

information or when we have some suspicion, we have to take care. Generally the complaints are in those cases in which we have some suspicion.

Shri Morarka: May I know whether the complaints originate from all the airports or any airport in particular?

Shri B. R. Bhagat: Some airports.

Mr. Speaker: Shri S. M. Banerjee---absent. Next question.

Shri Iqbal Singh: May I know whether the taxation proposals of the State Governments can be discussed in this House, and further, whether the reactions on the taxation proposals of the State Governments can be discussed in this House or not? I want your ruling on this point.

Mr. Speaker: The question is not before the House. Next question.

Bank of China

*1604. **Shri Hari Vishnu Kamath:** Will the Minister of Finance be pleased to state:

(a) whether the Bank of China continues to operate in India;

(b) if so, what restrictions have been imposed on its functioning;

(c) whether any further measures are contemplated in view of the worsening of India-China relations;

(d) whether some of the employees of the Bank have been ordered to leave India; and

(e) if so, the reasons therefor?

The Deputy Minister of Finance (Shri B. R. Bhagat): (a). Yes.

(b). The licence issued to the Bank of China to deal in foreign exchange was withdrawn by the Reserve Bank from the 28th December, 1961.

(c). The question of taking suitable action will arise if any of the provisions of the Banking Companies Act, 1949 are contravened.

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(d) and (c). Some employees whose activities have been found objectionable have been ordered to leave India under the provisions of the Foreigners Act.

Shri Hari Vishnu Kamath: How many Indians are employed in the Bank of China, and as distinct from employees, has the Government got any information as to whether other Indians have got any dealings or transactions with the Bank of China, or does it cater mainly or only to the needs of the Chinese community in India?

Shri B. R. Bhagat: At the end of December, 1961, the total staff employed by the bank was 88, of whom 31 were Indians and the rest non-Indians. The Reserve Bank is making efforts to get the bank to increase the number of Indians on the staff.

Shri Hari Vishnu Kamath: The other part of the question has not been answered—whether the Government has got information to show whether other Indians have got any dealings with the Bank of China—business dealings—apart from the employees.

Shri B. R. Bhagat: I do not have that information.

Shri Hari Vishnu Kamath: Has Government received reports from the West Bengal Government or from other sources to the effect that the Bank of China in Calcutta and Bombay has been indulging in subversive and espionage activities or at least in prejudicial and undesirable activities and, if so, in the context of the present India-China relations and the lapse of the 1954 trade agreement....

Mr. Speaker: After "if so," he must come to the question.

Shri Hari Vishnu Kamath: And if so, with the lapse of the 1954 trade

agreement, in the present context of India-China relations.

Mr. Speaker: After "if so", and when he has prefaced the question with "if so", he must put the question straight.

Shri Hari Vishnu Kamath: I am putting the question. What are the reasons for not closing down the Bank of China completely?

Shri B. R. Bhagat: The bank as such cannot indulge in any activity other than normal banking activities. The inspection of the Reserve Bank does not show any such thing. But certainly some of the employees of the bank were found to be indulging in subversive activities and, as I said, under the Foreigners Act they have been suitably dealt with and most of them have been sent out of the country.

Shri Nath Pai: Has any investigation been made into the suspicion as to whether the bank uses its financial resources to help activities particularly of a propagandist nature, helpful to the cause of the Chinese Government?

Shri B. R. Bhagat: It is possible for the Reserve Bank to carry out its inspection. We do go into these things, but so far, the banking operation of this bank has not revealed any such activity.

Shri Vidya Charan Shukla: May I know the reason why the Reserve Bank withdrew the permission from the bank to deal in foreign exchange?

Shri B. R. Bhagat: Because of the closure of trade with Tibet, the foreign trade activities of this bank have dwindled very much and for that reason the licence to deal in foreign exchange was withdrawn.

Shri Morarka: May I know the total deposits of the bank and how much is Indian and how much Chinese?

Shri B. R. Bhagat: The deposits of the bank have dwindled very much. It has come down from Rs. 3,99,35,200 on 15th September, 1961 to Rs. 1,21,16,000 on 6th April, 1962. I have not got the breakup as to how much is Chinese and how much Indian.

Shri Hem Barua: In view of the fact that the Bank of China has of late a honeycomb of anti-Indian activities....

Mr. Speaker: Order, order.

Shri Hem Barua: I will link it up in one sentence.

Mr. Speaker: The sentence must have some limited size.

Shri Hem Barua: In view of the fact that the Bank of China is indulging in financing anti-national activities in our country, in spite of the fact that the Reserve Bank has withdrawn the foreign exchange licence, why is it that our Government have not tried to reassess the position of the Bank of China in our national economy?

Shri B. R. Bhagat: That the bank as such is indulging in subversive activities is not shown by the inspection of the Reserve Bank. The bank was inspected in November and December, 1961, with reference to its position and before that in September 1961. So, several inspections by the Reserve Bank did not show any such activities. But as I said, some of the employees were indulging in such activities and we have taken suitable action.

Dr. L. M. Singhvi: Is it a fact that the West Bengal Government has suggested the closure of this Bank or has asked for any drastic steps to be taken by the Government of India against this bank?

Shri B. R. Bhagat: I have not got that information that the West Bengal Government suggested any such thing.