

# COUNCIL OF STATE DEBATES

WEDNESDAY, 17th NOVEMBER, 1937

Vol. II—No. 13

## OFFICIAL REPORT



### CONTENTS

Questions and Answers.

Insurance Bill—Motion to consider, adopted—*To be continued.*

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CONTENTS.

	PAGES.
<b>Monday, 13th September, 1937—</b>	
Address by His Excellency the Viceroy to the Members of the Council of State and the Legislative Assembly . . . . .	1—7
<b>Tuesday, 14th September, 1937—</b>	
Members Sworn . . . . .	9
Questions and Answers . . . . .	9—35
Information promised in reply to questions laid on the table . . . . .	35—42
Agreements between the Reserve Bank of India and certain Local Governments laid on the table . . . . .	42—73
Message from His Excellency the Governor General . . . . .	74
Committee on Petitions . . . . .	74
Death of Mr. Bijay Kumar Basu and Mr. Jatindra Chandra Banerjee . . . . .	74—76
Governor General's Assent to Bills . . . . .	76—77
Bills passed by the Legislative Assembly laid on the table . . . . .	77
Standing Committee on Emigration . . . . .	77
Congratulations to recipients of Honours . . . . .	77—79
Resolution <i>re</i> Report of the Indian Railways Enquiry Committee—Moved . . . . .	79—80
<b>Wednesday, 15th September, 1937—</b>	
Member Sworn . . . . .	81
Questions and Answers . . . . .	81—121
Resolution <i>re</i> Enquiry into the working of the E. I. R. Press—Withdrawn . . . . .	121—20
Resolution <i>re</i> Political exiles—Negatived . . . . .	126—51
Resolution <i>re</i> Recruitment to the Public Services by examinations to be held in India only—Negatived . . . . .	151—63
Resolution <i>re</i> Local Advisory Committees of the B. N. R.—Withdrawn . . . . .	163—66
Resolution <i>re</i> Protection of Indian interests in Fiji, British Guiana and Trinidad—Moved . . . . .	166
<b>Monday, 20th September, 1937—</b>	
Member Sworn . . . . .	167
Questions and Answers . . . . .	167—211
Bill passed by the Legislative Assembly laid on the table . . . . .	211
Standing Committee on Emigration . . . . .	212
Resolution <i>re</i> Protection of Indian interests in Fiji, British Guiana and Trinidad . . . . .	212—25
Indian Succession Act (Amendment) Bill—Motion to introduce and circulate, adopted . . . . .	225—27

	PAGES.
<b>Monday, 20th September, 1937—<i>contd.</i></b>	
Resolution <i>re</i> Pay of the I.C.S.—Negatived . . . . .	227—55
Shebaity Bill—Introduced . . . . .	255
Resolution <i>re</i> Nomination of members of the U.T.C. to the Indian Military Academy, Dehra Dun—Moved . . . . .	255
<b>Wednesday, 22nd September, 1937—</b>	
Member Sworn . . . . .	257
Questions and Answers . . . . .	257—80
Information promised in reply to questions laid on the table . . . . .	280
Agreement between the Reserve Bank of India and the Gov- ernment of the North-West Frontier Province laid on the table . . . . .	281—84
Library Committee of the Indian Legislature . . . . .	285
Resolution <i>re</i> Nomination of members of the U.T.C. to the Indian Military Academy, Dehra Dun—Negatived . . . . .	285—300
Cutchi Memon Bill—Introduced . . . . .	301—02
Resolution <i>re</i> Cadet Corps in schools, etc.—Negatived . . . . .	302—13
Resolution <i>re</i> Taxes on excessive profits of protected industries— Withdrawn . . . . .	313—21
Control of Coastal Traffic of India Bill— <i>To be continued</i> . . . . .	322—25
<b>Thursday, 23rd September, 1937—</b>	
Member Sworn . . . . .	325
Motion for Adjournment <i>re</i> Appointment of a non-Indian as Economic Adviser to the Government of India—Disallowed . . . . .	325—27
Resolution <i>re</i> Report of the Indian Railways Enquiry Committee— Adopted . . . . .	327—83
Statement of Business . . . . .	383
<b>Tuesday, 28th September, 1937—</b>	
Member Sworn . . . . .	385
Statement <i>re</i> Supplementary Questions . . . . .	385—89
Questions and Answers . . . . .	389—94
Statement <i>re</i> Insurance Bill . . . . .	395
Statement of Business . . . . .	395—96
Petroleum (Berar Extension) Bill—Considered and passed . . . . .	396—97
Rules and Regulations Continuance Bill—Considered and passed . . . . .	397—98
Federal Court Bill—Considered and passed . . . . .	398—99
<b>Wednesday, 29th September, 1937—</b>	
Questions and Answers . . . . .	401—05
Control of Coastal Traffic of India Bill—Motion to refer to Select Committee, negatived . . . . .	405—62

	PAGES.
<b>Saturday, 2nd October, 1937—</b>	
107 Questions and Answers . . . . .	463—80
108 Draft Conventions and Recommendations of the International Labour Conference laid on the table . . . . .	480—505
607 Agreement between the Governor of Bengal and the Reserve Bank of India laid on the table . . . . .	505—09
Cutchi Menon Bill—Motion to circulate, adopted . . . . .	509—10
VI <sup>1/2</sup> Muslim Personal Law (Shariat) Application Bill—Considered and passed . . . . .	510—11
81 Resolution <i>re</i> Ratification of the International Agreement for the regulation of production and marketing of sugar—Adopted . . . . .	511—64
Bills passed by the Legislative Assembly laid on the table . . . . .	564
61 Statement of Business . . . . .	565
<b>Tuesday, 5th October, 1937—</b>	
12 Questions and Answers . . . . .	567—94
2 Information promised in reply to questions laid on the table . . . . .	594—98
1 Bill passed by the Legislative Assembly laid on the table . . . . .	598
Indian Tariff (Second Amendment) Bill—Considered and passed . . . . .	598—99
Indian Securities (Amendment) Bill—Considered and passed . . . . .	599—600
<b>Monday, 15th November, 1937—</b>	
Members Sworn . . . . .	601
Death of Mr. Ramsay MacDonald . . . . .	601—02
VI <sup>1/2</sup> Questions and Answers . . . . .	602—19
Congratulations to Rai Bahadur A. L. Banerjee on his appointment as Assistant Registrar in the Federal Court . . . . .	619
65 Information promised in reply to questions laid on the table . . . . .	620—26
66 Agreements between the Reserve Bank of India and the Government of Bombay laid on the table . . . . .	626—30
13 Bill passed by the Legislative Assembly laid on the table . . . . .	630
81 <sup>1/2</sup> Insurance Bill—Motion to consider— <i>To be continued</i> . . . . .	631—65
<b>Tuesday, 16th November, 1937—</b>	
10 Questions and Answers . . . . .	667—68
Insurance Bill—Motion to consider— <i>To be continued</i> . . . . .	668—708
<b>Wednesday, 17th November, 1937—</b>	
Questions and Answers . . . . .	709—20
Insurance Bill—Motion to consider, adopted— <i>To be continued</i> . . . . .	721—40
<b>Friday, 19th November, 1937—</b>	
Member Sworn . . . . .	743
Questions and Answers . . . . .	743—58
Motion for Adjournment <i>re</i> Report of the Wheeler Committee on the reorganization of the Secretariat—Allowed . . . . .	759—61

	PAGE.
<b>Friday, 19th November, 1937—contd.</b>	
Information promised in reply to question laid on the table . . . . .	761
Insurance Bill—Consideration of clauses— <i>To be continued</i> . . . . .	761—94
Motion for Adjournment <i>re</i> Report of the Wheeler Committee on the reorganization of the Secretariat—Talked out . . . . .	794—815
<b>Monday, 22nd November, 1937—</b>	
Member Sworn . . . . .	817
Questions and Answers . . . . .	817—18
Motions for Adjournment <i>re</i> (1) Ratification of the International Sugar Agreements and (2) Contribution made by His Majesty's Government towards mechanization of the Army in India—Disallowed . . . . .	818—19
Insurance Bill—Consideration of clauses— <i>To be continued</i> . . . . .	819—82
<b>Tuesday, 23rd November, 1937—</b>	
Questions and Answers . . . . .	863
Information promised in reply to question laid on the table . . . . .	863—65
Insurance Bill—Consideration of clauses— <i>To be continued</i> . . . . .	865—911
<b>Wednesday, 24th November, 1937—</b>	
Information promised in reply to questions laid on the table . . . . .	913—14
Insurance Bill—Consideration of clauses— <i>concluded</i> . . . . .	914—58
<b>Thursday, 25th November, 1937—</b>	
Short Notice Question and Answer . . . . .	957
Motion for Adjournment <i>re</i> Appointment of Mr. Salt as Entomologist to the Imperial Council of Agricultural Research—Disallowed . . . . .	957—60
Information promised in reply to questions laid on the table . . . . .	960
Insurance Bill—Motion to pass . . . . .	961—74
Statement <i>re</i> Motion for Adjournment <i>re</i> Appointment of Mr. Salt as Entomologist to the Imperial Council of Agricultural Research . . . . .	975
Insurance Bill—Motion to pass, adopted . . . . .	975—97
Indian Mines (Amendment) Bill—Considered and passed . . . . .	987—91

# COUNCIL OF STATE.

*Wednesday, 17th November, 1937.*

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The Council met in the Council Chamber of the Council House at Eleven of the Clock, the Honourable the President in the Chair.

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## QUESTIONS AND ANSWERS.

### PAYMENT OF GRATUITY TO THE DEPENDENTS OF MIAN MOHAMMAD, SURVEYOR.

327. THE HONOURABLE MR. HOSSAIN IMAM: With reference to my question No. 26, dated 14th September 1937, will Government state whether they have paid any gratuity to the dependents of Mian Mohammad, surveyor?

THE HONOURABLE KUNWAR SIR JAGDISH PRASAD: The question of the grant of a family pension to the surveyor's family is being considered by the Surveyor General.

### RECOGNITION OF PAST DEGREES OF THE PATNA MEDICAL COLLEGE.

328. THE HONOURABLE MR. HOSSAIN IMAM: Will Government state what action they have taken or propose to take to get the past degrees of the Patna Medical College recognised by the General Medical Council of Great Britain?

THE HONOURABLE KUNWAR SIR JAGDISH PRASAD: The Medical Council of India, who are concerned with the recognition of medical degrees have already taken up this matter with the General Medical Council of Great Britain, whose reply is awaited.

### ROLLING STOCK PROGRAMME FOR 1938-39.

329. THE HONOURABLE MR. HOSSAIN IMAM: Will Government lay on the table a statement containing all the information referred to in paragraphs 5 and 6 on page 93 of the Report of the Standing Finance Committee for Railways held on 28th and 29th June, 1937?

THE HONOURABLE SIR GUTHRIE RUSSELL: A copy of the memorandum on the subject of the Rolling Stock Programme for 1938-39 containing the information referred to by the Honourable Member is laid on the table of the House.

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*Memorandum on the subject of the Rolling Stock Programme for 1938-39 with special reference to the Comments of the Wedgwood Committee as summarised in paragraph 47.*

*General.*—The portion of the Indian Railway Enquiry Committee's report relating to rolling stock (pages 19 to 28), for the most part, consists of comparisons between published statistical figures for the years 1929-30 and 1935-36 and conclusions arrived at from such comparisons. Annual statistical figures for 1935-36 were the latest available at the time the Committee visited India, but annual figures for 1936-37 are now largely to hand and it is necessary to review the conclusions of the Committee with reference both to

such latter information and the probable stock position during 1938-39. It should also be mentioned that some errors seem to have crept in in the figures reproduced in the report and the interpretations placed on the figures do not, in the opinion of the Railway Board, appear to be correct in all cases.

*Traffic.*—In Statements I and II, freight-ton miles, passenger train miles and goods train miles for the years 1929-30 and 1936-37 and for broad and metre gauge railways are shown. A reference to these statements shows that broad gauge freight-ton miles and metre gauge passenger train miles during 1936-37 were in excess of the corresponding figures for 1929-30. Statement I also shows that, excluding the B. N. R. figures from December, 1936 to February, 1937 (the non-submission of which was due to a strike), the 1936-37 figures for passenger and goods train miles closely approached the corresponding figures for 1929-30 and a similar remark applies to the 1936-37 metre gauge figures for freight-ton miles and goods train miles shown in Statement II.

During the first four months of this year (1937-38), earnings were Rs. 2,35 lakhs in excess of the earnings for the corresponding period during 1936-37 and there is reason to suppose that traffic during 1937-38 will appreciably exceed the traffic carried during 1929-30. In existing circumstances it is reasonable also to assume that the traffic to be carried during 1938-39 will not be less than that carried during 1929-30, and any conclusions of the Railway Enquiry Committee based on a fall in traffic since 1929-30 have, in consequence of subsequent developments, lost their validity in so far as rolling stock requirements for 1938-39 are concerned.

*Locomotives.*—In paragraph 38 of the report (page 21) statistics relating to engine utilisation for 1929-30 and 1935-36 are reproduced. The figures shown are average figures for the year and as such, cannot bring out correctly the actual position with respect to engine utilisation. It is the figures for peak periods of traffic that are most relevant to this point and these figures for broad gauge railways for 1929-30 and 1936-37 are shown in Statement III. These figures indicate substantial improvements on all railways except the B., F. and C. I. R. and M. and S. M. R. The fall in the M. and S. M. R. figures is explained by that railway having introduced pooling of locomotives in 1929-30. Adequate preparations for pooling were not, however, made and this method of working had in consequence to be abandoned shortly afterwards. The declining tendency of the 'on line' figures as given in the Committee's report, does not, as inferred by them, reflect the heavy percentage of locomotives under or awaiting repair. Owing to unavoidable delays in the actual breaking up of locomotives on State-managed Railways and the refusal of some Company-managed Railways to break up and write off stock surplus to requirements, a temporary reduction in the "on line" figures must necessarily accompany an increase in the "in use" figures. Further reductions in the locomotive stock, either already effected or contemplated, combined with the increased traffic offering will, however, ensure further improvements in the "on line" figures during 1938-39.

Re paragraph 39 (page 22) of report, Statement IV shows the locomotive stock on broad gauge railways in 1929-30 and 1935-36 and in addition the anticipated stock at the end of 1938-39 (assuming that the proposals placed before the Standing Finance Committee for 1938-39 were sanctioned) and some particulars of the age of the locomotives concerned. In brief, it is anticipated that at the end of 1938-39, 272 less locomotives will be available than during 1935-36 and 730 less locomotives than during 1929-30 or in other words it is hoped to handle equivalent traffic with 730 less locomotives. It need hardly be added that without further improvements in utilisation and reductions in the time during which locomotives are under repair this will not be possible. It should also be mentioned that a number of the locomotives in use then will have become worn out.

In regard to the individual locomotive proposals for 1938-39 the following remarks are added :—

*B. N. R.*—

4 Garratt locomotives.—These are special purpose locomotives, and their purchase is justified on that account only. If further justification is required, reference is invited to the 1936-37 goods train miles figures of the B. N. R. (Statement I) and the ages of the B. N. R. locomotives are given in Statement IV.

*B. and N. W. R.*—

4 YB type locomotives.—Attention is invited to the 1936-37 passenger train mileage figure of the B. and N. W. R. (Statement II).

*B., B. and C. I. R.*—

10 4-4-4 tank locomotives.—These are special purpose locomotives and are justified on that account. Incidentally it may be mentioned that this demand will give employment for the locomotive building plant and staff at Ajmere works.

*E. I. R.*—(5).

*G. I. P. R.*—(5).

*10 WM class locomotives.*—These are experimental locomotives (see memorandum relating to their purchase). If further justification is required, reference is invited to ages of *E. I. R.* and *G. I. P. R.* locomotives given in Statement IV.

*M. and S. M. R.*—

*10 XD type locomotives.*—Attention is invited to the 1936-37 freight-ton miles and goods train miles figures of the *M.* and *S. M. R.* (Statement I).

*R. and K. R.*—

*3 B. E. S. A. type locomotives.*—Attention is invited to the 1936-37 passenger train mile figure of the *R.* and *K. R.* (Statement II).

*S. I. R.*—

*16 tank locomotives.*—Attention is invited to the 1936-37 passenger train mile figure of the *S. I. R.* (Statement II).

*Carriages.*—Re paragraph 43 of the report (page 25) the *G. I. P. R.* stock figure for 1929-30 was 2,770 and not 2,170, as shown in the report. This was due to an unfortunate mistake, and in consequence the opinion expressed in paragraphs 42 and 43 of the report requires considerable modification.

Statement V shows the correct *B. G.* carriage stock position for 1929-30, 1933-34 and 1935-36 and also the contemplated position at the close of 1938-39, assuming that the carriage proposals placed before the Standing Finance Committee were sanctioned. This statement shows that the stock in 1935-36 was 160 units below the stock in 1929-30 and that it will be reduced by another 427 units by the close of 1938-39. The *B. G.* stock figure for 1933-34 has also been included in the statement. The rise in years subsequent to 1929-30 is explained by the acceptance of Company-managed Railways' proposals to carry out renewals in accordance with the terms of their contracts and shows that the total reduction in stock effected since 1933-34 will really be no less than 603 units.

In regard to the individual carriage proposals only those for the *E. B. R.* and *S. I. R.* are of appreciable importance. A reference to the broad and metre gauge passenger train mile figures for these two railways during 1936-37 will suffice to show the necessity of meeting these demands.

*Wagons.*—The statistics reproduced in paragraph 46 of the report (page 27) relate to wagons "on line" and not wagon stocks. The increase in 1935-36 is creditable inasmuch as it shows greater availability. The actual *B. G.* stock positions in 1929-30 and 1935-36 will be found at Statement VI and, as the stock in 1935-36 was lower than the stock in 1929-30 and the freight-ton miles of *B. G.* railways during 1936-37 were in excess of the 1929-30 figures, the stock of wagons can no longer be regarded as excessive.



**STATEMENT I.**  
**BROAD GAUGE.**  
*Net or freight-ton miles (Goods and proportion of mixed).*  
(In thousands).

Year.	B. N. R.	B., B. and C. I. R.	E. B. R.	E. I. R.	G. I. P. R.	M. and S. M. R.	N. W. R.	S. I. R.	Total.
1929-30 . . .	2,961,926	932,412	534,185	6,271,151	2,526,252	676,476	2,820,410	173,327	16,896,145
1936-37 . . .	Not available.	1,083,595	471,770	6,048,450	2,649,628	833,458	Not available.	219,955	16,979,226*
			<i>Train miles (passenger and proportion of mixed.)</i> (In thousands.)						
1929-30 . . .	5,548	4,979	5,603	16,339	13,472	4,119	17,608	2,147	69,205
1936-37 . . .	15,631	3,762	15,493	16,690	11,067	4,281	14,641	33,048	164,613
			<i>Train miles (goods and proportion of mixed.)</i> (In thousands.)						
1929-30 . . .	6,843	2,565	1,509	13,642	7,535	2,163	8,583	798	43,638
1936-37 . . .	17,004	2,633	1,706	12,655	7,291	2,412	8,453	770	143,924

Figures italicised are the highest ever recorded in the history of the railway concerned.

\* Including 1935-36 figures for N. W. R. and B. N. R. which are known to have been exceeded in 1936-37 but actual figures are not available.

† B. N. R. train miles for December, 1936, to February, 1937, excluded due to strike.

‡ Steady increase year by year from 4,182 in 1932-33.

§ Steady increase year by year from 2,461 in 1933-34.

STATEMENT II.  
METRE GAUGE.

Net or freight-ton miles (goods and proportion of mixed).  
(In thousands).

Year.	A. B. R.	B. and N. W. R.	B., B. and C. I. R.	Burma Railways.	E. B. R.	M. and S. M. R.	R. & K. R.	S. I. R.	Total.
1929-30	243,145	411,056	759,106	763,809	245,677	520,888	85,124	324,851	2,369,656
1936-37	242,644	636,790	764,312	612,418	261,601	418,653	105,710	272,924	3,304,952
			<i>Train miles (passenger and proportion of mixed).</i>						
1929-30	1,603	5,050	5,645	4,272	2,875	3,755	905	5,708	29,813
1936-37	1,982	*5,623	4,387	4,373	†2,875	4,378	†1,021	§7,332	31,972
			<i>Train miles (goods and proportion of mixed).</i>						
1929-30	2,409	2,734	4,392	3,743	1,409	4,094	637	2,416	21,424
1936-37	2,276	3,146	3,475	3,019	1,573	3,109	770	1,711	19,329

Figures italicised are the highest ever recorded in the history of the railway concerned.

- \* Steady increase year by year from 4,883 in 1934-35.
- † Steady increase year by year from 2,096 in 1932-33.
- ‡ Steady increase year by year from 975 in 1932-33.
- § Steady increase year by year since 1929-30.

## STATEMENT III.

*Locomotive utilisation-miles per day per engine in use and on line.*

(Figures relate to utilisation during month of heaviest traffic.)

Railways.	1929-30.		1936-37.	
	In use.	On line.	In use.	On line.
B. N. R.	107	76	118	84
B., B. and C. I. R.	111	75	106	70
E. B. R.	110	78	123	96
E. I. R.	99	76	105	75
G. I. P. R.	116	69	135	88
M. and S. M. R.	114	78	112	78
N. W. R.	104	74	111	71
S. I. R.	104	80	122	83
	108·375	75·75	116·5	80·625

## STATEMENT IV.

*Steam Locomotive Stock (Broad Gauge).*

Railways.	1929-30.	1935-36.	At end of 1936-39.	No. of locomotives in column (4) which will be over 35 years old at end of 1936-39.	No. of locomotives in column (4) which will be over 30 years old at end of 1936-39.
1	2	3	4	5	6
B. N. R.	698	672	668	82	242
B., B. and C. I. R.	378	361	346	1	75
E. B. R.	327	302	294	1	92
E. I. R.	1,585	1,578	1,529	209	526
G. I. P. R.	†1,101	*752	*664	65	213
M. and S. M. R.	297	302	302	48	92
N. W. R.	1,284	1,239	1,133	Nil.	216
S. I. R.	152	154	152	Nil.	22
	5,818	5,360	5,088		

\* Plus 65 electric locomotives.

† Plus 31 electric locomotives.

5,818 — 5,088 = 730

5,818 — 5,360 = 458

Further reduction since 1935-36 . 272

STATEMENT V.

Carriage stock (Broad Gauge).

(In 4-wheeled units.)

Railways.	1929-30.	1933-34.	1935-36.	Anticipated stock on line at end of 1938-39.
B. N. R.	1,439	..	1,576	1,584
B., B. and C. I. R.	1,001	..	1,088	1,133
E. B. R.	1,314	..	1,426	1,557
E. I. R.	4,894	..	4,767	4,673
G. I. P. R.	2,770	..	2,276	2,155
M. and S. M. R.	1,108	..	1,186	1,135
N. W. R.	4,706	..	4,629	4,316
S. I. R.	510	..	639	650
	17,742	18,056	17,582	17,153

17,742 — 17,155 = 587

17,742 — 17,582 = 160

Anticipated further reduction since 1935-36 = 427

Anticipated reduction on peak figure for 1933-34 = 18,056 — 17,153 = 903.

STATEMENT VI.

Wagon stock (Broad Gauge.)

	1929-30.	1935-36.
B. N. R.	23,950	24,565
B., B. and C. I. R.	10,617	9,455
E. B. R.	8,404	8,019
E. I. R.	48,495	49,033
G. I. P. R.	19,280	18,431
M. and S. M. R.	5,586	6,060
N. W. R.	30,428	29,106
S. I. R.	1,858	2,311
Total	1,48,618	1,46,980

AMOUNT PAID AS PASSAGE MONEY BY GOVERNMENT TO THE P. AND O. S. N. Co. AND OTHER COMPANIES.

330. THE HONOURABLE MR. HOSSAIN IMAM: Will Government state the total amount paid by the Government of India as passage money during each of the last four years to the P. and O. Co., and other companies?

**THE HONOURABLE MR. J. C. NIXON:** The information asked for by the Honourable Member is not readily available. Government consider that the advantage to be gained by collecting it from various sources will not be commensurate with the labour involved.

**THE HONOURABLE MR. HOSSAIN IMAM:** May I know whether the passage money is administered centrally by the Finance Department or it is administered by each department separately?

**THE HONOURABLE MR. J. C. NIXON:** Will the Honourable Member please repeat his question? I did not quite catch him.

**THE HONOURABLE MR. HOSSAIN IMAM:** Is the amount paid to the P. and O. as passage money administered by the Finance Department or by each of the departments separately?

**THE HONOURABLE MR. J. C. NIXON:** It is paid by the local Accountants General in every case.

**THE HONOURABLE MR. HOSSAIN IMAM:** Does it pass centrally through the Accountant General, Bombay?

**THE HONOURABLE MR. J. C. NIXON:** No, Sir.

#### DEFALCATIONS IN TREASURIES IN INDIA DURING 1934—1937.

**331. THE HONOURABLE MR. HOSSAIN IMAM:** Will Government give detailed information about defalcations of money from Government treasuries during the last three years, and state the causes found for the defalcations, the remedial measures adopted, the action taken against persons involved and the losses sustained by Government?

**THE HONOURABLE MR. J. C. NIXON:** A statement is laid on the table

Since the introduction of Provincial Autonomy the balances in the treasuries and sub-treasuries have become the property of the Provincial Governments.

**THE HONOURABLE MR. HOSSAIN IMAM:** Do the balances of the Government of India in mofussil towns go to the Treasury or to the Imperial Bank?

**THE HONOURABLE MR. J. C. NIXON:** To the Imperial Bank where there is a branch of the Imperial Bank.

**THE HONOURABLE MR. HOSSAIN IMAM:** What happens to Government of India Balances in places where there are no branches of the Imperial Bank?

**THE HONOURABLE MR. J. C. NIXON:** In provincial areas the province in some respects acts as the banker of the Government of India. The cash itself is regarded as belonging to the Provincial Government, and the Centre is either in debit or credit to the Provincial Government.

Statement showing defalcations in Treasuries in India during 1934—1937.

Serial No.	Name of Treasury or Sub-Treasury.	Amount involved.	Causes found.	Remedial measures adopted.	Action taken against persons concerned.	Net loss to Government.
1	Malkapur Sub-Treasury, Central Provinces.	Rs. 3,087	The defalcation was found to have been carried out by the gradual and systematic removal of coins from bags stored in the Sub-Treasury. The defalcation was a result of a lack of supervision by the Sub-Treasury Officers and their failure to observe the procedure laid down for the custody and verification of treasury balances and for the receipt and issue of money.	Attention of officers responsible for the inspection of treasuries and sub-treasuries was drawn by the Local Governments to the necessity for selecting bags of coin for verification in accordance with the rules. They also amended the rules so as to fix responsibility for shortages and bad coins.	Two potdars were prosecuted and one of them was sentenced to 6 months' rigorous imprisonment. As a disciplinary measure, the Local Government withheld the increment of one Tahsildar and two Nalb-Tahsildars and in addition, ordered the Tahsildar and one of the Nalb-Tahsildars to make good a portion of the loss by surrendering one-fourth of their pay for one year. A sum of Rs. 994 was recovered from them and Rs. 200 from the sureties of the Potdar. The net loss of Rs. 1,885 was written off by the Government of India.	Rs. 1,885

## Statement showing defalcations in Treasuries in India during 1934—1937—contd.

Serial No.	Name of Treasury or Sub-Treasury.	Amount involved.	Causes found.	Remedial measures adopted.	Action taken against persons concerned.	Net loss to Government.
2	Tamluk Sub-Treasury, District Midnapore, Bengal.	Rs. 10,000	It was suspected that the Poddar of the Sub-Treasury removed a bundle of notes during the verification by the Sub-Divisional Officer. It was held that the theft was due to the failure on the part of the officers concerned to exercise proper supervision at the time of re-placement of the money in the chest.	.....	The Poddar could not be placed on trial as he committed suicide shortly after the commencement of police enquiry. A sum of Rs. 9,234 was recovered from the properties of the Poddar and his pay amounting to Rs. 20 was forfeited. The balance of Rs. 746 was ordered to be recovered from the Sub-Divisional Officer and the Sub-Treasurer.	Rs. Nil.
3	Miransah Sub-Treasury, North-West Frontier Province.	15,000	The Accountant of a Political Agency, in token of having received payment of his bill for Rs. 60,262, signed the cash book of the Sub-Treasurer but declined to take delivery of the cash that day. The Sub-Treasurer after the day's work left the sum in bundles of currency notes and coins on the floor of the double lock room where it was exposed to view through the door of iron bars. Next day on opening the double lock, two bundles of notes		The Accountant was removed from service for gross negligence in duty in dealing with Government money. The total loss was recovered from the Treasurer and the Sub-Treasurer Officer was severely reprimanded. The Guard on duty on the night of the loss was disbanded.	Nil.

worth Rs. 15,000 were found missing. The police could find no definite evidence for the purpose of prosecution. The loss was due to the refusal of the Political Agency Accountant to take delivery of the money, to the failure of the Sub-Treasurer to make proper arrangements for its safe custody and to the failure of the Sub-Treasury Officer to notice the money lying on the floor at the time of closing the treasury.

7,06,000

4. Chaibasa Treasury, Bihar.

The amount was stolen by the Treasurer from the currency chest over a number of years. The theft was rendered possible by the carelessness of the officers in charge of the Treasury and of the verifying officers concerned and was covered up mainly by the Treasurer forging the accounts rendered to the Currency Office.

Instructions were issued to all officers concerned enjoining greater care in the maintenance of currency chest accounts. Instructions were also issued to Accountants General and Officers inspecting treasuries that they should independently report the balance of the currency chest shown in the accounts to the Currency Officer for verification and acceptance.

The Treasurer was arrested but died soon after. Four accomplices of the Treasurer were prosecuted. Two of them were sentenced to varying terms of imprisonment and two were acquitted. The question of departmental action against supervising and verifying officers was left to the Local Government. The latter have also instituted certain civil suits for recovering the amount of the loss.

The total amount of the loss was made good to the Reserve Bank. Half was borne by the Government of Bihar and half by the Government of India.



**PERSONNEL OF THE NON-OFFICIAL ADVISERS IN INDIA AND OF THE DELEGATION TO ENGLAND IN CONNECTION WITH THE INDO-BRITISH TRADE NEGOTIATIONS.**

**332. THE HONOURABLE MR. HOSSAIN IMAM:** Will Government give the following information about the Indo-British Trade Negotiations:—Personnel of the non-official Advisers in India and of the Delegation to England, the total amount paid to each as salary, allowance, travelling expenses, etc., and the rates thereof?

**THE HONOURABLE MR. H. DOW:** I lay on the table a statement giving the information required.

**INDO-UNITED KINGDOM TRADE AGREEMENT NEGOTIATIONS.**

*Statement showing the names of the non-official Advisers, personnel of the Delegation to England and the salary and allowances drawn by them.*

*Non-Official Advisers—*

The following gentlemen acted as non-official Advisers both in India and England:—

Sir Edward Benthall.

Sir Purshotamdas Thakurdas, C.I.E., M.B.E.

Mr. Ghanashyamdas Birla.

Mr. Kasturbhai Lalbhai.

Sardar Bahadur Datar Singh.

Nawabzada Liaquat Ali Khan.

Dr. P. Subbarayan, M.A., LL.D.

The Honourable Sir Muhammad Zafrulla Khan, K.C.S.I., Bar-at-Law, was the sole Delegate to England. He was assisted by the gentlemen named above as non-official Advisers and by the following officers as official Advisers:—

Sir David Meek, C.I.E., Indian Trade Commissioner, London.

Sir Bryce Burt, C.I.E., M.B.E., Vice-Chairman of the Imperial Council of Agricultural Research.

Mr. N. R. Pillai, C.B.E., I.C.S., Collector of Customs, Bombay.

*Salary and allowances—*

*Sir Muhammad Zafrulla Khan.*—Pay at Rs. 5,500 a month under proviso (a) to Fundamental Rule 51, and First class 'A' passage by steamer. Compensatory allowance of 16s. 8d. a day with a special allowance of £25 a week and the provision of a motor car at a cost of £20 per week.

*Sir David Meek.*—No special remuneration in addition to his pay as Indian Trade Commissioner, London.

*Sir Bryce Burt and Mr. Pillai.*—Pay and compensatory allowances as regulated by the provisions of Fundamental Rule 51.

*Rates of allowances, etc., of non-official Advisers—*

For attending meetings at Simla and New Delhi the non-official Advisers were granted travelling allowance between their homes and the headquarters of Government at the rate admissible under the Supplementary Rules to an officer of the first grade plus a daily allowance of Rs. 12 each for halts at Simla or New Delhi.

For attending meetings in London each non-official adviser was granted (a) an honorarium at the rate of £100 a month from the date of arrival or the date of beginning of work in London (whichever was later) until the conclusion of negotiations, (b) a subsistence allowance of 25s. a day for the period of actual work in London in connection with the negotiations, drawn only by those who were put to extra expense on accommodation, (c) First class "A" grade return passage by steamer with option to travel by air.

Details of the amounts paid to each individual are not yet available but the total expenditure incurred up to the end of September 1937 amounted to approximately Rs. 1,13,000.

## INSURANCE BILL—*contd.*

**THE HONOURABLE THE PRESIDENT :** The debate will now be resumed on the Insurance Bill.

**THE HONOURABLE PANDIT HIRDAY NATH KUNZRU** (United Provinces Northern : Non-Muhammadian) : Mr. President, any one who discusses the measure before us is bound to recognise the valuable efforts made by the Honourable the Law Member to improve the law relating to insurance in India. It is only when the Bill before us is compared with the existing legislation that we can be in a position to appreciate the great change for the better that this measure will introduce when it is passed into law. Sir, the present law is defective in many respects. The Bill before us tries to remedy the serious defects that are at present observable. It protects in the first place the interests of the policy-holders. I need not go into details with regard to the provisions of the Bill on this subject, but it takes into consideration the interests of the policy-holders so well that it has been called a policy-holders' Bill.

Then, Sir, when this Bill is accepted by the House, we shall be able to get fuller information with regard to the activities of insurance companies than we have been able to obtain hitherto and this is particularly true of non-Indian companies. Publicity, Sir, is one of the most valuable means of keeping institutions up to the mark. Unfortunately the present law has been found ineffective for fully securing this object.

Not merely are Indian companies not required to furnish full information, but foreign companies are practically exempt from all those provisions which apply to Indian companies. For the first time non-Indian companies will be required to furnish full information with regard to their insurance business in India.

Another important provision in the Bill relates to managing agencies. These agencies are to be terminated in the course of three years. I shall not go into details on this point at this stage, though I shall have to say something about it a little later, but I should like just to say that I fully support the course that has been followed.

Again, Sir, there is a provision in the Bill which relates to retaliation. Let me say, Sir, that I, for my part, look upon this provision relating to retaliation as one of the most valuable features of the Bill. It is a common experience with us to find our countrymen discriminated against both in and outside the British Empire, but so far steps have seldom been taken to protect our rights or to enhance our dignity. It is not merely a matter of pleasure, but it is a matter of pride to us that the Honourable the Law Member should, by introducing this legislation, have raised our self-respect as a nation. We feel for the first time that the Government of India have consulted our dignity as a nation, and have made other countries realize that they cannot with impunity go on heaping unjust restrictions on the heads of our countrymen. My Honourable friend the Law Member has given a warning to all foreign countries that they must be prepared to have the same treatment meted out to their nationals in the matter of insurance in India as they mete out to Indian nationals within their own jurisdiction.

Lastly, Sir, I should like to refer to the provisions relating to the appointment and the powers of the Superintendent of Insurance. Hitherto Government have merely played the part of a policeman in the field of insurance, but

## [Pandit Hirday Nath Kunzru.]

now instead of merely looking on while a crisis was preparing and stepping in only after grave abuses had occurred, and the insurance companies had been guilty of criminal negligence or fraud, Government have taken steps to see that there is an officer to watch over the activities of insurers so that checks might be applied long before the stage when penal action became necessary was reached.

A Bill like this needs no words from me to emphasise its importance. When it was being discussed in another place we heard frequently that attempts were being made to jeopardise its passage into law by creating unjust prejudices against it. At one stage we heard that intrigues were being carried on in order to give it a communal colour. Perhaps communal is not the right word—I should substitute for it the word 'racial'. We understood that efforts were being made in quarters which might be considered responsible, in order to stir up feelings amongst non-Indians against it and to represent it to them as a racial and expropriatory measure. It is a tribute to the fairness and courage and personality of my Honourable friend the Law Member (Cheers) and the good sense of the non-official European Members of the Legislative Assembly that these intrigues did not succeed and the Bill was not wrecked.

Coming now to a detailed consideration of the provisions of the Bill, I should like to draw the attention of the House to the conditions which must be fulfilled before a new company can be started. It is laid down that every company must have a working capital of Rs. 50,000. In addition to that, it must make a deposit, if it is concerned with life insurance business only, of Rs. 2 lakhs, one-fourth of which must be deposited before the company actually begins to function. In other words, a company must have at least a lakh of rupees at its disposal before it can start work. Now, in future there are not going to be any managing agents. The managing agencies that are in existence will be terminated in three years. How, then, is this lakh that is needed to start a new life insurance company to be got together? If a new company is floated and at least 50 per cent. of the share money is called up, it means that shares of the value of two lakhs at least must be sold before the company can begin its operations. It cannot be said that the conditions that have been laid down are very onerous in themselves; but, taking the circumstances in India as they are at the present time, it seems to me that it will be virtually impossible for some time to come to start a new life insurance company. This observation is still more true of general insurance companies. We are all aware of the fact that too many companies have been started during the last seven or eight years because of the facilities enjoyed by the promoters of such companies under the existing legislation. Let the law be tightened up by all means, abolish the managing agencies, but find out some way of making it reasonably easy for new insurance companies to be started provided they have a good backing and a sound basis. This is particularly desirable in the matter of general insurance with respect to which we are in a very backward position. At the present moment the only way in which the requirements of the law can be fulfilled with regard to the establishment of a new company is that a few capitalists should join together, subscribe a majority of the shares and start a company. Now, what will be the result of such a procedure? Instead of there being managing agents, there will be a few directors who, by controlling a majority of the shares or a majority of the shareholders, will be able to carry things before them just as the managing agents are able to do at the present time. I know that the powers of these directors will depend upon their having a majority among the shareholders. Apart from this, whatever

their powers, I hope that they will not be able to enjoy many of the improper advantages that the managing agents do at present. Nevertheless, a dictatorship of the capitalists in the field of insurance, which will be the result of the conditions that have been laid down, is not an eventuality to be welcomed by any one in this House.

Now, I come to the provisions relating to the investment of the assets of the insurance companies. The Bill lays down that 55 per cent. of the liabilities of the insurance companies shall be invested in a particular manner. We have to look at this question from the point of view of the policy-holders. The policy-holder, in the first place, requires security, and, in the second place, a good yield. How are these two requisites to be combined? It is certainly desirable that a part of the assets of the companies which represents the obligations incurred by them should be invested in thoroughly safe securities. But there are certain conditions laid down by Government which seem to me either unnecessary or too stringent. I shall give an instance. With regard to non-Government securities, it was laid down that money can be invested in them only if they are approved securities, that is, if they have been guaranteed, not merely with regard to interest, but also with regard to capital, by the Government. In this connection I should like to discuss the position of Government securities themselves. There are Government securities on which we can get only a particular rate of interest. But their value is not fixed. If we buy Government paper, for instance, there is no guarantee that if in a few years or even a few months we sell the paper, we still get back all the money that we have invested in it. Government paper can depreciate as much as other securities. Of course, its value can never disappear wholly. Government paper has certainly this advantage over other securities that however much its value may depreciate, it can never be extinguished. But there are many other securities of an official character which are in the same position in this respect. Take, for instance, the shares in Indian railway companies, the interest on which has been guaranteed by the authorities. There is no guarantee certainly as regards the payment of the principal, but, as I have pointed out, there is no such guarantee in the case of Government paper either. Why should then the insurance companies be prevented from investing their money in shares of railway companies the interest on which has been guaranteed by the Secretary of State? If they are allowed to do so, they will earn a higher rate of interest than they will in other securities. This will be to the benefit of the policy-holder who will get a higher bonus and no harm, it seems to me, will accrue thereby.

There is another thing too which requires the attention of Government. The more reputable companies or the companies with larger resources have constructed buildings for their head offices, and in many cases for their branch offices also. Now, it is true that the value of land can go down, but does it go down any more than that of Government securities? Looking at it from this point of view, there does not seem to me any adequate reason why allowance should not be made in this connection for the value of the buildings. If it is thought that too much money may be locked up in the head office and branch office buildings, lay down some limit or take into consideration only the value of the head office buildings. But it seems to me only fair that some consideration ought to be paid to the money invested by the insurance companies in the buildings that they have erected.

One of the most important provisions in the Bill relates to the position of agents. I for one am glad that the agents are in future to be licensed, and their commission is to be fixed. I will not say anything with regard to

[Paadit Hirday Nath Kunaru.]

the rates of the commissions fixed for life insurance work and general insurance work, because the Honourable the Law Member has himself made it plain that he would be prepared to move amendments in order to reduce the commission for general assurance work from 30 to 15 per cent. and for life insurance work from 45 to 40 per cent. This appears, in my opinion, to be highly desirable, for I see no other way in which the system of giving rebates can be brought to an end. Government are frequently asked to stop the system in the case of shipping companies, but they always bring forward the plea that it is impossible for them to take any action as owing to the care with which checks can be evaded the action will be entirely ineffective. I am glad that my Honourable friend the Law Member, undeterred by such fears, is trying to prevent the practice of giving rebates to policy-holders, the evil of which is recognised on all hands. But how is he going to check this evil? He has penalised not merely the giver of rebates but also the receiver. It is obvious, therefore, that the receiver of a rebate can never be induced to give evidence against an agent who gives the rebate. It will consequently be very difficult to enforce the law. The only way in which we can provide an atmosphere which will be favourable to the enforcement of the law is to keep commissions at a reasonable level so that the agents might not easily be in a position to give rebates to their clients.

Before I pass on from this subject, Sir, I should like to refer to clause 38A which deals with agents who have served an insurer continually and exclusively for at least ten years. I am glad that something has been done to give security to agents who have been in the employ of insurers for a certain length of time. But I doubt whether the provision made in clause 38A is quite equitable. The value of an agent's services to a company depends not merely on the length of time during which he has served it but also on the amount of work that he has been able to bring in. Now, it is quite possible that an active agent may, in the course of five or six years, bring in insurance work of the value of, say, Rs. 4 or Rs. 5 lakhs. This work will entitle him, roughly speaking, to renewal commissions of the monthly value of Rs. 100. Is there any reason why this active agent should be penalised simply because he has not served his company for at least ten years? Take the existing practice of the companies in this respect. I understand that when an agent of theirs has been active and been able to bring them policies of a fairly large amount, they continue to give him renewal commissions even though he may not have served them for ten years. It is true that the measure before us does not prevent them from continuing the existing practice, but I am afraid that if clause 38A is passed as it is, the conditions laid down by it will become general and that the practice at present in vogue may cease to remain in operation. I ask my Honourable friend the Law Member to reconsider this matter and see whether he cannot reduce the period of ten years so as to do more justice to the interests of the agents than the clause in its present form does.

And now, Sir, I would like to say a word about managing agents. I will not say much on this subject because there is all but unanimity in this House with regard to the desirability of abolishing them. But I am tempted to make a few remarks because of the observations that fell from my Honourable friend Mr. G. S. Motilal yesterday. He pleaded for the managing agents. He said they were in the same position as other successful people who earn large sums of money in the professions or businesses in which they are engaged. I am afraid that I cannot take the same view of the matter that he does. I have some, though a very brief, experience of the way in which the system of

managing agencies operates. There are first of all, Sir, the managing agents' contracts. These contracts, as the Law Member has pointed out more than once, are of such a character as to make the managing agents all but irremovable. The shareholders are regarded as belonging to a kind of criminal tribe who have to be kept in order by the managing agents. Now I am glad that the Honourable the Law Member takes a very different view of the matter and thinks that it is not the shareholders but the managing agents whose conduct deserves to be watched. Again, Sir, it is not merely that the contracts are objectionable. The manner in which the managing agents appoint the directors whom they are entitled to nominate is equally objectionable. Directors are nominated apparently from among people who possess the necessary qualifications. But I should like to tell the House how the nominated directors are enabled to acquire the qualifications that a director should possess. The obliging managing agents transfer shares of the requisite value in the name of a person whom they want to appoint as a director. This may appear an act of generosity on their part; but, Sir, as soon as the transfer has been effected in the books of the company with which the managing agents are concerned, the director is asked to re-transfer these shares to the managing agents.

**THE HONOURABLE THE PRESIDENT:** Then he would be disqualified from voting.

**THE HONOURABLE PANDIT HIRDAY NATH KUNZRU:** But, Sir, the re-transfer is not registered in the books of the company. It is a *benami* transaction which it is impossible for any law to get at. My Honourable friend the Law Member has changed the law relating to Indian companies, but I do not think that even the changed law will be able to remedy this abuse. My Honourable friend I am sure would have taken steps to check this abuse had he been able to do so. He as a lawyer has I suppose lived all his life among evil-doers! (Laughter.) If the House regards this as an exaggeration, I think I shall be on safe ground in saying that he has associated more with habitual breakers of the law than any other Member of this House! He is therefore in a better position to know their tricks and to understand the ways in which they can be managed. But the fact that there is no provision in the new Indian Companies Law to check the evil I have referred to shows that my Honourable friend has found it uncontrollable.

Sir, the illustrations that I have given will convince any impartial man that a system which gives rise to such grave abuses deserves to be brought to an end and to a speedy end. But there are certain respects in which in my opinion the law ought further to be tightened up. Now, the Bill provides that no director or responsible officer of an insurance company should be able to obtain a loan for any company in which he is a director or partner. Now this provision is good in so far as it goes, but I have known of cases in which money was advanced to concerns in which the managing agents or the managing director or the directors were vitally interested, although they did not hold responsible positions in those concerns. I cannot cite names, else I could have given more than one illustration to show that concerns virtually under the control of a managing director or a director of a company have received loans, and large loans, from the insurance company managed by him.

**THE HONOURABLE THE PRESIDENT:** That has now been prohibited under the new Companies Act.

**THE HONOURABLE PANDIT HIRDAY NATH KUNZRU:** Well, I should be very glad to be told authoritatively that that has been prevented; but

[Pandit Hirday Nath Kunzru.]

that will be again a sort of *benami* transaction unless the directors are required to state before they give a loan to any concern that they do not control it or that they are not financially interested in it.

THE HONOURABLE THE PRESIDENT: They are prohibited from giving loans to any concern under the new Companies Act.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU: Well, I am very glad to learn it, but I was told, Sir, that there were loopholes, and that is why I ventured to bring this matter to the notice of my Honourable friend the Law Member.

Now, there are just two or three small matters which I should ask my Honourable friend to consider before I sit down. One relates to chief agents. My Honourable friend the Law Member while insisting on the desirability of controlling commissions, said that he did not see how a chief agent could be so defined as not to rope in persons who ought to be allowed full liberty to carry on the insurance work in which they are engaged in any manner they like. Another reason which he gave for not limiting the commissions of chief agents was that such a step would hurt the best interests of the newly started companies. Now, let me deal with the second objection first. I quite recognise the force of my Honourable friend's contention. But the Bill already allows the younger companies to offer higher commissions than the older companies. If the same procedure is followed in the case of chief agents, a reasonable latitude will be left to the younger companies whose interests we are all desirous of protecting and of promoting. But if this is not enough, companies of less than ten years' standing can be excluded from the scope of the restrictions under which the chief agents will work. This ought to be sufficient to meet the interests of the younger companies. Now, as regards the definition, the Bill already refers to persons who are not merely licensed agents but who for the purpose of insurance business employ such agents. Now, this language, it seems to me, will serve our purpose. It is not necessary to use the words "chief agents" in order to give effect to the object that we have in view. I am no lawyer and I will certainly bow to the authority of my Honourable friend the Law Member; but as a layman I do not see why the phraseology used in clause 35, sub-clause (1), of the Bill, should not be equally effective if used in another sub-clause of the same clause. I hope my Honourable friend the Law Member will tell us why this phraseology cannot be used in dealing with chief agents when he rises to reply.

Another point which I would like him to consider relates to agents. He wants to fix the remuneration of licensed agents. This is an object with which we all agree, but I am afraid lest this provision should be violated by insurance companies by a simple device. The agent may be shown as a clerk in their books, but may not actually be doing the work of a clerk. In order to check this evil as far as possible, I think it should be provided that no insurance agent should be a clerk in the company which he serves as an agent. This I think is a simple device which will prove thoroughly effective.

The last point which I would like to urge relates to mutual insurance companies. My Honourable friend Mr. Ramadas Pantulu referred yesterday to the case of co-operative insurance societies with reference to clause 3A of the Bill. This clause as drafted at present allows only provident societies to pay on any policy of life insurance an annuity of Rs. 50 or less or a gross sum of Rs. 500 or less. My Honourable friend Mr. Ramadas Pantulu pleaded that

co-operative insurance societies should like provident societies be excluded from the purview of this clause. I plead for a similar exemption for mutual insurance companies. They deal with small sums, sums smaller than Rs. 500, in the interests of very humble people who could not possibly think of getting their lives insured for Rs. 500 or for any sum near it. It will be a pity if they are prevented from carrying on their business in the interests of the poorer sections of our population. This Bill deals with the middle class and the lower middle class. It does not provide for the poorer people, the men with small resources who perhaps are in greater need than their more fortunate fellow-beings, of making some provision for themselves and their families. Government have a Postal Life Insurance Fund. That is restricted to Government servants. Now, I see no reason why provision should not be made in connection with this Fund for the insurance of people of small means. Government took steps some time ago to get money from the poorer people by inducing them to take out postal cash certificates. In other words, Government wanted to encourage saving on the part of the poorer people for its own needs. Now, this insurance work too encourages saving and should therefore on principle have the support of Government. If Government are willing to take the money of the poor man and enable him to earn a good return in order to meet their own needs, I see no reason why they should not utilise forms other than postal cash certificates in order to encourage the habit of saving among the poorer people and to enable them to make provision for themselves and their families. This, I know, Sir, is a large question and does not come within the purview of the Bill, but it is a matter to which I think it necessary to draw the attention of Government. These are days when we have to think more and more of the underdog who has been neglected for a long, long time. Most of the unrest that we see in this country is due to the consciousness, the new consciousness, among people whose rights have remained uncared for so long. I hope that Government will in future increasingly attend to the needs and wants of this class and show that as the guardians of the interests of the country they consider it their duty to look impartially after the interests of all classes.

But, Sir, however this may be, for the reasons I have just pointed out, I hope my Honourable friend the Law Member will see his way to granting exemption to mutual insurance companies from the purview of clause 3A.

Sir, I do not wish to take the time of the House any more. I and other Members have pointed out defects in the Bill and have asked for numerous amendments. But let me say once more that nothing can detract from the merit of the Bill as it stands at present and that my Honourable friend the Law Member is entitled to every credit from Members of this House and from the Indian public at large for the strenuous and honest efforts that he has made in order to protect the interests of the Indian public, to raise our self-respect and to prevent abuses which in the long run recoil on the heads of business men themselves. (Applause.)

**THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS (Punjab : Non-Muhammadan) :** Sir, I rise to support the Motion which has been made by the Honourable the Law Member. The existing statutory law in British India with regard to insurance is contained in three statutes,—the Indian Life Assurance Companies Act, 1909, the Provident Societies Act, 1912, and the Indian Insurance Act, 1928. The Act of 1912 was largely an imitation of the English Act of 1909. Though, Sir, after 1909 a great many changes were made in the English law, in India no progress was made, notwithstanding the hue and cry and the representations that the Indian public made



[Rai Bahadur Lala Ram Saran Das.]

in this connection. It seems, Sir, that the Government of India wanted to await the findings of the Clauson Committee which the British Government appointed in 1925. In 1925, the Government of India introduced in the Assembly the Insurance Bill in a more comprehensive form. For reasons unknown, although the people guessed that the Government of India was rather afraid that the discrimination against British interests may not be imposed by the Legislature, that measure was withdrawn.

Sir, since then the business of insurance has increased from year to year. In the wake of this progress quite a large number of weak companies, generally named as mushroom companies; rightly or wrongly, have also come into existence. The present Act does not provide for proper supervision of either life or general insurance companies nor does it provide for the proper control of the working of non-Indian companies. At present the non-Indian companies can come in at their sweet will and commence business in India without making any deposit and without any restriction. The situation has grown such that a revision and extension of the present law has become necessary. I therefore congratulate the Honourable the Law Member and his able assistants, Mr. Susil Sen and Mr. Bartley, for the measure which they brought before the Assembly and which they have successfully piloted there.

Sir, we hear a lot of things about certain insurance companies. We hear, Sir, that confidential ledgers are being kept and entries from ordinary ledgers are being passed to it and those ledgers are only shown to the auditors who are appointed with the consent of the management concerned. We also hear that directors and managing directors draw travelling allowance beyond reason from the company. People say, Sir, with regard to certain insurance companies that even the relations of the directors, their families, including children and their wives, draw travelling allowance whenever they are travelling. Entertainment allowances amounting to several hundreds of rupees per month are paid to the directors for entertainment purposes. Loans are indiscreetly given by the management to certain officers of the insurance companies in order to prevent them from giving away certain information which is not in the interests of the authorities concerned. I hope, Sir, the Honourable the Law Member in the present measure will see that such inroads on the funds of the companies are stopped and that some measures are adopted in the rules by which unreasonable expenditure may be stopped.

Sir, as far as the appointment of the Superintendent of Insurance is concerned, I hope the Government of India will accept the amendment which is being moved in this House and which provides that the Superintendent need not be an actuary. Sir, there is a great dearth of Indian actuaries in India and we find that such actuaries of experience are only a few. Sir, actuaries can be employed to assist experienced Superintendents who have behind them the insurance experience of 15 or 20 years. As the policy of the Government of India seems to have been changed as regards Indianization the claims of Indians will be neglected when filling this post and when suitable Indians of experience and ability are available, Sir, only an Indian should be appointed to this post.

Sir, going into the various sections of the Bill one finds that provision is made for the registration of all companies, Indian and non-Indian. In this connection I find a small omission and it is this, that no power is retained

for refusing registration or cancelling registration in the case of companies which repeatedly ignore and fail to comply with the provisions of this Bill. My friend, the Honourable Mr. Ramadas Pantulu, observed that those countries which discriminate between their own subjects and the Indians, their insurance companies should not be allowed to work in India. I quite agree with his views, even though such countries may allow an Indian insurance company to work in their countries, as a protest against general racial discrimination of Indians there.

Then we come, Sir, to the question of the investment of funds. An insurance company, Sir, is a sort of a bank and in some foreign countries insurance companies are classed as banks, as it is the sacred duty of all banks, whether they be ordinary banks or insurance banks, to support and encourage the development of commerce and industry in their country. The Bill as it emerges from the Legislative Assembly restricts 55 per cent. of companies' investments to be invested in Government securities. Sir, some years back Government securities were giving a very good return. I remember the time when Government securities were giving as much as 5½ per cent. Then as money began to grow cheaper, the rates fell and now we find it is as low as 3 per cent. So, Sir, the new insurance companies in particular will find it difficult to give a good dividend to their shareholders as well as a bonus to their policyholders. As long as Government is satisfied that certain stocks are good

12 NOON.

and that certain companies have given a good dividend for many years past and their reserves are big enough, Government ought to reduce such percentage and bring it to 45 per cent. to enable the insurance companies to invest some of their funds in the commerce and industry of their country and to get better returns for their money. I would also like to say that as the rebates and commission to the agents and to the middlemen are either disappearing or are being greatly reduced by lower percentages, Government will see that the rates of insurance premium is similarly reduced by the various companies concerned. At present, when companies can afford to give these big rebates and commissions and discounts to the middlemen, they can easily afford to reduce their premium rates. As regards the general companies we find that their growth in India has been very meagre. There has been unhealthy and keen competition from foreign companies and which greatly hampered the growth of the Indian companies. So, I would urge upon the Government to see that, as far as the general companies are concerned, hard restrictions are not placed upon them. My Honourable friend Pandit Kunzru has observed that debentures or shares of those railway companies whose interest is guaranteed by the Government be taken on the approved list. That is a very reasonable proposal and I find that when the Government feel so certain themselves as to guarantee interest on their returns they cannot in face of this fact treat such security as not sound and acceptable. My friend Mr. Motilal while talking on this Bill observed that loan scripts of certain approved States be also included in the list of approved securities. I realise that there are difficulties in doing so but Government can surmount them. Those loans which are considered to be sound and are always in demand in the various Indian markets be added to the approved list. I realise that to differentiate between one State and another is rather a delicate and thorny problem but as far as debentures and State paper are concerned, the index of the demand for them shows the public confidence in them, owing to the soundness of the State concerned. He has also suggested that before arriving at the percentages for investment the value of Insurance-owned branch offices and head office buildings ought to be considered, as it is a sound proposal.

[Rai Bahadur Lala Ram Saran Das.]

I should like the chief agent to be defined, as in the present Bill there is no proper definition of a chief agent. I disagree with some of the speakers who have spoken against the managing agents and who have deprecated the services rendered by them. I know that there are managing agents and managing agents. Certain managing agents have rendered great service to the insurance companies which they have successfully floated and successfully worked. I know that in certain new insurance companies the subscribers to the shares of the company have been advanced from the company the amount of capital that they have subscribed. Under the provisions of the present Bill, such companies will either disappear or they will establish themselves on a sounder footing. So as far as managing agents are concerned, certain companies have been floated almost at the same time and the ones managed by able and experienced managing agents have succeeded well while others have generally failed for want of sound management. As far as the general insurance companies are concerned, I would like the Government of India to give them assistance whenever they can to place business with them. There are good and sound insurance companies doing fire business in India and those Indian companies should have the insurance which the Central and Provincial Governments control. In other countries, the national insurance companies have the first claim on Government patronage. I would not like to prolong my speech as the Honourable the Law Member is not feeling well. I reserve for the remarks when the House deals with the amendments. I simply wish the Honourable the Law Member to accept at least those amendments which are sound and which ought to be accepted.

THE HONOURABLE SIR NRIPENDRA SIRCAR (Law Member) : Sir, I propose to deal shortly with the important points which have been raised in this House with reference to the Bill. The pride of place must go to Sir Phiroze Sethna as he was the first to address the House. Before I meet any of his arguments, I will place some information before this House so that my arguments in reply may be intelligible. The Canadian representatives were at Simla, as my Honourable friend knows. They had several interviews with me and there were also discussions, correspondence and so on. But in order that I might not be guilty of doing any injustice to the Canadian cause, I requested them to put down in writing their answers to five or six questions with which they were served, and they very promptly complied with that request. I would read out to this House two of the questions and the answers before I propose to deal with my Honourable friend's arguments. Shortly speaking, Canada has no case at all, but it has a redoubtable, a persistent and a respected advocate. One of the questions which I put to the Canadian representatives was this, and I may inform the House that this question was put to and was answered jointly by the two representatives of the two big Canadian companies, the Sun and the Manufacturers. The question was :

"What are the difficulties and objections to your companies keeping in India assets as required from British companies by Canadian law?"

That was probably an inconvenient question and the answer was :

"The fundamental principle underlying insurance is to spread the individual risk as widely as possible and thus reduce the individual loss to a minimum by having it borne by the many. It is, therefore, essential (*we are now coming to the operative part*) for insurance companies to be able at short notice to centralise sufficiently at once to meet any epidemic, calamity or unforeseen contingency which may arise in any particular country".

Here I pause for a moment. The argument is based on what is called the desirability of this fluidity and mobility,—rather mouth-filling words. But the question naturally arises, why Canada did not consider the question of fluidity and mobility when it wanted foreign companies to keep assets there? I shall come to that in a minute. But pausing here for one second, the main objection is—I do not brush away that argument but to realise its importance, which, I say, is not much in its application to the facts of this case—that our funds should be kept centrally at one place and they should not be split up so that they may remain in a mobile condition. If there is an epidemic in India and it takes away five lakhs of insured people, they will require large sums of money which they can take from the central fund and bring it to India. Of course, when Canada proceeded to legislate for foreign countries, it assumed that there will be no epidemic in Canada, the epidemic being a monopoly of India and of other countries.

Let us come to question No. 5 which is still more specific :

"Under the Canadian Law, 22 and 23 George V, Chapter 47, a British company in Canada has 'at all times to maintain assets in Canada of an amount at least equal to its liabilities to policy-holders in Canada including matured claims and the reserve for outstanding policies in Canada required under this Act to be included in the annual statement'. Can you give the Select Committee any idea of (a) the number of British and other foreign companies carrying on insurance business in Canada, and (b) the amount of assets maintained in Canada in compliance with section 12?"

Honourable Members will realise that this section does away completely with all arguments based on mobility and fluidity. Apparently, Canada wants mobility but wants to immobilize non-Canadians. Sir, the answer was this:

"The number of British and other foreign companies carrying on insurance business in Canada (*I am now confining myself to the British companies*) is life 14, fire 68, other classes 63".

Then, we come to the amount of assets maintained in Canada and I draw particular attention to the amounts :

"Assets as required by the Act (quoted in millions of dollars), that is to say, these are the amounts which have got to be kept by British companies in order to comply with the Canadian law, section 85. Life 36; fire, etc., 21".

In other words, to comply with the Canadian law British companies have got to keep in Canada 57 millions of dollars. Very well. Then there is a note which is very significant and which rather does away with the argument of mobility :

"Note.—Canada being a young and progressive country and a good field for investing funds at a remunerative rate of interest, both British and other foreign companies have invested assets to the extent of nearly two hundred million dollars (roughly Rs. 55 crores) in excess of the legal requirements as shown in the above tables".

Now, Sir, I ask Honourable Members to consider what remains of the argument based on mobility, fluidity, centralisation and other big words that are used in connection with my friend's criticisms? What remains of that? Absolutely nothing.

Then, Sir, I would like to state for my Honourable friend's information that so far as the keeping of assets is concerned, it is not a question of retaliation. Why does Canada want assets to be kept there by British companies, by Indian companies and by German companies? Is it on the principle of retaliation? Does Canada want to retaliate against Great Britain? No, obviously not. Canada looks to the interests of the Canadian policy-holder and Canada wants to see that the funds are kept at the spot in a fluid form.

[Sir Nripendra Sircar.]

That is the whole thing. The interest of the Canadian policy-holder is supreme and there is no question of retaliation so far as the Canadian legislation is concerned. If that is so, why should the word "retaliation" be thought of in connection with the provision in this Bill which is exactly the same as the Canadian provision subject to a certain exception as to the nature of permissible securities which is to be found in the Bill.

Another argument which was advanced by my Honourable friend Sir Phiroze Sethna was this. It is quite true that you have copied the Canadian law but in Canada an Indian company will be allowed to keep if not the whole at least a part of its assets in Indian securities. Why should you not allow the Canadian securities to be accepted in India? Well, Sir, one has got to consider this. If we make that rule, then Canada may be a favoured child, but we shall have to take South African securities, New Zealand securities, Argentine securities, Italian securities and Japanese securities. Why should we do that? And how do you know that any Australian security or New Zealand security or Honolulu security will have a ready market here? If the money is to be kept here so that, if the need arises, the policy-holders can have recourse to it, surely we must have securities which are easily saleable here, and it is idle for my Honourable friend to expect that in the statute we shall say that securities of foreign countries—barring Great Britain, of course, which is not dealt with as a foreign country—will not be accepted but that an honourable exception will be made in the case of Canada. Then, Sir, do these Canadian companies really find any difficulty in complying with our requisition? To find that out, I put two more questions to them:

*Question one :*

"If the Canadian law as to the keeping of assets is enforced in India, what amount of securities will have to be kept in India by (a) the Sun Life, and (b) the Manufacturers? These two are the largest, and their representatives were here. Only an approximate idea is required".

*Answer :*

"(a) Rs. 9 crores (that is to say, the Sun Life has got to put in Rs. 9 crores) and (b) the Manufacturers, Rs. 2 crores".

*Question two :*

"Out of the total amounts which will have to be kept in India under such a provision, what amounts are already here?"

*Answer :*

"Total funds in India inclusive of loans and other charges on policies, Rs. 6 crores, and (b) Rs. 1 crore".

That is to say, the Sun has now got to find another Rs. 3 crores for their being kept in India, and the Manufacturers Rs. 1 crore. It has got to be remembered that in order to help these foreign companies, we have gone out of our way to include British securities so that the Canadian companies are not required to put in their whole amount or practically their whole amount in Indian securities. They can buy British securities, or they can buy approved securities, according to the definition of this section. But Canada, which holds two million dollars of investments of other countries, should not grudge if this big company has to put in one-third more than what they have already done. They are in a position to do that. As this House will also remember, they have been given four years, and knowing that the Act does not come

into operation at once, they have got more than four years for putting in this amount in instalments. As a matter of fact, under this system, as they already hold Rs. 6 crores for complying with this provision, they need not bother about it for the next three years. That means that their first instalments will be complied with without any further trouble. I submit, Sir, that really there is no case for Canada, and I am glad to find there is no contagious enthusiasm on the other side of the House as regards Canada.

Then I come to my Honourable friend Mr. Kumar Sankar Roy Chowdhury. I am not dealing with his dissertation on constitutional law ; I have no desire to start with the Sepoy Mutiny to which reference was made, but one point which he made was that the foreign companies will have an advantage as they have no managing agents. Sir, this is a peculiar argument. If a man suffers from chicken pox and has got to be segregated, his answer is, "Well, the man who does not suffer from chicken-pox gets free". (Laughter.) If they have no managing agents, if there are no evils arising from the managing agency system, in so far as they are concerned, why should they come under clause 27 ?

My Honourable friend Sir Ramunni Menon complained about punctuation and about some paragraphs not being in serial order and things of that kind. I would not have referred to it at all, but if it means that the charge amounts to one of negligence against the draftsman, the Honourable Mr. Bartley, then I confess I am rather touchy about it. Now the explanation is this. If "(3)" was omitted, that is because "(3)" had been deleted by the Assembly and our first motion which will be moved with the kind permission of the Chair as soon as I resume my seat is to have this difficulty removed by re-numbering the sections in their proper order. Something was said, I am not sure who said that, about glaring mistakes and that possibly amendments will be necessary. Well, Sir, if amendments become necessary as a result of working this law, we shall be in very good company. If I may give you an example, several other laws have been handled by men far more competent than those who are in charge of this Bill. I refer to the English Company Law. After mature deliberation for years they had a committee, one of the strongest of committees they ever had, that is, the Green Committee, consisting of business men and of eminent lawyers and Mr. Green is now, as Members know, one of the Lord Justices in England. What was the result ? There was a prolonged deliberation in Parliament and then at last and after examination of a large number of witnesses the Company Law was passed. But within a couple of years many defects have been found, and if such Honourable Members as are lawyers will look up Buckle on Company Law, they will find under different sections the difficulties which have arisen, the doubts which have been created; and so on. So if we have got to seek the help of Honourable Members again for amending this Act, we shall be in very good company.

My Honourable friend Mr. Parker said that there should be no interference with contracts. Now, as a sentiment—I should not say as a platitude—I entirely concur in that, viz., that there should be no interference with contracts. Yes. But, although that is a consideration, and to me as a lawyer that is a very great consideration, yet circumstances may arise where even this consideration has got to be thrown overboard and circumstances may require that certain contracts should not be treated with too much respect. What is happening all over the world ? What about debt legislation ? What about the sanctity of contracts there ? I promise to pay 35 per cent. per annum as interest. Why should I be relieved of that ? It does not matter

[Sir Nripendra Siroar.]

if the masses go to rack and ruin, it does not matter if hundreds and thousands of persons turn insolvent by reason of this usurious rate of interest but the Legislature should not violate the sanctity of contract! Sir, I believe in the sanctity of contracts, but there is a limit beyond which it ought not to go. (Hear, hear.)

My Honourable friend Mr. Pantulu referred to the difficulty created by Exchange Banks because they would not accept policies issued by Indian companies. Now, I think that the little book, the report of the Advisory Committee, is in the hands of Honourable Members—may I ask him to look at it and to find out if I am correct in suggesting that I put a question myself to Mr. Duff, and he admitted that the difficulties with the Exchange Banks at the present moment are nothing like what they were before? Well, if there is some difficulty, it is not because one company is an Indian and another is a non-Indian, but it is obvious that when a guarantee of solvency is wanted, the bigger man has a pull over the smaller man. For instance, if somebody wanted a guarantee for Rs. 5 lakhs, I shall have no grievance if he accepts my Honourable friend Rai Bahadur Lala Ram Saran Das in preference to myself. That is the position, Sir. But I was surprised at his statement that unfair competition had been proved. I think I said in another place that the evidence made it perfectly clear that nothing had been proved. I say it has neither been proved nor disproved, but to say that it has been proved is entirely against the weight of Mr. Duff's evidence; and again I would ask my Honourable friend to read the questions which I myself put to Mr. Duff at the end of his examination by other witnesses. I asked him,—I am not quoting the exact words but I think the substance is there,—“Mr. Duff, the position then is that at the present moment you are not able to prove any of your charges of unfair competition against foreign companies, and your case is that provided they come out with their books of account and give us further information, I shall be able to make out a case?” The answer was, “Yes”. Therefore the position is that no case of unfair competition has been proved. But that does not mean that it does not exist. It may exist or it may not exist. But I protest against the statement that it has been proved, because reading the evidence as a whole and having paid attention to Mr. Duff's evidence we all came to the conclusion, at least I came to the conclusion, that it could not be said to have been proved.

Then a small point was raised by my Honourable friend Mr. Pantulu and he asked me to give him an answer as to whether a clerk who is engaged in the office and is also allowed to work as a licensed agent can get his salary as a clerk on the top of the percentage of commission which is allowed by the section. As I read the section, the language is :

“No insurer.....shall.....pay or contract to pay any remuneration or reward whether by way of commission or otherwise for soliciting or procuring insurance business.....to any person except an insurance agent licensed under section 37”, etc.

Therefore that remuneration is for his procuring or soliciting insurance business. If you make him do the work of a clerk or ask him to husk your paddy at leisure hours, that is not surely roped in by section 35. That is my reading of the section.

My Honourable friend Mr. Hossain Imam started with the complaint that this House has not been fairly treated. Sir, I plead not guilty to the charge, and I can assure this House that there was not the slightest desire to offer any disrespect to this House, and Government never proceeded on the assumption that the powers of this House are limited as a merely advisory

chamber or anything of that sort. I rather expected that my Honourable friend Mr. Hossain Imam would acknowledge that on the advisory committee, that is to say, in the earliest stage, we had a Member from this House, the redoubtable Sir Phiroze Sethna, while no Member of the other House was accepted.

**THE HONOURABLE MR. HOSSAIN IMAM** (Bihar and Orissa : Muham-madan) : That was in his special capacity, Sir.

**THE HONOURABLE SIR NRIPENDRA SIRCAR** : There were Members of the other House who have that capacity as well.

**THE HONOURABLE MR. HOSSAIN IMAM** : I doubt, Sir.

**THE HONOURABLE SIR NRIPENDRA SIRCAR** : The Honourable Member may doubt, but what about Mr. Chapman-Mortimer of Messrs. Bird and Co., who are connected with insurance for years? I am not going to compare one person with another ; it is quite possible that Sir Phiroze Sethna is more eminent than these others.

**THE HONOURABLE MR. HOSSAIN IMAM** : He has one-third of a century's experience of insurance business.

**THE HONOURABLE SIR NRIPENDRA SIRCAR** : So has Messrs. Bird and Co. But starting with Company Law Government have always tried, I have personally tried, to induce the other House to agree to a joint select committee. I have failed ; that is my misfortune, but it is not out of any spirit of disrespect to this House. It is no question of the Congress,—my friend mentioned the Congress ; but every party objected, barring possibly the European Group, I am not sure. I am not responsible for that ; I regret it and I very much wish—

**THE HONOURABLE MR. HOSSAIN IMAM** : Did not even Government officials object ?

**THE HONOURABLE SIR NRIPENDRA SIRCAR** : Why should they object ? When I say I was trying for it that means that I was not only not objecting but I was trying to get it.

**THE HONOURABLE MR. HOSSAIN IMAM** : These two had the majority in the House on that day,—the officials and the European Party.

**THE HONOURABLE SIR NRIPENDRA SIRCAR** : My Honourable friend has got to visualise the situation. Supposing we carry by a majority of three, with what spirit will this joint team work ?

Then my Honourable friend's next point was that the managing agency should be for two years. That we shall object to, and for this reason, that whereas all that has been said about managing agency has been considered and we have provided in section 27 as to what is to be done to them, at the same time reasonable time must be given in the interest of the companies themselves to adjust their affairs. Managing agents have been handling their affairs for years and years and now that they have to go out and there is to be new management, I submit that three years' time is not too long, remembering the restriction which has been put on them even as regards the remuneration. But my Honourable friend Mr. Hossain Imam will pardon



[Sir Nripendra Sircar.]

my saying that this statement that the case of policy-holders went by default is an astounding statement. If he will only read the last page of my final speech in the other House, he will find what has been done for the policy-holders. Who represented them? No policy-holders' association was there but not only Government but, it must be said that most of the sections if not all in the other House were fighting hard for the policy-holders; and all these provisions, namely, these larger deposits, working capital, investments, preventing insurance companies from repudiating or challenging policies, representation of policy-holders, etc., all have been put in,—I will not repeat them *seriatim*,—for the benefit of the policy-holders; and it is idle to suggest that the case of policy-holders has gone by default.

THE HONOURABLE MR. HOSSAIN IMAM: Sir, on a matter of personal explanation. I referred only to the Honourable Member's speech in opening the advisory committee where he has stated that he would consult evidence on this point. Therefore I said he did not consult policy-holders.

THE HONOURABLE SIR NRIPENDRA SIRCAR: As a matter of fact I had before me not evidence on oath and not evidence taken before the advisory committee but I had various representations made on behalf of the policy-holders. I myself selected some persons who I thought would be able to give me information from the point of view of policy-holders. I corresponded with them and I can assure my Honourable friend and this House that I did all that was humanly possible. All that I wish to point out is this that without troubling ourselves with the question whether there has been any default or not, I ask this House and my Honourable friend to realize and to recognize that all that is possible has been really done for the policy-holder. That is my submission.

Then my Honourable friend Mr. Sapru, and I believe at least two other speakers, referred to the question of the Superintendent being an actuary. Sir, one has only got to see whether he should or should not be an actuary. If Honourable Members will turn to section 20 they will find that among other duties his duty is to scrutinize the actuarial reports of others; that is to say, he has got to sit in judgment over reports made by other actuaries. Is it possible that a man without any actuarial knowledge will be able to discharge that duty? That is the consideration which has influenced Government to insist on the Superintendent being an actuary.

Then, Sir, my Honourable friend Mr. Motilal had something to say about managing agents, and I sympathise with my Honourable friend's very delicate position. As a member of the Congress with sympathy for the masses and out to down the wretched capitalists, for him also to put in a good word for the managing agents occasionally was rather a difficult situation. But he managed it so skilfully that nothing but admiration has been evoked from me. Because, his argument boils down to this: "Some of the managing agents are good people, many of them are good people, they are by no means so bad as you seem to think they are, but I do not propose to go against the provisions which you have laid down for strangling these good people". That is the argument, Sir, I accept.

Then, my Honourable friend Mr. Chettiyar wants the securities of Travancore, Mysore and some other States to be included. He told us that these States are very solvent. But that is the kind of enquiry which we do not like to indulge in. If to-morrow securities are issued by States A, B, C, D

and E, Government should be unwilling to compare the solvency of State A with that of Mysore and then say, "We shall accept Mysore but we decline Kathiawar and we decline this State or that State because they are not so good as Mysore". I am afraid, Sir, we cannot accept that suggestion.

Then, my Honourable friend, Mr. Susil Kumar Roy Chowdhury raised some points, two of which I shall deal with. One does not really touch the Insurance Bill. He referred to me as an *ex-member* of the Bar to which he has the honour to belong. I protest against the term "*ex-member*". Is he going to prevent me from practising there actually?

THE HONOURABLE MR. SUSIL KUMAR ROY CHOWDHURY: I said, "*ex-Leader*".

THE HONOURABLE SIB NRIPENDRA SIRCAR: I beg your pardon. I stand corrected.

His next point was that the investments should be 50 per cent. Well, there again, why 50 per cent.? Why not 48 per cent.? If I had a reasonable chance of changing it, I will not agree to 50 per cent. but I will make it 66½ per cent. I will tell my friend what happened. A kind of Dutch auction was going on. The Select Committee suggested 100 per cent. When some members of the Select Committee came back home, they were besieged by insurance agents who asked them, "For heaven's sake, what have you done?" They said, "Well, see how you can get out of it". Then a Dutch auction began. They said, "Why not 30 per cent.?" I said, "Why not 95 per cent.?" I rather stuck to 66½ per cent. But when I found at the Conference that I could not carry that, I unwillingly and with great reluctance accepted 50 per cent. Theoretically, every insurance company ought to be ready with 100 per cent. Why has it not been done? It has been given latitude to the extent of 45 per cent. to suit smaller Indian companies, and I shall have the strongest objection to the 55 per cent. being cut down.

Then, Sir, he made another point which has not been made by any one before. He said, if I understood him correctly, that the law should provide that there should be a minimum commission of 30 per cent. for the canvasser. I do not see why the law should compel me to give 30 per cent. if I can get a good canvasser for 25 per cent. I do not see any sense in that.

May I now, Sir, refer to the points which have not been met at all during this rather lengthy debate? I said that as regards chief agents, the difficulty of definition is not the only difficulty. Among others, I laid stress on the fact that those who are asking for this definition and for limitation of commission seem to be obsessed with the idea that chief agents *plus* canvassers exhaust the whole field of agents for insurance companies. Indeed they do not. To that I have had no answer. Then I said it will be unfair as between the bigger companies and the smaller companies because, no expense ratio having been fixed, the bigger companies can start their branch offices at any place they like. To that I have had no answer. I again put the question before the House, "If a maximum for the canvasser is fixed, and if that end is closed, what is the incentive for the insurance company going on paying higher and higher commissions to the chief agent? Why should they do it? Are insurers such fools that they will pay 70 per cent. when they can get good men for 30 per cent.?" To that I have had no answer. What will be the incentive, after the present Bill comes into operation, for chief agents demanding higher and higher commissions from their employers?

**THE HONOURABLE MR. G. S. MOTILAL :** The incentive will be to get influential chief agents.

**THE HONOURABLE SIR NRIPENDRA SIRCAR :** Whether they will be able to get influential chief agents? Well, if influential chief agents open their mouths too wide, then we shall have to do with those who are slightly less influential. (Laughter).

One suggestion was made—I forget who it was—“What is the difficulty about the definition? Why not ask the insurance people what the chief agents do, and finding out what they do, then frame your definition”. May I inform the House that this is exactly what has been done and the final reply is—we have been receiving replies from time to time—“We have considered this matter for two years and we regret to say that we are unable to come to a satisfactory definition”. So, neither lawyers nor insurers have been able to frame a definition and I am waiting to see a satisfactory definition being put up by some Honourable Members of this House although I want to make it perfectly clear that even if the definition is good, my other points have not been met and my view will not be influenced by the nature of the definition.

Then, Sir, there were some additional points made which I may briefly touch on before I come to Pandit Kunzru's speech. He said that Government securities go down. He said at one time they went down to Rs. 50. In times of slump you may have that. But what has happened to other classes of securities? Pandit Kunzru comes from the United Provinces. What are the United Provinces zemindaris worth today? How much will he pay? I can tell my Honourable friend from my experience so long as I have been working in the Bar that the rule there was that if you want to value a zemindari, you take the gross income, deduct your collection charges, Government revenue and cesses payable, and multiply the net figure by 20. In the case of smaller zemindaris, for instance like those in Birbhum, you can get 30 years or 35 years purchase. If my friend now wants to pay a 20 years' purchase for zemindaris, he can acquire the whole of Bengal! (Laughter.)

**THE HONOURABLE PANDIT HIRDAY NATH KUNZRU :** I did not refer to the question of land at all. The Honourable Member is setting up a man of straw in order to have the pleasure of demolishing him.

**THE HONOURABLE SIR NRIPENDRA SIRCAR :** This is not a question of a man of straw. My point is that just as Government securities in bad times may suffer from a slump, equally other kinds of properties are liable to that defect, and that has been my experience. That is what I am saying.

**THE HONOURABLE PANDIT HIRDAY NATH KUNZRU :** I want Government themselves to realise that their own securities are no better than other securities.

**THE HONOURABLE SIR NRIPENDRA SIRCAR :** I have realised that and I shall remember it. The same thing happened about house property. Anybody having any experience of the sales in the Calcutta and Bombay High Courts will be aware that for years properties could not be sold for any price near the valuation fixed by the court. After three or four attempts, the Honourable Court was compelled to say, “Sell it at any price you like”. This is what has been happening. There is now a rise. I am talking only of Calcutta as regards smaller house properties. But they all suffer from the same defect. Should we have securities in a form which is easily realizable,

or should we have them in a form in which there is difficulty of realization? This is apropos of a suggestion which has been made, "Why not include buildings in the 55 per cent.?" About buildings, the first question will be the valuation. Who is going to value them? Again, talking from my experience in the courts, when security is given in immovable property, I think every lawyer here will remember what a struggle takes place in the courts in fixing the valuation. The Registrar goes into the matter; evidence is taken of the value of the land in the locality, what was the last sale, this, that and the other, and then he comes to a decision which is promptly upset by the Judge in chambers. And the poor Superintendent has got to value, to have experience of land values and house property all over India, from Malabar to Peshawar. And not only that. It is not merely the question of valuation, but the question of title cannot be brushed aside. It is all very well to say the company has got a big house worth lakhs of rupees. But for every sale of house property of any value a very careful investigation of title is required. It is not so very easy as the outsider seems to think. He thinks, there is a house worth Rs. 5 lakhs, take it as worth Rs. 4 lakhs. But it is not so easy. I may give one well-known instance, that of the Tata Bank and the Central Bank. There was a huge building worth Rs. 10 lakhs. What happened? As soon as the Banks decided to amalgamate and did amalgamate, the landlord promptly said "You have forfeited your lease". The lease was quite satisfactory for 99 years. Why was it said? Because there was a provision that in case of winding up the lease will be forfeited. The Bank said, "No, it was merely a technical winding up; we are only trying to expand". But ultimately the Bank had to pay a lakh of rupees cash down and agree to an increase of rent of about Rs. 300 a month before the landlord came down from his strict legal position. I submit therefore that the assets should not be kept in house property or in land.

Then, Sir, the only other speeches which I have not dealt with in detail so far, are those of Messrs. Kunzru and Ram Saran Das. My Honourable friend Mr. Kunzru said that, while he is happy that the managing agents have been dealt with in the way provided for in this Bill, he is afraid that still capitalists will combine and directors will combine and will get control of insurance companies. I did not hear anything constructive from him. It is a purely destructive criticism. What does he suggest should be done to get rid of the difficulty which he seems to contemplate? I did not hear a single word from him, Sir.

Then, I have dealt with the point about Government securities, but he specifically referred to shares in railway companies, where interest is guaranteed. We have two objections. First of all it will mean, generally speaking (although an exception may be made in the case of some of the branch lines), it will mean an extension of sterling securities, not an extension of rupee securities. The other objection is that these are guaranteed at present only up to the date when the property of the railway can be purchased by Government. There is no perpetual guarantee. It is only a guarantee up to a certain date at the present.

Then my Honourable friend made another point. He said, "How will the repayment of rebate be prevented? The receiver is punishable and the giver is punishable; therefore they will not inform against each other". Well, Sir, I should have thought that there will be hundreds of rivals and competitors and spies and, most of all, friends, who will be anxious to give information to the proper quarters.

[Sir Nripendra Sircar.]

He made a point about section 38A and said that ten years is arbitrary. That I admit, because there is no rule by which we can fix it at any particular number of years. He gave the case of a man who may have worked for only three to five years and done very valuable work and brought in more in five years than another man in ten years. Well, Sir, as regards that argument, it strikes me that if he is such a valuable man, if he is in a position to bring in such a large amount of work to the insurance company, why should he be dismissed at all.

**THE HONOURABLE PANDIT HIRDAY NATH KUNZRU :** He may not be dismissed. He may take up some other occupation, or his health may break down. He may leave the service of the company without a blot on his name.

**THE HONOURABLE SIR NRIPENDRA SIRCAR :** If he leaves the company I am assuming that his health breaks down, but short of his death. There may be exceptional cases but how is that to be provided for? Are we going to fix in the statute in lieu of ten years "an agent who has brought in work to the extent of Rs. 10,000" to whom this section will apply? It is so very difficult. Everybody realizes that these empirical measures cannot be scientifically justified, but, Sir, we cannot think of anything better, and that is our excuse for accepting what has been done in the Assembly.

**THE HONOURABLE MR. HOSSAIN IMAM :** Can the Honourable Member reduce the period from ten to eight?

**THE HONOURABLE SIR NRIPENDRA SIRCAR :** If I reduce the period from ten to eight years on your one voice, there will be 145 voices in another place to say, "Increase it to ten". That is what will happen.

Sir, I do not think really that I should detain the House longer. But before I resume my seat I very gratefully acknowledge the kindness which has been shown to me by every Member of the House. No doubt criticisms have been made. That is to be expected. We cannot agree on all matters, but I do feel very grateful for the way in which Honourable Members have seen the difficulty of dealing with the innumerable difficult problems which arise in a matter in which the interests of different sections are so hostile and conflicting. (Applause.)

**THE HONOURABLE THE PRESIDENT :** The Question is :

"That the Bill to consolidate and amend the law relating to the business of insurance, as passed by the Legislative Assembly, be taken into consideration".

The Motion was adopted.

**THE HONOURABLE THE PRESIDENT :** We shall proceed with the next stage of this Bill on Friday next. Meanwhile I think the suggestion made by the Honourable the Law Member about moving his first amendment at this stage is a very reasonable one, as it will avoid all confusion. Honourable Members will have a fresh Bill in their hands, re-numbered, and that will avoid all difficulty in the discussion of the several amendments of which notices have been given. I will therefore allow the Honourable Mr. Bartley to move.

**THE HONOURABLE PANDIT HIRDAY NATH KUNZRU :** We have given notice of our amendments on the basis of the sections as they are numbered at present.

**THE HONOURABLE THE PRESIDENT :** Yes, but this will avoid all difficulty with regard to those amendments of which you have given notice. That is what Mr. Bartley wishes to solve by putting this amendment first.

**THE HONOURABLE SIR NRIPENDRA SIRCAR :** I understand my friend's point to be this. He has given notice, let us say, of an amendment with reference to section 26, which now will become 28. Would it then be objected to by anybody that his amendment is not in order? I do not think anybody would do that. We all see the situation which has arisen by re-numbering and I am sure the Chair will not support an objection raised on that ground.

**THE HONOURABLE PANDIT HIRDAY NATH KUNZRU :** What is the advantage of giving us a re-numbered Bill at this stage?

**THE HONOURABLE SIR NRIPENDRA SIRCAR :** The old numbers are obsolete. Surely we are not going to have the Bill passed in the final form with all the criticisms which have been made by Sir Ramunni Menon?

1 P.M.

**THE HONOURABLE MR. RAMADAS PANTULU :** Will you correct our amendments with reference to the new Bill? Will you put our amendments under the clauses as re-numbered instead of under the old clauses? Supposing I have tabled an amendment to clause 26, will you show my amendment under clause 28, just as you propose to do in respect of your amendments?

**THE HONOURABLE SIR NRIPENDRA SIRCAR :** It will be taken as an amendment, I presume, to what is now represented by clause 26; it may be 28 or it may be 29.

**THE HONOURABLE SIR PHIROZE SETHNA :** Will the re-numbered Bill contain in the margin the old numbers so that we may be able to identify them while rising to speak on our amendments? Otherwise it will be very difficult.

**THE HONOURABLE SIR NRIPENDRA SIRCAR :** It would not be very difficult. It cannot be shifted ten places. 26 might become 28, it would not become 69.

**THE HONOURABLE MR. J. BARTLEY (Government of India : Nominated Official) :** Sir, I beg to move :

"That the clauses, sub-clauses and forms in the Bill be re-numbered and re-lettered as necessitated by the amendments made in the Bill during its passage by the Legislative Assembly and that the changes consequential thereon in all references throughout the Bill be made".

The Motion was adopted.

**THE HONOURABLE SIR NRIPENDRA SIRCAR :** May I, before you adjourn, Sir, make a statement to help Honourable Members and to meet the criticism which has been made? The Department proposes to circulate a tabular statement comparing the old numbers with the new,

**THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS :** Will the Honourable Secretary correct our amendments according to the new numbering ?

**THE HONOURABLE MR. A. DEC. WILLIAMS** (Government of India : Nominated Official) : Sir, that is quite impossible.

**THE HONOURABLE THE PRESIDENT :** The Council will now adjourn.

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The Council then adjourned till Eleven of the Clock on Friday, the 19th November, 1937.

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