

Friday, 19th November, 1937

THE  
COUNCIL OF STATE DEBATES

VOLUME II, 1937

*(13th September to 25th November, 1937)*

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SECOND SESSION  
OF THE  
FOURTH COUNCIL OF STATE, 1937



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# COUNCIL OF STATE.

Friday, 19th November, 1937.

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

## MEMBER SWORN :

The Honourable Mr. Reginald Maitland Maxwell (Home Secretary).

## QUESTIONS AND ANSWERS.

### OPERATIONS OF THE BANNU BRIGADE.

333. THE HONOURABLE MR. P. N. SAPRU (on behalf of the Honourable Raja Yuveraj Datta Singh): (a) Will Government state the main details of the movements during the last six months of the Bannu Brigade, which moved from the Razmak area on the Frontier, and carried out the destruction of certain fortified places; and also of the air raids on hostile gangs?

(b) What were the places destroyed by artillery or aircraft, and what were the approximate casualties on both sides? How far have these operations resulted in the restoration of normal peaceful conditions in that area?

HIS EXCELLENCY THE COMMANDER-IN-CHIEF: (a) For the period prior to 29th September, 1937, the Honourable Member is referred to the Press Communiques issued on the subject.

On the 29th September, 1937, the Bannu Brigade left Razmak and moved to Razani and Mamirogha, a village six miles west of Razani, and carried out the destruction of certain fortified towers belonging to inhabitants known to have taken part in attacks on Government troops and posts. No action was taken by aircraft other than in close support of troops. The Brigade returned to Razmak on the 3rd October, 1937.

(b) No place was destroyed by artillery or aircraft during these operations in this area. Government casualties were two Indian other ranks wounded. Enemy casualties are not known, but as little opposition was met, they could only have been slight. As a result of these operations, hostile activity in the area visited by the Brigade has decreased.

### LOSS DUE TO THE ABANDONMENT OF THE ABATTOIR PROJECT, LAHORE.

334. THE HONOURABLE MR. HOSSAIN IMAM: Will Government give the following information about the abandoned Lahore Abattoir:

(a) The compensation demanded, and agreed to be paid to the Cold Storage Co. of India, and the basis of payment thereof?

(b) The date of arrival of the plant of the Company, and its declared value?

(c) The cost of the buildings erected, and the amount of damages, if any, demanded and paid to the contractors?

**HIS EXCELLENCY THE COMMANDER-IN-CHIEF:** Government are not yet in a position to add anything to their reply to question No. 202 asked by the Honourable Member on the 29th September, 1937.

**THE HONOURABLE MR. HOSSAIN IMAM:** Will the Honourable Member lay on the table the information when it is available to the Government?

**HIS EXCELLENCY THE COMMANDER-IN-CHIEF:** I cannot guarantee it, Sir. It will be announced in some form or other.

#### COST OF THE OPERATIONS IN WAZIRISTAN.

**335. THE HONOURABLE MR. HOSSAIN IMAM:** Will Government state the latest available figures of the cost, casualties and general condition of the Waziristan operations?

**HIS EXCELLENCY THE COMMANDER-IN-CHIEF:** The extra cost of military operations in Waziristan from the 25th November, 1936 to the end of October, 1937 is in the neighbourhood of Rs. 160 lakhs.

Between the 25th November, 1936 and the 5th November, 1937 Government forces sustained the following casualties:

Killed . . . . .	237
Wounded . . . . .	663

The present situation in Waziristan is that tribal resistance on a large scale appears to have ceased and most of the hostile sections have come to terms with Government. The Faqir of Ipi and a few of the more recalcitrant tribal leaders are however still at large though with very reduced followings. Offences on a small scale are still being committed and must be expected for some time more. Generally, conditions in Waziristan have not yet returned to normal, but there are hopeful signs for the future.

**THE HONOURABLE MR. HOSSAIN IMAM:** Sir, has the Faqir of Ipi been apprehended yet?

**HIS EXCELLENCY THE COMMANDER-IN-CHIEF:** No, Sir, he has not.

#### ROYAL AIR FORCE.

**336. THE HONOURABLE MR. HOSSAIN IMAM:** Will Government give the following information about the Air Force in India:

- (a) The pay of British officers and airmen?
- (b) The period of service, active and reserve?
- (c) The average service in India?

**HIS EXCELLENCY THE COMMANDER-IN-CHIEF:** (a) It is assumed that this part of the question refers to the Royal Air Force only and the answer is given on that basis.

The pay of British officers and airmen is laid down in Pay and Allowance Regulations for the Royal Air Force in India, a copy of which is in the Library of the House.

(b) The period of active and reserve service for officers of the Royal Air Force is as follows :

- |                                 |   |
|---------------------------------|---|
| Short service commission . . .  | Four years active and six years reserve which may be varied to six years active and four years reserve.           |
| Medium service commission . . . | Eleven years, all active.   |
| Permanent commission . . .      | Governed by age-limit attached to each rank. An officer usually serves approximately 25 years on the active list. |

As regards airmen of the Royal Air Force the initial enrolment is for seven years active and five years in the reserve. A certain number are permitted to convert their service to 12 years active, and beyond this a small number are permitted to extend their service to 21 years on the active list.

As regards the Indian Air Force, regulations to govern their length of service are under preparation. They will be cast generally on the same lines as for permanent commissions in the Royal Air Force.

The airmen of the Indian Air Force enrol initially for nine years active and six years in the reserve. This is convertible to 15 years active service and may be extended to 21 years active service.

(c) The tour of the Royal Air Force officers in India at present averages 3.8 years.

As regards airmen, he is only liable for a total of five years overseas ; part of which may be spent in India and part elsewhere.

#### ROYAL AIR FORCE AND INDIAN AIR FORCE.

337. THE HONOURABLE MR. HOSSAIN IMAM : Will Government please lay on the table a statement containing the following information about aircraft in the Royal Air Force and Indian Air Force :

- (a) The total number in stock on 31st March, 1937 ?
- (b) The numbers scrapped in each of the last three years, and the price realized ?
- (c) The numbers purchased and the price paid ?
- (d) The prices of different kinds of aircraft, and their average life ?
- (e) The basis of payment to the Royal Air Force for aviation and stores ?

HIS EXCELLENCY THE COMMANDER-IN-CHIEF : (a) to (d). It is not considered in the public interest to supply the information asked for.]

(e) This part of the question is not clearly understood. The Royal Air Force Budget is part of the Defence Budget as a whole and comes within the funds allotted to His Excellency the Commander-in-Chief. Payments for stores and personnel are made to the various sources of supply, i.e., Stores—Director General, India Store Department ; Indian Stores Department ; Supply Department of the Army and outside sources. Payments in respect of non-effective charges on account of personnel are made to the Air Ministry, and the pay and allowances admissible to the officers and other ranks concerned.



GRANT OF RS. 12 CRORES BY THE BRITISH GOVERNMENT FOR THE BRITISH ARMY IN INDIA.

338. THE HONOURABLE MR. B. N. BIYANI: (a) Has the attention of Government been drawn to the statement published in the *Bombay Chronicle* of the 5th October, 1937, that the British Government have agreed to pay Rs. 12 crores for the British force in India?

(b) Is the statement correct?

HIS EXCELLENCY THE COMMANDER-IN-CHIEF: (a) Yes, the report in question has been seen.

(b) No. In this connection I refer the Honourable Member to the Defence Department communique issued yesterday.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU: Will His Excellency the Commander-in-Chief tell us what was the total sum that the Government of India had asked for?

HIS EXCELLENCY THE COMMANDER-IN-CHIEF: I regret I am not in a position to make any further statement, Sir.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU: Do the Government of India propose to make further representations on the subject?

THE HONOURABLE MR. HOSSAIN IMAM: Or are they satisfied?

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU: May I repeat my question? May I know, Sir, whether the Government of India propose to make further representations on the subject?

THE HONOURABLE THE PRESIDENT: The Honourable Member does not answer that question. I cannot insist on his answering it.

ALLOWANCES ADMISSIBLE TO BRITISH AND INDIAN SOLDIERS.

339. THE HONOURABLE MR. B. N. BIYANI: Will Government state:

(a) The kinds of allowances allowed to British and Indian soldiers and their amount?

(b) The total monthly amount spent towards allowances to British and Indian soldiers?

HIS EXCELLENCY THE COMMANDER-IN-CHIEF: (a) I lay a statement on the table.

(b) The accounts do not display expenditure on pay and allowances separately. It has not been possible to secure completely final figures as this would entail many months of research but in the time available the following figures have been extracted.

As regards British soldiers, the allowances and average monthly amounts are as follows:

	Rs.
(1) Marriage allowance	1,00,000
(2) Ration allowance	3,700
(3) Messing allowance	2,37,000
(4) Kit and clothing allowance	3,70,000
(5) Educational training grant	6,600
(6) Separation allowance	10,000

There is a final item for furniture allowance which cannot be computed without considerable research. It is, however, relatively small. Excluding this item the average cost of allowances per mensem to British soldiers is therefore Rs. 7,27,000.

As regards Indian soldiers, the allowances and average monthly amount are as follows :

	Rs.
(1) Messing allowance . . . . .	76,600
(2) Charpoy allowance . . . . .	3,800
(3) Kit and clothing allowance . . . . .	3,00,300
(4) Educational training grant . . . . .	6,400

In addition there is a ration allowance issued when it is not convenient to give a soldier his rations in kind. Without months of research it is not possible to estimate this figure. Excluding this item the average cost of allowance per mensem to Indian soldiers is therefore Rs. 3,87,000.

Allowances admissible to British and Indian Soldiers.

Serial No.	Allowance.	British soldier.	Indian soldier.	Authority.	Remarks.
1	2	3	4	5	6
1	<p><i>Marriage allowance</i>—</p> <p>(i) For a wife . . . . .</p> <p>(ii) For each child up to three children.</p> <p>(iii) For each additional child.</p> <p><i>Ration allowance</i>—</p> <p>(i) When permitted to draw allowance in lieu of rations in kind.</p> <p>(ii) When rations in kind not issued in the interest of the State.</p> <p>(iii) When it is not convenient to issue rations in kind.</p> <p>(iv) When granted leave or furlough (including casual leave) in India.</p> <p><i>Messing Allowance</i>—</p>	<p>Rs. A. P.</p> <p>30 0 0 per month.</p> <p>10 0 0 per month.</p> <p>5 0 0 per month.</p> <p>0 5 3 per day.</p> <p>0 12 0 per day.</p> <p>Nil</p> <p>1 8 0 per day.</p> <p>0 6 0†</p>	<p>Rs. A. P.</p> <p>Nil</p> <p>Nil</p> <p>Nil</p> <p>0 5 0* per day.</p> <p>Nil</p> <p>0 10 0 per month.</p>	<p>Pay and Allowance Regulations, Part II, paragraph 313.</p> <p>Pay and Allowance Regulations, Part II, paragraph 296 (c) (iv) and (v).</p> <p>Pay and Allowance Regulations, Part II, paragraph 296 (D.)</p> <p>Pay and Allowance Regulations, Part II, paragraph 296 (Army Instruction (India), No. 168 of 1937.</p> <p>Army Instruction (India), No. 168 of 1937.</p> <p>Pay and Allowance Regulations, Part II, paragraph 289.</p>	<p>*Inclusive of messing allowance.</p> <p>†In the case of individuals and small messes, 6½ annas.</p>
2	<p>(i) When permitted to draw allowance in lieu of rations in kind.</p> <p>(ii) When rations in kind not issued in the interest of the State.</p> <p>(iii) When it is not convenient to issue rations in kind.</p> <p>(iv) When granted leave or furlough (including casual leave) in India.</p> <p><i>Messing Allowance</i>—</p>	<p>Rs. A. P.</p> <p>0 5 3 per day.</p> <p>0 12 0 per day.</p> <p>Nil</p> <p>1 8 0 per day.</p> <p>0 6 0†</p>	<p>Rs. A. P.</p> <p>Nil</p> <p>Nil</p> <p>Nil</p> <p>0 5 0* per day.</p> <p>Nil</p> <p>0 10 0 per month.</p>	<p>Pay and Allowance Regulations, Part II, paragraph 296 (c) (iv) and (v).</p> <p>Pay and Allowance Regulations, Part II, paragraph 296 (D.)</p> <p>Pay and Allowance Regulations, Part II, paragraph 296 (Army Instruction (India), No. 168 of 1937.</p> <p>Army Instruction (India), No. 168 of 1937.</p> <p>Pay and Allowance Regulations, Part II, paragraph 289.</p>	<p>*Inclusive of messing allowance.</p> <p>†In the case of individuals and small messes, 6½ annas.</p>
3	<p>(i) When permitted to draw allowance in lieu of rations in kind.</p> <p>(ii) When rations in kind not issued in the interest of the State.</p> <p>(iii) When it is not convenient to issue rations in kind.</p> <p>(iv) When granted leave or furlough (including casual leave) in India.</p> <p><i>Messing Allowance</i>—</p>	<p>Rs. A. P.</p> <p>0 5 3 per day.</p> <p>0 12 0 per day.</p> <p>Nil</p> <p>1 8 0 per day.</p> <p>0 6 0†</p>	<p>Rs. A. P.</p> <p>Nil</p> <p>Nil</p> <p>Nil</p> <p>0 5 0* per day.</p> <p>Nil</p> <p>0 10 0 per month.</p>	<p>Pay and Allowance Regulations, Part II, paragraph 296 (c) (iv) and (v).</p> <p>Pay and Allowance Regulations, Part II, paragraph 296 (D.)</p> <p>Pay and Allowance Regulations, Part II, paragraph 296 (Army Instruction (India), No. 168 of 1937.</p> <p>Army Instruction (India), No. 168 of 1937.</p> <p>Pay and Allowance Regulations, Part II, paragraph 289.</p>	<p>*Inclusive of messing allowance.</p> <p>†In the case of individuals and small messes, 6½ annas.</p>
4	<p><i>Furniture allowance</i>—</p> <p>Admissible to married personnel only. It is apportioned on the relative cost of the extra</p>	<p>Rs. A. P.</p> <p>0 5 3 per day.</p> <p>0 12 0 per day.</p> <p>Nil</p> <p>1 8 0 per day.</p> <p>0 6 0†</p>	<p>Rs. A. P.</p> <p>Nil</p> <p>Nil</p> <p>Nil</p> <p>0 5 0* per day.</p> <p>Nil</p> <p>0 10 0 per month.</p>	<p>Pay and Allowance Regulations, Part II, paragraph 296 (c) (iv) and (v).</p> <p>Pay and Allowance Regulations, Part II, paragraph 296 (D.)</p> <p>Pay and Allowance Regulations, Part II, paragraph 296 (Army Instruction (India), No. 168 of 1937.</p> <p>Army Instruction (India), No. 168 of 1937.</p> <p>Pay and Allowance Regulations, Part II, paragraph 289.</p>	<p>*Inclusive of messing allowance.</p> <p>†In the case of individuals and small messes, 6½ annas.</p>

Gets a free supply of furniture, and a charpoy allowance at 6 pies per head per month.

<p>furniture and equipment, <i>i.e.</i>, the difference in the old and the existing scales, as follows:—</p> <p>(a) Furniture and equipment.</p> <p>(b) Furniture . . .</p> <p>(c) Equipment . . .</p>	<p>Presidency towns. Other stations.</p> <p>per month. per month.</p> <p>Rs. A. P. Rs. A. P.</p> <p>10 0 0 6 0 0</p> <p>4 4 0 2 8 0</p> <p>5 12 0 3 8 0</p>	<p>Army Instruction (India) No. 161 of 1936.</p>
<p>Mounted. Dismounted.</p> <p>Rs. A. P. Rs. A. P.</p>	<p>Mounted. Dismounted.</p> <p>Rs. A. P. Rs. A. P.</p>	<p>Army Instruction (India), No. 22 of 1933 as amended by</p> <p>Army. Instruction (India), No. 34 of 1935.</p>
<p>5 <i>Kis and clothing allowances</i> (monthly rates).</p>	<p>7 4 0 7 0 0</p>	<p>Pay and Allowance Regulations, Part II, paragraph 173.</p>
<p>6 <i>Educational Training Grant.</i></p> <p>NOTE.—British soldiers are also entitled to free education of their children and a special grant on a "per capita" basis of Rs. 18 per child per annum is provided for the maintenance of British Army Children's Schools. Those attending civil schools are allowed refund of tuition fees.</p>	<p>1 8 0</p> <p>per annum.</p>	<p>†Twelve annas in the case of smaller units.</p>
<p>7 <i>Separation Allowance—</i></p> <p>Warrant officers and staff sergeants.</p>	<p>3 annas per head per day.</p> <p>N4</p>	<p>Orders are under issue.</p>
		<p>During separation due to residence in non-family stations and during operations conducted under the Special Procedure.</p>

[19TH Nov. 1937.]

Serial No.	Allowance.	British soldier.	Indian soldier.	Authority.	Remarks.
1	2  Serjeants Corporals and Lance-serjeants. Privates and lance-corporals.	3  Rs. A. P. 3 annas per head per day. 4½ annas per head per day. 6 annas per head per day.	4  Rs. A. P. Nil } Nil } Nil }	5  Army Instruction (India) No. 117 of 1937.  Do.	6  Pamphlet. During separation due to :— (i) moves of families to the hills;  (ii) residence in non-family stations and during operations conducted under the Special Procedure Pamphlet, and  (iii) absence of instructors from Schools of Instruction at Camps, Concentrations, etc.

STRENGTH OF THE ARMY IN INDIA, ETC.

340. THE HONOURABLE MR. B. N. BIYANI: Will Government please state:

- (a) The total number of British and Indian soldiers at present in the army?
- (b) The total amount of monthly pay spent on British and Indian soldiers?
- (c) The minimum and maximum pay of British and Indian soldiers?

HIS EXCELLENCY THE COMMANDER-IN-CHIEF: (a) The information is contained in the "Return showing the actual strength of the Army and Royal Air Force in India", a copy of which is in the Library of the House. I will, however, give the Honourable Member the figures. The monthly average number of British and Indian troops in India at present is 52,466 and 122,531, respectively.

(b) As I have just stated in reply to the previous question, the accounts do not display expenditure on pay and allowances separately. So far as we have been able to extract the figures, the average amount of monthly pay of British and Indian soldiers is Rs. 38,76,125 and Rs. 27,08,815, respectively.

(c)

	Minimum per month.		Maximum per month.	
	Rs.	A. P.	Rs.	A. P.
(1) <i>British soldier (private)</i> —				
(i) Enlisted before 26th October, 1925 . . . . .	62	11 9	79	13 0
(ii) Enlisted on or after 26th October, 1925 . . . . .	45	10 0	57	0 6

These rates are the normal rates of pay for all arms of British Service, exclusive of certain tradesmen's rates.

(2) <i>Indian soldier (sepoy)</i> . . . . .	16	0 0	16	0 0
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ANNUAL EXPENDITURE ON MILITARY LIBRARIES AND ANNUAL MEDICAL EXPENDITURE INCURRED FOR BRITISH AND INDIAN SOLDIERS.

341. THE HONOURABLE MR. B. N. BIYANI: Will Government state:

- (a) The total yearly expenditure incurred on libraries maintained for British and Indian soldiers?
- (b) The total yearly medical expenditure incurred in respect of British and Indian soldiers?

HIS EXCELLENCY THE COMMANDER-IN-CHIEF: (a) Military libraries are of two kinds. The first are those maintained by the headquarters of various formations, such as districts and brigades, and to maintain them an annual total expenditure of Rs. 15,500 is incurred. Such libraries are for general purposes and are available, directly or indirectly, to all military personnel.

The second class of libraries consists of those maintained by British units. On these an annual average expenditure of less than Rs. 14,000 is incurred.

(b) As regards the annual medical cost incurred for British and Indian soldiers, I would refer the Honourable Member to the answer given to starred question No. 659 in the Legislative Assembly on the 13th of March, 1937.

SEIZURE OF COPIES OF THE BOOK ENTITLED *The Vanishing Empire*.

342. THE HONOURABLE MR. P. N. SAPRU (on behalf of the Honourable Raja Yuveraj Datta Singh): (a) Did the customs authorities seize and confiscate all copies of the recently published book *The Vanishing Empire* by Mr. Chaman Lal, on his return to Bombay from America only recently?

(b) Why were the copies seized, and what are the objectional passages, if any? How many copies were seized?

THE HONOURABLE MR. J. A. THORNE: I have no particular information regarding the incident to which the Honourable Member refers. If copies of this book were detained, this action was taken because the importation of the book into British India is prohibited by a notification under section 19 of the Sea Customs Act on the ground that the book is calculated to bring Government into contempt.

THE HONOURABLE MR. HOSSAIN IMAM: Part (b) of the question has not been replied to?

THE HONOURABLE MR. J. A. THORNE: I have no particular information regarding the incident. I cannot, therefore, say how many copies were seized. As regards the question as to what are the objectionable passages, if any, that would involve quoting about three-quarters of the book.

## COST OF COMMERCIAL PILOTS' LICENCES IN INDIA.

343. THE HONOURABLE MR. P. N. SAPRU (on behalf of the Honourable Raja Yuveraj Datta Singh): (a) Is the cost of a pilot's licence in India Rs. 8,000, and in a Government subsidized aviation school in England Rs. 2,000?

(b) Have the flying hours for a pilot's licence in India been raised from 50 hours to 100 hours, and subsequently to 200 hours? In other countries is the number of flying hours much less?

(c) Will Government be pleased to lay a statement on the table, indicating the cost of a pilot's licence in a Government subsidized air institution in other countries, and the number of flying hours, as compared to those in India?

THE HONOURABLE MR. A. G. CLOW: (a) The Honourable Member is, I presume, thinking of commercial pilots' licences. I would refer him to the reply given to part (c) of starred question No. 1027 by Mr. Abdul Qaiyum in the Legislative Assembly on the 6th October, 1937.

(b) In the original Indian Aircraft Rules, 1920, no specific period of flying experience for an Indian pilot's "B" licence was laid down. When the rules were revised in 1930, 100 hours solo flying experience was laid down as a condition for the issue of these licences. The rules were further amended in 1932 when the requisite flying experience required was increased to 200 hours. The number of flying hours required for the licence in England is 100 hours.

(c) A statement is laid on the table showing the number of the flying hours required for a commercial pilot's licence in certain foreign countries. Precise information with regard to the cost of training in those countries is not available.

*Statement showing the number of hours air experience required in connection with the issue of commercial licences in Great Britain and Northern Ireland, New Zealand, Australia, South Africa and U. S. A.*

Countries.	' B ' Licence commercial pilots. Hours.
1. Great Britain and Northern Ireland . . . . .	100
2. New Zealand . . . . .	100
3. Australia . . . . .	100
4. South Africa . . . . .	200
5. U. S. A. . . . .	{ 200 ordinary commercial flying. 1,200 Scheduled air transport rating.

**DEMONSTRATION RUN OF AIR-CONDITIONED COACHES GIVEN BY THE RAILWAY AUTHORITIES.**

344. **THE HONOURABLE MR. P. N. SAPRU** (on behalf of the Honourable Raja Yuveraj Datta Singh) : Was a demonstration of the newly constructed air-conditioned railway coaches given recently by the Railway authorities from Delhi to Agra ? Do the Railway authorities propose to give a similar demonstration to Members of this House ?

**THE HONOURABLE SIR GUTHRIE RUSSELL** : The reply to the first part is in the affirmative, and to the second in the negative.

**DELHI-BOMBAY AIR SERVICE.**

345. **THE HONOURABLE MR. P. N. SAPRU** (on behalf of the Honourable Raja Yuveraj Datta Singh) : Will Government state whether Tata's Delhi-Bombay Air Mail Service is at present confined to passengers only ? If so, when will the mail service be under operation ?

**THE HONOURABLE MR. A. G. CLOW** : The Delhi-Bombay air service is not confined to passengers. Inland letters, postcards and packets are transmitted by the service on the same conditions as for other internal air mail services.

**LACK OF WATER IN THIRD AND INTER-CLASS CARRIAGES ON THE MORADABAD-DELHI PASSENGER, E.I.R.**

346. **THE HONOURABLE MR. P. N. SAPRU** (on behalf of the Honourable Raja Yuveraj Datta Singh) : Has the attention of Government been drawn to a letter from Mr. B. Seth, published in the *Hindustan Times*, dated the 4th November, 1937, complaining that there was no water available in the lavatories of any third or inter class carriages on the Moradabad-Delhi Passenger on the 23rd October last ? Do Government propose to enquire into the matter, and to punish the staff responsible for this neglect ?

**THE HONOURABLE SIR GUTHRIE RUSSELL** : Yes. I am bringing the Honourable Member's question to the notice of the Agent, E.I.R., and am asking him to take suitable action in this matter.



## RECRUITMENT OF INDIA LABOUR FOR CEYLON.

347. THE HONOURABLE MR. P. N. SAPRU (on behalf of the Honourable Raja Yuveraj Datta Singh): Will Government state what steps they are taking on the subject of the grant of licences to Indian labour emigrants in Ceylon, their wages, and the need for the annulment of the Village Communities Ordinance, disenfranchising Indian settlers in Ceylon?

THE HONOURABLE KUNWAR SIR JAGDISH PRASAD: By the grant of licences to Indian labour emigrants, the Honourable Member probably has in mind the endorsement by the Agent of the Government of India of recruiting licences. On the question whether such endorsements should be given in order to reopen recruitment in India of assisted labour for work on the plantations in Ceylon, the Government of India have represented to the Ceylon Government that before arriving at a decision, they would like to have an assurance on the question of the extension of the Village Committee franchise to Indian estate labourers and the restoration of wages to the levels prevailing prior to their reduction in 1932. The matter is still under correspondence.

## TANGANYIKA NATIVE PRODUCE (CONTROL AND MARKETING) BILL, 1937.

348. THE HONOURABLE MR. P. N. SAPRU (on behalf of the Honourable Raja Yuveraj Datta Singh): Will Government state whether the Tanganyika Government have promulgated a Native Produce Protection Ordinance, and, if so, how will it affect the interests of Indians in that territory?

THE HONOURABLE KUNWAR SIR JAGDISH PRASAD: The Honourable Member presumably refers to the Tanganyika Native Produce (Control and Marketing) Bill, 1937, which was published in the *Tanganyika Gazette* last September as a preliminary to legislation. The Government of Tanganyika, who were addressed in the matter, have reported that a substantially modified measure entitled the Native Coffee (Control and Marketing) Ordinance applying to coffee only was passed during the October session of their Legislative Council. As no representations have been received with regard to it from the Indian community in Tanganyika, the Government of India hope that it will not adversely affect Indian interests. However, if, on examination of the text of the Ordinance after it is received, the Government of India think that Indian interests are threatened or representations to that effect are received suitable action will be taken.

## AMENDMENT OF THE GOVERNMENT OF INDIA ACT, 1935.

349. THE HONOURABLE MR. P. N. SAPRU (on behalf of the Honourable Raja Yuveraj Datta Singh): Are Government aware of any proposal to amend the Government of India Act, 1935, early next year, in view of the introduction of Federation? If so, on what lines?

THE HONOURABLE KUNWAR SIR JAGDISH PRASAD: I regret that I am not in a position to make any statement on the question raised by the Honourable Member.

THE HONOURABLE MR. HOSSAIN IMAM: May I know if the Government are inviting suggestions from British Indian politicians as well?

THE HONOURABLE KUNWAR SIR JAGDISH PRASAD: I cannot add anything more to what I have already stated.

**THE HONOURABLE MR. HOSSAIN IMAM:** Do the Government deny the allegations that the Government of India Act is going to be amended to meet the objections of the Indian Princes?

**THE HONOURABLE THE PRESIDENT:** That question does not arise.

**THE HONOURABLE MR. HOSSAIN IMAM:** The Honourable Member in charge said that he is not in a position to add anything more to what he has already said. Then it means he confirms the news?

**THE HONOURABLE KUNWAR SIR JAGDISH PRASAD:** Nothing of the kind.

**POLICE SEARCH OF CERTAIN PLACES IN AJMER.**

**350. THE HONOURABLE MR. P. N. SAPRU** (on behalf of the Honourable Raja Yuveraj Datta Singh): Were certain places in Ajmer recently searched by the local police under the Official Secrets Act? If so, what places in Ajmer and in the Province of Ajmer-Merwara were searched, and why?

**THE HONOURABLE MR. J. A. THORNE:** The information is being obtained and will be laid on the table in due course.

**VICEROY'S QUETTA EARTHQUAKE RELIEF FUND.**

**351. THE HONOURABLE MR. P. N. SAPRU** (on behalf of the Honourable Raja Yuveraj Datta Singh): Will Government place on the table a statement showing how much money was collected in all for the Quetta Earthquake Relief Fund, how much has been spent for the relief or compensation of the military and Royal Air Force personnel and for the civilian population, giving separate figures under each head?

**THE HONOURABLE KUNWAR SIR JAGDISH PRASAD:** A statement showing the total amount collected up-to-date for the Viceroy's Earthquake Relief Fund, and the amount actually spent up to September, 1937, is laid on the table. As for general details of the amounts allotted under various heads, the attention of the Honourable Member is invited to the Press Communique, dated the 22nd September, 1936, a copy of which is also laid on the table.

*Statement showing the total amount collected up to date for the Viceroy's Earthquake Relief Fund.*

	Rs.	A.	P.
Donations received . . . . .	53,95,503	3	5
Sale proceeds of Silver Jubilee Postal Seals . . . . .	10,026	14	6
Interest realised on investments . . . . .	28,839	6	0
Other receipts . . . . .		0	2 8
<b>Total</b>	<b>54,34,369</b>	<b>10</b>	<b>7</b>

**NOTE.**—The Viceroy's Quetta Earthquake Relief Fund has finally been closed on 31st October, 1937.

2. The total expenditure upto September, 1937 amounted to Rs. 26,08,880-9-3, out of which only a sum of about Rs. 55,000 has been spent for the relief or compensation of the military and the Royal Air Force personnel.

*Press Communiqué.*

The following information showing the further stage that has now been reached in regard to the administration of His Excellency the Viceroy's Quetta Earthquake Relief Fund, is hereby published for general information.

2. The Relief Fund finally closed at Rs. 54,00,700-12-0. Of this sum about Rs. 23,57,000 have been placed at the disposal of the local relief authorities. The amounts allotted to each, and the objects to which the expenditure has been devoted, are shown briefly below :—

(a) *General purposes.*—(Temporary subsistence grants, medical comforts and appliances, educational grants, grants to re-start in business)—

	Rs.	A.	P.
British Baluchistan . . . . .	4,13,830	10	0
Kalat State . . . . .	12,000	0	0
Sind . . . . .	3,98,000	0	0
Punjab . . . . .	4,20,000	0	0
Khairpur State . . . . .	27,042	10	9
North-West Frontier Province . . . . .	46,238	0	0
Military authorities . . . . .	55,294	10	0
United Provinces . . . . .	14,680	0	0
Delhi . . . . .	23,500	0	0
*Miscellaneous . . . . .	33,951	13	11
	<hr/>		
	14,44,537	12	8

\*This figure represents smaller sums for relief in this category remitted to Bombay, Madras, Ajmer-Merwara, Kashmir State, the United Kingdom, etc.

(b) *Grants for Rural Reconstruction.*—

	Rs.	A.	P.
British Baluchistan . . . . .	4,00,000	0	0
Kalat State . . . . .	3,90,000	0	0
	<hr/>		
	7,90,000	0	0

(c) *Grants for purchase of plough cattle.*—

British Baluchistan . . . . .	25,000	0	0
Kalat State . . . . .	20,000	0	0
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	45,000	0	0

(d) *Grants for clearance of irrigation channels (Karezes).*—

Kalat State . . . . .	77,000	0	0
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(In British Baluchistan this expenditure was met from Government revenues).

Grand Total . . . . .	<hr/>		
	23,56,537	12	8

3. Further funds for relief purposes are required in certain Provinces. These additional requirements (excluding those of Baluchistan which are referred to in a subsequent paragraph) amount to Rs. 1,54,337.

4. Funds placed at the disposal of the local relief authorities, plus their estimated future requirements, thus come to nearly Rs. 25,11,000.

5. From the balance of approximately Rs. 29 lakhs Rs. 20 lakhs are being allotted to the Honourable the Agent to the Governor General and Chief Commissioner in Baluchistan to be spent for the most part through the aid of Boards of Trustees on such objects as contributions to charitable and religious or semi-religious institutions which wish to re-establish themselves in Quetta and grants for house building and other purposes to the poorer sufferers of the earthquake. Out of the balance of nearly Rs. 9 lakhs it is proposed

to finance a scheme for enabling children, who have been rendered destitute by the earthquake, to complete their education up to the end of the present stage of their educational career. It is also proposed to compensate low-paid Government servants for the losses which they sustained in the earthquake and, if possible, to make some permanent provision for widows, the aged and the infirm who have been rendered destitute.

6. In the communique regarding the Relief Fund published last February, it was stated that a portion of the expenditure that had been incurred by Government immediately after the earthquake in feeding, clothing, medically attending and evacuating refugees, would be borne by the Fund. The Relief Fund's share of the above expenditure came to about Rs. 11½ lakhs, but on further consideration, and in order to leave more money in the Fund for the relief of sufferers, the Government of India have decided to bear this expenditure themselves.

(Sd.) K. P. S. MENON, |

*Relief Commissioner.*

SIMLA ;

The 22nd September, 1936.

REPAIRS TO THE TAJ MAHAL AT AGRA.

352. THE HONOURABLE MR. P. N. SAPRU (on behalf of the Honourable Raja Yuveraj Datta Singh) : Has the dome of the Taj Mahal in Agra become somewhat insecure by reason of dampness, and was it visited by the Director General of Archaeology recently? Will Government state what are the facts and what steps will be taken in the matter?

THE HONOURABLE KUNWAR SIE JAGDISH PRASAD : The condition of the main dome of the Taj Mahal does not give cause for any anxiety. Certain repairs to the roof and facings have become necessary and the Director General of Archaeology visited the monument recently to settle the details of these. The repairs will be carried out as expeditiously as possible.

TRANSFER OF THE HEADQUARTERS OF THE AGENT TO THE GOVERNOR GENERAL, EASTERN STATES AGENCY, FROM RANCHI TO CALCUTTA.

353. THE HONOURABLE MR. SITAKANTA MAHAPATRA : (a) Have the headquarters of the Agent to the Governor General, Eastern States Agency, been removed from Ranchi to Calcutta?

(b) If so, what is its address?

(c) If not, do Government intend to remove it to Calcutta?

THE HONOURABLE KUNWAR SIE JAGDISH PRASAD : The headquarters of the Agent to the Governor General (now styled Resident) were transferred to Calcutta in July last. The address is Hastings House, Alipore, Calcutta.

POLITICAL AGENT, SAMBALPUR.

354. THE HONOURABLE MR. SITAKANTA MAHAPATRA : (a) Is it intended to shift the office of the Political Agent from Sambalpur?

(b) Who is at present the Political Agent at Sambalpur?

THE HONOURABLE KUNWAR SIE JAGDISH PRASAD : (a) No, Sir.

(b) Major W. F. Webb.

ALLEGED DISCOURTESY SHOWN TO INDIAN STUDENTS ON THE S. S. "VICEROY OF INDIA."

355. THE HONOURABLE MR. P. N. SAPRU (on behalf of the Honourable Raja Yuveraj Datta Singh): (a) Were two students who were passengers by the "Viceroy of India" P. and O. liner from Bombay to England recently subjected to discourteous treatment by the officers of the P. and O. liner, and was their luggage removed from the cabin which they were occupying from Bombay to a different cabin at Suez in their absence? What are the facts of the case; and what steps, if any, have been taken in the matter?

(b) Has a statement of protest signed on behalf of 80 passengers, by Mr. Kumaramangalam, son of Dr. Subbaroyan, Education Minister of Madras and Secretary of the Federation of Indian Students' Societies in Great Britain and Ireland and Mr. Dadachanji, been issued (*vide* the *Amrita Bazar Patrika*, dated the 28th October, 1937)?

THE HONOURABLE MR. H. DOW: (a) and (b). Government have seen the newspaper report of the statement referred to in part (b) of the question but they have no other information on the subject and have taken no action in the matter.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU: Are they making any enquiries on the subject?

THE HONOURABLE MR. H. DOW: No, Sir.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU: Do they propose to make any enquiries?

THE HONOURABLE MR. H. DOW: No, Sir.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU: Why not, Sir? Is not this matter of sufficient importance to require an enquiry?

THE HONOURABLE MR. H. DOW: No, Sir.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU: This is a perfectly scandalous reply, when a statement of protest has been signed on behalf of 80 passengers, the Government of India think that this is not a matter of sufficient importance for an enquiry.

THE HONOURABLE THE PRESIDENT: I may point out to the Honourable Member that it is not the usual practice to make any comments on the reply given by an Honourable Member in charge of the Government.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU: Sir, one's patience has a limit. It is expected that some fairness will be observed in giving replies.

THE HONOURABLE THE PRESIDENT: Order, order. It is entirely unparliamentary.

THE HONOURABLE MR. HOSSAIN IMAM: May we ask for reasons?

THE HONOURABLE THE PRESIDENT: The Honourable Member has already replied.

**MOTION FOR ADJOURNMENT RE REPORT OF THE WHEELER  
COMMITTEE ON THE REORGANIZATION OF THE SECRETARIAT.**

**THE HONOURABLE THE PRESIDENT:** I have received notices of two Motions for Adjournment. One has been received in proper time, and the second one has been just delivered to me which stands in the name of Mr. Sapru. I hold this Motion out of order, because notice of it has been given too late. Under the Standing Orders, notice of it should have been sent in before the commencement of the proceedings.

As regards the other notice, it is given by two Honourable Members the Honourable Mr. Hossain Imam and the Honourable Mr. Sapru. As Honourable Members are not aware of the terms of that Adjournment Motion, I shall read it. It reads thus:

"We beg to give notice that we desire to move the adjournment of the House on the 19th November, 1937, to discuss a matter of urgent public importance, namely, the Report of the Wheeler Committee on the reorganization of the Secretariat and the Government communique thereon."

This notice has been received in proper time. I want to know from the Honourable Member if he has given notice of this Motion as required by the rules to the Government Member in charge?

**THE HONOURABLE MR. HOSSAIN IMAM (Bihar and Orissa : Muhammadan):** Yes, Sir.

**THE HONOURABLE THE PRESIDENT:** You have. Then I will ask the Government Member in charge what he has to say about this before I give my decision.

**THE HONOURABLE MR. R. M. MAXWELL (Home Secretary):** Sir, I desire to object to the discussion of the Motion for Adjournment in the terms of the notice given before the commencement of the sitting on two grounds. A notice of an Adjournment Motion must relate to a definite matter of urgent public importance. Granting the public importance of the matter raised, I submit that it is neither definite nor a matter of urgency. The Report of the Wheeler Committee and the Government communique extend over an enormously wide field,—practically everything from provincial autonomy to secretariat procedure. Only a few months ago I myself compiled a list of no less than 72 matters upon which the orders of the Government would be required in connection with the communique, and many of these were matters in themselves capable of a large amount of sub-division and which might properly form individual subjects of debate. In these circumstances, it cannot possibly be said that a Motion in these terms will deal with a definite matter, and one can only suppose that a debate on a Motion for Adjournment would lead to a general debate on the whole of the Wheeler Report. I submit, Sir, that a Motion for Adjournment is not the proper way of securing a general debate on a matter of this kind in a session in which no days are allotted for non-official business, and I wish to submit also that it is not really in the interests of the House to discuss the matter in this way. The Report of the Wheeler Committee and the decision to be taken on it are no doubt a matter of very general interest, but the procedure for discussion by means of an Adjournment Motion does not give proper opportunity to the House to discuss such a matter and obtain the explanations of the Government. Under the rules, speeches are limited to 15 minutes, and the time available for the

[ Mr. R. M. Maxwell.]

debate is also strictly limited. While I should have been extremely glad to reply on a Resolution in the ordinary course and explain to the House any difficulties which they felt in understanding or agreeing with the recommendations of the Wheeler Committee or the decisions so far announced by the Government, I should be very sorry to have to explain these matters adequately to the House in the short space of 15 minutes, I think, therefore, that it will be far more in the interests of the House to discuss this matter, if a sufficient number of Members are interested in it, by giving notice of a Resolution to be moved at the next session. In the second place, I wish to urge that this matter is not in any sense urgent. The urgency of the matter under discussion must, I think, be apparent on the face of the notice of the Adjournment Motion in order to justify a departure from the normal procedure of the House when it wishes a public discussion, namely, by giving notice of a Resolution in the ordinary course. It must be apparent to any one who has studied the Wheeler Committee's Report and the Government communique, that the decisions which are to be taken and implemented arising out of it are matters of very gradual introduction and in the normal course of things it must be a matter of years to give anything like full effect to its recommendations. Therefore, I submit that there is no immediate urgency. It is perfectly open to the House to secure a full and adequate discussion at any time by giving notice of a Resolution to be moved at the next session.

THE HONOURABLE MR. HOSSAIN IMAM : May I speak, Sir ?

THE HONOURABLE THE PRESIDENT : No. I am afraid that I am bound to hold that this Adjournment Motion is in order. I have very closely followed the Honourable Member in charge of Government in respect of the objections which he has taken. The first objection that he has taken is that the matter is not a definite matter of importance and its urgency has not been proved. The very fact of the issue of a communique by Government now on the Wheeler Committee's Report which was published some time ago entitles any Honourable Member of this House to ask for an adjournment of the House to discuss the suggestions or recommendations made in that communique for the purpose of giving information and guidance to Government. On the first point, therefore, it is clear to me that the Motion is perfectly in order. On the second point that the Honourable Member has taken, namely, that the Wheeler Committee's Report ranges over a wide field and that on an Adjournment Motion the whole question cannot be debated for want of time as individual Members will have only fifteen minutes, I may say that even if this Adjournment Motion is permitted, that does not bar or prevent the question from being again discussed at a subsequent stage by way of a Resolution. Another argument that has been advanced is that individual subjects cannot be done justice to within fifteen minutes in detail and cannot be fully argued, and as the whole thing is such a comprehensive subject it would be a very unsatisfactory debate. Perhaps it will be an unsatisfactory debate and I agree with the Honourable Member, but what I have to see is whether under the provisions of rule 12 for the reasons assigned I am precluded from holding this Motion to be in order. I find that the Rules are perfectly clear. I have held that it is a matter of urgent public importance; I also find that the restrictions imposed by rule 12 do not apply to this case. I hold that the Adjournment Motion is in order, but as objection has been taken, under Standing Order 22 I shall ask Honourable Members if they are desirous of giving leave to the Honourable Member to rise in their places.

Fifteen Members have risen. The Honourable Member has, therefore, leave of the Council to move his Adjournment Motion. It will be taken up at 4 P.M. today.

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**INFORMATION PROMISED IN REPLY TO QUESTION LAID ON THE TABLE.**

**SUPPLY OF MEDICINES TO RAILWAY HOSPITALS AND DISPENSARIES ON STATE-MANAGED RAILWAYS.**

**THE HONOURABLE SIR GUTHRIE RUSSELL** (Chief Commissioner for Railways): Sir, I lay on the table the information promised in reply to question No. 173 asked by the Honourable Mr. Susil Kumar Roy Chowdhury in the Council of State on the 22nd of September, 1937.

(i) Yes.

(ii) The E.B.R. has been instructed to consider the advisability of adopting the system of direct supplies to hospitals and dispensaries from the Government Medical Stores.

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**INSURANCE BILL—contd.**

**THE HONOURABLE THE PRESIDENT:** We shall now proceed with the second stage of the Insurance Bill. Honourable Members have been sent a circular letter last evening informing them of my decision that, in order to avoid misunderstanding or difficulty, the amendments should be moved in terms of the original Bill that was placed before us and on which amendments have been drafted. The usual practice is to proceed with clause 2 of the Bill, but I propose at present to postpone clauses 2 and 3 till the whole Bill has been gone through because otherwise it will cause certain difficulties. Has the Honourable the Law Member any objection?

**THE HONOURABLE SIR NRIPENDRA SIRCAR** (Law Member): On further consideration I am prepared to waive my objection as regards clause 3 but I think clause 2 ought to be postponed.

*Clause 3.*

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

“That the proviso to sub-clause (1) of clause 3 be omitted”.

Sir, the object of doing this is to remove from its position here the proviso giving exemption, because the proviso gives a general exemption from the Act and not merely a particular exemption from the provisions of section 3. My Motion is really complementary to a subsequent Motion which I shall move when we reach section 102C, namely, I shall move to add to section 102C the exemption contained in this proviso.

I move, Sir.

**THE HONOURABLE MR. P. N. SAPRU** (United Provinces Southern : Non-Muhammadan): Sir, the position in regard to this clause has to be made clear. The effect of this amendment will be that the Governors' Provinces if



[Mr. P. N. Sapru.]

they carry on insurance business will be subject to the control of the Superintendent of Insurance and they will have to be registered like any private company. Insurance business conducted by the Governors' Provinces ought to stand on a different footing. They may be trusted to do business in a solvent and reasonable manner. I think the deletion of this proviso implies a distrust of the Provincial Governments. Therefore I would oppose this amendment.

**THE HONOURABLE MR. HOSSAIN IMAM** (Bihar and Orissa - Muhammadan): Sir, this Motion of the Government to omit this proviso is really brought forward with a view to giving liberty to the Provincial Governments. If that is the view, I think it will be more compatible to provide for it in clause 102. It is all the same where you have this amendment. If you want to change the wording of this proviso, we might as well move that as proviso to clause 102. Otherwise all our amendments to this proviso could not be moved, and there are a number of Members who are very anxious to move the amendments.

**\*THE HONOURABLE MR. KUMARSANKAR RAY CHAUDHURY** (East Bengal : Non-Muhammadan): Sir, I do not follow whether the omission of sub-clause (1) will also include the omission of the proviso under that sub-clause, for I want to move some amendments to that proviso. Is the proviso also to be removed along with sub-clause (1) ?

**THE HONOURABLE SIR NRIPENDRA SIRCAR**: Sir, the amendment which will be moved and of which notice has been given is to be found in List No. 10 and it is in the name of Mr. Bartley. No. 4 on that list is this :

"That to clause 102 (c) the following words be added, namely :

"or to any insurance business carried on by the Central or a Provincial Government or to any provident fund to which the provisions of the Provident Funds Act, 1925, apply"

and so on. Therefore the point is really met and the suggestion has been made by my Honourable friend Mr. Hossain Imam that we should move the amendment just now. That is a matter entirely for the Chair. If the Chair allows that to be moved now, I am sure Mr. Bartley will move it but we can give an undertaking that when the time comes we shall move it. That is a matter entirely for the Chair.

**THE HONOURABLE THE PRESIDENT**: In view of the undertaking given, I do not see any reason why it should be taken up now. It must come in its proper order.

Question put and amendment adopted.

**\*THE HONOURABLE MR. KUMARSANKAR RAY CHAUDHURY**: Sir, I do not propose to move amendment No. 19 as it is covered by the undertaking which has been given. I therefore move amendment No. 20 which runs :

"That in sub-clause (2) (a) of clause 3 the words, figures, letters and brackets 'sub-clause (a) (ii) or' be omitted."

\*Not corrected by the Honourable Member.

Sir, the object of the Motion is this. As I have already stated in my opening speech, I have not been able to follow what is meant by sub-clause (a) (ii) of clause 2 (2). Sub-clause 8 (a) runs as follows :

" (a) any individual or unincorporated body of individuals or body corporate incorporated under the law of any country other than British India, carrying on insurance business [not being a person specified in sub-clause (c) of this clause] which—

(i) carries on that business in British India, or

(ii) has his or its principal place of business or is domiciled in British India "

Sir, I have not been able to understand it. If no business is being carried on by a certain firm or corporate body or individual, why should it at all be included in this Bill ?

THE HONOURABLE SIR NRIPENDRA SIRCAR : Sir, I find difficulty in meeting this point. I do not know what it really means. The point, as I understand it, is that my Honourable friend finds it difficult to understand what (a) (ii) means. The language of that is :

" has his or its principal place of business or is domiciled in British India "

What the difficulty is, I have not exactly followed. In his original speech the Honourable Member pointed out that domicile can have no application to a company. There, with great respect, he is entirely wrong. The authorities will convince him that " domicile " in respect of a company means the place in which it has been registered. That is in accordance with both Indian and English decisions. There is no statute law to the contrary. Therefore, I do not understand what the difficulty is in following (a) (ii), and not being able to understand the difficulty, I regret that I must oppose this amendment.

THE HONOURABLE MR. KUMARSANKAR RAY CHAUDHURY : May I speak, Sir ?

THE HONOURABLE THE PRESIDENT : You cannot speak on an amendment again.

THE HONOURABLE MR. HOSSAIN IMAM : Sir, the difficulty under which the Honourable Mr. Kumarsankar Ray Chaudhury is labouring is this. If a body corporate does not carry on any business in British India but has only a domicile or principal place of business in India, what is our interest to worry about it ? It is not incorporated in India according to the terms of sub-clause (8) (a). It is incorporated in another country, and by excluding it from (i) you say that it is not carrying on business in British India. You say, " in British India, or ". The force of the word " or " is a denial. It does not carry on business in British India. Therefore, my Honourable friend has moved this amendment, and I hope the Honourable Mr. Bartley will convince us that this amendment is not required.

Question put and amendment negatived.

THE HONOURABLE MR. KUMARSANKAR RAY CHAUDHURY : Sir, Nos. 21 and 22 are consequential amendments and I therefore do not move them.

**THE HONOURABLE MR. J. BARTLEY :** Sir, I move :

“That in clause 3 (2) (c) after the word and figure ‘section 7’ the words and figures ‘or section 97’ be inserted.”

Sir, the object of this is to make a reference to the second provision dealing with deposits. That is to be found in the new Chapter IV which was inserted in the Bill during its passage through the Legislative Assembly. Owing to the failure to insert this consequential correction in clause (c), there is no reference to the deposit which is required from mutual insurance companies and co-operative life insurance societies. The matter is purely formal.

I move, Sir.

**THE HONOURABLE MR. HOSSAIN IMAM :** Will the Honourable Mr. Bartley inform us to which section of the old Act he refers ?

**THE HONOURABLE MR. J. BARTLEY :** I am sorry, Sir. I should have mentioned that it is section 89 of the old Bill, as passed by the Legislative Assembly.

Question put and amendment adopted.

**THE HONOURABLE MR. J. BARTLEY :** Sir, I move :

“That in clause 3 (2) (d), after the word and figure ‘section 6’ the words and figures ‘or section 96’ be inserted.”

Section 96 corresponds to section 88 of the Bill as passed by the Legislative Assembly. This is similar to the last amendment, Sir.

Question put and amendment adopted.

**THE HONOURABLE SIE NRIPENDRA SIRCAR :** Sir, I move :

“That for clause 3 (2) (e) the following clause be substituted, namely :

‘(f) a certified copy of the published prospectus, if any, and of the standard policy forms of the insurer indicating the assured rates, advantages, terms and conditions to be offered in connection with life insurance policies (I draw the attention of the House to these words) together with a certificate by an actuary that such rates, advantages terms and conditions are workable and sound.’”

Sir, I may inform the House that we have been led to change the language of our original draft and of the section as passed by the Legislative Assembly because we received representations from insurance interests, both Indian and non-Indian, that if the section as drafted is kept in its present form (as it must unless it is corrected by this amendment) extending to fire or accident or other insurance, it will be an impossible task to be performed by insurance companies because, as Honourable Members can well imagine, in the case of accident or marine or fire insurance, there may be many different policies depending on the situation of the property or the risk attaching to the insurance, and so on. I find from the representations which have been made after the Bill was passed by the Legislative Assembly that this should be confined to life insurance only and should not be extended to other forms of insurance. That is the main object of this amendment.

The other change which has been made is by the introduction of the words "standard policy forms". There again, the reason is very similar. What is wanted is that all the standard forms should be known to all people and should be sent to the Superintendent. But it has been pointed out that there may be exceptional forms in exceptional cases. The insurance company is not prevented, because it has certain standard forms, from using forms which are not "standard" in a particular case and unless we put in the words "standard forms" it will mean probably dozens of forms which have to be sent by each company. To meet this objection of the insurance companies, as I said both Indian and non-Indian, an objection which appears to us to be reasonable, I am moving this amendment.

I move, Sir.

THE HONOURABLE MR. HOSSAIN IMAM : I had expected, Sir, that the Honourable the Law Member will tell us why they have omitted the words "table of assured rates" and substituted for them the words "indicating the assured rates". The words in the original Bill were "table of assured rates" for which the Honourable the Law Member is now substituting the words "indicating the assured rates". We had expected an explanation for this. Secondly, Sir, the words "indicating the assured rates, advantages, terms and conditions" are very vague. We have not provided, as far as I remember, in section 101 for rules to be laid down and regulations to be passed specifying what are the requirements of these advantages terms and conditions. My point is that it will be vague and will leave much in the hands of the insurer unless we specify in the rule-making power section what is the thing which we expect. I may say that we expect to find the surrender value, the paid-up value at various periods, as are given in the Canadian Rules. The Canadian Rules provide that for each policy as soon as it is issued there must be a standard rate, showing, e.g., after two years, that so much is the surrender value and the paid-up value, and so on, till the policy matures. If that is the intention of the Government, as I take it it is the intention of the Government, I think it should be provided for in the rule-making power. It is only to elucidate this information, Sir, that I oppose this.

THE HONOURABLE SIR NRIPENDRA SIRCAR : Sir, I have no reply but it will help us if my Honourable friend will indicate what he exactly wants. I understand the point about the comparative vagueness of the words, but if my Honourable friend will suggest an improvement we may be able to accept it.

THE HONOURABLE MR. HOSSAIN IMAM : Sir, I think in the rule-making power we may provide that the Governor General in Council may make rules as to the things to be included in these forms, to give the surrender and paid-up value for each year.

THE HONOURABLE MR. P. N. SAPRU : What is the objection to the word "table"? It is more concrete and definite than the word "indicating".

THE HONOURABLE SIR NRIPENDRA SIRCAR : Except this, it may not be a printed table. The information may be given in some other documents.

**THE HONOURABLE MR. P. N. SAPRU :** "Indicating" is a very vague word.

**THE HONOURABLE SIR NRIPENDRA SIRCAR :** Will it meet my friend Mr. Hossain Imam's point if we put a comma after the word "insurer" and strike out the word "indicating"?

**THE HONOURABLE MR. HOSSAIN IMAM :** Yes, that will be better.

**THE HONOURABLE SIR NRIPENDRA SIRCAR :** Well, Sir, if the Chair will give me permission, I want to put a comma after the word "insurer" and to strike out the word "indicating"?

**THE HONOURABLE THE PRESIDENT :** Yes, I will give permission.

Question put and amendment, as further amended, adopted.

**THE HONOURABLE SIR NRIPENDRA SIRCAR :** Sir, I move :

"That in clause 3 (3) after the words 'law or practice of the country' the words 'relating to insurance' be inserted."

This is merely formal, Sir, because the language of the section makes it clear that it really relates to insurance. As a matter of fact one of the Honourable Members on the opposite Benches commented on the fact that this power of discrimination will be useless because it is confined to insurance law. Be that as it may, this is merely a formal amendment to make it perfectly clear that this refers to matters relating to insurance. The Assembly agreed not to extend retaliation beyond the domain of insurance, and we are not trying to change the principle.

**THE HONOURABLE MR. HOSSAIN IMAM :** Mr. President, when we were considering the Reserve Bank Bill we had a Motion of this nature that we should discriminate against countries which did not treat us on equal terms. We did not confine it however to discrimination in legislation of their Central Banks. We made a general rule that whoever discriminates against India, can be discriminated against by us under the Reserve Bank Act. Similarly, it would have been much better if the Government had taken up that stand here; and it is the Government which is the authority which will use this power. Now, I think it will be strange for the Honourable the Law Member to distrust the Government and suggest that it will use it where the occasion will not arise. But by making this provision we take away the liberty of the Government of India to take in certain cases, where it may be necessary, action which is not against the general principles of international law; because we have already provided for a condition of this nature by excluding the nationals of other countries from holding shares in the Reserve Bank. Why should we not have the same power in connection with insurance, although it may be that the Government will interpret it, as he has indicated, where the discrimination is in the case of insurance only?

**THE HONOURABLE MR. RAMADAS PANTULU (Madras : Non-Muhammadan) :** Sir, I prefer the original clause to stand as it is. My reason is this. It is not only by a specific law relating to insurance that Indian nationals may be debarred from pursuing the business of insurance. A general law comprehensively excluding Indians from various fields of commercial activity may also

have the same effect. I am not raising the broad issue of retaliation raised by Mr. Hossain Imam. But Indian nationals may be debarred indirectly from carrying on business of insurance in a foreign country by discriminatory laws relating to the citizen rights of Indians. Such a law may not mention specifically the insurance business. Therefore, I think the original clause gives the Government of India wider powers to act under this clause even in cases where a country may not specifically discriminate against us in regard to the insurance business. To restrict that power specifically to insurance may curtail the scope of the section very considerably. Therefore, I prefer to retain the clause as it is.

**THE HONOURABLE MR. P. N. SAPRU :** Sir, I cannot see the utility of the amendment which has been proposed by the Honourable the Law Member. The power of the Superintendent under this clause is a limited one. The power of the Superintendent is to withhold or cancel the restriction if there is any discrimination against us in any foreign country. No other form of retaliation is possible under the clause as it stands. Therefore, Sir, what is the object in putting in the words "relating to insurance" after the words "law or practice of the country"? What is the object of making it more specific? I think the Law Member's point is already covered by the clause as it stands. It is only in regard to insurance business that retaliation—if you can call it retaliation—can take place. Then where is the point in making it more specific by adding the words "relating to insurance"? I would, therefore, prefer the clause to stand as it is.

**THE HONOURABLE PANDIT HIRDAY NATH KUNZRU (United Provinces Northern : Non-Muhammadan) :** Sir, I agree with those who think that the language of the clause as it stands is preferable to what it would be should the Honourable the Law Member's amendment be accepted. It is quite possible that in a foreign country there may be no specific law to prevent Indians from carrying on the business of insurance, yet there may be a general law, or practice placing Indians on a lower level than other classes of the population or requiring them to refrain from carrying on certain economic activities without obtaining a licence. That licence may in practice not be granted. Technically speaking, Indians will not be debarred by any law from carrying on the business of insurance, and yet they may be as effectively debarred from carrying it on as if there were a specific law relating to insurance prohibiting their activities in this line of business.

**THE HONOURABLE SAIYED MOHAMED PADSHAH SAHIB BAHADUR (Madras : Muhammadan) :** Sir, the only point to be considered in connection with this subject is whether in the foreign country concerned Indian nationals have the facility to carry on insurance business. If they do not have the facility, either by specific law or by any general law of the land which prevents Indians from carrying on insurance business along with other kinds of business, then, Sir, there is every justification for us to see that the nationals of that country are not allowed to carry on insurance business in India. I feel, Sir, that to bring out that object more clearly the section as it stands in the original Bill is much better than it would be if it is amended in the way suggested, and I feel, with all respect to the Honourable the Mover that this amendment at the best will be redundant. It may in some cases prevent us from retaliating against the country which has discriminatory laws, adversely affecting the Indians in that country. And, at best, it is only a redundant amendment which will not serve any purpose.

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

“That in clause 3 (3) after the words ‘law or practice of the country’ the words ‘relating to insurance’ be inserted.”

The Council divided :

AYES—28.

Akram Hussain Bahadur, Hon. Prince  
Afsar-ul-Mulk Mirza Muhammad.  
Ataullah Khan Tarar, Hon. Chaudhri.  
Bartley, Hon. Mr. J.  
Buta Singh, Hon. Sardar.  
Charanjit Singh, Hon. Raja.  
Chinoy, Hon. Sir Rahimtools,  
Clow, Hon. Mr. A. G.  
Das, Hon. Rai Bahadur Satyendra  
Kumar.  
Devadoss, Hon. Sir David.  
Dow, Hon. Mr. H.  
Ghosal, Hon. Sir Joena.  
Hissam-ud-Din Bahadur, Hon. Lt.-Col.  
Sir Shaikh.  
Ismail Ali Khan, Hon. Kunwar Hajee.  
Jagdish Prasad, Hon. Kunwar Sir.

Khurshid Ali Khan, Hon. Nawabzada.  
Maxwell, Hon. Mr. R. M.  
Menon, Hon. Diwan Bahadur Sir  
Ramunni.  
Muhammad Hussain, Hon. Khan  
Bahadur Mian Ali Baksh.  
Mukherjee, Hon. Rai Bahadur Sir  
Satya Charan.  
Nihal Singh, Hon. Sirdar.  
Nixon, Hon. Mr. J. C.  
Parker, Hon. Mr. R. H.  
Patro, Hon. Rao Bahadur Sir A. P.  
Russell, Hon. Sir Guthrie.  
Singh, Hon. Raja Devakinandan Prasad.  
Sircar, Hon. Sir Nripendra.  
Thorne, Hon. Mr. J. A.  
Williams, Hon. Mr. A. deC.

NOES—20.

Abdus Sattar, Hon. Mr. Abdur Razzak  
Hajee.  
Biyani, Hon. Mr. B. N.  
Chettiyar, Hon. Mr. Chidambaram.  
Girdhardas, Hon. Mr. Narayandas.  
Hossain Imam, Hon. Mr.  
Kunzru, Hon. Pandit Hirday Nath.  
Mahapatra, Hon. Mr. Sitakanta.  
Mahtha, Hon. Rai Bahadur Sri Narain.  
Mitha, Hon. Sir Suleman Cassum Haji.  
Motilal, Hon. Mr. G. S.

Muhammad Husain, Hon. Haji Syed.  
Padshah Sahib Bahadur, Hon. Saiyed  
Mohamed.  
Pantulu, Hon. Mr. Ramadas.  
Pattani, Hon. Sir Prabhshankar.  
Ram Saran Das, Hon. Rai Bahadur Lala.  
Ray Chaudhury, Hon. Mr. Kumarsankar.  
Roy Chowdhury, Hon. Mr. Susil Kumar.  
Sapru, Hon. Mr. P. N.  
Sethna, Hon. Sir Phiroze.  
Sinha, Hon. Kumar Nripendra Narayan.

The amendment was adopted.

**THE HONOURABLE MR. R. H. PARKER** (Bombay Chamber of Commerce) :  
Sir, I am not moving amendment No. 26. This point has already been  
covered.

**THE HONOURABLE MR. RAMADAS PANTULU** : Sir, I am not mov-  
ing amendment No. 27.

**THE HONOURABLE MR. G. S. MOTILAL** (Bombay : Non-Muhammadan) :  
Sir, amendment No. 25 which has been moved by the Honourable the Law  
Member and accepted by this House meets the requirements of the amend-  
ment of which I gave notice. I am therefore not moving it No. 28.

**THE HONOURABLE THE PRESIDENT** : You cannot make a speech if  
you do not wish to move the amendment.

**THE HONOURABLE MR. J. BARTLEY** : Sir, I move :

“That in sub-clause (4) of clause 3 after the word and figure ‘section 7’ the words  
and figures ‘or section 97’ be inserted.”

Sir, 89 is the figure as contained in the Bill as passed by the Legislative Assembly. 97 is the new revised number. The point is to insert a reference to the other section which deals with deposits. Section 7 of the Bill deals with deposits in regard to insurers and section 97 deals with deposits in regard to the special class of insurers provided for in Chapter IV. It is purely formal, Sir. The actual effect, if Members will look at the copies before them, is to substitute for the word and figure "section 6" the words and figures "section 7 or section 97". That is the way the Bill will read when corrected. The clause is numbered 97 in the revised Bill.

Question put and amendment adopted.

\*THE HONOURABLE MR. KUMARSANKAR RAY CHAUDHURY :  
Sir, I beg to move :

"That in sub-clause (4) of clause 3 for the figure '6' the figures '26' be substituted."

Sir, the object of my moving this amendment is that I want to omit section 6 requiring a deposit to be made and I want that under section 26 the amount of security which an insurer has to invest should be kept in deposit with the Reserve Bank. I shall move that amendment later on when I come to clause 26 and this is an anticipatory amendment for that purpose. My object—I may again state clearly—is to do away with the requirement of making a deposit under section 6 and to require the amount to be invested in securities to be kept in deposit from time to time as provided for in section 26.

THE HONOURABLE SIB NRIPENDRA SIRCAR : Sir, I object to the amendment because the man who fails to comply with section 26 does not get off scot-free. The punishment under section 93 (I am referring to the old number) is that he may be fined Rs. 1,000 and Rs. 500 per day throughout the period of the default. In addition to that, of course, the Superintendent has got the power to look into the accounts of the insurer and to take other matters into consideration in exercise of his powers under the Act. I do not see, Sir, any reason for extending this provision of cancelling a registration in connection with section 26. When my Honourable friend wants to amend section 26 I shall have my say at the proper time.

Question put and amendment negatived.

THE HONOURABLE MR. HOSSAIN IMAM : Mr. President, I rise to move :

"That after sub-clause (5) of clause 3, the following sub-clause be inserted, namely :

'(5A). The Superintendent of Insurance shall not grant a certificate of registration to an insurer if his life fund is grossly inadequate to meet the liabilities on it.'

My reason for moving this amendment, Sir, is that under the provisions of this Act as it is now framed every company which deposits Government security of the value of Rs. 50,000 will be registered and will be permitted to carry on business. But if it is not established on a sound footing the Superintendent of Insurance will give him notice and ask him for examination of his accounts and an actuarial report on the condition of his life fund but if he finds that the condition is not satisfactory, he will move the court and ask for compulsory enforcement. The difference between us and the Government is only about the procedure and the time. While the Government wants that

\*Not corrected by the Honourable Member.



[Mr. Hossain Imam.]

this thing should be done or the unsatisfactory companies who have no legs to stand upon and who are really poaching on the public should be wound up, but would like to give them time to carry on this depredation on the public for a year or two more, we want to stop this thing from the beginning.

The wording of this amendment, Sir, where I say "grossly inadequate" is for the purpose of giving discretion to the Superintendent of Insurance and not tying his hands that whenever he finds a deficiency of, say, Rs. 1,000, he should refuse to register the company. It should be something extraordinary. May I point, Sir, to certain figures for which I am indebted to the Government for having laid on the table of the House, showing the condition of insurance companies as they are at the present moment? I will just quote one or two examples. Here is a company founded in 1934 which has a Government security deposit of Rs. 33,000 and its life assurance fund shows a deficit of Rs. 17,769, while the sums assured and bonuses in force amount to Rs. 3,55,000. Then, Sir, here is another company established in 1931 with a Government security deposit of Rs. 48,300. The man has only to deposit Rs. 30,000 to carry on business. But the condition of his life assurance fund is that there is a deficit of Rs. 2,30,461. Sir, the Government gave me a list of 122 companies which were floated between 1931 and 1935 out of which half were such as have no funds to speak of. Now, what happens if this amendment is not made? They will be given a lease of life which will be valid for one or two years and in the end they will be ordered by the courts, because their funds are not sufficient and because they have no financial backing, to close their doors. But in the meantime you do not prevent them from robbing credulous people in India. What would happen is that they will carry on propaganda knowing that they are going to fail, and the chief agents and the managing agents will all be anxious to rope in as much business as they can and the cost will not matter; especially, Sir, keeping in view the fact that the Honourable the Law Member is not prepared to accept our amendment for restricting the commission of the chief agents, there is a very big loophole and such a big fissure in the dam that the whole of the money, whatever remains still in the coffers, would all be swept away. The policy-holders will have nothing to fall back upon. Why should this be allowed? Now, the suggestion is that the action of the Superintendent of Insurance should not be arbitrary, that he should not usurp the functions of a judicial court. But that, Sir, is not exactly what would happen. The point is, as the amendment implies, that the Superintendent, finding the life fund to be grossly inadequate, does not register, asks the insurer to bring up his life fund to a certain figure and then he will register it. It only prevents the insurer from carrying on business until he has filled up the life insurance fund. There is no power according to this amendment for the insurer to be re-registered after a lapse of four or six or eight months or a year provided that he brings up his life insurance fund to a sufficient amount. This, in no way perpetrates an injustice on the insurer, it only does justice to the policy-holder.

Sir, I move.

THE HONOURABLE SIR NRIPENDRA SIRCAR: Sir, I oppose this amendment. I would rather drop the whole Bill than agree to an amendment the effect of which would be that possibly one-third if not a half of the Indian companies will have to go out tomorrow. I wonder if the House realizes what is happening? I have been opposing the reducing of the 55 per cent. investments to 50, but what will be the consequence of this amendment? If the

Registrar is satisfied that the life fund of a company at the time of the registration is not enough to meet its liabilities (and my Honourable friend has not explained what liabilities mean—whether he means those which have accrued due or he includes those which are maturing, they are also liabilities), that is to say, if the life fund is not equal to 100 per cent. of the liabilities then he must refuse registration. The latitude intended to be given by the expression “grossly inadequate” is nothing. What is meant by “grossly inadequate”? If I may remind my Honourable friend of what was said about fraud and gross fraud by a Lord Justice, viz., that the word “gross” is merely a vituperative epithet. If this amendment is passed, a very large number of the smaller companies will go out the day after the Bill is passed; and I say that I shall not be a party to that course. The object is to improve the standard of business of Indian companies and not to destroy them wholesale. Of course, a small number has got to be sacrificed for the sake of making insurance business run on sound lines,—but this wholesale massacre I must oppose and I object to the Motion.

Question put and amendment negatived.

THE HONOURABLE THE PRESIDENT: The Question is:

“That clause 3, as amended, stand part of the Bill.”

The Motion was adopted.

Clause 3, as amended, was added to the Bill.

*Clause 3A.*

\* THE HONOURABLE MR. KUMARSANKAR RAY CHAUDHURY: Sir, I beg to move:

“That in clause 3A, the following be inserted at the beginning, namely:

‘Subject to the provisions of section 43’.”

Sir, that section deals with the grant of bonuses and dividends and if they fall short of the amount mentioned in clause 3A, they ought to be saved. That is why I want this condition to be stated at the beginning of the section.

THE HONOURABLE SIR NRIPENDRA SIRCAR: Sir, I confess I am unable to follow the point, and the only course left to me is to object to the amendment.

Question put and amendment negatived.

THE HONOURABLE SIR NRIPENDRA SIRCAR: Sir, I am not moving amendment No. 34.

THE HONOURABLE MR. HOSSAIN IMAM: May I know, Sir, why the Honourable Member is not moving it?

THE HONOURABLE THE PRESIDENT: It will only prolong the proceedings if, when an Honourable Member says he is not moving an amendment that stands in his name, another Honourable Member says, “What is your reason for that?” That cannot be done.

**THE HONOURABLE MR. RAMADAS PANTULU :** Sir, I beg to move :

“ That in clause 3A, after the word and figure ‘ Part III ’ the words and figure ‘ or a Co-operative Life Insurance Society to which Part IV ’ be inserted.”

Sir, the object of this amendment is to allow co-operative life insurance societies as defined by clause 86 (b) of this Bill also to transact business up to Rs. 500. The present clause 3A prevents co-operative life insurance societies from writing policies of Rs. 500 or below on their books. I need not detain the House by any long explanation of the reasons for my amendment. I may merely say that the co-operative life insurance societies are intended to deal with mostly men of limited means. I may read the preamble to Act No. II of 1912. It says :

“ Whereas it is expedient further to facilitate the formation of Co-operative Societies for the promotion of thrift and self-help among agriculturists, artisans and persons of limited means, and for that purpose to amend the law relating to Co-operative Societies ”.

Therefore, I am pleading for the cause of persons of limited means and I hope the Honourable the Law Member will accept my Motion.

**THE HONOURABLE SIR NRIPENDRA SIRCAR :** Sir, I accept the amendment.

Question put and amendment adopted.

**THE HONOURABLE MR. RAMADAS PANTULU :** Sir, I beg to move :

“ That in clause 3A, after the words ‘ on any policy of life insurance ’ the words ‘ issued after the commencement of this Act ’ be inserted.”

Sir, these companies now do such business as it is not prohibited before this Act and I do not want business already done to be affected by this new clause. That is the purpose of the amendment.

**THE HONOURABLE SIR NRIPENDRA SIRCAR :** Sir, I accept the amendment.

Question put and amendment adopted.

**THE HONOURABLE MR. RAMADAS PANTULU :** Sir, I beg to move :

“ That in clause 3A, after the words ‘ five hundred or less ’ the words ‘ exclusive of any profit or bonus ’ be inserted.”

Sir, the object of my amendment is this. A Rs. 500 policy with profits will entail an insurance company paying something more than Rs. 500 at maturity. Such cases may elude the operation of this clause. If the object of the clause is that policies of the face value of Rs. 500 and less should not be written on the books of these companies, it will better serve the purpose by adding the words “ exclusive of any profit or bonus.” I am fortified in this view by a reference to clause 57 relating to Provident Societies.

**THE HONOURABLE SIR NRIPENDRA SIRCAR :** If it shortens matters, Sir, I may say we have no objection to this amendment.

Question put and amendment adopted.

**THE HONOURABLE PANDIT HIRDAY NATH KUNZRU :** Sir, I beg to move :

“ That in clause 3A, after the words ‘ this Act applies ’ the words ‘ or a Mutual Insurance Company to which Part IV of this Act applies ’ be inserted.”

Sir, the grounds on which I ask for this are substantially the same as those relating to co-operative insurance societies which were explained during the general discussion by my Honourable friend Mr. Ramadas Pantulu. There are mutual insurance societies of various kinds and the limits within which they issue policies or grant annuities are different. But they are allowed by the law as it stands at present to grant annuities of smaller sums than Rs. 50 and to issue policies for Rs. 500 and less. All may not do so, but some of them may and in fact do so. Indeed, they insure millhands and chaprassis, and so on, who will be prevented from having their lives insured should the mutual insurance companies be prevented from granting annuities of less than Rs. 50 and issuing policies for sums below Rs. 500. I hope my Honourable friend the Law Member will accept this amendment.

THE HONOURABLE SIR NRIPENDRA SIRCAR: Sir, I accept the amendment, but Mr. Bartley points out that possibly the appropriate place for this amendment to go in is immediately after the Honourable Mr. Ramadas Pantulu's amendment No. 35 which we have accepted. We accept the amendment: the only thing is to see where it would come in appropriately. If permission is given by the House, we can put it in the hands of the draftsman.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU: I have not the slightest objection, Sir.

Question put and amendment adopted, and permission given to the legal draftsman to amalgamate it with No. 35.

THE HONOURABLE MR. RAMADAS PANTULU: Sir, I move:

"That to clause 3A, the following proviso be added, namely:

'Provided, however, that nothing contained in the section shall apply to group policies for an aggregate sum of not less than Rs. 5,000 under which an insurer pays or undertakes to pay a gross sum of rupees five hundred or less on an individual life.'

Sir, I find that the amendment as drafted by me has got a snag and it may be possible for an insurer to bring together unconnected people in a group and evade the intention of the original clause. Therefore, I had a consultation with the Honourable the Law Member and if you will permit me, Sir, to change the wording of this amendment slightly—he told me he would have no objection to it—I request your permission—

THE HONOURABLE THE PRESIDENT (to the Honourable the Law Member): You have no objection?

THE HONOURABLE SIR NRIPENDRA SIRCAR: No, Sir.

THE HONOURABLE MR. RAMADAS PANTULU—to move it in this way:

"Provided, however, that nothing contained in this section shall apply to group policies, that is to say, policies in respect of a group of persons engaged in the same occupation or kindred occupations under a single employer, for an aggregate sum of not less than rupees five thousand, under which an insurer pays or undertakes to pay a gross sum of rupees five hundred or less on an individual life:

"Provided further that any such insurer shall not be prevented from converting any policy into a paid-up policy of any value."

Sir Phiroze Sethna has not moved his amendment in view of my undertaking that I would move a proviso containing his point and I also ask your permission to move it. That proviso will be:

"Provided further that such an insurer shall not be prevented from converting a policy into a paid-up policy at any time."

Sir, I move it in this form.

THE HONOURABLE THE PRESIDENT (to the Honourable the Law Member) : Do you accept that ?

THE HONOURABLE SIR NRIPENDRA SIRCAR : Yes, Sir.

Question put and amendment, as further amended, adopted.

THE HONOURABLE THE PRESIDENT : The Question is :

“ That clause 3A, as amended, stand part of the Bill. ”

The Motion was adopted.

Clause 3A, as amended, was added to the Bill.

*Clause 4.*

THE HONOURABLE MR. J. BARTLEY : Sir, I move :

“ That in clause 4, in sub-clause (2), for the words ‘ on the application of the second-mentioned insurer and if called upon to do so by the Superintendent of Insurance ’ the words ‘ if called upon to do so by the Superintendent of Insurance on the application of the second-mentioned insurer ’ be substituted. ”

Sir, this is merely grammatical to make it clear to whom the application has to be made.

Question put and amendment adopted.

THE HONOURABLE MR. J. BARTLEY : Sir, I move :

“ That in clause 4, in sub-clause (2), in the proviso, for the words and figures ‘ 26th day of January ’ the words and figures ‘ 27th day of January ’ be substituted. ”

Sir, this also really corrects a slight oversight. An amendment was moved in the lower House altering the date of the operation of these sections to the 26th day of January, which I think was the date on which the Bill was introduced there. The Honourable Member who moved the amendment did not observe that when this date is preceded by the word “ after ”, 26th is the correct date ; but when it is preceded by the preposition “ before ” the date has to be the 27th. Otherwise we omit to provide for one actual day. It is purely formal.

Question put and amendment adopted.

THE HONOURABLE MR. HOSSAIN IMAM : Sir, I move :

“ That the proviso to sub-clause (2) of clause 4 be omitted. ”

Sir, I merely want to know why the Government has provided that this Act will not apply to those already in existence. On hearing the reason for that I shall abide by it.

THE HONOURABLE SIR NRIPENDRA SIRCAR : Sir, I oppose the amendment. Honourable Members will see that this clause relates to the restriction on the use of certain names by insurers on the ground generally that two names may be confusing and people will be misled by a similar name, and so on. We do not desire to disturb the old state of things which lasted up to the 26th January, 1937. We do not want, supposing two similar names had been going on from 1920 onwards, that it may be said, “ Now that the law has been changed, let us have a dispute, though we acquiesced from 1920 ”. We do not want retrospective effect to be given to a measure which may involve serious consequences if a company is now prevented from carrying on business under its old name. That is the sole reason for our action.

**THE HONOURABLE MR. HOSSAIN IMAM :** May I ask a question, Sir ? May I know—

**THE HONOURABLE THE PRESIDENT :** The Honourable Member cannot speak again.

**THE HONOURABLE MR. HOSSAIN IMAM :** Sir, I only want information—

**THE HONOURABLE THE PRESIDENT :** The Honourable Member is not entitled to ask for it.

**THE HONOURABLE MR. HOSSAIN IMAM :** Then I withdraw my amendment, Sir.

Amendment was, by leave, withdrawn.

**\* THE HONOURABLE MR. KUMARSANKAR RAY CHAUDHURY :** Sir, I beg to move :

“ That in the proviso to sub-clause (2) of clause 4 for the figures ‘ 1937 ’ the figures ‘ 1938 ’ be substituted.”

Sir, my object also is, as stated by the Honourable the Law Member, not to give retrospective effect to this Act. Although the Bill was introduced in 1937, one cannot say what shape it will take when it goes out of the Legislature. Therefore, no retrospective effect ought to be given.

Sir, I move.

**THE HONOURABLE SIR NRIPENDRA SIRCAR :** Sir, I oppose the amendment. The previous amendment was moved by my Honourable friend Mr. Hossain Imam and he was good enough to withdraw the amendment when the purpose was explained to him. This is a move in the opposite direction, that is to say, this law will not apply until 1938. To that the answer of Government is that the provision of the Bill is just and people can have no complaint about the date of 26th January, 1937, because notice was given by the introduction of the Bill that this is what was going to happen ; and surely people who within the course of the year adopt misleading names can find no favour with this House. Therefore, I am opposing either the giving of retrospective effect or advancing it beyond the date of this Bill.

Question put and amendment negatived.

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

“ That clause 4, as amended, stand part of the Bill ”.

The Motion was adopted.

Clause 4, as amended, was added to the Bill.

#### Clause 5.

**THE HONOURABLE MR. J. BARTLEY :** Sir, I beg to move :

“ That in clause 5 the words ‘ or commences ’ be omitted.”

Sir, this is purely formal.

Question put and amendment adopted.

\*Not corrected by the Honourable Member.

**\*THE HONOURABLE MR. KUMARSANKAR RAY CHAUDHURY:** Sir, I beg to move :

"That in clause 5 for the word 'fifty' the word 'thirty-five' be substituted."

My object in moving this amendment Sir, is to prevent the sudden rise from 25 to 50 for the capital of a newly formed company. India is a poor country and there is ample field for the opening up of insurance business in the mofussil where people are not expected easily to collect the sum of Rs. 50,000. I therefore propose its reduction to Rs. 35,000.

Sir, I move.

**THE HONOURABLE SIR NRIPENDRA SIRCAR:** Sir, I oppose this amendment. This matter was very carefully considered and long debated between Government and the different sections in the other place; and we have come to the conclusion that in the interest of putting Indian business on a sound footing Rs. 50,000 is the proper amount. I admit India is a poor country but very poor men need not start insurance companies as we have already got too many of them!

Question put and amendment negatived.

The Council then adjourned for Lunch till a Quarter Past Two of the Clock.

The Council re-assembled after Lunch at a Quarter Past Two of the Clock, the Honourable the President in the Chair.

**\*THE HONOURABLE MR. KUMARSANKAR RAY CHAUDHURY:** Sir, I move :

"That in clause 5, the words, figures and brackets 'exclusive of the deposit to be made before registration under sub-section (6) of section 6 of this Act; and' be omitted."

Sir, as I have already stated this is also an anticipatory amendment. What I propose to do is to propose that clause 6 be omitted. Therefore it has become necessary to bring in this amendment.

**THE HONOURABLE SIR NRIPENDRA SIRCAR:** Sir, I oppose the amendment. As I explained to the House, these figures were arrived at after very careful consideration and discussion, and we see no reason now to depart from the conclusion at which we then arrived.

Question put and amendment negatived.

**\*THE HONOURABLE KUMARSANKAR RAY CHAUDHURY:** On a point of information, Sir. I have got an amendment to move that clause 6 be deleted—

**THE HONOURABLE THE PRESIDENT:** I am coming to that. I propose to take it up after this clause is passed because when there is an amendment to delete the whole clause, before going into the details of the clause, it is the usual practice to take such amendment first.

The Question is :

"That clause 5, as amended, stand part of the Bill."

The Motion was adopted.

Clause 5, as amended, was added to the Bill.

*Clause 6.*

\*THE HONOURABLE MR. KUMARSANKAR RAY CHAUDHURY : Sir, I move :

"That clause 6 be omitted."

Sir, my object in moving this is to allow insurance companies to be started without any preliminary deposit. They have already been required to provide capital of Rs. 50,000 and over and above that new companies before they begin to work have to deposit at least a minimum of Rs. 1,50,000. What I would submit is this. When you provide for the investment of their premiums in Government securities, those securities should be kept in deposit with the Reserve Bank to the credit of the Central Government for purposes of safeguarding the interests of the shareholders, and therefore there may be no necessity for a preliminary deposit. With that object I move that clause 6 be omitted.

THE HONOURABLE SIE NRIPENDRA SIRCAR : Sir, I oppose the amendment. It is unthinkable that after all that has happened and all that has been done we shall now agree to the clause being removed about deposits.

Question put and amendment negatived.

THE HONOURABLE MR. J. BARTLEY : Sir, I move :

"That in clause 6 in sub-clause (1) (j) the word 'and' in 'and/or' be omitted."

Sir, the use of the words "and/or" offering an alternative interpretation is not in accordance with our approved statutory drafting methods and the duplication of words is unnecessary.

Question put and amendment adopted.

THE HONOURABLE MR. J. BARTLEY : Sir, I move :

"That in clause 6 (2) after the words 'Central Government' the word 'in' be inserted."

This seems to be an accidental omission of a word, Sir.

Question put and amendment adopted.

THE HONOURABLE MR. R. H. PARKER : Sir, I move :

"That in sub-clause (2) of clause 6 after the words 'Society of Lloyds' the words 'or other association of underwriters' be omitted."

Sir, this is merely a correction in my view to bring it into line with the definition in clause 2 (8) (c).

\*Not corrected by the Honourable Member.



THE HONOURABLE SIR NRIPENDRA SIRCAR: Sir, we accept the amendment.

Question put and amendment adopted.

THE HONOURABLE MR. J. BARTLEY: Sir, I move:

"That in clause 6 in sub-clause (4) for the words and figures '26th day of January, 1937' the words and figures '27th day of January, 1937' be substituted."

This has the same explanation as that which I gave previously, Sir.

Question put and amendment adopted.

THE HONOURABLE MR. J. BARTLEY: Sir, I move:

"That in clause 6 in sub-clause (4) and in the proviso thereto, for the words 'not less than the same amount as the second instalment' the words 'not less than the minimum amount required as the second instalment' be substituted."

Sir, the purpose is to avoid the possibility of this sub-clause and the proviso being interpreted as requiring that when a deposit of more than the legal minimum deposit is made once, thereafter on all occasions the depositor should be required to bring his subsequent deposits up to that figure. The purpose is more clearly expressed in the words which I propose to substitute.

Question put and amendment adopted.

\*THE HONOURABLE MR. HOSSAIN IMAM: Sir, I move:

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

'Provided further that insurers carrying on life insurance business who were incorporated before 26th January, 1937, shall have to deposit within one year of registration an additional sum equal to 1/9th of required deposit for each complete calendar year since its incorporation.'

The amendment, Sir, which I have given notice of seeks to place the companies started before this Act and those which will be started afterwards on a somewhat equal position. A company which has been started, say, in 1931, and has not yet deposited even the first quota, namely, Rs. 50,000, should not be allowed to carry on business if it cannot deposit at least four years' quota fixed by this Act. The reason is that some of these young companies are born so weak and with such small power of resistance and are so rickety that there is no hope they will ever survive. It is simply prolonging the agony to allow them to carry on their business. The business which they carry on will not be carried on by the money of the company itself. They can only eat up the life insurance fund. If we do not have this amendment, the position will be that the Honourable the Law Member will be satisfied if they deposit Rs. 50,000 with the Superintendent of Insurance, and after that, in the next year, they will be called upon to deposit a sum of about Rs. 25,000 for a life insurance company. If my amendment is accepted, the position will be that the life insurance company will be permitted to carry on business for one year after registration without being compelled to deposit any fresh money, but at the expiry of one year, if it is not in a position to deposit four years' quota for a company started in 1931, then it will not be allowed to carry on business further. The position is this. The companies which have been floated during the past five or six years have been floated with insufficient capital, with an inadequate amount of business, and with nothing to recommend them except the fact that they were a good method whereby

\*Not corrected by the Honourable Member.

the managing agents could get some commission. The statement to which I referred in moving my last amendment would show that there are any number of companies who have not deposited Rs. 50,000 with the Government, although they have been in existence for the last six years. I have tried to make the position a little better for them by insisting that they will deposit a year's quota for each calendar year. For instance, a company that was incorporated in the middle of 1935 will not be called upon to deposit anything for the year 1935, but it will be asked to deposit the quota for the year 1936, so that it will not really be very hard on the company if it is a genuinely solvent company. But, as I said before in the beginning, I have a great deal of regard for the young companies, but I have a greater regard for the policy-holders, whose property they hold in trust. If it is a choice between the two—whether the policy-holder should be protected or the young companies should be given a lease of life—I, Sir, every time will vote for the policy-holder.

Sir, I move.

THE HONOURABLE SIR NRIPENDRA SIRCAR : Sir, as I have said, the exact amounts to be deposited—the instalments, etc., have all been carefully considered and we do not see our way to accept this amendment. But one little curious point may be brought to the notice of the Honourable Mover, who seems to have thought very carefully over this question. One-ninth has got to be deposited for each completed calendar year. Companies which have been in existence for 12 years will have to deposit twelve-ninths ; if for 27 years, twenty-seven-ninths. I object, Sir.

Question put and amendment negatived.

THE HONOURABLE MR. R. H. PARKER : I am not moving amendment No. 54, Sir.

THE HONOURABLE MR. J. BARTLEY : Sir, I beg to move :

“ That in clause 6 (5) after the word and figure ‘ section 2 ’ the words ‘ and not being an insurer incorporated in or domiciled in the United Kingdom ’ be inserted.”

Sir, in connection with clause 26 of the Bill, when there were provisions introduced which apply certain conditions to certain insurers according to their place of domicile, care was taken to exclude companies incorporated in the United Kingdom by a special explanation. The necessity for a similar provision in this sub-clause was overlooked.

Question put and amendment adopted.

THE HONOURABLE MR. J. BARTLEY : Sir, I beg to move :

“ That in clause 6 (6) for the words and figures ‘ incorporated after or commencing business in British India after the 31st day of December, 1936 ’ the words and figures ‘ neither incorporated before nor carrying on insurance business in British India before the 27th day of January, 1937 ’ be substituted.”

The reason for this is rather curious, Sir. The words which I propose to delete are supposed to be an expression completely excluding those insurers that are already referred to in the opening words of sub-clause (4). As a matter of fact, they do not succeed in completely excluding them because an insurer incorporated before the 26th day of January but not starting business until after the 26th day of January would, as clause 6 now stands, come under

[Mr. J. Bartley.]

both sub-clauses, and it is in order to eradicate that oversight that I have moved this almost formal amendment.

Question put and amendment adopted.

**THE HONOURABLE MR. J. BARTLEY :** Sir, I am not moving amendment No. 58. as it is covered by the preceding amendment.

**THE HONOURABLE MR. G. S. MOTILAL :** Sir, I move :

"That in sub-clause (6) of clause 6 for the words 'one third' where they occur for the second time the words 'one half' be substituted."

Sir, my ground for submitting this amendment is that sub-clause (6) of clause 6, as it stands, will mean that the first time the deposit to be paid is 25 per cent. or one-fourth and the next deposit is one-third of the balance. When you come to the third instalment, it is one-third of the balance again as the wording stands. If it is one-third of the balance, it will be an amount which will be 33 1/3 per cent. and not 50 per cent. I will give an illustration of the difficulty, of how the last instalment would be 66 per cent. Take, for instance, the life insurance companies who have to deposit Rs. 2 lakhs. In their case they will have to pay Rs. 50,000 as their first instalment. What is left is a lakh and a half and one-third of that is Rs. 50,000. But when you use the expression one-third of the balance for the second time, one-third of one lakh will be Rs. 33,000. Therefore, if instead of one-third you say one-half of the balance on the second occasion, then, in this case, it would be Rs. 50,000, as the third instalment, and the fourth instalment would be the remaining Rs. 50,000. I presume the intention is that there should be four equal instalments, and if that is so, this amendment might be accepted; otherwise it would appear that the intention is that in this case the first payment should be Rs. 50,000, the second payment Rs. 50,000, but the third payment only Rs. 33,000 and not Rs. 50,000 while the last instalment is Rs. 66,000.

With these words, Sir, I move my amendment.

**THE HONOURABLE MR. RAMADAS PANTULU :** Sir, I felt the same difficulty which my friend felt, but on reading the clause again I thought the words "the balance" could only refer to the balance left after paying the first instalment. The words used are not "of the balance" but "the balance"; the words are "one-third the balance before the expiry of one year" and "one-third the balance before the expiry of two years". I think the English is correct so far as it goes. If, however, the Honourable the Law Member thinks it ought to be made more clear, there is nothing to be lost by making it more clear; but I think the English of the clause as it stands is correct.

**THE HONOURABLE SIR NRIPENDRA SIRCAR :** Sir, we are agreed as to the principle but I see some force in the contention that the word "balance" used twice in not exactly the same significance leads to some ambiguity. If the Chair will permit, and the House will permit, as I believe my friend is not indicating any change of principle, if we can get a little time to put the thing in shape we could move this the next day.

**THE HONOURABLE THE PRESIDENT :** I have no objection. This amendment is held over till the next sitting.

**THE HONOURABLE MR. ABDUR RAZZAK HAJEE ABDUS SATTAR**  
(West Bengal : Muhammadan) : Sir, I beg to move the following amendment :

" That for the proviso to sub clause (b) of clause 6 the following proviso be substituted, namely :

" Where the deposit is to be made by an insurer incorporated after, or commencing business in British India after the 31st of December, 1936, the deposit may be made in instalments of not less than 1/8th of the total amount before the application for registration is made, and the balance in equal instalments within seven years from the commencement of business in British India."

Sir, sub-section (6) of clause 6 needs reconsideration. Under the clause a new general insurance company will have to deposit one-fourth of the full amount for the three classes of business before it starts business and is registered. This requirement as it stands will hamper the growth of new companies. The clause further requires that the insurance company must pay up the entire deposit amount in three years, while we are all agreed that insurance companies should start under conditions which ensure stability, we do not desire to prevent the growth of new ventures. There is much scope for general insurance business yet in the country—and I am anxious that we should not prevent the growth of new insurance companies. I would press that the initial deposit required should be one-eighth of the total amount of deposit required and that the rest of the deposit might be paid in seven instalments. In other words, I would place the new companies on the same footing as the old companies. The risks in the case of general insurance are not so great after all. Fire, accident and motor car business are limited to periods of one year, and marine insurance only for a particular voyage. So the risks are not great. In the case of life the risks are greater and therefore there should be a distinction between life and other forms of general insurance. Unlike life insurance companies, companies engaged in general business have lighter liabilities; while the liabilities of life insurance concerns increase as the years roll on, the liabilities of general insurance companies do not become so heavy, and this for the obvious reason, that the period for which insurance is effected is very brief, being only a year in case of fire and motor cars, etc., and in case of marine only for the period of the voyage. The moment this period expires, the liability of the company ceases.

Therefore, Sir, in view of the reasons I have just mentioned, it is but fair that general insurance companies should be allowed to pay only one-eighth of the amount in the first instance, and the remaining amount in seven yearly instalments.

With these words, Sir, I commend my amendment for the acceptance of this Honourable House.

**THE HONOURABLE MR. P. N. SAPRU** : Sir, I would request the Honourable the Law Member to give his earnest consideration to this clause. As I understand the Honourable Mr. Abdus Sattar, he wants this proviso in the interests of new companies. He wants to make a distinction between general insurance business and life insurance business, and this clause is restricted only to general insurance business. In the case of general insurance business, as he has rightly pointed out the risks are not so great as in the case of life insurance business. He has told us that the liability of general insurance companies are not so heavy as the liabilities of life insurance companies. Therefore, he suggests that the initial deposit in the case of general insurance companies should be one-eighth.

**THE HONOURABLE MR. RAMADAS PANTULU:** The amendment does not say it.

**THE HONOURABLE MR. P. N. SAPRU:** In moving the amendment he made that clear in his speech and I think that is the intention, and if it is not clear the amendment can be suitably modified. It is with reference to general insurance that he has made the request. His suggestion is that the rest of the deposits should be paid in seven instalments. This would place the new companies on the same footing as the old companies. Having regard to the fact that the risks in the case of general insurance are not so great as in the case of life insurance, I would request the Honourable the Law Member to give this amendment his consideration and if he can accept it we should be glad.

**\*THE HONOURABLE MR. HOSSAIN IMAM:** I wish to make it clear that the wording of the amendment is not very happy, and as this clause is going to be held over for further consideration may we request the Honourable the Law Member to extend his indulgence to this amendment as well so that it might be suitably amended, if he is prepared to make a distinction between the general insurer and the life insurer. The reason why we advocate this course is that general insurance business in India is very much behind. There is not that amount of congestion of Indian companies in general insurance as in the case of life insurance. And further a great difference between the two is that whereas a life insurer is a long term trustee the general insurer has never to carry risks beyond a year. The risk, for instance, in marine is only for a particular voyage; as regards motor cars it is for a year, and so on. The usual practice is that the risk is only for a year. Therefore, it might be possible to make a distinction in the case of general insurance as apart from life insurance where we want to be very strict and we wish every stringency should be placed upon it.

**THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS (Punjab : Non-Muhammadan):** Sir, I rise to support the amendment and as my Honourable colleague on my left has observed, the development of India's general insurance companies is very little. Therefore, it is necessary that we ought to give them reasonable concession and the facilities asked for by my friend Mr. Abdus Sattar is a very modest one. Since 1919 the flotation of general insurance companies has been very small, as far as my information goes, while there are about 130 foreign general companies working in India there are not even one dozen such companies in India doing other than life insurance business. Although money is very cheap in these days, yet there has been no development in that direction. Therefore, as in non-life the chances of loss are not so heavy and as the insurance period does not cover a long period, I hope, Sir, the Honourable the Law Member will accept this amendment.

**THE HONOURABLE MR. RAMADAS PANTULU:** Sir, I beg to oppose this amendment. First of all it is not confined to general insurance, though it has been said to relate to it in the speeches made now. Apart from it, I think that in the case of general insurance a concession has already been made. Only Rs. 1½ lakhs has got to be deposited as against Rs. 2 lakhs in the case of life insurance, and though the period of the risk may be shorter, the risk itself will be very large. If a building in Bombay is insured, an accident to it will

mean shelling out a large amount of money, whereas in the earlier stages the risk in life insurance is smaller. The original clause in the Bill is more sound. I therefore beg to oppose this amendment, Sir.

**THE HONOURABLE SIR NRIPENDRA SIRCAR:** Sir, I oppose the amendment. My Honourable friend Mr. P. N. Saprú asked me to pay earnest attention to this amendment. I am sure he has himself paid it throughout to all the amendments on the Insurance Bill. But if he will kindly look up the record of the proceedings in the Assembly he will find that whether I am inclined or not to pay earnest attention I could not help it, because this matter was discussed threadbare; amendments were moved and speeches were made putting forward the view that concessions should be given to certain classes of insurance commencing business after the 31st December and pointing out the difference between general insurance and life insurance. After all that has been done and after paying the most earnest attention that I am capable of, I agreed to a certain course and I resist a violent departure from that course.

Question put and amendment negatived.

**THE HONOURABLE MR. J. BARTLEY:** Sir, I move:

"That in the proviso to clause 6 (6) after the word and figure 'section 2' the words 'and not being an insurer incorporated in or domiciled in the United Kingdom' be inserted."

Sir, the reason for this is the reason which I gave in connection with amendment No. 55 (page 799).

Question put and amendment adopted.

**THE HONOURABLE MR. R. H. PARKER:** Sir, I move:

"That in sub-clause (7) of clause 6 after the word, brackets and figure 'sub-section (1)' the words, brackets and figure 'or sub-section (2)' be inserted."

Sir, this again is by way of correction and is intended to bring deposits made under sub-section (2) within the purview of this sub-section as well as those made under sub-section (1).

**THE HONOURABLE SIR NRIPENDRA SIRCAR:** Sir, I accept the amendment.

Question put and amendment adopted.

**THE HONOURABLE MR. J. BARTLEY:** Sir, I move:

"That in clause 6 in sub-clause (9) after the words 'accruing due' the words 'and collected' be inserted."

Sir, the section as it stands says that interest accruing due on securities deposited with the Bank shall be paid to the insurer. The object of the amendment is to relieve the Bank of paying interest when it has not been actually received by them.

Question put and amendment adopted.

**THE HONOURABLE MR. J. BARTLEY:** Sir, I move:

"That in clause 6 (9) after the words, brackets and figure 'under sub-section (1)' the words, brackets and figure 'or sub-section (2)' be inserted."

[Mr. J. Bartley.]

Sir, this corresponds to the amendment moved by the Honourable Mrs. Parker a moment ago.

Question put and amendment adopted.

THE HONOURABLE SIR NRIPENDRA SIRCAR : Sir, I move :

"That in clause 6 in sub-clause (10) the words 'and if the Reserve Bank of India requires him to replace securities maturing for payment shall' be omitted and to the sub-clause the following be added, namely :

'and the Reserve Bank of India shall, if so requested by a depositor, invest in approved securities the whole or any part of a deposit made originally in cash or the whole or any part of cash received by the Bank on sale of or on the maturing of securities lodged by the depositor'."

Sir, the object of this amendment may be explained in one sentence. As the Bill has been drafted it gives the power to the Reserve Bank to require certain things to be done. The object of the amendment is that that should not be left to the Reserve Bank, but the Reserve Bank shall do certain things if requested to do so by the depositor. That is the object of this amendment, not to give the Reserve Bank the power to say that this shall be done.

Question put and amendment adopted.

THE HONOURABLE THE PRESIDENT : I shall not put original clause 6 for final acceptance till Mr. Motilal's amendment is disposed of at the next sitting.

Clause 6 held over.

Clause 7.

THE HONOURABLE MR. KUMARSANKAR RAY CHAUDHURY : Sir, as clauses 6 and 7 go together I do not propose to move this amendment.

THE HONOURABLE MR. J. BARTLEY : Sir, I beg to move :

"That in clause 7 (1) for the words 'nor shall it be liable to attachment in execution of any decree except a decree obtained in respect of such policies' the words 'nor shall it be liable to attachment in execution of any decree except a decree obtained by a policy-holder of the insurer in respect of a debt due upon a policy which debt the policy-holder has failed to realise in any other way' be substituted."

This amendment, Sir, restores the wording of the Bill as it was originally drafted and before the Select Committee made in this clause a change which was really intended to simplify the drafting. But in simplifying the drafting they omitted one very important factor with the result that the simplification has the effect of making it not at all clear that the court could not attach the deposit at the action of a policy-holder even when the insurer had plenty of other assets which might be proceeded against. If the clause remains as it stands in the Bill now, there is nothing to prevent a policy-holder proceeding straightaway against the deposit although he has not exhausted all remedies. That was not the intention of the Select Committee when they made this small change. The wording that I propose now to restore makes the position absolutely clear.

Question put and amendment adopted.

\*THE HONOURABLE MR. HOSSAIN IMAM: Mr. President, I rise to move :

" That after clause 7 the following clause be inserted, namely :

' 7A. The uncalled capital shall be deemed as charged to life fund and shall not be available for discharge of any other liability until all the demands on life fund are discharged '."

Sir, this amendment has been brought forward with a view to give to the policy-holders a further security than the life fund of the company. As I said in the beginning, Sir, there are certain companies who have a deficit life fund. What is the guarantee to the policy-holders for their investments? I know, Sir, it may be said that it is a bad investment but if we can get hold of any assets it is necessary that it should be roped in and by moving this amendment my idea is to give the policy-holder a preferential claim to other creditors of the life assurance company.

Sir, I move.

THE HONOURABLE MR. RAMADAS PANTULU : Sir, I beg to oppose this amendment. In the first place, it is not necessary to call up all the share capital in the case of a life assurance company. And we reserve some liability of the shareholders so that we may call it up later for the working of the society if necessary. Share capital is generally not looked upon as a fund to be added to the life fund. In practice share capital is sometimes used as a reserve for future expansion. If we want to add other forms of business to life business we have to make additional deposits under this Act. If this amendment is carried it will cripple such activities of a life assurance company, and I strongly object to it.

THE HONOURABLE SRI NRIPENDRA SIRCAR : Sir, very cogent reasons have been given by my Honourable friend the last speaker and I would simply like to state that Government will oppose this amendment.

Question put and amendment negatived.

THE HONOURABLE THE PRESIDENT : The Question is :

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

The Motion was adopted.

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

Clause 8 was added to the Bill.

#### Clause 9.

THE HONOURABLE MR. RAMADAS PANTULU : Sir, I beg to move :

" That in sub-clause (3) of clause 9 after the words ' or indirectly ' the words and figures ' save as provided in section 43 ' be inserted."

This is a very formal amendment. Sir. Clause 43 provides for declaration out of surpluses ascertained by the Actuary of bonuses, dividends, and so on. That is clearly a legitimate object which comes under this clause. Therefore, I move that these words be inserted.



**THE HONOURABLE SIR NRIPENDRA SIRCAR :** Sir, we accept the amendment.

Question put and amendment adopted.

**\*THE HONOURABLE MR. HOSSAIN IMAM :** Mr. President, I rise to move :

“ That to clause 9 the following sub-clause be added, namely :

‘ (4) No insurer carrying on business of life insurance shall form a subsidiary company, or purchase shares of a company carrying on business of general insurance .’ ”

My reason for moving this amendment, Sir, is that there are cases where a life insurance company has started a subsidiary general insurance company, with the result that, after working for a few years, they had to write down the value of the shares which they had used in the subsidiary company. I am not going to cite the name of the company but the Honourable the Law Member is aware of an instance of this nature in Bombay. The reason, Sir, why we want to separate the life from the general insurance is that if a life company wants to start a business of general insurance it can do so itself by increasing its deposits and by other means. The idea of becoming a holding company and purchasing shares or getting a controlling interest in a general insurance company is not a good investment for the life fund. I am not positive, Sir, that it will be possible under the new Act to get these new shares. If I am to understand that it will not be possible for the life insurance companies to purchase shares in the life fund I will be very glad, Sir, to withdraw this amendment. Otherwise it is a necessary precautionary measure.

**THE HONOURABLE SIR NRIPENDRA SIRCAR :** Sir, I oppose the amendment. The last part of my Honourable friend's speech I could not understand because I do not know really what he means by talking of purchasing shares in a life fund. That is not intelligible to me. I do not understand what harm is done by purchasing shares of a company carrying on business of general insurance.

**THE HONOURABLE MR. HOSSAIN IMAM :** From the life funds.

**THE HONOURABLE SIR NRIPENDRA SIRCAR :** However, what I cannot understand I will not try to pursue here. But on principle I see no objection whatsoever to investments being made in purchase of shares of companies doing general business. If some company somewhere in Bombay has been guilty of some dishonest action—

**THE HONOURABLE MR. HOSSAIN IMAM :** Not dishonest.

**THE HONOURABLE SIR NRIPENDRA SIRCAR**—improper action, undesirable action, that is no reason for preventing all companies from controlling their methods of investment. As regards subsidiary companies, we have, in spite of opposition, proceeded as far as we could, and, at the present moment, by forming a subsidiary company the main company does not get rid of any liability to pay deposits over again.

Sir, I object to this amendment.

Question put and amendment negatived.

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

“ That clause 9, as amended, stand part of the Bill.”

The Motion was adopted.

Clause 9, as amended, was added to the Bill.

*Clause 10.*

**\*THE HONOURABLE MR. HOSSAIN IMAM :** Sir, I beg to move :

“ That to sub-clause (1) of clause 10 the following be added, namely :

‘ (d) a table of mortality assumed and actually experienced during the year of lives assured in India.’ ”

Sir, to the list of information which has to be supplied by the insurer to the Superintendent of Insurance I want to add this table of mortality. If you make available to the whole of India the mortality experience of life insurance companies, it will be very useful.

Sir, I move.

**THE HONOURABLE MR. R. H. PARKER :** Sir, I suggest that the answer to this is that it is quite impossible. The information is not available at all in the whole world.

**THE HONOURABLE SIR NRIPENDRA SIRCAR :** Sir, I oppose the amendment.

Question put and amendment negatived.

**THE HONOURABLE RAI BARADUR LALA RAM SARAN DAS :** Sir, I beg to move :

“ That to sub-clause (1) of clause 10 the following proviso be added, namely :

‘ Provided also that the requirements under section 10 as to the preparation of accounts and balance sheet will not apply to accounts and balance sheet for the period ending 31st December, 1936, or a prior date.’ ”

Sir, my amendment is a very modest one. By the time this Bill is finally passed by the Assembly and becomes an Act it will be April or May next. As the half-yearly accounts have to be made up generally to the 31st December or 30th June, enough time ought to be given to the managing agents and the staff of the insurance companies concerned to alter their books to meet the requirements arising out from passing of this Bill.

Sir, I move.

**THE HONOURABLE SIR NRIPENDRA SIRCAR :** Sir, we have provided for the situation, though not exactly in the same form or in the same terms. I will draw the Honourable Member's attention to sub-clause (3) which says :

“ Where an insurer carrying on the business of insurance at the commencement of this Act has prepared the balance sheet and accounts required by the Indian Life Assurance Companies Act, 1912, or has based his accounts upon the financial and not the calendar year, the provisions of this section shall, if the Central Government so directs in any case, apply until the 31st day of December, 1939, as if in sub-section (1) references to the calendar year were references to the financial year”

This is the latitude we are prepared to give and for which provision has been made.

Sir, I oppose the amendment.

Question put and amendment negatived.

\* Not corrected by the Honourable Member.

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

"That clause 10 stand part of the Bill."

The Motion was adopted.

Clause 10 was added to the Bill.

*Clause 11.*

**THE HONOURABLE MR. J. BARTLEY:** Sir, I beg to move:

"That in clause 11 for the words 'have the powers exercise the functions vested in and discharge the duties be subject to liabilities and penalties' the words 'have the powers of, exercise the functions vested in and discharge the duties and be subject to the liabilities and penalties' be substituted."

Sir, this is merely to correct a slight laxity of grammar and to bring the wording into accord with the wording for a similar purpose to be found in clause 70.

Question put and amendment adopted.

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

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

The Motion was adopted.

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

*Clause 12.*

**\*THE HONOURABLE MR. HOSSAIN IMAM:** Sir, I beg to move:

"That to sub-clause (1) of clause 12 the following proviso be added, namely:

'Provided that every insurer carrying on life insurance business shall have an actuarial investigation at the end of three years from commencement of business.'

Sir, the reason for this amendment is this. Although I agree that a period of five years as the necessary minimum is quite good, the general practice now in the better class of companies is to have an actuarial valuation at the end of every three years. It is especially necessary to have this valuation at the end of every three years in the case of new companies which are floated with insufficient capital and without any adequate backing. If we have this valuation every three years it will keep the young companies on their guard.

**THE HONOURABLE SIR NRIPENDRA SIRCAR:** Sir, I oppose this amendment. I think my Honourable friend is not correctly informed when he stated that the usual practice is to have an actuarial investigation every three years. My information, as received from the insurance companies, does not agree—

**THE HONOURABLE MR. HOSSAIN IMAM:** I said "first class companies".

**THE HONOURABLE SIR NRIPENDRA SIRCAR:** I think many of them do it usually once in five years and not in three years.

**THE HONOURABLE MR. HOSSAIN IMAM:** The Oriental does it once in three years.

**THE HONOURABLE SIR NRIPENDRA SIRCAR :** The Oriental may do it, but I was told that many of the Occidentals do it once in five years. (Laughter.) I do not see any necessity for placing this burden upon insurance companies, compelling them to have an actuarial investigation every three years. It may do good in some cases, but, on the other hand, it may mean an amount of disturbance which is not really called for. If the Superintendent is prepared to do his duty, he ought to be able to take proceedings against a company if there is any suspicion that its business is not being carried on on sound lines.

Sir, I oppose this amendment.

Question put and amendment negatived.

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

“ That clause 12 stand part of the Bill.”

The Motion was adopted.

Clause 12 was added to the Bill.

*Clause 13.*

**THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS :** Sir, I move :

“ That in clause 13 after the words ‘ in respect of all ’ the word ‘ life insurance ’ and after the words ‘ in respect of the ’ the word ‘ life ’ be inserted.”

Sir, the object of this amendment is to see that the clause applies to life insurance business alone.

I move, Sir.

**THE HONOURABLE SIR NRIPENDRA SIRCAR :** Clause 13 puts the obligation on insurance companies to keep a register of policies and a register of claims. I do not see why that obligation should be limited only to life insurance and why a register cannot be kept or should not be kept by other companies.

I cannot accept this amendment, Sir.

**THE HONOURABLE MR. G. S. MOTILAL :** Sir, the reason is this. In the case of life insurance companies the policy lasts for a number of years, but there are other kinds of insurance business. For instance, if I send two pearls to Bombay from Delhi it takes two days, or if I get two pearls from London to Bombay it takes only two weeks. In that case if a register is maintained it will simply multiply the work without serving any particular purpose. On this account it will be a great convenience if it is confined only to life insurance.

Question put and amendment negatived.

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

“ That clause 13 stand part of the Bill.”

The Motion was adopted.

Clause 13 was added to the Bill.

*New clause 13A.*

**\*THE HONOURABLE MR. HOSSAIN IMAM :** Sir, I beg to move :

"That after clause 13 the following clause be inserted, namely :

13A. The net profits of an insurer from his life assurance business up to 93·75 per cent. shall be distributed among the participating policy-holders."

Sir, as I said in the beginning, the primary object of an Insurance Act should be to safeguard the interests of the policy-holders. The method of doing so is to provide by statute a share in the control to the policy-holders and a share in the profits. It is a well-known fact that the tables for life insurance with profits and without profits are different. When you have a with profit policy you have to pay a higher premium in order to get benefit in the shape of bonus. The usual practice in first class companies is to give up to 90 per cent. of the profits to the participating policy-holders. As regards younger companies there are so many companies that it is difficult to study their rules and regulations. The reason why I have increased the share of the policy-holders from 90 per cent. to 93·75 is because we are now introducing legislation to decrease the cost. The tables on which the insurance policies were issued were issued on the assumption of a certain scope of expenditure. If the Honourable the Law Member is correct in his diagnosis that in future the expenditure will be reduced and the insuring public will reap the advantage, then this advantage should be safeguarded. I deplore the scant care which is paid to the interests of the policy-holders either by the Government or by that body which represents itself as the champion of the masses, I refer to the Congress. The policy of the Congress on this legislation has been, if anything, most un-understandable. (*An Honourable Member* : "On what point?") I am not going to deal fully with that point now; I will deal with it when we consider the question of the tenure of office of managing agents. When every effort has been made to safeguard the interests of the policy-holders as against the interests of the insurers, the sympathies of the Government and the Congress have been with the insurers. (*An Honourable Member* : "Certainly not".) It is an unholy alliance to which the Congress Nationalists referred many a time in the other place. It is not what I am saying, but what I have heard said on the floor of the House. The argument may be that it is the usual practice of the insurers to reserve for the participating policy-holders in their constitution a certain portion. I am meeting that criticism because I am not permitted to reply afterwards. My reply to that is, that inasmuch as the statute is providing for every eventuality, it is essential that it should provide for the most important eventuality, namely, the distribution of the profits. If a company changes its constitution by a general meeting of the shareholders to the effect that instead of giving 90 per cent. to its policy-holders it will give only 50 per cent. there is no legal bar at the present time to stop them from doing so. The policy-holders have no *locus standi* to go before the Court and say that this change should not be made. Therefore, I request that this change may be made.

Sir, I move.

**THE HONOURABLE MR. RAMADAS PANTULU :** Sir, I beg to oppose the amendment, and I rise before the Honourable the Law Member lest it should be said that I have entered into an unholy alliance with him! I want to express my view independently, before the Law Member expresses his opinion. I oppose the amendment on the ground that it does not serve the purpose which my friend has in view. In the first place, I know of some companies which had set apart so much as 95 per cent. of profits for distribution to the policy-holders. The amendment says, "The net profits of an

\* Not corrected by the Honourable Member.

insurer from his life assurance business up to 93·75 per cent. shall be distributed", and so on. That is capable of the interpretation that you cannot go beyond that.

**THE HONOURABLE MR. HOSSAIN IMAM :** Let the Law Member explain it.

**THE HONOURABLE MR. RAMADAS PANTULU :** The Law Member may differ from me. Legal opinions do differ; but I state there is a possibility of the contention I have put forward. Moreover, so far as an insurer like the Co-operative Insurance Society is concerned, we set apart a certain proportion of profits for the common benefit of the policy-holders; that is called a common good fund which is used for the common purposes of the policy-holders and they enjoy certain benefits. To set apart nearly 10 or 7½ of the whole profits is a common feature. I think the amendment as framed is wholly ill-conceived and absolutely unworkable. I refute my friend's allegation that the Congress Party has entered into an unholy alliance with the Government. If the Government is doing the right thing in a matter of this kind, I think the Congress Party will be failing in its duty if it did not support the Government in the effort to put the insurance law on a sound basis.

**THE HONOURABLE SIR NRIPENDRA SIRCAR :** Sir, once more I have the misfortune of being unable to understand the language used by my Honourable friend Mr. Hossain Imam. Let us look at the amendment: "The net profits of an insurer from his life assurance business up to 93·75 per cent. shall be distributed among the participating policy-holders". What are net profits? Can net profits be ascertained before the bonus has been worked out and paid out of it? No. What does it then mean? The net profits must be the profits which remain after payment of bonus. My friend is shaking his head. I quite appreciate his realizing that the language he has used is incomprehensible! What is really at the back of his mind is net surplus, not net profits. The second point is this. I understand that he is more anxious than the Congress to help the poor people. There is a regular race now for helping the poor people! I do not see why I should lag behind, though I admit I am not capable of very rapid locomotion! My Honourable friend does not suggest how the net profits are to be ascertained. What prevents contingencies being put down at 35 per cent. or reserves at 40 per cent.? The net profits must depend on the wishes of the directors. How is his object gained? Then thirdly, in our anxiety to help the masses, we should not altogether forget how business is run. What about reserves? I believe—I am not strong in mathematics—if you deduct 93·75 from 100, then only 6·25 is left. What will happen if the directors feel that a reserve of eight per cent. ought to be kept this time and ten per cent. next time? The Mover does not think of these little things at all. We are all agreed that we must help the poor people. Our heart is melting for them and there I shall agree with the Mover but we agree to differ as regards the amendment!

Question put and amendment negatived.

*Clause 14.*

**THE HONOURABLE MR. RAMADAS PANTULU :** Sir, I beg to move:

"That in sub-clause (1) of clause 14 after the words 'to which they refer' the following be inserted, namely:

"The Superintendent of Insurance may extend the time allowed for furnishing the abstract and statement referred to in section 12 by a period not exceeding three months."

*Clause 14—contd.*

[Mr. Ramadas Pantulu.]

Sir, this clause refers to two kinds of statements—statements under section 10, revenue account, and so on, and abstract and statements of actuarial report under section 12. The period of six months may be quite ample for statements required to be published under section 10 but with regard to actuarial valuation it takes a very long time. Six months may not be enough. I am not keen on asking for a longer period being prescribed in the section itself, but I am asking that some latitude should be given to the Superintendent to give three months' extension, if the company applies for it. I hope the Honourable the Law Member will have no difficulty in accepting this amendment.

THE HONOURABLE MR. J. BARTLEY: Government is prepared to accept that amendment, Sir.

Question put and amendment adopted.

THE HONOURABLE MR. R. H. PARKER: Sir, I move:

"That in the proviso to sub-clause (1) of clause 14 the word 'British' where it occurs for the first time be omitted."

Sir, the idea is that this should apply to India and not only to British India.

THE HONOURABLE MR. J. BARTLEY: Sir, this amendment also we are accepting. One small correction should be made in the amendment. It says "for the first time". It should be "for the first and third times".

Question put and amendment, as further amended, adopted.

THE HONOURABLE THE PRESIDENT: The Question is:

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

The Motion was adopted.

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

*Clause 15.*

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS: Sir, I beg to move:

"That in items (a) and (b) of sub-clause (2) of clause 15 the word 'British' be omitted."

Sir, this is practically a similar proposal as that which has been just adopted by the House on the Motion of the Honourable Mr. Parker. I trust the House will accept the amendment.

THE HONOURABLE MR. J. BARTLEY: We accept this amendment, Sir.  
Question put and amendment adopted.

THE HONOURABLE THE PRESIDENT: The Question is:

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

The Motion was adopted.

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

Clauses 16 and 17 were added to the Bill.

*Clause 18.*

**THE HONOURABLE MR. J. BARTLEY :** Sir, I must crave your indulgence and the indulgence of the House in regard to this amendment which is slightly inaccurate as it appears. I should like to move that for the words and figures "incorporated under the Indian Companies Act, 1913" the words "or body incorporated under any law for the time being in force in British India" be substituted, and that the words "of the company" where they appear later on in the clause be omitted. Sir, I move :

"That in clause 18 for the words and figures 'incorporated under the Indian Companies Act, 1913', the words 'or body incorporated under any law for the time being in force in British India' be substituted and the words 'of the company' be omitted."

The clause as amended will then read :

"Every insurer, being a company or body incorporated under any law for the time being in force in British India, shall furnish to the Superintendent of Insurance an abstract of the proceedings of every general meeting within thirty days from the holding of the meeting to which it relates".

Sir, my object in tabling the amendment was to make it clear that this clause applied also to co-operative insurance societies as defined in clause 86 (b). Those are not included because they are not incorporated under the Indian Companies Act; they are incorporated specially under section 18 of the Co-operative Societies Act, 1912, and the wording here is not wide enough to include them. A similar amendment will have to be moved by me in connection with clause 2 (8) when we reach that clause subsequently.

Question put and amendment adopted.

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

"That clause 18, as amended, stand part of the Bill."

The Motion was adopted.

Clause 18, as amended, was added to the Bill.

*Clause 19.*

**THE HONOURABLE MR. J. BARTLEY :** Sir, I beg to move :

"That to clause 19 (1) the following words be added, namely :  
'any five figures being deemed equivalent to one word'."

Sir, we have laid down a charge based on the number of words copied as a copying fee for documents which will consist very largely of figures, and the object of this amendment is to give an alternative method of calculating that fee when there are practically no words but all figures in the document.

Question put and amendment adopted.

\* **THE HONOURABLE MR. KUMARSANKAR RAY CHAUDHURY :** Sir, I beg to move :

"That in sub-clause (2) of clause 19, the words 'or domiciled' be omitted."

Sir, I pointed out in my opening speech that there is no mention of the word "domicile" in any of the statutes in India. I submit, therefore, that this word ought to be omitted.



*Clause 19—contd.*

THE HONOURABLE SIR NRIPENDRA SIRCAR : Sir, I oppose the amendment. It is not necessary that the word "domicile" should be mentioned in the statute. As I have already told the House, and those Honourable Members who are familiar with Palmer on Company Law know that there are cases quoted where apart from any help from any statute it has been held that a company is deemed to be domiciled in the place where its head office is situated, and this has been followed. I think, in the Indian courts. I object to the amendment.

Question put and amendment negatived.

THE HONOURABLE THE PRESIDENT : The Question is :

"That clause 19, as amended, stand part of the Bill."

The Motion was adopted.

Clause 19, as amended, was added to the Bill.

THE HONOURABLE THE PRESIDENT : I will now adjourn the House till 4 P.M. as I wish to give some recess to Honourable Members before the Adjournment Motion which will commence at 4 P.M.

The Council then adjourned till Four of the Clock.

The Council re-assembled at Four of the Clock, the Honourable the President in the Chair.

#### MOTION FOR ADJOURNMENT *RE* REPORT OF THE WHEELER COMMITTEE ON THE REORGANIZATION OF THE SECRETARIAT.

THE HONOURABLE THE PRESIDENT : I may just inform the House that no speech is to exceed in duration 15 minutes, including the Mover and the Government Member.

\*THE HONOURABLE MR. HOSSAIN IMAM : Mr. President, I rise to move :

"The adjournment of the House to consider a matter of urgent public importance, namely, the Report of the Secretariat Reorganization Committee and the Government's communique issued thereon."

Sir, we are grateful to you for having allowed us to bring this Motion in spite of the opposition of the Honourable Mr. Maxwell—

THE HONOURABLE THE PRESIDENT : Mr. Maxwell only did his duty.

THE HONOURABLE MR. HOSSAIN IMAM : We know that, Sir. I am going to make a complaint against him, for he has deprived us of the valuable Report which he gave to the Government and to which we were anxiously looking forward. We would have been in a much better position if he had

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\*Not corrected by the Honourable Member.

given us his Report also. This Report was published on Wednesday, but strangely enough, we did not get any copy till now. The copy we received was sent in about 15 minutes ago. The Library also did not contain any copy of the Report. It was sent in there after lunch time. Handicapped as I am by the non-publication of the Maxwell Report and the very late hour at which I have received a copy of the original Report. I hope the House will excuse me for any deficiency in my stating the case fully.

The Report deals with two questions of primary importance. Firstly, it deals with recruitment, and, secondly, with reorganization. My particular concern is with recruitment and the personnel of Secretariat Officers' cadre. So far, the recruitment has been confined to the I.C.S. In certain cases, other Central Services were allowed to contribute a portion of the officers. In each province a certain quota was fixed that so many members for superior posts would be required by the Government of India, and so the provinces maintained in their cadre an additional number of officers. Besides this, we used to draw from the Central Services like the Audit and Accounts Service, the Customs Service, and sometimes from the Income-tax Service, for our officers in the Departments of the Secretariat. In pre-Montford days, there was no Income-tax Service at all, and there were very few officers in the other Central Services, and so we had no other alternative except to look to the I.C.S. as our main source of supply. Now we have got Central Services and most of these have been almost completely Indianized. It is our demand that in those departments in which a Central Service exists, recruitment should be confined to that Central Service alone. For instance, in the Posts and Telegraphs Department we still appoint some Postmasters-General. It is out of the question to say that in the whole of that Service there are not persons capable of filling the three posts of Postmasters-General which have been reserved for the I.C.S. There is absolutely no necessity for doing this. I have seen I.C.S. officers coming up and being trained in the business of the post office at which they feel very ill at ease. After having spent a long time in the districts they are called upon to become Postmasters. It is not fair to expect them to deal fully with a subject with which they have not been conversant from the beginning. The same thing happens in the case of the Income-tax Department. Formerly, the District Magistrate used to be the Income-tax Officer and he has some experience and first-hand knowledge of the work. So, when he was appointed as an Income-tax Commissioner, he had no difficulty because he had been accustomed to this task. But now, he has no experience as an Income-tax Officer except for whatever little he might pick up in the period of training, and it is too much to expect him to assume control in a province and deal with the subject better than those who have spent their life in the Department. Similarly, Sir, there is the Audit and Accounts Service. That Service has been completely Indianized. We are proud that we have men quite capable of taking up all the appointments in connection with accounts. They might even aspire to the Auditor-Generalship of India in time to come. So, what is the necessity of still continuing to engage I.C.S. officers to man these posts? Similar is the case of the Customs Department. Here, too, we might easily dispense with I.C.S. officers. I have no complaint against the I.C.S. officers. I regard them as a very capable body of men. But, after all, the present system is to have men who have got knowledge of things from the very ground work. These men have no ground work. They have no foundation. They have no first-hand knowledge of the lower grades. It is essential when you are to assume command of the Department. My first complaint therefore is this. We expected that on reorganization the cause of Indianization and of the Central Services will be advanced. Instead

[Mr. Hossain Imam.]

of that, there is no change from the present state of affairs. The position, if I may so, of the *status quo* is going to be maintained. There is a worsening in this respect. While at the present moment we had some hopes that at a future date, when reorganization takes place, our cause will be better, now we are disappointed because no further consideration is going to be given.

Then, Sir, I come to the very difficult question of what the strength of the cadre should be. The I.C.S. is a unique service in India, or rather I should say in the whole world, because the recruitment there is of exactly double the number of persons required. You have for each 100 posts recruitment of 202·79. That quota was fixed at a time when there were not available those facilities for home trips as now exist, when the service was manned exclusively by Europeans and when the officers used to take long leave. Now, all the three circumstances have changed. No officer goes on leave of more than a year except when he is about to retire or when he finds that there is not any good job going for him. Now, Sir, the present position is that we have been complaining against the abnormally high cadre of the I.C.S. This Report goes further and says the present recruitment is not sufficient, that the number of posts has to be increased. They say that there is trouble in the provinces in getting suitable men. Our complaint is that in most of the provinces the higher officers have got to go on leave because they cannot find employment. We are paying them for long leave simply because there are not enough posts for them. In the Report too a reference to this has been made by Sir C. P. Ramaswami Iyer and Mr. Grey to the effect that when a senior officer's term in a post expires he prefers not to go back to the districts but rather to go home on leave; although Sir Henry Wheeler has tried to reply to that. But that is a valid fact which no amount of camouflage can hide. There are many instances of that in the Government of India itself. I know of cases where people have gone on leave for years together merely because of the fact that they could not find any suitable place to go to. For instance, an officer drawing Rs. 4,000 a month as Secretary in the Government of India has to revert as a district officer on Rs. 2,200. It is better for him to take leave on half average salary and get Rs. 2,000 sitting at home rather than serve and get Rs. 2,200. So our next complaint was about the desire of the Government to increase the number of recruits. And thirdly, I find that, whatever may be done or may not be done, one thing has already been done. A post has been created of a Liaison Officer to establish relationships between the Centre and the Provinces, as if the Home Department with all its galaxy of secretaries, joint secretaries, deputy secretaries and additional and under secretaries, was not sufficient to deal with this matter. A post of Liaison Officer has been created in addition merely to give effect to this Report.

Then I come to the question of the tenure fixed for secretaries. That has been fixed at five years, and the reason is that it is a compromise between the two different theories enunciated by the Committee. The Chairman of the Committee, Sir Henry Wheeler, wanted a fixed tenure, while Sir C. P. Ramaswami and others wanted that there should be no fixed term. As a compromise five years has been fixed. Our complaint is that if you fix a five-year term there is a difficulty that people who are just too low may be passed over, and a number of people who might have a chance if the tenure of service had been three years would be passed over. Why all of a sudden is this change being made? Formerly the system was to have secretaries for three years and in exceptional cases an extension of a year used to be given; but there was no

bar to a Secretary being reappointed as is usually the case in the Legislative Department. That is a different thing from giving an officer a normal tenure of five years. Giving a normal tenure of five years means that the Department will become stereotyped and it might be difficult to get anything different. A bias may be created in a department and the new man may not be able to create any improvement.

I have not time enough to consider other aspects, therefore, I move, Sir.

THE HONOURABLE MR. P. N. SAPRU (United Provinces Southern : Non-Muhammadan): Sir, I should like to preface my remarks by saying that I do not take exception to the appointment of the Committee. I think it was right that Government should have appointed a Committee on the eve of the introduction of constitutional changes. I believe I am right in saying that before the Montagu-Chelmsford Reforms were introduced there was a similar Committee appointed and it was presided over by Sir Llewellyn Smith. My first grievance against the Government in regard to this Committee is in regard to the procedure that they adopted in regard to the publication of this Committee's Report. The Committee was appointed in 1935. We are in 1937. I believe the Committee submitted its Report some time in 1936. Government have arrived at certain conclusions in regard to the recommendations of the Committee and it is after having arrived at certain conclusions that they publish the Report. What is the use of publishing a report after you have arrived at certain definite conclusions? I should have thought that the proper course for Government to take was to publish the Report and await the expression of public opinion on it before taking any final decisions. You have now taken final decisions and after you have taken final decisions you publish the Report. Any observations that we can make at this stage can therefore have no influence on the course of policy which you have determined for yourself.

Well, Sir, coming now to the questions raised by the Report, I may say also that I do not accept the view that the organization of the Secretariat is a matter in which the public is not interested, in which the Legislatures are not interested. Surely the Provincial Governments are interested in the method by which their men will be called up to serve the Centre. Surely Provincial Governments, which are responsible to Provincial Legislatures, are interested in the system whereby their men will be called up to serve at the Centre. Therefore, the question of recruitment, and that is one of the questions which was referred to the Committee, raises large questions of policy. It raises the question as to what the basis of recruitment so far as the Central Secretariat is concerned should be in the future. Should we have a distinct Central Service or should we confine recruitment, as we have done in the past, to the I.C.S. and to the Central Services with occasional recruits from the Provincial Services? That is, Sir, the Central question. Now, we have in considering this question to bear in mind that the character of the I.C.S. will have to undergo changes within the near future. You have provincial autonomy now in the provinces and you will have sooner or later, I think sooner than later, to provincialize the I.C.S. Indian Ministers will demand that the services which are serving under them should be recruited and controlled by them. Therefore, Sir, my own inclination is in favour of a Central Service distinct from the I.C.S. or the Provincial Service. So far as that question is concerned, the view which the Committee takes is that the present system under which officers are recruited under the tenure system from the provinces should continue. Now, Sir, the difficulty that I feel is this. The provinces would like to retain the best men in the provinces. They would like to retain the best Civil Servants in the provinces. What if the provinces refuse to lend you the services of their best men? Are

[Mr. P. N. Saprú.]

the Central Services to be staffed by second rate men in the I.C.S. ? It will be open to the provinces to say that they would like to have the best I.C.S. men for their own Secretariats. What are you going to do to provide against that possible contingency on the part of the provinces ? Then the suggestion has been made that the term of a secretary should be limited to five years, but that he should be eligible for re-appointment. I am not personally disposed to quarrel with that proposal. I think continuity of policy is desirable and a secretary who has been five years can be of greater assistance to his chief than a secretary who has not had experience of the Government of India at all.

Then, another respect in which the Report is disappointing is in regard to the fact that there is going to be no reduction in the number of higher posts at the Centre. They think that the number of higher posts is likely to increase at the Centre in the near future. So far as this recommendation is concerned, I submit that they have ignored certain considerations. It will be for the Provincial Governments to deal with questions of law and order in the future. I do not see that we need a hugely staffed Home Department now in the Government of India. The special responsibility for the prevention of any grave menace to the peace and order of India or any part thereof is that of His Excellency the Governor General and not of the Government of India. Law and Order is a transferred subject. Therefore, Sir, why have so many secretaries, additional secretaries, joint secretaries, deputy secretaries, under secretaries and assistant secretaries in the Home Department at all ? Then, Sir, there is the Department of Education, Health and Lands. Education, Health and Lands are going to be Provincial subjects and I do not see why we need to have such a large number of secretaries, joint secretaries, deputy secretaries and assistant secretaries in the Education, Health and Lands Department. These are two Departments which have been more or less completely provincialized and the justification for the existence of these Departments is almost, if I may say so, nil. Therefore, economies can be effected so far as the Secretariat of these Departments is concerned. Then, Sir, I am in entire agreement with my friend the Deputy Leader of our Party in regard to the appointment of Liaison Officer. One of the duties that will be cast upon this Liaison Officer is to determine the proportion of Indian and European recruitment. I should think that this is a very heavy duty to cast upon any officer. I do not know who this Liaison Officer will be, but I should have thought that Indianization raises a big question of policy and on that question of policy there is a feeling that consistently during the last few years Indian claims have been ignored so far as superior appointments in the Secretariat are concerned. Sir, there was a time when in the Education Department we had practically all Indians. Now we find that so far as the Medical Branch is concerned, there is no Indian left there now. The two Indians who were there have disappeared. In other Departments too we find that the number is less. In the Finance Department, there is just one Indian who is occupying a Secretariat position. Therefore, this question of the ratio of Indian to European recruitment was also important and it should also have been considered by the Committee and they should have laid down some proportion or some basis of proportion between Europeans and Indians. Then, I find that the number of I. C. S. appointments is actually going to be increased. The post of assistant secretary is going to be abolished. That will mean that ministerial officers will not be able to rise to responsible positions hereafter. It is stated that they will be given a chance of direct recruitment to the Central Services. But, Sir, the post of assistant secretary was in the nature of a prize post and the Committee themselves say that the assistant secretaries have

proved to be very efficient in the past. After all, a young under secretary drawn from the provinces cannot have the same knowledge of the history of a question, of the various issues involved, as an assistant secretary drawn from the ranks. There will be deputy secretaries and secretaries who can supply the chief with the initiative and the broad outlook that is needed in commenting upon a case, but the assistant secretary is invaluable so far as the history of a case is concerned. They know the technical details of a department very well. I think no case has been made out for the abolition of the post of assistant secretary. I think it is a recommendation which is clearly against the interests of the ministerial staff and we are indebted to this ministerial staff for the valuable work that it has done in the past. A good case should have been made out for the abolition—

**THE HONOURABLE THE PRESIDENT :** Please conclude your speech. Your time is up.

**THE HONOURABLE MR. P. N. SAPRU :** Sir, this is all that I can say at present, because my time is up. There are other matters also on which I should have liked to speak. The Report is unsatisfactory in several directions and it is a pity that Government has arrived at conclusions before giving the Legislature any opportunity of commenting on the Report.

**THE HONOURABLE MR. RAMADAS PANTULU (Madras : Non-Muhamadan) :** Sir, I rise to support the Motion moved by my Honourable friend Mr. Hossain Imam. The Report is not available to me in full and I have taken my facts from the extracts of the Report published in the press. I searched in vain in the material available to me for any information as to whether the scheme will involve any addition to the Central Services in the Secretariat, and, if so, what the additional cost will be ? They are very important matters but I do not find any express indication about the number of men that have to be employed in addition to the existing men and what the additional cost will be. But the implications of the Report, as I read it, are that there will be a strengthening of the personnel by an addition of hands and also that there will be an addition to the cost. These are matters on which some light might have been thrown in the Report or in the conclusions of Government formulated on the Report.

Sir, the aspect of the Report which I wish to deal with is this. I do not agree either with the Committee or the recommendations of the Government but at the same time I must say that the Wheeler Committee have shown a greater sense of reality than the Government of India have done—the Committee were fully aware of the fact that they were reporting at a time when very many vital changes are impending both in the Provinces and in the Centre.

**THE HONOURABLE THE PRESIDENT :** What are you reading from ?

**THE HONOURABLE MR. RAMADAS PANTULU :** I intend reading from the extracts of the Report published in the *Statesman* presumably from a communique issued by the Government to the press. The Report itself is not available to me.

**THE HONOURABLE THE PRESIDENT :** You may not read it. You can state what you have read in your own words. Paraphrase it yourself, but please do not read it.

**THE HONOURABLE MR. RAMADAS PANTULU :** The Committee say that they do not wish to embark on any recommendations which will constitute a violent disturbance of the existing system, in view of the fact that the system is going to be overhauled very considerably in a short time to come. But the Government of India say that they are in a much better position than the Committee was 18 months ago, in judging of the changes in the Secretariat which will become necessary with the advent of Federation and that therefore they can travel beyond the recommendations of the Committee and formulate their scheme on the assumption that Federation is going to come very soon. They say that the secretaries hereafter must be relieved of a great deal of routine work because they must be at the service of their political chiefs, the Federal Ministers, who are men drawn from public life, not conversant with administrative and allied problems, and whose time will be greatly occupied with their political avocations and in the Legislatures. Therefore, they say secretaries must be available to them in a much larger measure than they are now available to Executive Councillors in order to place at their disposal such advice and information as the Ministers may require. Therefore, they say that the departments should be reorganized so as to give a portfolio to each Minister and each Minister will have a secretary, a deputy secretary and an under secretary. If so the deputy and under secretaries must be senior men preferably from the I.C.S. cadre because the secretaries will be mostly occupied with other than routine or office work. They must be able, efficient and senior men. They must be men with greater experience and probably should draw higher salaries than deputy and under secretaries now do. Therefore, we are promised in this re-constitution scheme, a secretary, deputy secretary and an under secretary to each Minister—I do not know how many Ministers there will be but there may probably be ten, and so there may be ten secretaries, ten deputy secretaries and ten under secretaries. We are promised that with the development of this reorganization scheme the additional secretaries and joint secretaries may gradually disappear. But that would not really give us any financial relief, for the promised addition to the Secretariat seems to be so huge that the Secretariat is likely to grow into a very large one.

I feel that the Government of India might have deferred their conclusions until such time as they were more certain about the nature of the Federation that might be coming and the changes that it would involve in the Central Secretariat. There is a large volume of opinion in India against Federation being inaugurated and there was no necessity for embarking on a speculation as to what the Central Secretariat should be when Federation was set up. Therefore, I think the whole scheme is precipitated and the sense of reality shown by the Wheeler Committee is more commendable than the haste with which the Government of India formulated their recommendations. Sir, the Government of India could not be unaware of the fact that many of the matters dealt with both in the Report and in their recommendations were matters on which both Houses of the Central Legislature had frequently debated. For instance, the recruitment of the I.C.S. in the future from India and not from England and the gradual replacement of the I.C.S. by the Superior Services in India, at least as regards future entrants, and so on, are matters which have a bearing on the Report. Various aspects of the problem which were discussed in both Houses are now involved both in the Report and in the conclusions. I think it is extremely unfair to us that the Government of India should have acted without taking the vote of both Houses, for even though we are here in an advisory capacity at present, our views on the matter should have been ascertained before the Government came to conclusions. Nothing would

have been lost and Government would have gained everything by asking for the views of the Legislative Assembly and the Council of State on the matter. Without doing that they ought not to have come out with their recommendations on this Report.

Sir, a great deal has been said about the necessity for strengthening the I.C.S. Well, Sir, without saying anything about the existing British element in the Service,—and we have always paid our tribute to their impartiality and ability on other occasions,—we must now realize that Indians recruited in India can replace the non-Indian element in the I.C.S. in course of time. Therefore, in fairness we ought to restrict future recruitment entirely to Indians in the central secretariat. The I.C.S. at present is neither Indian, nor civil, nor service. It is a corporation of foreign bureaucrats who rule this country and as soon as possible we want to replace this system by a system of national recruitment within the four corners of this country. So, Sir, this Report and the conclusions of the Government thereon are not likely to command any acceptance in the country at least in regard to future recruitment to the Central Secretariat and Central Services.

Then, with regard to the merits of the two systems—the tenure system and the specialized department system—I have not much to say. All I can say is this. The expert cadre is supposed to consist of the men in the Central Secretariat and men drawn from the Departments of Finance and Commerce. But we have already seen that in regard to the recruitment of experts for these Departments the Government of India had gone outside the Services in India and the non-official experts. We have already got an income-tax expert, we have already got an economic expert ; and both have been imported from outside India. If they had taken them from the Services in India, whether European or Indian, it would have been a different matter altogether. When we come to the recommendation about recruitment of the expert services in the Secretariat and the Finance and Commerce Departments of the Government of India and other Departments, like Political, there is no indication that they will recruit Indians. Therefore, Sir, reading the Report as a whole, it seems to me a Report which is unacceptable. They have not held out any promise of larger scope for Indians in the enlarged Secretariat, in view of the coming Federation. I do not know if they actually propose to embark on this scheme before Federation is set up. Probably they will do so on the plea that it is necessary to have these men in readiness when Federation comes. If that is so, that will be adding insult to injury. I think the most objectionable parts of the conclusions of the Government of India are those which are based on the assumption that a Federation is going to come. Most sections of public opinion in India are united in the view that the Federation in its present form ought not to come and we will not leave anything undone to prevent it from coming. I am quite sure that not only the seven Congress provinces but also the other four provinces will object to it. Then, what is the good of this Report. I think the Report is an ill-conceived one and the recommendations of the Government of India are still more ill-conceived. Therefore, I hope the Government of India will not proceed with the recommendations of the Committee and will not put their conclusions into action. Even now they may consult the Legislature. They may place the Report before the Legislative Assembly and this Council and give us further opportunities to discuss it. Sir, in allowing this Motion this morning you were good enough to say that in this limited time this evening we will not be able to do justice to the subject and it does not prevent the matter being re-agitated on a suitable occasion when it can be brought before us in a more suitable form.



[Mr. Ramadas Pantulu.]

Therefore, I hope that in the coming session of the Legislature, both the Houses will be given an opportunity to discuss this Report more fully.

THE HONOURABLE RAO BAHADUR SIR A. P. PATRO (Madras : Nominated Non-Official) : Sir, I listened very carefully to the speeches of the Deputy Leader and the Secretary of the Progressive Party. I am afraid they have discussed more from the point of view of Indianization than from the point of view of the object with which the Wheeler Committee was appointed. The main purpose for which this Committee was appointed was to examine the present system of obtaining men for the Central Secretariat for the purpose of the Government of India, and also to recommend the efficient and most expeditious way in which the public business could be transacted when Federation comes into existence. It is from that point of view that we have to examine the Report and the communique. It is urged that the Government of India are precipitous in issuing this communique and that they should have waited for a longer time in order to take the public into their confidence before expressing their views. There is some force in that argument and I agree that it would have been better if the Report had been published and the views of the public were obtained before the communique was issued. But, as it is, Government have taken a sufficiently long time in order to consider the various aspects of the question and their communique, to my mind, is very very helpful. In the communique it is said that the Government of India are in communication with the new Provincial Governments with regard to the obtaining of the services of very able and experienced I.C.S. men from the provinces. They have not come to any definite conclusion with regard to some of the points, but they indicate their line of action unmistakably. Therefore, it seems to me that to discuss the question from the point of view of the Indianization of the Central Secretariat services is not very relevant on this occasion because, the main question was to examine the present system of obtaining their services from the provinces on the tenure system, and the method of office procedure so far as it may be necessary in connection with the organization of the clerical staff. These being the objects, the Report recommends such changes as are required to secure the more efficient and expeditious despatch of public business, particularly under the new constitution which will be established under the Government of India Act.

Now, the Government of India had opportunities of seeing what the plan of Federation is likely to be and therefore they are able to visualize the requirements that will be necessary for effecting the changes in the Secretariat services. Hence, they are not a day too soon in publishing their communique. Now, the question is: Are there too many I.C.S. officers in this country? My Honourable friend Mr. Hossain Imam has raised the question that the number of I.C.S. officers is abnormally high and therefore he said that it was not necessary that I.C.S. officers should be recruited to the Central Secretariat.

THE HONOURABLE MR. HOSSAIN IMAM : On a point of personal explanation, Sir. What I said was that the number of I.C.S. officers was too high compared to the number of posts and there was no necessity to increase the cadre.

THE HONOURABLE RAO BAHADUR SIR A. P. PATRO : It requires no explanation nor any reply because it has been repeatedly said that throughout India we have only about 1,200 or 1,300 I.C.S. men. Therefore, it cannot be said that this number is too high for a population of 340 millions.

Then, Sir, it is said that the provinces want to retain the best men for their own Secretariats and therefore they will not be able to spare them. This is really placing a discount on the ability and efficiency of the officers in the provinces. If the best men are not to be given opportunities to come to the Central Secretariat and help the Central Government, then you will have to form a separate Central Secretariat Service, which the Committee do not want nor is it desirable. The Committee do not want that there should be a separate service at all. On the other hand, they recommend that the Central Secretariat Service should be drawn from I.C.S. officers in the provinces. In other words, if you do not send the best men here from the provinces, then not only the provinces suffer but the Central Government also suffers. What happens is this. The best man will not receive the necessary encouragement as all other doors have been closed against him. Formerly, he had the opportunities of entering into the Executive Council in the provinces. He had opportunities of becoming the Chief Secretary and also a Member of the Board of Revenue. All those avenues will now be closed against him. Therefore, what is the position of the efficient and able I.C.S. officer in the provinces? The only outlet for him is to be sent to the Central Government where he can be of greater usefulness to the country and the people. That aspect should not be lost sight of otherwise you will not be able to create enthusiasm and interest in the able and efficient officers in the provinces. It is true that we want able officers in the Provincial Secretariats also and it is gratifying to see that the Prime Ministers of the provinces have been repeatedly testifying to the great ability and loyalty with which the I.C.S. secretaries have been helping the Ministers in every province. In Madras the Prime Minister made a statement to the public. I know, as a matter of fact, that there are Ministers who have had no previous administrative experience nor can they claim to have been in touch with the administration before. Therefore, on very difficult points that arise, they are ably assisted by their secretaries and they testify to the loyal manner in which these secretaries have been helping them. They are all very able men. Therefore, I say that in the provinces able men are required. There is no dearth of able men. Only give them opportunities to do good work.

My Honourable friend Mr. Ramadas Pantulu said that possibly this Report or communique would increase the number of men and increase the expenditure. There is no definite indication in the Report itself but it could be inferred from that. Except in the matter of the Liaison Officer I do not see from the communique that there is to be any increase of expenditure. If the assistant secretaries are taken away and under secretaries are brought in to be trained so that they may become useful as deputy secretaries and secretaries later on, to gain experience and knowledge of the Secretariat it will be a very important qualification for them. If these are brought in, they could only be brought in from the Service. It will not be additional recruitment as they will be recruited from the existing services and it is not intended that new hands would be taken in. Therefore, on that ground there is no fear or apprehension that any greater expenditure will be incurred. The reorganization consists in this that with the co-operation of the provinces I.C.S. men will be brought over to the Central Government. They will work in the departments except in what are called the special departments or the expert departments. In the case of the expert departments they will be recruited also from the Central Services both for Finance and Commerce, they may not be recruited from the provinces. That difference has been made in the communique, but on the whole the communique reorganizes the system on this basis that the Central Government secretaries should be recruited mostly from the I.C.S. That is the main point with which I hope there will be no dispute, because we

[Sir A. P. Patro.]

want really able men in the Central Secretariat, and there are able men here in the Central Secretariat. And when services are criticized that there are too many secretaries and under secretaries in the departments, I would request my Honourable friends to go over to the Secretariat offices. I have some practical knowledge of the working of the Secretariats and I know that each one of them,—secretaries, deputy secretaries, joint secretaries and assistant secretaries,—each one has got files before them giving heavy work from 10 to 5 and more from day to day.

THE HONOURABLE MR. P. N. SAPRU : Writing note after note !

THE HONOURABLE RAO BAHADUR SIR A. P. PATRO : This system of writing notes is absolutely necessary with a view to investigate a particular question that has been placed before them. Take, for instance, that today we are having more mechanical work here when we are having these questions analyzed and consolidated under each section, and when you see the strain of work that is thrown on the Secretariat you will be at once convinced that it is absolutely necessary that there should be so much of intelligence and so much of experience necessary in the Secretariat. It is not every one who is capable of writing notes in the Secretariat. Therefore, they want division I and division II, so that there may be really able men fit to do the preliminary work. Hence, Sir, looking at it from the point of view of the Committee, namely, to examine the system under which the Central Secretariat is recruited and to see whether there would be efficient and expeditious public work done under the new system of Federation, the Report may not be very satisfactory from my point of view, but the communique indicates clearly that the points which Government have recommended are very necessary in order to reorganize the Secretariat on an efficient basis. There is nothing said so far in criticism of the Government communique and we are only beating the air when we say that the Report states this or that. We have no copy of the Report before us and it is useless to talk about the contents of the Report without the details of the Report before you.

THE HONOURABLE MR. HOSSAIN IMAM : What about the Central Services ?

THE HONOURABLE THE PRESIDENT : Order, order. The Honourable Member has exhausted his time.

THE HONOURABLE RAO BAHADUR SIR A. P. PATRO : The Central Services are exchangeable from one to the other, from the Central departments to the expert Central Secretariat Services. Therefore, there is no difficulty whatever and the question of Indianization follows recruitment from the Central Services. There is no doubt about that. The only relevant point is, how to revise the present system of recruitment to the Central Government Secretariat which the communique discussed.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU (United Provinces Northern Non-Muhammadan) : Sir, notwithstanding the advice of my Honourable friend Sir A. P. Patro, I propose to devote myself entirely to the consideration of the one question, that of Indianization, which he considers irrelevant to the discussion of this afternoon. In order to convince the House that the question of Indianization is not in any way irrelevant to the matter before us, I will draw the attention of the Honourable Member to the

debate on the Indianization of the Government of India Secretariat which took place in March last. My Honourable friend Mr. Maxwell replying on behalf of the Government of India then said referring to me :

"The Honourable Member has alluded to the Wheeler Committee's Report and, as has been said before in this House, that Report is under the consideration of Government. I do not propose to make any announcement regarding it at this moment. It has dealt with subjects of that character and I hope that one of the results of the discussions which are going on will be that it will be possible to devise more suitable ways of exploring the field of recruitment, and this will make it easier to ensure the object of Government, namely, that Indians who are well qualified for Secretariat work will not be overlooked."

He admitted that the Wheeler Committee's Report had a bearing on the question of Indianization. Consequently, Sir, when the Report of the Committee was published, I anxiously went through the communique issued by Government in order to find out what was in that communique that bore on this point. I regret to say, however, that I found nothing of a reassuring character there. Then I turned to the Report a copy of which I have been able to secure through the help of the Department of Public Information. My Honourable friend Sir A. P. Patro will thus see that we are not guilty of any presumption in discussing the recommendations of the Report this afternoon as we are not ignorant of its contents. When I went through this Report I found that the communique issued by the Government of India summarized it so faithfully that there was no hope to be drawn even from that document. I shall illustrate my point by referring to specific examples. When the debate on the Indianization of the Secretariat took place here last March, I ventured to point out a number of departments in which the position of Indian officers was particularly weak. In this connection I referred to the Foreign and Political Department, the Defence Department and the Legislative Department. Now, what is it that this Report says in regard to these four departments which have scarcely ever allowed Indians to cross their thresholds? With regard to the Foreign and Political Department the Report has absolutely nothing to say: perhaps it would be more accurate to say that it has very little to say about this Department and that what little it says is of such a character as to cause extreme concern to Indians. If I may refer once more

5 P.M.

to the debate of March last, I would point out that I ventured to draw the attention of the Government to the fact that the Home Secretary to the Government of India had stated in 1921 that a scheme had been prepared for the admission of Indians to the Foreign and Political Department which would enable them in course of time to occupy a deputy secretaryship and a secretaryship. The Government of India, however, so far from having given effect to the promises held out in 1921, have not taken steps even to recruit Indians to this Department in the proportion recommended by the Lee Commission during the last several years. The Commission's recommendation was that 25 per cent. of the new entrants should be Indians annually. If I may quote from my own speech, I said :

"From 1924 to 1930, about 47 men were admitted to this Department and of these only five were Indians; and since 1931 I do not find from this list (the Civil List of the Foreign and Political Department) that a single Indian has been admitted."

We were, therefore, very anxious to know the views expressed by the Wheeler Committee with regard to this Department in particular. Now, referring to the shortage of British officers in this Department, this Committee says :

"This point is of particular importance in connection with the recruitment for the Political Department which ordinarily asks for British officers and retains them permanently."

[Pandit Hirday Nath Kunzru.]

A man reading this Report might think that the Political Department was not subject to the Government of India, that it was under some independent authority and that the Government of India as a matter of courtesy supplied it with a certain number of officers of the kind it asked for. But we who know what the position of this Department is can interpret these words only in one way : they can only mean that the policy of the Government of India, notwithstanding the assurances that were given us in the past, is that as far as possible only Britishers should be appointed to this Department. There is, Sir, another statement made by the Committee which is even more ominous. In paragraph 20, the Committee says :

" We understand that the whole question of the future system of recruitment for the Foreign and Political Department is at present under consideration although no decision has yet been arrived at. Since that question is governed by considerations which are outside our terms of reference, we can only say that it will be an enormous relief to the provincial cadres if they can be spared the constant strain upon them, particularly in respect of British officers on this account "

The Committee which had been given comprehensive terms of reference brushes aside the question of recruitment to the Foreign and Political Department by saying that it was outside its terms of reference. There is, however, not a word in the terms of reference to indicate that the Committee was not empowered or entitled to make recommendations with regard to recruitment to this Department. I should like to ask my Honourable friend Mr. Maxwell when he gets up to reply, to tell us what exactly the policy of the Government of India is in regard to the Foreign and Political Department, whether their object is to admit Indians at least to the extent recommended by the Lee Commission, whether they mean to give them an opportunity of occupying at least one deputy secretaryship and one secretaryship in that Department as promised 16 years ago or whether they have gone back on their promises and are determined to go on violating them.

There is very little time at my disposal, Sir, but even so I can refer briefly to the Defence and the Legislative Departments, which are the two remaining Departments where the position of the Indians is almost as bad as in the Foreign and Political Department. In the Defence Department, I pointed out in March last that there had been only one officiating Indian under secretary. There is an Indian assistant secretary at present, but so far as the higher posts are concerned, there is nothing to show that any suggestion made by the Committee will lead to the employment of Indians in the Defence Secretariat in the higher posts. As regards the Legislative Department it has been pointed out that its requirements are of a special nature and that the tenure system ought not to apply to it ; but again there is nothing said whatsoever with regard to the employment of Indians.

Now, I come to the Commerce and Finance Departments which the Wheeler Committee treats as Departments requiring knowledge of a special kind. In so far as men belonging to the Central Services, the Customs Service and the Indian Audit and Accounts Service, and so on, are going to be employed in these Secretariats we shall welcome the departure from the existing practice. But the result of this may be that the position of the Indian officers in the I.C.S. may become worse than it is at present. I do not think that this fear is imaginary. Take the case of the I.M.S. It has been claimed by Government that the recent reorganization of the Service enables the Local Governments to control a larger number of posts than they could before. But so far as the Indian officers of the I.M.S. are concerned, the effect of the reorganization has been to exclude them from all civil surgeoncies. I do not want that the

appointment of men from the Central Services in the Finance and Commerce Secretariats should lead to the elimination of Indian members of the I.C.S. We welcome the appointment of Indians from the Central Services in these departments, but we demand at the same time that full justice should be done to the claims of Indian members of the I.C.S.

Have I exhausted my time, Sir ?

THE HONOURABLE THE PRESIDENT : You have one minute more.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU : If there is a minute more I shall utilize it by referring to the post of assistant secretary. The Wheeler Committee recommend that assistant secretaries should be done away with and that the number of under secretaries should be increased correspondingly. But the Committee recommend at the same time that while the under secretaryships should not become the preserve of the provincial services, every effort should be made to choose young and competent men from these services for employment in the Government of India Secretariat as under secretaries. The Government of India, however, reject this recommendation and thus increases the chances for the appointment of I.C.S. officers to the detriment of Indian employes. The Government of India only say that the provincial officers are recruited without any regard to the requirements of the Government of India. If the Wheeler Committee had asked that the Provincial Services should be given a lien on the under secretaryships there would have been some force in this contention. But taking the cautious recommendation of the Commission as it is, I do not think that a word could be uttered against it. The rejection of this recommendation means therefore that the Government of India want to continue the same unprogressive, conservative and may I say reactionary policy with regard to the employment of Indians in the Secretariat as they have followed hitherto.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS (Punjab : Non-Muhammadan) : Sir, I rise to support the Motion. I cannot understand why, although the Government were considering the Wheeler Report for the last 19 months or more, they could not wait for a few months more until the Federal scheme was inaugurated, which, we understand, will shortly come into existence, before coming to any conclusions on this Report ? I really cannot understand the indecent hurry that has been displayed in this matter. Sir, the Central Secretariat has worked for the last so many years, and by postponing the decision on the Wheeler Report, it would not 'ave much affected the efficiency which the Wheeler Committee so ardently desire. In this connection I may mention, Sir, that hitherto it has been the practice with the Government to promptly supply the Members of the Central Legislature with copies of all reports and blue books published by the Government from time to time, but in this case, I am sorry to say, that so far we have not been furnished with a copy of this Report.

Sir, I support my friend Pandit Hirday Nath Kunzru in what he says that in case the recruits in the Central Secretariat are not up to the mark, officers of the Provincial Civil Service should be tried. Sir, the salaries and allowances of I.C.S. officers, as I have said on numerous occasions on the floor of this House, are the highest in the world. Our overhead expenditure on the administration of India is very high and needs considerable reduction. We all know that certain P.C.S. officers were tried in the Central Secretariat, and as far as my knowledge goes, I understand they have done very well indeed there, in fact I can mention the names of two officers, Khan

[Bai Bahadur Lala Ram Saran Das.]

Bahadur Khurshid Muhammad and Mr. S. Lal of the Legislative Department. Although they belong to the P.C.S., I understand they have done well in the Central Secretariat. I may also mention the names of Mr. Sanjiva Rao and Mr. Sundar m who were always regarded as very efficient and trusted officers of the Finance Department of the Government of India. I hope my Honourable friend Mr. Nixon cannot contradict what I have said about these officers.

Then, Sir, the Wheeler Committee's Report says that the present assistant secretaries in the Central Secretariat have no proper training to qualify themselves for the duties which the Wheeler Committee expect them to perform in the near future. In these days, Sir, there is no dearth of highly educated and intellectual men available. Even admitting for argument's sake that only the I.C.S. officers can do the work well and efficiently,—and here I have no hesitation in admitting their efficiency and capability and to call them the steel frame of India,—the question that arises is whether the country can afford to bear the extraordinary overhead expenditure. I do not think we can do so, and therefore I urge that we must cut our coat according to our cloth. We cannot afford increased expenditure, and therefore we must make the best use of the stuff that is available to us. In my opinion, therefore, as highly qualified and intellectual educated young men are available in large numbers, there cannot be the least difficulty in getting suitable men for such posts in the near future at cheaper rates. I may mention that even from the subordinate services you will be able to get very capable and gifted officers. I might mention here the names of two officers who from subordinate ranks have occupied the highest posts open to Indians in the Government of India. One was the late Sir Bhupendra Nath Mitra who rose from the post of a clerk to the highest post open to an Indian, and that is the High Commissioner for India. The other name I want to mention is that of Mr. G. Kaula. He was my class fellow, and I know that when he appeared for the Subordinate Accounts Examination, he failed, but when he appeared for the Superior Accounts Service Examination, he stood first in India, and, Sir, he rose to the highest post in the Accounts Service, I mean Auditor General in India. Therefore, Sir, as far as the question of recruiting suitable men is concerned, I again submit that there can be no difficulty in these days, and highly qualified young men can be had in very large numbers even at the present cost. Sir, I expect that when the Honourable Mr. Maxwell speaks on this Motion, he will be able to tell us what the rough additional cost on these new changes is going to be if the recommendations of the Wheeler Report are given effect to.

My Honourable friend Pandit Kunzru also referred to the question of Indianization. This step is supposed to lead to de-Indianization, I am afraid. It is to be earnestly hoped that the Government will seriously consider and realize that the change in their policy during the past few years in the matter of the Indianization of the services as a whole, is being strongly resented by the Indian public, because the claims of suitably qualified and deserving Indian officers are being ignored on the ground of their colour. Sir, in the Hailey Report, at page 7, we find this observation. It is stated there :

“That the Government itself acknowledges the generally high standard of efficiency and devotion to duty which these public servants (assistant secretaries) display”.

which acknowledgment was subsequently published by the Government of India in the Home Department Resolution No. 5261-Establishments, dated

the 21st January, 1910. What do we find in the Wheeler Report? What do they say about these assistant secretaries whom they intend to wipe out? They say :

“ Sterling work within the limitations of their training has been done by the present grade of assistant secretaries. They are men without experience of the administrative world which lies outside the Secretariat. They have thus been handicapped severely for the duties they are at present expected to perform and officers so recruited cannot be regarded as qualified for the more responsible task which is now being proposed to assign to under secretaries. The Government are examining a proposal to replace the existing assistant secretaries as they retire by under secretaries drawn from the I.C.S. or the Central Services whose administrative experience may compensate for the divergence from the Secretariat type ”.

Sir, I should like the Honourable Mr. Maxwell to tell us whether the P.C.S. in the Secretariat have done well or not, and why the P.C.S. people won't do well in the future? Sir, there is a rumour that already additional posts have been found in the Finance Department for I.C.S. officers. We at least expect that in such like important matters the Legislature ought to be taken into confidence and consulted before the Government arrives at a decision. But we find that in such like matters, Government generally ignores the Legislature. What is the use of sending a Report to the Legislature when the Government has come to a decision on it? If Government does come to a decision, to help the Legislature to comment on the changes they propose before coming to a final decision. Sir, just like the I.M.S. Report, this Report also is giving cause for great disappointment to the public, and people are fearing that Government is hurrying up this matter in such a way that it cannot wait even for a short period of a few months to see what the Ministers of the Federal Government have to say on this matter.

THE HONOURABLE THE PRESIDENT : Your time is up.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS : I support the Motion, Sir.

THE HONOURABLE RAI BAHADUR SRI NARAIN MAHTHA (Bihar : Non-Muhammadan) : Mr. President, I rise to support the Motion made by my Honourable friend Mr. Hossain Imam. The Report deserves careful consideration as it deals with a question of the most vital importance to the Government of this country. At the outset, Sir, I want to concede that the report rightly differentiates between posts requiring special knowledge of particular subjects and those that do not. I welcome the decision to so manage the recruitments as to see that the experience and knowledge gained by officers is not wasted. But, most of us do apprehend that the provinces may not find it possible to relieve their best men and the scheme advocated may fail to be realized. It has been a long standing grievance, Sir, that important recruitments are undoubtedly, overwhelmingly, and some times unnecessarily confined to I.C.S. officers and the claims of other Services are ignored. We have had mentioned by the previous speaker the cases of some officers of other Services who rose to great eminence and there is no reason why the talents of such officers should not be recognized. Another point that I want to mention is that the Honourable Mr. Hossain Imam gave the names of some posts for whom there does not seem to be much reason for being filled by the appointment of officers of I.C.S. rank. For instance, Sir, he mentioned that posts like those of the three Postmasters-General were filled by people drawn from the I.C.S. ranks. These, however, no doubt, are merely instances of a host of similar posts where the employment of I.C.S. officers



[Rai Bahadur Sri Narain Mahtha.]

is not necessary and for which suitable men could have been found from other ranks. The scheme for reorganization suggested by the Committee has very glaringly overlooked the claims of Indianization and the just aspiration of Indians in that respect. We are also sorry to find that the Report mentions that no reduction in the cadre of the higher services is possible. The Report has not looked on the question with a broad outlook, which alone could have resulted in economy. Economy is to be the essential factor of any scheme of things which can be beneficial to this country and which may enable the Central Government to make suitable contributions to the Provincial Governments for ameliorative measures. The Report, instead of suggesting economy, has in fact suggested new posts for which there does not seem to be much strong ground. The Central Legislature and the people in general have been striving for a long time for economy in the administrative machinery of this country, but we regret to see that the mind of the Government of India seems to be made up differently on this question. The scheme that has been evolved is unsatisfactory in two very essential ways, namely, that it does not advance the cause of Indianization and does not advance the cause of economy. I view with certainty that Provincial Governments will soon demand the provincialization of the Civil Services and the Committee ought to have kept this circumstance before their eyes. No scheme of recruitment and reorganization of services can satisfy the country which does not help the cause of Indianization and economy.

I wish, Sir, that I could refer to one or two paragraphs of the Report, but we have had hardly any time to read this Report, a copy of which I had in my hands only a few minutes ago. The Honourable Mr. Kunzru referred to one or two paragraphs,—one dealing with recruitment for the Foreign and Political Department. Well, certainly proposals of that kind render the chances of Indians holding these posts very doubtful and expensive officers on the ground of special knowledge being employed. Before I resume my seat I will just read out one sentence in connection with what the Honourable Sir A. P. Patro said. He sang a panegyric to the I.C.S. officers. We are quite prepared to give them their due. The Honourable Sir A. P. Patro said that the number of I.C.S. officers was not one more than what was necessary. I would not at this stage get into a controversy on this question, but I would like to remind him of the just and large scope for economy in the pay of I.C.S. officers and, in that connection, Sir, I will only read out just one sentence from the Report. I am reading from page 39 from a note signed by Sir C. P. Ramaswami Iyer and James Grey. It reads :

“ A large proportion of the class in England recruited normally at the same examination as the I.C.S. do not proceed beyond the grade of assistant secretary, the maximum salary of which is £1,450 per annum. This salary is approximately the same as the emoluments of an Indian Civil Servant who is just about the half-way line in the senior time-scale, overseas pay being drawn ”.

Sir, I support the Motion before the House.

**THE HONOURABLE MR. SUSIL KUMAR ROY CHOWDHURY** (West Bengal : Non-Muhammadan) : Sir, the most objectionable feature to my mind in the communique in connection with the Wheeler Committee's Report is the abolition of the posts of assistant secretaries and the creation of under secretaries to be filled by junior members of the I.C.S. Sir, I thought we were going forward these days with Indianization, but this is really putting the clock back. Is it because the Government of India wants to dump in the Central Government Secretariat unwanted members of the I.C.S. from the

provinces? Sir, I believe the assistant secretaries are recruited from the members of the ministerial service and I think they are discharging their duties quite efficiently and satisfactorily and I do not know what is the necessity for this change now.

With these words, Sir, I support the Motion.

**THE HONOURABLE MR. R. M. MAXWELL** (Home Secretary): Sir, I must first of all apologize to the House in respect of the delay which I am informed occurred in placing the Wheeler Committee's Report within their reach. I only learned today that it had not yet reached the Council Library and I took immediate steps to get copies sent there. But I am sorry if Members have suffered any inconvenience in debating this subject on account of this failure to supply the Report in time. At the same time when things like that happen it is not perhaps open to Honourable Members to urge that the Secretariat does not need any reorganization.

Well, Sir, as regards the publication of the Wheeler Committee's Report, I do not know what I am to defend myself against? The Honourable Mr. Sapru complained of the delay in the publication of the Report and said that it should have been published in March, 1936 when it was signed and that the public should have had an opportunity of discussing it. On the other hand, immediately after him the Honourable Mr. Pantulu rebuked the Government of India for its haste in attempting to deal with this matter and the Honourable the Leader of the Opposition also several times in the course of his speech complained of the hurry with which the matter had been dealt with. It is not very often that the Government of India are accused of hurry in any matter and I think I may almost take it as a compliment to my Department. But at the same time Honourable Members who are supporting this Motion do not seem to have made up their mind whether they would rather the Government of India had not published the Report now and not attempted to take any decisions on it, or whether they think that the Report ought to have been published, discussed and decided upon long ago. I would leave it to the House to decide which, but I do not think the Motion can be supported on the same side of the House on such very contradictory grounds.

Now, Sir, I will turn to certain remarks of importance which were made by my Honourable friend Pandit Kunzru. He referred to a debate which took place in this House in March last on the subject of Indianization, and quoted certain assurances that I then gave as regards the intentions of the Government of India. He complained that there was nothing in the Report or in the communique regarding it to show that there was any intention of the Government of India to implement the assurances which I then gave and which represent the policy of the Government of India. But I would draw his attention to a paragraph in the Press Note which states the duties of the Establishment Officer whom it is intended to appoint in the future. What the Press Note says on this point is that the Establishment Officer will be expected

“to discuss with the Provincial Governments the provision of suitable officers to fill vacancies, to interview and make recommendations about possible new recruits and to see that recruits are drawn in proper proportion from Europeans and Indians and from the various services and provinces”.

That, Sir, actually was the proposal which I had in mind when I made the remarks quoted by my Honourable friend in the debate which took place in March last. The Establishment Officer has not yet been appointed, but for the present similar duties, in addition to others, are being performed by

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the Officer on Special Duty in the Home Department, and during the last several months he has been making it his business to visit the various provinces and to discuss questions of recruitment with them. In the course of doing so he has obtained the names of the officers who are likely recruits to the Government of India Secretariat, and consequently, if a Department such as my own Department wishes to fill certain vacancies in the forthcoming season it has only to turn to the Establishment Officer to obtain the names of suitable Indian candidates available for consideration.

That leads me to another point which has attracted some attention and that is the apparent intention to increase the strength of the I.C.S. in the reorganization of the Secretariat. But the strengthening will occur, if it occurs at all, mainly in the lower ranks, that is, among the under secretaries, and I would point out to the House that that is the first foundation for a system by which suitable officers, including Indians, will get their chance of future tenure of the higher posts in the Secretariat. I said the last time that I spoke on the subject that with the best intentions in the world the Government of India cannot make a man grow up before his time; in other words, he cannot be suitable to hold the more responsible posts in the Secretariat or the more senior posts until he has obtained sufficient training and experience. One of the things which we propose to do on the Report of the Wheeler Committee is to have a more definite and systematized system of recruitment. That again is an answer to my Honourable friend Pandit Kunzru who says that he gathered nothing from the Wheeler Report about the possibilities of Indianization. A more systematized system of recruitment means Indianization, as I explained to the House last March. The Establishment Officer, as I explained, will place these names at our disposal and young Indians as well as young Europeans will get their chance of being tried in the Secretariat and if found suitable they will, it is proposed, be more or less earmarked for future employment in the Government of India Secretariat. But in the interval they will go back to their provinces in order to acquire further administrative experience.

That brings me to another point which attracted some attention, namely, the reasons why the I.C.S. should be used on the tenure system for the staffing of the Secretariat. I admit that there is, and always has been, before the Government of India the possible alternative of a separate cadre for the Central Services, which appears to be what is urged by my Honourable friend Mr. Sapru. But so far as the separate cadre for the Secretariat is concerned, there are very grave objections, although it would be possible. You would get men who spent their entire service at the Centre, who were recruited there, who had never had administrative experience in the provinces, who were quite unfamiliar with the general background against which all the operations of the Central Government must necessarily operate, and therefore I personally am, and have always been, a staunch supporter of the tenure system as a means of getting into Secretariat employment officers who have a real appreciation of, and sympathy with, the conditions of life in India generally, and it is a great advantage to my mind that provision should be made for obtaining officers from all the different provinces of India for that reason.

**THE HONOURABLE MR. P. N. SAPRU:** Have the Secretary of State's permanent officials, who deal with India in England, that background? They are able to do their work very well.

THE HONOURABLE MR. R. M. MAXWELL: I was speaking of the Government of India. That should be a sufficient answer to my Honourable friend. The Central Government of India carries on its operations in all provinces and although subjects are Central, their operation is provincial just as much as any subjects dealt with by Provincial Governments, or at any rate, the great majority of them are; and therefore it is a great advantage to the Government of India Secretariat to have officers who really know their India, know the conditions under which people live and who can visualize to some extent in the districts the effect of the orders which they propose to pass. I myself, as I say, will be very much against any proposal to isolate the Central Secretariat from the provinces and at the same time it would re-act on the provinces also. The provinces themselves find certain advantages in sending their officers for a period to the Central Secretariat where they learn the point of view and difficulties of the Central Government and the machinery of the Central Government and bring back that knowledge and experience with them to the service of their provinces. I therefore think that there is excellent reason for drawing a large proportion of the Secretariat from the I.C.S. which is recruited for administrative reasons and which ensures that we shall get officers who have served the earlier part—that is the most valuable part—of their service in actual contact with the villages and the people. It is part of our system not to engulf them here, not to keep them here permanently, but at all costs to send them back to their provinces at intervals so that they may not become too centralized, if I may use the term. At the same time, it is proposed, and explained in the communique, that the Central Services, to which several references have been made, will not be entirely neglected. It is part of the scheme that the Central Service should be eligible to supply officers to the Secretariat; in other words, they will be more or less in the same position as the provinces. An officer from the Central Service wishing to serve a term in the Secretariat will not stay there permanently, even if he is a technical officer and he is employed in a technical department or a specialized department. The idea is that at intervals he should still go back to a post on the circumference where he will again gain experience of a different kind and of a more administrative character.

Now, as regards the Secretariat Service itself, some allusions have been made to assistant secretaries. It is proposed to abolish assistant secretaries by degrees. I would ask the House to note particularly the Press Note which says that there will be a gradual disappearance of assistant secretaries, and some Honourable Members had commented unfavourably on that proposal. But I would point out that to the Secretariat Service a much greater avenue is opened by the proposals sketched in the Press Note. Now, the most that any man in the Government of India Secretariat can hope for will be to rise to the post of assistant secretary at the fag end of his service. Very few of them can hope even for that and if he is promoted to be an assistant secretary he is too old to rise to any higher post in the Secretariat. Therefore the scheme which is now under consideration is that such Secretariat officers at a certain stage of their service—not too old, because the object is to give them an opportunity of making their way up—should have the opportunity of being drafted into posts in the Central Services, so that they will help to form a pool with the Central Services and themselves, if suitable, become eligible for subsequent higher appointments in the Secretariat. That is to say, while under the present system no Secretariat assistant could ever hope to rise above the rank of assistant secretary, now a first class man entering that Secretariat Service may hope to rise at the same time to be an under secretary by selection,—there will be severe competition, but the best man

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can hope for it,—or even to rise to deputy secretary. There is nothing to prevent him from getting on. Therefore, I submit that although the apparent effect of these orders is to take away certain prospects from the Secretariat Service, they have been given back in other ways—and of course the position will be studied—so as to see that they get a reasonable *quid pro quo*.

I have not much more time to refer to individual points, but I would like to give a little explanation to my Honourable friend Mr. Hossain Imam, who supposed that the I.C.S. was recruited up to a strength double of its requirements in order to provide for long periods of leave.

THE HONOURABLE MR. HOSSAIN IMAM : 41 per cent. for leave.

THE HONOURABLE MR. R. M. MAXWELL : I sympathise with him in the difficulty he finds in understanding these extremely technical rules and percentages which regulate recruitment. But I would assure him that he has got hold of the wrong percentage and that what it means is that the actual recruitment strength is calculated on the percentage of the superior posts only, and that the superior posts represent only a small number of the posts which I.C.S. officers are required to fill. The actual provision for leave is a very small percentage indeed but from memory I cannot tell the Honourable gentleman what it is.

THE HONOURABLE THE PRESIDENT : Your time is up.

THE HONOURABLE MR. R. M. MAXWELL : Very well, Sir. I think then that the House will excuse me for not having been able to touch on all the various separate points that were mentioned but, as I said earlier this morning, it is extremely difficult to reply to a debate on such a very wide field as this Report covers.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU : Sir, would you allow me to put a question to the Honourable Member ?

THE HONOURABLE THE PRESIDENT : Order, order.

THE HONOURABLE SAIYID MOHAMED PADSHAH SAHIB BAHADUR (Madras : Muhammadan) : Sir, my first objection to the Government communique is on the ground that the Government did not take steps to ascertain the views of the Legislature. Sir, it could not be said that the matter was much too urgent to admit of any delay. The way in which the Government has proceeded about it goes to show that there was ample time at the disposal of the Government. The Report was presented to the Government in March, 1936, and the communique has been published just about three days back. That means, Sir, that between the publication of the Report and the taking of decisions by the Government more than 19 months have been allowed to elapse. It is, therefore, obvious, Sir, that it was quite possible for the Government without any prejudice to the expediting of public work to consult the Assembly and the Council of State and find out what their views are about the reorganization of the Secretariat which the Government was proposing to do. Sir, so far as I know, the practice of the Government has been ordinarily to try and consult the Legislature before they take decisions about important matters like the one which we are now considering. As recently

as September last, we know that we were asked to give our opinion regarding the recommendations of the Railway Enquiry Committee and there have been lots of occasions, Sir, when Government always took care to ascertain the views of the Legislature before it formulated its own conclusions about the recommendations of important enquiry committees. You know, Sir, when the Government had to take decisions about the Lee Commission, it gave an opportunity not only to the Central Legislature but even to all Provincial Legislatures to consider the recommendations of the Commission before the Government took any decisions on the matter. Therefore, Sir, I feel that the Government was wrong in not giving an opportunity to the Central Legislature to express its views before it formulated its own opinion. Though, Sir, the Government was as usual guilty of procrastination in publishing the Report, it did show some hurry and very unusual hurry in coming to decisions about very important matters. As has been observed by my Honourable friend, Mr. Ramadas Pantulu, this unusual hurry on the part of the Government to formulate its views without waiting to get to know what the representatives of the people in the Central Legislature wanted to be done, is not above suspicion. It looks as though, Sir, their anxiety was to forestall the Federal Government. Possibly, Sir, it was apprehended that the Federal Government would be more favourably disposed towards the question of Indianization than what the present Government wanted to do. As has been observed by my Honourable friend Mr. Pantulu there was no necessity to forestall the Federal Government in this way. The Committee themselves had realized this and therefore they abstained from suggesting any important changes in the internal working of these departments and while the Committee showed very commendable caution in this respect, the Government, who should have been more alive to the necessities of the situation, appear to have disposed of the matter in rather an unusual state of huff and hurry.

My Honourable friend Sir A. P. Patro was of opinion that according to the terms of reference the Committee was not competent to pronounce any opinion on the question of Indianization but while I concede that according to the terms of reference they were not to state their views as regards the pace of Indianization and the way in which it should be brought about, I feel that the effect of their recommendations has on the whole been to increase the number of I.C.S. officers, because, Sir, in the recommendations they have drawn pointed attention to the fact that when the Provincial Governments are called upon to supply Civilian officers to the Central Government, they feel rather embarrassed and the Government sympathising very much with the Provincial Governments in this respect have very sympathetically come to the conclusion that this was a thing which the Provincial Governments should be assisted in. The Government of India comes to the conclusion that even as at present the provision of the I.C.S. cadre in the Provincial Services is not quite sufficient to meet the demands which are made on the Provincial Governments for the supply of officers to the Central Government, and having this consideration in view the Central Government seems to think that the I.C.S. cadre should be enlarged.

THE HONOURABLE THE PRESIDENT: Order, order. The Motion has been talked out and automatically terminates as it is 6 P.M.

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The Council then adjourned till Eleven of the Clock on Monday, the 22nd November, 1937.