ; the Government of India are at present of opinion that no such inducement is necessary in order to secure the co-operation of Provincial Governments in this matter.

Mr. S. Satyamurti : Are Government satisfied that, so far, the co-operation received from the Provincial Governments, as revealed in the very illuminating Resolutions of the Road-Rail Conference, has yielded any beneficial or appreciable results ?

The Honourable Sir Thomas Stewart : I shall be able to answer the Honourable Member's question much more satisfactorily in a month or two. At the present moment we are actively engaged in trying to secure the co-operation of Local Governments.

Mr. S. Satyamurti : With reference to the answer to clause (c), will my Honourable friend consult the new Provincial Governments in the seven provinces as to whether they are willing to come into a system of all-India road-rail transport ?

The Honourable Sir Thomas Stewart : The Government of India will never discriminate between the seven new Ministries and any other Ministry.

Mr. S. Satyamurti : Do not Government realise that we are the only Ministries who have got the largest disciplined political majorities behind us and thus can deliver the goods ?

UNSTARRED QUESTION AND ANSWER.

NON-SALE OF STAMPS AND ENVELOPES AT THE HOWRAH POST OFFICE.

95. **Mr. Amarendra Nath Chattopadhyaya :** (a) Will the Honourable Member for Industries and Labour please state whether it is a fact that there is a Post and Telegraph Office at Howrah, opposite the East Indian Railway Station, where the usual postal work is done, except that of selling of stamps and embossed envelopes ?

(b) Do Government propose to examine this matter and to arrange for the sale of stamps and embossed envelopes at this Post Office ?

The Honourable Sir Thomas Stewart : (a) The fact is not as stated. The Post and Telegraph Office referred to in the question does sell both stamps and postal stationery.

(b) Does not arise.

THE INDIAN MINES (AMENDMENT) BILL.

APPOINTMENT OF SIR COWASJI JEHANGIR TO THE SELECT COMMITTEE.

The Honourable Sir Thomas Stewart (Member for Industries and Labour) : Sir, I beg to move :

“ That Sir Cowasji Jehangir be appointed to the Select Committee on the Bill further to amend the Indian Mines Act, 1923, for certain purposes.”

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

“ That Sir Cowasji Jehangir be appointed to the Select Committee on the Bill further to amend the Indian Mines Act, 1923, for certain purposes.”

The motion was adopted.

THE INSURANCE BILL.

Mr. President (The Honourable Sir Abdur Rahim) : The House will now resume discussion of the Insurance Bill. I understand Mr. Essak Sait has handed in a redraft of the amendment* now under discussion. It is too late, and I cannot allow it.

Mr. H. A. Sathar H. Essak Sait (West Coast and Nilgiris : Muhamadan) : Sir, may I make a submission ? Yesterday you said that the amendment may be so remodelled as to be more in conformity with the clause.

Mr. President (The Honourable Sir Abdur Rahim) : If the Government Member and the House generally are prepared to consider the redraft, it is another matter, but it cannot be recirculated to all Members here, and I do not think it would be fair to the House.

Mr. H. A. Sathar H. Essak Sait : Then, I may be allowed to continue my speech on the original amendment.

*“ That in sub-clause (4) of clause 6 of the Bill, for all the words beginning with ‘ seven instalments ’ the following be substituted :

‘ Ten instalments, the first instalment being the amount deposited with the Controller of Currency in accordance with the requirements under the Indian Life Assurance Companies Act, 1912, which shall be transferred to the credit of the insurer before the application for registration is made, and the second instalment will with the first instalment complete one-fourth of the total amount of the deposit required under this section and shall be paid before the 31st day of December, 1938, and the subsequent instalment shall not be less than one-eighth of the balance of the deposit and shall be paid before the 31st day of December in each succeeding year ’.”

[Mr. H. A. Sathar H. Essak Sait.]

Sir, yesterday I was dealing with the two aspects of my amendment. I was pointing out to the House that I am giving, not only ten instalments to the existing life insurance companies to complete their deposits but I was also giving them one more facility, which none of the other amendments is giving. And I would particularly request the attention of my Honourable friends, on this side of the House, to that facility which I am giving, and it is this. The existing companies being under the old Act, they have deposited a certain amount with the Controller of Currency and I say that that amount may be taken as the first instalment of the deposit and the companies may be so registered. That gives to the existing companies the right to get themselves registered. That is a great concession and that is a concession for which, as far as I know, all these companies have been crying. Some of these companies say that it will be difficult for them to get Rs. 25,000 within three months from the commencement of this Act. That is a cry which we have to attend to. I am speaking of the companies which are now existing; those companies which are to be started in future can take care of themselves. But the companies that are now existing have certain claims on us which we cannot ignore. It is a question of the policy-holders' money; it is a question of the poor man's existing rights and interests. And I think the House will bear with me when I say that we must give them all the sympathetic consideration that we can. Sir, if my amendment is not accepted and some unfortunate company finds it difficult to pay in the extra Rs. 25,000 required, what is going to happen? Within three months under sub-clause (1) of clause 3 it will have ceased to exist. Within three months, under clause 3, it will have to cease to exist and under clause 44 (2) (b) (1) it will have to go into liquidation or it will have to be wound up. Now, in the winding up, it is only the policy-holder that will suffer, and, therefore, I say, if even the company is inefficient today and incurs our disapproval because it has not been running on efficient lines, a chance may be given to it to mend its ways. As I pointed out to this Honourable House, under the provisions of the Act that we are now enacting, it is not possible for any company to live and be inefficient, and there is every chance that even companies which are now inefficient may turn out into very efficient companies. I, therefore, Sir, very strongly commend this amendment and request the support of the House to it. Sir, I move.

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

“ That in sub-clause (4) of clause 6 of the Bill, for all the words beginning with ‘ seven instalments ’ the following be substituted :

‘ Ten instalments, the first instalment being the amount deposited with the Controller of Currency in accordance with the requirements under the Indian Life Assurance Companies Act, 1912, which shall be transferred to the credit of the insurer before the application for registration is made, and the second instalment will with the first instalment complete one-fourth of the total amount of the deposit required under this section and shall be paid before the 31st day of December, 1938, and the subsequent instalment shall not be less than one-eighth of the balance of the deposit and shall be paid before the 31st day of December in each succeeding year ’.”

Mr. Akhil Chandra Datta (Chittagong and Rajshahi Divisions : Non-Muhammadan Rural) : Sir, I rise to support this amendment. Although

in the amendment ten instalments are proposed, in fact there will not be ten instalments, there will be only nine, for this reason that the first and second instalments will be a quarter of the aggregate amount.

The Honourable Sir Nripendra Sircar (Law Member) : There are a number of amendments, and the difficulties are more or less on account of the wording. But I may express the view of Government on this matter. We have no objection really to extend the time as proposed, provided it is confined to life assurance. What has happened is this : by striking out the word " life " Mr. Sait has now brought us to the position that his amendment will apply to all companies. My friend is wrong when he says that all the existing companies have made deposits : they have not : only life insurance companies have made deposits. So that if an amendment giving them ten years but confining it to life insurance only is brought forward, Government will not object.

Mr. S. Satyamurti (Madras City : Non-Muhammadan Urban) : My amendment will meet this difficulty. It will come as a proviso to sub-clause (6). I want to make a submission in regard to that. Last evening, this clause was suddenly amended by omitting the word " life ". We had given notice of a series of amendments in this House, suggesting ten years only for life insurers. We were all taken by surprise,—I blame nobody,—when, at the end of the day, yesterday, the amendment was carried in this House, without even a statement from the Government Benches, omitting all reference to " life " in this sub-clause. Several Members of this House wanted the House to consider and vote on an amendment to extend the period from seven to ten only for life assurance companies. The House has had notice, and I will, therefore, now, with your permission, move the amendment a copy of which has been supplied to my Honourable friend, the Law Member.

Mr. President (The Honourable Sir Abdur Rahim) : It has to be circulated. Otherwise objection will be made.

Mr. S. Satyamurti : One Member cannot rule the House. The Standing Orders give you the necessary authority.

Mr. President (The Honourable Sir Abdur Rahim) : At the same time, if the amendment is lengthy, Members must have time to consider it : if you can manage it, I have no objection.

Mr. S. Satyamurti : In view of the developments, I submit that no Member of the House can complain reasonably of want of notice. It is the desire of several Honourable Members to extend the number of instalments in the case of life assurance and life insurers only, from seven to ten years.

Mr. President (The Honourable Sir Abdur Rahim) : If you can manage to circulate the amendment to all the Members, not otherwise.

The Honourable Sir Nripendra Sircar : So far as I am concerned, the position is this. I quite see the necessity for notice, but on the present occasion we are not inclined to insist on rule 26 for this reason that the situation is rather one which has arisen suddenly. It arose on the omission of the word ' life ' following Mr. Sait's amendment. But if any Party objects and insists on rule as to notice, that objection has got to be accepted.

Mr. President (The Honourable Sir Abdur Rahim) : If copies can be made available to every Member, there will be no objection.

Mr. S. Satyamurti : If your office cannot manage it, we will do it.

Mr. H. A. Sathar H. Essak Sait : In that case what about my amendment ?

Mr. President (The Honourable Sir Abdur Rahim) : That will stand over.

Dr. P. N. Banerjea (Calcutta Suburbs : Non-Muhammadan Urban) : I gave notice of an amendment which answers the difficulty of the Law Member.

The Honourable Sir Nripendra Sircar : Are you sure that if your amendment is carried it will not extend this provision to general insurance ?

Dr. P. N. Banerjea : No, Sir. If you compare the report of the Select Committee and what I have put in here you will find that it will not apply to all other forms of insurance.

The Honourable Sir Nripendra Sircar : The word " life " has gone out as a result of the amendment.

Mr. M. A. Jinnah (Bombay City : Muhammadan Urban) : May I say a word on this subject ? It seems to me that there is a tremendous rivalry for each Honourable Member to see that his amendment gets into the Bill. I do not want to fight for any amendment. What I want to suggest is this : we have been saying for a considerable time, in the course of the discussion, that this clause which allows for seven instalments should be modified. One suggestion was that it should be ten instalments. Now, another very important suggestion has been made that there might be ten instalments but with regard to the first deposit of Rs. 25,000, within three months, this should be transferred to the first instalment, viz., giving them one year : instead of three months give them one year for the first instalment : the remaining instalments to be spread over nine years—making ten years in all. Therefore, would it not be more advisable that the office should draft the amendment on that basis, giving effect to this expression of opinion ? There may be a difference that the first part, namely, the first deposit within three months should be kept. So, if the alternative amendments are drafted by the office, which will be much better, and presented to the House, then both these amendments can be disposed of by the House on their merits.

Mr. President (The Honourable Sir Abdur Rahim) : There are several amendments before the Leader of the House and I do not know that he is prepared to accept any of them.

The Honourable Sir Nripendra Sircar : In that case that amendment might be circulated to save time. So far as I am concerned, I would inform the House, speaking only for the people I represent—I cannot speak for the other sections—I am prepared to accept the one which has been handed in just now. It is in the name of Mr. Satyamurti. The Government are prepared to accept it, but I cannot speak for the other parties.

Some Honourable Members : Read it out, please.

The Honourable Sir Nripendra Sircar : The amendment is :

“ That to sub-clause (4) of clause 6 of the Bill, the following proviso be added :

‘ Provided that in the case of insurers, carrying on life insurance business only, the deposit may be made in not more than ten instalments, of which the first shall be not less than one-fourth of the total amount of the deposit, and shall be paid before the application for registration is made, the second shall be not less than one-ninth of the balance of the deposit, and shall be paid before the 1st day of January, 1939, and the subsequent instalments shall be of not less than the same amount as the second instalment, and shall be paid before the 1st day of January of each succeeding year ’.”

Mr. President (The Honourable Sir Abdur Rahim) : To save discussion and time, I think it would be best that this matter be taken up at 2-30 p.m. if, as promised by Mr. Satyamurti, enough copies are “circulated by then.

Mr. M. A. Jinnah : Sir, this amendment does not cover the point which I mentioned ; this lays down that you must pay the first instalment before the application for registration : whereas, the point that I put before the House is this : that the first instalment will not be paid for a year. It does not meet that point and I certainly would like that portion also should be before the House and I would like the verdict of the House on that.

Mr. President (The Honourable Sir Abdur Rahim) : Is that point covered by Mr. Essak Sait's re-draft ?

Mr. M. A. Jinnah : Yes, that is covered.

Mr. President (The Honourable Sir Abdur Rahim) : Then that also will be considered. Will Mr. Essak Sait have his re-draft circulated to Honourable Members by 2-30 ?

Mr. H. A. Sathar H. Essak Sait : No, Sir : I cannot do that : if the office does it, it would be all right.

Mr. F. E. James (Madras : European) : May I put a point before you, Sir ? Surely, if these two amendments are going to be circulated to the House for further consultation, they should be circulated by the office. I suggest it is not reasonable to expect any private Member to circulate his own amendments.

Mr. President (The Honourable Sir Abdur Rahim) : I really meant that copies will be supplied to the office because I do not think there is enough time for the office to make the necessary number of copies, and then the office will undertake to circulate them. I am told that the office cannot undertake to make a sufficient number of copies ; they have not got the time.

Maulana Zafar Ali Khan (East Central Punjab : Muhammadan) : May I suggest that this amendment stand over till such time as the office has time to print and circulate it.

Mr. Akhil Chandra Datta : May I point out that according to Mr. Satyamurti's draft, there will be hardly any interval between the first and second instalments ?

The Honourable Sir Nripendra Sircar : That we can discuss when the matter comes up—not now.

Mr. President (The Honourable Sir Abdur Rahim) Very well. The office will have to suspend other work and will supply copies.

Then, we come to sub-clause (6).

Mr. Akhil Chandra Datta : I move :

“ That in sub-clause (6) of clause 6 of the Bill, for all the words beginning with the words ‘ one-half the total amount ’ and ending with the words ‘ in British India ’ the following be substituted :

‘ One-fourth the total amount before the application for registration is made, not less than one-third the balance before the expiry of one year from the commencement of business in British India, and not less than one-third the balance before the expiry of two years from the commencement of business in British India, and the balance before the expiry of three years from the commencement of business in British India ’.”

Instead of three instalments, I want four equal instalments. I move.

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

“ That in sub-clause (6) of clause 6 of the Bill, for all the words beginning with the words ‘ one-half the total amount ’ and ending with the words ‘ in British India ’ the following be substituted :

‘ One-fourth the total amount before the application for registration is made, not less than one-third the balance before the expiry of one year from the commencement of business in British India, and not less than one-third the balance before the expiry of two years from the commencement of business in British India, and the balance before the expiry of three years from the commencement of business in British India ’.”

Mr. B. Das (Orissa Division : Non-Muhammadan) : I support the amendment.

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

“ That in sub-clause (6) of clause 6 of the Bill, for all the words beginning with the words ‘ one-half the total amount ’ and ending with the words ‘ in British India ’ the following be substituted :

‘ One-fourth the total amount before the application for registration is made, not less than one-third the balance before the expiry of one year from the commencement of business in British India, and not less than one-third the balance before the expiry of two years from the commencement of business in British India, and the balance before the expiry of three years from the commencement of business in British India ’.”

The motion was adopted.

[At this stage, Mr. President (The Honourable Sir Abdur Rahim) vacated the Chair which was then occupied by Mr. Deputy President (Mr. Akhil Chandra Datta).]

Mr. S. C. Sen (Government of India : Nominated Official) : I move :

“ That in sub-clause (9) of clause 6 of the Bill, after the word ‘ shall ’ occurring in the first line, the words ‘ bear interest as moneys held in deposit payable on call and shall ’ be inserted.”

Mr. Sri Prakasa (Allahabad and Jhansi Divisions : Non-Muhamadan Rural) : In this connection I should like to draw your attention to the amendments that are lower down the page. They deal with the same subject. If you will kindly permit amendment No. 237 to be moved before this amendment, we would be greatly facilitated in taking a decision. In case that is accepted, so much the better. If that is not accepted, then our Party is going to support amendment No. 231 of Mr. Sen. But we prefer No. 237. That is a more comprehensive amendment, and if you will permit that to be moved first it would be convenient to all.

Babu Baijnath Bajoria (Marwari Association : Indian Commerce) : I have also got amendments Nos. 12 and 13 on Supplementary List No. 3.

The Honourable Sir Nripendra Sircar : They have all gone. I would object to No. 237, being moved now in precedence to No. 231. I would like to point out to the House that my Honourable friend says it is a very comprehensive amendment, but I have a very comprehensive objection. (Laughter.) It starts by saying, "Provided that notwithstanding anything contained to the contrary in the Reserve Bank of India Act, 1934," It cannot be moved without the sanction of the Governor General by reason of section 153.

Mr. Sri Prakasa : I have got that sanction in my satchel ! (Laughter.)

The Honourable Sir Nripendra Sircar : You have ? In any case I would not agree to No. 237 being moved in preference to No. 231.

Mr. Sri Prakasa : Will that side stand up ? I shall read the sanction. (Laughter.)

Mr. S. C. Sen : The amendment which I am moving is intended to provide for interest in respect of cash moneys which may be deposited in the Reserve Bank of India under the deposit clauses. In the Bill, as it has emerged from the Select Committee, there is no provision for any interest and I purport to provide in my amendment that cash moneys which may be deposited will bear interest as moneys held in deposit payable on call. It is really for the benefit of the insurance companies that if possible they should receive some interest on the same basis as moneys held in deposit payable on call. There is nothing very much to explain beyond this.

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

"That in sub-clause (9) of clause 6 of the Bill, after the word 'shall' occurring in the first line, the words 'bear interest as moneys held in deposit payable on call and shall' be inserted."

Mr. Mathuradas Vissanji (Indian Merchants' Chamber and Bureau : Indian Commerce) : I have got another amendment dealing with this subject ; it only changes the rate of interest. I do not think it could be objected to, and with your permission I would move No. 233. I am not moving No. 232.

Mr. Deputy President (Mr. Akhil Chandra Datta) : The Honourable Member can move it.

Mr. F. E. James : May I submit, Sir, that this makes things very difficult for discussion. I would ask you to take one amendment after another. Yesterday we had the same difficulty when an amendment was taken out of its turn. If, unfortunately, Mr. Sen's amendment is lost, it is obvious that the following amendment is barred.

Dr. P. N. Banerjæ : That is not the correct procedure.

Mr. S. Satyamurti : May I make a submission ? If you will kindly look at amendments Nos. 231, 232, 233 and 237, you will find that they all cover the same question, namely, the rate of interest on monies deposited by these insurance companies with the Reserve Bank. There are four alternative proposals ; first is by Mr. Sen, where he says it will bear interest as moneys held in deposit payable on call. Mr. Mathuradas Vissanji wants at one place that the rate should be one per cent. below the Official Reserve Bank rate, and at another place, that it should be two per cent. below the official Reserve Bank rate. Then there is No. 237, for which my Honourable friend has got the sanction of the Governor General, and under it the insurer will be entitled to interest at the Bank rate as per section 49 of the Reserve Bank of India Act.

The Honourable Sir Nripendra Sircar : Are there sanctions for Nos. 232 and 233 ? I do not think so.

Mr. S. Satyamurti : On the point raised by Mr. James I want to submit that it is not fair to this House to put to vote only one rate of interest and get a vote on it and then say that the others are barred. The Standing Orders contemplate more than one amendment being moved at one and the same time. Then it is in your discretion to put the amendments in the order which you think will best enable the House to come to a right decision. I, therefore, submit, that all these amendments should be moved at the same time. A general discussion can take place and then you will put one amendment after another in order to enable the House to come to a right decision. I suggest that you may put the amendment which wants the highest rate of interest first, and if it is defeated, then another which wants an interest less than that, and so on. If my Honourable friend, Mr. James's suggestion is accepted, if Mr. Sen's amendment is carried, all the other amendments are barred.

The Honourable Sir Nripendra Sircar : Are there sanctions for amendments Nos. 232 and 233 ? Is there any sanction in my Honourable friend's satchel ? (Laughter.)

Mr. P. J. Griffiths (Assam : European) : We should follow the principle of taking the most radical amendment first, that is, No. 236, before 233.

Mr. S. Satyamurti : No sanction is required, I submit, so far as Nos. 232 and 233 are concerned, from the Governor General.

Mr. M. S. Aney (Berar : Non-Muhammadan) : I want to know whether my Honourable friend, Mr. Sen, has produced sanction for moving his amendment. If that does not require sanction, Mr. Mathuradas Vissaji's amendment does not require any sanction at all.

Mr. Deputy President (Mr. Akhil Chandra Datta) : This is what the Secretary of the Assembly has written to Mr. Sri Prakasa :

“ With reference to your application to His Excellency the Governor General, dated the 30th August, 1937, regarding his previous sanction to certain of your amendments to the Bill noted above, I am directed to inform you that in the opinion of the Government of India the first amendment and its alternative do not require sanction.

2. As sanction of the Governor General has been granted to clause 101 of the Bill as it emerged from the Select Committee no fresh sanction to your second amendment is necessary.”

I think this should make the whole position clear. On the point of order raised, namely, that these amendments should be moved and disposed of one after another, or that all should be moved and there should be one comprehensive discussion and then amendments should be put separately—on that point of order I am of opinion that in a matter like this all should be moved together and then the amendments would be put from the Chair one after another.

The Honourable Sir Nripendra Sircar : If the sanction read out by you, Sir, is the only sanction, that does not cover these amendments. That is about clause 101.

Mr. Sri Prakasa : The first paragraph deals with this.

The Honourable Sir Nripendra Sircar : It may be your one amendment does not require any sanction, but the last portion, which is the general portion—that refers to clause 101 of the Bill, which is the rule-making power. It has nothing to do with clause 6.

Mr. Deputy President (Mr. Akhil Chandra Datta) : The letter says :

“ In the opinion of the Government of India the first amendment and its alternative do not require sanction.”

Mr. S. Satyamurti : May I submit to you, Mr. Deputy President, that clause 101 says this :

“ In particular and without prejudice to the generality of the foregoing power, such rules may prescribe ” [I read clause (c)] :

(c) the procedure to be followed by the Reserve Bank of India in dealing with deposits made in pursuance of this Act, including the custody of, withdrawal of, payment of interest on securities, lodged as such deposits ’.”

Therefore, I submit, that the sanction of the Governor General includes all these amendments, because sanction has been given to the clause authorising the Government to make rules with regard to payment of interest on securities, lodged as such deposits. Therefore, that sanction covers all these amendments.

The Honourable Sir Nripendra Sircar : I think the shorter course is to have debates on all these amendments.

Mr. Mathuradas Vissanji : I move :

“ That in sub-clause (g) of clause 6 of the Bill, after the word ‘ shall ’ in line one the words ‘ bear interest at a rate of one per cent. below the official Reserve Bank rate and shall ’ be inserted.”

There is only a little difference between my amendment and that of Mr. Sen in whose case the interest is at the call rate of the Bank, which is generally about half per cent., quarter per cent. or three fourths per cent. and it will be higher only on very rare occasions. The interest will

[Mr. Mathuradas Vissanji.]

be very insignificant. In order to give the depositor a better yield, I have suggested a rate of one per cent. below the official Reserve Bank rate. Sir, I move.

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

“ That in sub-clause (9) of clause 6 of the Bill, after the word ‘ shall ’ in line one the words ‘ bear interest at a rate of one per cent. below the official Reserve Bank rate and shall ’ be inserted.”

Babu Baijnath Bajoria : Sir, I beg to move :

“ That in sub-clause (9) of clause 6 of the Bill, after the word ‘ shall ’ occurring in the first line the words ‘ bear interest as moneys held in fixed deposit for twelve months and shall ’ be inserted.”

This cash deposit will remain with the Reserve Bank for several years. They should keep it as fixed deposit for twelve months and pay interest for twelve months.

An Honourable Member : How much is it ?

Babu Baijnath Bajoria : At present it will be two per cent. or $2\frac{1}{2}$ per cent. The rate will fluctuate. If the money market is higher, then the rate of interest will also be higher. If the money is treated as deposit at call, the rate will be only half per cent. and not even half per cent. as some banks do not take any deposit at all. I commend my amendment to the acceptance of the House.

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

“ That in sub-clause (9) of clause 6 of the Bill, after the word ‘ shall ’ occurring in the first line the words ‘ bear interest as moneys held in fixed deposit for twelve months and shall ’ be inserted.”

Mr. Sri Prakasa : I beg to move :

“ That to sub-clause (9) of clause 6 of the Bill, the following proviso be added :

‘ Provided that notwithstanding anything contained to the contrary in the Reserve Bank of India Act, 1934, in case of deposits with the Reserve Bank of India in cash, the insurer will be entitled to interest at the Bank rate as per section 49 of the said Reserve Bank of India Act, 1934, such amount of interest being paid to the insurer every year by the Bank ’.”

The Bill contemplates the paying in of large masses of money into the Reserve Bank. There are only two alternatives left to insurers. They can put their money either in Government securities or in cash with the Reserve Bank. The Government securities, as we know to our cost go up and down. If an insurer purchases Government security at 99, he may find at the end of the year that it is worth only 55. Therefore, it seems to be safer to deposit moneys in cash ; but if the Reserve Bank is not going to pay any interest, then so much money lies fallow and the insurer suffers great loss. Therefore, I feel, that the Reserve Bank, when it receives such large masses of money from insurers, should also pay them a certain amount of interest. I am not at all exorbitant in my demand. I say, let the interest be paid at the bank rate. I had originally put down two alternatives. One was half per cent. above the bank rate. On further consideration I thought it best to drop it. But I do feel that the second alternative should be accepted for we are entitled to get interest at least at

the bank rate, when we are bound to deposit the money in the Reserve Bank. This solves all the problems raised by the other amendments. We do not fix any particular sum, but we only get interest at the rate the Bank would ordinarily pay, that is to say, the bank rate. I do hope that this amendment will be accepted not because it comes from me, but because it is eminently reasonable.

I got the information, Sir, that the Reserve Bank was a sacrosanct subject and that the consent of His Excellency the Governor-General was required to move any amendments about it. Therefore, I took the precaution in sending both these alternatives; and I am glad that His Excellency the Governor General thought that his sanction was not necessary despite his conscience-keeper, the Law Member, thinking to the contrary. I hope that this difference of opinion between His Excellency the Governor General and the Law Member will not in any way deter him from accepting an amendment which is equitable. I cannot understand the meaning of Mr. Sen's amendment at all. Why should he want an insured to get only the interest which is due on current deposits when his money will lie with the insurer for such a long time? That may really mean no interest at all. In these circumstances, because the insurers will be compelled to put their money in this Bank and because the securities are so uncertain, I hope the Government will be induced to accept the amendment that I have moved. Sir, I move.

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

“ That to sub-clause (9) of clause 6 of the Bill, the following proviso be added :

‘ Provided that notwithstanding anything contained to the contrary in the Reserve Bank of India Act, 1934, in case of deposits with the Reserve Bank of India in cash, the insurer will be entitled to interest at the Bank rate as per section 49 of the said Reserve Bank of India Act, 1934, such amount of interest being paid to the insurer every year by the Bank ’.”

Mr. Amarendra Nath Chattopadhyaya (Burdwan Division : Non-Muhammadian Rural) : Sir, I beg to move :

“ That to sub-clause (9) of clause 6 of the Bill, the following be added at the end :

‘ that the rate of interest on the deposit held by the Reserve Bank of India shall, in no case, be less than the rate of interest on which actuarial calculation of plans and policies of life business is made at the time of commencement of the business as published in the prospectus as tables and also in subsequent addition and alteration of plans and policies to be published as tables in the prospectus in near or remote future and in annual and quinquennial valuation by actuaries ’.”

Sir, my amendment requires an explanation. We find in the prospectus that every insurance company has to depend on certain schemes and calculations, and rates of interest are calculated on that basis. But, if the insurers have to deposit cash money with the Bank and if they are bound to accept whatever interest the Bank pays, then no calculation is necessary. As the insurers have to deposit a large amount of money with the Reserve Bank of India, it is necessary that there should be a settlement of the rate of interest between the Bank and the insurance company. I believe that all the four amendments that have been moved have practically fixed a rate of interest which we cannot fix here at the present moment. Unless there is a settlement between the Bank

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and the insurer, we believe we cannot fix a rate of interest. Therefore, I commend my amendment for the acceptance of the House. Sir, I move.

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

“ That to sub-clause (9) of clause 6 of the Bill, the following be added at the end :

‘ that the rate of interest on the deposit held by the Reserve Bank of India shall, in no case, be less than the rate of interest on which actuarial calculation of plans and policies of life business is made at the time of commencement of the business as published in the prospectus as tables and also in subsequent addition and alteration of plans and policies to be published as tables in the prospectus in near or remote future and in annual and quinquennial valuation by actuaries ’.”

The Honourable Sir Nripendra Sircar : Sir, I would request all the Movers of these amendments to withdraw them, because we propose to do something here which is not permissible under the Reserve Bank Act. The business which the Reserve Bank is allowed to carry on is laid down in section 17 which says :

“ The Bank shall be authorised to carry on and transact the several kinds of business hereinafter specified, namely, the accepting of money on deposit without interest.”

Therefore, under its constitution the Reserve Bank cannot pay any interest, whatsoever, on these cash deposits. We are going directly against the statute. In spite of these amendments being passed, unless the constitution of the Reserve Bank is changed, for which there is no proposal, they cannot do it. This will be illegal and *ultra vires*.

Sir H. P. Mody (Bombay Millowners' Association : Indian Commerce) : Why do you then accept Mr. Sen's amendment ?

The Honourable Sir Nripendra Sircar : I am sure, he is under a misapprehension. But under his amendment it is payable on call. It does not hurt anybody, because nothing is payable on call and he will get nothing. As regards the other amendments, there are definite rates of interest like four per cent. or one per cent. below the Bank rate and so on. Whatever that may be, Mr. Sen's misapprehension does not remove us from the position that we cannot do it and the Bank is not authorised to carry business of accepting the money on deposit with interest. It cannot do it. The alternative is between cash and securities. If the depositor is faced with the situation that he is not going to get any interest on cash, then he has got to make his election and to invest his money and put it in the securities and draw his interest.

Sir H. P. Mody : Scheduled Banks have deposited crores of rupees with the Reserve Bank without interest.

Mr. M. S. Aney : Is it not open to us by another Act to fix a certain rate with regard to a particular kind of deposit and would that position be *ultra vires* of this House ? If another Act of this Legislature lays it down that the Reserve Bank shall receive a particular kind of deposit on a particular rate of interest and that it will be taken as an

exception to the general rule laid down for the guidance of the Reserve Bank, I do not think it will be *ultra vires* of this House.

The Honourable Sir Nripendra Sircar : May I, Sir, finish my speech ?

Mr. M. S. Aney : I thought that the Honourable Member had finished his speech.

The Honourable Sir Nripendra Sircar : There is no proposal for repeal of section 17 of the Reserve Bank Act ; so long as that section stands, the Bank cannot pay any interest on deposits. Therefore, I submit, that these amendments ought not to be pressed.

Sir H. P. Mody : Including Mr. Sen's !

The Honourable Sir Nripendra Sircar : Yes, if a mistake has been made, we are sorry for it. A mistake has been made. As a matter of fact the House is bound to accept the letter of sanction and it cannot go behind it and enquire whether Mr. Bartley was authorised to write that letter or not. When the sanction is signed by Mr. Bartley, the House is bound to accept it as correct and it is entitled to accept it as correct and conclude that is the opinion of the Governor General in Council. But the fact remains that that is not the opinion of the Governor General in Council. I will not go further into that point. I ask the House to consider really seriously whether, when the Reserve Bank Act prevents interest being paid, Honourable Members will press this amendment.

Dr. Ziauddin Ahmad (United Provinces Southern Divisions : Muhammadan Rural) : May I ask whether we cannot legislate in this manner that in spite of anything that may be contained in the Reserve Bank Act, interest may be paid ?

The Honourable Sir Nripendra Sircar : That will require the consent of the Governor General. As a matter of fact there is not the slightest doubt that these amendments require the consent of the Governor General, but Mr. Sri Prakasa is fortunate in having this letter giving the sanction. I do not blame him in any way. He is entitled to take that as correct.

Mr. Muhammad Azhar Ali (Lucknow and Fyzabad Divisions : Muhammadan Rural) : When several Banks are paying money into the Reserve Bank as deposit, without any interest, will it not be possible for the Reserve Bank, now that a suggestion is made in these amendments, to make an election whether it would like to have such deposits or not, and if so whether the Reserve Bank will pay interest or not. Shall it be within the purview of the Reserve Bank to accept such deposits ? May I ask the Honourable the Finance Member whether it will be possible for the Reserve Bank to make an election in this regard ?

The Honourable Sir James Grigg (Finance Member) : The Reserve Bank is prohibited from paying interest on deposits.

Sardar Sant Singh (West Punjab : Sikh) : It is an Act of this House and it can be changed by this House.

The Honourable Sir Nripendra Sircar : That cannot be done without the previous sanction of the Governor General.

Sir Cowasji Jehangir (Bombay City : Non-Muhammadan Urban) : We have got into rather a perplexing position.

The Honourable Sir Nripendra Sircar : Yes, we have.

Sir Cowasji Jehangir : In the first place, I agree that these amendments could not have been put down on the agenda without previous sanction, because they were in contravention of the Reserve Bank Act that is in existence. Unfortunately, these mistakes are often made and you cannot help them. Unfortunately, my Honourable friend, Mr. Sen, led the way by giving notice of an amendment that some sort of interest should be paid. Now, Sir, under clause 26 of the Bill Government will ask us to legislate whereby insurance companies will have to invest a certain percentage of their assets in Government paper. We have not yet come to that clause. It may be 25 per cent. or it may be 30 per cent., I believe the Honourable the Law Member will give us his opinion later on as to what the percentage shall be. Why cannot these deposits form part of that percentage that insurance companies will have to keep in Government paper ?

The Honourable Sir Nripendra Sircar : May I point out that, of course, I want to follow in connection with clause 26. That clause has not been reached and what the House will do I cannot say, but I shall certainly propose, as I have drafted it, that these deposits will be taken as part of the assets which will be invested. That is the answer to my Honourable friend's question. That does not enable the Reserve Bank to pay interest on cash deposits.

Sir Cowasji Jehangir : I may point out to my Honourable friends here who are so anxious that insurance companies should earn some interest on these deposits that they need not deposit these monies in cash, that they can very conveniently invest them in Government paper, (Hear, hear), because each insurance company will be forced to buy a certain amount of Government paper and that Government paper may be handed over as deposits. Therefore, the question of loss of interest does not arise.

Mr. Sri Prakasa : Who will be responsible for the loss of capital ?

Sir Cowasji Jehangir : My Honourable friend's argument was that these deposits will be in cash, because insurance companies would not like to run the risk of buying Government paper lest there may be depreciation in Government paper. But under clause 26, insurance companies will be compelled to buy a certain amount of Government paper.

Mr. Sri Prakasa : Our opinion there will be governed by our decision here.

Sir Cowasji Jehangir : Let us be practical. Therefore, I contend that if insurance companies will be forced to keep a certain amount of Government paper, that Government paper may be handed over to be kept as deposits and thereby you can escape any loss of interest.

Mr. Sri Prakasa : Where is interest without capital.

Sir Cowasji Jehangir : If you have no capital.

Mr. Sri Prakasa : The capital is lost in depreciation of the securities deposited.

Sir Cowasji Jehangir : Does my Honourable friend contend that he could run an insurance company, big or small, without any assets ? If he has no assets, nobody would look at his insurance company. The Honourable the Law Member has already interpreted clause 26 as meaning that a part of these deposits may be taken towards that head, and it may form a part of the percentage required under clause 26. Therefore, this question of loss of interest does not arise. I would ask Honourable Members to give up their amendments, because, there are no practical purposes served thereby.

Mr. Bhulabhai J. Desai (Bombay Northern Division : Non-Muhamadan Rural) : There is a practical purpose, it may be that it cannot be obviated because the assumption underlying my Honourable friend, Sir Cowasji Jehangir's statement, now is, that inasmuch as there would be a certain amount of investment in Government paper, a part of that can be utilised in making that deposit. I appreciate that, but the answer to that really is that at the commencement of business it is difficult to say whether they will have any monies ; unless the point is at the commencement of the business at which the deposit is to be made. I quite agree in subsequent years the thing might be more easily resolved, but we cannot get interest.....

Sir Cowasji Jehangir : If there is no money, how can they start insurance business ?

Mr. Bhulabhai J. Desai : The deposit question arises both at the point of registration and also in subsequent years. It may well be that in course of time a part of their assets would enable them to utilise that investment in Government paper towards deposits, but so far as the first, or the second or even the third instalments are concerned, it may well happen that they might have assets which are subsequently depositable or investable in Government paper.....

Sir Cowasji Jehangir : Will they give cash ?

Mr. Bhulabhai J. Desai : Yes, they will.

Sir Cowasji Jehangir : What is there to prevent them from converting it into Government paper ?

Mr. Bhulabhai J. Desai : The answer is, we do not want to have Government paper. It may fluctuate in value. We want to deposit the money in cash.

Sir Cowasji Jehangir : It boils down to this. At what stage of their history are they going to convert their cash into Government paper for the purpose of complying with the provisions of clause 26 ?

Seth Govind Das (Central Provinces Hindi Divisions : Non Muhamadan) : After four or five years.

Sir Cowasji Jehangir : Clause 26 will come into operation as soon as the Bill is passed and comes into effect. From the very first a certain amount of money, that they have in cash, will have to be

[Sir Cowasji Jehangir.]

invested in Government paper. This is how I read clause 26. Therefore, I do not think that this point will arise in practice. The matter may be cut short and all these amendments may be withdrawn.

Seth Govind Das : Sir I think there is a little confusion in this matter. According to clause 26 also it is not necessary for any insurance company to invest in Government paper from the very beginning of its life. It is required according to clause 26 that from the premium which they receive they will have to invest 25 per cent. or 33 per cent. or any amount like that, in Government paper. But that does not mean that the first deposit which they will have to make should be in Government paper. They can make the first deposit from the amount they receive by the sale of their shares and that amount they can deposit in the Reserve Bank in cash also.

The Honourable Sir Nripendra Sircar : What is the difficulty ? If you get cash why can you not buy Government paper ?

Seth Govind Das : The difficulty is that the market for Government paper is fluctuating, and the new companies will have the apprehension that if they buy Government paper in the very beginning, the price may go down and they may have to suffer a loss. So they would like to deposit in cash ; and, as far as the first deposit is concerned, they will not like to lose interest also. Therefore, I think the amendment is perfectly sound. The apprehension of loss of interest in case they deposit their money in cash and the danger of their capital being diminished if they deposit the Government paper should be removed. Sir, I support these amendments.

Mr. T. Chapman-Mortimer (Bengal : European) : Sir, during the last half-hour or three-quarters of an hour, the House has roamed over so many different points and listened to so many different discussions that I hardly know where I am. I should like to bring the attention of Honourable Members of all sections of the House back to the point of "deposits". Why is the deposit required from an insurance company ? It is required because we want to ensure that there may be a certain stability behind it ; to stop mushroom companies and so on. In the second place, an insurance company is supposed to hold its assets in a form which is remunerative, otherwise they would never be able to meet the claims upon them in any degree that would really help their policy-holders. If that is the case, it is obviously desirable that in a well-run insurance company,—I emphasise "well-run" because I think it is rather necessary in this debate,—they will have as little money as possible lying about in cash. They will only keep in cash what they require for their day to day requirements to meet claims, and so on. When this provision was put in section 6, as it will be if the Act—if it ever becomes an Act,—the point was that you have to make provision not merely for the amount to be put in securities but also for any amount that may be lying with the bank for the time being. There was no intention in the original Bill, nor was it in the mind of the Select Committee, that people should put their cash in the Reserve Bank or with anybody else. We do not want to encourage

that ; we want them to put their money in securities and retain it in securities. The only purpose of this clause is to enable them to tide over a temporary period when they may have realised those securities and there is cash from the realisation lying with the bank ; or, in the alternative case, as my Honourable friend, the Leader of the Opposition pointed out, when they are a newly formed company then also for a short period the deposit may have to be in cash. I think it is a thoroughly undesirable principle that whether or not the Reserve Bank of India Act allowed it, cash of this nature should receive any interest whatsoever. Sir, I oppose all the amendments.

Mr. M. Ananthasayanam Ayyangar (Madras ceded Districts and Chittoor : Non-Muhammadan Rural) : Sir, the previous speaker has entirely misunderstood the scope of the discussion. I feel that the half an hour or three-fourths of an hour that we have spent on this is all to the right purpose. The previous speaker, unfortunately, missed the important bearing that the question of interest has on this matter of income to the company. There are 366 companies here. Under the old Act a sum of one crore and 59,000 alone have been deposited. For 366 companies at the average of two lakhs per company it comes to seven crores and 32 lakhs. Thus, Sir, in addition to what has been already deposited to the tune of 1½ crores, six crores more have to be deposited by the companies. Out of these 366 companies, 201 are life companies, and of them not more than 18 or 19 are old companies, the others being all young companies, in the earlier stages it will be hard to find the capital for even these deposits. If you take clause 26, I thought that that clause is exclusive of the deposit of two lakhs. But even if it includes it, what I find is that under clause 26 it will take a long time for any company which starts business newly to deposit to the extent of two lakhs. Its matured liabilities and reserve liabilities may not come up to two lakhs for a number of years. In these circumstances, it is idle to contend that they must, even at the outset of starting business, purchase two lakhs worth of paper and invest it on the off-chance of developing business to that extent. later, so that ultimately these two lakhs of Government securities might be useful as a reserve liability under clause 26. I am certain, that having regard to the nature of the work that these companies have been doing for a long time, it may not be for five years or even ten years to come that two lakhs will have to be deposited by way of matured liabilities or for reserve liabilities. Sir, Government securities are liable to fluctuate in value. If two lakhs are deposited with the Reserve Bank, certainly, so far as the capital is concerned, there is no fear of losing it. But, Sir, interest is one of the main sources of an insurance company's income. You will please refer to the Year Book, 1935, and you will find that out of Rs 100 which an insurance company earns, 78 is drawn from insurance premia each year. Year after year, for 20 years the table is given, on page 10, where the source from which each Rs. 100 of the income was derived and the manner in which it was disposed of are shown from 1913 right up to 1934. Out of Rs. 100 the income from premia in 1934 was 78.9 ; 18 per cent. is the income from interest ; 3.1 is the income from other sources. In the year 1913, 81.1 per cent. was the income from premia, 18.5 per cent. from interest. The interest went up to 23.4 per cent. in 1918, 23.9 in 1923, then 22.6 in 1926

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and in 1934 it is 18 per cent. Sir, 18 per cent. comes to nearly one-fourth of the amount of premium received in a particular year. Taking the country as a whole, in 1934, the income from premia was 6½ crores and, in the same year, the interest came to 1½ crores. the total income for that year from all sources, both premia and interest, being eight crores. That is 1½ crores out of 6½ is nearly one-fourth. Thus, Honourable Members will please take this matter seriously and not allow it to drop. At the outset when a calculation is made, tables are prepared, and even later on when a valuation of assets and liabilities is made by an actuary four per cent. or five per cent. is the rate at which valuation is given. You will please turn to pages 126 and 127 of this book regarding valuation of Indian life offices as also the valuation of non-Indian life offices. In making up the valuation of Indian life offices, four per cent. to five per cent. was the amount of interest assumed. Thus, both in the preparation of tables and in the valuation of assets and liabilities, interest is a very prominent item for consideration. Sir, if the deposit amount is invested in Government securities at the rate of 3½ per cent. the income derived will be low. From the same Year Book we find that interest that has been got by several companies is as follows :

| | Per cent. |
|------|-----------|
| 1930 | 5.44 |
| 1931 | 5.42 |
| 1932 | 5.28 |
| 1933 | 5.17 |
| 1934 | 5.08 |

That is the interest which the various companies, by prudent, assiduous and careful management, have been able to get, and it is on account of that income from interest that they have been able to meet their liabilities. Now, do you want to cripple that source of income? I think the Honourable the Law Member should not have allowed his able Assistant, Mr. Sen, to commit a fraud upon the House. I could not understand what my friend, Mr. Sen, meant by introducing this amendment 231.

The Honourable Sir Nripendra Sircar : I object to the words "committed a fraud upon the House". I admitted a mistake had been made, but all are liable to make mistakes including the Honourable Member. I apologised to the House for it.

Mr. M. Ananthasayanam Ayyangar : I withdraw the word "fraud." I did not hear that apology, but as he has made a mistake, I do not pursue the matter. We are also liable to make mistakes, and, therefore, let us all put our heads together. Let us not insist in section 6 that the whole amount should be kept to the tune of six crores in the Reserve Bank of India, which will mean without interest. Now, if all of us are interested in the struggling companies let us change it to the Imperial Bank of India where they will earn interest. As regards the legal objection of the Honourable the Leader of the House I for one am not able to find any legal difficulty. It is no doubt true that to

change any clause of the Reserve Bank Act the previous sanction of the Governor General is necessary, but with respect to this amendment, No. 237, the Honourable the Mover of this amendment has already received the sanction of the Governor General. The proviso in the amendment is clear and it is open to us to modify any previous Act, and as a matter of fact we have been doing so. With respect to the Companies Act if a modification is necessary no previous sanction of the Governor General is necessary, but with respect to the Reserve Bank Act his previous sanction is necessary for modification. Therefore, if this proviso says specifically that whatever may be the provision in the Reserve Bank Act, to the extent stated in the amendment the Reserve Bank Act provision shall not be followed or shall be treated to have been cancelled by this section, that provision is modified to the extent this section provides. I will ask for the indulgence of the House to read amendment No. 237 :

“ That to sub-clause (9) of clause 6 the following proviso be added :

‘ Provided that notwithstanding anything contained to the contrary in the Reserve Bank of India Act, 1934, in case of deposits with the Reserve Bank of India in cash, the insurer will be entitled to interest at the Bank rate as per section 49 of the said Reserve Bank of India Act, 1934, such amount of interest being paid to the insurer every year by the Bank ’.”

It is not by *suppressio veri or suggestio falsi* that my Honourable friend, the Mover, Mr. Sri Prakasa, has obtained the Governor General's sanction. The Governor General must have known at any rate, his advisers must have known that the Reserve Bank Act does not allow any interest on deposits.

The Honourable Sir Nripendra Sircar : Nobody suggested that he committed a fraud.

Mr. M. Ananthasayanam Ayyangar : I am glad, I am prepared to take it from the Leader of the House.

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

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

Mr. M. Ananthasayanam Ayyangar : I was submitting to the House that the proviso of my Honourable friend, Mr. Sri Prakasa, contemplates modification of that provision of the Reserve Bank Act which says that deposits ought not to be received for interest. The Reserve Bank Act being the earlier Act, it can certainly be modified by a later Act and a provision made here, that notwithstanding anything contained in the Reserve Bank Act, deposits made there shall carry interest, is legal and valid. There is no legal impediment. The only thing that is suggested is that every modification of any such provision requires the previous sanction of His Excellency the Governor General. That is under section 153 of the Government of India Act. That sanction has been applied for. The very proviso was sent to him and the reply received was that no sanction was necessary because it was already given regarding 101.

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His Excellency rightly or wrongly thought that it was covered by section 101 (2) (c) which says :

“such rules may prescribe :

- (c) the procedure to be followed by the Reserve Bank of India in dealing with deposits made in pursuance of this Act, including the custody of, withdrawal of, payment of interest on securities, lodged as such deposits, and their inspection and verification by the Superintendent of Insurance.”

This clause (c) was not in the original Bill. It was added during the Select Committee stage. If rules could be framed for payment of interest on securities against the spirit or the wording of the Reserve Bank Act, that will also be a modification of the functions of the Reserve Bank. The Governor General, on the application of Mr. Sri Prakasa, thought that this was covered by 101 (2) (c) and, therefore, sanction had already been granted. If it is included there, this further sanction is not necessary. If it is not included and still the Governor General is of opinion that no sanction is necessary, he is the sole and final authority to decide whether sanction is or is not necessary, because he is the only person who can grant sanction. If he comes to the conclusion that no sanction is necessary, I would say that it is not open to the other side and to the Honourable the Leader of the House to say that sanction is still necessary. Who is the final authority ? It is the Governor General and once he says a particular thing, I submit respectfully that both the Honourable the Leader of the House as well as any court before which it might come up later are for ever estopped against contending that the Governor General's ruling that no sanction is necessary is not correct. We are bound by his ruling, right or wrong and, therefore, I say there is no legal impediment to make this amendment, though it may have the effect of abrogating or modifying that portion of the Reserve Bank Act which says that no deposit shall be received on interest.

Lastly, I would say a few words on the merits. Securities fluctuate in price from time to time. Young companies can ill afford to keep securities : the moment a war is threatened from East or West, the prices of securities will go down by even 50 per cent : small companies will have to struggle on in the earlier years and will collapse if this is insisted on that a portion has to be deposited with the Reserve Bank either in approved securities or in Government paper. It is not as if there is no difference between insurance companies and scheduled banks which deposit with the Reserve Bank and receive no interest. The Reserve Bank does a lot of business for and on behalf of scheduled banks—they take bills of exchange and other things for rediscounting and render various kinds of help ; but there is absolutely no such thing done as far as the insurance companies are concerned. This is a compulsory deposit from the Insurance companies for security and safety. In the interests of the policy-holders which has been talked of so much, I would say it is not proper that they should not have the advantage of getting interest upon this sum. I have known cases under the Land Acquisition Act where, for compulsory acquisition, more than the market price has been given. After all, the Reserve Bank can certainly deposit in various places. They can purchase treasury bills, invest in United Kingdom securities.

Under those circumstances it is not as if the Reserve Bank does not earn interest but merely keeps the money idle. I, therefore, heartily support this amendment.

Mr. Husenbhai Abdullabhai Laljee (Bombay Central Division : Muhammadan Rural) : Sir, I rise to support the amendment that has been moved by Mr. Mathuradas Vissanji. Before I speak on the subject I must say that we are really all thankful to Mr. Sen for introducing this amendment and it is quite consistent with the policy that was declared by the Honourable the Leader of the House that the object of this Bill is to help the policy-holder. Now, a great amount of income depends upon the income out of the securities ; and, so far as small companies are concerned, this big deposit that will be lying there must yield some interest. It was said : " You can invest it in Government paper ". So far as I am concerned, I think it is very sensible that we ought to invest in Government paper, but, at the same time, in these days some people are nervous and rightly too about investing everything in Government paper ; and after all the yield of Government paper is only three per cent. at present or a little less. In that case they need not take that risk if they do not want to. Now, the difficulty that arises is that the money that will be lying with the Reserve Bank, according to the Honourable the Leader of the House, will be without any interest. Legal luminaries are discussing this matter ; and as a layman I do not want to say anything on the question ; but I do wish to point out one thing and that is that it is much better that we should fix the bank rate, if at all we get any interest, that rate being the rate which is fixed for some time and which is well-known. So far as call money is concerned, there is always a great deal of variation : call money is liable to be taken back the next day or at the most within a week or fortnight. Therefore, if at all a principle has to be established as to the basis on which interest should be paid, I submit that the bank rate is the right criterion. My friend, Mr. Mathuradas Vissanji, has suggested one per cent. below the bank rate. That I think is a fair rate. The bank rate is the rate at which the bank lends and if they get two per cent. they make something out of it. Anyhow I know very well that the Reserve Bank has got large sums of money lying uninvested. Therefore, if a fair proposal is brought forward I would like certainly to support it, but, all the same, there must be some way found for helping the insurance company when the object of the Bill has been, and what has been attempted by the Government of India's amendment is to give them some return—I submit that they should find out some way. The best course would have been for the Government of India to provide that a receipt of any of the scheduled banks of the Reserve Bank, if lodged with the Controller of the Currency or with the Superintendent of Insurance, would be sufficient. That would have enabled the insurance companies to arrange the rate of interest with the scheduled banks, and, at the same time, it would be quite safe because the large deposits that these banks have to keep with the Reserve Bank are much more than the little insurance money that will be invested with them. I do not know whether it would be proper at this stage to suggest a provision of that kind. But I think we ought to find some way out and the best criterion for fixing the rate of interest is the Bank rate. Therefore, I support the amendment of my Honourable friend, Mr. Mathuradas Vissanji.

Mr. Bhulabhai J. Desai : If I intervene in this debate now, it is more with a view to confess difficulties and perhaps to show a small way out of what we all recognise as a real impediment. I notice that sections 17 and 21 of the Reserve Bank of India Act create a difficulty which in one sense, as pointed out by my Honourable friend, Mr. Ananthasayanam Ayyangar, may be capable of being obviated. Whether that was present to the mind of those who wrote the letter or not is another question. At one stage I did think that it might be possible to add the Imperial Bank of India or the scheduled banks in the earlier part of the clause. But section 21 of the Reserve Bank Act appears to be an insuperable difficulty thereto, though, of course, no sanction has been obtained for the purpose of adding the scheduled banks to this particular clause so as to obviate the difficulty of section 21, because 21 requires that all monies, held on behalf of the Government of India, shall be held with the Reserve Bank. I recognise these two difficulties. At the same time there are two ways out, and I would ask the Government to consider them. The first point I see is, that the difficulty does not apply to the whole of the fund of six crores because it can only apply to a period of time until the amount of compulsorily investable assets in Government securities amounts to an amount equal to that required for the purposes of deposit. As soon as that point is reached, if a provision can be made, suitably in clause 26, whereby the aggregate amount required to be invested in Government securities—in calculating that amount the amount of the deposit should be taken into account—that will narrow the point still more. There is still another way in which the difficulty may be met, and that is, if it is not already met, though I believe the definition meets it, as has been pointed out to me—whether a provision should not be made whereby treasury bills may be allowed to be deposited as part of the security required under the clause. I point out the difficulty under that head. The point there is this. It is quite clear that there will be no loss of capital if that form of security is allowed, in that you get back your Rs. 100 as and when it matures. But the language of the section does not appear to warrant the conclusion that the security may be substituted from time to time, for this reason. Such and such a sum shall be deposited either in cash or in securities ; I want at all events this to be made, to allow, if that is possible, the deposit of treasury bills as and when they are available. If that is done, it will largely meet the difficulty of not earning interest. These are the only two ways which appear to me to point some way out of the difficulty, though I still see that there would be a short period of time during which there would be loss of interest.

The Honourable Sir Nripendra Sircar : As regards the three matters pointed out by the Leader of the Opposition, I said that I intend to draft clause 26 in such a way that this deposit will be taken into consideration in fixing the amount under clause 26 which is going to be kept or invested as assets. The other point about treasury bills is, I think, covered by our definition because they can put this money in approved securities, and approved securities as defined here includes any security charged on the revenues of the Central Government or of a Provincial Government. So that, of the three points made, two have been either met or I have already said that I am going to meet. The third point can be made absolutely clear by drafting when we come to clause 26. That is to say, you want an express provision for substitution ?

Mr. Bhulabhai J. Desai : In clause 6, if I may point out the words— it is a little wider than the present occasion even requires. Supposing a man has deposited Government securities, say, $3\frac{1}{2}$ per cent., he wants to substitute another security by withdrawing the same and depositing another kind of security, may be sterling security or any other security, and if at the end of clause 6 a provision is made for the substitution of these securities of a like value I think the objection can be met.

The Honourable Sir Nripendra Sircar : I should draw my Honourable friend's attention to sub-clause (10) which says :

“ The insurer may at any time, and if the Reserve Bank of India requires him to replace securities maturing for repayment shall, substitute for securities lodged with the Bank under this section other approved securities of equal value at the market rate prevailing at the time of substitution.”

So that he may at any time change the securities. But when drafting clause 26 the matter still requires a further clearing up I shall be very happy to accept any amendment for that purpose. And I can give an assurance to the House that what I have stated to the House today I intend carrying out in the draft of section 26.

Mr. M. A. Jinnah : It seems to me that we have not examined this thing in all its aspects. An insurer who is going to deposit the amount of the deposit that is required has got the option to do so in Government securities. Now, we are told and rightly told by my Honourable friend, Mr. Sri Prakasa, that if you buy Government security and deposit it, there is, no doubt, a chance of fluctuation. But the chance is both ways, that is to say, in favour of the insurer if the market goes up, and against him if the market goes down. But surely you cannot earn a substantial rate of interest without taking that chance. You cannot say that you won't take any risk at all. It may be against you or it may be in your favour. You cannot say “ I want my 100 per cent. back and then I want the highest rate of interest ”. That is not possible. He has got the option. If he wants cent. per cent. of his capital back, and if he wants to earn a reasonable rate of interest, there are the treasury bills, which, as has been pointed out by the Leader of the House, is approved security. The third thing is, why not deposit this money in other banks, which do give interest. It may be small, but some interest is given and why force us down to the Reserve Bank which gives no interest ? Here the argument no doubt may be a very good one if you were dealing with it as a commercial proposition, but you have already passed sub-clause (1) of clause 6. It reads thus :

“ Every insurer, not being an insurer specified in sub-clause (c) of clause (8) of section 2, shall, in respect of the insurance business carried on by him in British India, deposit and keep deposited with the Reserve Bank of India in one of the offices in India of the Bank for and on behalf of the Central Government cash or approved securities.”

Now, the moment you have passed this clause, the Government are precluded from paying this money anywhere else except in the Reserve Bank, and the Reserve Bank does not give any interest. I think there is not that strong ground on behalf of these insurers, because several methods are open to them to invest their money, like treasury bills, Government securities, approved securities, and so on. It is no use exaggerating it merely on the ground that the rate is liable to fluctuate. The fluctuation may be in your favour and then you can turn to other securities. It is, therefore, too late to say that we should start a schedule of banks, and so on.

[Mr. M. A. Jinnah.]

That shows an entire misconception of the position. What I suggest is that all these amendments should be withdrawn, and when we come to clause 26—and here I entirely agree with the Leader of the Opposition—the deposits whether they are in cash or other securities should be taken into account, and whatever percentage you may fix in clause 26 should be included for the purpose of a security in the reserve liability. That is a suggestion which can and ought to be taken up, and I would again request the Movers not to press these amendments.

Mr. Deputy President (Mr. Akhil Chandra Datta) : I should like to know whether the Movers of these amendments would like to withdraw them. If they do, it may not be necessary to find out which is the most comprehensive one.

The amendments were, by leave of the Assembly, withdrawn.

Mr. Deputy President (Mr. Akhil Chandra Datta) : Besides these, there are four other amendments. One is by Mr. Essak Sait, one by Mr. Satyamurti, one by Dr. Banerjea, and one by Pandit Lakshmi Kanta Maitra. Dr. Banerjea wants to limit his amendment to life insurance business only. The fourth amendment by Pandit Maitra has not been circulated, and I am afraid I cannot allow it.

The Honourable Sir Nripendra Sircar : I very strongly object to the amendment of Dr. Banerjea being considered. There is a special order of the Chair about the first two amendments, and they will come on. They explained why they were late in giving notice. That was due to the sudden changed situation, but I protest very strongly against Dr. Banerjea's amendment being considered by the House.

Dr. P. N. Banerjea : I stood up to move my amendment and then the President asked if the amendment in the modified form has been circulated or not. The modification was necessitated only by the amendment which was carried yesterday. I stand practically on the same footing as the other Movers of the amendments. There is no alteration in the substance of the amendment. There is a little alteration which is made to suit the amendment which was carried yesterday. This amendment of mine has been before the House for several days past, and not a single comma has been changed except the amendment which was necessitated by the amendment which was carried yesterday. In view of this I request you, Sir, to rule that my amendment is in order.

Mr. F. E. James : May I put my case before the House, Sir ? It makes the procedure of this House impossible if the
3 P.M. House can take cognizance of any amendment which is circulated by a private Member and I suggest that this particular amendment of Dr. Banerjea should not be taken into consideration by the House on your ruling, otherwise it is open to any Member who finds himself in the same difficulty as my friend, Dr. Banerjea, to distribute an entirely new amendment during the Lunch interval without going through the ordinary course.

Dr. P. N. Banerjea : That is not correct. My amendment is not a new one.

Mr. F. E. James : I think the House should confine itself to amendments which are circulated through the ordinary machinery of the office.

Mr. M. S. Aney : I do not really find that there is any substantial objection raised by my Honourable friend, Mr. James. The reason that necessitated a little formal modification in the amendment is known to this House and that was considered a proper ground for permitting these two Members who were to move their amendments to make the necessary modification.

The Honourable Sir Nripendra Sircar : Dr. Banerjea did not apply.

Dr. P. N. Banerjea : I did stand up at that time to move my amendment.

The Honourable Sir Nripendra Sircar : Standing up is not applying.

Mr. M. S. Aney : The same principle which governs the modification and the permission to circulation of the modified amendment in the case of certain Members of this House can be extended to Dr. Banerjea without prejudice to the procedure which is observed by the House or causing any kind of inconvenience to the House itself. I do not see what is the particular point in asking Dr. Banerjea not to move his amendment or ask this House not to permit him to move it. His amendment will be considered along with the other two amendments and no more time of the House will be taken. Everyone of us will be permitted to debate the amendment that will be before the House. So, neither from the point of view that more time of the House will be taken nor from the point of view of the procedure which has already been sanctioned by the Chair can I see any reason which would justify the debarring of Dr. Banerjea from moving his amendment.

Mr. Deputy President (Mr. Akhil Chandra Datta) : The first two amendments have been allowed to be re-modelled on the ground that additional facilities should be limited to life insurance only. It appears to me so far as Dr. Banerjea's amendment is concerned, he has made no other alteration except this that he wants to limit the provision only to the case of life insurers. His original amendment has been before the House for some days past. In view of all this, I do not think there will be any prejudice if I ask the House to take into consideration the proposed amendment of Dr. Banerjea. Therefore, I rule that it is in order.

(Dr. P. N. Banerjea rose to move his amendment. Mr. S. Satyamurti also rose to move his amendment.)

I do not think Dr. Banerjea will mind if I allow Mr. Satyamurti to move his amendment first. Besides, I do not think it will make any difference with regard to the result of putting all these amendments before the House.

Mr. S. Satyamurti : Sir, the amendment which I have given notice of and which I now move reads as follows : It is a proviso to sub-clause (4) of clause 6. I have a complaint against the Government on this sub-clause.....

Mr. H. A. Sathar H. Essak Sait : On a point of order, Sir. What is the procedure you are going to adopt in calling the Members to move their amendments ? My amendment comes first in the list.

Mr. Deputy President (Mr. Akhil Chandra Datta) : The order in which they are moved does not make any difference.

Mr. M. A. Jinnah : But why should the order of amendments be changed ?

Mr. Deputy President (Mr. Akhil Chandra Datta) : I want to be satisfied whether it will make any difference as to the result of the amendments.

Mr. M. A. Jinnah : I rise to a point of order. Why should the order of amendments be changed ?

Mr. Deputy President (Mr. Akhil Chandra Datta) : It has not been explained to me that the order of amendments is of any consequence. (*Mr. M. A. Jinnah and Mr. F. E. James* : "It is.") I gave an opportunity to the Honourable Member to explain it but he has not explained it. In view of the fact that nobody has yet been able to explain to me as to how the order in which the amendments will be moved will make any difference and also in view of the fact that I have already called upon Mr. Satyamurti to move his amendment, I will ask him to move his amendment.

Sir Cowasji Jehangir : I rise to another point of order. If an Honourable Member is in possession of the House, can the Chair allow another Member to speak at the same time or give him precedence over the Honourable Member who is in possession of the House ?

Mr. Deputy President (Mr. Akhil Chandra Datta) : If one Honourable Member is in possession of the House, no other Honourable Member can be allowed to speak until he finishes. But the position here is quite different. As a matter of fact, so far as the original amendment of Mr. Essak Sait is concerned, he has abandoned that. In view of that, I stick to my ruling that there is no harm in Mr. Satyamurti moving his amendment.

Mr. S. Satyamurti : Sir, I am very sorry that I have been, unconsciously, the cause of a storm in a tea pot. I may, however, explain, for your information and for the information of the House, that I was under the wrong impression that my Honourable friend, Mr. Essak Sait, had already moved his amendment. But I now find that the amendment which he now seeks to move is different from the one he moved yesterday.

Mr. M. A. Jinnah : He stands No. 1. Why should you be allowed to move your amendment ?

Mr. S. Satyamurti : Because the Chair orders me to move it, and I am too much of a Parliamentarian to disobey the Chair.

Mr. Deputy President (Mr. Akhil Chandra Datta) : Let there be no further discussion on this point.

Mr. S. Satyamurti : Out of obedience to your command, and combined with the well-known Parliamentary tradition that whatever our

differences may be, you are the supreme head of this House, I now beg to move my amendment. The amendment reads thus :

“ That to sub-clause (4) of clause 6 of the Bill, the following proviso be added :

‘ Provided that in the case of insurers, carrying on life insurance business only, the deposit may be made in not more than ten instalments, of which the first shall be not less than one-fourth of the total amount of the deposit, and shall be paid before the application for registration is made, the second shall be not less than one-ninth of the balance of the deposit, and shall be paid before the 1st day of January, 1939, and the subsequent instalments shall be of not less than the same amount as the second instalment, and shall be paid before the 1st day of January of each succeeding year.’ ”

When I was interrupted, I was submitting to the House that, I have a legitimate complaint against the Government with regard to its silent and too-ready acceptance yesterday of the amendment moved by my Honourable friend, Mr. Mathurdas Vissanji, omitting all reference to life insurance, in sub-clause (4) of clause 6 of the Bill. If Honourable Members will read this clause carefully, there is an absolute scheme behind it, under which we deal with new companies, with old companies, or rather with insurers, old insurers and life insurers, and others carrying on other business than life business. We have prescribed different instalments and different periods, with regard to life insurance and other business. I want to explain that so far as companies incorporated before the 1st January, 1937, are concerned, the original Bill, which was introduced into this House, provided for three years. Then, Sir, we heard a large volume of complaint that insisting on their paying all these two lakhs within three years will cause a great deal of hardship, especially to those companies which have now become famous by the phrase “ younger companies ”. Therefore, the Select Committee went into this matter, and as Honourable Members will notice, the Select Committee, in sub-clause (4), has allowed them to pay in not more than seven instalments, of which Rs. 50,000 shall be paid before the application for registration and the further instalments shall be—one-sixth of the remaining three-fourths—paid in each successive year, within a period of six years after the first payment. Since then, powerful representations have again been made to us and to all sections of the House, as will be evident from the amendments tabled by my Honourable friends, Mr. Essak Sait and Dr. Banerjea ; and it will be found that a period of ten years has commended itself to almost every section of the House. We all feel that ten years is neither too long nor too short, and it will give them sufficient time to pay this money, in instalments of nine, so that at the end of that period, the sum of two lakhs will have been made up by way of deposit. But, Sir, yesterday, when the Government accepted this amendment, to delete all reference to life insurance from this clause, we were all taken by surprise, because the result was that while the original Bill provided in sub-clause (3) of the Bill that the deposits of others should be paid in shorter periods and fewer instalments, the benefit of seven instalments has now been given to all insurers, whatever the nature of their business may be. In view of the earlier vote, the House cannot at this stage go back upon that. But a vast majority of the House, I believe, are keenly in favour of giving ten instalments to those who carry on life insurance only, and that is why I have said in my amendment that, “ in the case of insurers carrying on

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life insurance business only, the deposit may be made in not more than ten instalments". Then, Sir, so far as other matters involved in this clause are concerned, I may state here, Sir, that we stand by the provision in sub-clause (4) of this Bill, namely, that one-fourth of the total amount of two lakhs, that is, fifty thousand shall be paid before registration is made. There is one amendment which seeks to cut into half, and say that the first instalment should be less than that, that is to say it should be Rs. 25,000, but we do not agree. We believe that most of these companies have already made some deposits. They have made these deposits, and, therefore, we want the additional 25,000 to be made before the application for registration is made. Moreover, we believe that the second instalment should be paid before the first day of January, 1939, because already every insurance company is put on notice--and active notice--of the fact that the Bill is being discussed and money will have to be paid before the next instalment, that is to say the second instalment. After all, fifty thousand will have to be paid before the 1st January, 1939, and, therefore, nobody can reasonably complain; but the idea of giving one more year, that is to the end of 1939, however, does not commend itself to us. This proviso seeks to give insurers carrying on only life insurance business only reasonable time, but not unduly long time. We also believe that this Rs. 50,000 should be made up as early as possible, at any rate before the registration is made. We believe that the first day of January, 1939, is long enough to pay the second instalment. I, therefore, trust that this amendment will commend itself to this House.

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

"That to sub-clause (4) of clause 6 of the Bill, the following proviso be added :

'Provided that in the case of insurers, carrying on life insurance business only, the deposit may be made in not more than ten instalments, of which the first shall be not less than one-fourth of the total amount of the deposit, and shall be paid before the application for registration is made, the second shall be not less than one-ninth of the balance of the deposit, and shall be paid before the 1st day of January, 1939, and the subsequent instalments shall be of not less than the same amount as the second instalment, and shall be paid before the 1st day of January of each succeeding year.'

Mr. H. A. Sathar H. Essak Sait : I move :

"That in sub-clause (4) of clause 6 of the Bill, for all the words beginning with the words 'seven instalments' the following be substituted :

'Ten instalments, the first instalment in the case of insurers doing life insurance business, being the amount deposited with the Controller of Currency in accordance with the requirements under the Indian Life Assurance Companies Act, 1912, which shall be transferred to the credit of the insurer before the application for registration is made, and the second instalment will with the first instalment complete one-fourth of the total amount of the deposit required under this section and shall be paid before the 31st day of December, 1938, and the subsequent instalment shall not each be less than one-eighth of the balance of the deposit and shall be paid before the 31st day of December in each succeeding year.'

Sir, this morning, when I moved the old amendment, I made the point of my amendment quite clear and I do not think I will detain the House longer on that point. But I would like to call the attention of

Honourable Members on my right to the difference that still lies between my amendment and the amendment of my Honourable friend, Mr. Satyamurti. The amendment of Mr. Satyamurti requires that the deposit to be made at the time of registration should be one-fourth of the total, that is Rs. 50,000. Well, Sir, there are many companies—we are now dealing with the existing companies—which have paid in 25,000 and more already under the old Act. What my amendment seeks to do is this that such companies should be allowed to register with the deposit already lying with the Controller of Currency, so that those companies which are in existence today can all be registered at once and then I give them a certain period to complete the instalment. My Honourable friend, Mr. Satyamurti, also gives the same time to them to make the second instalment, the difference is only with regard to the first instalment. Mr. Satyamurti has pointed out to the House how the original provision in the Bill was objected to and there was a real cry from the smaller people and he is prepared to give them relief, but I do not see why he should not go the full length that I go and make it possible for the existing companies to register so that they may get more breathing time and just become strong and efficient limbs of this very necessary social services. Well, Sir, with regard to the financial condition of each company, I do not think we need lay much store now especially when we have all these provisions, such as control and safeguard and things like that. In this connection I should like to repeat the story of that famous company which started with a small capital of Rs. 4,000 and which is now—as rightly pointed out by my Honourable friend, Sir Cowasji Jehangir, with justifiable pride—the biggest life insurance company in India and the eighth biggest life insurance company in the Empire. After all it started only with a capital of Rs. 4,000. It is not the money that you have in the beginning that counts ; it is the efficiency of the service and the way the company is worked that counts. And I still claim that after the passing of this enactment it will be very difficult to run an inefficient company. I, therefore, say, that those companies which are in existence now should be allowed to register and try to improve their condition and become useful and efficient organs of this necessary public service. I cannot understand the insistence of my Honourable friend, Mr. Satyamurti, when he again and again says that he insists upon making those companies pay another Rs. 25,000, within three months after the passing of this Act. I do not know how that is going to help and what is the particular reason, and what is the sacred thing about this amount of Rs. 25,000. Whether they pay Rs. 25,000 more or less, is it going to make such a difference ? There are so many companies which will not be able to pay Rs. 25,000 within three months and they will be pushed to the wall. I do not see why they should be pushed to the wall. Let them register and if they are not able or if they are not efficient, there are ever so many powers in the Act itself by which they can be brought to book.

Babu Baijnath Bajoria : May I ask a question ? What provision does this amendment make for non-life companies ?

Mr. H. A. Sathar H. Essak Sait : I will be very glad if the same instalments are given to the other companies. But this morning the arrangement arrived at was that we were to deal only with life insurance companies. I think the Leader of the House said that so far as life

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insurance companies are concerned he is ready to accept these instalments and not in the case of others ; and that is why that other portion dealing with general insurance companies was removed.

Sir, I strongly commend my amendment to the House.

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

‘ That in sub-clause (4) of clause 6 of the Bill, for all the words beginning with the words ‘ seven instalments ’ the following be substituted :

‘ ten instalments, the first instalment in the case of insurers doing life insurance business, being the amount deposited with the Controller of Currency in accordance with the requirements under the Indian Life Assurance Companies Act, 1912, which shall be transferred to the credit of the insurer before the application for registration is made and the second instalment will with the first instalment complete one-fourth of the total amount of the deposit required under this section and shall be paid before the 31st day of December, 1938, and the subsequent instalments shall not each be less than one-eighth of the balance of the deposit and shall be paid before the 31st day of December in each succeeding year ’.”

Mr. K. Santhanam (Tanjore cum Trichinopoly : Non-Muhammadan Rural) : Sir, on a piece of information only, I am afraid the amendment of my Honourable friend, Mr. Essak Sait, is not quite in order, because it does not say what should be the first instalment for the non-life insurance companies. I want to draw attention to it.

Dr. P. N. Banerjea : Sir, I beg to move :

“ That to sub-clause (4) of clause 6 of the Bill, the following proviso be added :

‘ Provided that in the case of insurers, carrying on life insurance business only, the deposit may be made in not more than ten instalments, of which the first shall be not less than one-fourth of the total amount of the deposit, and shall be paid before the application for registration is made, the second shall be not less than one-ninth of the balance of the deposit, and shall be paid before the 31st day of December, 1939, and the subsequent instalments shall be not less than the same amount as the second instalment, and shall be paid before the 31st day of December of each succeeding year ’.”

I will begin by explaining the differences which exist between the three amendments. The amendment of my Honourable friend, Mr. Satyamurti, makes it necessary that two instalments will have to be paid during the year 1938. I take it, Sir, that this Act will be brought into operation in the year 1933,—perhaps about the middle of that year. Now the first instalment, in the case of many of the companies, will have to be paid at the time of registration,—the sum of Rs. 25,000 ; and then, before the year 1938 is out, another instalment will have to be paid. This will mean a considerable burden on the young and small companies. Mr. Essak Sait says that at the time of registration the additional Rs. 25,000 need not be paid, and to that extent it would be an advantage to the small insurers. But then he says that that amount will have to be paid in the course of the year. To some extent, therefore, Mr. Essak Sait's amendment is preferable to me to that of my Honourable friend, Mr. Satyamurti. But I am afraid, I am not sure, whether Mr. Essak Sait's amendment is in proper form ; and if his amendment be not in proper form the small insurer will not get the benefit.

My amendment seeks to help the small insurer to this extent that he will have to deposit only Rs. 25,000 during the year 1938 and then the subsequent instalments will be made in the years following. The reason why I have thought fit to move this amendment is this. The small and young companies will find it exceedingly difficult to raise a large sum of money in the course of one year. How will they raise this money? They will not be able to get this money from the policy holders within such a short time. Therefore, they will have to sell shares, they will have to raise their share capital. These companies, being small, will find it very difficult to sell their shares in the market, and as there will be a great deal of competition in the share market, the difficulty will be still greater. It should also be remembered that these small and young companies have not, so far, been able to pay large dividends. Only a few of them have been able to pay any dividends at all, and when a company does not pay any dividend it is naturally difficult for it to raise share capital in the market.

For these reasons, Sir, with the object of giving help to young and small companies, I propose that only Rs. 25,000 should be insisted on as a deposit from them for the year 1938. In this connection I may point out that the Clauson Committee which advocated deposits in the case of insurance companies in England suggested a sum of £20,000 as deposit. In the Canadian Act we find that fifty thousand dollars have to be deposited. £20,000 or 50,000 dollars come to about Rs. 2½ lakhs. Now here in India we are asked to deposit Rs. 2 lakhs. If we compare the average wealth of Great Britain and Canada with the average wealth of India—rather the average poverty of India,—what do we find? We find that there is a great deal of difference, and therefore, Sir, in our case, you should be moderate in your demand. Even in a rich country like England, with regard to existing companies, the Clauson Draft Bill suggests that the demand for deposit should be postponed for not more than five years in the first instance, and even after that period for not more than another period of five years in the second instance, and so on. So the payment of the deposit may be postponed in Great Britain under the Clauson Report for five years, ten years, fifteen years, or even twenty years, provided that the companies are sound. Now, Sir, the smallness of a company or the youth of a company does not mean it is not sound: small and young companies may be quite sound. So in order to help these small companies I suggest that they should not be compelled to make more than one deposit during the year 1938. I hope, Sir, the House will agree with me that to this extent it is desirable to help young and small concerns.

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

“ That to sub-clause (4) of clause 6 of the Bill, the following proviso be added :

‘ Provided that in the case of insurers, carrying on life insurance business only, the deposit may be made in not more than ten instalments, of which the first shall be not less than one-fourth of the total amount of the deposit, and shall be paid before the application for registration is made, the second shall be not less than one-ninth of the balance of the deposit, and shall be paid before the 31st day of December, 1939, and the subsequent instalments shall be not less than the same amount as the second instalment, and shall be paid before the 31st day of December of each succeeding year ’.”

Mr. M. S. Aney : I do not want to make a long speech, because the principle underlying all these amendments is conceded by the Honourable the Leader of the House. He is prepared to accept the deposit in ten instalments in the case of life insurance companies. That is the main principle at the bottom. So the only thing we have to consider is to make a choice out of the three proposals which are before the House, and we should choose the proposal which is the most convenient to young insurance companies. Judging by this test I say at once that the proposal of my friend, Mr. Sait, is the best because, his proposal not only gives the period of instalments as ten, but he also makes a certain concession in the matter of making a deposit for the first time. He allows the amount already deposited with the Controller of Currency as sufficient in the case of old companies for them to get their registration at once, and for the remaining amount he allows a period of one year. That is distinctly a greater concession. Next to that I must say the proposal of my friend, Dr. Banerjea, is more favourable to the insurance company and last comes the proposal of my Honourable friend, Mr. Satyamurti, who is also actuated by the motive of making matters as easy as possible for young companies. The object is the same. Mr. Sait is the least rigid, Doctor is less rigid, and Mr. Satyamurti is the most rigid. But there is one difficulty which I find in the proposal of Mr. Sait. He wants to substitute seven instalments by the word ten instalments, which means ten instalments will be available for the purpose of deposit to all companies, life assurance and non-life assurance. There is a further difficulty. He provides a procedure for life assurance companies, giving the amounts and periods, but so far as non-life assurance companies are concerned, there is no provision whatsoever made by him in regard to these. The Honourable the Law Member was prepared to make a concession of ten instalments only in the case of life assurance companies, and so the amendment of Mr. Sait goes beyond the limits laid down by the Honourable the Law Member. These are the two difficulties in the case of Mr. Sait's proposal. Under these circumstances, taking all these proposals together the choice should be Dr. Banerjea's proposal, but if my friend, Mr. Sait's amendment can be modified and brought into proper form I will advise the House to give preference to his amendment rather than to the amendment of anybody else.

Sir Cowasji Jehangir : I am not going to speak on the merits of the three amendments. They have been discussed sufficiently, and the House is quite in a position to choose between the three, but I must admit that there is some force in what my Honourable friend, Mr. Aney, has just said about the amendment moved by my Honourable friend behind me. It is not complete, and, therefore, in order to enable the House to adopt it, if they choose, I think a slight amendment will have to be made : it is only verbal. As the amendment is at present worded it makes no provision for general companies. Clause 4 is now for general companies as well as for life assurance companies. The amendment moved by my Honourable friend behind me deals with only life assurance companies, and, therefore, general companies are left out entirely, and no provision is made for them. Therefore, if you will amend his amendment in either one or two ways, either by adopting the phraseology of Mr. Satyanurti and adding it at the end of clause 4,—it will then begin as follows :

“ provided in the case of life insurers ‘ ten instalments ’, etc., etc.” (Interruptions.)

As soon as I said "Add the word provided—", he has understood what I meant and, therefore, let me now finish it for the benefit of others. I am not speaking for the benefit of my Honourable friend, the Leader of the House—he has understood what I wanted to say : from his interjection, I realise that he understood it. What I say is, add these words to the top of his amendment :

' Provided that in the case of insurers carrying on life insurance business, ten instalments ', etc., etc.

The Honourable Sir Nripendra Sircar : That will not fit in.

Sir Cowasji Jehangir : It will fit in. You must say, at the end of sub-clause (d) add the following : " Provided, etc., etc." as drafted by my Honourable friend. It can be amended in that way and then the House will have an opportunity of judging the three amendments on their merits. Or if you want substitution as it stands in my Honourable friend's amendment, add these words at the end of the amendment :

" In all other cases the deposit required under the section shall be paid in seven equal instalments, the first instalment being paid before the application for registration and the remaining instalments before the 31st of December in each succeeding year."

There is the choice between the two and I suggest that my Honourable friend be allowed to amend his amendment, if the Honourable the Law Member has no objection.....

The Honourable Sir Nripendra Sircar : I have one out of 145 votes.

Sir Cowasji Jehangir : A very powerful one too : and if I may point out to him, it is not one vote which counts : what about all those Honourable Members sitting behind him ? But that is neither here nor there. If the Honourable Member agrees then the House can judge all the three amendments on their merits. I am not expressing any opinion on the merits. My Honourable friend, Mr. Aney, has already stated that out of these three amendments, he himself prefers Mr. Essak Sait's amendment as being the best : and, if an important Member like him has expressed that opinion, I think the House will be prepared to allow my Honourable friend behind me to amend his amendment as I have said.

Mr. F. E. James : Sir, I take formal objection to any amendment being considered which is not before us in print. I think it is very important that we should have the amendment before us.

Mr. Deputy President (Mr. Akhil Chandra Datta) : Before any one else rises to speak, I have a word to say with regard to the suggestion made by Sir Cowasji Jehangir. It is rather an important matter, and in view of that and if Honourable Members have followed the suggestion he made and if the House as a whole has no objection, then I will not stand in the way of the matter being considered. Before I proceed further, I want to know if the House agrees to consider the suggestion made by Sir Cowasji Jehangir.

Some Honourable Members : ' Yes ' and ' No '.

Mr. Deputy President (Mr. Akhil Chandra Datta) : I shall put the matter before the House again, not in the sense of putting it to vote, but for the consideration of Honourable Members. I am anxious to know if the House has any serious objection to take.....

Some Honourable Members : No, no.

Other Honourable Members : Yes, yes.

Mr. F. E. James : I repeat that I take formal objection on the grounds I have already stated.

Mr. Deputy President (Mr. Akhil Chandra Datta) : I am anxious to know the sense of the House. As amended the amendment reads like this :

“ At the end of sub-clause (4) of clause 6, the following be added :

‘ Provided that in the case ’, etc., etc., etc.

Am I to understand that the House is agreeable ?

Some Honourable Members : No, no.

Other Honourable Members : Yes, yes.

Mr. Deputy President (Mr. Akhil Chandra Datta) : If there is any objection, I am sorry I cannot allow the amendment to be moved.

Mr. Mathuradas Vissanji : One question, Sir, that has arisen in my mind is whether this is going to interfere with the definition that was passed yesterday.....

Some Honourable Members : No.

Mr. Deputy President (Mr. Akhil Chandra Datta) : Certainly not.

Mr. Husenbhai Abdullabhai Laljee : I rise to support the latest amendment of my Honourable friend, Sir Cowasji Jehangir.

Some Honourable Members : It has been disallowed.

Mr. Husenbhai Abdullabhai Laljee : I took it that there was no objection, but I see that it has been disallowed. It was the most sensible and most reasonable amendment and when a large number of Members were in favour of it I thought that there was no objection to it. Anyhow I support the amendment that has been moved by my Honourable friend, Haji Essak Sait, and if it is not adopted, then the amendment that has been moved by my Honourable friend, Dr. Banerjee. I must say that I am surprised that from the Congress side we should have the Deputy Leader of the Party standing up and making a strong statement in the sense of we insist on this, we insist on that and so on, with regard to the small concerns. I also feel that so far as the Indian Companies Bill was concerned the discussion on it was a most successful, one due to the fact that the Leader of the House and the Leader of the Opposition and Leaders of other Parties did not consider that Bill as a party Bill or under any party mandate. With regard to this Bill I would congratulate the House if the same spirit prevailed. The Leader of the House has, in fact, given the impression to us that he is not making any question on this Bill as a party question, and I fail to see why this non-political question, this purely economic question, a question in which a large number of non-official Members know a little more probably due to the fact that they come into contact with the masses—I fail to see why there should be a strong insistence upon party rules. We have made ample provision for checking the accounts, for making the necessary returns, and also with regard to deposits. Take the proposal of my Honourable friend, Mr. Satyamurti. There are some companies who have established

themselves, who have made deposits and who are doing their honest business. Suddenly he wants them to bring forth Rs. 25,000 and he wants much more from new companies. I should ask him now, when there are no Managing Agents or managing directors, can he float a company with himself as the chairman of the board of directors and get from the public immediately Rs. 2½ lakhs for an insurance company. It is a very difficult thing now a days to ask for deposit of a lot of money, and for those small concerns who are going on honestly and straightforwardly to get Rs. 25,000 immediately—where are they going to get that amount? They cannot increase their capital. I ask my honourable friend, Mr. Satyamurti, how he wants to get this Rs. 25,000. Is that amount going to come out of the net profit, or is it the surplus after providing for all the reserves that the man will be able to put? It is an indirect way of killing them. I do not think my friend ever meant it. But as a businessman I do feel, that it is not a fair proposal to make. By all means let him make suggestions which would be fair and equitable. Give those who are working honestly time to work. You have got full supervision in the shape of the Superintendent. All these twenty-five years nothing extraordinary has happened and still you want lakhs of rupees! For God's sake allow them to live.

Maulana Zafar Ali Khan: There are three amendments before the House and I know which amendment will win. Mr. Satyamurti is likely to win because the Congress and the Government are in unholy alliance. I remember only the other day when I was pleading the cause of the small and young companies, when I wanted that the working capital, in the case of the smaller companies which have come into being, should not be Rs. 50,000 but Rs. 25,000, the Honourable the Law Member said, "I oppose", and like the proverbial jack in the box Mr. Satyamurti rose and said, "I oppose". I said then and I say it again....

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

... that the Congress Benches, instead of supporting the poor, instead of advocating the cause of the poor, instead of supporting the cause of the weak, are supporting the cause of the capitalists. They want big companies, they do not want small companies. So my amendment was lost. Now, what is it that my Honourable friend, Haji Essak Sait, wants and what is it that Dr. Banerjea wants? Only small mercies; only this much that in the case of companies that already exist and that have already paid at least Rs. 25,000 into the coffers of the Government, this concession may be granted to them, namely, that the amount already deposited by them should be counted towards their registration and regarded as the first instalment. This is a small mercy, but you perhaps won't grant them even that much. With these few words I support, in the strongest language possible, the amendment put forward by Haji Essak Sait, and if it is not accepted by the House, then the second best, my Honourable friend, Mr. Banerjea's. But I know what the result will be. Hoping against hope I call upon those who have got a soft corner in their hearts for the poor people to vote for this amendment.

Mr. Sham Lal (Ambala Division : Non-Muhammadan) : I support the amendment moved by my Honourable friend, Mr. Satyamurti. It is very easy to talk of the poor people and not to realise your duties to the

[Mr. Sham Lal.]

policy-holders. There was three years in the original Bill, then it became seven years in the Select Committee, and now ten years in this House. Again, another concession in the name of the policy-holders is asked ! If you go on diluting this fever mixture you won't get rid of the fever. Why not eleven years ; why not twelve years ? Dr. Banerjea has said that this Bill would be passed into law in 1938 and the insurance companies will have to pay two instalments, one at the beginning of 1938 and another at the end of 1938. But insurance companies must have sufficient notice by this time that they are required to pay Rs. 40,000 in the year 1938. That is not a big sum, and my own idea is that those who give concessions to these companies and allow them to linger on are not doing justice to those companies. The Bill would be passed into law in September, 1937. These companies can make up their minds whether they are to live or not to live, whether it will be possible for them to put in Rs. 40,000 or not. If they cannot put in Rs. 40,000 they should amalgamate or go into liquidation, whatever it may be. What would you gain by allowing them to linger on if they are not in a position to pay ? And there must be some limit to the concession. There is no question of alliance between Government and the Congress. If the Government are reasonable, we accept the proposals of the Government. Where is the harm in doing that ? There is going to be an alliance and those differences between the Congress and the Government would not be allowed to be exploited in the name of the poor people. Let us be reasonable and let Government be reasonable. So far as this Bill is concerned, there is no political consideration, and the Honourable the Law Member has made it quite clear that he wants really to do justice to the insurance companies. He really wants that those bogus companies which have got no funds and which have no business should not be encouraged and it would be doing harm to the country if they were allowed to exist. What is the amendment of Dr. Banerjea ? His point is, why should the younger companies pay two instalments in the year 1938 ? It is not a case of want of notice. The company has got one year and three months and if it cannot pay Rs. 40,000 in 15 months it has no justification to exist.

An Honourable Member : On what basis do you say that ?

Mr. Sham Lal : I say the younger companies have been carrying on
 4 P.M. business for some years and they ought to be able to get
 Rs. 40,000. What limit are you going to fix ? First three years, then seven years and then ten years. In this way you will go on. Why not an instalment of Rs. 5 a year. There must be a limit somewhere. The question is where are you to stop. I think the Select Committee and those who made the amendment have gone to the farthest limit and I think ten years is the farthest limit. Otherwise, if you go on satisfying these demands you would not stop anywhere.

Several Honourable Members : I move that 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) : I shall put Mr. Essak Sait's amendment first. The question is :

“ That in sub-clause (4) of clause 6 of the Bill, for the words beginning with the words ‘ seven instalments ’ the following be substituted :

‘ ten instalments, the first instalment in the case of insurers doing life insurance business, being the amount deposited with the Controller of Currency in accordance with the requirements under the Indian Life Assurance Companies Act, 1912, which shall be transferred to the credit of the insurer before the application for registration is made and the second instalment will with the first instalment complete one-fourth of the total amount of the deposit required under this section and shall be paid before the 31st day of December, 1938, and the subsequent instalments shall not each be less than one-eighth of the balance of the deposit and shall be paid before the 31st day of December in each succeeding year ’.”

The motion was negatived.

Mr. President (The Honourable Sir Abdur Rahim) : I will now put Mr. Satyamurti's amendment. The question is :

“ That to sub-clause (4) of clause 6 of the Bill, the following proviso be added :

‘ Provided that in the case of insurers, carrying on life insurance business only, the deposit may be made in not more than ten instalments, of which the first shall be not less than one-fourth of the total amount of the deposit, and shall be paid before the application for registration is made, the second shall be not less than one-ninth of the balance of the deposit, and shall be paid before the 1st day of January, 1939, and the subsequent instalments shall be of not less than the same amount as the second instalment, and shall be paid before the 1st day of January of each succeeding year ’.”

The Assembly divided :

AYES—78.

Abdul Hamid, Khan Bahadur Sir.
Abdul Qaiyum, Mr.
Ahmad Nawaz Khan, Major Nawab Sir.
Ayyangar, Mr. M. Ananthasayanam.
Bajpai, Sir Girja Shankar.
Bhagavan Das, Dr.
Chaliha, Mr. Kuladhar.
Chanda, Mr. A. K.
Chettiar, Mr. T. S. Avinashilingam.
Chetty, Mr. Sami Venecatchelam.
Dalal, Dr. R. D.
Dalpat Singh, Sardar Bahadur Captain.
Das, Mr. B.
Das, Pandit Nilakantha.
Desai, Mr. Bhulabhai J.
Deshmukh, Dr. G. V.
Deshmukh, Mr. G. V.
DeSouza, Dr. F. X.
Fazl-i-Ilahi, Khan Sahib Shaikh.
Gadgil, Mr. N. V.
Ghulam Muhammad, Mr.
Govind Das, Seth.
Gupta, Mr. K. S.
Hans Raj, Raizada.
Highet, Mr. J. C.
Hosmani, Mr. S. K.

Jawahar Singh, Sardar Bahadur Sardar Sir.
Jedhe, Mr. K. M.
Jogendra Singh, Sirdar.
Joseph, Mr. George.
Kailash Behari Lal, Babu.
Kamaluddin Ahmed, Shams-ul-Ulema.
Kushalpal Singh, Raja Bahadur.
Lahiri Chaudhury, Mr. D. K.
Lloyd, Mr. A. H.
Mackeown, Mr. J. A.
Manavedan Raja, Rao Bahadur K. C.
Mangal Singh, Sardar.
Mani, Mr. R. S.
Mehta, Mr. S. L.
Misra, Pandit Shambhu Dayal.
Mudaliar, Mr. C. N. Muthuranga.
Mudie, Mr. R. F.
Muhammad Ahmad Kazmi, Qazi.
Nagarkar, Mr. C. B.
Navudu, Diwan Bahadur B. V. Sri Hari Rao.
Ogilvie, Mr. C. M. G.
Paliwal, Pandit Sri Krishna Dutta.
Pande, Mr. Badri Dutt.
Parsons, Lieut.-Colonel A. E. B.

AYES—contd.

Purcell, Mr. B. S.
 Raghbir Narayan Singh, Choudhri.
 Rahman, Lieut.-Colonel M. A.
 Ramayan Prasad, Mr.
 Rangu, Prof. N. G.
 Rao, Mr. Thirumala.
 Roy, Mr. S. N.
 Saksena, Mr. Mohan Lal.
 Santhanam, Mr. K.
 Satyamurti, Mr. S.
 Sen, Mr. S. C.
 Shahban, Mr. Ghulam Kadir Muham-
 mad.
 Sham Lal, Mr.
 Sheodass Daga, Seth.

Sher Muhammad Khan, Captain Sardar
 Sir.
 Singh, Mr. Gauri Shankar.
 Singh, Mr. Ram Narayan.
 Sinha, Mr. Satya Narayan.
 Sircar, The Honourable Sir Nripendra.
 Spence, Mr. G. H.
 Sri Prakasa, Mr.
 Staig, Mr. B. M.
 Stewart, The Honourable Sir Thomas.
 Sukthankar, Mr. Y. N.
 Sultan Ahmad, The Honourable Sir
 Saiyid.
 Thorne, Mr. J. A.
 Varma, Mr. B. B.
 Vissanji, Mr. Mathuradas.

NOES—25.

Abdul Ghani, Maulvi Muhammad.
 Abdur Rasheed Chaudhury, Maulvi.
 Aney, Mr. M. S.
 Azhar Ali, Mr. Muhammad.
 Bajoria, Babu Baijnath.
 Banerjee, Dr. P. N.
 Chattopadhyaya, Mr. Amarendra Nath.
 Datta, Mr. Akhil Chandra.
 Essak Sait, Mr. H. A. Sathar H.
 Ghiasuddin, Mr. M.
 Ghulam Bhik Nairang, Syed.
 Jehangir, Sir Cowasji.
 Jinnah, Mr. M. A.

Lalchand Navalrai, Mr.
 Laljee, Mr. Husenbhai Abdullabhai.
 Maitra, Pandit Lakshmi Kanta.
 Malaviya, Pandit Krishna Kant.
 Mody, Sir H. P.
 Sant Singh, Sardar.
 Shaukat Ali, Maulana.
 Siddique Ali Khan, Khan Sahib Nawab.
 Sivaraaj, Rao Sahib N.
 Som, Mr. Suryya Kumar.
 Umar Aly Shah, Mr.
 Zafar Ali Khan, Maulana.

The motion was adopted.

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

“ That in sub-clause (11) of clause 6 of the Bill, after the word ‘ shall ’ the following be inserted :

‘ deposit such additional sum in cash or approved securities as will make up the amount so used. The insurer shall ’.”

Sir, the object of this amendment is to provide for the filling up of deficiencies in case the fund is proceeded with for payment of liabilities. This is really a formal amendment. Sir, I move :

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

“ That in sub-clause (11) of clause 6 of the Bill, after the word ‘ shall ’ the following be inserted :

‘ deposit such additional sum in cash or approved securities as will make up the amount so used. The insurer shall ’.”

The motion was adopted.

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

“ That in sub-clause (11) of clause 6 of the Bill, the words ‘ by the deposit of further securities ’ be omitted.”

Sir, this is really consequential to the amendment which has just been adopted by the House.

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

“ That in sub-clause (11) of clause 6 of the Bill, the words ‘ by the deposit of further securities ’ be omitted.”

The motion was adopted.

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

“ That in sub-clause (11) of clause 6 of the Bill, the following be added at the end :

‘ from the date when the deposit or any part thereof is so used for discharge of liabilities ’.”

Sir, this again is consequential on the amendment No. 241 which has just been adopted by the House. It only fixes the time within which the deficiency is to be made up. Sir, I move.

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

“ That in sub-clause (11) of clause 6 of the Bill, the following be added at the end :

‘ from the date when the deposit or any part thereof is so used for discharge of liabilities ’.”

The motion was adopted.

Sardar Sant Singh : Sir, I have an amendment No. 15 in Supplementary List No. 3 which reads thus :

“ That to sub-clause (11) of clause 6 of the Bill, the words ‘ from the date the insurer is informed of such deficiency ’ be added at the end.”

Mr. S. C. Sen : I would point out, Sir, that this amendment seems to be barred in view of what has been passed in amendment No. 243 just now.

Mr. President (The Honourable Sir Abdur Rahim) : Yes, it is barred. It cannot be moved.

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

“ That clause 6 of the Bill, as amended, stand part of the Bill.”

The motion was adopted.

Clause 6, as amended, was added to the Bill.

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

“ That clause 7 stand part of the Bill.”

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

“ That in sub-clause (1) of clause 7 of the Bill, after the words ‘ policies of insurance ’ the words ‘ issued by the insurer ’ be inserted.”

This is only a drafting amendment, and it makes the meaning of the clause clear.

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

“ That in sub-clause (1) of clause 7 of the Bill, after the words ‘ policies of insurance ’ the words ‘ issued by the insurer ’ be inserted.”

The motion was adopted.

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

“ That in sub-clause (1) of clause 7 of the Bill, for the words ‘ policy issued by the insurer ’ the words ‘ such policies ’ be substituted.”

This again is a formal drafting amendment to make the meaning clear.

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

“ That in sub-clause (1) of clause 7 of the Bill, for the words ‘ policy issued by the insurer ’ the words ‘ such policies ’ be substituted.”

The motion was adopted.

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

“ That in sub-clause (2) of clause 7 of the Bill, after the words ‘ policies of life insurance ’ the words ‘ issued by the insurer ’ be added.”

Sir, this again is a drafting amendment. I move.

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

“ That in sub-clause (2) of clause 7 of the Bill, after the words ‘ policies of life insurance ’ the words ‘ issued by the insurer ’ be added.”

The motion was adopted.

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

“ That clause 7, as amended, stand part of the Bill.”

The motion was adopted.

Clause 7, as amended, was added to the Bill.

Clause 8 was added to the Bill.

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

“ That clause 9 stand part of the Bill.”

Sardar Sant Singh : Sir I beg to move :

“ That in sub-clause (2) of clause 9 of the Bill, after the words ‘ such business ’ the words ‘ or at least 50 per cent. of the income of such business whichever is greater ’ be inserted.”

The object of sub-clause (2) of clause 9 is to create a life insurance fund. In the case of the first premium after insuring the life, the receipts over payments will be very few and so the insurance fund will not be created. The reason for moving this amendment is that I give an alternative, and that is that between the excess of receipts over payments, and at least 50 per cent. of the income of such business, whichever is greater will go to the life insurance fund. Sir, I move.

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

“ That in sub-clause (2) of clause 9 of the Bill, after the words ‘ such business ’ the words ‘ or at least 50 per cent. of the income of such business whichever is greater ’ be inserted.”

Mr. S. C. Sen : Sir, I am sorry to oppose this amendment. The position is that the life fund really represents the excess of the receipts over the disbursements. I do not understand what my Honourable friend means by saying, “ 50 per cent. or whichever is greater ”. Whatever is there as surplus has got to be transferred to the life fund. He says, “ 50 per cent. of the income ” ; what will happen to the other 50 per cent. ?

Sardar Sant Singh : You have to meet commission charges from the first premium.

Mr. S. C. Sen : But the expenses might be more or might be less. The conclusion which my Honourable friend has drawn is not really intelligible.

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

“ That in sub-clause (2) of clause 9 of the Bill, after the words ‘ such business ’ the words ‘ or at least 50 per cent. of the income of such business whichever is greater ’ be inserted.”

The motion was negatived.

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

“ That clause 9 stand part of the Bill.”

The motion was adopted.

Clause 9 was added to the Bill.

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

“ That clause 10 stand part of the Bill.”

Dr. P. N. Banerjee : Sir, I beg to move :

“ That in sub-clause (1) of clause 10 of the Bill, for the words ‘ the expiration of each calendar year ’ the words ‘ the end of the 31st day of March every year ’ be substituted.”

In this Bill, the calendar year has been taken instead of the financial year. The financial year is more advantageous to the insurance companies because the months of December, January and February are the most active months in every insurance company's business. Therefore, if the accounts and balance-sheet have to be filed during these months, the other important parts of the business of the insurance company are greatly hampered. Besides, when the balance-sheet and accounts are submitted, the Superintendent may ask for further information and so forth. The result will be that the work of every insurance company will be greatly affected. I, therefore, suggest that instead of the year commencing on the 1st January it should commence on the 1st April, as the financial year of Government commences. There will be another advantage in it. The Indian year commences in *Baisakh*, that is to say, about the end of March or the beginning of April ; and if we adopt the financial year it will correspond to the Indian year. On these grounds I suggest that the financial year be taken and not the calendar year.

Sir, I move.

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

“ That in sub-clause (1) of clause 10 of the Bill, for the words ‘ the expiration of each calendar year ’ the words ‘ the end of the 31st day of March every year ’ be substituted.”

Mr. S. C. Sen : Sir, I am sorry to oppose this amendment. This provision of the Bill which my Honourable friend wants to amend was really intended to bring on uniformity in the matter of period of accounting. As at present the system of accounting is that some of the companies adopt the 31st March as the closing and some adopt the 31st December. It is essentially necessary that for the purposes of comparison of the workings

[Mr. S. C. Sen.]

of insurance companies there should be uniformity in the period of accounting ; and it is for this reason that this provision has been made. We have given two years' time to those companies which have adopted 31st March to adjust their accounts. I do not understand what difficulties there are by reason of this readjustment of the accounting period. My friend says that insurance work is very heavy during the months from January to April. If in the year when this Bill comes into force an amount cannot be included, it can be included in the next year.

Dr. P. N. Banerjea : That was not what I said. Work will be hampered because officers will be busy with other things.

Mr. S. C. Sen : Officers will take jolly good care to bring the accounts to a close by the end of December.

Dr. P. N. Banerjea : On a point of information, cannot uniformity be secured by adopting the financial year for all insurance companies ?

Mr. S. C. Sen : There are more people closing accounts on 31st December than on 31st March.

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

“ That in sub-clause (1) of clause 10 of the Bill, for the words ‘ the expiration of each calendar year ’ the words ‘ the end of the 31st day of March every year ’ be substituted.”

The motion was negatived.

Sir Cowasji Jehangir : I rise for some information at this stage. The point must be decided when the amendments to the Schedules will be considered by the House, now or at the end.

The Honourable Sir Nripendra Sircar : That is a matter for the Chair : I am willing to abide by any decision that may be given.

Mr. President (The Honourable Sir Abdur Rahim) : I understand that it would be convenient if we take the Schedule at the end.

Mr. Sami Vencatachelam Chetty (Madras : Indian Commerce) : I move :

“ That in sub-clause (2) of clause 10 of the Bill, after the word ‘ Chairman ’ the words ‘ if any ’ be inserted.”

My object is quite obvious.

The Honourable Sir Nripendra Sircar : We accept that.

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

“ That in sub-clause (2) of clause 10 of the Bill, after the word ‘ Chairman ’ the words ‘ if any ’ be inserted.”

The motion was adopted.

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

“ That clause 11 stand part of the Bill.”

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

“ That in clause 11 of the Bill, for the word ‘ accounts ’, occurring in the first line, the words ‘ Balance sheet, profit and loss account, revenue account and profit and loss appropriation account ’ be substituted.”

My reason for moving this amendment is this. The word "accounts" in the section is not quite explicit. These are the various accounts which have got to be dealt with and the amendment will make this clear.

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

"That in clause 11 of the Bill, for the word 'accounts', occurring in the first line, the words 'Balance sheet, profit and loss account, revenue account and profit and loss appropriation account' be substituted."

The motion was adopted.

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

"That in clause 11 of the Bill, for the word 'any', occurring in the ninth line, the word 'all' be substituted."

The purpose is obvious. I move it.

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

"That in clause 11 of the Bill, for the word 'any', occurring in the ninth line, the word 'all' be substituted."

The motion was adopted.

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

"That in clause 11 of the Bill, the word 'and', occurring in the tenth line, be omitted."

This is only a drafting amendment. I move it.

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

"That in clause 11 of the Bill, the word 'and', occurring in the tenth line, be omitted."

The motion was adopted.

Mr. K. Santhanam : Sir, I move :

"That in clause 11 of the Bill, after the word 'duties', in the last but one line, the words 'be subject to liabilities and penalties' be inserted."

The next amendment in the name of Mr. Sen shows that we are more vigilant than Government. I need not add anything more to commend the amendment.

Mr. S. C. Sen : We are accepting this amendment.

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

"That in clause 11 of the Bill, after the word 'duties', in the last but one line, the words 'be subject to liabilities and penalties' be inserted."

The motion was adopted.

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

"That clause 11, as amended, stand part of the Bill."

The motion was adopted.

Clause 11, as amended, was added to the Bill.

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

"That clause 12 stand part of the Bill."

Mr. Lalchand Navalrai (Sind : Non-Muhammadan Rural) : Sir, I move :

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

‘ Provided that the investigation by an actuary into the financial condition including liabilities of life assurance business carried on by Insurance Societies, which were not required to undergo actuarial valuation under section 5 of Act VI of 1912 and have good past record shall be made for the first time ten years after this Act comes into force ’.”

According to clause 12, the actuarial investigation has to take place within five years. It applies to all insurance companies. But there are certain companies which are mutual insurance societies which have been in existence for a very long time. I know particularly one such society in Hyderabad, Sind. It has been working for about sixty years and its work is very meritorious and beneficial to the policy-holders. I am only asking for some more time for actuarial investigation. These societies have been doing business on the old system and they have been paying monies and they have still to pay in future. If accounts are taken now or within five years they will not be able, within that time, to readjust their affairs and administration so as to show they have full assets wherewith to pay all their liabilities.....

An Honourable Member : What is the name of that company ?

Mr. Lalchand Navalrai : Hindu Provident Insurance Society, Hyderabad, Sind. There is another insurance society in Karachi conducted by Muslims for Muslims alone ; and there are other societies of that nature also. I say it will take some time for these societies to readjust their affairs. Within the past many years they have been paying these poor people—their policy-holders—who have paid only a very small amount as premium, a very good amount at the death of the policy-holders. There is no reason why such societies should be discouraged. At present the society I am talking of has no less than 40,000 persons as policy-holders under life insurance, and they have been paying to each man even about 2,000 rupees as insurance money : poor men only can take advantage of such societies as they pay small premiums conveniently. There is no reason, as I say, why societies like that should not live. In the first place, the directors of this society are honorary : they do not take any pay or any allowances. Then the workers are unselfish : the directors do not get anything and there are no share-holders : all the premia go to the policy-holders. These societies are not mushroom provident funds that spring up and die : these have lived and shown that they can live. But there should be no difficulties put in their way. So many difficulties have been put in the way of these societies by the Insurance Bill ; but to add to them by not giving this small concession that I am asking for is not right. Why should not these societies live ? I only ask that instead of five years, give them time for ten years for actuarial investigation. They have rules which bind their policy-holders also and these rules can be changed for the policy-holders as they have agreed by contract : therefore, I am saying that in the case of such societies this concession should be given. If these societies are asked to do actuarial investigation within two or three years, what will it mean ? Their ruin. This very society has got Rs. 10 lakhs in reserve for the life insurance fund only.....

Sir Cowasji Jehangir : What is the meaning of “ good past record ” in your amendment ?

Mr. Lalchand Navalrai : I am telling you that they have been giving poor men Rs. 2,000.....

Sir Cowasji Jehangir : Are you to be the judge ?

Mr. Lalchand Navalrai : No luck. I know their record : I know how they are managing this society and I do not support mushroom funds. These society funds have survived and I do not know why there should be no sympathy for them. If there is sympathy only for the bigger firms and when a concession is asked in the case of smaller firms it is opposed, that means that the larger insurance societies want that these smaller societies should be killed, which is not fair at all. I never expected that my learned friend, Sir Cowasji Jehangir, would raise any objection to giving a concession like this to poor policy-holders.....

Sir Cowasji Jehangir : It is a very vague protection to be embodied in a Bill : who is going to be the judge of " good past record " ?

Mr. Lalchand Navalrai : I have suggested the words " past record "

.....

Sir Cowasji Jehangir : How can that be defined ?

Mr. Lalchand Navalrai : Good past record can be judged by seeing whether they have been doing good work in the past and whether they have been supporting their policy-holders. I say for sixty years such societies have been doing well, I submit that if you are going to kill such small societies it is unfair. This society has no less than 180 clerks and 25 peons. If you insist on an actuarial investigation now, they are not prepared for it. Why ? Because actuarial account is not an easy business. It means that tomorrow they should sit and take up each policy-holder's history : for investigation and valuation, it means there will be so much expense over it and also labour. You know what difficulties there are in this technical way of finding out this actuarial investigation. Thousands of rupees are paid by the companies on this actuarial investigation, and is it fair to small societies like these that they should spend so many thousands of rupees and that in every five years ? In considering the question of these societies the House should realise that it is giving a concession to no one else than the policy-holders. The societies are not dishonest at all, from this point of view that they are having no salaries, no commissions and they are working honorary. They are giving so much of help in the way of paying to so much establishment. Now, Sir, they have also certain agents. Those agents are being paid.....

Mr. President (The Honourable Sir Abdur Rahim) : Does the 5 P.M. Honourable Member wish to finish his speech today ?

Mr. Lalchand Navalrai : I cannot finish it today ?

Mr. President (The Honourable Sir Abdur Rahim) : Then, he can resume it the next day.

The Assembly then adjourned till Eleven of the Clock on Thursday, the 16th September, 1937.