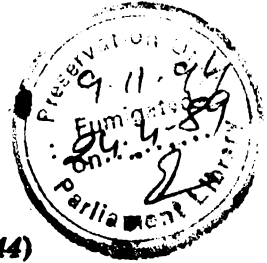


LEGISLATIVE ASSEMBLY DEBATES

Official Report

Volume I, 1944

(7th February to 28th February, 1944)



TWENTIETH SESSION

OF THE

FIFTH LEGISLATIVE ASSEMBLY,

1944



LEGISLATIVE ASSEMBLY

President :

The Honourable Sir ABDUR RAHIM, K.C.S.I.

Deputy President :

Mr. AKHIL CHANDRA DATTA, M.L.A.

Panel of Chairmen :

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Mr. HOOSAINBOY A. LALLJEE, M.L.A.

Sir HENRY RICHARDSON, M.L.A.

Secretary :

Mian MUHAMMAD RAFI, Barrister-at-Law.

Assistants of the Secretary :

Mr. M. N. KAUL, Barrister-at-Law.

Khan Bahadur S. G. HASNAIN.

Marshal :

Captain Haji Sardar NUR AHAMAD KHAN, M.C., I.O.M., I.A.

Committee on Petitions :

Mr. AKHIL CHANDRA DATTA, M.L.A. (*Chairman*).

Syed GHULAM BHIK NAIRANG, M.L.A.

Mr. GOVIND V. DESHMUKH, M.L.A.

Sardar SANT SINGH, M.L.A.

Mr. N. M. JOSHI, M.L.A.

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LEGISLATIVE ASSEMBLY.

Wednesday, 23rd February, 1944.

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

MEMBER SWORN:

Saiyid Rashid-uz-Zaman, C.I.E., M.L.A. (Government of India: Nominated Official).

STARRED QUESTIONS AND ANSWERS.

(a) ORAL ANSWERS.

INCOME TAX CASES TAKEN IN APPEAL IN SIND.

162. *Mr. Lalchand Navalrai: Will the Honourable the Finance Member be pleased to state:

(a) how many Lower and Upper Income Tax cases were taken in appeal with the Appellate Assistant Commissioner in Sind during the last two years, and with what result;

(b) the aggregate amount of the Lower and Upper cases, separately;

(c) how many cases were decided by the Commissioner of Income Tax with the consent of the assessesees in revision, and with what result;

(d) how many cases went in appeal to the tribunal, and with what result;

(e) whether the tribunal is under the control of the Legislative Department; and

(f) whether their appointment, promotion, leave etc., are also under the control of the Legislative Department?

The Honourable Sir Jeremy Raisman: (a), (c) and (d). I lay on the table a statement giving the required information. Separate figures for lower and upper limit cases cannot be compiled without an expenditure of time and labour that would not be justified in war time.

(b) Presumably the Honourable Member desires information as to the number of assessesees in each category which was:

	Upper limit.	Lower limit
1941-42	14,572	..
1942-43	11,663	2,173

Parts (e) and (f). Yes, Sir.

Statement of appeals and revision applications for the province of Sind for 1941-42 and 1942-43.

Year.	Appeals under Section 30 to the Appellate Assistant Commissioner.				Appeals under Section 33 to the Income-tax Appellate Tribunal.				Others.			
	No. filed.	No. dis-posed of.	No. suc-cess-ful.	Amount of tax de-creas-ed.	No. filed.	No. dis-posed of.	No. suc-cess-ful.	Amount of tax de-creas-ed.	No. filed.	No. dis-posed of.	No. suc-cess-ful.	Amount of tax de-creas-ed.
			Rs.				Rs.				Rs.	
1941-42	1,801	1,429	880	2,45,881	5				37	9	5	3,030
1942-43	1,420	2,009	965	1,58,526	3	7	1		25	51	19	54,593

Cases reviewed under Section 33 by the Commissioner.

Year.	Section 33 (Old).				Section 33A (Now).				
	No. filed.	No. dis-posed of.	No. suc-cess-ful.	Amount of tax de-creas-ed.	No. filed.	No. dis-posed of.	No. suc-cess-ful.	Amount of tax de-creas-ed.	
				Rs.				Rs.	
1941-42	.	12	54	23	22,410	1	1	1	8,164
1942-43	.	.	3	2	551	32	23	5	4,184

Mr. Latchand Navalrai: May I know what kind of control is the Legislative Department having over the tribunal and is there any difference between the control of the Finance Department and the Legislative Department?

The Honourable Sir Jeremy Raisman: I think that question should be addressed to my Honourable colleague since the Tribunal has gone entirely from my control. I have no knowledge whatsoever of the relations between the Tribunal and the Legislative Department.

Mr. Lalchand Navalrai: Does not the Honourable Member have a watch over it from the financial point of view?

The Honourable Sir Jeremy Raisman: No, Sir. Surely the object of the change is that I should have no watch over it.

Mr. Lalchand Navalrai: May I know who pays the members of the Tribunal?

The Honourable Sir Jeremy Raisman: The Government of India.

Mr. Lalchand Navalrai: The Legislative or the Finance Department?

The Honourable Sir Jeremy Raisman: Their salary is in the budget of the Legislative Department.

DEMAND FOR FIRE ARMS BY THE MAHARASHTRA MILITARISATION BOARD, POONA.

†163. ***Mr. Govind V. Deshmukh:** Will the War Secretary please state:

(a) if he is aware of the "Maharashtriyā Mandal", Poona, which imparts physical and military training to persons wishing to join its classes;

(b) if he is further aware that the Governors of the province i.e., Bombay, rulers of native States, army officers and leaders of public opinion have visited this institution and paid glowing tributes to it;

(c) if this "Maharashtriyā Mandal" has established a "Maharashtra Militarisation Board, Poona," to train and encourage men to join the army, and has supplied some officers—V.C.Os. and Emergency King's Commissioned Officers—to the army;

(d) whether this Militarisation Board had been asking for more than two years past for fire arms to train men for target shooting; if so, whether these fire arms were supplied; if not, why not;

(e) whether a letter of the Maharashtra Militarisation Board, Poona, dated the 10th December, 1943, requesting amongst other things for equipment, has been received by the General Headquarters through the Assistant Director of Recruiting, Southern Area; if so, whether the request for equipment has been granted; if not, why not; and

(f) what objection Government have to supply this Militarisation Board with dummy rifles?

Mr. C. M. Trivedi: (a) Yes, Sir.

(b) I understand from one of the communications from the Mandal to General Headquarters that the institution has been visited by the Governor of Bombay and certain Army officers. I have no further information on this point.

(c) The answer to the first part is in the affirmative. As regards the second part, I understand that the Board has done useful work in producing candidates for the three Services.

(d) to (f). In a letter, dated the 10th December, 1943, the Board asked for certain equipment and the Assistant Director of Recruiting, Southern Area, has been instructed to arrange for the supply, on loan, if possible, of dummy rifles, maps, targets and a compass. I may add that these articles are in short supply and not easily obtainable.

CADET SCHOOL FOR OFFICER CADET TRAINING UNIT OF WOMEN'S AUXILIARY CORPS (INDIA).

†164. ***Mr. Govind V. Deshmukh:** (a) Will the War Secretary please state if a Cadet School for Officer Cadet Training Unit of the Womens' Auxiliary

Corps (India) has been opened by Government? If so, what were the grounds for opening it now?

(b) How many girls have been sent for such training, and to which communities and provinces do they belong?

(c) What are the qualifications necessary for such girls as are selected for training, and how are selections made?

Mr. O. M. Trivedi: (a) Yes, Sir, an Officer Cadet Training Unit has been opened for the Women's Auxiliary Corps (India). Formerly candidates for commissions in this Corps did not receive any training as they had had training or experience in civil life and were reasonably suitable for their posts. Such candidates are, however, no longer available and those now coming forward for commissions require suitable training. Further, experience has shown that there is a real need for women officers to receive a reasonable military background to enable them to discharge their duties with intelligent interest.

(b) A statement has been laid on the table.

(c) The qualifications required are:

Pride in the Corps.

Sense of responsibility.

Leadership.

Ability to make decisions.

Good knowledge of English.

As regards the method of selection, Unit Commanders recommend serving auxiliaries considered suitable through the normal staff channels for interview by the Women's Auxiliary Corps (India) Selection Board, set up on lines similar to those for male candidates for commissions.

The number of girls sent for training is 30 and they belong to various communities and provinces and states as shown in the following table.

Communities.	Bengal.	Madras.	U. P.	Bombay.	C. P.	Punjab.	Mysore.	Bihar.	Kashmir.	Total.
European		2	2	1	1	1	1	3	1	12
Anglo-Indian and Domiciled European	3	2	3	2		1				11
Anglo-Malayan			1							1
Parsi			..	1						1
Hindu			1			..				1
Sikh				..		2				2
Madras-Brahmin				1	..					1
Burman			..		1					1
Total	3	4	7	5	2	4	1	3	1	30

DEMAND FOR BETTER TYPE OF RATINGS IN INDIAN NAVY.

†165. *Mr. Govind V. Deshmukh: Will the War Secretary please state:

(a) if there has been a demand by the Navy for better type of ratings;

(b) if the naval staff incharge of H.M.S. *Bahadur* and H.M.S. *Dilawar* at Karachi made any suggestions to get better type of rating; if so, the suggestions, and to what extent they have been carried out; and

(c) if Government are aware of the complaint that the activities of the navy and the three ships *Bahadur*, *Dilawar* and *Himalaya* at Karachi do not receive sufficient publicity; if so, what Government propose to do in this respect?

Mr. C. M. Trivedi: (a) Yes, Sir.

(b) Yes, certain proposals were made and have since been put into effect. These proposals, which involve a revision of the age limits and period of training, are devised to ensure an uniform and increased output of trained boys.

(c) No, Sir; Government are not aware of any such complaint. The activities of the three Naval Establishments in question and of the Service as a whole are publicized from time to time.

MUSLIMS IN ALL-INDIA RADIO.

166. *Nawab Siddique Ali Khan: (a) Will the Honourable Member for Information and Broadcasting please state the number of Muslims and non-Muslims employed in the following posts in the All-India Radio:—

(i) in the regular peace time cadre; and

(ii) in the present war time cadre: Station Director, Assistant Station Director, Station Engineer, Research Engineer, Maintenance Engineer, Deputy Installation Engineer, Assistant Engineer, Technical Assistant, Director of Programmes, Programme Assistant and Administrative posts at Headquarters?

(b) Is it a fact that certain posts in the All-India Radio have been exempted from the Government order about the percentage of communal representation? If so, which of the posts mentioned in (a) above have been affected by this exemption?

(c) On what basis had this exemption been applied?

(d) Do Government propose to consider the desirability of applying the orders regarding communal representation to the posts exempted from their application in order to increase the number of Muslims in the superior posts? If not, why not?

The Honourable Sir Sultan Ahmed: (a) (i) and (ii). A statement giving the required information is laid on the table of the House.

(b) Yes; the posts of D. G., A. I. R., D. D. G., Chief Engineer, Assistant Chief Engineer, Public Relations Officer, Director of Programmes Planning (now re-designated Director of Programmes), Station Director, Assistant Station Director, Research Engineer, Director of Programmes (now re-designated Programme Executive) have been exempted from the orders regarding communal representation.

(c) Mainly because either the incumbents were required to possess special qualifications or the posts were isolated ones.

(d) No, for the reasons given in reply to part (c).

Statement showing the number of Muslims and non-Muslims employed in certain posts in the All-India Radio, in the regular peace time cadre ; and in the present war time cadre.

	Muslims	Non-Muslims		Muslims	Non-Muslims
<i>In Regular peace time cadre—</i>			<i>In the present war time cadre—</i>		
Station Directors . . .	3	5	Station Directors . . .	3	7
Assistant Station Directors . . .	1	2	Assistant Station Directors . . .	4	6
Station Engineers . . .	..	4	Station Engineers . . .	1	9
Research Engineer . . .	..	1	Research Engineer . . .	..	1
Maintenance Engineer . . .	..	1	Maintenance Engineer . . .	..	1
Deputy Installation Engineers, etc. . .	..	7	Deputy Installation Engineer, etc. . .	..	1
Assistant Engineers . . .	2	21	Assistant Engineers . . .	6	41
Technical Assistants . . .	7	59	Technical Assistants . . .	10	107
Director of Programmes (now Programme Executives). . .	1	6	Directors of Programmes (now Programme Executives). . .	6	15
Programme Assistants . . .	16	29	Programme Assistants . . .	26	51
Administrative posts at Headquarters. . .	1	6	Administrative posts at Headquarters. . .	3	9

STEPS FOR RAISING NUMBER OF MUSLIMS IN THE TECHNICAL AND ENGINEERING SECTION OF ALL-INDIA RADIO.

167. *Nawab Siddique Ali Khan: Will the Honourable Member for Information and Broadcasting please state the steps taken by Government, since the Honourable the Home Member gave replies to questions in the Central Assembly in March, 1942, and the steps proposed to be taken in the near future, to increase the number of Muslims in the Technical and Engineering Section of the All-India Radio?

The Honourable Sir Sultan Ahmed: The minimum qualification in the case of candidates from the Muslim community has been relaxed and all candidates who have a degree in Electrical Engineering or Science are called for interview, irrespective of whether or not they have a special knowledge or practical experience of wireless; the latter qualification is essential in the case of members of other communities. A request was recently made by the Director-General, All-India Radio, to the Universities and the names of a few Muslim candidates have been suggested to him. It is proposed to give these candidates practical training in All-India Radio.

Rao Bahadur N. Siva Raj: Will the Honourable Member please state whether the exemption does not apply to the members of the Scheduled Castes. It appears from the reply that the exemption does not apply to minorities other than Muslims?

The Honourable Sir Sultan Ahmed: I would like to have notice of that question.

MUSLIMS PROMOTED AS STATION ENGINEERS AND ASSISTANT ENGINEERS IN ALL-INDIA RADIO.

168. *Nawab Siddique Ali Khan: (a) Will the Honourable Member for Information and Broadcasting please state the number of Muslims and non-Muslims promoted to the posts of Station Engineer and Assistant Engineer from the ranks of Assistant Engineer and Technical Assistant, respectively, since April, 1942?

(b) Is it a fact that while making promotions in the Technical Section of the All-India Radio, no attempt is made to maintain the communal balance, and the Muslims claims are ignored? If so, why?

The Honourable Sir Sultan Ahmed: (a) No promotions have been made during the period in question to the posts of Station Engineer and Assistant Engineer in a permanent capacity. One post of Station Engineer and nine posts of Assistant Engineers have been filled in an officiating capacity. These were filled by the promotion of non-Muslims.

(b) The rules of communal composition are not applicable in cases of promotion which are made on the basis of seniority and merit and the question of maintaining communal balance in such cases does not arise.

Dr. Sir Zia Uddin Ahmad: May I know whether the 25 per cent. rule settled by the Home Department in 1934 is applicable to the Information Department?

The Honourable Sir Sultan Ahmed: Yes, in some cases; but not in the case of posts which I have mentioned and where there is promotion.

Dr. Sir Zia Uddin Ahmad: May I know whether these posts are considered to be technical posts?

The Honourable Sir Sultan Ahmed: I will be answering another question of Nawab Siddique Ali Khan and in that reply I will explain the position.

Dr. Sir Zia Uddin Ahmad: You can get Muslims who hold B.Sc. degree in Engineering as well as B.Sc. degree in Science. You cannot call B.Sc. degree in Science as technical training.

The Honourable Sir Sultan Ahmed: I wish I could get the names of the candidates. I should be very pleased to consider them. The difficulty in the Department is that we do not get a sufficient number of Muslim candidates for the technical side.

Dr. Sir Zia Uddin Ahmad: I guarantee I shall be able to supply as many as the Honourable Member can manage to employ.

MUSLIMS AS TECHNICAL ASSISTANTS AND PROGRAMME ASSISTANTS IN ALL-INDIA RADIO.

169. ***Nawab Siddique Ali Khan:** Will the Honourable Member for Information and Broadcasting, please state the number of Muslims and non-Muslims appointed in the last three selections, to the posts of Technical Assistant and Programme Assistant in the All-India Radio? Were Muslims holding the requisite qualifications not available for the post of Technical Assistant?

The Honourable Sir Sultan Ahmed: 11 Muslims and 22 non-Muslims were appointed to the posts of Programme Assistant out of the candidates approved at the last three selections. The number of Muslims and non-Muslims appointed as Technical Assistants is 10 and 86, respectively. The latter part of the question does not arise.

Dr. Sir Zia Uddin Ahmad: I shall put the same question again. Will the Honourable Member maintain the rule of 25 per cent. for Muslims.

The Honourable Sir Sultan Ahmed: I have said that 11 Muslims and 22 non-Muslims have been appointed.

Dr. Sir Zia Uddin Ahmad: This question of technical appointment should not be made an excuse for excluding the Muslims altogether, as has been done by the Labour Department which goes to the Home Member for protection.

(No reply.)

170. *[Disallowed.]

OFFICE HOURS IN IMPERIAL SECRETARIAT AND ATTACHED OFFICES.

171. ***Mr. Ananga Mohan Dam:** Will the Honourable the Home Member please state:

(a) the hours of employment prescribed for the staff of the Imperial Secretariat, Attached and Subordinate Offices at New Delhi and Delhi (Gazetted staff and non-Gazetted staff to be stated, separately);

(b) if it is a fact that Gazetted staff is permitted to deviate from the prescribed hours; if so, the reasons therefor;

(c) if it is a fact that no deviation is permissible to non-Gazetted staff;

(d) if it is a fact that non-Gazetted staff is required to attend on the Gazetted staff whenever required by the Gazetted staff over and above the prescribed hours; if so, the reasons therefor; and

(e) whether the non-Gazetted staff are paid any extra pay for the hours they are utilised over and above the prescribed hours; if not, why not?

The Honourable Sir Reginald Maxwell: (a) The office hours prescribed for the Civil Departments of the Secretariat, both for Gazetted and non-Gazetted staff, are 10-30 A.M. to 6 P.M. on week-days other than Saturdays and 10-30 A.M. to 1-30 P.M. on Saturdays. The office hours in the War Department and General Headquarters are 9 A.M. to 5 P.M. on all week-days and on Sundays. The Departments have been given discretion to fix such office hours for their attached and subordinate offices as they consider suitable.

(b) and (c). The prescribed office hours are meant to be the minimum period of attendance in office by both Gazetted and non-Gazetted staff.

(d) Yes, if the state of work requires it.

(e) No. The Honourable Member is referred to the reply given on the 23rd March, 1942, to clause (j) of Sardar Sant Singh's question No. 66.

ASSISTANT INSPECTORS AND ASSISTANT EXAMINERS OF INCOME TAX APPOINTED IN THE SIND AND BOMBAY DIVISION.

†172. ***Mr. Lalchand Navalrai:** (a) Will the Honourable the Finance Member be pleased to state how many Assistant Inspectors and Assistant Examiners of Income Tax have been appointed within the last two years, in the Sind and Bombay Division; and what their qualifications were? How many of them have been recruited from the list of those candidates who obtained less number of marks in the All India Services Competitive Examinations such as I. C. S. and Indian Audit and Accounts Service and such others held by the Federal Public Service Commission?

(b) How many of the Assistant Inspectors and Assistant Examiners of Income Tax were recruited directly, and how many from administrative branches?

The Honourable Sir Jeremy Raisman: (a) and (b). I am making enquiries and a reply will be laid on the table of the House in due course.

COMPLAINTS AGAINST THE BEHAVIOUR OF THE SUPERINTENDENT OF INDIAN LANGUAGES SECTION OF THE BUREAU OF PUBLIC INFORMATION.

173. ***Bhai Parma Nand:** (a) Is the Honourable Member for Information and Broadcasting aware of the fact that the behaviour of the Superintendent of Indian Languages Section of the Bureau of Public Information with the Hindu staff under him is very rude and intolerable, and on account of this several Hindu members have resigned from their jobs?

(b) How many Hindu members of the Indian Languages Section have resigned since this Superintendent took charge?

(c) What steps, if any, have the authorities taken to protect the Hindu members of the Indian Languages Section from the behaviour of the Superintendent?

The Honourable Sir Sultan Ahmed: (a) No.

(b) and (c). Eight members of the superior staff of the Indian Languages Section, including two Muslims, have submitted resignations since the present

†Answer to this question laid on the table, the questioner being absent.

superintendent took charge of the Section. Of these, only two resignations were on the ground of alleged bad behaviour of the Superintendent. Both the cases were investigated by the Administrative Officer of the Bureau—an Indian Christian—and the allegations were found to be baseless.

ILLNESS OF SHRIMATI PARVATI DEVI.

†174. ***Mr. T. T. Krishnamachari**: Will the Honourable the Home Member be pleased to state:

(a) whether the attention of Government has been drawn to the fact that Shrimati Parvati Devi, a prominent lady of Delhi, who was arrested in August, 1942, and has since been confined as a security prisoner in Lahore, has been ailing for several months past from a fracture sustained by a fall in the jail; and

(b) whether Government propose to consider the desirability of releasing her, considering the fact that she has been in hospital for the past nine months?

The Honourable Sir Reginald Maxwell: (a) The Chief Commissioner has reviewed the case of this lady from time to time, taking into account the medical reports on her health, and has recently ordered her release.

(b) Does not arise.

ILLNESS OF DR. SYED MAHMUD AND MR. VALLABHAI PATEL.

†175. ***Mr. T. T. Krishnamachari**: Will the Honourable the Home Member please state:

(a) whether the attention of Government has been drawn to the fact that Dr. Syed Mahmud, a Member of the Congress Working Committee now in detention at an unknown place, has of late been suffering from a serious affection of the throat which is also causing continuous bleeding;

(b) whether the attention of Government has been drawn to the fact that Shri Vallabhai Patel, another member of the Congress Working Committee held in detention presumably at the same place, has been suffering for several months past from serious intestinal trouble;

(c) whether Government propose to consider the desirability of issuing a detailed statement about the health of these two gentlemen as well as about the health of the other members of the Working Committee now in detention;

(d) whether Government propose to consider the desirability of releasing the gentlemen who are seriously ill or in the alternative, of permitting them to have medical advice of their own choice; and

(e) whether Government propose to consider the possibility of allowing the members of the Congress Working Committee to have interviews with their friends and relations at stated intervals?

The Honourable Sir Reginald Maxwell: (a) Towards the end of December, 1943, Dr. Mahmud developed a superficial abscess on the neck; this was operated on under a local anaesthetic on January 6th, 1944, and he has since made a rapid recovery. His general condition is reported to be satisfactory and there is no question of his suffering from any serious throat affection or from continuous bleeding.

(b) Mr. Patel has for many years had what is known as a spastic colon. It is not a serious intestinal complaint. His condition has in no way deteriorated during his detention, as is shown from the fact that his weight has remained stationary, and recent reports on his health are satisfactory.

†Answer to this question laid on the table, the questioner being absent.

(c) I do not propose to add to what I have said above about the health of these two gentlemen. As for the remaining Members of the Working Committee now in detention, a careful watch over their health is maintained and Government are satisfied that their general condition is satisfactory.

(d) None of these gentlemen is seriously ill. They all receive every possible medical attention.

(e) No.

SHORTAGE OF SALT IN BENGAL.

176.* { **Pandit Lakshmi Kanta Maitra:**
Dr. Habibar Rahman:
Mr. Muhammad Hussain Choudhury: } Will the Honourable the

Finance Member be pleased to state:

(a) if he is aware:

(i) that there has been acute shortage of salt in Bengal since January last; and

(ii) that the price of ordinary salt has gone up enormously, and that in some districts of Bengal the price varies from Re. 1 to Rs. 2 per seer; and

(b) the steps, if any, he proposes to take to relieve this shortage?

The Honourable Sir Jeremy Raisman: This question should have been addressed to the Honourable the Food Member.

ANTI-SUBMARINE SCHOOL.

†177. ***Mr. K. S. Gupta:** Will the War Secretary please state:

(a) the qualifications of the candidates for admission to the Anti-Submarine School;

(b) the emoluments of the qualified entrants;

(c) how many had training in the above school; and

(d) their period of training?

Mr. C. M. Trivedi: (a) All Executive Officers must undergo an Anti-Submarine Course at the School.

Ratings must be Able Seamen or Ordinary Seamen, quick witted, alert, not prone to sea-sickness and possessing normal hearing. They should be matriculates and recommended by their Commanding Officers.

(b) Officers who undergo short courses receive no additional emoluments. Officers who have done specialist courses receive additional allowances of from annas 12 per diem to Rs. 1-10 per diem when holding certain specified appointments.

Ratings receive additional allowances of from Rs. 4 to Rs. 10 per mensem.

(c) It is not in the public interest to give this information.

(d) The period of training varies from 4 to 23 weeks.

ANTI-SUBMARINE SCHOOL.

†178. ***Mr. K. S. Gupta:** Will the War Secretary please state:

(a) the number of officers and of men of the Royal Indian Navy already qualified at the Anti-Submarine School;

(b) whether it is purely intended for training Indians; if not, why not;

(c) how many officers of the Royal Indian Navy are Indians and non-Indians, separately;

(d) of the non-Indians, how many are British, South Africans, Australians, Canadians and Americans;

(e) the number of Royal Navy and allied personnel receiving instruction in the same institution;

(f) the total cost of maintaining the school; whether the whole amount is borne by the Indian exchequer; and

(g) whether there is a necessity to start Anti-Submarine Schools exclusively for Indians at several places on the long coast line of India?

Mr. C. M. Trivedi: (a) I regret I am unable to give this information in the interests of security.

(b) The Royal Indian Navy consists of Europeans as well as of Indians and training facilities are, therefore, open to all in the Service.

(c) I cannot give the actual figures, but 40 per cent. of the officers are Indians and 60 per cent. non-Indians.

(d) I regret, Sir, this information is not readily available. I am having it collected and will lay a statement on the table in due course, giving the figures on a percentage basis.

(e) Ten Royal Naval Ratings only.

(f) The total cost per annum is approximately Rs. 5 lakhs. The school is a Joint Measure and half the cost is borne by His Majesty's Government.

(g) No, Sir, not at present.

PROPOSED VISIT TO INDIA OF MR. WALTER WHITE, AN AMERICAN JOURNALIST.

†179. ***Mr. K. S. Gupta:** (a) Is the Honourable Member for Information and Broadcasting aware of the proposed visit to India of Mr. Walter White, the well-known American Journalist and author?

(b) Is he coming here on invitation by the Government of India? If so, what is the purpose? Is he another envoy from President Roosevelt to study the present political situation?

(c) Has Mr. Walter White applied for permission to see Mahatma Gandhi and other leaders of the Congress who are behind the prison bars? If so, what is the answer by the Government of India?

(d) Is there any communication to the Government of India from Lord Halifax, the British Ambassador in Washington, about the concern of the coloured American citizens over Gandhiji's detention? If there is any, do the Government of India propose to place a copy of the same on the table?

The Honourable Sir Sultan Ahmed: (a) No.

(b) and (c). Do not arise.

(d) The answer to the first part is in the negative. The second part does not arise.

TRANSFER OF THE HINDI SECTION OF THE BUREAU OF PUBLIC INFORMATION TO LAHORE.

†180. ***Mr. Kailash Bihari Lall:** Will the Honourable Member for Information and Broadcasting please say:

(a) if it is a fact that Hindi Newspapers have strongly protested and are still protesting against the transfer of the Hindi Section of the Bureau of Public Information from Delhi to Lahore;

(b) whether Government are aware that by this transfer, Hindi papers will have a great handicap in getting Government of India's material much of which will become stale by the time it will reach most of the Hindi newspapers after an additional delay of at least three or four days; and whether Government realise that this delay will also adversely affect their publicity in the Hindi Press; and

(c) the steps, if any, Government propose to redress this?

The Honourable Sir Sultan Ahmed: (a) Some comments of the Hindi newspapers on the subject have been brought to my notice.

†Answer to this question laid on the table, the questioner being absent.

(b) As a result of the transfer of the Hindi Section to Lahore, there would not be more than 24 hours' delay in the receipt of the Government of India's material by the Hindi Press. This would be partly offset by the advantages resulting from greater co-ordination in the publication of the 'Indian Information' and its Urdu and Hindi counterparts, *Markazi Ittelaat* and *Bharativa Samachar*. All these magazines were being published in Lahore before the transfer of the Urdu and Hindi Sections to that place.

(c) The transfer of the Hindi and Urdu Sections as well as some other staff of the Bureau of Public Information to Lahore was necessitated by the acute shortage of accommodation in Delhi. The position will be reviewed when the conditions which necessitated their transfer improve.

COMPLAINTS AGAINST THE BEHAVIOUR OF THE SUPERINTENDENT OF INDIAN LANGUAGES SECTION OF THE BUREAU OF PUBLIC INFORMATION.

†181. *Mr. Kailash Bihari Lall: (a) Will the Honourable Member for Information and Broadcasting please say why the Indian Languages Section of the Bureau of Public Information has been placed under a Superintendent who has no journalistic experience whatsoever?

(b) Is it a fact that the behaviour of this Superintendent with journalistic staff is far from desirable and several journalists and Assistant journalists of the Section have resigned from their jobs, because they could not bear it?

(c) What are the educational qualifications of this Superintendent?

The Honourable Sir Sultan Ahmed: (a) The Superintendent is only in administrative control of the Indian Languages Section, and no journalistic experience is required for the performance of his duties.

(b) I would invite the Honourable Member's attention to the reply given by me earlier to-day to parts (b) and (c) of Question No. 173.

(c) The Superintendent is a matriculate. He has nearly 27 years' continuous Government service and has been in the Bureau since December, 1925, on the ministerial side.

PROSECUTION OF INDIANS IN THE UNITED KINGDOM UNDER THE NATIONAL SERVICE ACT.

†182. *Sardar Mangal Singh: Will the Honourable the Home Member please state:

(a) whether Government are aware that certain Indians are being prosecuted in the United Kingdom under the National Service Act for refusing call up orders;

(b) whether Government have made any representations to His Majesty's Government for the exemption of Indians from the application of the National Service Act; and

(c) whether the attention of Government has been drawn to the "Swaraj House statement" published in the Indian press on the 11th February, 1944?

The Honourable Sir Reginald Maxwell: The question should have been addressed to the Honourable Member for Indians Overseas.

AMENITIES TO MEMBERS OF THE CONGRESS WORKING COMMITTEE.

†183. *Sardar Mangal Singh: Will the Honourable the Home Member please state:

(a) where the members of the Congress Working Committee have been detained;

(b) whether their relations are allowed to interview them in the jail;

(c) how many letters they are allowed to write and receive a month;

†Answer to this question laid on the table, the questioner being absent.

(d) what newspapers are allowed to them; and

(e) what scale of diet is given to them; and whether they are allowed to supplement their rations at their own expense?

The Honourable Sir Reginald Maxwell: (a) In Ahmednagar.

(b) No.

(c) They are allowed to write two and receive four letters per week.

(d) They are allowed to make a selection from the newspapers published in the Bombay Province and approved for provincial security prisoners. They are also allowed the following newspapers published outside Bombay:

1. *Statesman* and *Amrita Bazar Patrika* (Calcutta).
2. *Hindu* (Madras).
3. *Tribune* (Lahore).
4. *Leader* (Allahabad).
5. *Manchester Guardian* (Weekly).
6. *New Statesman*.

(e) They are allowed at Government expense whatever article of diet and in whatever quantity they require and there is thus no fixed scale. The second part of the question does not arise.

HEALTH OF PANDIT JAWAHAR LAL NEHRU.

†184. ***Sardar Mangal Singh:** Will the Honourable the Home Member please state:

(a) whether Pandit Jawahar Lal is keeping good health;

(b) whether it is a fact that he has lost several pounds of weight since his detention; and

(c) whether he is permitted to get "specific" medicines at his own expense?

The Honourable Sir Reginald Maxwell: (a) and (b). Mr. Nehru has lost in weight since his detention, but his health is reported to be good.

(c) He is supplied at Government expense with such medicines as the medical officer-in-charge considers necessary. So far as I am aware, he has made no request to be supplied with any particular medicine.

EXPENDITURE OF TROOPS PLACED UNDER SOUTH EAST ASIA COMMAND.

†185. ***Sardar Mangal Singh:** Will the Honourable the Finance Member please state:

(a) whether it is a fact that the expenses of the troops placed under the South-East Asia Command are not paid by the Indian exchequer; and

(b) whether the expenses are paid by the Governments of the countries from where the troops have come; and who pays for the Indian troops placed under the South-East Asia Command?

The Honourable Sir Jeremy Raisman: (a) and (b). Under the Financial Settlement the cost of British, Indian and Colonial troops serving within the boundaries of India is met by the Government of India, provided the troops are required for, and available for, the local defence of India. The cost of such troops serving under the South East Asia Command is charged in accordance with this agreement.

SECRET SESSION OF THE ASSEMBLY FOR STATEMENT ON WAR SITUATION.

†186. **Sardar Mangal Singh:** Will the War Secretary please state:

(a) whether Government propose to make a statement on the War situations or whether a secret sitting of the Assembly will be held during this session; and

†Answer to this question laid on the table, the questioner being absent.

(b) what progress has been made in the Burma campaign, since the establishment of the South-East Asia Command?

Mr. O. M. Trivedi: (a) I would refer the Honourable Member to my statement on the war situation laid on the table on the 14th February, 1944, in reply to Mr. Lalchand Navalrai's starred question No. 94. There is no intention of allotting a day for a debate on the war situation.

(b) This was described in my statement on the war situation referred to above. In that statement I said that the Japanese were making a counter effort in Arakan to try and relieve the pressure being put on them. It can now be stated that the enemy have failed in their object after heavy fighting in which they have sustained severe casualties. We have definitely got the upper hand, but fighting continues and it is not yet possible to assess the final extent of our success in this phase of the operations. In other parts of the Burma front, steady pressure is being maintained.

LAND ACQUIRED BY MILITARY IN ASSAM FOR AERODROMES, ETC.

187. *Mr. Ananga Mohan Dam: (a) Will the Honourable the Defence Member please state how many acres of land have been acquired by the military in Assam for aerodromes etc?

(b) How many families have been required to vacate their ancestral homestead?

(c) How many villages in the Habiganj Sub-Division in the district of Sylhet are going to be acquired by the military?

(d) Have the people been compensated for lands, houses and other belongings?

(e) Have they been given lands for cultivation and construction of houses?

Mr. O. M. Trivedi: With your permission, Sir, I will answer questions Nos. 187 and 188 together.

The information required by the Honourable Member is not available. I am asking the Provincial Governments concerned to collect as much information as possible, and will lay it on the table in due course.

LAND ACQUIRED BY MILITARY IN BENGAL FOR AERODROMES, ETC.

†188. *Mr. Ananga Mohan Dam: Will the Honourable the Defence Member please state:

(a) how many acres of land have been acquired by the Military in Bengal for Aerodromes, etc.;

(b) how many people have been required to vacate their ancestral homestead lands, and how many houses were demolished;

(c) if it is a fact that about 22 villages nearabout Kanchrapara, Bengal, have recently been acquired by the military; whether Government are aware that these villages were producers of vegetables and other agricultural products;

(d) what steps Government have taken to rehabilitate the villagers who were not even allowed to take away any produce of their lands, nor any part of their house, e.g., doors, corrugated sheets, etc.;

(e) whether Government have supplied these villagers, who are mostly poor agriculturists, with building materials; and

(f) whether Government are not aware that an acute state of famine is still prevailing in Bengal, and such indiscriminate acquiring of agricultural land will dislocate the whole economic fabric of the society, and create discontent?

EXPERTS IMPORTED BY THE CENTRAL GOVERNMENT.

189. *Mr. Ananga Mohan Dam: (a) Will the Honourable the Home Member please state how many experts have been imported into India by the Central Government since 1939, and the total salary and other emoluments paid to these gentlemen to date?

(b) What work has been done, and the results achieved so far by these imported experts?

†For answer to this question, see answer to question No. 187.

(c) Are they contemplating to import more experts in future? If so, for what subjects?

The Honourable Sir Reginald Maxwell: (a), (b) and (c). No experts have been imported by Home Department since 1939. So far as other Departments are concerned, the Honourable Member should address a question to the Honourable Members in charge of the particular Departments, in respect of which he desires information.

Maulvi Muhammad Abdul Ghani: Is not the Honourable the Home Member the custodian of the All-India Services?

The Honourable Sir Reginald Maxwell: Of the All-India Services, yes; but they do not include experts.

✓ ANGLO-INDIANS, ETC., IN W. A. C. (I.)

190. ***Mr. Frank R. Anthony:** Will the War Secretary be pleased to state:

(a) the total number of personnel in the W. A. C. (I.);

(b) the number of Anglo-Indians, Domiciled Europeans and Europeans, separately, therein; and

(c) the number of Anglo-Indian officers, Domiciled European officers and European officers, separately, therein?

Mr. C. M. Trivedi: (a) Officers—629.
Auxiliaries—6,888.

(b) Auxiliaries:

Anglo-Indians—3,050.

Europeans and Domiciled Europeans—1,495.

(c) Offices:

Anglo-Indians—72.

Europeans and Domiciled Europeans—509.

Mr. Frank R. Anthony: Will the Honourable Member be pleased to tell us why Domiciled Europeans and Europeans are lumped together?

Mr. C. M. Trivedi: I have not got separate figures for Europeans and Domiciled Europeans.

Mr. Frank R. Anthony: Will the Honourable Member please try to secure separate figures for Domiciled Europeans and Europeans?

Mr. C. M. Trivedi: I will try to do that but I do not promise that I shall succeed.

Mr. Frank R. Anthony: Is the Honourable Member aware that this disproportion in the number of officers as between Anglo-Indians and Europeans is alleged to be due to communal discrimination?

Mr. C. M. Trivedi: I am not aware that it is due to communal discrimination, but I do not regard the position as wholly satisfactory and I am going into it.

Mr. Frank R. Anthony: Will the Honourable Member also please inquire into the alleged unsatisfactory conditions of the general service personnel which are retarding further recruitment?

Mr. C. M. Trivedi: If the Honourable Member will give me some indication of what conditions are, in his opinion, retarding recruitment, I shall certainly go into them.

✓ ANGLO-INDIANS, ETC., IN THE AUXILIARY NURSING SERVICE.

191. ***Mr. Frank R. Anthony:** Will the War Secretary be pleased to state:

(a) the total number of personnel in the Auxiliary Nursing Service; and

(b) the number of Anglo-Indians, Domiciled Europeans and Europeans, separately, therein?

Mr. C. M. Trivedi: (a) 1,350.

(b) Anglo-Indians—460.

Domiciled Europeans—90.

Europeans—174.

Mr. Frank R. Anthony: Will the Honourable Member please inquire into the widespread complaints which are received of discrimination in the messes where European and Indian members of the mess are required to sit at different

tables and are served with different kinds of food? Will he inquire into these allegations?

Mr. C. M. Trivedi: I had not heard of that complaint before, but I will certainly inquire into it.

✓ **ANGLO-INDIANS, ETC., IN THE INDIAN MILITARY NURSING SERVICE.**

192. *Mr. Frank E. Anthony: Will the War Secretary be pleased to state:

(a) the total number of personnel in the Indian Military Nursing Service; and
(b) the number of Anglo-Indians, Domiciled Europeans and Europeans separately, therein?

Mr. C. M. Trivedi: (a) 624.

(b) Anglo-Indians—263.

Domiciled Europeans—57.

Europeans—84.

Mr. Frank E. Anthony: Will the Honourable Member be pleased to inquire into the discriminatory treatment that exists in this Service also? These discriminations are causing considerable resentment amongst the girls who are doing their work in an admirable manner. They are made to pay the same charges per head and yet they are kept on different tables and are given different qualities of food.

Mr. C. M. Trivedi: I have not heard of the allegation before, but I will certainly inquire into it.

✓ **ANGLO-INDIANS, ETC., IN THE ROYAL ARMY MEDICAL CORPS.**

193. *Mr. Frank E. Anthony: Will the War Secretary be pleased to state:

(a) the total number of Anglo-Indians in the Royal Army Medical Corps;
(b) the number of Anglo-Indian Privates, Corporals and Sergeants, separately, therein;

(c) the total number of Britishers in the Royal Army Medical Corps; and

(d) the number of British Privates, Corporals and Sergeants, separately, therein;

Mr. C. M. Trivedi: (a) and (c). I regret, Sir, that for security reasons I am unable to give the figures.

(b) and (d). The percentage composition of other ranks in the Royal Army Medical Corps in India is:

Anglo-Indians:

Sergeants—0.9 per cent.

Corporals—1.4 per cent.

Privates—11.0 per cent.

British:

Sergeants—7.1 per cent.

Corporals—8.6 per cent.

Privates—67.0 per cent.

Mr. Frank E. Anthony: Will the Honourable Member please inquire also with regard to these services that communal discrimination is being practised?

Mr. President (The Honourable Sir Abdur Rahim): Is any such allegation mentioned in the question?

Mr. Frank E. Anthony: No, Sir.

Mr. President (The Honourable Sir Abdur Rahim): Then, I cannot allow that question.

TAKING OF CHARGE FROM THE MANAGING COMMITTEES OF THE JUMA MASJID, ETC.

194. *Maulvi Muhammad Abdul Ghani: Will the Honourable the Home Member please state:

(a) whether the Provincial Government of Delhi has authorised the Nazir-e-Awkafs, Sunni Majlis Awkaf of Delhi, to take charge from the Managing Committees of the Juma Masjid, the Fatehpuri Masjid and the Anjuman Moidul Islam; if so, under what section of the Delhi Muslim Wakfs Act, 1943; and

(b) whether the attention of Government has been drawn to Section 25 and sub-section (2) of Section 25 of the said Act?

The Honourable Sir Reginald Maxwell: (a) Yes, under Section 71(3) of the Act.

(b) Yes.

Maulvi Muhammad Abdul Ghani: May I ask whether the authorisation by the Chief Commissioner to take charge of these *Awkaf*s is not illegal, having regard to section 25 of the Delhi Muslim Wakfs Act, 1943?

The Honourable Sir Reginald Maxwell: If the Honourable Member is asking for my opinion as regards the legality or validity of the action taken, I am not prepared to give an opinion on such a point in answer to a supplementary question.

GENERAL ELECTIONS TO CANTONMENT BOARDS.

195. *Nawab Siddique Ali Khan (on behalf of **Qazi Muhammad Ahmad Kazmi**): (a) Will the Honourable the Defence Member please state if it is a fact that the number of elected Members in various Cantonment Boards varies from two to eight in the several Boards?

(b) Is it a fact that the General Elections of the Cantonment Boards have taken place previously during the course of War?

(c) Is it a fact that the sums spent in the General Elections to the Cantonment Board are comparatively small?

(d) Is it a fact that the estimated amount to be spent in General Elections to the Cantonment Board in Allahabad is about Rs. 45 only?

(e) Is it a fact that bye-elections in the Cantonment Boards are taking place even during the course of the war?

(f) Is it a fact that many rate-payers' associations in Cantonment Boards have passed resolutions for the holding of General Elections in 1944?

(g) Have Government considered the advisability of not postponing General Elections to the Cantonment Boards in 1944?

Mr. C. M. G. Ogilvie: Information has been called for and a reply will be laid on the table of the House in due course.

CERTAIN MILITARY SERVANTS DISQUALIFIED FOR ELECTION TO ALLAHABAD CANTONMENT.

196. *Nawab Siddique Ali Khan (on behalf of **Qazi Muhammad Ahmad Kazmi**): (a) Will the Honourable the Defence Member please state if it is a fact that in March, 1943, the Brigadier of Allahabad Area held that persons in Military service, getting about Rs. 150 per mensem on a daily basis, are not prohibited from contesting an election to the Cantonment Board?

(b) If the answer to (a) be in the affirmative, have Government considered the advisability of instructing the authorities concerned not to allow such military servants to contest elections?

Mr. C. M. G. Ogilvie: I am collecting the information and will lay it on the table in due course.

UNSTARRED QUESTIONS AND ANSWERS.

PAY, ETC., OF THE ADDITIONAL DEPUTY PRINCIPAL INFORMATION OFFICER.

57. Mr. Muhammad Azhar Ali: Will the Honourable Member for Information and Broadcasting please state the scale of pay and the nature of duties of the Additional Deputy Principal Information Officer?

The Honourable Sir Sultan Ahmed: The scale of pay of Mr. B. L. Sharma, Additional Deputy Principal Information Officer, is Rs. 1100—40—1300.

His duties are to look after India's war publicity abroad and general war publicity in India.

ACCREDITED CORRESPONDENTS WITH THE GOVERNMENT OF INDIA.

58. Mr. Muhammad Azhar Ali: Will the Honourable Member for Information and Broadcasting please state:

(a) names of the accredited Correspondents with the Government of India for publicity;

(b) the newspapers or news-agencies which they represent; and

(c) the date on which the first recognition was given to the present representatives?

The Honourable Sir Sultan Ahmed: A statement giving the required information is supplied herewith.

Statement showing the names of accredited Press Correspondents at the Headquarters of the Government of India, the newspapers and/or news agencies represented by them and the dates of their accreditation.

Names.	Date of Accreditation.	Newspapers and/or News-agencies represented.
Mr. S. N. Bhatnagar	4-3-32	Watan, Delhi.
*Mr. S. N. Chopra	..	Swarjaya, Delhi. Nagpur Times, Nagpur. National News Service, Delhi. Patna Times, Patna.
Mr. Dharam Yash Dev.	3-2-42	Vir Bharat, Lahore.
Mr. Durga Das	22-11-41	Statesman, New Delhi.
Mr. A. S. Ayangar	27-9-32	Tribune, Lahore; Daily Milap, Lahore; Indian Nation, Patna.
*Mr. Mohd. Jafri	..	Ajmal Daily, Bombay; Inquilab, Lahore.
Mr. A. C. Khosla	1-2-36	Daily Herald, Lahore; Congress, Delhi; National News Service, Delhi; Financial News, Bombay; Hindu Sansar, Karachi; Commercial Daily Report, Bombay.
Mr. O. V. Krupanidhi	23-10-36	Hindustan Times, New Delhi; Federated India, Madras; Indian Finance, Calcutta; Bombay Sentinel, Bombay; Hyderabad Bulletin, Hyderabad.
Mr. A. N. Kumar	16-4-37	Civil and Military Gazette, Lahore.
Dr. Lanka Sundram	9-10-37	Commerce, Bombay. News Chronicle, London.
†Mr. Syed Mohammad	17-1-44	Orient Press of India, Delhi.
†Mr. Aslam Siddiqi	17-1-44	Ditto.
Mr. R. Madhavan Nair	29-7-41	Roy's Weekly, New Delhi.
Mr. B. Shiva Rao	31-3-35	Hindu, Madras; Manchester Guardian, Manchester.
Mr. M. Roy	15-4-36	Amrit Bazar Patrika, Calcutta.
Mr. J. N. Sahni	6-11-40	National Call, Delhi.
*Mr. S. A. Sastri	..	Associated Press of India.
*Mr. U. N. Sen	..	Associated Press of India.
Mr. A. K. Qureshi	19-4-42	Associated Press of India.
Mr. K. C. Sen Gupta	16-3-39	United Press of India.
Mr. P. D. Sharma	15-5-33	United Press of India; Daily Pratap, Lahore; Janmabhumi, Bombay; Hindustan Standard, Calcutta; United Press of America; British United Press of London; United Press Association, New York.
†Mr. C. L. Suri	16-9-43	Anand Bazar Patrika, Calcutta.
Mr. Sri Krishana	20-12-34	Mail, Madras; Bombay Chronicle, Bombay; Andhra Patrika, Madras; Dawn, Delhi; Capital, Calcutta; Star of India, Calcutta; Hindu, Karachi; Leader, Allahabad.
Mr. Hilal Ahmed Zubairi	22-10-40	ANSARI, Delhi.
Mr. Mohd. Umar	29-9-42	Anjam, Delhi.
Mr. Indra Prakash	10-3-43	'Hindu Outlook, New Delhi.
†Mr. S. L. Kapur	22-4-42	Jugantar, Calcutta.
†Dr. M. S. Natarajan	4-7-41	Journal of the Dewan Chand Political Information Bureau.
Mr. Shyam Gopal Roy	6-2-43	Vanguard, Delhi.
Mr. Harish Chandra	10-3-43	Vir Arjaun, Delhi.
*Mr. K. V. Venkataram	..	Indian Spectator, New Delhi.
Mr. Z. A. Suleri	11-5-43	Eastern Times, Lahore.
Mr. Dharampal Gupta	20-5-43	The 'Tej', Delhi.
Dr. P. S. Lokanathan	16-6-43	Editor, Eastern Economist, New Delhi.
Mr. P. N. Bajpai	26-6-43	'Aj', Benares City.
Mr. D. G. Kulkarni	29-7-43	Sakal, Poona.
†Mr. Somina Venkiah	16-11-43	The Daily Akali, Lahore.
Mr. J. K. Cowley	18-11-43	The Statesman, New Delhi.
†Mr. K. Rama Murti	2-12-43	The Hitavada, Nagpur.
†Mr. J. N. Shukla	13-1-44	The Gujeratmitra, Surat.

*Date of accreditation is not available due to destruction of old records.

†Provisionally accredited.

PERSONS AUTHORISED TO MAKE RULES UNDER SUB-SECTION (2) OF SECTION 241 OF THE GOVERNMENT OF INDIA ACT, 1935.

59. Mr. Muhammad Azhar Ali: Will the Honourable the Home Member please state the person or persons authorised by the Governor General in Council to make rules for the purposes referred to in sub-section (2) of Section 241 of the Government of India Act, 1935?

The Honourable Sir Reginald Maxwell: No persons are at present authorised by the Governor General in Council to make the rules referred to in the question.

RULES RE CONDITIONS OF SERVICE UNDER FEDERATION.

60. Mr. Muhammad Azhar Ali: Will the Honourable the Home Member please state if it is a fact that the Governor General (Central Government) has not yet made rules under clause (a) of sub-section (2) of Section 241 of the Government of India Act, 1935, for the conditions of services of persons serving His Majesty in a civil capacity (including Railways) in India in connection with the affairs of the Federation (Central Government)? If so, when were they made and published in the *Gazette of India*?

The Honourable Sir Reginald Maxwell: No. Several rules have been made by the Central Government under this Section consolidating, revising and amending the rules in force immediately before the 1st April 1937, which by virtue of Section 276 of the Act continued in force from that date. The rules regulating the conditions of service of railway servants will be found in the publication called the State Railway Establishment Code. The other rules have been published from time to time in the *Gazette of India*.

THEFTS REGISTERED BY THE POLICE STATION, SHAHDARA, DELHI.

61. Mr. Muhammad Azhar Ali: Will the Honourable the Home Member please state the number of thefts registered by the Police Station, Shahdara, Delhi Province, during 1943, and the number of them so far remained untraced together with the minimum and maximum period taken in tracing them?

The Honourable Sir Reginald Maxwell: There were 18 cases of theft registered at the Shahdara Police Station during the year 1943, of which 6 remained untraced. The time taken in investigation ranged from three to eight weeks.

PROCEDURE FOR ADMISSION AS ACCREDITED CORRESPONDENTS.

62. Mr. Muhammad Azhar Ali: Will the Honourable Member for Information and Broadcasting please state:

(a) the procedure prescribed for admission for publicity of the accredited correspondents with the Government of India;

(b) the nature of privileges, rights or concessions granted to an accredited correspondent; and

(c) whether there is any discrimination in treatment, privileges, rights or concessions amongst them; if so, what?

The Honourable Sir Sultan Ahmed: (a), (b) and (c). A statement giving the information required is laid on the table.

Statement.

(a) The procedure prescribed for the accreditation of Press Correspondents at the Headquarters of Government of India is:

1. Any correspondent seeking to be accredited must produce a letter from the Editor of his paper or News Agency, requesting that he may be accredited.

2. The correspondents must be genuine accredited agents, representing *bona fide* news agencies, newspapers or periodicals published at regular intervals of not more than one week.

3. There may be, from time to time, cases of genuine journalists who are either freelance or who represent periodicals published at intervals greater than one week; in such cases, without being accredited to the Government of India, they may be allowed to receive the material issued by the Bureau of Public Information (if they arrange to have it fetched themselves from the Bureau) and to make inquiries from the Bureau's Information Officers, but they will not normally be admitted to Press Conferences.

4. The foregoing applies only to the correspondents stationed permanently at the headquarters of the Government of India. In the case of occasional visiting correspondents, generally of overseas newspapers, the Principal Information Officer may informally allow them the privileges of the press room during limited period.

The above rules are under revision.

(b) The privileges, rights, etc., of an accredited correspondent are :—

1. He may obtain authoritative information regarding the activities of the Departments of the Government of India.

2. He is invited to all Government of India Press Conferences.

3. He receives Government of India *communiqués*, Press notes and background material issued by the Bureau; these are delivered at his residence.

4. He is allowed the use of the Government of India Press Room and Library.

(c) No.

ESSENTIAL SUPPLIES SCHEME.

63. Mr. Muhammad Azhar Ali: Will the Honourable the Home Member please state the particulars of the Essential Supplies Scheme, i.e., the supply of commodities to Government servants, and whether the said scheme is working satisfactorily? If not, what are the reasons therefor?

The Honourable Sir Reginald Maxwell: Under the Essential Supplies Scheme arrangements have been made for the supply of wheat, rice, sugar, kerosene, steam coal, soft-coke, charcoal and firewood for all wholtime Central Government servants living in Delhi. Broadly speaking, the arrangements are that some dealers, out of those who are already doing business in Delhi, have been selected for the purpose of selling the commodities to Government servants on the presentation of coupons and at agreed prices. Wherever necessary, assistance to the extent possible is given in obtaining supplies. Although shortages, particularly of fuel and kerosene, have been experienced now and again, the scheme is on the whole working satisfactorily.

REPRESENTATIONS FOR REVISION OF DEARNESS ALLOWANCE RATES.

64. Mr. N. M. Joshi: Will the Honourable the Finance Member be pleased to state:

(a) whether it is a fact that the working class cost of living index figure as published in the Bombay Government Gazette was 105 for the month of August, 1939 and 117 for January, 1941;

(b) whether the said figure had steadily increased and it rose to 121 in April, 1941, 136 in January, 1942, 168 in August, 1942, 203 in January, 1943, 227 in May, 1943, 245 in September, 1943, and 248 in October, 1943;

(c) whether Government had received representations from their employees in the Postal and other Departments for a further revision of rates of the dearness allowance; and if so, whether Government are prepared to grant their request, and to what extent, and from which date;

(d) if the answer to (c) above be in the negative, the reasons and grounds on which Government refused to revise the rates and extend its benefit to the employees in receipt of pay in excess of the pay-limits fixed for granting the same; and

(e) whether Government are aware of the great dissatisfaction and discontent prevailing among, and the hardships caused to, their employees by reason of their refusal to revise their policy regarding the grant of dearness allowance?

The Honourable Sir Jeremy Raisman: (a) Yes.

(b) Yes, except that the figure for January 1942 was 137.

(c), (d) and (e). The question of revising the existing rates of dearness allowance is under consideration.

DEARNESS ALLOWANCES FOR INFERIOR SERVANTS.

65. Mr. N. M. Joshi: Will the Honourable the Finance Member be pleased to state:

(a) the principles, basis and methods which Government have adopted or propose to adopt in regard to the grant of dearness allowance to their inferior and subordinate employees working in different departments and different places;

(b) whether they grant the allowance on the same principles, basis and methods on which employees of the major industrial and commercial concerns in principal places in India grant such allowance to their employees; and

(c) if the reply to (b) be in the negative; the reasons and grounds for their not doing so?

The Honourable Sir Jeremy Raisman: (a) The attention of the Honourable Member is invited to the memoranda on dearness allowance in the proceedings of the Standing Finance Committee at their meetings of 19th September, 1942, 8th February and 31st July, 1943.

(b) and (c). Government are not aware that any uniform principles, bases or methods have been accepted for general adoption by all major industrial and commercial concerns. It may further be observed that the conditions of service of Government servants differ substantially in certain regards from those of individuals in private employ. Attention is also invited in this connection to the reply given on the 11th August, 1943, to part (b) of Mr. A. N. Chattopadhyaya's starred question No. 312.

DEARNESS ALLOWANCE SANCTIONED FOR EMPLOYEES OF THE CENTRAL GOVERNMENT

66. Mr. N. M. Joshi: Will the Honourable the Finance Member be pleased to state:

(a) the date when the dearness allowance was first sanctioned to the employees of the Central Government working in different places in India, and the wage limits up to which it was sanctioned;

(b) the cost of living index figure, official or otherwise, prevailing in August, 1939, and thereafter in places such as Bombay, Madras, Nagpur, Cawnpore and Calcutta;

(c) the date from which actual effect was given to their orders sanctioning the said allowance; and

(d) the dates and other particulars on the points mentioned in (a), (b) and (c) above, regarding the revision of the said allowance sanctioned from time to time thereafter?

The Honourable Sir Jeremy Raisman: (a) Dearness allowance on an all India basis was first sanctioned for Central Government employees (other than Railway servants) in August 1942. (Details will be found in the proceedings of the meeting of the Standing Finance Committee of the 19th September, 1942). Previous to that date, they were granted grain compensation or compensatory cost of living allowances at the rates admissible to similar employees of the local Governments of the Provinces in which they were stationed.

(b) A statement is attached.

(c) The all-India scheme was given effect to in respect of pay for August 1942 drawable in September 1942.

(d) The Honourable Member's attention is invited to the proceedings of the meetings of the Standing Finance Committee of the 8th February and 31st July, 1943.

Statement showing cost of living index figures.

Place.	Base.	August. 1939	August 1942	January 1943	June 1943
1. Bombay	Average for the year ending June 1934=100	105	168	203	235
2. Madras	Average for year ending June 1936=100	98	137	161	179
3. Nagpur	August 1939=100	100	183	212	361
4. Cawnpore	August 1939=100	100	206	227	335
5. Calcutta	August 1939=100	100	150	206	258

NOTE.—The figures given in the above table do not indicate that they form the scientific basis of our dearness allowance scheme. Instead, the scheme is linked to a general appreciation of the economic conditions obtaining in the country from time to time.

Dr. P. N. Banerjee (Calcutta Suburbs: Non-Muhammadian Urban): With your permission, Sir, may I make a statement?

Mr. President (The Honourable Sir Abdur Rahim): The Honourable Member cannot make any statement now.

STATEMENT OF BUSINESS.

The Honourable Sir Sultan Ahmed (Leader of the House): Sir, I undertook on Monday to make a statement today with reference to the request for an increase in the number of days allotted for the voting of Railway demands. Several Honourable Members appear to have been under the erroneous impression that the allotment of this year was unprecedentedly low. In point of fact, the allotment this year was the same as that which has been made every year from 1940 onwards. We recognise, however, that the number of parties competing on this occasion for an allotment of time for their cut notions has changed the position slightly; and, in the circumstances, His Excellency the Governor General has been pleased to allot Saturday, the 26th February, in addition to Thursday, the 24th and Friday, the 25th February, for the discussion of Railway demands. The House will remember that Saturday has already been appointed as a day on which the House would sit for the transaction of official business.

ELECTION OF MEMBERS TO THE STANDING COMMITTEE ON EMIGRATION.

Mr. President (The Honourable Sir Abdur Rahim): I have to inform the Assembly that up to 12 Noon on Wednesday, the 16th February, 1944, the time fixed for receiving nominations for the Standing Committee on Emigration, eleven nominations were received. Subsequently three candidates withdrew their candidature. As the number of remaining candidates is equal to the number of vacancies, I declare the following members to be duly elected: (1) Sir F. E. James, (2) Mr. N. M. Joshi, (3) Mr. Ananga Mohan Dam, (4) Mr. Amarendra Nath Chattopadhyaya, (5) Syed Ghulam Bhik Nairang, (6) Khan Bahadur Shaikh Fazl-i-Haq Piracha, (7) Sir Syed Raza Ali, and (8) Mr. M. Ghiasuddin.

MESSAGE FROM THE COUNCIL OF STATE.

Secretary of the Assembly: Sir, the following Message has been received from the Council of State:

"I am directed to inform you that the Council of State at its meeting held on the 21st February, 1944, agreed without any amendment to the following Bills, which were passed by the Legislative Assembly at its meetings held on the 10th and 16th February, 1944, namely:

1. A Bill further to amend the Coffee Market Expansion Act, 1942, and
2. A Bill to consolidate and amend the Law relating to central duties of excise and to Salt."

THE INDIAN COCONUT CESS BILL.

PRESENTATION OF THE REPORT OF THE SELECT COMMITTEE.

Mr. J. D. Tyson (Secretary, Department of Education, Health and Lands): Sir, I present the Report of the Select Committee on the Bill to provide for the creation of a fund for the improvement and development of the cultivation, marketing and utilization of coconuts in India.

DECLARATIONS OF EXEMPTION UNDER THE REGISTRATION OF FOREIGNERS ACT.

The Honourable Sir Reginald Maxwell (Home Member): I lay on the table a copy each of the Declarations of Exemption:

- (i) No. 1/52/43-Poll. (E), dated the 20th November, 1943;
- (ii) No. 1/53/43-Poll. (E), dated the 7th December, 1943;
- (iii) No. 1/54/43-Poll. (E), dated the 7th December, 1943;
- (iv) No. 1/55/43-Poll. (E), dated the 7th December, 1943;
- (v) No. 1/57/43-Poll. (E), dated the 7th December, 1943;

- (vi) No. 1/58/43-Poll. (E), dated the 7th December 1943;
- (vii) No. 1/60/43-Poli. (E), dated the 23rd December 1943;
- (viii) No. 1/61/43-Poll. (E), dated the 23rd December 1943;
- (ix) No. 1/64/43-Poll. (E), dated the 4th January 1944;
- (x) No. 1/1/44-Poll. (E), dated the 18th January 1944;
- (xi) No. 1/4/44-Poll. (E), dated the 25th January 1944; and
- (xii) No. 1/5/44-Poll. (E), dated the 28th January 1944.

No. 1/52/43-POLITICAL (E).

GOVERNMENT OF INDIA
HOME DEPARTMENT

Simla, the 20th November, 1943.

DECLARATION OF EXEMPTION.

In exercise of the powers conferred by section 6 of the Registration of Foreigners Act, 1939 (XVI of 1939), the Central Government is pleased to declare that the provisions of the Registration of Foreigners Rules, 1939, except rule 8 and such of the provisions of rules 4, 14, 15 and 16 as apply to, or in relation to passengers and visitors who are not foreigners, shall not apply to, or in relation to, Mr. Thomas Pao, a Chinese national, accompanying the Chinese Goodwill Mission to India.

A. W. LOVATT,

Under Secretary to the Government of India.

No. 1/53/43-POLITICAL (E).

GOVERNMENT OF INDIA
HOME DEPARTMENT

Simla, the 7th December, 1943.

DECLARATION OF EXEMPTION.

In exercise of the powers conferred by section 6 of the Registration of Foreigners Act, 1939 (XVI of 1939), the Central Government is pleased to declare that the provisions of the Registration of Foreigners Rules, 1939, except rule 8 and such of the provisions of rules 4, 14, 15 and 16 as apply to, or in relation to passengers and visitors who are not foreigners, shall not apply to, or in relation to,—

1. Mr. Newton Drew, Industrial Engineer with the U. S. Lend-Lease Mission.
 2. Mr. Paul A Casey.
 3. Mr. Harry R. Haffman
- } Clerks of the U. S. Mission in India.
- for so long as they remain in their present posts.

A. W. LOVATT,

Under Secretary to the Government of India.

No. 1/54/43-POLITICAL (E).

GOVERNMENT OF INDIA
HOME DEPARTMENT

Simla, the 7th December, 1943.

DECLARATION OF EXEMPTION.

In exercise of the powers conferred by section 6 of the Registration of Foreigners Act, 1939 (XVI of 1939), the Central Government is pleased to declare that the provisions of the Registration of Foreigners Rules, 1939, except rule 8 and such of the provisions of rules 4, 14, 15 and 16 as apply to, or in relation to passengers and visitors who are not foreigners, shall not apply to, or in relation to, Nathaniel H. Callard, Deputy Representative of the Overseas Operations Branch of the United States Office of War Information, for so long as he remains in that post.

A. W. LOVATT,

Under Secretary to the Government of India.

No. 1/55/43-POLITICAL (E)

GOVERNMENT OF INDIA
HOME DEPARTMENT

Simla, the 7th December, 1943.

DECLARATION OF EXEMPTION.

In exercise of the powers conferred by section 6 of the Registration of Foreigners Act, 1939 (XVI of 1939), the Central Government is pleased to declare that the provisions of the Registration of Foreigners Rules, 1939, except rule 8 and such of the provisions of rules 4, 14, 15 and 16 as apply to, or in relation to passengers and visitors who are not foreigners, shall not apply to, or in relation to, Miss C. K. Cumming, Special Correspondent of the Christian Science Monitor, for so long as she remains in that post.

A. W. LOVATT,

Under Secretary to the Government of India.

LEGISLATIVE ASSEMBLY
No. 1/57/43-POLITICAL (E).
GOVERNMENT OF INDIA
HOME DEPARTMENT

[28RD FEB. 1944]

Simla, the 7th December, 1943.

DECLARATION OF EXEMPTION.

In exercise of the powers conferred by section 6 of the Registration of Foreigners Act, 1939 (XVI of 1939), the Central Government is pleased to declare that the provisions of the Registration of Foreigners Rules, 1939, except rule 8 and such of the provisions of rules 4, 14, 15 and 16 as apply to, or in relation to passengers and visitors who are not foreigners, shall not apply to, or in relation to,—

1. Mr. C. H. Muradian, and 2. Mr. George Corley, Assistants in the U. S. Office of War information, for so long as they remain in their present posts.

A. W. LOVATT,

Under Secretary to the Government of India.

No. 1/58/43-POLITICAL (E).
GOVERNMENT OF INDIA
HOME DEPARTMENT

Simla, the 7th December, 1943.

DECLARATION OF EXEMPTION.

In exercise of the powers conferred by section 6 of the Registration of Foreigners Act, 1939 (XVI of 1939), the Central Government is pleased to declare that the provisions of the Registration of Foreigners Rules, 1939, except rule 8 and such of the provisions of rules 4, 14, 15 and 16 as apply to, or in relation to passengers and visitors who are not foreigners, shall not apply to, or in relation to,—

1. Mr. Seymour Janow, U. S. Office of Economic Warfare, and

2. Mr. Hal Henry Strouse, Machine-tool specialist attached to the U. S. Office of Lend-Lease Administration, for so long as they remain in their present posts.

A. W. LOVATT,

Under Secretary to the Government of India.

No. 1/60/43-POLITICAL (E).
GOVERNMENT OF INDIA
HOME DEPARTMENT

Simla, the 23rd December, 1943.

DECLARATION OF EXEMPTION.

In exercise of the powers conferred by section 6 of the Registration of Foreigners Act, 1939 (XVI of 1939), the Central Government is pleased to declare that the provisions of the Registration of Foreigners Rules, 1939, except rule 8 and such of the provisions of rules 4, 14, 15 and 16 as apply to, or in relation to passengers and visitors who are not foreigners, shall not apply to, or in relation to,—

1. Mrs. Esther B. Wolfe, a clerk in the U. S. Mission;

2. Miss Lucille Gibbons, Confidential Secretary in the U. S. Office of War Information, for so long as they remain in their present posts.

A. W. LOVATT,

Under Secretary to the Government of India.

No. 1/61/43-POLITICAL (E).
GOVERNMENT OF INDIA
HOME DEPARTMENT

Simla, the 23rd December, 1943.

DECLARATION OF EXEMPTION.

In exercise of the powers conferred by section 6 of the Registration of Foreigners Act, 1939 (XVI of 1939), the Central Government is pleased to declare that the provisions of the Registration of Foreigners Rules, 1939, except rule 8 and such of the provisions of rules 4, 14, 15 and 16 as apply to, or in relation to passengers and visitors who are not foreigners, shall not apply to, or in relation to Mr. Wallace Harper, a member of the China Lend-Lease Administration, for so long as he holds that post.

A. W. LOVATT,

Under Secretary to the Government of India.

No. 1/64/43-POLITICAL (E).

GOVERNMENT OF INDIA
HOME DEPARTMENT*Simla, the 4th January, 1944.*

DECLARATION OF EXEMPTION.

In exercise of the powers conferred by section 6 of the Registration of Foreigners Act, 1939 (XVI of 1939), the Central Government is pleased to declare that the provisions of the Registration of Foreigners Rules, 1939, except rule 8 and such of the provisions of rules 4, 14, 15 and 16 as apply to, or in relation to passengers and visitors who are not foreigners, shall not apply to, or in relation to, William M. Roth, a member of the U. S. Office of War Information, for so long as he remains in that post.

A. W. LOVATT,

Under Secretary to the Government of India.

No. 1/1/44-POLITICAL (E).

GOVERNMENT OF INDIA
HOME DEPARTMENT*Simla, the 18th January, 1944.*

DECLARATION OF EXEMPTION.

In exercise of the powers conferred by section 6 of the Registration of Foreigners Act, 1939 (XVI of 1939), the Central Government is pleased to declare that the provisions of the Registration of Foreigners Rules, 1939, except rule 8 and such of the provisions of rules 4, 14, 15 and 16 as apply to, or in relation to passengers and visitors who are not foreigners, shall not apply to, or in relation to—1. Miss Mary F. Healy; 2. Miss Alexandra Cebel and 3. Miss Virginia Willis, members of the staff of the Foreign Economic Administration of the United States of America in India for so long as they remain in their present posts.

A. W. LOVATT,

Under Secretary to the Government of India.

No. 1/4/44-POLITICAL (E).

GOVERNMENT OF INDIA
HOME DEPARTMENT*Simla, the 25th January, 1944.*

DECLARATION OF EXEMPTION.

In exercise of the powers conferred by section 6 of the Registration of Foreigners Act, 1939 (XVI of 1939), the Central Government is pleased to declare that the provisions of the Registration of Foreigners Rules, 1939, except rule 8 and such of the provisions of rules 4, 14, 15 and 16 as apply to, or in relation to passengers and visitors who are not foreigners, shall not apply to, or in relation to, David M. Botsford Jr., Assistant Representative of the U. S. Office of War Information, for so long as he remains in that post.

A. W. LOVATT,

Under Secretary to the Government of India.

No. 1/5/44-POLITICAL (E).

GOVERNMENT OF INDIA
HOME DEPARTMENT*Simla, the 28th January, 1944.*

DECLARATION OF EXEMPTION.

In exercise of the powers conferred by section 6 of the Registration of Foreigners Act, 1939 (XVI of 1939), the Central Government is pleased to declare that the provisions of the Registration of Foreigners Rules, 1939, except rule 8 and such of the provisions of rules 4, 14, 15 and 16 as apply to, or in relation to, passengers and visitors who are not foreigners, shall not apply to, or in relation to, Robert C. Cockburn, Port Representative on the staff of the Special Representative of the United States War Shipping Administration in India, for so long as he remains in that post.

A. W. LOVATT,

Under Secretary to the Government of India.

AMENDMENTS TO AJMER-MERWARA MOTOR VEHICLES RULES.

Sir Gurunath Bewoor (Secretary, Posts and Air Department): I lay on the table a copy of the notification issued by the Chief Commissioner, Ajmer-Merwara, No. F/22-18 (CC), dated the 18th, January, 1944, relating to rules framed under the Motor Vehicles Act, 1939.

ORDERS BY THE CHIEF COMMISSIONER, AJMER-MERWARA.

NOTIFICATION.

Ajmer, the 18th January, 1944.

No. F./22-18 (CC).—The Chief Commissioner is pleased to make the following amendments in the Ajmer-Merwara Motor Vehicles Rules, 1940, published with his notification No. 1141/34-W./38-III, dated the 12th June, 1940, the amendments having been previously published in this Administration's Notification No. F./14-1, dated the 8th August 1943:—

CHAPTER I.—Preliminary.

Rule 1.2.—After clause (g) the following shall be inserted, namely, “(g) ‘Producer’ means the whole of the generator, pipes, coolers, filters and accessories necessary for the generation of gas and its supply to the engine”.

In regard to vehicles already in operation on the road, and which have been fitted with a producer approved by a competent authority prior to the date of issue of these Rules, the provisions in these Rules, save as regards any subsequent modification under rule 7.3 (3) shall not apply, so long as the producer, its method of attachment and its maintenance conform with the rules in force at the time when it was fitted.

After Chapter VI the following Chapter shall be inserted namely:—

CHAPTER VII.—Producer gas for motor vehicles.

7.1. (1) On or after the 15th October 1942, no producer shall be fitted to a motor vehicle unless the producer—

(a) has been made by a manufacturer approved in this behalf by the Registering Authority;

(b) is of a type of model approved by, and in accordance with specifications approved by, that authority for use on the type of vehicle concerned;

(c) has affixed to the generator in such a manner as to be clearly visible, a metal plate having legibly displayed upon it the name of the manufacturer, the description, name, mark or number assigned to it by the Registering Authority under sub-rule (1) of rule 7.3 and the manufacturer's serial number.

(2) Any producer approved by a competent authority elsewhere in British India as specified in Schedule I and any modification thereof approved by the original authority shall be deemed to be approved for the purposes of sub-rule (1) of this rule.

7.2 (1) Any person seeking the approval of the Registering Authority under rule 7.1 shall make application in writing to the said authority accompanied by duplicate copies of the specifications, of clear drawings or prints of the producer and of the instructions for working it, and shall state the type or model of motor vehicle, and the horsepower of engine for which the producer is intended.

(2) The instructions for the working and maintenance of the producer shall be subject to the approval of the Registering Authority who shall cause to be endorsed thereon a statement of the materials and parts declared by the applicant not to be calculated to withstand two years' fair wear and tear. A copy of the above instructions, so approved and endorsed, and bearing upon it the particulars specified in clause (c) or rule 7.1 (1) shall be attached to or tendered with every producer offered for sale. The instructions referred to in subparagraphs (1) and (2) of rule 7.2 shall include the manufacturers' recommendations as to lubrication generally, and in particular upper cylinder lubrication.

(3) If so required by the said authority, a person who has made an application under sub-rule (1) of this rule shall:—

(a) submit the producer to such test and in such laboratory or workshop and by such person as the authority may specify; and

(b) furnish at his own expense a vehicle fitted with the producer for test on a reasonably level road (including road journey solely on producer gas of not less than 50 miles continuous).

7.3. (1) When the Registering Authority approves of any type or model of producer he shall inform the applicant in writing accordingly, and shall intimate the description, name, mark or number under which it may be offered for sale.

(2) No person shall sell or offer for sale any producer which does not conform in every material respect to the specification approved by the Registering Authority in relation to the name, mark or number displayed on the generator in accordance with clause (c) of rule 7.1 (1).

(3) A manufacturer who proposes to modify or alter in any way the design or specification of an approved type or model of producer shall, before offering the modified type or model for sale make application to the Registering Authority with particulars of the modification or changes proposed, and shall obtain the approval of the Registering Authority thereto.

(4) Upon receipt of an application under sub-rule (3) the Registering Authority may, if he thinks fit, require the modified type or model to be subjected to the tests specified in sub-rule (3) of rule 7.2.

7.4. Before according approval to any type or design of producer, the Registering Authority shall satisfy himself that the design and construction proposed are in accordance with the provisions of these rules and the general specification at Schedule II.

7.5. (1) Every producer shall be installed and maintained in accordance with the specifications and with all reasonable care necessary to prevent danger from fire, gas-poisoning and burns, and, in particular, all pipes, joints, valves, and all covers to hoppers, generators, coolers, filters and any other accessories shall be free from gas or air leaks.

(2) If an escape funnel be fitted to any generator, for use during the blowing of air through the generator, the mouth of the funnel shall be above the roof level of the vehicle measured externally. A suitable valve or flame trap shall be fitted to the air inlet of all types of generator to prevent danger from blowback.

7.6. (1) No part of any producer shall be placed so as to reduce the field of vision of the driver by means of the mirror prescribed in rule 5.7 or otherwise, or so as to impede the driver in the control of his vehicle.

(2) In a public service vehicle—

(a) no part of the producer shall be placed within the passengers' compartment; and

(b) the generator shall be placed in rear of the passengers' compartment either completely outside it, or recessed into the rear panel, and shall be insulated and have the clearance prescribed in rule 7.7;

(c) in the case of any generator fitted in the rear of a vehicle and to one side of the vehicle, suitable means shall be taken to compensate for the additional weight by inserting one or more leaves in the rear springs of the vehicle at that side.

Provided that notwithstanding the provisions of rule 6.19 the generator and a reserve of fuel not exceeding one hundred and fifty pounds in weight may be carried on a trailer attached to a public service vehicle.

(3) No public service vehicle towing a producer shall have any opening or door in the rear end of the vehicle.

(4) In a transport vehicle other than a public service vehicle the generator shall not be placed forward of the rear of the driver's cab, and shall be insulated and have the clearance prescribed in rule 7.7.

Provided that in the case of any special purpose vehicle, the Registering Authority, may, subject to the provision of adequate means of egress for the driver (such as a hinged canvas tilt, or overhead flap opening) specify that the generator may be placed level with the driver's seat.

7.7. (1) On any motor vehicle if any part of the generator is so placed as to be within a distance of six inches in a horizontal plane from any part of the vehicle, the vehicle shall be insulated from the generator by a sheet of asbestos one-eighth of an inch thick, or by such other insulating material, and of such thickness as the Registering Authority may by general or special order in writing specify in this behalf, not less in height than the height of the generator including the hopper and of such a width as—

(a) where the generator is recessed, completely to line the recess,

(b) where the generator is not recessed, to project for a distance of not less than six inches on either side of the generator.

(2) No part of a generator shall have a clearance between it and the insulating material prescribed in sub-rule (1) of less than two inches.

7.8. No generator, and no pipe between the generator and the gas filters shall be so placed that any part of the generator or such pipe is within a distance of less than—

(a) two feet from any part of the petrol tank,

(b) four feet from the filling point or orifice of the petrol tank.

7.9. On any transport vehicle the filters and gas coolers shall be so placed as to be readily accessible for cleaning at any time.

7.10. Every part of the producer shall be firmly and securely fixed in place, and all pipes, valves, joints and hoppers lids or covers shall at all times be maintained in a gas-tight condition.

7.11. No driver or other person in charge of a motor vehicle to which a producer is fitted shall:—

(a) at any time when there is fire in the generator, cause or allow the vehicle to stop or remain stationary at a distance of less than 20 yards from any petrol pump or place where petrol is supplied in tins;

(b) at any time when there is fire in the generator, pour petrol or cause or allow petrol to be poured into the petrol tank;

(c) carry, or cause or allow to be carried in the vehicle (save in the regular petrol tank thereof), any petrol or other inflammable or explosive substance;

(d) clean or take out the generator at any appointed bus stand or stopping place or within a distance of less than 20 yards from any other motor vehicle, or cause or allow the same to be done by any person;

(e) where a park, bus stand, or halting place or a part of a park, bus stand, or halting place is set apart for vehicles fitted with producers, allow the vehicle to stop or remain stationary in any other park, bus stand, or halting place or other part thereof, as the case may be;

(f) place the vehicle or cause or allow it to be placed in any garage or shed unless the garage or shed is provided with a permanent opening or openings for sufficient ventilation other than doors or windows that may be closed.

7.12. (1) The projection of any part of a producer beyond the rear of the vehicle shall be deemed not to be part of the vehicle for the purposes of rules 5.19 and 5.21.

(2) No producer shall be fitted to any motor vehicle in such a way that the vehicle thereby contravenes the provisions of rule 5.18 or rule 5.20.

SCHEDULE I.

[See rule 7.1 (2).]

[List of competent authorities in British India whose approval is accept for the purpose of rule 7.1 (2).]

Ajmer-Merwara District—The Registering Authority, Ajmer-Merwara.

SCHEDULE II.

(See rule 7.43.)

Producer gas plants for mechanically propelled vehicles. General Specification.

1. *Design.*—The general design shall be reasonably simple, and suitable to the type of vehicle for which it is intended. It shall be such that it can be fitted to the vehicle in such a way that the driver's vision and control of his vehicle are not impeded; that the convenience and safety of the passengers is not endangered; and that the coolers, filters, pipes, and any other parts requiring frequent cleaning and attention can be installed in readily accessible places.

2. *Performance.*—The producer shall be capable of providing gas sufficient to propel the vehicle under gas alone along a level road with its full lawful loading at a sustained speed of not less than—

(i) in the case of goods vehicle being a heavy transport vehicle—20 miles per hour.

(ii) in any other case—30 miles per hour.

3. *Fuel capacity.*—The effective fuel capacity of the Generator and Hopper shall be sufficient to provide fuel to propel the vehicle under producer gas for a distance of not less than 50 miles along a level road, without recharging.

4. *Filtering System Capacity.*—This shall be such as to ensure that in normal circumstances the system shall not require cleaning at intervals of less than 50 miles.

5. *Construction.*—The plant shall be constructed, put together, and installed, in a sound and workmanlike manner. The materials and method of construction specified by the manufacturer applicant shall, save as otherwise declared by him, be calculated to withstand fair wear and tear for a period of not less than two years under the normal conditions of working and maintenance of the type of vehicle for which the plant is intended. The plant shall not form an inflexible or rigid unit, but shall be connected with flexible couplings at approximate points to relieve any stresses within itself or due to travel on the road. No rubber hose shall ordinarily be used as a flexible connection between the generator and the cooler.

6. *Generators.*—Generators are divided into three main types, viz., Updraft, Downdraft, and Cross-draft. The materials for the construction of Generators including Hoppers, and outer shells, if any, shall be of Mild Steel Sheet and shall not be less than No. 16 B. W. G. (0.065 in. thick) with the exception that in the case of any Updraft Generators in which no refractory lining is used, the fire-box shall be constructed of Mild Steel Sheet not less than No. 11 B. W. G. (0.120 in. thick) for a distance of 12 in. above the grate or to the top of the gas offtake, whichever is the less. In the case of Crossdraft Generators where no refractory lining is used, the distance from the mouth of the tuyere to any part of the shell shall not be less than 5 in. All generator cover and generator flange joints shall be made of heat resisting material. If an escape funnel be fitted to any Generator, for use during the blowing of air through such Generator, the mouth of the funnel shall be above the roof level of the vehicle measured externally. A suitable valve or suitable flame trap shall be fitted to the air inlet of all types of Generator to prevent danger from blowback.

7. *Coolers.*—The material from which coolers are made shall be mild steel copper or brass sheet not less than No. 18 B. W. G. (0.049 in. thick). All coolers must be made so that they can be readily cleaned.

8. *Filtering.*—The gas-filtering system shall be in not less than three stages, of which the last stage shall be felt or other approved fabric, provided that the Provincial Government may by notification approve any filtering system. The test mentioned at rule 7.2 (3) (a) may include a gas filtering test with the object of determining the purity of the gas in this respect. The materials from which filter casings and all gas piping up to the mixing chamber or carburettor are made shall not be less than No. 18 B. W. G. (0.049 in. thick).

9. *Flanges and Flange Joints.*—Flanges fitted to piping shall be made of material not less than No. 11 B. W. G. (0.120 in. thick). Each flange shall be secured by not less than 4 bolts.

10. *Use of Water.*—Where water is used, either for injection, or for cooling tuyeres, it shall be provided from a source other than the engine cooling system, and shall not be in circuit therewith.

By Order,

M. S. CHAKRABARTY,

Financial Assistant to the Chief Commissioner, Ajmer-Merwara.

ELECTION OF MEMBERS TO THE STANDING COMMITTEE ON PILGRIMAGE TO THE HEJAZ.

The Honourable Dr. N. B. Khare (Member for Indians Overseas): Sir, I move:

“That this Assembly do proceed to elect, in such manner as the Honourable the President may direct, five Muslim Members to sit on the Standing Committee on Pilgrimage to the Hejaz, the term of office of the present Members of which expires on the 31st March, 1944.

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

"That this Assembly do proceed to elect, in such manner as the Honourable the President may direct, five Muslim Members to sit on the Standing Committee on Pilgrimage to the Hejaz, the term of office of the present Members of which expires on the 31st March, 1944.

The motion was adopted.

Mr. President (The Honourable Sir Abdur Bahim): I have to inform Honourable Members that for the purpose of election of members for the Standing Committee on Pilgrimage to the Hejaz the Notice Office will be open to receive nominations up to 12 o'clock on Friday, the 25th February, 1944, and that the election, if necessary, will be held on Wednesday, the 1st March, 1944. The election, which will be conducted in accordance with the principle of proportional representation by means of the single transferable vote, will be held in the Assistant Secretary's room in the Council House, New Delhi, between the hours of 10-30 A.M. and 1 P.M.

THE COAL MINES SAFETY (STOWING) AMENDMENT BILL.

The Honourable Dr. B. R. Ambedkar (Labour Member): Sir, I move:

"That the Bill further to amend the Coal Mines Safety (Stowing) Act, 1939, be taken into consideration."

Sir, this Bill seeks to make certain amendments to the Coal Mines Safety (Stowing) Act of 1939. As Honourable Members of the House will remember the Coal Mines Act was passed in 1939. It created a body called the Stowing Board. The function of the Board was principally to administer the fund which is raised by the levy on coal and coke and to spend it on the stowing of coal mines in order to prevent fires in the mines. In the course of the administration of this Act, it has been found that there are certain defects which need to be remedied. This Bill proposes to deal only with three of such questions because it has been found that they are the most urgent and need immediate attention. Of these three questions, the first question is the one which relates to the amendment of section 8. The House will remember that section 8 deals with the functions of the Board and prescribes the object on which the money arising out of this fund could be spent. Section 8 permits the Board to spend money to meet the expenses of the administration. Secondly, it allows the Board to grant stowing materials and other assistance to owners or agents and managers of coal mines for stowing operation. Section 3 permits the Board to execute other operations in furtherance of the objects of the Act, and fourthly, it permits the Board to spend money on research work connected with stowing. It has been found that section 8 does not make any provision for permitting the Board to spend money on stowing operations undertaken by itself. This, it is found, is a great lacuna. It is necessary in the opinion of the experts that such a power should be given to the Board and consequently the first amendment which clause 2 of the Bill proposes to make is to alter the wording of sub-clause (iii) of clause (1) of section 8, by permitting the Board to undertake stowing directly by itself and to spend money on that purpose out of the fund which it controls. The second amendment to the Bill relates to section 10. Section 9, sub-clause (3) of the Coal Mines Safety (Stowing) Act permits the Chief Inspector of Mines to issue an order on the owner or the agent of a coal mine, and to require him to take such protective measures as may be necessary in the interest of the safety of coal. Section 10 of the Act makes such an order an appealable order, but it has been found that while the order issued by the Coal Mining expert or the Inspector is an appealable order, there is no provision made in the Act to permit the owner to go to the appellate body and obtain stay or execution of the order issued against him by the Inspector of Coal Mines. It has been suggested that this is an unfortunate provision, that there should be a right of appeal, but there should not be a provision for the stay of execution of the original order. This lacuna is sought to be removed by the addition of a proviso to section 10 of the present Act and this is done by clause 3 of the present Bill. The third amendment which is sought to be made in the Act relates to the question whether the Board should or should not have authority to undertake stowing by itself. Stowing is an important function. Its purpose is to save coal which otherwise is likely to burn away. It has been

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found that there are some mines which are abandoned, over which there is nobody to exercise any control, and most persons, it has been found, very easily abandon mines whenever they find that the coal underneath has taken fire. There are cases where the ownership of a mine is in dispute or where the owner is not in a position to undertake stowing operations himself. Consequently in such cases there is nobody on whom the liability for stowing could be imposed nor is there anybody on whom an order could be served. To avoid such a situation, it is felt that power must be given to the Board in order that the Board might itself undertake the work of stowing. Incidentally, if the Board is to perform such a task it must also be given the power to enter upon the land which is the property of the mine owner. This is sought to be done by a new clause which is 10-A, and it gives power to the Board to undertake the stowing and also to have the power to enter upon the premises.

The Bill is a very simple measure and I do not think it needs any more explanation than I have given. It is a non-controversial measure and I hope the House will accept it.

Sir, I move.

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

"That the Bill further to amend the Coal Mines Safety (Stowing) Act, 1939, be taken into consideration."

Mr. C. C. Miller (Bengal; European): Sir, I have two points only to make in connection with this Bill which is supported by the European Group. The first point is that we should like an assurance from the Honourable Member that the powers which are allotted to the Coal Mines Stowing Board under this Bill will only be utilised in case of an emergency. That is obviously the principle, from the Statement of Objects and Reasons, in which the emergencies, under which these powers might be exercised, are detailed. But in the body of the Bill it is merely stated, "if in the opinion of the Board it is necessary or desirable that these protective measures should be adopted". We fully realise that all the emergencies could not be detailed in the Bill itself, but I hope that the Honourable Member will give an assurance that these powers will only be used under abnormal circumstances and not in normal circumstances.

My second point is a much more general one. The Honourable Member kindly deferred consideration of this Bill from a much earlier date in the present Session and we are grateful to him for his courtesy in so doing. At the same time we are sensible that this has to a certain extent delayed the proceedings of this House, which we are at all times anxious to avoid. There is now a convention of introducing minor Bills of this nature on the first day of the Assembly and putting them down for discussion and passing on the fourth day, which really does not give sufficient time to properly consider a Bill or to get into touch with those interests which are affected by it; and I put it forward merely as a suggestion to be considered by the Honourable Member and other Members of the Government Bench that it might be possible in the case of simple measures of this nature to arrange for their publication in the *Gazette* prior to a Session in order that we might have time to consider them, in which case there would not be the same objection when they are being taken up at that very early date in a Session.

Sir, we support the Bill.

Dr. Sir Zia Uddin Ahmad (United Provinces Southern Divisions: Muhammadan Rural): Sir, when this Bill came for discussion for the first time it was urged from this side of the House that Government should see that there may be no difference of opinion or any kind of quarrel, if I may use a stronger word, between this Board and the mine-owners, or unnecessary interference in the work done under the supervision of the mine-owners. The argument that has been given by the Honourable Member is a sound one, namely, that the Board ought to undertake the stowing operations in the case of mines which have been given up, because there is nobody to look after them. But in the case of mines which are now working satisfactorily there should be some kind of safeguard and some undertaking given by Government that this power will

be exercised with discrimination, so that difference of opinion may not arise between this Board and the mine-owners. This is very important at the present time when we find such shortage of coal and every effort must be made to increase the output of coal to meet the civil and other requirements of the country. This is a point on which the Honourable Member should clearly give an undertaking that such cases would not arise and interference will only be exercised when it is necessary. Safety of course comes first and if there be a mine-owner who may not listen to the requirements emphasised by the Board they should have the power to carry out their suggestions; but there is a danger of interference in matters which are not really very essential. That is the only apprehension which I have now and this apprehension I mentioned at the time when this Bill was first piloted in this House.

Mr. Hoosenbhoy A. Lalljee (Bombay Central Division: Muhammadan Rural): Sir, I rise to support the Bill. We do feel that the improvements that are suggested are very important and were required long ago. The only point that I should like to make is with regard to the operations that will be taken up by the Board; and ultimately we should like to know who is going to pay for them. Will the mine which has been abandoned by the owner, be a public property or will the mine owner have to pay for the same? Otherwise, we fully support the Bill.

Mr. President (The Honourable Sir Abdur Rahim): The question is: "That the Bill further to amend the Coal Mines Safety (Stowing) Act, 1939, be taken into consideration."

The motion was adopted.

Clauses 2 to 4 were added to the Bill.

Clause 1 was added to the Bill.

The Title and the Preamble were added to the Bill.

The Honourable Dr. B. R. Ambedkar: Sir, I move:

"That the Bill be passed."

I should like to take this opportunity to explain the point of view of Government with regard to certain points that have been raised by my Honourable friends. With regard to the point made by my Honourable friend, Mr. Miller, that Government have been getting into the habit of putting forth these Bills without sufficient notice what I should like to say is this. It is of course not possible for me, speaking individually, to bind Government as to the precise sort of action that Government ought to take with regard to these Bills. But with regard to the present measure I should like to say that I do not think that Government can be accused of being in a position of rushing the Bill through. I would remind the Honourable Member that this Bill has been under consideration for not less than six months. Secondly, and this is an important point, I would like the Honourable Member to bear in mind—the Bill, as put forth, has been suggested, in fact practically drafted, by the Stowing Board itself, and Stowing Board, as the Honourable Member will remember, is the most representative body that can be found to be connected with the coal mining industry. And, therefore, I certainly do not think that I should be criticised, so far as this particular measure is concerned, for having rushed through the Bill.

With regard to his other point, namely, that this measure will be used and put into action only whenever there is an emergency arising and not otherwise, I am quite prepared to give him that assurance. In fact, it is our intention to confine the powers which we are now giving to the Board to emergencies only.

With regard to the point made by my Honourable friend, Dr. Zia Uddin, who is not here at present, I did not quite appreciate what he was suggesting. So far as I have been aware, I have never known that there has been any point of difference or dispute between the Coal Mining Stowing Board and the coal owners, and I do not think that the provisions which we are now introducing are going to create any difference of opinion between the coal owners and the Stowing Board. They have been, so far as I know, more or less a happy family, and I have not come across a case where the Board has decided upon

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a policy which has been opposed by any particular member of the Coal Mining Association.

My Honourable friend, Mr. Hooseinbhoj Lalljee, raised a point which, I think, does require consideration, namely, as to the rights of the Government over the mines over which Government has spent money in stowing. I am sure that it is a valuable suggestion and an important point, and at some later stage I shall be able to say what Government's attitude on that point will be.

Sir, I have nothing more to say.

Mr. President (The Honourable Sir Abdur Rahim): Motion moved:
"That the Bill be passed."

Sir Henry Richardson (Nominated Non-Official): Sir, I should just like to clear a little misapprehension which I am afraid has been created in Dr. Ambedkar's mind over what my Honourable friend, Mr. Miller, said in regard to the rushing of the Bill. He did not say, as a matter of fact, that we were in any way accusing the Honourable Member of doing any such thing. Rather he thanked the Honourable Member for his courtesy in having agreed to delay the consideration of the motion, and there is no question in our mind that the Honourable Member has, in fact, rushed with it at all.

He mentioned that the Bill has been under consideration for six months and also that the Stowing Board was the most representative body, including coal mine owners, existing in India. Well, that may be so, but when you have the Bill itself coming before this House, there are other interests and there are other things which people have to consider besides those within just the frame-work of that representative body, and the general principle that my Honourable friend, Mr. Miller, has enunciated is one I do recommend Government seriously to consider not only, Sir, for business interests or interests of the employers or labour concerned but from the point of view of Government business and the facilitating of that business. There would not be, in my opinion, any necessity for the delay that there now is if Government would endeavour to publish their Bills so that the public and everybody concerned may have full notice of what actually is proposed to be contained in the Bill itself. We know very well that Government often put forward certain proposals. There is the frame-work of the scheme, but although we are allowed to give our opinions on that frame-work, the Bill itself is not often given us in its final form before we come here, and it is that final form that we have finally to consider and give our judgment on. Now, that final form has to be prepared sometime or other by Government, and I know that in war time there are very great difficulties in the Legislative Department in preparing these Bills because they have so many other things to do, but I do say, and this was Mr. Miller's point, that in case of those Bills where Government has prepared them before the Session, will they consider the suggestion that we have made of publishing them before the Session so that we may have the opportunity of considering them and thus facilitate Government's business? Sir, this House should give a lead to business interests in providing such facilities. I am sorry it does not always do so. The business of this House is not conducted in war time as it should be, and we want to do all that we possibly can to avoid that criticism which, I am afraid, has been justly made in the past.

The Honourable Sir Sultan Ahmed (Leader of the House): Sir, a very valuable suggestion has been made by my Honourable friend, Sir Henry Richardson, and Government will certainly consider that. Government have always tried their level best to give publicity to their Bills generally and in future also we will bear his suggestion in mind.

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

"That the Bill be passed."

The motion was adopted.

THE INDIAN COMPANIES (AMENDMENT) BILL.

The Honourable Sir M. Azizul Huque (Commerce Member): Sir, I move:

"That the Bill further to amend the Indian Companies Act, 1913, be taken into consideration."

And in doing so, I can assure the House, with regard to the remarks which have been made by Sir Henry Richardson and Mr. Miller, that so far as legislation of this character is concerned, we shall, as the Honourable the Leader of the House has said, do our best in future to avoid shortness of time as far as possible.

Sir, in December 1942 the Central Board of the Reserve Bank of India addressed the Government of India on the subject of the regulation of banking with particular reference to the trends observable since the outbreak of the war and their possible repercussions during the post-war period. That was in December 1942. The Board were informed in July 1941 of Government's decision not to undertake comprehensive banking legislation under abnormal conditions created by the war in view of the possibility of such legislation being controversial. While the Board realised the difficulty of any such controversial legislation, they very strongly pressed that certain changes should be made in the Companies Act to put a stop to certain undesirable features developing in the capital structure of the country.

A careful watch was kept by the Reserve Bank over the current banking developments since the war. From November 1939 till November 1942, it was found that 38 new banking companies came into existence and on a most careful study of their working methods the Reserve Bank came to the unhesitating conclusion that the majority of the new banks had commenced business with inadequate capital and that there were various other highly undesirable features likely to deceive the public. The Central Board of the Reserve Bank, therefore, urged very strongly that any legislative action to put a stop to these unhealthy features and practice should not be considered as controversial in any way. As was reported by the Reserve Bank, distribution of shares among various categories was so arranged in a number of cases as to ensure a controlling voice in the management to an individual or to a small group, capital was raised through preferential shares without voting rights, and nominal value of the deferred shares easily distributed among promoters and their adherents was kept very low, the holding of one such share was given the same voting right as a person holding ordinary shares many times the value of the deferred, only a small amount of the nominally large value of ordinary shares was called up. Various devices were also adopted to get round the principle underlying section 277H which prohibits banking companies managed by managing agents other than another banking company. Promoters entered into agreement with banks to be appointed as managers or managing directors for a long term varying from 15 to 20 years, the latter period being most usual. Almost in every case a fairly high salary was ensured with a percentage of profits in certain cases after the bank is able to declare a specific rate of dividend generally fixed at a very low figure. In cases where prospects of profits were high, salary was kept low to make remuneration look modest but ensured by an adequate share of profit.

The Central Board viewed with concern these features of the new banks as militating against the development of banking on healthy lines. With ever increasing quantity of money in the market seeking avenues of profitable employment and with some of the usual industrial and commercial channels closed as a result of war conditions, there was a large increase in the deposits with the banks with the result that there was a growing temptation to regard the flotation of new banking companies as one of the solutions of the problem of investing surplus funds profitably. The Board felt that more than ordinary caution was called for in the organization and management of new banks in view of the difficulties and the disturbances which the post-war period is certain to bring and in their view it was of the utmost importance that the capital structure

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and the system of management of banks should be such as to minimize temptation towards over-ambitious and get-rich-quick policy and to encourage instead cautious and steady development on well tried lines.

The Central Board therefore proposed to amend the law to ensure that the subscribed capital was not less than half the authorized capital and that the paid-up capital was not less than the subscribed capital, to provide for only ordinary shares, or, if preferential shares are introduced, with equal voting rights, and that the new provisions should be applicable to companies organized since the outbreak of the war.

The full text of the letter of the Reserve Bank and its proposals were circulated on the 15th March, 1943, to all scheduled banks in India, all Chambers of Commerce and all traders' Associations and to all Provincial Governments for an expression of their views within two months. The replies received were sent to the Reserve Bank of India and the Reserve Bank very carefully considered these replies. The opinions received constituted a fairly comprehensive symposium of commercial and other opinion on the proposals. The proposals generally received support from the various commercial and banking organizations and showed that the public was keenly alive to the need for regulation and, although in individual cases criticism or divergent views were expressed, the reaction to the proposals on the whole was favourable.

On a careful consideration of these opinions, the Reserve Bank suggested the draft amendments to the Indian Companies Act and these proposals as finally drafted by the Legislative Department are now before the House for consideration.

Sir, since the notice of some amendments was received, especially for either reference to the Select Committee or for deferring the Bill by dilatory measures, I have very carefully looked into the details as to the nature of these unhealthy features which we are proposing to legislate for, and I am convinced that legislation on the lines recommended by the Reserve Bank and now before the House is most urgently called for. During the course of this examination several instances came to my notice. In one case a managing agent was appointed for 20 years by a newly started bank on a monthly remuneration of Rs. 4,000 free from income-tax, and a new private company was registered consisting of the promoters to act as managing agents to avoid the terms of the law. In another case a managing agent was appointed for 20 years and the appointment was not to be revoked or cancelled on any ground whatsoever unless the managing director was convicted of any offence involving moral turpitude or adjudicated as insolvent or was guilty of wilful neglect or misconduct prejudicial to the company in the opinion of three-fourths of the directors and 60 per cent. of the shareholders. In another case the managing director was given the initial salary of Rs. 1,500 per month, going up to Rs. 2,000 in certain circumstances, with an annual increment and with further power to the directors to increase apparently without any limit the salary from time to time by way of honorarium, salary, commission, participation in profits or by one or all of these methods. The directors were not also to appoint any other managing director except with his consent. In another case one managing director and one manager were appointed for 20 years each with a high salary. One bank issued prospectus condemning the managing agency system as open to abuse, as is the present law, and telling the public that the law forbids the employment of managing agents but had very soon after appointed a managing director for 20 years. In another case a person was appointed managing director for 20 years with a provision for a similar managing directorship for his successors and assignees with salary, though looking modest, of only Rs. 500 but with a profit of not less than 5 per cent. In another case a person was appointed chairman and *ex-officio* director of a bank with sole agency for organizing bank branches, administering the bank itself for 20 years, all at the cost of the bank, with provision for continuing the agency for another 20 years at his option and authorized to open all branches

and to be remunerated in priority to all other claims at $1\frac{1}{2}$ per cent. per annum on moneys lent for less than 30 days and $1\frac{1}{4}$ per cent. per annum for moneys lent for a longer period with renewal commission on all loans and with provision of 25 per cent. of net profits.

Sir Henry Richardson (Nominated Non-Official): Were any of these European Banks?

The Honourable Sir M. Azizul Huque: One of them is.

With such instances before us I consider that we should lose no time and any dilatory measure will not be in the best interests of the banking organization of the country. It is proposed that the new legislation should affect every banking organization which functions in British India. We do not wish to confine the restrictions sought to be imposed by the Bill only to banking companies registered in British India, and we consider that companies incorporated in Indian States or foreign companies carrying on banking business in British India should not be excluded from the scope of the new provisions. That would be contrary to the intentions of the Reserve Bank and would merely drive banking organizations from British India to outside it, and it would not be in the best interests of the country. Therefore, there is no reason to exclude any banking company from the scope of the new provisions. They are meant to guard against certain undesirable features in banking companies or banking business in British India and they are equally objectionable whether the companies happened to be registered in British India or outside. If there are banks which are free from these undesirable features, they have nothing to object to. I may only explain that under the law as it stands, a "company" means a company registered under the Act in British India and unless we make a specific provision as we have done, a banking company as defined in section 277F would only cover a company registered in British India. We want that these provisions should not be avoided by the device of getting companies registered outside British India and carrying on business in British India through branches in British India. These are all the provisions of the law which we have proposed before the House and I have no doubt that the House will welcome the present Bill.

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

"That the Bill further to amend the Indian Companies Act, 1913, be taken into consideration."

Sir Cowasjee Jehangir (Bombay City: Non-Muhammadan Urban): Mr.

12 Noon. President, the introductory remarks of the Honourable Member will show the House the importance of this Bill. A good deal has already been said today on the methods that Government adopt in introducing most important legislation before this House. This very Bill was introduced during this Session and Government did make an attempt to move it within a very few days after introduction. . . .

Mr. President (The Honourable Sir Abdur Rahim): I think I ought to mention that there are some amendments for circulation of the Bill. One amendment is in the name of Mr. Akhil Chandra Datta who is not here to move it. The other also is in his name for reference of the Bill to Select Committee—he is not here to move it. There is also an amendment in the names of Pandit Lakshmi Kanta Maitra, Mr. K. C. Neogy and Babu Kailash Bihari Lall. That is also for circulating the Bill for eliciting public opinion. None of them are here, and Pandit Maitra and Mr. Neogy have also given notice of an amendment for referring the Bill to Select Committee—they are not here to move them either.

Sir Cowasjee Jehangir: Mr. President, may I be allowed to move that this Bill be referred to Select Committee?

Mr. President (The Honourable Sir Abdur Rahim): It is well-established practice that only those who have given notice of amendments to the Bill can move them; none else can.

Sir Cowasjee Jehangir: I was just saying that the methods adopted by Government in introducing important legislation had not been found to be satisfactory and they have been commented on today on another Bill. This Bill

[Sir Cowasjee Jehangir.]

was introduced during this Session, and an attempt was made by Government to have consideration of the Bill within two or three days of its introduction. But fortunately there were Honourable Members in this House who took objection, with the result that Government undertook to delay consideration until today. It has been suggested by my Honourable friend, Sir Henry Richardson, that such Bills should be published for consideration before introduction. I should think that in a measure of this kind this was most important. We have been told by the Honourable Member that the Central Board of the Reserve Bank suggested these amendments. To anybody who takes an interest in banking in India these facts are well known. But may I ask whether the Honourable Member's Department consulted the Reserve Bank Board on this very Bill as it was introduced? I would like a categorical answer to that.

The Honourable Sir M. Azizul Huque: Sir, the draft is exactly the same, except what may be required in the way of a comma or a semi-colon or a 'but' or 'or' changed here and there.

Sir Cowasjee Jehangir: I am fairly certain that very few members of the Board of the Reserve Bank would accept one amendment suggested in this Bill, to which amendments will be moved by my Honourable friends in this House. I cannot conceive for one moment that anybody having any knowledge of banking in this country or in England could have suggested an amendment that has been included in this Bill, an amendment that would lead to open jobbery, which would lead to the management of banks being completely frustrated. I cannot understand how such an amendment could have crept into the Bill if it had been vetted by anybody who knew anything about banking; and I am told that this Bill was drafted by acknowledged experts on banking.

Mr. Hooseinbhoj A. Laljee (Bombay Central Division: Muhammadan Rural): Who are acknowledged experts on banking?

Sir Cowasjee Jehangir: The Reserve Bank or the Board—I will include the whole. If such an amendment can creep into the Bill, it is very extraordinary that we should be told that it was drafted as introduced, by the directors on the central Board of the Reserve Bank of India. I am not alluding to that amendment in detail because we shall have an opportunity of discussing it within a very few minutes. Therefore, I do suggest that it would have been wise to allow this Bill to go to Select Committee. It may be a fact—I know it is a fact that the general outlines of the Bill were sent to all scheduled banks for their opinion. That is a very different thing to sending the Bill itself. If the Bill itself had been sent, the amendment I have referred to would never have been included in this Bill.

The Honourable Sir Jeremy Raisman (Finance Member): Will the Honourable Member please state what the amendment is?

Sir Cowasjee Jehangir: The amendment is that a manager should be appointed by the shareholders of a bank. Has the Honourable the Finance Member ever heard of such a thing? His agreement to be renewed by the shareholders! May I ask what would be the position of the Reserve Bank if the shareholders had to renew the agreement of the Governor? What would be the position? Chaos, complete chaos, as my Honourable friend, Sir F. E. James, says. I will ask my Honourable friend, the Finance Member himself, who knows a great deal about these things, what would be the result of bringing up a proposal before shareholders that so and so's agreement should be renewed? The result will be jobbery of the worst kind. You will have canvassing amongst the shareholders for the appointment of certain individuals; and mind you, these managers are highly paid officers in these banks—and rightly so—men who get Rs. 5000, Rs. 6000, Rs. 7000 or Rs. 8000 a month; and their appointments are to be canvassed amongst thousands of shareholders—that is what this Bill provides. Now, how could such a provision have crept into this Bill, if it was carefully drafted, or if it was drafted by anybody who knew anything about banking? And then it was suddenly introduced and an attempt was made to discuss it within four or five days,

and not one bank in Bombay knew about this particular amendment. I was in Bombay when this Bill was introduced. During the few days I was there I never heard of so ridiculous an amendment in a Bill of this character; otherwise I would have been made aware of it if it had been circulated to the banks. This is only one instance of the caution that is necessary in circulating Bills as they are to be introduced in this House amongst those who are interested in such legislation. I would suggest that in future at least Bills of this character should be introduced in one Session and should be considered in the next Session, and full opportunity should be given to those interested to consider the provisions—even the most minute provisions—of such a Bill.

Sir, perhaps there are other Bills brought before this Honourable House, in which Members here may not be able to detect such amendments, it is quite possible; they may be small amendments and may pass through. But Bills have been passed which have had to be amended very soon afterwards because mistakes have been made, and these mistakes are generally made because sufficient time is not allowed for the consideration of the Bills by the general public. After all, we are not experts in this House on every question that comes up, nor are our Government experts on every question that they bring forward for legislation.

I think sufficient has been said on this occasion and I feel sure that Government will take serious notice of what has been said by my Honourable friend, Sir Henry Richardson, and the few words that I have addressed to this House and that in the future Government will give us, I mean when I say us the public, ample time to consider such measures in the interests of themselves as well as of the public.

Mr. Hoosenbhoy A. Lalljee: Sir, I rise to support the Bill as moved by the Honourable Member in charge. There is no doubt that the safeguards that are proposed are necessary and should be incorporated in the Act as soon as possible. I really congratulate the Government on introducing this Bill as soon as they have been able to do so, and it is quite right that the Reserve Bank should have initiated this move. I agree with the remarks that have fallen from the Leader of the European Group as well as from my Honourable friend, Sir Cowasjee Jehangir, that such Bills and other Bills ought to be published for the information of the public, the more so for the reason that we can get expert and experienced opinion from outside this House. With regard to one matter, that is, with regard to the renewal of the agreement of the manager, my Honourable friend, Sir Cowasjee, has pointed out that it should, as far as possible, be made by a small number of people, as small a number as possible, so that it may not be a subject-matter, over which a large portion of shareholders may go round canvassing or forming a coterie. That is all very good in some cases and that is really essential, and very essential at times. But at the same time I differ from my Honourable friend when he says that the Board of a bank or all the directors thereof are experts and the only independent persons concerned.

Sir Cowasjee Jehangir: I did not say that.

Mr. Hoosenbhoy A. Lalljee: Even as regards the election of the Board of the Reserve Bank we have seen that it is being canvassed and often it is not by the independent vote of the shareholders of the Reserve Bank, but a certain number of influential persons join together, go round the country at large and collect proxies or send out a number of agents, well paid, to canvass and get these votes, and they form themselves into a Board of Directors of the Reserve Bank. This is no secret. Twice it has happened that only 3 or 4 gentlemen working together have got themselves elected in this manner. Therefore, if such things do prevail, I do contend that it is but fair and equitable that when the agreement has to be renewed—not in the first instance when appointment is made but when the agreement is to be renewed—the renewal must be at least placed for approval or intimation before the shareholders because both the Board of Directors' election and the important appointment that they are going to make should come to the notice of the shareholders.

[Mr. Hooseinbhoy A. Lalljee.]

Those who want to canvass votes for those boards can surely also canvass for the manager. It is a very important post. So far as the Reserve Bank is concerned, I am glad to say that there is a great deal of Government influence there and that is salutary so far as public moneys are there, but with regard to other banks, that is not the position. In fact, with regard to a very important insurance company the same thing happened about four years ago. A certain number of people, very well known to the public as great politicians and as belonging to a party which was supposed to be very influential in the Local Government—that party canvassed for the election of directors to a great insurance company, and they almost succeeded. Sir Cowasjee Jehangir will bear me out that when the election for the Oriental Life Insurance Company's Board of directors was to take place 3 years or 4 years ago—not the last election, but three or four years before—the Congress Party bid for capturing that board. . . .

Sir Cowasjee Jehangir: You mean the policyholders' directors?

Mr. Hooseinbhoy A. Lalljee: The Congress Party bid for capturing the board as shareholders or policyholders, and otherwise.

Sir Cowasjee Jehangir: Not shareholders' directors.

Mr. Hooseinbhoy A. Lalljee: They bid to capture the Board and that is quite possible in the case of many of the banks also. Therefore, what I say is this. In the very first instance it is quite right that the board of directors should appoint a person in whom they have confidence. But after five years of working there is no reason whatsoever to be shy that his election will not be approved by the shareholders when they get good working results and reserve fund and good profits if possible. It is not a very monstrous act when we know that board of directors themselves get elected by canvassing a large number of votes from the shareholders. Very few of the shareholders take very keen interest. Therefore, I do not think that a great wrong has been done by Government in putting forward this clause, that it should be subject—I make it quite clear—on renewal after the term of five years—subject to intimation or the approval of the shareholders in general meeting. With these words I support the second reading of the Bill.

Mr. Muhammad Nauman (Patna and Chota Nagpur *cum* Orissa; Muhammadan): I must confess to a feeling of surprise and regret that the Honourable Member-in-charge of the Bill should have thought it necessary to hurry things like this and carry on with such an important legislation in a haste. I do think that the amendments proposed in the Company's Act have implications of a very important nature and there should have been a select committee appointed to examine these implications which are of a far reaching character than they appear to be on the surface and this House should not have been asked to carry the Bill in the manner in which it is sought to be done by the Honourable Member for Commerce. I do not know if the Members of the Executive Council think that they have the monopoly of all the intelligence and knowledge to understand finance and everything else in this world. Do they also think that whatever Bill they draft on the plea of the same being in the interest of the country is something ideal? The Honourable Member, when speaking, has referred to the recommendations of the Central Board of the Reserve Bank and said that it is on those lines that the Bill has been drafted. Sir Cowasjee Jehangir has already made his comments on that; the lines might have been the same but actually the draft work has not been done by them and as such there may be very great difference.

Now, Sir, what I want to impress upon this House is that the Honourable Member representing this Government should realise that the banking institution in this country is of very recent growth and efforts should not be made to nip it in the bud and particularly efforts should not be made to safeguard only the interests of the foreign banks existing here for the exploitation of this country in the manner in which those foreign banks have been doing so for many decades. It is only for the last two or three years, according to the Honourable Member for Commerce himself, that 88 banks have sprung up and he thinks

that there are certain undesirable features in the Articles of Association of those companies or banking corporations on account of which these amendments are necessary. He thinks that if these amendments are not made, it will be against the public interest. I agree with him that this is possible but has he examined the conditions in other parts of the world, in Canada and Australia, in their earlier stages of the growth of banking corporations. I know certain banks in Australia whose Articles of Association contain terms and conditions identical to those as they are here. There also a certain managing agent was to hold office for 20 years on the Board. I am not prepared to say that it is at all in the public interest but it is essential that you should give voting strength to individual sharers on the strength of the amount of share-money invested before you safeguard the interests of the people who will be a party to trading and investment in the banks. That is the point which I want to bring home to this House and to the Member-in-charge. I am not going to say that in the long run the amendments may not be useful but at the same time, as I said, the implications of the amendments are of a far-reaching nature and it would have been far better if he had allowed some Members of this House to sit with him and go into those amendments carefully in the light of the opinions received from the different Chambers of Commerce and from different business organisations and see what best could be done. As pointed out by Sir Cowasjee Jehangir, the appointment of a manager could not be made a matter of auction where he will be asked to seek the favour of individual shareholders to get the appointment. Has the Honourable Member realised what would be the after effect of such an appointment? The particular set of individuals or shareholders who will back him for that position are bound to get some sort of favour and the result would be more scandals than what the Government representative thinks would take place if such appointments were made for a certain period by a few directors. That is my submission. This is not the time when the Bill should be expedited in the manner in which it is sought to be done. No great harm will be done to the war effort if we wait. I think the Honourable Member for Commerce will be well advised if he agrees to refer this Bill to a Select Committee which might report in the course of this Session. It would be in a position to examine the implications of the Bill and give the Honourable Member the best counsel possible. As it is, I would not be a party to the passing of this Bill in haste and with these few words, I oppose the consideration of this Bill.

Mr. Jamnadas M. Mehta (Bombay Central Division: Non-Muhammadian Rural): I rise to support the second-reading of this Bill. I think the principle of this Bill is quite sound and the evils which the Honourable the Commerce Member has pointed out do substantially exist. I only wish with Sir Cowasjee Jehangir that it had been possible to examine the Bill in a Select Committee for the reasons which he has given in his speech, although I must say that in the insurance companies under the new Act the managing director is to be appointed by the general body of shareholders. A distinction may be made between the Manager and the Managing Director but under the Insurance Act I think the definition of a Manager and Managing Director are substantially the same. Whoever has got the exclusive management of the concern, subject to the control of the Board, may be called either the Managing Director or the Manager. That is my memory of the Insurance Act that was passed when Sir N. N. Sircar was the Law Member. Therefore elections of managing directors have taken place at a special meeting or in a general meeting. On the other hand, I quite agree with Sir Cowasjee Jehangir that so far as a bank is concerned, I would not subject such an appointment to the canvassing of members; an insurance company will not suffer much by canvassing on the part of shareholders but in a bank, if the election of its manager is a matter of controversy and is subject to canvassing by thousands of shareholders, it might reduce the credit of the bank and it might bring it into jeopardy. For that reason, I hope the Government will accept the amendment of which my friends of the European Group have given notice. I would even prefer that even at this late stage, it should be referred to the Select Committee but that time is gone.

[Mr. Jamnadas M. Mehta.]

I cannot at all agree with my friend, Mr. Hooseinbhoj Lalljee, that because the Directors of the Reserve Bank of India go canvassing, therefore, it is necessary that the manager of a bank should be subject to canvassing. The two things are entirely different. The directors of a bank are supervising and controlling authorities. The manager of a bank on the other hand will invite the hostility of every shareholder whom he had not given a loan. If any shareholder did not get a loan at the time of the renewal of the agreement, that shareholder will see that enough mud was thrown at the poor manager. I think that for that reason Sir Cowasjee Jehangir's point is correct, that the manager or even the managing director, whatever you call it, if he is to be freed from these very harassing tactics of disgruntled shareholders, he should be immune from the controversy of election every five years. Barring that, the Bill, as I said, is a very sound measure. It will bring wholesome improvements in banking and it will remove to some extent the risks which are inseparable from an epidemic of banking concerns which has burst during the last three years. I think the Government deserves to be commended for keeping a vigilant watch over the growth of new institutions with a view to seeing that they do not grow in a haphazard fashion. Apart from the one case which the Honourable Member gave where there was practically a family arrangement for the appointment and payment of managers and managing directors, by which they got the best out of the institution, the existence of deferred share is also wrong. The deferred share is liable to lend itself to speculative dealing in the shares of those banks and therefore not desirable.

What the Bill wants to do is not to place the power of voting in the hands of a clique, but the Bill forgets, that there are some banks, which are not only co-operative banks but shareholders banks, in which the element of co-operation is introduced by not giving more than 20 votes even to the biggest shareholder. If this Bill is passed as it stands, that restriction on the monopolist right of voting by big shareholders, which is a wholesome feature in these banks will disappear. Therefore, I shall ask in due course that while it should not allow to the shareholders, who hold large bunches of shares, to have a monopoly of it, he might easily agree to restrict the monopolist voting at the hands of a small coterie of shareholders, otherwise the contrary evil is bound to come in. There may be 500 shareholders who have subscribed capital of 2 lakhs and there may be 3 shareholders who have subscribed capital of 3 lakhs and they will control. If voting is strictly in proportion, then 3 men will control that bank as against 500 men, who might have 2 lakhs of rupees. So, it should be permissible to have the voting less than their number of shares. For instance, in certain banks no shareholder can have more than 20 votes, while each shareholder has one vote within that limit. Do you think you will allow a small group of big shareholders to combine and drive away practically everybody who is holding a small part of that capital? For that reason I have moved an amendment.

The third point in the Bill is that while the Bill makes it compulsory for banks to have their subscribed capital half of what their nominal capital is, and the paid up capital half of the subscribed capital, they are counting without the host, namely, the Examiner of Capital Issues. He is now the complete master of the situation. He may or may not permit any company to increase its capital or even to issue prospectus. On the one hand, you make it compulsory on a bank that within two years of this measure you shall have your paid up capital half of your subscribed capital. On the other hand, you have got the Examiner of Capital Issues sitting tight and not even replying for six months. A small bank might be within the danger of disobeying this law and therefore coming into clash with the law and committing an offence. On the other hand, the Examiner of Capital Issues might sit tight over it for six months, (Interruption.) I hope it won't be so, but there is your Ordinance. He can refuse and may even not reply. I want that that anomaly should not be there when you are making penal provisions. With these few words I once more say that the principle is sound and it will improve the methods of banking. With one or two of the amendments that are suggested, the rest of the Bill should pass.

Dr. Sir Zia Uddin Ahmad (United Provinces Southern Divisions: Muhammadan Rural): Sir, I agree in principle with my friends, Sir Cowasjee Jehangir and Mr. Nauman, that in a measure like this we ought not to hurry. We should circulate this Bill and listen to the public opinion. I emphasise it for this reason that I have noticed time after time that we get valuable opinion from those who are directly affected by the measures that come before this House. It should be borne in mind that we are not experts on every topic that comes before us. I have heard only one side of the question, and that is from the point of view of the Government of India, but I have not had the opportunity of hearing the other side of the question. If we get some memoranda from those who are affected by the measure, we will then be in a position to give a fair opinion by studying both the sides of the question. Therefore, the point which we always emphasise is that every measure of this kind ought to be circulated so that Members may be in a position to examine both the sides of the question and not form their opinion on the arguments brought forward by Government alone.

Now, coming to the subject-matter of this particular Bill, the first point that was raised is that whenever an agreement is to be repeated, it must go to the shareholders. Individually, I am not in favour of the repetition of agreements at all, but if it is to be made, I think, it is very desirable that publicity should be given to it if we have a revision, because a reference to shareholders really means publicity. An appointment by means of a Director is really a kind of confidential appointment and is not known to the public at large. The public are really interested in the working of these companies because they have invested their money in them and they may like to invest more money in them and the only way in which this thing can be known to them is that the matter should be referred to shareholders. I quite understand that there are difficulties if the matter is referred to shareholders, but the object of publicity can always be served by this means. Probably some shareholders will explain how much profit the Managing Director has got and what are the difficulties in the working of the company. This publicity is in itself a guarantee of the good working of the company.

Now, there is one defect which was pointed out by Mr. Jammadas Mehta and which we ought to consider. He said that if we give votes in proportion to the capital invested, then practically all the votes will be captured by one or two persons. Though publicity will be given by this method, it will not be effective as the decision will be arrived at by the voting of a few individuals. Mr. Jammadas Mehta, I think, also made the suggestion that the power of voting should not be in proportion to the value subscribed but should be restricted by the maximum number of votes which are allowed to an individual. This point was discussed in great details in 1934 when we discussed the Reserve Bank Bill. We pointed out at that time that there is every danger that the Reserve Bank will be captured by a few individuals and practically the whole country including the Government of India will be under the thumb of a few capitalists in this country. The suggestion that Mr. Jammadas Mehta has put forward today was the suggestion that we repeatedly pressed in the case of the Reserve Bank and I think it ought to be adopted in the case of all the banks in this country. The Government of India unfortunately did not take a bold step by restricting the voting strength and fixing the maximum number of votes in each case irrespective of the capital subscribed. What we suggested was that the voting strength in each case should be five irrespective of the capital invested, but the Government accepted the compromise at that time. They said that no person shall be able to purchase more than 5 shares. This satisfied us at that time. But we did point out even at that time that though in the beginning it may work all right, it will lead to complications and difficulties afterwards. In that case Government was wise. They very much regulated the value of the shares and did not allow them to rise beyond a certain limit, as we anticipated at that time, by restricting the dividend in the case of the Reserve Bank. This danger which we pointed out in 1934 was very much avoided on account of the strong action taken by the then Finance Member in regulating the Reserve Bank. But the

[Dr. Sir Zia Uddin Ahmad.]

Finance Member will not be everywhere. He cannot regulate the affairs of other banks so much. He cannot really ask that these shares should not be allowed to be accumulated in the hands of a few persons. I think there is a lacuna and really if the matter had been referred to the Select Committee, I would have pointed out the necessity for introduction of a particular clause in this Bill, namely, that no person should, whatever be the number of shares held by him, have more than five or ten votes. We limited the votes to five in the case of the Reserve Bank. I would similarly restrict it in the case of these smaller banks. The capital in their case is small, and I do not mind accepting the figure '20'. But the central point is, there must be restriction of voting. There must be restriction, that every one should exercise votes in proportion to the capital invested by him in the form of shares, provided that the number of votes will not exceed 10, 15 or 20 as the case may be. This particular provision ought to have been added in this Bill. I am sure that the Honourable the Commerce Member, after working these provisions for some time, will come forward with amendments later on. This restriction about shares is an important amendment which ought to be incorporated in this particular Bill.

The next point is really a point which has been contrived by the ingenuity of those people who manage the affairs of companies and they are really cheating the simple-minded people who do not understand the difference between deferred shares, ordinary shares, preference shares and so on. They manipulate the whole thing in a very special manner without the public knowing anything about it. What is the difference in the matter of dividend on the capitals in those various shares and very few people who really invest money know this difference. I am very much opposed to this particular contrivance and this really stands in the way of inspiring confidence in the public. All these companies which are being started in big places like Bombay have contrivances like these and the promoters manage to reserve everything in a particular family. The poor man who subscribes is really a kind of bird in the cage, and not knowing anything, really depends entirely upon the mercy of the promoters. I repeated on the floor of the House many times that we should guard against the tyranny of these persons, whose tyranny is second only to the tyranny of the income-tax officers. I mentioned about this incident last time, but I should like to repeat it again. At one time a person cut a lime into two pieces and asked a friend to take out the juice. The other one was a simple-minded person like myself or my Honourable friend, Mr. Joshi. He took out as much juice out of the lemon as he possibly could and gave the verdict that no more juice could be got out of it. Then came along my friend, Sir Homi Mody

Mr. President (The Honourable Sir Abdur Rahim): The Honourable Member need not repeat that again.

Dr. Sir Zia Uddin Ahmad: Then, I do not pursue that further.

Sir F. E. James (Madras: European): Who took the last drop?

Dr. Sir Zia Uddin Ahmad: The last drop went to the Income-tax officer. I suggest that the Honourable the Commerce Member should take up the question of simplifying further the Act and do away with the different kinds of shares. The next point which I would like to emphasise is the provision about the minimum capital which ought to be subscribed. That is a very salutary provision. Very often people come to us imploring us to buy shares in some new company that is floated. A man comes along and says "You pay only Rs. 10 per share for the present, and probably you will not be required to pay the balance of Rs. 90 per share later on". So, in order really to sympathise with that friend and to oblige him, I once purchased some shares and paid Rs. 100. After three or four years, I found that by subscribing only Rs. 100 and purchasing shares of nominal value of Rs. 10 each, I had to pay the remaining Rs. 900 when that particular company went into liquidation. I myself experienced this. I had to pay not only the balance but also a kind of accumulated interest which practically came to double the amount which I subscribed. This method of

cheating the simple-minded shareholders by company promoters should be put an end to and these simple people should be guarded against such cheating. If you want really to check inflation, you are not offering the people any good securities to invest in, they do not like the Government securities which are yielding only a very low rate of interest. Nobody is inclined to take Government securities. They invest only in private companies.

Sir F. E. James: Try the war loan.

Dr. Sir Zia Uddin Ahmad: I implore the Honourable the Finance Member to increase the rate of interest, if he really wants to draw larger capital. So, I was submitting that the interest of the shareholders ought to be safeguarded. I think the Honourable the Commerce Member ought to legislate against the contrivance of the promoters of these companies to cheat the public and if he does it, he will do a great service not only to the shareholders but to companies also which do not at present command any confidence of the public. If this can be done, then I am sure all companies will thrive and people will come forward to put their money in these companies in preference to securities which they want to avoid. Sir, I support this motion, but I am sorry that it does not go far enough as I should like it to go.

The Honourable Sir M. Azizul Huque: Sir, very few words are needed from me to give reply to the points, some of them have been cut by others. But I can assure the House this much that though it may be difficult for us to bring forward a comprehensive banking legislation, we mean to keep a careful watch over the capital structure of this country and if at any moment we feel that it is necessary to change the law in order that the capital structure of the country may develop on sound lines, we shall not hesitate to bring amending legislation before the House. It is very important. I have never yet been able to find out as to whether there can be a perfect law even though my Honourable friend, Sir Cowasjee Jehangir must have it at any cost. That is not humanly possible, in human institutions with human limitations and so long as there is going to be a conflict between one interest and the other. In any case, I am prepared, though I do not yield in my principle, to consider very carefully some of the points. I do not see any reason why even managers should not be elected by the shareholders. Speaking for myself; it is inconsistent with the whole political attitude which we are taking in this country if we feel that the majority of the shareholders are incompetent to manage their own affairs. I realise, however, that there are many difficulties in our way; there are other views which we have to consider. I am, therefore, quite prepared to accept the amendment which has been suggested on behalf of the European Group that for the purpose of renewal the operating clause should be applicable, as the 'directors may think fit' instead of leaving it to the shareholders. Sir, I certainly say this much that we do mean to keep careful watch as to the manner in which this power is exercised, and if at any stage we find that this power is not properly exercised we will have to reconsider the whole situation. But that question does not arise now because I feel that for the time being we ought to accept the amendment which has been suggested, namely, that directors should have the power of renewal of the managers.

An Honourable Member: That is weak surrender.

The Honourable Sir M. Azizul Huque: Weakness is sometimes a source of strength and I do not think that in a democratic institution any one can be too strong. As regards the other question I can give this assurance,—and I am saying so with the concurrence of the Finance Member who is here,—that, with regard to the granting of permission to give effect to the provisions of this Bill to companies which will want to raise their paid-up capital, there will be no difficulty whatsoever. It is not necessary that that should be part of the law, because it is merely an executive act and that will be done.

I have nothing more to say except that I certainly do not claim any monopoly, neither can I argue with any one who says that the directors of the Reserve Bank did not give their view, when I tell them plainly that it is exactly

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the same thing that we are introducing except change of a point here and there. It is very difficult to answer a point like that and I do not propose to answer it. That is all I have to say in commending the motion.

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

“That the Bill further to amend the Indian Companies Act, 1913, be taken into consideration.”

The motion was adopted.

Sir F. E. James: Sir, I move;

“That in clause 2 of the Bill in the proviso to the proposed section 277HH, for all the words occurring after the words ‘so often as’ the words ‘the directors think fit’ be substituted.”

The purpose of the amendment is to provide that when the contract of a person who is employed by a bank is to be renewed or extended for a further period not exceeding five years at a time, that shall be done not by the company by resolution passed in a general meeting but by the directors of the company. Previous speakers have explained the objection to the procedure which is laid down in the Bill as it stands. While the directors, who after all are responsible to the shareholders and elected by them, make the original appointment of the person who is to manage the bank on a fixed remuneration, according to the Bill the renewal of that officer's contract must come before the shareholders. My own view is that this provision would operate against the very purpose which the Bill has in mind, and that is, to cut out of the banking policy of the country the abuses to which it has fallen prey in certain directions in recent years. I am convinced that the proposal in the Bill would lead, as my Honourable friend, Sir Cowasjee Jehangir, rightly said, to a great deal of undesirable manœuvring, lobbying and probable corruption. Pressure will be brought to bear upon the manager of the bank by powerful shareholders in an extremely undesirable direction; and, as my Honourable friend, Mr. Jamnadas Mehta, said, it would be hardly human nature for a shareholder to forget, at the time of voting on the question of renewal, that the manager in question had refused to grant him some very convenient accommodation in the matter of an overdraft. I, therefore, feel that the proposal that I have made safeguards the bank in a better manner than that in the Bill and I hope Government will accept it. Sir, I move.

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

“That in clause 2 of the Bill in the proviso to the proposed section 277HH, for all the words occurring after the words ‘so often as’ the words ‘the directors think fit’ be substituted.”

The Honourable Sir M. Azizul Huque: Sir, I am prepared to accept this amendment.

Mr. Hooseinbhoj A. Lalljee: Sir, I am sorry that I am not convinced by the arguments put forward in support of this amendment. It has been said that disgruntled shareholders will not vote for the manager, that there will be canvassing going on, that all sorts of influences will be applied and the manager will have to please each and every shareholder. Sir, it is well known that in most of the banks large sums of money are lent to the directors and the concerns with which they are directly or indirectly concerned. It is also well known that some of the directors together hold such a large majority of shares or gather proxies that they cannot only dictate to the manager but the whole board of directors. Can my Honourable friends, Sir Cowasjee Jehangir, Mr. Jamnadas Mehta and even Sir Frederick James deny this? And will the manager, if powers were left to these directors, dare to displease those parties? If the argument is that he cannot dare to oppose a single shareholder or a few shareholders having 5 or 10 or 20 shares, will he dare to oppose a director who holds thousands of shares and who draws from the bank not lakhs but sometimes up to a crore and so, for himself and for his concerns? I concede that in a board of directors there have often been men like Sir Cowasjee Jehangir and others who do not draw money and are not affected in any way. But to refuse the ordinary shareholders a voice in the appointment of the manager who has

worked for five years in that concern because they are poor or small people and may not be even able to exert great influence is not fair to the body of shareholders and to the public who are often induced to take shares in the concern. In fact in India we find that the great shareholders, industrialists and commercial people do not want the ordinary people to have a voice or to come in. I am prepared to prove that some of the important banks are a monopoly of one or other group of businessmen. That is the case in Bombay and other places; if you scrutinise the board of directors of some of the banks you will find one or other members of firms or family in these banks; and if you see the capital that they draw from these banks you will find that it is a colossal figure. These are some of the conditions often no doubt. The position so far as the Reserve

1 P.M.

Bank is concerned is quite different. The Reserve Bank is a public bank embracing Government and public interests and so far as this Bank is concerned, powers are vested in Government who check the question of appointments and many other things. But that is not the position so far as ordinary shareholders of private banks are concerned and I do not see why so much nervousness is being shown in regard to bank directors who get themselves elected not for a year or two, not for ten or fifteen years but for all their life, whether living or in ill health.

Sir Cowasjee Jehangir: Or dead.

Mr. Hooseinbhoj A. Lalljee: Yes, or dead, because they arrange and manage to bring in their sons. It is so. I must thank Sir Cowasjee Jehangir because really he has helped me to bring this out. I do not want to be personal, but, in fact, sons and even grand-sons come in because they happen to hold shares or influence. I do not deny that really when they hold so many more shares, they have got a right. But my point is that when they can get elected and when the managers have got to do so much with the directors, who really have got a hold on their shareholders, can't they get even their contracts renewed or extended for a further period of five, ten or fifteen years by a simple resolution passed by the shareholders approving the renewal? The whole object of the great capitalists is that great men should have all powerful voice and small men should not have any. They wish to manage everything. Of course, those who invest very large sums have some right because they put in a large capital, in current account, in fixed deposit and so on. I can show that banks having, say, three to four crores of subscribed and reserve capital go to the limit of getting 20 to 40 crores of working capital from public. A good sum of that money often also goes to some of the directors or their concerns—not all the directors, I want to make that quite clear—who have a voice in making appointment of their manager or renewing it. Sir, I do not know why the Honourable Member for Commerce has so readily agreed to this proposal when the Reserve Bank and the expert directors of the Reserve Bank think otherwise.

Sir, with the absence of Congress and other Members of the Opposition the opposition cannot be strong and I cannot hope to have majority, but I feel I should oppose the amendment for what it is worth.

Mr. N. M. Joshi (Nominated Non-Official): We will vote with you.

Mr. Hooseinbhoj A. Lalljee: Thank you. With these words, I do hope—although today I feel it is hoping against hope—that Government will not give in and agree easily. Sir, I oppose the amendment.

Mr. Jamnadas M. Mehta: Sir, I think my Honourable friend, Mr. Hooseinbhoj A. Lalljee, is showing undue anxiety. So long as the present capitalistic order exists, banks will have to be governed by the Board of Directors. You cannot get away from that. If he is asking me to nationalize banks, we shall consider it, but in the meantime I cannot possibly imagine a managing director's or manager's agreement for renewal for five years at a certain salary being thrown open to a democratic election.

An Honourable Member: Why?

Mr. Jamnadas M. Mehta: Because it will ruin the bank; because depositors are not all democrats. They do not look at the bank from the point of view of municipal election.—I assure you. I do not think any bank will be free from

[Mr. Jamnadas M. Mehta.]

this pre-arranged and concerted intrigues if this kind of election were permitted. My Honourable friend, Mr. Joshi, perhaps knows that in the city of Poona because the Insurance directors are to be elected, almost every company is being harassed year after year by rival factions and the companies are suffering. The risk will be much more in the case of a bank, but one thing I may request the Government to remember: At the time of selection, or appointment, or renewal or extension of the office of the manager, some limit on the remuneration which the manager might receive should be put because otherwise it might be conveniently shared between the Manager and the directors . . .

Mr. Hooseinbhoj A. Lalljee: How can that be?

Mr. Jamnadas M. Mehta: You are a businessman! You always tell the House that you are a businessman and you don't know this! You are not so innocent as you look.

Dr. Sir Zia Uddin Ahmad: He is angelic inside.

Mr. Jamnadas M. Mehta: He looks innocent and tells me that he is a businessman although he is very unbusinesslike sometimes.

My point is that maximum remuneration should be settled in the first instance by shareholders just as the original agreement has to be approved by the shareholders. Subject to this limitation, the actual extension or appointment or renewal should certainly be in the hands of the directors. The dangers which my Honourable friend, Mr. Hooseinbhoj Lalljee, has tried to point out have no relevance to the particular point in question. In some banks it may be so—I do not deny that—but every director has got to go to shareholders for re-election at the end of every two or three years. Therefore, at that time the shareholders would certainly exercise their judgment whether that fellow was sharing the loot or doing the right by the shareholder.

As regards his complaint that the Directors also borrow money, he ought to know that the Act itself allows it.

Mr. N. M. Joshi: Yes.

Mr. Hooseinbhoj A. Lalljee: I know.

Mr. Jamnadas M. Mehta: My friend, Mr. Joshi, seems to enjoy Mr. Hooseinbhoj Lalljee's point. They are very strange bed fellows.

I say, until the social order changes, this position is all right and what I say is that such loans have got to be shown in the balance-sheet; the name of that director can be asked for by the shareholders at a general meeting and at the end of three years he has got to run the gauntlet of re-election. Therefore, the modifications that are proposed are in the interest of the shareholders and banking institutions.

The Honourable Sir M. Azizul Huque: Sir, I have nothing further to add except that I am prepared to accept it. I do not altogether feel happy over the fact that we have to accept this amendment, but having regard to the opinions which have been expressed, we have to find out which will be the best interests of the country and the banking organisation as the largest common measure of agreement. We would, of course, like to stick to the provisions of the Bill. In view of the fact, which has just been suggested by Sir Fredrick James, Mr. Jamnadas Mehta and others, namely, that this provision will not be in conflict with the principles of the Bill, I am prepared to accept it.

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

"That in clause 2 of the Bill in the proviso to the proposed section 277HH, for all the words occurring after the words 'so often as' the words 'the directors think fit' be substituted."

The motion was adopted.

Mr. Jamnadas M. Mehta: Government have agreed that if I am allowed to move a slightly changed amendment and place it before the first proviso, they are accepting it. So with your permission I would like to move what the Government have agreed to accept. Sir, I move:

"That in clause 2 of the Bill in the proposed section 277HH for the words 'provided that' the following be substituted, namely:

'Provided that the period of five years shall, for the purposes of this section, be computed from the date on which this section comes into force :

Provided further that.'

The Honourable Sir M. Azizul Huque: I am prepared to accept it.

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

"That in clause 2 of the Bill in the proposed section 277HH for the words 'provided that' the following be substituted, namely :

'Provided that the period of five years shall, for the purposes of this section, be computed from the date on which this section comes into force :

Provided further that.'

The motion was adopted.

Clause 2, as amended, was added to the Bill.

Mr. President (The Honourable Sir Abdur Rahim): Clause 3. There are a number of amendments all in the name of Mr. Jamnadas Mehta.

Mr. Jamnadas M. Mehta: I am not pressing the last one and I shall formally move it unless the Honourable the Commerce Member gives me an assurance that my fears are unnecessary. I, therefore, formally move:

"That in clause 3 of the Bill, in clause (c) of sub-section (2) of the proposed section 277I, for the word 'all' the word 'the' be substituted."

My point is that I am entirely in agreement with Government that there should be no jerry-meandering of elections.

Mr. President (The Honourable Sir Abdur Rahim): I thought the Honourable Member did not want to make a speech!

Mr. Jamnadas M. Mehta: But Government while removing one evil are doing something wrong in the opposite direction. Therefore, this 'the' will be necessary. The object of the Government is that there will be voting rights of shareholders strictly in proportion to the contribution on paid up capital by them. I do not mind that but supposing I want less voting power. The Government are right so far as they do not want shareholders to get more votes without payment and simply by the claim of the bulk of the shares, which cumulatively may not be worth 10,000 and yet may take priority over shares of the value of 10 lakhs. But the words 'that it shall be strictly proportionate' mean that I cannot take less voting power for myself. I am only trying to modify this section to the extent that while nobody will have more votes than he has contributed so that there will be prohibition against taking less voting power than I have contributed. Suppose I have one lakh worth of shares. I say I should not have more than 20 votes, whatever my contribution. Every man having one thousand rupees share may have one vote. What this Act will do will be that if I have 20 votes today, this amended measure will oblige me to have 100 votes for every share of 1000 rupees.

Mr. President (The Honourable Sir Abdur Rahim): The Honourable Member can go on after lunch.

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

The Assembly re-assembled after Lunch at Half Past Two of the Clock, Syed Ghulam Bhik Nairang (one of the Panel of Chairmen) in the Chair.

Mr. Jamnadas M. Mehta: Sir, this sub-clause (c) is really intended to see that in the voting at the shareholders' meeting there shall be no attempt to steal a march by manœuvring the electorate and that all shareholders will have voting right strictly in proportion to their contribution to the paid up capital of the company. This is the object. I say that I entirely agree with the object, but while the clause embodies a very wholesome proposition, it is also somewhat mischievous. That mischief is not intended by Government, but I am afraid they have overlooked the effect of what they are doing. What they want to do is that unless you have paid ten rupees, you should not have voting right of more than what you have paid. Under the present circumstances, it is possible that a preference shareholder might have paid Rs. 10 for his share, and the ordinary shareholder might have paid Rs. 15 for his. In that case it is not right that the man who has contributed Rs. 10 should have the same right of voting as the man who has contributed Rs. 15. If that can be managed, I have no objection, although even that would be extremely difficult because the preference shareholders and the ordinary shareholders do not hold always the shares of the same

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denomination; and it would be difficult to divide the voting right. Supposing the ordinary share is worth Rs. 100, and a preference share is worth Rs. 75, a preference shareholder cannot pay more than Rs. 75 on his share: he is not called upon to pay more than Rs. 75. Therefore, he will be deprived of the right of voting altogether or he will have to be given three-fourths of a vote against one vote, which in practice will break down. Further suppose I am holding Rs. 500 worth of the same denomination and another gentleman is holding one share of Rs. 100. The Articles of Association of the company provide to-day that no man shall exercise more than two votes, whatever his holding may be. This clause will compel the shareholders of that company, even when they do not want to enlarge their voting right and to have more voting which they do not want. They do not want that because they do not want to give a predominant right of voting to the large bunch of shareholders who may be few in numbers but hold more shares. My amendment wants to secure this right, that a company may not give to any shareholder more right than his paid up capital, but a shareholder himself might voluntarily agree that he will not have more than a maximum number of votes. This section does not permit that. Not only does it not permit that, but it makes it illegal; and those companies whose articles today permit shareholders to accept less voting right will be compelled to take more and thereby destroy the whole structure of that company, which is intended to prevent a single man exercising the right of voting for every share that he holds. I do not know how the Government are going to get over that and unless I am assured, there is no option left to me but to move all the three amendments standing in my name; this first amendment is really more or less consequential, but the essence of these observations of mine is to be found, in the second and third amendments, which I shall move. Sir, I move.

Mr. Chairman (Syed Ghulam Bhik Nairang): Amendment moved:

"That in clause 3 of the Bill, in clause (c) of sub-section (2) of the proposed section 277I, for the word 'all' the word 'the' be substituted."

The Honourable Sir M. Azizul Huque: Sir, I quite realise the difficulty which has been pointed out by my friend, Mr. Jamnadas Mehta. As he will see from this sub-clause (2), this is applicable only to a banking company which is incorporated on or after the 15th day of January, 1937. Therefore, so far as this section is concerned, it will not be applicable to any existing banking companies before that date. The sub-clause says:

"No banking company, whether incorporated in or outside British India, if incorporated on or after the 15th day of January, 1937, shall," *etc., etc.*

Therefore, so far as this clause is concerned, it makes it clear that it is only applicable to a banking company if incorporated on or after the 15th of January, 1937, and even then only after two years the following three clauses would be applicable. Therefore, his apprehension that it will hit the existing banking companies is not true. . .

Mr. Jamnadas M. Mehta: There are many banking companies incorporated after 1937.

The Honourable Sir M. Azizul Huque: I understand your point. Therefore, I am saying that so far as the existing banking companies incorporated before 1937 are concerned, this is not applicable. As regards the applicability of these clauses, my friend, Mr. Jamnadas Mehta, does not object to the first sub-clause, namely, that the subscribed capital and the paid-up capital and authorised capital should have a certain relationship to one another, and that the capital of the company shall consist of ordinary shares only or ordinary shares and such preference shares as may have been issued before the commencement of the Indian Companies (Amendment) Act, 1944: he does not object to that clause also. His difficulty is that in giving the voting right there may be certain administrative difficulties. Under this Act there is two years' time from the commencement of the Act of 1944. In other words, under this provision, it is open to the banking company not to satisfy this condition at least for two years; and, therefore, he will get two years time; and within that time I promise him that I will specially examine the point he has raised; and if we do find that there is going to be any

administrative difficulty I may give him this assurance that I will be prepared to take up this question with the Reserve Bank of India to find out what suitable remedies can be devised. I hope that after this assurance he will withdraw his amendment.

Mr. Jamnadas M. Mehta: Yes, Sir; I am quite satisfied that if these companies which are incorporated after 1937—and they have restricted voting rights so that capitalists may not dominate over the concern,—are protected. These companies may be willing that their shareholders may deny themselves the right of voting to a certain extent, so that a single clique may not dominate. That was really the point of my amendment; and as the Honourable the Commerce Member has seen that that difficulty is there but that for two years it need not worry me, and that in the meantime he is prepared to look into the difficulties I feel, I do not wish to press this amendment and I beg leave to withdraw it and will not move the other two.

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

Mr. Jamnadas M. Mehta: I am not moving Nos. 8 and 9 because they are covered by the assurance which the Honourable Member has given. About the last amendment which stands in my name, the Honourable Member has already given an assurance that in order to satisfy the provisions of this Act Government will themselves see that if any banking company wishes to raise its subscribed capital. . . (Interruption). The Honourable Member has given an assurance which I understand is this, that the Government will see that in spite of the ordinance and in spite of the right of the Examiner of Capital Issues to delay granting permission for raising new capital or for raising capital up to 50 per cent. of the subscribed capital—in spite of that officer, as soon as a banking company as required under this Act wishes to raise its capital to 50 per cent. the required permission will be promptly given. Is that right?

The Honourable Sir M. Azizul Huque: As I have told this House, it is the intention of Government that so far as regards permission being given to those companies which will come within the purview of this Act, Government will see that subject to other requirements the necessary permission will be given, and I am giving this assurance before the House.

Mr. Jamnadas M. Mehta: There are existing banking companies, and you are obliging them to raise their capital. They are willing to carry out your provisions. Then what is the other thing?

The Honourable Sir M. Azizul Huque: So far as the control of capital issue is concerned, supposing it is not the only matter, there may be other matters which have got to be looked into. Mr. Jamnadas Mehta wishes to guard against one particular matter. It may be necessary to guard against some others also. But I give the assurance that Government will give the fullest facilities to those companies which have already come in, so far as permission is required.

Mr. T. Chapman-Mortimer (Bengal: European): Does that mean that in the case of a company which has an authorised capital of 20 crores, with a paid-up capital of one crore—Government is going to allow the issue of 9 more crores?

The Honourable Sir M. Azizul Huque: That is why I have said that it may be that the whole question will have to be looked into by Government. But a company which has a reasonable chance of success and satisfies that it would be able to raise its capital, there is no reason why refusal should be made. I will say that we will try our best to give the fullest facilities to a bank in order that they can comply with the provisions of this Act, because it would not be fair either to those companies who have already come in to raise their capital. It may be that a company may have one crore authorised capital but only be one lakh paid-up capital; in such cases it may be necessary to change the Articles of Association.

Mr. T. Chapman-Mortimer: That leads me to another thing. I hope Government would not necessarily insist that the new banking company should raise the additional amount of capital, but they will see that the company is enabled to go to a court of law for a reduction of capital.

The Honourable Sir M. Azizul Huque: All these questions will have to be considered. Supposing a company wants to raise 2 crores, and we know that

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they will never be able to raise those 2 crores, what is the use of giving permission? Every case will have to be looked into. But having regard to the provisions of the control of capital issues, we will give the fullest facilities that the existing banking companies may be enabled to function, if necessary, by a change in the Articles of Association.

Sir Cowasjee Jehangir: The Honourable Member brings in legislation which forces a banking company to conform to what will be the provisions of the Act. He must surely see that at the same time there are no Ordinances in existence which will prevent the company from conforming to the provisions of the Act. It will be inconsistent to legislate that a company shall do so and so . . .

Mr. Chairman (Syed Ghulam Bhik Nairang): Order, order. Is the Honourable Member (Mr. Jamnadas Mehta) going to move his amendment?

Mr. Jamnadas M. Mehta: I wish to move my amendment in order that the position may be clarified. I move:

"That in clause 3 of the Bill, after sub-section (2) of the proposed section 277I the following sub-section be added:

(3) That for the purpose of carrying out the requirements of sub-section (2) (a) of the new section 277I the . . . —I wish to change "Controller" into "Examiner"—Examiner of Capital Issues of the Government of India shall, on an application by a banking company, forthwith grant the permission necessary for raising the paid-up capital of that banking company up to 50 per cent. of its subscribed capital."

Sir, there is no question of going to a court of law for reduction of capital. My amendment is absolutely straight. Supposing I have an issued capital of 18 lakhs and I have got a paid-up capital of 6 lakhs. As soon as this Bill is passed I shall be required to raise it by 3 lakhs more. That is the only issue in my amendment. How can I be denied permission to raise it to 9 lakhs. Because on the one hand you say it shall make 9 lakhs, on the other hand, that is the officer who is called the Examiner of Capital Issues—he might sit on my application for months or for weeks. I shall be disobeying the law, and on the other, somebody else will be holding up my application. That is the only case which my amendment covers. The Honourable Member may have his own reservations about concerns which desire to reduce their capital from one crore to 2 lakhs, and then maintain that one lakh paid-up is now half. Those cases my amendment does not cover. My amendment covers a definite and single issue,—that the capital should be allowed to be raised to the extent required by this amending legislation. I do not see how the Government can get out of this obligation when they want me by law to bring my capital up to 50 per cent. of my subscribed capital. I do not think I need even argue, and the earlier assurance of the Honourable Member was perfectly reasonable. I wanted him to repeat it, but my Honourable friend, Mr. Chapman-Mortimer, has frightened him by talking of going to a court of law and reducing the capital and all that sort of paraphernalia which I quite agree may be necessary in the case of other banking companies. But in the case of banking companies contemplated in my amendment there is nothing besides an obligation on the part of Examiner of Capital Issues to forthwith grant permission to raise the capital up to 50 per cent. as required by law. I, therefore, submit that this amendment should be accepted by the Government, or the assurance must be absolutely explicit so far as my amendment covers banking companies. I am not covering others. Sir, I move.

Mr. Chairman (Syed Ghulam Bhik Nairang): Amendment moved:

"That in clause 3 of the Bill, after sub-section (2) of the proposed section 277I the following sub-section be added:

(3) That for the purpose of carrying out the requirements of sub-section (2) (a) of the new section 277I the Examiner of Capital Issues of the Government of India shall, on an application by a banking company, forthwith grant the permission necessary for raising the paid-up capital of that banking company up to 50 per cent. of its subscribed capital."

Sir Cowasjee Jehangir: I was just saying, Mr. Chairman, that it would not be quite fair on the part of Government to legislate to compel an existing company to conform to the provisions of the Act and at the same time have an Ordinance which would prevent it from conforming to the sections of the Act. What Mr. Jamnadas Mehta wants is an assurance that if a company is willing and able to conform to the section of the Act under discussion, no Ordinance

of Government will prevent the company from doing so or delay it from taking measures to conform to the Act. That is a very simple proposition but my Honourable friend, the Commerce Member, naturally has some apprehensions that when a company comes with a request to raise its capital according to the section of the Act there may be other reasons which may weigh with Government and may result in a refusal. Well, if that takes place then as Mr. Chapman-Mortimer says, the company has only one remedy and that is to go to court and reduce its capital. Why should you force a company to do that? If that company is willing and able to conform to the section of the Act, then I do not think by a refusal under an Ordinance you should compel a company to go and reduce its capital in order to be within the four corners of the Act. Therefore, when this section was drafted, this ought to have been foreseen. Surely, Government knew the existence of the Ordinance and Government knew that there are certain companies which will have to increase their capital. They are in existence and they ought to have foreseen it and now when an assurance is asked, Government express apprehensions as to what conditions will exist when that company comes for increase of capital. For my own part, I can see no reason to refuse a company to increase its capital, provided it is willing and able to do so. The Honourable Member said it may be a question of two crores and the company may not be able to raise that capital. Well, if it fails to raise that capital, after having applied for permission, then it will fall within the mischief of this section and will be penalised or it will have to go to Court, and have the capital reduced but permission cannot be refused. You cannot have it both ways. You must either give permission and allow him to make an attempt to raise that capital or you must amend the section of the Act. You cannot have it both ways. I think that the contention put forward by Mr. Jamnadas Mehta appears to be quite reasonable. When this clause was being drafted, you knew very well that the consequence of it would be that companies must come forward and ask for fresh capital and you also knew when the clause was being framed that there were possibilities under the Ordinance of such permission being refused, unless you specifically provided otherwise. I am afraid either an assurance should be given or Government must amend the section. You cannot have it both ways. I personally can feel no apprehensions with regard to accepting Mr. Jamnadas's amendment or to give an assurance that Government will see to it that a company is allowed to conform to the section of the Act. You cannot refuse it—that permission or that assurance—or make it conditional. After all if capital is available and the company can raise it, that is all that Government have to see. If that company fails to raise the capital, the remedy is that they must go to a court and have the capital reduced. You cannot do both.

Mr. T. Chapman-Mortimer: This amendment seems to me to raise very much larger issues than appears on the surface. I did not suggest,—and I am sorry I was misunderstood as having suggested,—that it should be compulsory for a company which was involved in these circumstances to apply to the court for reduction of capital. What I asked was, what Government's attitude was in the matter. I think we must be absolutely clear in our minds about this. Government know, and we all know, that banking companies whose authorised capital runs into crores of rupees have been started in the last two years. Is it the policy of Government that all these companies should have a further issue of shares to enable them to comply with this law, or does Government propose in certain cases to say "Your authorised capital is very large. It is quite unnecessary for the carrying on of the bank and we suggest that the correct remedy for you in your particular case is to apply to the court for reduction of capital". Now, Sir, that is not the same thing as saying that in every case this would apply. In some of the new companies, what would happen would be that the Examiner of Capital Issues would automatically say—"certainly, this is a *bona fide* case. They have to comply with the law. They have done so. Their capital structure seems all right. Therefore I hereby sanction the necessary issue of further shares." That is one case. Then you have the other where the authorised capital is an

[Mr. T. Chapman-Mortimer.]

enormous sum (to give a good impression to the public), where the issued capital is perhaps a tenth, or even less, and the paid-up capital is relatively small. In such a case, is it really the policy of Government that they are going to say—"here is a banking company with an authorised capital of 10 or 20 crores and issued capital of one crore, paid-up capital of 50 lakhs. It has forthwith to issue 9 more crores and have half of that paid up". I would seriously urge Government to consider the implications of this matter and before they reach a final decision to have regard to what the Finance Member has been trying to do to check the excessive demand for capital at the present time. That is my point. I do not suggest that Government should make a hard and fast rule either way. If they accept Mr. Jamnadas Mehta's amendment, that, in fact, is what they will have to do. I suggest the correct attitude for Government is to instruct the Examiner of Capital Issues to take a reasonable view. Capital in one case is only a small amount and permission can be given to issue more shares and in another case it is a large amount and it is obviously unnecessary to issue it because a company is already doing business; in such a case I suggest that the Examiner of Capital Issues should say—your correct remedy is to go to court. In other words, I suggest that Government in this matter should have discretion and should not be bound in the manner in which Mr. Jamnadas Mehta's amendment seems to bind them.

Mr. Hooseinbhoj A. Lalljee: I rise to support what my friend Mr. Jamnadas Mehta, and Sir Cowasjee Jehangir, have said. This present legislation has been brought because the Government wants that the banking concerns now in the country must have sufficient capital, that they should not go on doing business without sufficient capital. Now, if that is the intention of the Government, then, surely, those companies which have been floated, in order to conform to the Act, must be given liberty to have further capital. The instance that my friend, Mr. Chapman-Mortimer, gave does not apply in my humble opinion. If a company has ten crores of subscribed capital and wants to get another 9 crores, it is not because, if it applies to the Examiner, that it will get the same from the public which is presumed. It is a very well-known fact that often it is not easy to get the capital and it won't be forthcoming for some time to

the extent that many people seem to think. It may be that when
 3 P.M. persons like Mr. Chapman-Mortimer or Sir Cowasjee Jehangir ask for it, they will get it, but ordinarily people will not get such a huge capital as my friend seems to think merely because they are applying to the Examiner of Capital Issues. What has been suggested by Sir Cowasjee Jehangir is that if they cannot get permission for it, in order to conform to this Act they will have to go to the court of law and perforce will have to reduce their capital, and I agree with him that is not fair or equitable.

Then, it is suggested to give wide powers to the Examiner of capital issues. To authorise an officer to consider what is a sufficient capital for a banking concern which is going on in a certain city or district is too much. Even the Finance Department should not take to itself this power because it is only those who take upon themselves to float companies and do actually the business that know the requirements of the business that they contemplate or are doing. It is impossible either for the Examiner of capital issues or even for any Government department to know what are the requirements contemplated by the promoters or the directors or the shareholders. I think we cannot give that power to the Examiner of Capital Issues or any other officer at all. It is a well-known fact and it cannot be denied that the applications that are made to the Examiner of Capital Issues are seldom disposed of within three or four months. Many a time he takes as much as six months and sometimes even more. It may be that he has not got sufficient number of experts or a big staff to deal with them. This office was only meant to take away the surplus cash from the country and not to allow it to be invested as far as possible. In other words, to float a company, capital was required and it is the policy of Government that Capital should not be invested in every concern. We were given to understand by the Finance Department and actually an undertaking was given that capital for

any industrial or banking concerns would not be refused except those which are not deemed to be useful at present. But it is not certain that some banking concerns may not be refused on the reason that this country does not want banks. Now, if you provide in the Bill that capital must be taken so as to make them solvent and strong enough, you cannot then have power to say that they cannot have it. In other words in the same breath you cannot say that they must have it or otherwise they must reduce and therefore go to the court. Now, going to the court means the stopping of all the existing business and arrangements. Those who are connected with the banking affairs know very well that if a going concern like a bank is going to apply to a court for a reduction of capital, it would mean the stopping of some of the business, thus causing uneasiness and panic. In other words, it will mean something like a liquidation. You will have to give an assurance that the Examiner of capital issues will have to sanction to the banking companies who want an extra capital perforce or some such thing must be done. I think it is a serious matter. Above all, I would never be a party to leaving the whole matter to the Examiner of capital issues. I say it once again that even the post of the Examiner of capital issues was enunciated on the understanding that industrial and banking concerns would not be handicapped. They are being forced now for the sake of sound business and the safety of the people and yet you won't give them their capital. My friend, Mr. Chapman-Mortimer, says that we should leave it to the tender care of an officer who has been especially appointed with the object not to give capital, or to avoid its giving as far as possible. It is impossible. We know that even ordinary applications were not disposed of within three or four months. It may be due to less staff or want of experts. I have no objection if you do not want the capital to go into the coffers of the public for all and any purpose and want it to be invested in war loans. At the same time, you insist on putting the banking companies on a sound line you must allow them that. You cannot have it both ways. With these words I entirely support Mr. Jannadas Mehta and Sir Cowasjee Jehangir. It is a serious matter and I hope the Commerce Member will give his careful consideration to it. It is one of the matters for which the whole Bill ought to have gone to the Select Committee. If the Honourable Member has any doubt he can clear it up.

The Honourable Sir M. Azizul Huque: I have no doubt.

The Honourable Sir Jeremy Raisman: Sir, I regret that I am under the disadvantage of not having heard some of the previous speakers on this amendment because I was unavoidably detained and was not able to be in the House. As far as I can see, the amendment seeks to ensure that in cases coming within the mischief of part (a) of sub-clause (2) of this clause, the banking company which is required to raise its paid-up capital up to half its subscribed capital shall not encounter any difficulties from the existing control of capital issues. Well, Sir, as far as that is concerned, I am prepared to assure the House that such difficulties will not be raised. That, as far as I can see, should dispose entirely of the subject-matter of this amendment. I have not examined the legal aspect of the matter. I am doubtful whether the term "Controller of Capital Issues" is the technical title

Mr. Jannadas M. Mehta: His designation is "The Examiner of Capital Issues."

The Honourable Sir Jeremy Raisman: Even the Examiner of Capital Issues does not, I believe, exercise powers himself. This control is exercised by the Government of India and I think it would be inappropriate to express this obligation in terms of the Examiner of Capital Issues. It seems to me, in any case, that it is undesirable to attempt to give statutory rigidity to a matter of this kind. The Government are fully aware of the point at issue and will see that the necessities of the situation are met. I do not think that the question of the relation between the subscribed capital and the authorised capital comes into this at all. Whatever steps may have to be taken by a banking company in order to comply with that requirement of the law, they will have to take. That is a matter the substance of which is before the House in the Bill as

[Sir Jeremy Raisman.]

drafted, and it is a matter which has been before the country for a considerable time and on which a great body of opinion is, I understand, favourable. I do not think, Sir, that there is anything more that need be said on this. I would suggest to the Honourable Member that in view of the assurance which I have given he should withdraw his amendment.

Mr. Jamnadas M. Mehta: I am a supporter of the section itself, but this difficulty is real. That is why I have raised this point, and the Honourable the Commerce Member in the morning was far more generous than now. Now, Sir, if an assurance is given that those companies will act according to the Bill when it becomes an Act, and if one of them wants to raise its capital, you will not put obstacles in their way, that is the only thing that is wanted and since you have given this assurance, I do not wish to pursue the matter.

Sir Cowasjee Jehangir: What about authorised capital?

The Honourable Sir M. Azizul Huque: That question has not been raised.

Mr. Jamnadas M. Mehta: It is a simple question of bringing more money. I ask you not to put obstacles in the way of such a company. I am hoping that this assurance means

The Honourable Sir M. Azizul Huque: I want to make it quite clear that so far as the assurance is concerned, it touched that part of it bearing relationship between subscribed capital and paid-up capital. It is only to see that the paid-up capital and the subscribed capital relationship is maintained for which he wants the assurance and the Honourable the Finance Member has given that assurance. So far as the other parts are concerned, authorised capital, that is a matter to be left to the banks concerned in view of the law existing at the present moment. I hope the Honourable Member would withdraw his amendment.

Mr. Jamnadas M. Mehta: I beg leave of the house to withdraw the amendment.

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

Clause 3 was added to the Bill.

Clause 4 was added to the Bill.

Clause 1 was added to the Bill.

The Title and the Preamble were added to the Bill.

The Honourable Sir M. Azizul Huque: Sir, I move:

"That the Bill, as amended, be passed."

Mr. Chairman (Syed Ghulam Bhik Nairang): The question is:

"That the Bill, as amended, be passed."

The motion was adopted.

THE INDIAN AIRCRAFT (AMENDMENT) BILL.

Sir Gurunath Bewoor (Secretary, Posts and Air Department): Sir, I move:

"That the Bill further to amend the Indian Aircraft Act, 1934, be taken into consideration."

Sir, the amending Bill which I am now moving for the consideration of the House is intended to amend section 5 of the Indian Aircraft Act, 1934 by the addition of two clauses. The statement attached to the Bill gives in brief the objects and reasons for the amendment. But the House would like to have a little more information than what could be given in that statement.

Sir F. E. James (Madras: European): The Bill has not yet been moved.

Mr. Chairman (Syed Ghulam Bhik Nairang): The motion is being moved that the Bill further to amend the Indian Aircraft Act, 1934, be taken into consideration.

Sir Gurunath Bewoor: Section 5 of the Act authorises the Central Government by notification in the *Gazette of India* to make rules, regulating among other things the operation of any aircraft or class of aircraft. Under the same section such rules may provide for the conditions under which aircraft may be flown or may carry passengers, mails or goods. The control of the operation of aircraft by a system of licensing the operators is essential in any country which does not restrict itself to State operation or a monopoly corporation or a company. The United States of America, Great Britain and Australia have,

for example, had licensing systems in force for a number of years. In India, however, though the Government could, under the Indian Aircraft Act, make rules for licensing air transport operators they have deliberately deferred action with two objects, firstly to observe results in other countries of the licensing system and secondly to give more flexible conditions for the early stages of growth in India. This was appropriate and necessary in a country like India where efforts have to be concentrated not in suppressing mushroom growths or wild schemes but on encouraging and maintaining alive the few organisations which had been brought into existence with much effort. The development of civil aviation in India has certainly been comparatively slow.

It is not necessary now to go into the reasons as to this slow growth. But Honourable Members would no doubt be aware of the fact that while many European countries went in for heavy subsidisation of air transport services, financial considerations in India have generally made it difficult to provide such subsidies. It was with the introduction of the Empire Air Mail scheme that it became possible to give some aid in the form of mail contracts payments and this led to the development of two feeder air services within India. Prior to the outbreak of war, there were thus in India two contract mail services, namely, Karachi—Colombo, and Karachi—Lahore. They covered an air route mileage of 2,470 miles and the annual flying mileage was 1.1 million and the capacity ton miles operated was 453,000. Besides these services which operated throughout the year, there were a certain number of services sponsored by Indian States and by private enterprise, some of which were seasonal in operation. I might mention the services operated by Tatas between Bombay—Trichinopoly, *via* Trivendrum and between Bombay—Delhi *via* Bhopal and Gwalior; by Indian National Airways between Lahore and Delhi and by the Air Services of India between Bombay and Kathiawar. The advent of the war prevented any further development of air services by private enterprises, and even in the case of established services, it soon became impossible for some of them to continue their operations due to the difficulty of getting fresh aircraft parts etc. All efforts had now to be concentrated on services essential for war. Such civil air organisations as exist have been utilised to the extent possible, to operate services which have a definite necessity for the war effort and in fact the magnitude of the operations now carried out by the two principal companies is greater than before the war. In other cases the transport services are operated by Service aircraft and by Service personnel.

The conditions created by the war have given a great impetus to the development of air transport and to highly advanced forms of navigation and considerable progress has been made in the manufacture and operation of large transport planes and in navigation by day or by night. There is keen and active interest in the post war development of air transport and many countries in the world are preparing themselves to meet the large demand that is bound to come for air transport services in all countries. In India there is very keen interest on the part of the public as well as on the part of industrialists and businessmen. India cannot afford to lag behind in the development of air transport services in her own territory. India is ideally situated for the development of air transport. It has a good climate for the greater part of the year, the large centres of industry and population are separated by long distances. India is on the highway between Europe and the Far East and as such her territory will be crossed by international world air services which are bound to be greatly augmented at the end of the war. In order that India may have herself a first class internal air service and be able to take her proper part in the international services in due course, the Government of India have taken up the question of post war planning for internal air services in the first instance. This plan is now ready and is shortly to be submitted to the members of the Reconstruction Policy Committee for their information, criticism and advice. Honourable Members are probably aware of the constitution of such committees

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to consider various post-war plans. On this Committee for Posts and Aviation there are representatives of the departments of the Government of India concerned, such as the Finance Department, the War Department and the Railway Department, official representatives to be nominated by the eleven Provincial Governments, representatives of Indian States and non-official representatives representing commerce, trade and industry.

I hope very shortly to be able to send our memorandum to the members of the Committee and also hope to be able to publish it for the general information of the public. I was hoping it would be ready by today but I regret that the pressure on the Government Press has rather delayed it, specially the printing of the map. Honourable Members would perhaps like me, therefore, to give a few outstanding features of this post-war plan. This plan contemplates the establishment of daily air services on the main trunk air routes covering India north to south and east to west, with link routes connecting the trunk routes at suitable points and with extensions to the capitals of adjacent countries. These contemplated services would cover an air route mileage of 10,500 with an annual flying mileage of $7\frac{1}{2}$ millions, and with aircraft of the class contemplated the total transport effected would amount to $12\frac{1}{2}$ million ton miles a year. As compared with the air services operated before the war the annual flying mileage would be five times and the ton mileage 15 times. This, as the House will understand, is of course our first instalment. The services will be mixed passenger, freight and mail services. The aircraft will have accommodation for between 12 to 20 passengers; the services will be of daily frequency to begin with to be increased later if necessary; and as and when the air routes are organised for night flying the services will operate by night. The connecting services will make it possible with few exceptions to leave any place in India on the air routes and arrive on the same day at any other place on the air routes. The capital invested by the operating organisations will probably be between 3 and 4 crores and the annual cost of operation is estimated to be between 2 and $2\frac{1}{2}$ crores.

I will not enter into any further details because Honourable Members as well as the general public will soon have an opportunity of getting acquainted with the full details of the scheme. Stimulated by the establishment of the major air services I have mentioned there will undoubtedly be considerable independent development of the air services of secondary and of local importance. In order to meet the development which is not only expected but which the Government of India desire actively to encourage and, if necessary and possible to support, it is essential to provide a licensing system. The objects of such a system are, to promote rational and economic development, to ensure safety, regularity and reliability, to ensure that the air services meet the real needs of the country, to co-ordinate effort, to discourage the growth of mushroom organisations and wild-cat schemes, and to prevent uneconomic competition involving waste of national energy and of national assets. It is with these objects that the Government of India are now proposing to take powers to make rules for the regulation of air transport services and for the prohibition of the use of aircraft in such services except under the authority of and in accordance with a licence authorising the establishment of a service, and for obtaining information from the applicants or holders of such licence. For the time being the operation of non-scheduled air transport, that is to say, charter and taxi flights will not be made subject to licences: such flights, like all other flying, will continue to be covered by the Indian Aircraft Act and its rules. As I have said before, the rules which it is now intended to make could have been made under the existing provisions of section 5 of the Indian Aircraft Act; but Government felt that since a definite principle of licensing of air transport service was being adopted, it would only be fair to the legislature if the matter was brought in specifically under the Act. And it is, therefore, that this amending Bill has been brought forward for the acceptance of the Legislature.

The Bill gives power to Government to make rules. Under section 14 of the Indian Aircraft Act any power to make rules conferred by the Act is subject to the condition of the rules being made after previous publication for a period of not less than three months. Under sub-section (4) of section 6 of the Defence of India Act of 1939 section 14 of the Indian Aircraft Act has ceased to have effect during the continuance of that Act. Rules can, therefore, now be made without previous publication. This amendment was made under the Defence of India Act because in war time it is necessary to be able to make changes in the rules to meet urgently and expeditiously any special circumstances that may arise. Even though section 14 of the Act has ceased to have effect we consider that it would not be fair, so far as rules to be made in accordance with the powers now to be given to Government under this amending Bill are concerned, to make them without previous publication. I, therefore, undertake that the rules which Government propose to make under the provisions of this clause shall be duly published for a period of not less than three months, and any views or criticisms which are received will be carefully considered before the rules are finally issued.

Sir, I move.

Mr. Chairman (Syed Ghulam Bhik Nairang): Motion moved:

"That the Bill further to amend the Indian Aircraft Act, 1934, be taken into consideration."

Sir F. E. James: Sir, this Bill is seemingly a modest one and of small account; actually it is an extremely important one. I am glad that my Honourable friend, Sir Gurnath Bewoor, has made some attempt to explain what Government policy is in the matter of civil aviation in the future; but I am bound to say that I found his explanation distinctly vague. Therefore, I am under the obligation to ask him to give the House, if he will, some further information on the policy of the Government of India, if they have one, with regard to the development of internal services and India's place in the air age of the future.

Before I deal with those larger questions I would like to acknowledge with thanks the assurance of my Honourable friend that before the licensing board is set up and before the rules are framed under the Act not only the policy committee attached to his department but also the interests concerned and public opinion will have an opportunity of expressing their views. He gave no indication of Government views on the constitution and the powers of the Board. I express some surprise at this, because here is the Legislature which is supposed to represent, in a measure, public opinion, and we are asked to give our assent to this Bill under which he is going to set up a very important licensing board. Yet he tells us nothing about its composition and very little, except in general terms, about its functions. I would express the hope that the Board that is to be set up will be a Board which is both expert and independent. . .

An Honourable Member: Above all.

Sir F. E. James: Yes, it will, in fact, be a Board "above board"! And it should be a board which will attract the confidence of the public and also of those operating companies which will apply for the necessary licences.

I would like to ask my Honourable friend, if he can and will, to give us some further information about the Government of India's policy as to the future of civil aviation in this country and the place of India in the world of the air after the war. An early formation of an Indian air policy is increasingly important. The conclusion of the war will give India a very unique opportunity. There will be in this country many efficiently trained men ranging from ground staff and mechanics to pilots, and there will be a large number of fully equipped and well-placed air fields. Other countries, both within and without the Empire, are losing no time in making preparations now for post-war developments. Not very long ago, President Roosevelt and Mr. Winston Churchill

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together, after discussion, laid down certain main principles for a free air policy after the war. Here they are:

- "(1) That internal aviation should be operated and owned by the countries concerned;
 (2) That the machines of other countries should have the right to use air ports to refuel, but not to pick up goods or passengers; and
 (3) That wherever possible and profitable air lines should be run by private companies and not by Governments, though there would, of course, be exceptions in the case of certain routes on which communications were desirable but which for various reasons might not be operated by private companies."

Now, Sir, I wonder whether the Government of India can here and now say that they will accept those three guiding principles as their policy. For example, have Government decided yet how these anonymous routes that have been described (without mentioning any place names) how they are actually to be operated? There are four alternative methods: First, there is the method of state-controlled and state-operated services, which, in my view, is uneconomic, expensive and for which certainly there is not the requisite governmental machinery in existence. Then there is the monopoly—a system which, I suggest, is seldom successful. Imperial Airways had a monopoly but it was unprogressive and completely defeated by the enterprise of commercial competition, subsidised by foreign governments. Then there is subsidised private operations, that is to say, private operations subsidised directly by Government—a system which experience has shown hampers initiative and independence. Initiative and independence are essential in any effective and efficient organisation of civil aviation and this can be only achieved by careful administration, by the maintenance of services at economic speed, and by the willingness to write off aircraft before they are out-of-date. I suggest to my Honourable friend that subsidies should be unnecessary if adequate remuneration is paid by Government for carrying mails, and if Government is sufficiently generous in its support of research, the pooling of information and other essential requisites for a rapid and effective development of civil aviation. Sir, I believe that the most efficient and economic method of operating civil air lines is controlled competition. By that I mean the licensing of reputable and financially sound companies to operate on certain routes under prescribed conditions. I wonder whether Government has reviewed these various alternatives and, if so, whether my Honourable friend can tell the House what is their conclusion.

Now, Sir, I pass on to the wider question of India's place in the post-war flying world. The Government of India was represented at a conference which was held in October in London under the chairmanship of Lord Beaverbrook. It was attended by representatives of the British, Dominion and Colonial Governments. I understand that this conference was only exploratory. We have been told that the proceedings were confidential, though they are being freely discussed in various journals in different parts of the world. One thing we do know. This Conference recommended the constitution of an Air Transport Authority associated with and responsible to any organisation which might be set up by the United Nations after the war in connection with international security. This sounds very much like the nucleus of an Empire Air Council. Is that the case? Can my Honourable friend tell us anything about that conference and whether in those discussions India represented her claim to be included in any such organisation that might be set up? Sir, in the post-war flying world, unless India now develops a clear-cut and definite policy and pursues it with vigorous determination, she will be left at the mercy of three or four great powers who, between them, will monopolise the great international flying routes of the world. I claim that India should not only develop internal flying services on a large scale but should also develop external services: and I should like to be assured by my Honourable friend that that aspect of India's post-war policy is being borne in mind and planned.

There are many reasons why India should develop lines of her own outside this country; some are strategic, some are commercial. Strategically India is an important base in the area now known as South-East Asia, and if there are,

as I believe there will be, regional arrangements for security in the future, India should share in a large measure in such arrangements that are made in this part of the world. Secondly, India has, in some of these countries which border the Indian Ocean and the Bay of Bengal, large settlements of her own countrymen. For commercial reasons therefore and in order that India may keep in touch with her children overseas, it is important that she should develop routes to these countries. Air routes increase trade and friendship; and an increase in trade and friendship with these settlements overseas will be of very great benefit both to this country and to the countries in which Indians have settled.

There is one subsidiary question I should like to ask and that is whether in considering the future, preparations will be made to take over the operation of those routes which are now being operated by the Transport Command, as soon as it ceases to be necessary for Transport Command to operate those routes. I may say that Transport Command is performing admirable service in the emergency with the zeal and efficiency characteristic of the R.A.F. They are laying the foundation for important civil air routes after the war. Their experience will be extremely valuable and I hope will not be entirely lost to this country. I should like my Honourable friend to consider at what point of development will Transport Command hand over the responsibility for flying on some of these routes to Civil Aviation when the emergency has passed.

My last question refers to the important matter of the steps which are necessary to strengthen the administrative machinery of the Civil Aviation Department itself in order to equip it for the very heavy tasks that are obviously awaiting it. I have noticed in all the Committees that have been set up to deal with reconstruction after the war, no committee has yet been set up to deal with the overhauling of the administrative machine of the Central Government, which is bound to be necessary if some of these rather grandiose schemes are to be carried out. I do not want to say anything more about that general question; but I put it to my Honourable friend that it will be necessary very greatly to strengthen the machinery at his disposal if the Civil Aviation Department is to meet the obligations which he has described. The Government will, I take it, be responsible for the maintenance of aerodromes, lighting, radio, meteorological services, wireless communication, supply of information, traffic regulation, the inspection of aircraft and aircrews, negotiations with operating companies, negotiations with other countries in international agreements, and, what is almost more important than anything else, research. This is a wide extension of the present responsibilities of the Civil Aviation Department which, in my view, will require thorough reorganization and much strengthening. I should be glad to know from my Honourable friend what Government has in mind in this matter.

Before the war this Department was treated as one of the Cinderella departments of Government. I am a little apprehensive of Government's attitude, for I observed in the paper the other day that the Honourable Member in charge has taken to himself another Department. Now that must mean one of three things: either the responsibilities of the department over which he now presides are not sufficient for him, or the work in the new department means nothing, or his shoulders are so broad and capable that he is able to take on further responsibilities without impairing his efficiency in any one of them.

Nawabzada Muhammad Liaquat Ali Khan (Rohilkund and Kumaon Divisions; Muhammadan Rural): All these three statements are correct.

Sir F. E. James: I am sure it is because his shoulders are so broad and capable that this change has been made. But I do hope that the Government of India will not treat the Civil Aviation Department as one of the unimportant departments. For years this Department was starved in every way possible. India ought to have had a civil aviation service before the war of some magnitude. I do not say that Government alone was responsible, for there was undoubtedly a dearth of public and private enterprise.

The Honourable Dewan Bahadur Sir A. Ramaswami Mudaliar (Supply Member): Air-mindedness.

Sir F. E. James: Still, there was the responsibility of this department to create more air-mindedness on the part of the public. I only hope that now that the age of the air has come upon us the Government of India will, in this matter at any rate, wake up and determine to put India in her rightful place in these important developments that are going to take place after the war.

My last word is to point out to my Honourable friend, the Secretary in charge of this Department, that other countries will not stand still. Some of them are already looking to important developments in this country. My Honourable friend must know as well as I and those of us who are interested in this matter know, that some of the most powerful countries in the world are determined to make a bid to capture the great international routes either for passenger or for goods traffic; and unless the Government of India have themselves a clear-cut and imaginative policy which they are prepared to carry through with determination, they will find that others, more powerful, perhaps less scrupulous, and more determined, have taken from India all those advantages in the matter of civil aviation which this war is likely to leave as one of its more happy legacies. Sir, I support the Bill.

Dr. Sir Zia Uddin Ahmad (United Provinces Southern Divisions: Muhammadan Rural): Sir, I was under the impression that civil aviation had handed over its responsibility to the military department and we were not going to discuss this question of air services during the war. We heard that there was a Department of Civil Aviation before the war; and we only heard when the Budget came before us; but as far as the actual work of civil aviation was concerned, I said at one time it was an open question—like cholera pills, about which a person asked whether they were intended to produce cholera or to cure cholera. The position was the same about civil aviation. I know that for years and years I had a fight with the Director General of Aviation, who was really the personification of the entire department of civil aviation, to give more scholarships to persons who really deserved them; but in spite of my repeated requests, I never succeeded during the five or six years he was holding his office; and I kept quiet and said nothing about civil aviation and I thought it was a closed chapter. We know very well that after the war—probably Sir Frederick James did not stress this particular point—but I would like to stress it—there will be a triangular fight between the rail service, the road service and the air service. Up to the present the fight was only between road and rail. But after the war there will be this triangular fight. For this fight the railways are preparing themselves. They have got two funds—one is what they call reserve fund and the other, which is the same fund really, is what they call the depreciation reserve fund; they are collecting money with two hands and depositing them into two pockets under two different names. Now they have started a third fund, adding one more hand and one more pocket, under the name of "Improvement of 3rd class traffic amenities fund", to which they are adding; and they have accumulated for five years, at the rate of 15 crores a year, a total of 75 crores for this purpose. They are collecting these reserves for the triangular fight which is coming. About the railways I do not know definitely; but I understand from some of the reports that they have made a budget of a thousand crores for the improvement of roads immediately after the war. So, two of the competitors are really preparing themselves for this triangular struggle that is bound to come as soon as the war is over; but this third party in this struggle has been sleeping all the time, and suddenly it got up and brought forward a small Bill for creating a kind of board, as if by the creation of this board the whole of this machinery and organisation and all things will immediately come into existence, to which reference has been made by Sir Frederick James and to which I shall refer later on.

I would like to know what this department is doing. Every department under the Government of India is now making a plan for the future reconstruction—I rather hate the word reconstruction, because we have practically destroyed very little which has to be reconstructed and I would rather call it future development of the country; but what is my Honourable friend the Secretary for Aviation doing for the development of civil aviation after the war? How will he compete with the other two competitors, rail and road, as soon as the war is over? I understand that no step has been taken in the civil department in this particular direction. If anything has been done, I shall be pleased to hear of it on the floor of the House,—that he has also formed a committee and that committee has drawn up a big scheme—and since our units for these post-war reconstruction schemes are not in terms of a crore, but thousands of crores—how many thousand crores programme he has made for the development of this civil aviation in this country after the war. We have heard nothing about this work. I heard before that they had washed off all their responsibility from the civil to the military side. I quite appreciate and I understand that during the war the military should have control of aviation, but this will not be the case after the war.

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

We know very well that air traffic has got a great advantage over rail and over road. For rail, you must have a permanent way; otherwise it will not move; in the case of the road also we require some kind of track, otherwise neither car nor slow traffic will move; but in the case of the air, there is freedom and there are a number of places which are unapproachable either by rail or road, which can be reached by air; and though it has got certain natural advantages in comparison with the other two services, no step is being taken for its development and no plan for any action which we should take after the war.

Now, there are two sides of the development and requirements which have been referred to by Sir Frederick James. The first is what he called internal and the other international. In the case of internal traffic there ought to be a kind of network of this traffic from one district to another district and so on. I am told that in America even now every town of moderate size has got a landing ground, so that traffic from one place to another can be regulated by air. No such step has even been considered by the Civil Aviation Department; and I do not know what their plans are and how they would be competing. So, it is very desirable that we should have a network of traffic by air for internal purposes; internal and inter-provincial traffic should be regulated by the companies in India. The Government may have traffic of its own, and probably a time will come when we will have open discussion as we have in the matter of railways: in the railways we started with company management and every railway built in the beginning, with few exceptions, was company-managed and company-owned. With the experience of about 80 years, we have come to the conclusion that all these railways should now be owned and managed by the state and should not be worked by the companies. The same question will arise about the air services. This is also a point which has to be considered and I hope that the Honourable the Secretary in charge of this department will enlighten us whether he is contemplating that the air services after the war will be owned and managed by the Government or he will allow the companies to develop these services and put in some money, and perhaps it may be necessary as we did in the case of railways to subsidise these companies. Therefore, the principles that we adopted in the development of rail traffic in this country will have to be adopted for the development of air service as well. No step has yet been taken: in fact we have not yet opened the book, not to think of reading it; except this fact that suddenly like a bombshell a Bill has been brought to us, as if by passing this Bill the whole air service will come into

[Dr. Sir Zia Uddin Ahmad.]

existence. Just in the same manner that some persons thought that when he will make the articles of association the whole of the factories will come into existence simply by the adoption of the articles of association. The articles of association really form an unimportant part of the whole thing compared with the kind of idea as to what we are going to do during the war and after the war, and there is no indication in this direction.

4 P. M. As regards international service, that is also a very important question because the position is very different from what it is at sea. At sea you can go from one place to another by having so many alternative routes, but in the case of air service India will play a very important part in the establishment of international services, and for southern Asia it will be a centre of all this traffic, and will have to play a very important part. As pointed out by Sir Frederick James, we want to know what India is contributing in this international discussion about international aircraft, what will be our position, and whether in all these conferences India was represented and what views India expressed at those conferences. I hope that the Assembly will be kept informed of what is happening about the development of this very important branch of traffic.

Again, we will require a large number of personnel for running our air services, and these men cannot be trained in a day. For every person who is going out on air you require 11 persons to work on the ground. Therefore, it is very desirable that we should have some kind of plan for the training of the personnel who will be required after the war. It does not suffice to be told that we will leave this matter to air headquarters and let them train, and then we will have their services here. They are making arrangements for their own purpose, they are not concerned with the future development of the country here. It is the business of the Civil Aviation Department to see what they should do for the future. We know very well that after the war there will be a great demand for civil aviation. I am certain in my mind that in every educational institution, in every university the demand for flying clubs will be as great as it is today in the case of swimming or cricket or football or hockey. In the Aligarh University we have already prepared a landing airfield at a cost of Rs. 30,000 to which the Government, either the civil or the military side of it, have paid no contribution whatever. We prepared it at our own expense with the full knowledge that this will be a necessary element after the war and that we ought to be prepared for what is going to come in the future. About the personnel, I have been pressing the Government of India, the Labour Department as well as the other Departments, that the time has now come when they should train their labour and their personnel who will work in air services in different capacities as radio men, aerodrome officers, assistant aerodrome officers, mechanics and so on.

I may say here that one has very great difficulty in the present system of administration in compartments. What one department is doing the other departments are not only ignorant about it, but they refuse to co-operate with one another. The Labour Department is in charge of training technicians for the aeronautical work, and they refuse to do anything in this particular direction and there is no co-ordination between the various departments of the Government. You ought to train your personnel, so that it may be of service during the war, and still of greater service after the war to establish internal and international traffic which is bound to be an important feature in this country.

As in the case of rail, road, etc., we have been demanding that there ought to be some factories for the manufacture of engines but no attention was paid, and when we are paralysed we are thinking of what will be done. We had been pressing in the case of road services that there ought to be some factories in India for the manufacture of motor cars, and we must have some factories for the manufacture of aircraft in this country; otherwise, we will be paralysed and now is the time at least to make plans. We appreciate very well that you cannot make a beginning but at the same time please give us a programme,—how many units of 1,000 crores you will require for the manufacture of these aircrafts and for bringing into existence an air service which will stand up

to the competition of rail and road services. This is a thing where we must do something.

As regards international side, as pointed out by Sir Frederick James, I think it is only reasonable to ask Government to let us know what position India will occupy in the international air routes. Will it be at the mercy of the other companies? They may stop traffic whenever they like, or divert it whenever they like. We want to know whether we shall have some say and an effective say in this particular matter, and whether we will initiate any company of our own,—it may be an international company but it should be established and chartered in this country,—whether they are contemplating to do so, or whether they are intending that Indian Government may purchase shares in the companies which are already in operation or which may operate on these international routes? All these points must be seriously considered and we ought to have some clear indication from the Honourable the Secretary about them. Merely to say that a Board will be created does not solve the problem. As I said, the drafting of the articles of association does not bring the whole factory into existence, it does not bring out all the articles in a finished form. I know and probably the Honourable the Secretary of the Department also knows that there will be a great demand for air service later on, and I am perfectly convinced that every person who now owns a motor car will require an aircraft as soon as the war is over, because there is a great disadvantage in the motor, it does not go everywhere. Your aircraft can go everywhere

The Honourable Dewan Bahadur Sir A. Ramaswami Mudaliar: Without landing!

Dr. Sir Zia Uddin Ahmad: In order that the service may operate properly there ought to be airfields and I should like to know how many airfields the Government of India are contemplating to have, how much money in units of 1,000 crores each they are going to spend on these. (Interruption.) 1,000 crores is a unit in the Government post-war reconstruction development. If it is 500 crores, then call it .5 unit. I should like the Secretary to say whether he is proposing to have a committee on post-war development of air service and air flying, such as the railways have done, as the roads have done. The Railways are powerful enough. They have got the money accumulating in their pockets even now, though they do not need it. The roads are very popular because you can get money on the ground that the villagers require them. It is an important thing for the villagers for the movement of agricultural crops. But in the case of air, no such plea can be put forward and he will have to make some plans in this connection. What arrangement is he going to make for the construction of aircraft in this country? Secondly, what arrangements is he going to make for the air fields? Thirdly, what steps is he going to take for the training of the personnel which will be required for the different kinds of work connected with the air fields? All these are matters on which we want some information and to ask us to pass this simple Bill is rather unfair. It is like preparing the articles of association and saying that a big factory for producing all kinds of things necessary for life will be at once generated. With these few words, I resume my seat.

Rao Bahadur N. Siva Raj (Nominated Non-Official): There can be no doubt whatsoever of the importance and the urgent need of examining the various questions that were raised by my Honourable friend, Sir F. E. James, in his speech. It was instructive and also exhaustive on this question of air development in India. As he was speaking, I was wondering as to how far my Honourable friend the Secretary for Posts and Air is an officer who can take the responsibility either on behalf of himself or on behalf of the Government of India to answer satisfactorily the points that have been raised by my friend, Sir F. E. James. I personally think that, having regard to the present position of India in relation not merely to His Majesty's Government but also in relation to the rest of the United Nations, the Government of India and much less the Secretary for Posts and Air cannot contribute a satisfactory solution of the problems raised with regard to the development of an Indian air policy. We all know that the question of air routes has for the last two years assumed a serious importance

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as between the great nations, as my friend, Sir F. E. James, said, particularly between America and Britain and we also feel that either as a sort of compromise or probably as a preliminary sparring this conference to which reference was made by my friend, Sir F. E. James, which was held in London took place. We really do not know what exactly were the decisions of that Conference. However, we hoped and we still hope that that conference would lead to the Government of India taking immediate steps to see that India is not caught napping just at the time when she ought to be quite prepared to come into the field of competition in airways between the various nations, that is, as soon as we signed armistice or terms of peace. But if we want to throw the responsibility for developing Indian Airways upon the British Government, then I suppose the question does not at all arise but if, as every one believes here, the Government of India and this Legislature and the people of India will be called upon in the near future to make preparations for all these, then it is time that the Government moved in the matter and moved seriously. If the object of this proposed Bill is to prepare the ground for the undertaking of such huge schemes that are to come in the future, then I am perfectly certain that that object will be approved by all sections of the House and if this Bill is to attain that objective which was envisaged by the Secretary for Posts and Air in his opening speech, which was of a grandiose character, then in my opinion it ought not to come as an amendment to the Indian Aircraft Act but it ought to be a consolidating and comprehensive Act. But if the objective of this Bill is to stop immediately the indiscriminate growth of private aviation, which might probably stand as a sort of obstacle or a difficulty to any post-war reconstruction, then it will be very easily misunderstood by the people as an attempt on the part of the Government of India to check private enterprise in the matter of air development in India. I should warn the Government of India against giving any such impression to the public at large. I feel that, if the Government of India is serious and will ultimately succeed in its scheme of post-war reconstruction, particularly the re-employment of our demobilised forces, the Government of India willy-nilly will have to carry on a scheme, and a complete and comprehensive scheme, of civil aviation in India if only to re-employ all those thousands and thousands of men who are now employed in the Indian Air Force from the ground work right up to the pilots and officers and also of men in the various civil aerodromes. I have no doubt whatsoever that the Government of India will be forced by the exigencies of time to develop this civil aviation in India but as has been pointed out by my friends, Sir F. E. James and also by Dr. Zia Uddin Ahmad, there are certain essential conditions which ought to be present for us to succeed in any scheme of post-war reconstruction. They have already referred to the necessity of making aircraft in India and every step ought to be taken immediately to see that all possible arrangements are made for the manufacture of our own aircraft here. There is no doubt that immediately after the war numbers and numbers of these aircrafts will be available almost for a song but unfortunately those aircraft that we will be able to get will be rotten ones and I do not think it will be possible for us to build real Indian aviation and real Indian airways with those planes that are likely to be released to us even by way of auction or sale, because there was a complaint in this House and elsewhere that even for the training for important posts in the Indian Air Force the planes that were sent to India were secondhand and rotten and old model planes. My fear is that the same might be repeated in the case of our transport services and our air service if we depend for our planes on what we get from foreign countries. As has been pointed out, the cry in the case of the Railways is that locomotives should be manufactured in this country. So, also, in the case of aircraft, the cry in the near future will be, and it will be a legitimate cry, that the aircraft ought also to be manufactured in India.

So, I feel that having regard to the importance of the subjects raised in this somewhat seemingly small Bill, it is essential that the Government should see to it that this ought not to be taken as merely an excuse for postponing what

they should have done already or what they ought immediately undertake to do in the matter of the development of civil aviation or in giving effect to the clauses of this Bill. They should try and see that they do not create the impression that they are trying to throttle private enterprise in the matter of the development of civil aviation. With these words I support the Bill.

Mr. H. A. Sathar H. Essak Sait (West Coast and Nilgiris: Muhammadan): Sir, I intervene in this debate only for a minute or two. I want to add one more question to the very useful questions asked by my Honourable friend, Sir Frederick James. I understood my Honourable friend, the Member in charge of the Bill, to state that some Post-war Reconstruction Committee has been constituted or is going to be constituted for the consideration of all those questions which arise out of the future development of aircraft. I do not know whether I heard him correctly. If that is so, I want to know what voice this House will have on that Committee. The Posts and Air Department has already a Committee of this House and I would suggest to him that that Committee should be co-opted or at least given a part in this Post-war Planning Committee that he is thinking of. I want to know what the Government's view is with regard to that suggestion.

With regard to what Sir Frederick James said on the question whether the future air services should be run by private enterprise or by Government, I do not find myself able to agree with him that it should be a purely private enterprise. Our experience in the past has not been such that we can stand up today and say that private enterprise is going to be an unqualified success. My Honourable friend, Sir Frederick James, was pressed for time and could not elaborate his views. He did not tell us why he thought that private enterprise will be a greater success than if the services are run by the Government. I do not want it to go outside this House that we endorse the views of Sir Frederick James. That is a big question and it has to be examined. I, therefore, find myself unable to agree with the view expressed by Sir Frederick James. With these words I support the motion.

Sir Gurunath Bewoor: Sir, I am glad to see that the Bill has been generally welcomed, but my friend, Sir Frederick James, has ranged far and wide and has asked a number of questions, some of which it may perhaps be awkward to answer. He himself at one stage admitted that certain proceedings of a conference at which Lord Beaverbrook presided were of an informal and exploratory character and were confidential and yet he asked me to tell him what they were.

Sir F. E. James: I said that I had been informed that they were confidential but that they have been discussed in every other country in the Empire.

Sir Gurunath Bewoor: It may be that people are discussing the same question, but they are not necessarily the same as Lord Beaverbrook discussed. Anyhow, I would like to give him certain assurances so far as India is concerned.

First of all, with regard to internal air services. It has been the view of the Government of India and I believe it is the view of every other country that the internal services of a country should be the sole and exclusive concern of that country, and it is by this view that we propose to stand.

As regards the policy of the Government of India, I would like to state here that policy. The policy of the Government of India has been and is to develop civil aviation with Indian capital under Indian management and to afford training and opportunities for employment to Indians and, in the case of the participation of India in any through services, to ensure that such participation is not only financial but technical as well as operational. Now, Sir, it is on that policy that the Government of India proposes to develop air services.

As regards the International aspect of the matter, there is at the present moment a very great deal of discussion going on all the world over, in America, in Great Britain and in the Dominions and it would require a considerably detailed description of the position. There was before the war a Convention relating to the Regulation of Aerial Navigation which had been agreed to by 32 nations of the world. Certain amount of freedom of the air was allowed under that agreement. There was one clause in it which, however, prevented the

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operation of what we call regular commercial services without the consent of the country concerned and that practically prevented the development of through services freely across other countries and it enabled a country to hold up the development of a service, particularly if it happened to be on a through route. As to what would happen at the end of the war, we cannot say at present. There is undoubtedly a great deal of feeling among the countries of the world that at the end of the war there ought to be a greater freedom and that air services should be developed more freely, that the countries of the world should come together more freely and better feelings should be developed. In all such discussions India will undoubtedly take her part. But I cannot today tell Sir Frederick James what exact freedoms India is prepared to give and what she is not prepared to give. That is not the attitude of mind in which a country should attend any International Conference. We are prepared to examine all the arguments for and against and we are in at every stage of the discussions of all views that are being expressed in the United States of America, in the United Kingdom, in Canada, in Australia and in New Zealand. Recently, my Honourable friend must have seen an agreement which has been entered into by Australia and New Zealand and he may rest assured that in all these matters India is keeping herself absolutely up-to-date.

Sir Frederick James wanted to know something about the Licensing Board. Now, I purposely did not say much about it because this particular Bill definitely asks for authority to make rules regarding a licensing authority. We propose to study carefully the rules which have been made for constituting such an authority in the United States of America, in the United Kingdom and in Australia. These rules vary in different countries. First of all, the rules generally will provide for the constitution of the authority with powers to call for applications, to hear representations, to grant licences, to prescribe the conditions to be fulfilled with regard to the route, the aircraft and its equipment, operational procedure, operational and maintenance personnel, time-tables, fares and freight rates. The Board will have power to suspend or revoke licences, to sanction transfer of licences, to make arrangements for the carriage of mails and to call for periodical returns. As regards the constitution of the Board, Government will examine this matter before publishing the rules constituting the Board. In America, which first adopted the system of licensing, the authority is the Civil Aeronautical Board, which is a permanent whole time Board and deals with every aeronautical matter. It has about five Members appointed by the President, one or two being highly qualified aeronautical engineers—I am afraid we have not got any in this country—it may also include one or two businessmen with experience in aviation. In Great Britain the members of the Air Transport Licensing Authority are appointed by the Secretary of State for Air; the only condition is that one of them shall be a person of legal experience and none may have any financial interest in any air transport undertaking or any business connected with aircraft, aerodromes, etc., without declaring it to the Secretary of State. I am somewhat doubtful whether this authority has been constituted at all. I have not been able to make quite sure. In Australia the licensing of air transport is one of the duties of the Civil Aviation Board which is wholly official and consists of the Controller General of Civil Aviation, the Controller of Operations and the Controller of Ground Organisation and a Finance Member appointed by the Minister. This Board is responsible for the administration of civil aviation generally and the licensing of air transport is one of its duties.

I have mentioned all this in order to convey to the House that we will examine these different aspects and frame our rules which, as I have stated, will be published and will invite criticisms and advice before they are finalised. My Honourable friend, Sir Frederick James, asked about the external services. Now, Sir, as I have already stated our post-war planning—and incidentally I do not know whether Dr. Sir Zia Uddin Ahmad was in the House when I spoke first—our post-war planning covers in the first instance trunk air routes and certain link

routes which cover a route mileage of 10,500 miles and which in a year would be roughly $7\frac{1}{2}$ million miles. That is the first stage. Now, Sir, these plans do contemplate extensions ultimately from India to places like Rangoon, Colombo and Kabul possibly Chungking, and possibly places in Persian Gulf. We do contemplate that India will not remain content with her own internal services. But it must be remembered that there is a vast field to cover within India itself and we have a sufficiently large task before us to cover India with essential internal services before we look outside for external services.

Now, Sir, my Honourable friend, Sir Frederick James, enquired about our headquarters organisation. I should like to say here that our post-war planning includes not merely the planning of air services; this is only one item of the plan; for any air service to operate it is necessary to provide the ground organisation. Therefore, we have to provide the necessary aerodromes, buildings on the aerodromes such as quarters for the staff, wireless organisation, meteorological organisation, night flying facilities and all that is the duty of the Civil Aviation Department. In order that these may function, it is naturally necessary to have a good headquarters organisation. All that is being planned. What I have mentioned is that we have at present ready for submission to our reconstruction policy committee, the first instalment, namely, the air routes and the air services which we wish to see operated after the war. Naturally if that air plan is approved, everything that is necessary in order to make those air services operate will have to be provided. I was asked as to how these services will operate and there was a difference of opinion between Sir Frederick James and Mr. Essak Sait as to whether they should be operated by the State or by private enterprise. Now, Sir, that is exactly the point on which we would take the opinion of the Reconstruction Policy Committee. We propose in our memorandum which we will be submitting to the Policy Committee to place before them the different methods by which these air services can be operated. They can be operated by Government, or by a statutory corporation, or by a single monopoly company or by a number of competing enterprises. We hope to get valuable advice from businessmen to whom this matter will be submitted and I have no doubt that Sir Frederick James and Mr. Essak Sait would be able to submit their own considered views in the matter to us.

Dr. Sir Zia Uddin Ahmad raised the question of road, rail and air competition and enquired what air was doing while rail was putting money by in order to develop itself. Now, Sir, I happen to be responsible for roads as well. There is no money for roads at all. I was very glad to hear that because roads benefit the agriculturists, there will be plenty of money forthcoming. I hope that if I come up in the Standing Finance Committee for more money for roads, the learned Doctor will support me. Our road planning contemplates an expenditure of 450 crores, less than half a unit according to the learned Doctor. What I should like to point out is that the Honourable Member, Dr. Sir Zia Uddin Ahmad is mistaken if he thinks that we are looking on these three different forms of transport as competing with one another and trying to cut each other's throats. It is exactly that which we want to prevent by Government carefully planning the development of these three forms of transport. Our objective is to co-ordinate and not to compete, and when we prepared our plan, we took into confidence the Railway Department. In what we wanted to do, we took the point of view of the railway also. We know that there is sufficient traffic for all the three forms of transport. There is no reason whatsoever for any existing form of transport to be afraid of being ruined because some new form of transport has come into existence. As regards the trained personnel, we fully recognise their great value and in fact one of the objects of our planning is, apart from developing India and make her a first class country, to find employment for our trained pilots and mechanics and we hope that not only the plan which we have prepared but also private enterprise will serve to develop a number of subsidiary services and will find employment for a number of such trained personnel.

As regards my Honourable friend, Rao Bahadur Siva Raj, I should like to give him a categorical assurance that the method of licensing which we are now

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trying to adopt is not intended to check development but on the contrary, as I have mentioned, the whole object of licensing is to prevent wasteful competition and waste of national assets. It is not merely a question of preventing wasteful competition between road, rail and aviation, but it is to prevent wasteful competition between the air operators themselves. My Honourable friend, Mr. Siva Raj, knows that in connection with the Motor Vehicles Act, we had to adopt the system of licensing which aims at preventing the competitors from resorting to cut-throat competition and thus ruining themselves. Licensing is now a recognised form of regulating competition and there is no intention whatsoever of checking development. On the contrary, Government are anxious to encourage development of civil aviation.

Sir, I hope I have given the House all the information it needed and I hope my motion will be agreed to.

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

"That the Bill further to amend the Indian Aircraft Act, 1934, be taken into consideration."

The motion was adopted.

Clause 2 was added to the Bill.

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

"That after clause 2 of the Bill the following clause be added, namely:

3. Further amendment of section 5, Act XXII of 1934.—After sub-section (2) of section 5 of the Indian Aircraft Act (XXII of 1934), the following sub-section shall be added, namely:

"(3) Rules to be laid before both Chambers.—Every rule made under this section shall be laid as soon as may be after it is made before each of the Chambers of the Central Legislature, while it is in Session, for a total period of one month which may be comprised in one Session or in two or more Sessions, and if before the expiry of that period, or where the period for which the rule is so laid before one Chamber does not coincide with that for which it is so laid before the other, before the expiry of the later of these periods, both Chambers agree in making any modification in the rule or both Chambers agree that the rule should not be made, the rule shall thereafter have effect only in such modified form or be of no effect, as the case may be."

What this amendment means is that when the rules are made under section 5 of the Act they will be effective as per section 14 while they are made. But when the Legislature is in Session these rules will have to be placed on the table of the House and it will be open to any Member to propose amendment or abrogation of any of these rules, and it will be open to both Houses to agree to the amendment or abrogation. If such a thing happens it will be as if that rule had not been made or made in an amended form. If you look at the Bill you will find that Government are taking large powers under clause 2.

Sir Gurunath Bewoor: Sir, if it will expedite the passage of the Bill, I am prepared to accept the amendment.

Mr. H. A. Sathar H. Essak Sait: Then I need not say any more.

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

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The motion was adopted.

New clause 3 was added to the Bill.

Clause 1 was added to the Bill.

The Title and the Preamble were added to the Bill.

Sir Gurunath Bewoor: Sir, I move:

"That the Bill, as amended, be passed."

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

"That the Bill, as amended, be passed."

The motion was adopted.

THE TRANSFER OF PROPERTY (AMENDMENT) BILL.

The Honourable Sir Asoka Roy (Law Member): Sir, I move:

"That the Bill further to amend the Transfer of Property Act, 1882, be taken into consideration."

The object of the Bill is to amend and clarify the law relating to the assignment of policies of marine insurance. As the law now stands, identical provision for the assignment of policies of marine insurance and of policies of insurance against fire is contained in section 135 of the Transfer of Property Act and what this Bill does is to take policies of marine insurance out of the scope of that section and to make new provision for the assignment thereof.

As Honourable Members interested in insurance will be aware, the rules and principles governing a marine insurance policy are materially different from those governing a fire insurance policy, and it is very unsatisfactory to accord the same treatment in the matter of assignment to both categories of policies. To take the instance mentioned in the Statement of Objects and Reasons, a fire insurance policy is not assignable after loss, but the nature of a marine insurance contract is such as to require that marine insurance policies should be assignable even after loss. Honourable Members will appreciate that occasions for the assignment of a fire insurance policy after loss can scarcely arise in practice, but the hazards of a sea voyage are so innumerable and so uncertain—particularly in war time—that no owner of property which is being carried across the seas can ever be sure at any given time whether his property is still afloat or has gone to the bottom of the sea. That being the position, cases often arise—and are bound to arise,—where such property changes hands even after loss. Having regard to the terms of section 135 and clause (e) of section 6 of the Transfer of Property Act, it is more than doubtful if in such events a policy of marine insurance could be validly assigned. In the United Kingdom, the assignability of marine insurance policies after loss is placed beyond doubt by the express provisions of the Marine Insurance Act of 1906. The Bill proposes to adopt those provisions with certain modifications necessitated by the existence of clause (e) of section 6 of the Transfer of Property Act which forbids a transfer of a mere right to sue.

Opportunity has also been taken to set out clearly the law of subrogation in relation to marine insurance on the lines of section 79 of the United Kingdom Marine Insurance Act.

Sir, this Bill has been promoted at the instance of commercial bodies and has the approval of the business community. I hope the Bill will have the unanimous support of the House, Sir, I move.

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

"That the Bill further to amend the Transfer of Property Act, 1882, be taken into consideration."

The motion was adopted.

Clauses 2 to 4 were added to the Bill.

Clause 1 was added to the Bill.

The Title and the Preamble were added to the Bill.

The Honourable Sir Asoka Roy: Sir, I move:

"That the Bill be passed."

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

"That the Bill be passed."

The motion was adopted.

THE INSURANCE (AMENDMENT) BILL.

The Honourable Sir M. Azizul Huque: (Commerce Member): Sir, I move:

"That the Bill further to amend the Insurance Act, 1938, be taken into consideration."

The objects have been clearly explained in the Statement of Objects and Reasons. Sir, I move.

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

"That the Bill further to amend the Insurance Act, 1938, be taken into consideration."

The motion was adopted.

Clause 2 was added to the Bill.

Sir George Spence (Secretary, Legislative Department): Sir, I move:

"That in clause 3 of the Bill, in sub-clause (b), in the proposed sub-section (2A) the words 'managing agent' be omitted."

Sir, the point of this amendment is that under the operation of section 32 of the principal Act there can no longer be any managing agents of insurers in existence. Therefore, the reference to them in this clause is inappropriate. Sir, I move.

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

"That in clause 3 of the Bill, in sub-clause (b), in the proposed sub-section (2A) the words 'managing agent' be omitted."

The motion was adopted.

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

Clauses 4 and 5 were added to the Bill.

Clause 1 was added to the Bill.

The Title and the Preamble were added to the Bill.

The Honourable Sir M. Azizul Huque: Sir, I move:

"That the Bill, as amended, be passed."

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

"That the Bill, as amended, be passed."

The motion was adopted.

THE CANTONMENTS (AMENDMENT) BILL.

Mr. C. M. G. Ogilvie (Secretary, Defence Department): Sir, I move:

"That the Bill further to amend the Cantonments Act, 1924, as reported by the Select Committee, be taken into consideration."

Sir, the Select Committee has made no changes and as I explained each clause of the Bill on the last occasion I think there is no need for me to take up any further time of the House.

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

"That the Bill further to amend the Cantonments Act, 1924, as reported by the Select Committee, be taken into consideration."

The motion was adopted.

Clauses 2 to 8 were added to the Bill.

Clause 1 was added to the Bill.

The Title and the Preamble were added to the Bill.

Mr. C. M. G. Ogilvie: Sir, I move:

"That the Bill be passed."

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

"That the Bill be passed".

The motion was adopted.

The Assembly then adjourned till Eleven of the Clock on Thursday, the 24th February, 1944.