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Wednesday, April 29, 1959
Vaisakha 9, 1881 (Saka)

LOK SABHA DEBATES

(Seventh Session)



(Vol. XXX contains Nos. 51—60)

LOK SABHA SECRETARIAT
NEW DELHI

62 nP. (INDIAN)

THREE SHILLINGS (FOREIGN)

CONTENTS

[Second Series, Vol. XXX, April 21 to May 4, 1959/Vaisakha 1 to 14, 1881 (Saka)]

	COLUMNS
No 51.—Tuesday, April 21, 1959/Vaisakha 1, 1881 (Saka)—	
Oral Answers to Questions—	
*Starred Questions Nos 1932 to 1938, 1940 to 1942, 1944 to 1948, 1950, 1952 and 1953	12459—97
Short Notice Questions Nos. 24 to 26	12497—12507
Written Answers to Questions—	
Starred Questions Nos 1939, 1943, 1949, 1951 and 1954 to 1959	12507—12
Unstarred Questions Nos 3317 to 3379	12512—45
Death of Shri Usha Nath Sen	12545
Speers laid on the Table	12545—46
Estimates Committee—	
Forty-sixth Report	12546
Elections to Committees—	
1. Estimates Committee	12546—47
2. Public Accounts Committee	12547
Association of Members of Rajya Sabha with Public Accounts Committee	12547—48
Finance Bill—	
Motion to consider	12545—12692
Statement re shooting down of I A F Canberra Aircraft in Pakistan	12692—12708
Daily Digest	12709—14
No 52.—Wednesday, April 22, 1959/Vaisakha 2, 1881 (Saka)—	
Oral Answers to Questions—	
* Starred Questions Nos 1960 to 1963, 1965 to 1970, 1972 to 1975, 1978 and 1980 to 1982	12715—54
Short Notice Questions Nos 27 and 28	12754—61
Written Answers to Questions—	
Starred Questions Nos 1964, 1971, 1976, 1977, 1979 and 1983 to 1995	12761—72
Unstarred Questions Nos 3380 to 3423	12772—96
Motions for Adjournment—	
Violation of Indian Air-space by Pakistani Aircraft	12797—12773
Death of Master Nand Lal	12704
Speers Laid on the Table	12804—05
Message from Rajya Sabha	12805
Committee on Private Members' Bills and Resolutions—	
Forty-third Report	12806
Finance Bill, 1959	12806—77, 12875—12970
Motion to consider	12806—99
Clauses 2 to 31, First Schedule, Second Schedule, and clause 1	12899—12966
Motion to pass	12966—70
Business of the House	12878
Daily Digest	12971—76

COLUMNS

No. 53.—Thursday, April 23, 1959/Vasakha 3, 1881 (Saka)—

Oral Answers to Questions—

*Starred Questions Nos 1996 to 1998, 2000, 2002 to 2007 and 2010 to 2016	12977—13014
Short Notice Question No 29	13014—16

Written Answers to Questions—

Starred Questions Nos 1999, 2001, 2008, 2009 and 2017 to 2022	13016—21
Unstarred Questions Nos 3424 to 3478	13021—53
Papers laid on the Table	13053
Messages from Rajya Sabha	13053—54
Census (Amendment) Bill Laid on the Table as passed by Rajya Sabha	13054
Indian Lighthouse (Amendment) Bill	13054—65
Motion to consider	13054—64
Clauses 2 and 1	13064
Motion to pass	13065

Arms Bill—

Motion to refer to Joint Committee	13065—13144
Business of the House	13145—46
Purchase of railway sleepers from abroad at higher price.	13146—90
Daily Digest	13191—96

No. 54.—Friday, April 24, 1959 Vasakha 4, 1881 (Saka)—

Oral Answers to Questions—

*Starred Questions Nos 2023 to 2031 and 2033 to 2036	13197—13275
--	-------------

Written Answers to Questions—

Starred Questions Nos 2032, 2037 to 2047	13235—11
Unstarred Questions Nos 3479 to 3502, 3504 to 3528 and 3530 to 3533	13241—69
Papers laid on the Table	13270—71
Public Accounts Committee—	
Sixteenth Report	13271—72
Business of the House	13272—73
Bills Introduced—	
1 Employment Exchanges (Compulsory Notification of Vacancies) Bill	13273
2 Dowry Prohibition Bill	13273
Coal Grading Board (Repeal) Bill	13274—83
Motion to consider	13274—86
Motion to pass	13280—81
Discussion re Report of the Commissioner for Scheduled Castes and Scheduled Tribes	13283—1333C

Committee on Private Members Bills and Resolutions—

Forty-third Report	13331—32
Resolution re Export of Monkey	13332—70
Resolution re : Inclusion of English in the Eighth Schedule of the Constitution	13371—98
Half-an-Hour Discussion re Indianisation of Foreign Firms in India	13398—13412
Daily Digest	13413—20

No 55—Monday, April 27, 1959/Vaisakha 7, 1881 (Saka)—	
Oral Answers to Questions—	
* Starred Questions Nos 2049 to 2055, 2057 to 2062, 2063 and 2064	13421—57
Written Answers to Questions—	
Starred Questions Nos 2056, 2062 and 2065 to 2073	13457—63
Unstarred Questions Nos 3534 to 3579	13463—87
Re Motion for adjournment—	
Fire in India-1958 Exhibition grounds	13487—90
Papers laid on the Table	13491—92
Opinions on Bill	13492
Message from Rajya Sabha	13492
Statement re Demands for Supplementary Grants (Railways), 1959-60	13492
Estimates Committee—	
Fifty third Report	13493
Public Accounts Committee—	
Fifteenth Report	13493
Statement re situation in Tibet	13493—13504
Bills Introduced —	
(1) Reserve Bank of India (Amendment) Bill	13504
(2) Road Transport Corporations (Amendment) Bill	13504
Report of the Commissioner for Scheduled Castes and Scheduled Tribes	13505—13664*
Business of the House	13664—66
Daily Digest	13667—72
No 56—Tuesday April 28 1959 Vaisakha 8 1881 (Saka)—	
Oral Answers to Questions —	
* Starred Questions Nos 2074 to 2086, 2088, 2089, 2097, 2099 and 2090 to 2092	13673—13712
Written Answers to Questions—	
Starred Questions Nos 2087, 2093 to 2096 and 2098	13712—15
Unstarred Questions Nos 3580 to 3646	13715—64
Estimates Committee—	
Fifty seventh Report	13765
Public Accounts Committee—	
Fourteenth Report	13765
Correction of statement laid on the Table	13765—66
Correction of answer to Starred Question No 1593	13766
Reserve Bank of India (Amendment) Bill—	
Motion for consideration	13766—83
Resolution re Recommendations of Railway Convention Committee	13783—13855
Discussion re Report of Indian Delegation to Forty first (Maritime) Session of International Labour Conference	13855—13902
No 57—Wednesday, April 29 1959/Vaisakha 9 1881 (Saka)—	
Oral Answers to Questions—	
* Starred Questions Nos 2099A, 2100 to 2108, 2111, 2112 and 2114 to 2117	13909—47
Short Notice Question No 30	13947—52
Written Answers to Questions—	
Starred Questions Nos 2109, 2110 and 2113	13952—57
Unstarred Questions Nos 3657 to 3731	13957—94
Papers laid on the Table	13994—95
Message from Rajya Sabha	13996
Demands for Excess Grants, 1955-56	13996

	COLUMNS
Committee on Private Member's Bills and Resolutions—	
Forty-fourth Report	13996
Estimates Committee—	
Fifty-fourth, Fifty fifth and Sixtieth Reports	13996-97
Public Accounts Committee—	
Seventeenth Report	13997
Petition <i>re</i> Report of Committee of Parliament on Official Language	13997
Reserve Bank of India (Amendment) Bill	13997—14040
Motion to consider	13997—14031
Clauses 2 and 1	14031—39
Motion to pass	14039—40
Suspension of First Proviso to Rule 74	14040—44
State Bank of India (Subsidiary Banks) Bill—	
Motion to refer to Joint Committee	14045—14119
Suspension of First Proviso to Rule 74	14120
State Bank of India (Amendment) Bill—	
Motion to refer to Joint Committee	14120—23
Half an-hour Discussion <i>re</i> Raids by Dacoits from Pakistan	14129—44
Daily Digest	14145—52
No 58 —Thursday April, 30 1959/ <i>Vasakha</i> 10, 1881 (<i>Saka</i>)—	
Oral Answers to Questions—	
*Starred Questions Nos 2126 to 2133, 2135, 2137, 2140, 2141, 2143 to 2145	14153—89
Short Notice Question No 31	14190—94
Written Answers to Questions—	
Starred Questions Nos 2134, 2136, 2138, 2139, 2142 and 2146 to 2155	14194—14202
Unstarred Questions Nos 3732 to 3744 and 3746 to 3805	14202—49
Estimates Committee—	
Fifty-eighth Report	14249
Correction of answer to Starred Question No 1960	14250
Paper laid on the Table	14250—51
State Bank of India (Amendment) Bill—	
Motion to refer to Joint Committee	14251—72
Banking Companies (Amendment) Bill—	
Motion to refer to Joint Committee	14273—14310
Bengal Finance (Sales Tax) (Delhi Amendment) Bill -	
Motion to consider	14311—66, 14367—8.
Estimates Committee—	
Fifty-ninth Report	14365
Daily Digest	14381—86
No 59 —Friday May 1 1959/ <i>Vasakha</i> 11, 1881 (<i>Saka</i>)—	
Oral Answers to Questions—	
*Starred Questions Nos 2156 to 2165, 2167, 2169 to 2171, 2175 to 2179, 2182 and 2183	14387—14424
Written Answers to Questions—	
Starred Questions Nos 2166, 2168, 2172 to 2174, 2180, 2181 and 2184 to 2188	14425—30
Unstarred Questions Nos 3806 to 3829 and 3831 to 3883	14430—78

COLUMNS

Papers laid on the Table	14478-79
Directions by the Speaker under the Rules of Procedure	14479
Messages from Rajya Sabha	14479-80
Calling Attention to a matter of Urgent Public Importance—	
Hunger strike by some workers of the Ajudhia Textile Mills, Delhi	14480-83
Business of the House	14483-88
Companies (Amendment) Bill—Introduced	14488
Business Advisory Committee—	
Thirty-eighth Report	14488-89
Bengal Finance (Sales Tax) (Delhi Amendment) Bill	14489-14500
Motion to consider	14489-96
Clauses 2 to 18 and 1	14496-99
Motion to pass, as amended	14499-14500
Displaced Persons (Compensation and Rehabilitation) Amendment Bill—	
Motion to consider	14500-53
Committee on Private Member's Bills and Resolutions—	
Forty-fourth Report	14553
Population Control Bill—	
Leave for introduction not granted	14553-64
Bill Introduced—	
(1) The Indian Penal Code (Amendment) Bill (Amendment of section 309) by Shri Ram Krishan Gupta	14563
(2) The Foreign Exchange Regulation (Amendment) Bill (Amendment of sections 2 and 23 and omission of sections 19A, 23B, 23E and 23F) by Shri Ram Krishan Gupta	14564
Institution of Chartered Engineers Bill—	
Motion to consider—withdrawn	14565-84
Equal Remuneration Bill—	
Motion to consider	14584-14620
Daily Digest	14621-28
No. 60.—Monday, May 4, 1959/Vaisakha 14, 1881 (Saka)—	
Oral Answers to Questions—	
*Starred Questions Nos. 2189 to 2196, 2198, 2199 and 2202 to 2207	14609-69
Short Notice Question No. 32	14669-72
Written Answers to Questions—	
Starred Questions Nos. 2197, 2200, 2201 and 2208 to 2214	14673-78
Unstarred Questions Nos. 3884 to 3938, 3940 to 3943, 3945, 3946 and 3948 to 3959	14678-14720
Corrections of Answers to unstarred questions Nos. 212, 1148 and 1149	14720-21
Papers laid on the Table	14721-22
Messages from Rajya Sabha	14722-24
Pharmacy (Amendment) Bill Returned by Rajya Sabha with amendments—laid on the Table	14724
President's Assent to Bills	14724-25
Committee on Absence of Members—	
Fourteenth Report	14725
Calling Attention to a Matter of Urgent Public Importance—	
Accident in Durgapur Steel Project	14725-26
Business Advisory Committee—	
Thirty-eighth Report	14727

	COLUMNS
Displaced Persons (Compensation and Rehabilitation) Amendment Bill	14727—14804
Motion to consider	14727—87
Clauses 2 and 1	14787—99
Motion to pass	14799—14804
Demands for Excess Grants (1955-56)	14803—09
Motion re : Report of the University Grants Commission	14809—65
Half-an-hour discussion —	
Employee's Provident Fund Scheme	14865—80
Daily Digest	14881—88

NOTE.—The sign + marked above a name of Member on Questions which were orally answered indicates that the Question was actually asked on the floor of the House by that Member.

LOK SABHA DEBATES

13909

13910

LOK SABHA

Wednesday, April 29, 1959/Vaisakha 9,
1881 (Saka)

The Lok Sabha met at Eleven of the
Clock.

[MR SPEAKER in the Chair]

ORAL ANSWERS TO QUESTIONS

Mr. Speaker: The House will now
take up Questions. Shri Rajendra
Singh.

Shri S. M. Banerjee: Sir, I have been
given priority; my question No. 2125
(re-numbered as 2089-A) has been
given priority.

Mr. Speaker: Oh, yes. Shri Banerjee

Survey of India Party in Nepal

*2089-A. { Shri S. M. Banerjee:
 +
 Shri Tangamani:

Will the Minister of Scientific Re-
search and Cultural Affairs be pleased
to state:

(a) whether it is a fact that No. 25
Field Party of the Survey of India,
Dehra Dun is now in Nepal;

(b) whether two workers of that
party are reported to be missing and
two others have lost their legs and
have become permanently disabled;

(c) whether this was due to the fact
that no adequate protection was given
to them against snow; and

(d) if so, whether any inquiry has
been instituted?

The Minister of Scientific Research
and Cultural Affairs (Shri Humayun
Kabir): (a) Yes, Sir.

90 (A) L.S.D.—1

(b) and (c). Two Nepali porters died
and one Survey of India Khalasi was
frostbitten on the night of 30-31st
January 1959 when coming down from
an observation post at 15000 feet after
their tent had collapsed as a result of
heavy snowfall. It appears that the
sudden accident in the extreme cold so
numbed them that they left behind
their warm clothing in the tent and
the two porters would not even re-
spond to the appeal of the Khalasi to
take shelter in a nearby cave.

(d) Yes, Sir.

Shri S. M. Banerjee: May I know
what types of equipment were provid-
ed to the employees of the No. 25
Field Party and whether different
scales and types of equipment were
provided for different classes of em-
ployees, that is, for class I, class II,
class III and class IV employees?

Shri Humayun Kabir: To the first
part of the question the answer is
that they were each issued with two
blankets, one posteen coat, one ground
sheet, one water bottle, one chisel,
one pair of gloves, one Balaclava cap,
one pair of putties, a pair of socks
and a pair of Bhotia shoes, besides
equipment and utensils.

About the other part of the question
I ask for notice.

Shri S. M. Banerjee: I want to know
whether the Ministry of External
Affairs, in their letter dated 17-4-55,
have prescribed rates of special daily
allowance to these employees who
are working in foreign territories, that
is, in Pakistan and Nepal, why these
were discontinued, whether the unions
and associations have represented in
this behalf, and with what results.

Shri Humayun Kabir: Sir, this does
not arise out of the question.

Shri S. M. Banerjee: Because they are running a risk. The hon Minister replied previously that they always run a risk, same as the other people there in the area. But they are working in a foreign territory and because they run a risk they should be given the special allowance. It does arise

Mr Speaker: The hon Member will table another question so far as that matter is concerned

Shri Prabhat Kar: What compensation will be paid to the disabled persons and the dependents of the displaced persons?

Shri Humayun Kabir: It will depend upon the degree of disability. So far as the Khalasi is concerned, he has been discharged from the hospital and he is now able to walk. After the extent of disability is known he will be given disability benefits according to certain schedules which have been laid down.

श्री भक्त बर्दान : माननीय मंत्री जी ने इसके पाठों की० के उत्तर में बताया है कि इन्कवायरी करने की व्यवस्था की गयी है। मैं यह जानना चाहता हूँ कि कौन अफसर वह इन्कवायरी कर रहे हैं और कब तक उनकी रिपोर्ट आने की घोषणा की जा सकती है ?

श्री हुमायूँ कबीर इसमें हमेशा कोर्ट आफ इन्कवायरी बैठता है। and it is also laid down how the Court of Enquiry is to be conducted

Shri H. N. Mukerjee: In regard to the workers in this area who work in hazardous conditions, may I know if without discrimination adequate security arrangements as well as special precautionary provisions are made for the class I, II, III and IV employees?

Shri Humayun Kabir: In these matters there is uniformity of treatment, and I can add that in this particular case the porters and the Khalasis had been given explicit instructions that if there was heavy

snowfall they should immediately come down; and the Khalasi who survived reported that he had asked the porters to come down, but the porters refused, saying that the weather would improve the next morning and that they did not want to climb back again.

Shri Prabhat Kar: In reply to Unstarred Question No. 1423 the hon. Minister replied that the Survey of India staff working in the field are not subjected to any special risks. In view of the incident which has happened, how can that reply—that the Survey of India staff are not subject to any special risks—be justified?

Shri Humayun Kabir: I do not have that unstarred question before me at the moment, but I can reply all the same. This particular party is not part of the normal work of the Survey of India, and that reply must have referred to the normal work of the Survey of India. This party is a part of India's aid to Nepal under the Colombo Plan.

Some Hon. Members rose—

Mr Speaker: I am not going to spend away one hour on this one question; it is enough that I have given it priority. Next question.

College for Delhi Villages

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*2100. { Shri Ram Krishan Gupta:
Shri Rajendra Singh:
Shri Naval Prabhakar:
Shri E. Madhusudan Rao:

Will the Minister of Education be pleased to state:

(a) whether it is a fact that Government is considering a proposal to start a college for the benefit of the residents of the Delhi villages; and

(b) if so, the nature thereof?

The Minister of Education (Dr. K. L. Shrivastava): (a) No, Sir.

(b) Does not arise

I might, however inform the hon. Member that the University is considering a proposal which has been made to them.

Shri Ram Krishan Gupta: May I know whether its cost has been estimated?

Dr. K. L. Shrimall: No, the details have not been worked out. The University has appointed a committee to consider this request and to examine the possibility. The details will be worked out when the proposal attains certain maturity.

श्री भक्त बर्तन : यह जो विद्यालय बनाना जा रहा है क्या यह सीधे सरकार के प्राचीन खोला जा रहा है, या विश्वविद्यालय इसको खोल रहा है, या कोई दूसरी संस्था इसे खोलना चाहती है ?

डा० का० सा० श्रीमाली : दिल्ली में यह व्यवस्था है कि प्राइवेट संस्थायें कालिज खोलती हैं यूनीवरसिटी उनको रिकगनीशन देती है। और जो कास्टीट्यूएण्ट कालिज हो जाते हैं तो उसके बाद यूनीवरसिटी फ़ांड्स कमीशन से उनको सहायता मिलती है। रूरल कालेज के लिए जब दिल्ली यूनीवरसिटी से सजबीज भायेगी तो उसको सरकार सहायता देने पर विचार करेगी।

सेठ गोविन्द दास : यह जो देहातियों के लिए कालिज बनाने की बात है, इसमें और जो इस समय के कालिज हैं उनके पाठ्यक्रम में क्या कोई अन्तर रहने वाला है, और अगर रहने वाला है, तो यह किस प्रकार का अंतर है कालिज बनाया जाने वाला है और क्या इसके ममान और स्थानों पर भी कालिज खोले जा सकेंगे ?

Dr. K. L. Shrimall: As far as I understand, the proposal is to start colleges in the rural areas. They are not going to be very different from the colleges in the urban areas. We do not want to have two separate types of colleges in urban and rural areas. In fact, rural areas themselves

are getting urbanised, especially in Delhi.

Shri C. K. Bhattacharyya: Will Government consider the feasibility of opening colleges in areas of the town itself removed far away from the University?

Dr. K. L. Shrimall: That proposal is also being considered by the University

National Institute for Audio-Visual Education

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*2101. { Shri S. C. Samanta:
Shri Subodh Hansda:
Shri Ram Krishan Gupta:
Shri A. sar:
Shri Pangarkar:
Sardar Iqbal Singh:

Will the Minister of Education be pleased to state:

- (a) whether the proposal for setting up of the National Institute for Audio-Visual Education has been finalised;
- (b) if so, the details thereof;
- (c) whether Indian staff has been recruited; and
- (d) its estimated cost and steps taken for setting it up?

The Minister of Education (Dr. K. L. Shrimall): (a) Yes, Sir.

(b) to (d). A statement is laid on the Table of the House [See Appendix VII. annexure No. 71]

Shri S. C. Samanta: May I know how much of the provision for this year will be spent for building and for equipment and other purposes?

Dr. K. L. Shrimall: Well, Sir, I do not have the break-up with me. But I can tell the hon. Member that a sum of Rs. 10 lakhs has been provided for the current financial year, Out of this sum, Rs. 4 lakhs have been provided for the running of the Institute, and this will be spent on various items. Rs. 6 lakhs have been provided for the adjustment of the value of the equipment received under the TCM aid programme.

Shri S. C. Samanta: What will be the estimated recurring expenditure in future?

Dr. K. L. Shrimall: I have already answered this question. I said Rs. 4 lakhs have been provided for the running of the Institute.

Shri Basappa: May I know whether there are a sufficient number of trained teachers to man this Indian National Institute of Audio-Visual Education in the country and whether foreign trained people are there? What is the number of teachers required?

Dr. K. L. Shrimall: The Institute has just started. A Director has been appointed. The remaining staff will be recruited in course of time.

Shri Basappa: What is the number of teachers required?

Dr. K. L. Shrimall: I do not have the details with me at present.

Shri Subodh Hanada: May I know whether services from foreign experts in audio-visual education has been offered and whether it has been accepted?

Dr. K. L. Shrimall: From T.C.M. one has been appointed and I expect a few more will be appointed.

Shri Ram Krishan Gupta: May I know whether training will be started this year and if so, the number of students to be admitted?

Dr. K. L. Shrimall: These details I do not have with me at present.

Shri Asaar: May I know whether the Government propose to guarantee employment to the persons who pass out of this Institute?

Dr. K. L. Shrimall: There is no question of the Government providing employment to these people. The Institute of Audio-Visual Education has been set up to provide post-graduate training facilities to trained teachers in theory and practical audio-visual education. I have given the objectives in the statement laid on the Table of the House. If the hon. Mem-

ber looks into that, he will find that it is not a question of providing employment, but giving training to people who are already in service.

Mr. Speaker: Next question.

Shri Asaar: May I ask one question?

Mr. Speaker: I have allowed so many questions.

Requirements of Foreign Experts for Bhilai Steel Plant

*2102. **Shri Ram Krishan Gupta:** Will the Minister of Steel, Mines and Fuel be pleased to state:

(a) whether the requirements of foreign experts for the Bhilai Steel Plant have been assessed and finalised;

(b) if so, the details thereof; and

(c) the nature of the arrangements made to secure them?

The Parliamentary Secretary to the Minister of Steel, Mines and Fuel (Shri Gajendra Prasad Sinha): (a) and (b). According to the main agreement, the Soviet experts are to be appointed from time to time as mutually agreed upon consistent with the needs of the Project.

The following are the Soviet Experts at present employed by the Hindustan Steel Limited:—

		Rs.
One	Chief Engineer	at 4,500 P M
35	Leading Specialists	at . 2,850 P.M.
123	Specialists	at 2,400 P.M.
214	Technicians and Leading Foremen	at . 2,200 P.M.
53	Interpreters	at . 1,950 P.M.
107	Foremen & Adjusters	at . 1,800 P.M.
468	Other Technicians	at . 1,500 P.M.

1001

In addition there are 66 Soviet Experts who are doing the work of consulting Engineers and are paid by the U.S.S.R. Government.

(c) Appointments of the Soviet Experts are made on the recommendation of the Soviet Chief Engineer according to their qualifications and experience. The duration of stay of these Experts ranges between 6 months and 36 months.

Shri Ram Krishan Gupta: May I know to what extent the Russian Government have agreed to meet our requirements in this respect?

The Minister of Steel, Mines and Fuel (Sardar Swaran Singh): The agreement has already been settled. All the requirements so far as Soviet experts are concerned have been agreed to be met by the Soviet Government.

तेज गौबिन्द दास : रूस के इन विशेषज्ञों के साथ क्या बड़ा भारतीय विशेषज्ञ भी रखे जा रहे हैं, और यदि रखे जा रहे हैं, तो जो काम रूस के विशेषज्ञ करते हैं, वही काम करने वाले भारतीयों का क्या बंटन है ?

सरदार स्वर्ण सिंह : इसका बहुत लम्बा जबाब होगा । जाहिर है कि जो हमारे हिन्दुस्तानी भाई वहाँ काम करते हैं, उनकी तनस्वाहें इन से बहुत कम हैं और यही इरादा है, क्योंकि वे एक दूर देश से आए हैं और वैसे भी यूरोप में उनकी तनस्वाहें ज्यादा हैं और मेरे स्थान में दोनों तनस्वाहों का मुकाबला करना वाजिब नहीं होगा ।

Shri Dasappa: May I know why, when Rourkela and Durgapur have not more than 200 foreign experts to work in each of the factories, in Bhilai we have got nearly 1000?

Sardar Swaran Singh: I think, the information of the hon. Member with regard to the figures for Rourkela and Durgapur is not correct.

Shri Dasappa: May I say, I have only the information through the reports he has given to me. I have got no other report to rely upon.

Mr. Speaker: What is the total number of experts?

Shri Dasappa: In Durgapur and Rourkela, it is not more than 200 each.

Sardar Swaran Singh: In Rourkela alone, the number would be anywhere between 800 and 1000.

Shri Dasappa: Foreign experts?

Sardar Swaran Singh: Yes; foreign experts.

Shri Dasappa: It is not stated in the report. It is, in Durgapur, I remember, 180.

Mr. Speaker: Why does he mix up Durgapur with Rourkela? The hon. Member puts one question. It is intended to refer to the other. The other is also mixed up. It may be 800 in Rourkela and 200 in Durgapur. The hon. Minister has said, 800 in Rourkela.

Shri Dasappa: I do not remember. I remember definitely, in Durgapur it is 180.

Mr. Speaker: Why did he not put that question?

Sardar Swaran Singh: In Durgapur the number would be anywhere about 200 now. But, the tempo of work there is developing and the number is likely to increase.

Shri Ranga: Is it not a fact that in Bhilai, foreign experts have been training our people more energetically than the other two areas?

Sardar Swaran Singh: It is very difficult for me to enter into these comparisons. I think all have been doing their work in a satisfactory manner.

Shri Surendranath Dwivedy: The Parliamentary Secretary told us that the requirements of foreign experts would be reviewed from time to time. May I know whether there is any programme to train up our own citizens for the jobs so that the requirements of foreign experts would not be necessary and within what period it is proposed to be done?

Sardar Swaran Singh: The hon. Member is quite correct. We have a programme for training our own technicians. A large part of these technicians are on construction work. Obviously, as soon as construction is over, they will go. In the meantime, our construction experts at various levels have been associated. It is hoped that in our future expansion programmes, our reliance upon foreign resources of technical personnel would be very much reduced. It is very difficult for me to indicate as to what would be the exact duration of time during which our staff will come up to these standards. Progressively, the Indian complement is increasing.

Shri Tridib Kumar Chaudhuri: May I know if there are any foreign consultants other than Russian in connection with Bhilai?

Sardar Swaran Singh: The main work is done by Soviet experts. But overall consultation in certain specified matters is provided by a British firm also, the I.C.C.

Shri Bose: I want to know whether all the 53 Interpreters are foreigners and whether any attempt is made to train Indians in order to reduce the number of foreigners?

Sardar Swaran Singh: This question relates to foreign interpreters. The question was about Soviet experts. We have got some of our own boys also who can do this work of interpretation. But, to get the maximum advantage out of these technicians, it was considered necessary that the number of interpreters should be adequate to meet the requirements.

Shri C. D. Pande: In view of the fact that these steel factories will be completing their work of construction shortly, will the Government consider the feasibility of creating a combined cadre of steel experts so that they may look after all the three

Plants and thereby save a large number of experts?

Sardar Swaran Singh: The cadre of experts would be evolved as a natural process when these experts are being recruited and put on the job. According to the terms of employment of the various entrants into service, they are employees of Hindustan Steel and not the employees of any particular project. When all these people are there serving in various capacities, the Hindustan Steel will have on their cadres a fairly large number of people who are expert, at various levels.

Contract System in M.E.S.

*2103. **Shri S. M. Banerjee:** Will the Minister of Defence be pleased to state:

(a) the steps that are being taken to eliminate or minimise contract system in M.E.S.; and

(b) the value of work done through contract system and departmental labour separately in 1957-58 in M.E.S.?

The Deputy Minister of Defence (Sardar Majithia): (a) Under the existing procedure, the execution of works is undertaken departmentally as well as through contractors depending on the nature of work. Government is, however, giving overall consideration to the problems relating to construction.

(b) Through contracts .. Rs. 13.62 Crores.

Through departmentally employed labour. Rs. 5.01 Crores.

Shri S. M. Banerjee: May I know whether the value of the work done by contractors has since been reduced in 1958-59, and if so, to what extent?

Sardar Majithia: I have not got the figures for 1958-59. The question related to 1957-58, and the figures for that year have been given. If the hon. Member gives separate notice, I shall give the figures.

Shri S. M. Banerjee: May I know whether it is within the knowledge of the Minister that the corruption in the MES is mainly due to the contract system, and if so, whether Government would consider elimination or minimisation of the contract system in the larger interests of the defence establishments as such?

The Minister of Defence (Shri Krishna Menon): If the hon. Member will put down a question next session, it might be possible for Government to tell him what process of reorganisation is going on. I am not prepared to admit all that he has said about corruption.

Shri M. E. Krishna: May I know the total amount spent annually on maintenance and minor works by the MES, and what portion of the work is done by the MES itself?

Sardar Majithia: I have not got the figures with me, but if the hon. Member puts down a separate question, I shall give those figures.

Mr. Speaker: Hon. Ministers must stop at the earlier portion of the answer, because otherwise it will throw an obligation upon me to admit the question. Hon. Ministers need not say that if a question is put down they will answer; they might merely say that they have not got the figures now. Otherwise, hon. Members will immediately come forward with another question, and I shall have to admit it.

Shri M. B. Krishna: If they do not do this work, I do not think the MES will be able to take up any other work. They will have to do all their work through the contractors.

Mr. Speaker: But the hon. Minister has not got the figures. It does not mean that the MES does not know these things.

Shri Ajit Singh Sarhad: May I know whether the rates are cheaper by departmental work or by work through contractors?

Sardar Majithia: They are not comparable, because where the work is through departmental heads, it is a normal routine work and all that; the contractors come in where the normal routine is not there, and there is special work etc. So, the two are not comparable.

भारतीय संस्कृति संबंध परिषद्

*२१०४. श्री भक्त दर्शन : क्या वैज्ञानिक गवेषणा और सांस्कृतिक-कार्य मंत्री २८ नवम्बर, १९५८ के ताराकित प्रश्न संख्या २६४ के उत्तर के सम्बन्ध में यह बताने की कृपा करेंगे कि नई दिल्ली में भारतीय सांस्कृतिक सम्बन्ध परिषद् के लिये भवन के निर्माण में इस बीच क्या प्रगति हुई है ?

वैज्ञानिक गवेषणा और सांस्कृतिक-कार्य मंत्री (श्री हुमायूँ कबिर) : इस इमारत को बनाने के लिये जो टेण्डर आए थे, उन पर विचार करने के लिये २० अप्रैल, १९५९ को इमारत समिति की एक बैठक हुई थी। ज्यों ही समिति किसी ठेकेदार को तै कर लेगी त्यों ही इमारत बनाने का काम शुरू कर दिया जायेगा।

श्री भक्त दर्शन माननीय मंत्री जी के उत्तर से यह स्पष्ट है कि अब इस भवन के निर्माण के खर्च का अन्दाजा लगाया जा चुका है। मैं जानना चाहता हूँ कि इसके ऊपर कितना खर्चा होने का अन्दाजा है ?

श्री हुमायूँ कबिर : मेरे ब्याल में इस सवाल का जवाब मैं पहले भी दे चुका हूँ। ७ लाख २० हजार रुपया इसके लिए अञ्चल किया गया है।

श्री भक्त दर्शन : क्या माननीय मंत्री महोदय ने इस बात का अनुमान भी लगाया है कि देर से देर कब तक इस भवन को बनाने का काम शुरू हो जायगा और कब तक खत्म हो सकेगा ?

श्री हुमायूँ कबिर : अभी मैंने बताया है कि जो काम शुरू होने वाला है वह यह है कि

जो टेंडर आ गये हैं, उनमें से चुनाव करना है और जैसे कन्स्ट्रक्टर को चुन लिया जाएगा, काम शुरू हो जाएगा। जहां तक सतम होने का सवाल है, मेरा ख्याल है कि आइन्वा साल के दिसम्बर तक यह होना चाहिये।

श्री भक्त बर्मान : मैं जानना चाहता हूँ कि क्या इस काउंसिल का काम इस बीच में इतना ज्यादा फैल गया है कि इसके लिए बड़ी भारी भवन को बनाने की आवश्यकता पड़ रही है ?

श्री हुमायूँ कबिर : काम जरूर फैल गया है।

सेठ गोबिन्द दास : इस भवन के निर्माण का जो मानचित्र इत्यादि तैयार किया गया है, क्या उसमें इस बात का खयाल रखा गया है कि इसकी स्थापत्यकला कुछ भारतीय कला के अनुरूप हो ?

Shri Humayun Kabir: I would draw the hon. Member's attention to the reply I gave to a similar question on 22nd April, 1959.

अन्वमान और निकोबार द्वीप समूह में विकास कार्य

*२१०५. **श्री विभूति निष :** क्या गृह-कार्य मंत्री यह बताने की कृपा करेंगे कि :

(क) वर्ष १९५६-६० में अन्वमान और निकोबार द्वीप समूह में विभिन्न शीषों के अन्तर्गत विकास कार्य पर कितनी धनराशि व्यय करने का विचार है ; और

(ख) उपरोक्त द्वीप समूह कब तक पूरी तरह से विकसित हो जायेंगे ?

गृह-कार्य उपमंत्री (श्रीमती आल्वा) (क)
एक विवरण समा-पटल पर रख दिया गया है [रेलिये परिसिद्ध ७ अन्वन्व संख्या ७२]

(ख) इस बारे में कोई निश्चित समय बताना मुमकिन नहीं है।

श्री विभूति निष : इस स्टेटमेंट को देखने से पता चलता है कि कुल १२७.०१ लाख रुपये खर्च होते हैं अन्वमान और निकोबार द्वीप समूह के विकास पर। इसमें से कृषि पर ६१ ६८ लाख रुपये रखे गये हैं। मैं जानना चाहता हूँ कि कृषि के ऊपर जो इतना खर्चा होता है, इससे कृषि की कितनी पैदावार होगी ?

Shrimati Alva: On the agricultural programme, it has been pointed out that Rs. 61.68 lakhs are being spent. But then a new scale of experimental farms has been started for growing of pine-apple and other fruits, coconuts, pepper and all that; and, therefore, this expenditure is necessary, to begin with.

श्री विभूति निष : अध्यक्ष महोदय, मेरे प्रश्न का उत्तर नहीं दिया गया। मैंने यह पूछा है कि इतना जो खर्चा किया जाता है, तो कितनी पैदावार होने का आंकड़ा आपके दिमाग में है ?

Mr. Speaker: What is the estimated income that is expected?

Shrimati Alva: I have not got the figure with me.

श्री विभूति निष : काफी रुपया अन्वमान और निकोबार द्वीप समूह के विकास पर खर्च किया जा रहा है। लेकिन वहाँ पर मलेरिया बहुत होता है और जो ब्राइटमस दिये हुए हैं उनमें मलेरिया को दूर करने का कोई जिक्र नहीं है। मैं जानना चाहता हूँ कि वहाँ पर मलेरिया को दूर करने के लिए क्या इतिहास हो रहा है ?

Shrimati Alva: Malaria is under control in the Andaman and Nicobar Islands.

Shri Dasappa: May I know whether plywood is included in the list that the hon. Minister has laid on the Table of the House, and also whether coffee and rubber are included in the agricultural programme?

Shrimati Alva: Coffee-growing is being tried out; plywood is also under consideration. Rubber also is in a very infant stage of experimentation.

Mechanised Plough

*2106. { **Shri Barman:**
Shri S. C. Samanta:
Shri Subodh Hansda:

Will the Minister of Defence be pleased to state:

(a) whether the mechanised plough manufactured in Cossipore has been tested for its utility in small fields; and

(b) what would be its bullock power?

The Deputy Minister of Defence (Shri Raghuramaiah): (a) Yes, Sir. These are being tested at a regimental farm and modifications are being carried out.

(b) Prototypes of two types of two wheeled ploughs have been manufactured—one with 3.5 H.P. engine and another with a 2.5 HP. engine; on the basis 3 bullocks being one Horse power, these engines would be equivalent of 10 and 7 bullocks, respectively.

Shri Barman: In these experiments, what is the smallest plot of land in terms of acreage, in which this has been tried?

Shri Raghuramaiah: We are trying to test it on both small and large farms, and on various soils. We are still finding out whether any improvements can be made.

Shri Barman: May I know the fuel cost that is involved in the experiments that have been tried out so far?

The Minister of Defence (Shri Krishna Menon): The fuel cost in these engines is very small. It is about the size of a small motor-bicycle engine; but they are constructed to put in heavier engines, if necessary.

Shri Barman: Though it is in an experimental stage, what is at present the average cost of the plough, and what would be the probable cost when it will be produced on a commercial scale?

Shri Krishna Menon: With respect, I may submit that in reply to a similar question, Government stated the other day that it would not be correct to give costs from prototypes, because it would be a commitment in Parliament to reduce it to cost, and we are not permitted to do that. But the idea is to try and approximate it to a cost which is much less than the cost of the bullock power provided.

Shri P. C. Bose: May I know the price at which the farmers will be able to purchase it?

Shri Raghuramaiah: As has already been mentioned by the Defence Minister, at the prototype stage it would be misleading to give any price.

Seth Govind Das: Has it also been experimented and known as to how much land this plough would be able to cultivate in eight hours' time.

Shri Raghuramaiah: We have not got figures of the type required by the hon. Member. We are experimenting on various soils. And the experiments are not completed yet.

Scientific Civil Service

*2107. **Shri D. C. Sharma:** Will the Minister of Scientific Research and Cultural Affairs be pleased to refer to the reply given to Unstarred Question No 1480 on the 15th December 1958 and state the further progress made with regard to the creation of a Scientific Civil Service in the country?

The Minister of Scientific Research and Cultural Affairs (Shri Humayun Kabir): There has been no further progress, as the approval of the Chairman, Scientific Personnel Committee has not yet been received, and he is being reminded in the matter.

Shri D. C. Sharma: Who is the Chairman of this Scientific Personnel Committee that he is able to resist the pressure of the hon. Minister so much and so long?

Shri Humayun Kabir: I will take the second half first. There is no question of any resistance, but somehow we have not had the report, and we have now reminded him. He is a distinguished scientist—Prof. Mahalonobis.

Shri D. C. Sharma: May I know if the State Governments and Universities have been sounded about the propriety of the scheme, and what are their reactions?

Shri Humayun Kabir: The State Governments have been addressed and replies from some of them are still awaited.

Shri Eam Krishan Gupta: May I know whether any meeting of this Committee has been held so far to consider this matter?

Shri Humayun Kabir: A number of meetings were held when they prepared a draft report. The draft report was actually prepared and submitted in October, 1958. As I said, I regret the delay and I am not trying to have the report finalised as soon as possible.

Misappropriation of Rice in Tripura

*2106. **Shri Bangshi Thakur:** Will the Minister of Home Affairs be pleased to state:

(a) whether it is a fact that one of the food carrying contractors of Tripura Administration has misappropriated about 4 thousand maunds of rice;

(b) whether it is also a fact that the contractor concerned is not alone who has committed such misappropriation but there are some more persons who are connected with him in this affair; and

(c) if so, whether Government have made an enquiry or propose to do so to find out who are involved in it?

The Minister of State in the Ministry of Home Affairs (Shri Datar): (a) to (c). The information is being collected and will be laid on the Table of the House in due course.

Shri Bangshi Thakur: If a judicial enquiry had been made some other cases of this nature might have been detected. So, may I know whether a judicial enquiry was made in this regard?

Shri Datar: Enquiries have been started to my knowledge, but the details are not yet before me.

Shri Bangshi Thakur: May I know the total cost of rice that has been misappropriated?

Shri Datar: The hon. Member will kindly wait until I get the information. I have called for the information immediately.

Shri Panigrahi: The amount of rice missing is 4,000 maunds. Are we to understand that the Government has no information in its possession till now?

Shri Datar: Government have some information. Government are checking it up, and we have requested the Chief Commissioner to let us know what the present position is in all its details.

Mysore Gold Mines

*2111. **Shri Wodeyar:** Will the Minister of Finance be pleased to state:

(a) whether the Government of India have decided to acquire at the official rate the entire production of the Mysore Gold Mines which has hitherto been allowed to be sold in the free market; and

(b) if so, the reasons therefor?

The Minister of Finance (Shri Morarji Desai): (a) Yes Sir.

(b) The Government of India have decided to acquire the gold to strengthen the country's reserves. The gold is paid for at the international price as under the Articles of Agreement of the International Monetary Fund of which India is a member, the Government of India cannot buy gold at a higher price.

Shri Wodeyar: What is the amount of Mysore gold hitherto sold in the free market and at the official rate?

Shri Morarji Desai: I do not know if any gold has been sold by Mysore in the free market, but what we have received so far up to 6th March, 1959 was 3,54,811 tolas and 171 grains of refined gold valued at Rs 2,21,75,746-79nP at the international price, and a further consignment of 16,708 tolas and 82 grams was received by the Bombay Mint on 20-3-1959. This was valued at Rs 10,44,271-52 nP.

Shri Wodeyar: Do the Mysore Government get any profit by the Union Government's acquisition of the entire production of the Mysore Gold Mines at the official rate, if so, what is the profit, if not, the reasons for the Union Government's decision?

Shri Morarji Desai: It is also problematical if the Mysore Government can sell at a rate higher than the international rate, but the production cost of the Mysore Government is higher and that is taken into consideration when the Government thinks of giving a subsidy in some ways.

Shri Ramanathan Chettiar: May I know what was the practice before the nationalisation of the gold mines?

Shri Morarji Desai: Then, they were not bound by these rules, Government are bound.

Shri Dasappa: As regards the sale of the gold mines at KGF, Mysore State, was it not the usual practice to sell it in the open market in Bombay all these years ever since the mines began to operate?

Shri Morarji Desai: That is what the companies can do, but Governments cannot do it, because they are bound by the International Monetary Fund Rules. We are a member of that organisation.

Shri Dasappa: May I know whether the rules such as quoted by the hon. Minister preclude the Mysore Government from selling this gold in the open market, and if that is the view of the hon. Minister, has any legal opinion been taken to buttress that position?

Shri Morarji Desai: I am not talking without legal opinion. And then, whether selling in the market or selling anywhere, the same rules apply.

Shri Dasappa: I can understand the rule relating to the purchase of gold.

Shri Morarji Desai: Also sales of gold.

Shri Dasappa: May I know whether there is any rule prohibiting any Government in India from selling it in 'the open market'? Will he point out that rule?

Shri Morarji Desai: Notice may be given.

Shri Dasappa: If that position is not as yet sure, and the hon. Minister

Mr Speaker: What is the good of arguing this matter?

Shri Dasappa: I am not arguing.

Mr Speaker: Hon. Members are not entitled to ask for legal opinion.

Shri Morarji Desai: I have therefore said that it is doubtful if they can sell it. That is what I said.

Mr Speaker: The hon. Member can refer to some legal expert as well as the hon. Minister.

Shri Dasappa: In the meantime, pending the examination and coming to a firm decision on this point, will the Mysore Government be allowed to sell its gold in the open market?

Shri Morarji Desai: We have no quarrel with the Mysore Government. The Mysore Government has no quarrel with us. I do not know how the hon. Member is quarrelling.

Shri Dasappa: This is a matter on which, Sir, I seek your protection and your ruling. Does it mean that if any Government in India does something, it is not open to an hon. Member of this House to question that action?

Shri Morarji Desai: I have not questioned his right. I only said: why should he have any quarrel?

Shri Dasappa: I am not quarrelling. I am asking a question.

Mr. Speaker: Order, order. This is a business between a Government and a Government. The hon. Member, no doubt, is a very important representative of that State, but it is the Government for the time being there, that has been put in there by the majority of the people in that State, that has to deal with it. Therefore, it is only that Government that can sell it. If that Government has not made any representation, and is in agreement with the suggestions made by the Centre, all that the hon. Finance Minister asks is: how does this gentleman come in?

Shri Dasappa: It is well known that the local Governments are not able very often, not always, to withstand the pressure of the Centre.

Mr. Speaker: I am not going to allow such a kind of insinuation. That Government is as much representative of the public. I am sure the hon. Member is not the only representative of Mysore State here with courage in his heart and conviction. There are equally good men there; they are representatives there. It is no good casting aspersion.

Shri Dasappa: I am not casting aspersion.

Mr. Speaker: I am terribly afraid that if we create a precedent of this

kind, if one Member in one legislature casts aspersions on another legislature or another Government, we must be prepared to hear from 14 States in this country abuses every day, day in and day out, about what we are doing here. Therefore, with all respect to the hon. Member who has got parliamentary experience, I am not going to allow this kind of question.

In future, hon. Members may note that if the local Government does not take the initiative where it is its duty to do so, hon. Members here cannot take advantage of these questions and force the local Government or this Government to change their views. It is open to the local Members there to ask the local Government to change its view. This forum would not be open to hon. Members.

Shri Dasappa: The other day you were.....

Mr. Speaker: If I did anything wrong, it is wrong.

Shri Dasappa: The other day you were pleased to rule that with regard to the Mysore Iron and Steel Works, though the Mysore Government were in favour of a corporation, for some reason or other the House was unanimous here in not having a corporation. That was your ruling.

Mr. Speaker: That is all right. I only said what I found to be the opinion of various Members here. I did not put it to vote and then force the other Government to take steps in accordance with our resolution. I only observed that a number of hon. Members seemed to be of a different opinion. Hereafter, I will not express even that!

Shri Jaipal Singh: Arising out of your ruling, I hope you do not mean.

Mr. Speaker: Why does he think I do not mean what I say? It is wrong. I stick to the ruling that I have given that if a matter in the State List is settled by the Governments concerned, whatever might be

the considerations, whether after consultation with the Central Government or not, I am not going to allow hon. Members here to persuade the Central Government and say that the Central Government have got the approval of the State Government by duress or coercion or some other thing, that the State Governments are weak and so on. This is absolutely irrelevant and it does not contribute to the growth of a federal Government in this country.

Shri Jaipal Singh: I am not in any way obstructing the growth of the federal structure in this country. What I am trying to point out to you is that I can accept your ruling subject to your meeting the requirements of the Constitution. The main point we are trying to make out is that we here may not, should not, ever say anything about a State Government. Now, may I point out that under the Constitution I have a right to criticise a State Government if it has not done certain things which have been issued to it as a directive by the Centre? I am now talking of the Scheduled Castes, Scheduled Tribes and other things. I can quote the article if you like. So the ruling you have given does not cover that. I hope it does not. That is all that I wanted to point out.

Dr. Sushila Nayar: May I submit that the hon. Member may discuss it with the Speaker outside? The speaker's ruling cannot be challenged on the floor of the House.

Mr. Speaker: There is no question of directive here by the Centre. This is simply a question of price, at what price they should sell and so on, whether this matter cannot be left to them and they may not be allowed to do so. The hon. Minister has replied that there has been no such suggestion or demand from the State Government. Therefore, I did not want to allow any hon. Member further to pursue the matter whether in spite of what the State Government is prepared to do, the Centre is not going

to allow them and ask them to do that. My ruling is confined to that. If other matters arise, if really there is a directive, whether the directive can be given or not or has been properly given or not, whether it ought to be enforced or not—all these are matters to be decided there and then.

Allotment of Grants for next Olympics

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*2112. { Shri H. N. Mukerjee:
Shri Prabhat Kar:

Will the Minister of Education be pleased to state:

(a) whether any decision has been taken in regard to the allotment of grants for the purpose of our participation in next year's Olympics in Rome;

(b) whether grants are to be made to the Indian Olympic Association as well as to the various national sports federations; and

(c) whether the All India Council of Sports has made any recommendations in this matter?

The Minister of Education (Dr. K. L. Shrimall): (a) No, Sir.

(b) Does not arise.

(c) No, Sir.

I might inform the hon. Member that the Sports Council will consider the proposal when it comes before them.

Shri H. N. Mukerjee: In view of the desirability of ensuring correct selection of our representatives as well as of avoiding wrangles which sometimes happen between the Olympic Association and other national sports federations, may I know if Government is taking special care and is giving special instructions to the All India Council of Sports to see that such things do not happen this time?

Dr. K. L. Shrimall: We have already reconstituted the Sports Council, and am doing my best to get the best

people in the sports organisations. If I have the support of the Members of the House, I think we can make our sports more effective and can also produce better results in international Olympics.

Shri Prabhat Kar: In view of what has happened in the last Olympics. ***I would say, it created an unhappy situation. May I know whether before final steps are taken for the next Olympics, the proposals will be placed before the House?

Dr. K. L. Shrimall: The hon. Member is probably aware that the Government does not interfere in Olympics. They are free to make their own selection. All that the Government can do is not to give them grants, but I do not think that will be desirable to do in respect of our boys who participate in the International Olympics. The hon. Member is also aware that sometime back I had appointed a Committee to go into this question and submit a report. Government has more or less accepted the recommendations of that Committee. Now we are going ahead with the implementation of that Report. I am sure it is a long process; I cannot promise that in the next Olympics our standards would be better, but in course of time, they are bound to produce better results. I would also like to make this submission: let us not judge always by the number of medals and the number of athletes who won those competitions. After all, some people win and some lose. The whole purpose is to build up sports in this country, towards which we are striving.

Shri V. P. Nayar: In view of the fact of India having held the Hockey Gold Medal ever since 1928, and of having lost it in Japan in the Asian games, have Government any scheme whereby to select the national hockey team sufficiently early and give them practice so that we can win that event in the next Olympic games?

Dr. K. L. Shrimall: All these matters are being considered by the Sports Council, and I am quite sure that they will take necessary action in this matter.

Dr. P. Subbarayan: May I bring to the notice of the Education Minister that even the Sports Council cannot interfere with the autonomy of local associations, though they could make suggestions, and it will be wrong if a day comes when Government comes to interfere with sports organisations?

Shri Jaipal Singh: The hon. Minister has been good enough to say that there are some good men in the All India Sports Council.

Shri V. P. Nayar: Like him.

Shri Jaipal Singh: I think he is quite correct. May I find out from him what he is doing to ensure that equally good men are also in the Indian Olympic Association and the National Federation of sports associations? Is Government, either at its own level or through its good offices, doing anything to ensure that we do not have the same picture continuing hereafter?

Dr. K. L. Shrimall: The hon. Member is a member of the Sports Council . . .

Shri V. P. Nayar: That was why he said that

Dr. K. L. Shrimall: . . . As far as I am concerned, I place the whole matter in the hands of the Sports Council and they will do whatever they can to improve sports in the country.

Shri M. E. Krishna: May I know whether schemes have not been received from coaches like Shri Rahim, who is the football coach for Andhra Pradesh, for training the boys who are participating in football in the Olympics?

***Expunged as ordered by the Chair.

Dr. K. L. Sharma: I could answer that, but the question does not arise out of this.

श्री अक्षय वर्मा : प्राल इंडिया कांसिल आफ स्पोर्ट्स के चेयरमैन महोदय और एक दूसरे सक्सेसिव महोदय ने जो यहां पर राय दी है तो क्या गवर्नमेंट यह उचित नहीं समझती कि जिस देश का प्रतिनिधित्व वह ओलम्पिक में करते हैं तो गवर्नमेंट खुद उनका सेलेक्शन करे या गवर्नमेंट का कुछ नियन्त्रण होना चाहिए ?

डा० का० ला० बी बाली . जी हा, उनके ओलम्पिक का जो कांस्टीट्यूशन है उस कांस्टीट्यूशन में यह है कि किसी प्रकार भी सरकार का हस्तक्षेप उसमें नहीं हो सकता है और सरकार किसी भी प्रकार की दखल उनके काम में नहीं कर सकता है। यह इंटरनेशनल ओलम्पिक का कांस्टीट्यूशन ऐसा है जिसमें हम कुछ नहीं कर सकते हैं। मैं समझता हूँ कि उनके दबल दिये बिना भी बीरे बीरे हम यह कोशिश करेंगे कि जिम्मेदार लोग और अच्छे लोग स्पोर्ट्स में आयें ताकि हमारे स्पोर्ट्स ज्यादा अच्छे बन सकें और उसका परिणाम भी अच्छा निकल सके।

Reservation for Backward Classes in Engineering Colleges

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*2114. { **Shri Ayyakannu:**
Shri Harish Chandra Mathur:

Will the Minister of Scientific Research and Cultural Affairs be pleased to state:

(a) whether Government have re-considered the question of reservation of Seats for Backward Classes in Engineering Colleges and Technical Institutions;

(b) the present position and what changes are proposed to be brought about; and

(c) whether this question was considered by All India Council for Technical Education and if so, what advice has been tendered by that body?

The Minister of Scientific Research and Cultural Affairs (Shri Humayun Kabir): (a) to (c). A statement is laid on the Table of the House.

STATEMENT

The State Governments were advised in November 1954 that 20 per cent of seats in educational institution be reserved for Scheduled Castes and Scheduled Tribes. The Universities were similarly advised in December 1955. This advice applied to technical institutions also. Subsequently the Backward Classes Commission recommended a large increase in the percentage of seats to be reserved for Scheduled Castes, Scheduled Tribes and other Backward Classes. The recommendation, in so far as it applies to reservation in Technical Institutions is under consideration.

The All India Council for Technical Education discussed the matter at its last meeting held on the 13th April, 1959 but desired full information regarding the reservation made by the State Governments and institutions for various categories of students at present and its effect on the standards before tendering final advice in the matter.

Shri Ayyakannu: There is no reference in the statement to one of the major recommendations of the Council, namely, that special training should be given to Scheduled Caste students before admission as well as during their course in the college. Have Government accepted that recommendation?

Shri Humayun Kabir: The hon. Member is giving information, not asking for it.

Shri Ayyakannu: I want to know whether this recommendation has been accepted by Government?

Shri Humayun Kabir: That recommendation is under consideration along with other recommendations.

Shri Ayyakannu: The Ministry of Home Affairs has recommended to all

the Universities to give special training for Scheduled Caste students, but none of the Universities has accepted it. In view of that fact, are the Ministry of Education considering making the acceptance of that recommendation as one of the conditions for giving grants to Universities?

Shri Humayun Kabir: I can inform the hon. Member that once the Scheduled Caste and Scheduled Tribe students are admitted they do quite well. And, I was very happy to learn from the Director of the Institute at Kharagpur, which is one of our best institutes, that after admission hardly any distinction is observable as between these and other students.

Shri Kadiyan: May I know how far the directive issued by the Central Government to the various institutions to reserve 20 per cent of the seats for Scheduled Castes and Scheduled Tribes and Other Backward Classes students has been implemented?

Shri Humayun Kabir: It is implemented as far as possible. Along with the directive there is a qualifying clause that certain minimum standards have to be maintained and any student of the Scheduled Castes or Scheduled Tribes who conforms to that condition is given every facility.

Shri C. K. Bhattacharyya: The word used here is 'Backward' classes. May I know whether the Government maintains a list of the 'Backward Classes' for this purpose?

Shri Humayun Kabir: Yes; there is a list of 'Backward Classes'.

Shri Ranga: May I know whether Government have enquired whether there were any complaints at all that some of the candidates belonging to these classes and castes have not been given seats even though they have satisfied the minimum qualifications?

Shri Humayun Kabir: I have not received any complaint that any student who satisfied the minimum qualifications was refused any seat.

Shri Jaipal Singh: May we know if the spirit of Government in this particular regard is anyway applicable to the private institutions (*Interruptions*) as the Institution of Technology near Ranchi which makes admissions more or less on an all-India basis? Are directives of any sort given to such private institutions or is the spirit confined to Government institutions only?

Shri Humayun Kabir: The recommendations were made to the Universities also which, for this purpose, are private institutions.

Shri Panigrahi: May I know whether the Backward Classes Commission recommended a further increase of reservation of seats—more than 20 per cent and whether that has also been taken into consideration? Have any of the States implemented it?

Shri Humayun Kabir: It is true that the Backward Classes Commission made a recommendation that 70 per cent of the seats should be reserved. I do not think that this is practicable. We find that even the 20 per cent which is now reserved is not always filled up. Our objective is to try to fill up this quota and work in a way so that after about 15 or 20 years the question of reservation no longer continues.

Shri Sonavane: Sir, may I.....

Mr. Speaker: The hon. Member is too late to rise. Can't he make up his mind to put a question early?

Shri Sonavane: Sir, the other Members of Parliament were given a chance.

Mr. Speaker: The hon. Member is also a Member of Parliament. Yes.

Shri Sonavane: May I know whether it is a fact that in Bombay State some of the Scheduled Caste students seeking admission to technical institutions were not admitted because the reservation was full?

Shri Humayun Kabir: If the reservation was full, then, they have to

take their chance along with other candidates according to merit.

Shri M. B. Krishna: Since the quota reserved for these communities is not filled up, is any special step taken by Government?

Shri Humayun Kabir: We have this year decided that we shall increase the margin between those who come by open competition and those who come through this reservation of seats and allow it at that figure for a number of years and reduce it gradually, as I said earlier, so that after 15 or 20 years, there is no question of reservation.

Dacoity in Churachandpur

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- *2115. { **Shri Assar:**
- { **Shri L. Achaw Singh:**
- { **Shrimati Masda Ahmed:**

Will the Minister of Home Affairs be pleased to state:

(a) whether it is a fact that a sub-Deputy Collector was robbed by dacoits of more than 50 thousand rupees on the 18th April, 1950 at Tinsong village near Churachandpur (Manipur);

(b) if so, details of the incident; and

(c) who were these dacoits and whether any of them have been arrested?

The Minister of State in the Ministry of Home Affairs (Shri Datar): (a) to (c). It is reported that a party of Revenue officials, which had gone to Tinsong village for disbursement of money to the tribals under the Shifting Cultivation Control Scheme, was looted of Rs. 54,826.35 NP. by some dacoits after an armed attack on the police escort on the night of the 18th April, 1950, at Tinsong. One dacoit is reported to have been killed and one police constable seriously wounded during the encounter. The matter is under investigation.

Engaged as ordered by the Chair.

Shri Assar: From the Press report it seems that the Police force did not make full efforts to save public money. If so, what is the action taken by Government?

Shri Datar: The police force was adequate. But a large number of dacoits came and, naturally, after an encounter all this has happened.

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Shri P. R. Patel: May I know the number of police force at the time, and the arms with them? I want to know whether the Deputy Collector had any arms with him.

Shri Datar: I have not got the exact number of the police constabulary with him. But it was presumed that the number would have been ordinarily sufficient.

Naga Hostiles

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- { **Shri P. C. Borooah:**
- { **Shrimati Masda Ahmed:**
- { **Shri Hem Barua:**
- *2116. { **Shri Liladhar Kotaki:**
- { **Shri Raghunath Singh:**
- { **Shri P. G. Deb:**
- { **Shri S. A. Mehdi:**

Will the Minister of Home Affairs be pleased to state:

(a) whether it is a fact that about 30 armed Naga hostiles attacked an Assam Rifles outpost, 28 miles from Ukhrul, on the night of 12th April, 1950 and there was heavy exchange of fire;

(b) if so, the details of the incident and loss suffered by Assam Rifles; and

(c) the steps taken by the Government to meet such situation in future?

The Minister of State in the Ministry of Home Affairs (Shri Datar): (a) and (b). Some thirty armed Naga hostiles attacked an Assam Rifles outpost twenty-eight miles from Ukhrul on the Ukhrul Jessami Road on April 12, 1950. They were engaged by the

Assam Rifemen and repulsed. While there was no casualty amongst the Rifemen, some arms, ammunition, rations, clothing and medicines etc. worth approximately Rs. 20,000 were destroyed by a fire which broke out in the thatched structures due to the strong wind blowing at the time.

(c) Necessary security measures have been taken.

Shri P. C. Boroah: May I know the number of violent attacks made by the Naga hostiles since the transfer of the Naga Hills from the Assam Administration and the formation of the Naga Hills-Tuensang area under the Central Administration?

Shri Datar: I have not got the information here.

Shri P. C. Boroah: May I know if the self-styled Naga National Government is still functioning?

Shri Datar: The hon. Member is asking a general question here. The question here was with respect to a particular encounter. I have given all the information that I have in this respect.

Shri Liladhar Koteki: In view of the unabated activities of the Naga hostiles may I know whether Government has got any proposal to review or re-examine the whole situation so as to find out some more effective and expeditious method of tackling this problem?

Shri Datar: Government have always been reviewing all the steps that are necessary with a view to make all these attacks etc. absolutely rare.

Shrimati Mafta Ahmed: As we have seen that in recent months that the rebel Nagas have made a series of attacks on the police in the North Cachar and Manipur area, may I know whether the police and the Assam Rifles personnel are adequately equipped with arms to maintain security against any emergent situation?

Shri Datar: Government have adequate force at their disposal for meeting all such emergencies.

Shri P. C. Boroah: May I know if the situation in the Naga Hills-Tuensang area is improving?

Shri Datar: This is a particular incident and I cannot give a general answer.

Shri Panigrahi: What happened to the 30 rebel Nagas? Have they escaped or were they captured?

Shri Datar: I think it has been pointed out that one person has been killed. This is all the information that I have; I have nothing more.

Assessment of Technicians for Third Five Year Plan

*2117. Shri Ram Krishna Gupta: Will the Minister of Home Affairs be pleased to refer to the reply given to Starred Question No. 1142 on the 18th December, 1958 and state at what stage is the question of assessment of requirement of technicians for the Third Five Year Plan?

The Minister of State in the Ministry of Home Affairs (Shri Datar): The Working Group on Technical Education for the Third Plan is now looking into this.

12 hrs.

Mr. Speaker: There is one Short Notice Question.

Shri Dasappa: Sir, may I refer to page 33 of the report of the Ministry of Steel, Mines and Fuel (Department of Iron and Steel)? There, it says definitely that there were 180 British experts and technicians employed by the contractors and eight by the consultants at Durgapur. Against this, on page 24 it is said that there are 700 Soviet experts plus an additional 160 Soviet experts. I was relying only upon this report. So, it comes to 860 Soviet experts... (Interruptions).

Mr. Speaker: Before taking up the Short Notice Question, I may say this with regard to the point that was

raised by Shri Dasappa. Hon. Members; whether Ministers or non-Ministers, are as much Members. The hon. Members take up a particular point in the interest of the community and the country at large. Why should there be such a difference in numbers? Why should there be so many people getting Rs. 2,000 or Rs. 3,000 or Rs. 4,000? That may be in the interest of administration. But it requires an explanation. In a similar steel factory, there are only 180 persons, in another factory the number is about 1,000; even there are 53 interpreters. In these matters, it ought not to be merely said: "Yes, we are going to increase this". These questions are important. The hon. Ministers must place themselves in the position of hon. Members. Whoever gets up on a platform, these questions will be put to them. I am really surprised. Again and again these matters are coming. So much money is being spent and invested and the persons in charge say it is autonomous even with respect to matters which are of serious moment. They are to be cleared. The Ministers must take care to see that as far as possible, public opinion is satisfied. It is for that purpose that a unique opportunity is placed in the hands of hon. Members here by way of Question Hour. Therefore, every possible effort must be made to see that there is no doubt in the minds not only of the people who ask them here but the 400 million whom we are representing here. The hon. Members point out that in Bhilai it is 1,000 and odd and in Rourkela it is 800 and odd.

Shri Dasappa: The figure for Durgapur is 180 and for Bhilai is 700 plus 100, which comes to 800.

Mr. Speaker: It may be 800 or something else. Why should there be such a difference? It requires explanation.

The Minister of Steel, Mines and Fuel (Sardar Swaran Singh): Sir, it is obvious because the report does not relate to the 29th April and I am answering the questions on the 29th of April, 1950... (Interruptions.)

Shri Banga: In two months, has the number increased?

Sardar Swaran Singh: So far as these figures are concerned, it should be remembered that the technicians are brought in; they also leave. Therefore, to get an earlier report and try to say that what I now say is different from what is contained in the report, will not be a very fair criticism. When I make a statement, I am supposed to make a statement as it obtains today whereas so far as the report is concerned, it relates to an earlier date and what I say now should be accepted. He can at the most ask it as a separate question because I have given detailed information. The number of foreign technicians in Bhilai today is 1001. The hon. Member is quoting the figure 800 given in the report.

Shri Dasappa: I am not referring to Bhilai. But talking relatively, Durgapur has got only 180 technicians. . . (Interruptions.)

Mr. Speaker: Order, order. All that they want to say is this. There is a big difference between 180 and 1000. If there is some margin there, some more technicians might have come and some others might have gone away. That is what they want.

Sardar Swaran Singh: That requires a little explanation. The explanation is that in Bhilai, there is not only construction—construction also at an advanced stage—but we have also got operation. Out of these total Soviet technicians that we have got, about 300 and odd are on the operational side whereas in Durgapur we are still at the stage of construction and the tempo of construction is not as advanced as in Bhilai. Therefore, it will not be fair to compare the numbers that might be there at any particular point of time, irrespective of the progress of the work and the tempo of development that might be obtaining in any steel project.

Mr. Speaker: This answer might have been given earlier. Very well. Short Notice Question.

SHORT NOTICE QUESTION

Violation of Foreign Exchange Regulations

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S.N.Q. { Shri P. G. Deb:
 { Shri Assar:
No. 24. { Shri S. A. Mehdi:
 { Shri Ram Krishna Gupta:

Will the Minister of Finance be pleased to state:

(a) whether any action has been taken by the Enforcement Directorate against Shri S. P. Jain for violation of Foreign Exchange Regulations; and

(b) the nature of the action taken and the reasons for imposition of fine?

The Minister of Finance (Shri Morarji Desai): (a) Yes, Sir.

(b) The Director of Enforcement, in his capacity as adjudicator, has imposed a penalty of Rs. 55 lakhs on Shri S. P. Jain for maintaining a Deutsche Mark account with a Bank in West Germany. Shri Jain has also been directed to close the account forthwith and bring back to India the amount lying in the account through an authorized dealer within thirty days from the date of the adjudicator's order, i.e., before the 22nd May 1959. The penalty was imposed on the finding of the adjudicator that Shri S. P. Jain had contravened the provisions of the Foreign Exchange Regulation Act.

Shri P. G. Deb: May I know what is the total amount involved in this case on account of the violation of foreign exchange rules?

Shri Morarji Desai: Rs. 19 lakhs.

Shri P. G. Deb: May I know the name of the country and the name of the bank to which this amount pertains?

Shri Morarji Desai: I have given that already—Germany.

Shri C. K. Bhattacharyya: May I know whether Shri Jain has preferred an appeal against this order?

Shri Morarji Desai: Even if an appeal is preferred, it is to be preferred after depositing the penalty.

Shri Assar: May I know whether there are any other cases of violations of foreign exchange regulation pending against Shri S. P. Jain and if so, how many and when will a decision be taken?

Shri Morarji Desai: I do not know if there are any specific cases pending against him. There may be some enquiry going on but that is not on any specific complaint.

Shri Ram Krishna Gupta: In view of the fact that he has been held guilty, may I know whether there is any proposal to remove him from the Chairmanship of the Punjab National Bank?

Shri Morarji Desai: The Government cannot give such a directive. It will be for the Reserve Bank to consider. It can do whatever it has to do.

Shri Tyagi: May I know what explanation has Shri S. P. Jain given for this?

Shri Morarji Desai: These proceedings are with the Director. The explanation was that the money belonged to the concerns and not to him.

Shri Jaganatha Rao: May I know whether the Government is going to recover income-tax on this amount?

Shri Morarji Desai: I cannot say that without examining it further.

Shri A. C. Guha: The other day, during the short debate on foreign exchange violations the Deputy Minister had said that the proceedings before the adjudicator were not secret; they are open and public. Will the Government be pleased to place the proceedings on the Table of the House?

Shri Morarji Desai: If all proceedings are to be placed here, I cannot

say. I shall certainly examine and see if it can be done. I have no desire for secrecy myself.

Shri Tyagi: Sir, the hon. Minister has just now stated that a man who has been convicted cannot go in appeal unless he deposits the penalty imposed on him as fine. In cases of such heavy sums as 55 lakhs, does the Government look into the difficulties of depositing such sum ... (Interruptions).

Mr. Speaker: Order, order. There is a party, sufficiently strong, to make an appeal, if necessary and make such representations as are necessary. Are we in this House to take up the case of any individual man and say: "Why do we not show him some concession?" I am unable to understand this kind of attitude. What is the good of asking the Government to commit itself to a particular course? If there is an appeal and if it is possible for the appellate court or the appellate authority to exercise discretion in his favour, it will certainly do so. We ought not to make it appear that we doubt whether it will be done or it will not be done. He is sufficiently strong. He will take care of himself. He will also have advocates to make representations. We cannot commit the Government in advance. What I am suggesting to all hon. Members is, so far as details are concerned as to whether any mercy will be shown or not, they should not ask the Government to commit to a particular course. In that case almost every day we will have to dispose of murder cases where mercy applications are made. I cannot allow such questions.

Shri Tyagi: I may inform you, Sir, that I was not advocating the case of anybody. I do not mind if the fine is much more than that. My point is, in cases where the fines are too heavy, if there is a law that one cannot go in appeal without depositing the fine amount, then practically the right of appeal remains banned for all citizens. My question is, where fines

are difficult to be deposited, do Government take any guarantee that the property etc. will not be transferred away and give the persons concerned the right of appeal.

Mr. Speaker: The hon. Minister need not answer. For a man who is worth Rs. 100 crores, Rs. 55 lakhs is nothing. If he has only Rs. 1 lakh, Rs. 55 lakhs is too much for him. What is the hon. Member asking for? Shri Tyagi wants to place himself in that position and place the other man in his position. He may not have Rs. 1 crore or Rs. 10 crores. But the other man may think it is a free bite. It is for him to ask and for others to find out whether concession should be shown, whether Rs. 55 lakhs is too much or too little. Are we to go into these matters here? I am really surprised.

Shri Khadilkar: As it is known that Shri S. P. Jain is likely to challenge the decision of imposition of fine, may I know why under the provisions of the Act where there is a remedy, penal action is also not simultaneously taken?

Mr. Speaker: Are we to suggest any particular action to the authority in charge of it?

Shri Khadilkar: It is not so, Sir. I will just explain. In case he goes to the Supreme Court the case will drag on for several years. Then his property etc.

Mr. Speaker: I am not going to allow this question. The matter has been placed before an arbitrator, whoever he might be. He has given a decision. Further action will be taken. If there is any remission, the hon. Members will come before this House and say that there is unnecessary leniency and so on.

Shri V. P. Nayar: Last time, Sir, when a question was asked the Home Minister promised to the House that in case the adjudicator asked for sanction for prosecution Government would readily give it. We would like to know whether subsequent to that

statement of the Home Minister the Government of India was approached for necessary sanction for prosecution?

Shri Tyagi: Why was not the permission given?

Shri Morarji Desai: Sir, I could not follow the question.

Mr. Speaker: The hon. Member says that when the same question was put to the hon. Home Minister as to whether sanction would be given if the arbitrator who finds the person guilty asks for sanction for prosecution, the hon. Home Minister replied that it would be readily given. He now wants to know whether the sanction was applied for and if so at what stage it is.

Shri Morarji Desai: Under the law as it is, it is in the discretion of the Director. He has got to issue the order himself. Therefore, no question of sanction from Government arises. On the day when I replied to that question, I did not know the law as it was even for prosecution itself, whether there should be prosecution or there should be a fine by itself. That is the law as it is, and if Government tries to give any direction it will vitiate the whole proceedings and he may escape in the court of law. Therefore, there is no question of Government giving any direction in the matter.

Shri Khadiikar: The Home Minister replied that if the Director applies for sanction for prosecution the Government will consider the question.

Shri Morarji Desai: That was, as I said, because I was not conversant with the exact provisions of the law. After that I examined the law and I find that there is no question of Government giving any direction or any permission. It is for the Director to decide whether he should prosecute or whether he should fine.

Shri Prabhakar Kar: In view of the fact that Shri S. P. Jain is a general head of the Punjab National Bank,

may I know whether Government will ask the Reserve Bank to take any action so that he may be removed from the Punjab National Bank.

Mr. Speaker: A suggestion for action. Let us go to the next business.

Shri S. M. Banerjee: Sir, I want to put one question.

Mr. Speaker: I am sorry. I have given sufficient time. Let us take up the next business.

WRITTEN ANSWERS TO QUESTIONS

Polytechnics in the South

*2109. **Shri Vasudevan Nair:** Will the Minister of Scientific Research and Cultural Affairs be pleased to state:

(a) whether it is a fact that the Southern Regional Committee of the All India Council for Technical Education has recommended that seven Centrally sponsored polytechnics should be started in the South; and

(b) if so, the number of such polytechnics started so far?

The Minister for Scientific Research and Cultural Affairs (Shri Humayun Kabir): (a) On the recommendation of the All India Council for Technical Education, seven polytechnics have been allotted to the States in the Southern Region under the Centrally sponsored scheme of establishment of additional engineering colleges and polytechnics during the Second Five Year Plan.

(b) None, so far.

Indian School of Mines and Applied Geology, Dhanbad

*2110. **Shri L. Achaw Singh:** Will the Minister of Scientific Research and Cultural Affairs be pleased to state:

(a) whether the admission to the Indian School of Mines and Applied Geology, Dhanbad, is on the basis of an All India examination to test the merits of the candidates; and

(b) if so, whether there is no provision to give some representation to the candidates of backward States and Territories?

The Minister of Scientific Research and Cultural Affairs (Shri Humayun Kabir): (a) Yes, Sir.

(b) 30 per cent. of the seats are reserved for backward States and Union Territories.

Neyveli Lignite

*2118. Shri T. E. Vittal Rao: Will the Minister of Steel, Mines and Fuel be pleased to state:

(a) whether tests have been recently carried out to determine the thermal value of lignite mined at Neyveli;

(b) if so, what is the thermal value; and

(c) how does it compare with coal?

The Minister of Steel, Mines and Fuel (Sardar Swaran Singh): (a) Yes

(b) 4,800 British Thermal Units per pound.

(c) About 2½ tons of raw lignite would be equivalent to a ton of good coal with a calorific value of 12,000 BTU/lb

National Academy for Training of Civil Servants

*2118. { Shri Harish Chandra Mathur:
Shri Vidya Charan Shukla:

Will the Minister of Home Affairs be pleased to state:

(a) what progress has been made in establishing the National Academy for training of civil servants;

(b) what are the broad outlines of the scheme sanctioned and how it is different from the schemes of existing institutions for training of civil servants?

The Minister of State in the Ministry of Home Affairs (Shri Datar): (a) Arrangements are being made to complete the requisite preliminaries, e.g.,

securing accommodation for the trainees and staff and for the administrative blocks, etc. The financial implications are also being estimated.

(b) A scheme covering all the relevant aspects is being prepared. It provides for a combined basic foundational training course for a duration of four months for the officers of the All-India Services and most of the Central Services, Class I. A copy of the proposed syllabus of the course of training is placed on the Table of the House. [See Appendix VII, annexure No. 73.]

Village Authorities in Manipur

*2120. Shri L. Achaw Singh: Will the Minister of Home Affairs be pleased to state:

(a) whether it is a fact that the village authorities set up in accordance with the Manipur (Village Authorities in Hill Areas) Act, 1956 have not functioned satisfactorily; and

(b) if so, the steps proposed to be taken in this regard?

The Minister of State in the Ministry of Home Affairs (Shri Datar): (a) The village authorities have not received due response and co-operation from the people.

(b) The Chief Commissioner had invited suggestions from the local people for the improvement and amendment of the Act by the end of December, 1958. None of the proposals received contained concrete suggestions in this direction. The question whether the Act requires to be amended and if so to what extent is under examination.

Excavations at Nagarjuna Konda

*2121. { Shri H. N. Mukerjee.
Shri Prabhat Kar:

Will the Minister of Scientific Research and Cultural Affairs be pleased to state:

(a) whether it is a fact that in the course of recent excavations at Nagarjuna Konda a structure or structures

in the nature of a stadium or amphitheatre have been unearthed;

(6) if so, what are the details of the finds; and

(c) what steps are being taken or are under contemplation with a view to their preservation since the venue is likely to be submerged?

The Minister of Scientific Research and Cultural Affairs (Shri Humayun Kabir): (a) and (b). Yes, Sir. It consists of a square enclosure surrounded by brick walls on all the four sides and a large number of low tiers also built of bricks.

(c) A large scale model of the monument (amphi-theatre) will be prepared, as it cannot be transferred to the hill-top owing to the fragile nature of its material.

Purchase of some Sculptures and Coins by Arts Purchase Committee

*2122. { Shri S. M. Banerjee:
Shri Panigrahi:
Shri Vajpayee:

Will the Minister of Scientific Research and Cultural Affairs be pleased to state:

(a) whether a cheque for Rs. 200,000 has been paid to one of the Members of the Arts Purchase Committee against supply of some sculptures, coins etc;

(b) whether the Chairman of the Committee offered only a sum of Rs. 80,000 for the same;

(c) if so, whether the Arts Purchase Committee later on changed their decision and increased the value to Rs. 2,00,000;

(d) if not, whether any *ad hoc* Committee was formed to take this decision;

(e) if so, whether the *ad hoc* Committee was formed under instructions from the Ministry; and

(f) if so, what were the instructions?

The Minister of Scientific Research and Cultural Affairs (Shri Humayun Kabir): (a) Yes, Sir.

(b) and (c) No, Sir.

(d) and (e). Yes, Sir.

(f) The *ad hoc* Committee was asked to examine and evaluate the collection.

Central Advisory Board of Museums

*2123. Shri Ram Krishan Gupta: Will the Minister of Scientific Research and Cultural Affairs be pleased to state:

(a) whether it is a fact that the Central Advisory Board of Museums has recommended that no entrance fee should be charged for admission to museums; and

(b) if so, whether the Government have accepted the recommendation?

The Minister of Scientific Research and Cultural Affairs (Shri Humayun Kabir): (a) and (b) The Board had originally made a recommendation to this effect, but its Standing Committee has on reconsideration of the question suggested that the matter may be left to the discretion of individual museums. Government have accepted this suggestion of the Standing Committee.

दिल्ली में प्रवेश द्वार बनाना

*२१२४. श्री जगत बर्मान : क्या गृह-कार्य मंत्री यह बताने की कृपा करेंगे कि :

(क) क्या वह सच है कि दिल्ली की जन सम्पर्क समिति ने अपनी हानि ही की बैठक में यह सुझाव दिया है कि प्रवेश द्वार बनाने के अपराधी व्यक्तियों को केवल जुर्माना करके ही न छोड़ विषा आव, अपितु उन्हें अनिर्वासित: कड़ी कैद की सजा दी जाये, और

(ख) यदि हाँ, तो उपरोक्त सिफारिस पर क्या कार्यवाही की जा रही है ?

...सुह संकल्पना में प्रत्येक-मंजी (की बजाय):
 (क) सविधि की १४ भाषा, १९२६ की
 बैठक में एक कल्प ने इस तरह का एक सुझाव
 दिया था।

(ख) दिल्ली प्रयाजन इस सुझाव पर
 गौर कर रहा है।

Social Welfare Centres in Punjab

3657. { Shri Ram Krishan Gupta:
 Sardar Iqbal Singh:
 Shri Baljit Singh:

Will the Minister of Education be
 pleased to state:

(a) the names and localities of
 social welfare centres functioning at
 present under the programme of the
 Central Social Welfare Board in
 Punjab (District-wise)

(b) the main items of work taken
 up in these centres during 1956;

(c) the amount of money spent in
 each centre during 1956;

(d) the number of employees grade-
 wise in each centre; and

(e) the number belonging to Sched-
 uled Castes among them?

The Minister of Education (Dr.
 K. L. Shrinani): (a) A statement
 giving the requisite information is
 laid on the Table. [See Appendix VII;
 annexure No. 74].

(b) The main activities undertaken
 in a centre are Balwadi, Social Edu-
 cation for women, Arts and Craft,
 Maternity services and other general
 cultural and recreational activities.

(c) The accounts are maintained
 Project-wise and not Centre-wise. It
 is not possible to give figures of ex-
 penditure Centre-wise.

(d) and (e) Information is being
 collected and will be laid on the
 Table of the Sabha in due course.

Foreign Investments in Iron and Steel Industry

3658. Shri Ram Krishan Gupta: Will
 the Minister of Steel, Mines and Fuel
 be pleased to state:

(a) the amount of foreign invest-
 ment in the existing steel plants in
 India;

(b) the extent of Indian capital in-
 vested in the industry at present; and

(c) the steps taken to increase the
 Indian capital investment in the in-
 dustry?

The Minister of Steel, Mines and
 Fuel (Sardar Swaran Singh): (a)
 Foreign investment which is about
 Rs. 12.83 million is only in the two
 steel companies of Tatas and Indian
 Iron. A considerable part of this
 foreign investment is by Nepalese and
 Goanese nationals.

(b) Indian investment in these two
 companies is about Rs. 446 million.
 Investment in the Hindustan Steel
 Limited and in the Mysore Iron and
 Steel Works is entirely Indian and is
 over Rs. 3,000 million.

(c) Under the Industrial Policy
 Resolution, new iron and steel works
 are to be in the public sector and it is
 not considered necessary to take any
 special steps to increase the Indian
 capital invested in the plants in the
 private sector.

Oil Drilling Trainees Sent Abroad

3659. Shri Ram Krishan Gupta:
 Will the Minister of Steel, Mines and
 Fuel be pleased to state:

(a) the number of engineers,
 scientists and technicians sent abroad
 to study oil drilling work since 1st
 January, 1958;

(b) the names of the countries
 where they have been sent; and

(c) the duration of their training?

The Minister of Mines and Oil (Shri
 K. D. Malaviya) (a) None.

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

Urban Welfare Extension Projects

3660. Shri Ram Krishan Gupta: Will the Minister of Education be pleased to state:

(a) the number of welfare extension projects (urban) opened so far (State-wise) and names of places; and

(b) the number and names of welfare extension projects (urban) to be opened during the remaining period of the Second Five Year Plan (State-wise)?

The Minister of Education (Dr. K. L. Shrimall): (a) Fifty. A statement indicating the places where the projects have been opened is laid on the Table. [See Appendix VII; annexure No. 75].

(b) Fifty. The location will depend on the selection of the places where the applicant institutions may like to establish the projects.

Rifle Shooting Clubs in Punjab and Rajasthan

3661. { Shri Ram Krishan Gupta.
Sardar Iqbal Singh:
Shri Daljit Singh:

Will the Minister of Home Affairs be pleased to state the names of the places in Punjab and Rajasthan where rifle shooting clubs are functioning?

The Minister of State in the Ministry of Home Affairs (Shri Datar): The information is being collected and will be laid on the table of the House in due course.

Foreign Aid by India

3662. { Shri Ram Krishan Gupta:
Shri Dinesh Singh:

Will the Minister of Finance be pleased to state the nature of financial help given by India to foreign countries for their development programmes since 1956 (year and country-wise)?

The Minister of Finance (Shri Morarji Desai): The nature of financial help given by India to foreign

countries for development programmes since 1956 (year and country-wise) is laid on the Table. [See Appendix VII; annexure No. 76].

Land Customs

3663. Shri Ram Krishan Gupta: Will the Minister of Finance be pleased to state the total amount of land customs collected during 1958?

The Minister of Finance (Shri Morarji Desai): Rs. 283 lakhs.

Quarters for Army Personnel

3664. Shri D. C. Sharma: Will the Minister of Defence be pleased to refer to the reply given to Unstarred Question No. 2107 on the 6th September, 1958 and state:

(a) the further progress made so far in building quarters for the other ranks of the Army; and

(b) the total amount spent upto the 31st March, 1959?

The Deputy Minister of Defence (Sardar Surjit Singh Majithia): (a) Projects for provision of accommodation for 235 married Other Ranks have been administratively approved since the 16th September, 1958. Out of these projects, one project catering for provision of accommodation, for 100 married Other Ranks was released for execution during 1958-59, and another for 99 married Other Ranks has been released during 1959-60.

(b) It is not known at this stage what amount has been spent on quarters for married Other Ranks alone, up to the 31st March, 1959, as accommodation for all ranks is included in the projects released during 1958-59.

Educational Institutions in Himachal Pradesh

3665. Shri D. C. Sharma: Will the Minister of Education be pleased to state:

(a) the number of educational institutions in Himachal Pradesh to which financial assistance was given by the

Ministry during 1957-58 and 1958-59 so far separately; and

(b) the grants given to each institution?

The Minister of Education (Dr. K. L. Shrimall): (a) and (b). A grant of Rs. 1427 only was sanctioned to Vallabh Mahavidyalaya, Mandi during 1957-58. No grant has been given during 1958-59 so far.

Social Service Camps in Punjab

3666. Shri D. C. Sharma: Will the Minister of Education be pleased to state:

(a) the number of Social Service Camps which were organised with the help of the Central Government in Punjab State during 1958-59; and

(b) the total amount spent and the number of participants, both boys and girls?

The Minister of Education (Dr. K. L. Shrimall): (a) 137 Camps.

Rs.	Amount Spent	No. of participants		Total
		Boys	Girls	
2,40,024	96	8,936	1,964	10,900

Note.—*The figure given for expenditure is liable to revision on settlement of audited accounts

Income-tax cases

3667. { Shri D. C. Sharma:
Shri Daljit Singh:

Will the Minister of Finance be pleased to state:

(a) how many cases of Income-tax were admitted in the Punjab High Court and the Tribunal during 1957-58 and 1958-59, year-wise; and

(b) the number of those cases disposed of uptill the 31st March, 1959?

The Minister of Finance (Shri Morarji Deas):

1957-58 1958-59

(a)	(b)	In Punjab		
		High Court	47	61

(a) In Income-tax Appellate Tribunal	1011	471
(b) (i) By High Court		19
(ii) By Tribunal		666

Archaeological Survey in Bombay

3668. Shri Pangarkar: Will the Minister of Scientific Research and Cultural Affairs be pleased to state:

(a) whether the survey of ancient temples and places of archaeological and historical importance has been completed in Bombay State; and

(b) whether Government have finalised the list of monuments of national importance in that State?

The Minister of Scientific Research and Cultural Affairs (Shri Humayun Kabir): (a) Yes, Sir.

(b) No, Sir.

Ancient Temples in Bombay State

3669. Shri Pangarkar: Will the Minister of Scientific Research and Cultural Affairs be pleased to state what steps have been taken recently to preserve the ancient temples of national importance in the Bombay State?

The Minister of Scientific Research and Cultural Affairs (Shri Humayun Kabir): Ordinary as well as special repairs are carried out depending on the needs of each protected monument and the funds available.

Courses in Nuclear Sciences and Nuclear Engineering

3670. Shri D. C. Sharma: Will the Minister of Scientific Research and Cultural Affairs be pleased to refer to the reply given to Unstarred Question No. 1203 on the 10th December, 1958 and state the further progress made in the introduction of courses in nuclear science and nuclear engineering in the Universities?

The Deputy Minister of Scientific Research and Cultural Affairs (Dr. M. M. Das): The expert Committee

examined the scheme submitted by Roorkee University and recommended that no separate courses need be organised in Nuclear Physics or Nuclear Chemistry but that studies in Nuclear aspects should essentially be included in the courses for the basic subjects of Physics and Chemistry. Regarding the proposal of the University for Nuclear Engineering courses, the Committee recommended that it may be considered only after the University attains a high level of development for the post-Graduate courses in Mechanical Engineering and subjects allied to Nuclear Engineering. The University Grants Commission has accepted these recommendations. The proposals of the Andhra University are yet to be examined.

Production of Manganese and Mica

3671. Shri D. C. Sharma: Will the Minister of Steel, Mines and Fuel be pleased to state:

(a) the quantity of manganese ore and mica produced in India during 1958;

(b) how much of these were exported during 1958; and

(c) the amount of foreign exchange realised therefrom?

The Minister of Mines and Oil (Shri K. D. Malaviya): (a) and (b).

	Production	Export
Manganese (tons)	1,211,000	960,187
Mica (Cwts.)	630,000	388,494

(c) Rs. 24.93 crores.

Bombay Customs Office

3672. Shri Asar: Will the Minister of Finance be pleased to state:

(a) whether it is a fact that there are many cases of wrong payment to importers by the Customs in Bombay Customs Office;

(b) if so, the number of such cases and the total amount involved during 1957-58 and 1958-59;

(c) the number of cases during the same period in which less charge demands are made due to the mistake of assessing officers;

(d) the number of cases during the same period in which the claims are found time-barred and the total amount involved;

(e) what steps have been taken by Government to recover the amount from importers and the officer-in-charge where the claims are time-barred;

(f) how many voluntary claims were made by Customs during the same period and of what total amount; and

(g) how much amount has been recovered from voluntary claims?

The Minister of Finance (Shri Morarji Desai): (a) and (b). No, Sir. It may, however, be mentioned that in two cases of an identical nature, in 1957-58, the Bombay Custom House had granted refunds under a *bona fide* impression that they were due. This was subsequently considered to be erroneous and requests have been made to the concerned importers to have the amounts paid to them returned voluntarily. The amount involved in these two cases was Rs. 42,452.

(c) Less charge demands were issued by the Custom House in 912 cases in 1957-58 and in 1850 cases in 1958-59. It may be pointed out that these demands are issued as a result of objections raised in audit, where an assessment is in doubt, with a view to safeguarding revenue against the time-bar prescribed under section 39 of the Sea Customs Act. Some of the objections thus issued may not ultimately be upheld. The demands in those cases have then to be withdrawn. It cannot, therefore, be said that mistakes of the assessing officers have been established in respect of all these demands.

(d) There were 38 cases involving Rs. 59,769 in 1957-58 and 70 cases involving Rs. 1,69,000 in 1958-59.

(e) and (f). Requests for voluntary payment of the amounts involved were made in all the cases. Action to recover the amounts less-charged is

usually taken in accordance with the following procedure. In the first instance, the owner of goods is invited to make good the deficiency voluntarily. Failing this, recovery is effected by deduction from his Personal Deposit Account, if he has one, or, if the Bill of Entry was signed by a Clearing Agent, by deduction from his Personal Deposit Account or Security Deposit. If these attempts fail and if the circumstances of the case justify and the amount involved is substantial, steps are taken to recover the amount by filing a suit in a court of law. If the amount involved is large and if the original assessment is proved to be mala fide, the question of punishing the officer(s) concerned is also considered. In such cases, the punishment may take the form of recovery from pay of the whole or part of the pecuniary loss caused to Government by negligence or breach or orders.

(g) Rs 38,965 in 1957-58 and Rs. 2,422 in 1958-59. An amount of Rs. 25,000 has also been recovered by deduction from the Personal Deposit Account of one of the Clearing Agents concerned.

Manganese Ore

3673. Shri E. Madhusudan Rao: Will the Minister of Steel, Mines and Fuel be pleased to state:

(a) how much Manganese ore is produced in Andhra Pradesh annually;

(b) whether the Union Government had made any attempts to explore the possibilities of exploiting new Manganese ore mines in Andhra Pradesh?

The Minister of Mines and Oil (Shri K. D. Malaviya): (a) The annual production of manganese ore from Andhra Pradesh for the period 1950-56 is as follows:—

1950	33,755 tons
1951	63,335 tons
1952	115,679 tons
1953	219,224 tons
1954	58,494 tons
1955	122,338 tons
1956	224,914 tons
1957	193,458 tons
1958	9,272 tons

The average annual production is 114,471 tons.

N.B.—Andhra Pradesh was created in 1956 and the figures for the years prior to that period are based on the production of mines which are now in Andhra Pradesh.

(b) Geological survey of the manganese deposits is in progress in Srikakulam district which is the most important manganese bearing area in Andhra Pradesh.

Stadium in Calcutta

3674. { Shri H. N. Mukerjee:
Shri Prabhat Kar:

Will the Minister of Defence be pleased to state:

(a) whether he has had consultations lately with the Chief Minister of West Bengal regarding the erection of a stadium on the maidan in Calcutta; and

(b) whether the venue has been chosen?

The Minister of Defence (Shri Krishna Menon): (a) Yes, Sir

(b) Yes, tentatively.

Review Applications

3675. Shri Vidya Charan Shukla: Will the Minister of Steel, Mines and Fuel be pleased to state:

(a) the number of review applications for different mineral concessions received from mine owners in Madhya Pradesh during 1957-58 and 1958-59;

(b) the number of such applications disposed of in 1957-58 and 1958-59;

(c) the number of applications pending;

(d) the reasons for delay in disposing of the review applications and the steps the Government of India have taken to expedite the same;

(e) the total mineral bearing area covered in these review applications

during 1957-58 and 1958-59 in different minerals from the State of Madhya Pradesh; and

(f) what is the total royalty and dead rent expected out of the total area covered by these review applications.

The Minister of Mines and Oil (Shri K. D. Malaviya): (a) to (c) and (e). A statement giving the required information is laid on the Table. [See Appendix VII, annexure No. 77].

(d) Review applications are ordinarily disposed of as quickly as possible, but in some cases delay occurs due to the non-receipt of the comments of the State Government on the review applications or where the Central Government have to consult their own technical experts in the matter. The Central Government have brought to the notice of all concerned the necessity of handling the review application cases expeditiously.

(f) Royalty is payable on the quantity of minerals despatched from a mine and as it is not possible to estimate the quantity of minerals that may be raised from the applied area, it is not possible to give any figures regarding the royalty payable. So far as dead rent is concerned, it varies from mineral to mineral and from area to area. Information regarding the dead rent payable cannot also, therefore be compiled.

Extension of Terms of Deputation of Officers in Manipur

3676. Shri L. Achaw Singh: Will the Minister of Home Affairs be pleased to state:

(a) whether it is fact that services of Classes I and II officers borrowed by the Manipur Administration have been extended 3 years beyond the stipulated period; and

(b) if so, the number of such officers in Class I and Class II, respectively?

The Minister of State in the Ministry of Home Affairs (Shri Datar): (a)

and (b). The information is being collected and will be laid on the Table of the House.

Government D. M. College, Imphal

3677. Shri L. Achaw Singh: Will the Minister of Education be pleased to state:

(a) whether it is a fact that there is no provision for the teaching of Bengali in the Government D. M. College at Imphal; and

(b) if so, the reasons therefor?

The Minister of Education (Dr. K. L. Shrimall): (a) and (b). The information is being collected and will be laid on the Table of the Lok Sabha in due course.

Decentralisation of Work in Defence Administration

3678. { Shri Ram Krishna Gupta:
Shri Bhakt Darshan:

Will the Minister of Defence be pleased to refer to the reply given to Starred Question No. 1139 on the 18th December, 1958 and state the further progress made in the proposal for decentralisation of work in the defence administration?

The Minister of Defence (Shri Krishna Menon): Orders delegating enhanced financial powers to Service Headquarters and Lower Formations in regard to sanction to establishments, direct purchase of stores, sanction to works and write off of losses have since been issued.

Advisory Committee for Tripura

3679. Shri Ram Krishna Gupta: Will the Minister of Home Affairs be pleased to state the nature of the decisions taken at the meeting of the Tripura Advisory Committees held in Delhi during December, 1958 for discussing the questions relating to communications and development?

The Minister of State in the Ministry of Home Affairs (Shri Datar): A statement is laid on the Table of

the House. [See Appendix VII, annexure No. 75].

Social Education

3680. Shri D. C. Sharma: Will the Minister of Education be pleased to state:

(a) the names of foreign countries from which Government have received assistance in cash and equipment for the advancement of Social Education in India during 1958-59; and

(b) the nature of help received?

The Minister of Education (Dr. K. L. Sharma): (a) U.S.A.

(b) Equipment worth \$ 4,30,435.22. (\$ 1,54,435.22 as grant; and \$ 2,76,000 as loan).

Education of the Orthopaedically Handicapped

3681. { Shri D. C. Sharma:
Shri Ram Krishan Gupta:

Will the Minister of Education be pleased to state:

(a) the financial aid given to the Government of Punjab for providing educational facilities to dumb, deaf and blind students during 1957-58 and 1958-59, separately;

(b) whether there is any scheme for higher education of these students in the country; and

(c) if so, the details thereof?

The Minister of Education (Dr. K. L. Sharma): (a) 1957-58 . . . Rs. 42,000. During 1958-59 a lump grant for a group of schemes including schemes for the education of the handicapped was sanctioned to the Government of Punjab. The amount of Central assistance for the education of the handicapped will depend on the actual expenditure incurred by the State Government for this purpose. Figures of actual expenditure have not yet been received from the State Government.

(b) Yes, Sir.

(c) A statement giving the requisite information is attached. [See Appendix VII, annexure No. 79].

Smuggling

3682. Shri D. C. Sharma: Will the Minister of Finance be pleased to state how many times fire was opened and exchanged between Pakistani smugglers and Indian border police or military personnel during 1958-59?

The Minister of Finance (Shri Morarji Desai): A statement giving the information is laid on the Table of the Sabha [See Appendix VII, annexure No. 80].

Libraries for Women and Children in Punjab

3683. { Shri D. C. Sharma:
Sardar Iqbal Singh:
Shri Daljit Singh:

Will the Minister of Education be pleased to refer to the reply given to Unstarred Question No. 2722 on the 24th September, 1958 and state:

(a) what further grants have been sanctioned by the Central Social Welfare Board to voluntary social welfare organisations for libraries for children and women in Punjab;

(b) whether the amount was paid during 1958-59; and

(c) the names of the organisations?

The Minister of Education (Dr. K. L. Sharma): (a) No further grants have been sanctioned during 1958-59.

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

Survey of Juvenile Delinquency in Madras

3684. Shri Panigrahi:
Shri D. C. Sharma:

Will the Minister of Education be pleased to state whether the report

of the survey conducted in the slum areas of Madras city in order to assess the extent and cause of Juvenile delinquency has been made available to Government?

The Minister of Education (Dr. K. L. Shrinani): Yes, Sir.

Rockets

3985. Pandit D. N. Tiwari: Will the Minister of Scientific Research and Cultural Affairs be pleased to state:

(a) whether Government are aware that six feet long rockets were fired by the organisers of the "World in 1958" Exhibition on the 16th and 23rd of December, 1958;

(b) whether the details of the rockets and fuel etc., used for them have been analysed; and

(c) whether bigger rockets have been fired anywhere in India?

The Minister of Scientific Research and Cultural Affairs (Shri Hanuman Kulkarni): (a) No, Sir.

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

Special Steels

3986. Shri Pangarkar: Will the Minister of Steel, Mines and Fuel be pleased to state:

(a) the steps taken by Government of India to increase production of special steels, during 1958-59; and

(b) the quantity of special steel produced during the same period?

The Minister of Steel, Mines and Fuel (Sardar Swaran Singh): (a) and (b). Production of special steels in 1958-59 amounted to 3,300 tons as against about 2,000 tons in the previous year. It is proposed to put up in the public sector a special steels plant for the manufacture of the higher grades of special steels. A few electric furnaces have been licensed to be put up for the manufacture of the lower grades of special steels.

Metallurgical Coal

3987. Shri Pangarkar: Will the Minister of Steel, Mines and Fuel be pleased to state:

(a) the total production of metallurgical coal during the year 1958-59; and

(b) the total foreign exchange earned by the export of metallurgical coal during the above period?

The Minister of Steel, Mines and Fuel (Sardar Swaran Singh): (a) and (b). The total production of metallurgical coal during the year 1958 was 18,159 million tons. Figures are not available for the later period. The amount of foreign exchange earned by the export of metallurgical coal during that period was Rs. 216.8 lakhs approximately.

Grants for Elementary Education

3988. Shri Pangarkar: Will the Minister of Education be pleased to state:

(a) whether all the States have utilised the amounts of grants sanctioned by the Government of India for the development of elementary education during 1958-59;

(b) if not, the names of States which have not utilised the grants; and

(c) action taken by the Central Government in the matter?

The Minister of Education (Dr. K. L. Shrinani): (a) It is not possible to give the exact information about the utilization of grants by the State Governments at this stage.

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

बंकाब में बहिरी की कच्ची चाय के निरोध

२३ मई की विप्लवित्तियः क्या इल्लम, जाल और ईकन संघी वह बकाने की कृप करेगे कि

(क) क्या वह कृप है कि बंकाब के मिना कानका में जट्टा खरी के निरोध बहिरी की कच्ची चाय के निरोध पावे क्ये है; और

(ख) यदि हां, तो ये निक्षेप किस मात्रा में मिले हैं और किस किस्म के हैं तथा उनकी खुदाई कब से शारम्भ होगी ?

ज्ञान और तेल मंत्री (श्री के० दे० जालंधीय) : (क) पंजाब के जिला कांगड़ा में उटल नदी के निकट लोहे की कच्ची धातु के निक्षेप पाये जाने की कोई रिपोर्ट नहीं मिली है। फिर भी यह मालूम हुआ है कि जिला कांगड़ा में उटल नदी के बायें किनारे पर क्वार्ट्जाइट्स (Quartzites) तथा बिस्त्स (Schists) में मैग्नेटाइट (Magnetite) की पट्टियां मौजूद हैं। यदि हम मान लें कि बौल में प्रतिशत २५ प्रतिशत मैग्नेटाइट (Magnetite) का भाग मौजूद है तो काफी कच्चे पदार्थ वाली छ मील लम्बी पट्टी में १०० फुट की गहराई तक लगभग आधा मिलियन टन मैग्नेटाइट की मात्रा मिलने की सम्भावना है।

(ख) प्रश्न ही नहीं उठता।

Foreign Capital Investments

3690. Shri Raghunath Singh: Will the Minister of Finance be pleased to state the number of joint stock companies and firms in the public and private sector in India as have an investment of foreign capital upto forty per cent of the total capital investments?

The Minister of Finance (Shri Morarji Desai): The number of joint stock Companies and firms in the private sector in India as have an investment of foreign capital upto forty per cent of the total capital investment is 666.

There is no such company in the Public Sector.

Taxes Collected in Jammu and Kashmir

*3691. Sardar Iqbal Singh: Will the Minister of Finance be pleased to state the amounts of money collected by the Government of India by way of taxes and other revenue measures

in Jammu and Kashmir State during 1958-59?

The Minister of Finance (Shri Morarji Desai): The required information is given below:—

	Rs.
Income-tax	22,05,000
Central Excise	7,57,000 ^a
Wealth-tax	1,56,000
Estate Duty	11,758
Railway Passenger Fares Tax	3,000 ^b

^aProvisional figures.

Grants to Punjab University

3692. Sardar Iqbal Singh: Will the Minister of Education be pleased to state:

(a) what are the different projects for which the Punjab University has asked for further financial grants from the University Grants Commission;

(b) the amount of grant asked for against each project; and

(c) whether this has been considered by the University Grants Commission?

The Minister of Education (Dr. K. L. Shrivastava): (a) to (c). A statement is laid on the Table. [See Appendix VII, annexure No. 81].

Bharat Sewak Samaj

3693. { Sardar Iqbal Singh:
Shri Assar:

Will the Minister of Finance be pleased to state the amount of grants-in-aid given to the Bharat Sewak Samaj during 1958-59 in each State?

The Minister of Finance (Shri Morarji Desai): The information is being collected and will be laid on the Table of the House shortly.

Grants for Primary Education to Orissa

3694. Shri Panigrahi: Will the Minister of Education be pleased to state:

(a) whether the Orissa Government have submitted any programme for

expanding primary education in the State and for additional Central assistance; and

(b) if so, what decision has been taken thereon?

The Minister of Education (Dr K. L. Shrimall): (a) A memorandum for giving Central grants at a more liberal rate was received.

(b) The matter is under consideration.

Cantonment Board, Ferozepur

3695. Shri Siddananajappa: Will the Minister of Defence be pleased to state:

(a) whether Central Government have given a special grant to the Cantonment Board of Ferozepur for development works under the Second Five Year Plan for 1959-60;

(b) if so, the amount granted; and

(c) which are the works the Board intends to undertake with this amount?

The Deputy Minister of Defence (Sardar Majithia): (a) The special grants-in-aid to be given to Cantonment Boards for the year 1959-60 are still under consideration.

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

Grants to Social Welfare Organisations in Madras

3696. Shri Subbiah Ambalam: Will the Minister of Education be pleased to state:

(a) the names of the voluntary social welfare organisations in Madras State, which have been given grants by the Central Social Welfare Board during 1958-59; and

(b) the amount of grant to each such organisation?

The Minister of Education (Dr K. L. Shrimall): (a) and (b). A statement giving the requisite information is laid on the Table. [See Appendix VII, annexure No. 62].

Purchase of Equipment for Police Force in Andamans

*3697. { Shri Raghunath Singh:
Sardar A. S. Saigal:

Will the Minister of Home Affairs be pleased to state:

(a) whether it is a fact that tender for the supply of uniforms and other equipment and stores for the Police Force in Andamans was called in 1957-58;

(b) whether the tender submitted by M/s Dawoojee Dadabhoy & Company, Calcutta, was less in total calculation by Rs 13,000 than the tender accepted by the Administration; and

(c) the reason for not accepting the lowest tender?

The Deputy Minister of Home Affairs (Shrimati Aiva): (a) Yes, Sir.

(b) The tender submitted by M/s Dawoojee Dadabhoy and Co, Calcutta, was less in total calculation by Rs 9,104 44 than the tender accepted by the Administration.

(c) M/s Dawoojee Dadabhoy & Co had sent their tender without seeing the samples. The tender was, therefore, not considered to be valid according to the terms of the tender. They had not quoted at all for certain articles and their quotation for certain other items was so low that it was unconceivable that those items could be got at those prices unless the articles were too inferior to be used. Moreover, the Administration wanted to ensure immediate supply and therefore they preferred the tender furnished by a local firm.

Primary Co-operative Societies in Nicobar Islands

3698. Shri Raghunath Singh: Will the Minister of Home Affairs be pleased to state the number of primary (village) Co-operative Societies in Nicobar Islands?

The Deputy Minister of Home Affairs (Shrimati Aiva): There are 37

Primary Co-operative Societies in the Nicobar Islands.

Andaman and Nicobar Islands

3899. { Shri Raghunath Singh:
Sardar A. S. Saigal:

Will the Minister of Home Affairs be pleased to state:

(a) whether Andaman and Nicobar Administration had called for tenders in 1952 for the collection and export of scrap iron from Car Nicobar and other Nicobar Islands;

(b) if so, the names of the successful tenders and the amount of royalty tendered and accepted and whether as per conditions of the contract, last date for export of scrap was 31st March, 1954;

(c) whether it is a fact that the Administration permitted the same tenders in the Nicobars to export the same scrap in 1958-59;

(d) if so, the quantity exported by them; and

(e) the reasons for not calling fresh tenders for the export of scrap in 1958-59?

The Deputy Minister of Home Affairs (Shrimati, Alva): (a) Yes, Sir.

(b) The successful tender was in the name of "Headmen of Car Nicobar" for Rs. 1,00,001 as royalty. The tender was accepted as per conditions of the contract. The last date for completing the work of collection and export of scraps was the 31st March, 1954.

(c) The scraps were collected by the people of the Nicobar group of islands and sold to M/s. Akoojee Jadwet & Co., who were permitted by the administration to export the scraps in 1958-59.

(d) About 1,000 tons.

(e) The scraps could not be exported earlier due to the non-availability

of shipping space. As the parties concerned could not be held responsible for the delay in the export of the scrap it was not considered necessary to call for fresh tenders.

Wealth Tax and Expenditure Tax

3760. Sardar A. S. Saigal: Will the Minister of Finance be pleased to state the number of assesses under the Wealth-tax and Expenditure Tax Act in the Andaman and Nicobar Islands?

The Minister of Finance (Shri Morarji Desai): The number as on 31st March, 1959 was as follows:—

Wealth-tax.	6
Expenditure-tax.	NIL

निर्वाचन याचिकाएं

३७०१ श्री कुमावत राय : क्या बिचि मंत्री यह बताने की कृपा करेंगे कि :

(क) गत सामान्य निर्वाचनों के पश्चात् दी गई याचिकाओं पर निर्वाचन न्यायाधिकरण ने कितने व्यक्तियों को भनई घोषित किया ;

(ख) भनईत किये गये व्यक्तियों में से कितनों ने निर्वाचन आयोग से प्रार्थना की है कि उनकी भनईता दूर कर दी जाये ; और

(ग) कितनी प्रार्थनायें स्वीकार की गई हैं ?

बिचि मंत्री (श्री ए० के० सेन) : (क) ३४

(ख) ४

(ग) निर्वाचन आयोग के पास भनईता दूर करने के लिए जो चार प्रार्थनाएं आईं उनमें से उसने एक प्रार्थना स्वीकार की, एक नामजूर कर दी और दो मामलों में भनईता की कालावधि को बढ़ा दिया ।

Briquette Brick Manufacture at Neyveli

3702. Shri Balakrishnan: Will the Minister of Steel, Mines and Fuel be pleased to state:

(a) whether briquette brick making will be one of the by-product processes at Neyveli Lignite Project; and

(b) if so, the nature and commercial aspects of such process?

The Minister of Steel, Mines and Fuel (Sardar Swaran Singh): (a) and (b). No; briquette making is not one of the by-product processes at the Neyveli Lignite Project. The briquetting and carbonising scheme is one of the constituent units of the integrated project. The aim is to utilise $1\frac{1}{2}$ million tons of lignite per annum, to produce about 7,14,000 tons of raw briquettes which on carbonisation would yield about 3,80,000 tons of carbonised briquettes suitable for use as domestic fuel. As the carbonised briquettes will burn easily without smoke or odour and as the cost of their production is expected to be less than that of charcoal, the commercial aspects of the proposal are promising.

Kolar Gold Fields, Mysore

3703. Shri Shivnanjappa: Will the Minister of Steel, Mines and Fuel be pleased to state:

(a) whether it is a fact that based on the detailed surveys and underground mapping of the Kolar Gold fields in Mysore State, detailed recommendations for the prospecting of gold in Mysore, champion and Nandidroog mines have been submitted by the Mysore State Government; and

(b) if so, the nature of the recommendations?

The Minister of Mines and Oil (Shri K. D. Malaviya): (a) No, Sir.

(b) Does not arise.

Training and Research in Geology and Applied Geology

3704. Shri Shivnanjappa: Will the Minister of Education be pleased to state:

(a) whether the University Grants Commission has approved the recommendations made by the Joint Committee of the University Grants Commission and the All India Council of Technical Education for the development of Geology and Applied Geology in various Universities;

(b) if so, whether the grants have been sanctioned to the Karnatak University for this purpose during 1958-59; and

(c) if so, what is the total grant?

The Minister of Education (Dr. K. L. Shrinani): (a) Yes, Sir.

(b) and (c). During 1958-59, the University Grants Commission has paid a grant of Rs. 5,294 for staff in the Geology Department of the Karnatak University. A grant of Rs. 1,70,000 was also paid to the University as part-payment towards the construction of a composite building for the Departments of Geology, Physics and Chemistry, in addition to Rs. 8,01,000 paid in previous years.

Sale of Ferro-Manganese by M/s. Khandelwal Ferro Alloys

3705. Shri Panigrahi: Will the Minister of Steel, Mines and Fuel be pleased to state:

(a) whether Government are aware of the fact that the Khandelwal Ferro Alloys Limited of Bombay have entered into any sales agreement with the Continental Ore Corporation for the sale of ferro-manganese; and

(b) if so, what is the nature of this agreement?

The Minister of Steel, Mines and Fuel (Sardar Swaran Singh): (a) Yes, Sir.

(b) The Agreement is for the sale of the entire production of the factory (Capacity: 30,000 tons per annum) for a period of ten years with provisions for fixation of price subject to certain minimum price, for payment, quality, inspection, etc.

Sale of Ferro-Manganese by M/s. Cambatta Ferro-Manganese Ltd.

3706. Shri Panigrahi: Will the Minister of Steel, Mines and Fuel be pleased to state:

(a) whether the Cambatta Ferro-Manganese Ltd. Bombay has entered into any sales agreement with Continental Ore Corporation for its sales of ferro-manganese;

(b) whether Government are aware of the nature of this sales agreement; and

(c) if so, what is the nature of this sales agreement?

The Minister of Steel, Mines and Fuel (Sardar Swaran Singh): (a) Yes, Sir.

(b) Yes, Sir.

(c) The Agreement is for the sale of 30,000 tons of ferro-manganese per annum (entire production of the factory) for a period from the date of production to the 31st December, 1964 with provisions for fixation of price, for payment, quality, inspection, etc. and also for investment in shares in the Indian Company upto 25 per cent.

Extension of Services

3707. Shri Subiman Ghose: Will the Minister of Home Affairs be pleased to refer to the reply given to Unstarred Question No. 2065 on the 18th December, 1958 and state how many such gazetted officers of the Government of India stationed in Delhi have retired since the 18th December, 1958 after attaining the age of 60 years?

The Minister of State in the Ministry of Home Affairs (Shri Datar): 11.

Recruitment of Scheduled Castes Candidates in Defence Services (Civil)

**3708. { Shri D. A. Katti:
Shri B. K. Gaikwad:**

Will the Minister of Defence be pleased to state:

(a) whether Government have taken any steps to recruit Scheduled Castes candidates in the Defence Services (Civil) to maintain the percentage reserved for them;

(b) what is the percentage of the Scheduled Castes employees in the Ministry of Defence (all cadres); and

(c) if the percentage is low, why no steps were taken so far to make up the same?

The Deputy Minister of Defence (Shri Raghuramaiah): (a) Yes, Sir.

(b) It is not in the best interests of the Defence Services to collect information of this kind.

(c) The provisions of the Ministry of Home Affairs Resolution No. 42/21/49-NGS, dated the 13th September, 1950 and orders issued thereunder are being observed in recruitment to all classes of civilians [including Industrial employees and N.Cs.(U)]. These directives have been issued as Army Instruction No. 2/S/56.

State Bank of India

3709. Shri V. Eacharan: Will the Minister of Finance be pleased to state:

(a) the number of branches of State Bank of India opened in Kerala State so far; and

(b) the number of branches yet to be opened according to the Expansion Scheme of the Bank?

The Minister of Finance (Shri Morarji Desai): (a) The State Bank of India has opened one branch at Palghat in the Kerala State.

(b) No other centre has been selected so far in Kerala under Section 18(5) of the State Bank of India Act, 1955.

Falling of Fans in Cinema Houses of Agartala

3710. Shri Bangshi Thakur: Will the Minister of Home Affairs be pleased to state:

(a) whether it is a fact that recently in one of the cinema-houses of Agartala town, a moving fan fell down when the audience was in that house;

(b) whether it is also a fact that a similar accident had recently taken place in another cinema house of Agartala town; and

(c) if so, who are the local authorities to whom it has been entrusted to inspect daily, weekly, monthly or yearly the furnitures and fittings of the cinema houses of Agartala town and other places in Tripura?

The Minister of State in the Ministry of Home Affairs (Shri Datar): (a) Yes. The people sitting under the fan became aware of the possibility of the fan falling down and moved away. None was injured.

(b) No.

(c) At Agartala, a Circle Officer inspects Cinema Houses everyday. In outlying places, Sub-Divisional Officers inspect them at frequent intervals.

Craft Schools in Manipur

3711. Shri L. Achaw Singh: Will the Minister of Home Affairs be pleased to state:

(a) whether craft schools have been started in the village centres and administrative headquarters of the hills for tribal uplift in Manipur; and

(b) if so, the number of trainees in the respective schools for each trade?

The Deputy Minister of Home Affairs (Shrimati Alva): (a) Yes, Sir.

(b) The information is as follows:—

	Number of trainees
(i) Bamboo-cane 'Production Centre, Churachandpur	6 (skilled workers)
(ii) Weaving Training Centre, Churachandpur	10
(iii) Weaving Training Centre, Ukhrul	10
(iv) Weaving Training Centre, Tamenglong	10
(v) Weaving Training Centre, Nunzane	19
(vi) Carpentry Training-Centre at Ukhrul attached to the High School	119
(vii) Carpentry Training Centre, Tamenglong	10
(viii) Carpentry Training Centre at Tadubi attached to the Government High School	150
(ix) Adimjati Technical Institute, Imphal (Weaving Course)	30

Suspension Bridges in Manipur

3712. Shri L. Achaw Singh: Will the Minister of Home Affairs be pleased to state:

(a) whether the suspension bridges constructed in the hills of Manipur under the Tribal Welfare Scheme are all made of cane ropes and bamboo; and

(b) whether any of them are made of iron or wire ropes?

The Deputy Minister of Home Affairs (Shrimati Alva): (a) No.

(b) 11 Suspension bridges were constructed under the Tribal Welfare Schemes during 1957-58 and 16 in 1958-59 and all of them are of wire rope specification. During 1956-57, 12 suspension bridges were constructed and they were cane suspension bridges as no wire rope was available in that year.

**Science Teachers of Camp College,
Delhi**

3718. Shri E. Madhusudan Rao: Will the Minister of Education be pleased to state:

(a) how many science teachers are likely to be affected as a result of the closure of science classes in the proposed Dayal Singh College, Delhi which is to take over the present Camp College in Delhi; and

(b) whether any steps are being taken by the Delhi University to absorb those science teachers?

The Minister of Education (Dr. K. L. Shrivastava): (a) Four.

(b) The University of Delhi has at present no provision for the teaching of Science in the Evening Colleges. The Panjab University has, however, intimated that particulars of the four science lecturers (two in Chemistry, one in Physics and one in Biology) have been circulated to the affiliated colleges in the Punjab for their absorption by them.

Taxes from Non-Resident Indians

3714. { **Shri P. G. Sen:**
Shri S. C. Samanta:
Shri Subodh Hansda:
Dr. Pashupati Mandal:

Will the Minister of Finance be pleased to state:

(a) what are the effective steps taken to ensure that correct amount of taxes are levied and recovered from non-resident Indians;

(b) what are the various classes of assesseees who pay such taxes; and

(c) what is the amount of taxes collected from each category during the past three financial years (year-wise)?

The Minister of Finance (Shri Morarji Desai): (a) The Income-tax Act contains provisions for the recovery of taxes on payments made to non-residents, from India. It also

contains provisions for making assessments on non-residents directly or through an agent. Thus Sections 18(2B), 18(3), 18(3A), 18(3B) and 18(3C) provide for the deduction of tax at source on payments made to non-residents on account of salaries, interest on securities, dividends and other sums chargeable to tax. Section 18(6) of the Act also requires that all sums deducted in accordance with the above mentioned provisions shall be paid to the credit of the Central Government.

Provisions relating to direct assessments of residents also apply to direct assessments to be made on non-residents. Further, a non-resident who has income which is liable to tax under the Indian Income-tax Act can be assessed indirectly through an agent. Section 43 of the Income-tax Act enables the Income-tax Officer to appoint as an agent any person who is employed by or on behalf of the non-resident or who has a business connection with him or through whom the non-resident is in receipt of income.

(b) The various classes of assesseees, who pay such taxes are (1) individuals, (2) Hindu Undivided Families, (3) firms and other associations of persons and (4) companies.

(c) The information is being collected and will be laid on the Table of the House as soon as possible.

Stone Image at Kutab

3715. Shri B. C. Mullick: Will the Minister of Scientific Research and Cultural Affairs be pleased to state:

(a) whether it is a fact that recently one stone image has been found at the Kutab;

(b) if so, the nature of the image; and

(c) where this image will be kept for public display?

The Minister of Scientific Research and Cultural Affairs (Shri Humayun Kabir): (a) Yes, Sir.

(b) It is a four-armed Samkarsana image of Vishnu dated in the Vikrama Samvat 1204, corresponding to A.D. 1147.

(c) The matter is under consideration.

Development of Market in Kamalpur (Tripura)

3716. Shri Bangshi Thakur: Will the Minister of Home Affairs be pleased to state:

(a) whether there is a scheme for the development of the market situated at Kamalpur town; and

(b) if so, whether the scheme will be sanctioned before the advent of the rainy season?

The Minister of State in the Ministry of Home Affairs (Shri Datar): (a) Yes. A scheme is under the consideration of the Tripura Territorial Council.

(b) The issue of sanction is the responsibility of the Council which is a corporate body. The estimates of the scheme are understood to be still under consideration.

Multipurpose Schools in Punjab

3717. Shri Daljit Singh: Will the Minister of Education be pleased to state the amount of grant sanctioned for multipurpose Schools in the Punjab State during 1958-59?

The Minister of Education (Dr. K. L. Shrimali): An *ad hoc* grant of Rs. 17.97 lakhs as central assistance for all the schemes, including the scheme for the multipurpose schools, for the reconstruction of Secondary Education has been given to Punjab Government during 1958-59.

Crude Oil

3718. Shri Raghunath Singh: Will the Minister of Steel, Mines and Fuel be pleased to state:

(a) the quantity of Crude Oil imported in India for oil refineries yearly i.e. 1957-58 and 1958-59; and

(b) the quantity of oil imported by Indian tankers and the total freight paid to foreign tankers for bringing oil into India during the same period?

The Minister of Mines and Oil (Shri K. D. Malaviya): (a) and (b). The information required is given in the Statement placed on the Table of the Sabha. [See Appendix VII, annexure No. 83.] All the imports of Crude Oil have been made in foreign flag tankers; no Indian tankers are being employed for this purpose.

Iron Pillar at Dhar

3719. Shri Raghunath Singh: Will the Minister of Scientific Research and Cultural Affairs be pleased to state:

(a) whether it is a fact that an iron pillar at Dhar, (near Indore) the capital of Raja Bhoj, 50 feet long and 12 to 18 inches in diameter now broken into three pieces is lying in a pit since last 400 years; and

(b) if so, what steps are being taken to restore the pillar and keep it in a Museum or safe place?

The Minister of Scientific Research and Cultural Affairs (Shri Humayun Kabir): (a) Three pieces of an iron pillar are lying near Lat-ki-Masjid at Dhar. The total length of the pieces is 43 ft. and 4 inches and the total length of the original pillar was probably 50 ft. Its average width is 10½". It is not definitely known how long the pieces have been lying in their present broken condition.

(b) It is not considered desirable from the archaeological point of view to restore the pillar. The three pieces are lying in a safe condition within the premises of a protected monument.

Small Savings Scheme

3720. Shri Raghunath Singh: Will the Minister of Finance be pleased to state what is the percentage of amount invested under the Small Savings

Scheme during 1957-58 that remained in deposit for more than one year?

The Minister of Finance (Shri Morarji Desai): Except the deposits in Post Office Savings Bank, which are withdrawable at will, investments in National Plan Savings Certificates and Treasury Savings Deposit Certificates cannot be encashed before the expiry of one year. Information about the percentage of amount remaining in deposit in the Post Office Savings Bank for more than a year is not available.

Social Welfare Target

3721 Shri Ram Krishan Gupta: Will the Minister of Education be pleased to state

(a) whether there has been shortfall so far in the fulfilment of the target of the scheme for social welfare projects in the Second Five Year Plan,

(b) if so, to what extent, and

(c) the reasons therefor?

The Minister of Education (Dr K. L. Shrimall): (a) Yes, Sir

(b) and (c) A statement giving the requisite information is attached [See Appendix VII, annexure No 84]

Transport Department, Delhi

3722, Shri Ram Krishan Gupta: Will the Minister of Home Affairs be pleased to state

(a) whether it is a fact that the Transport Department in Delhi is running out of stock of its forms and registration booklets and due to this the public is put to inconvenience,

(b) if so, the reasons therefor, and

(c) the nature of steps taken or proposed to be taken to make arrangements for the supply of forms to the public?

The Minister of State in the Ministry of Home Affairs (Shri B. N. Datar): (a) The stocks of a few forms, including registration certificates, were

exhausted, but they were got cyclo-styled locally and supplied to the public.

(b) The shortage was mainly due to inadequate supplies of forms from the Forms Stores, Calcutta.

(c) As stated under (a) above, the necessary forms have been got cyclo-styled and steps are also being taken to get them printed locally. Simultaneously, efforts are continuing to be made to get supplies from the Forms Stores, Calcutta.

Welfare of Scheduled Castes in Punjab

3723 Shri Daljit Singh: Will the Minister of Home Affairs be pleased to state

(a) the total amount spent on the Centrally sponsored schemes of Health and Housing in project areas for the welfare of scheduled castes in Punjab during 1958-59,

(b) whether the targets fixed has been achieved, and

(c) if not, the reasons therefor?

The Deputy Minister of Home Affairs (Shrimati Alva): (a) There are no specific 'project areas' in Punjab

(b) and (c) Do not arise

Shortage of Trained Teachers in Himachal Pradesh

3724. Shri Daljit Singh: Will the Minister of Education be pleased to state

(a) the present position in regard to the shortage of trained teachers in Himachal Pradesh, and

(b) the steps so far taken to improve the situation?

The Minister of Education (Dr. K. L. Shrimall): (a) There is a total shortage of about 92 trained teachers of various categories in different types of Government schools in Himachal Pradesh

(b) Three Institutions for training of teachers have been opened (one B.Ed. college and two Basic Training Schools) which will train about 200 teachers annually.

Educated Unemployment in Punjab

3725. Shri Daljit Singh: Will the Minister of Education be pleased to state the grant given to the Punjab Government for relieving educated unemployment in Punjab State during 1958-59?

The Minister of Education (Dr. K. L. Shirmall): Rs. 2 lakhs.

Removal of Untouchability in Punjab

3725. Shri Daljit Singh: Will the Minister of Home Affairs be pleased to state:

(a) the amount allotted to the Punjab State by the Central Government for the removal of untouchability and welfare of Scheduled Castes and Scheduled Tribes during 1958-59; and

(b) the items on which it has been spent?

The Deputy Minister of Home Affairs (Shrimati Alva): (a) and (b). A statement giving the required information for the first three quarters of the year 1958-59 is placed on the Table of the House. [See Appendix VII, annexure No. 85]. Information for the last quarter is not available and is not likely to be received before the end of June 1959.

कोटद्वार-हरद्वार-सालडांग-फेडुमा सड़क

३७२७. श्री भक्त बर्षान : क्या प्रतिरक्षा मंत्री यह बताने की कृपा करेंगे कि :

(क) क्या यह सच है कि ३ अप्रैल, १९५९ को कोटद्वार-हरद्वार से साल-डांग फेडुमा तक मोटर चलने के योग्य सड़क बनाते समय एक दुर्घटना हो गई जिसके परिणामस्वरूप रुड़की की सेपर्स और माइनर्स यूनिट का एक षष्ठवाही और दो अन्य मजदूर मर गये ;

(ख) यदि हाँ, तो क्या उक्त दुर्घटना के कारणों तथा तथ्यों पर प्रकाश डालने वाला एक विवरण समाप्त पर रखा जायेगा ; और

(ग) मृत व्यक्तियों के परिवार को मुआवजा प्रदान करने तथा बायलों की चिकित्सा और उन्हें आर्थिक सहायता देने के लिये क्या कार्यवाही की जा रही है ?

रखा उपमंत्री (सरदार मजीदिया) :

(क) जी हाँ ।

(ख) एक विवरण संलग्न है ।

विवरण

उत्तर प्रदेश सरकार (महकमा जंगलात) ने बंगाल इंजीनियर सेंटर के कमान अफसर को १९५२ में सूचित किया था कि वह लालडांग से बारकोट तक एक पहाड़ी सड़क बना रहे हैं । बंगाल इंजीनियर सेंटर रुड़की में, इंजीनियरिंग में प्रशिक्षण पाने वालों को सर्वेक्षण पंक्तिबद्ध करने, चट्टानें उड़ाने, और पहाड़ी सड़कों के निर्माण में यंत्रों के प्रयोग में वास्तविक प्रशिक्षण देने के लिये, उत्तर प्रदेश सरकार के महकमा जंगलात की सलाह से, लालडांग में एक प्रशिक्षण शिविर लगाया गया था ।

२. ३ अप्रैल, १९५९ को एक सेपर और दो असेनिक मजदूर जब कि वह सड़क की कटाई के काम में लगे हुए थे पहाड़ी पर से पत्थर की बड़ी थिलारों गिर जाने से मारे गये थे । और किसी को चोटें नहीं आई थी ।

(ग) सेपर के कुटुम्बियों को नियमों के अधीन पेंशन देने का प्रयत्न विचाराधीन है । दोनों मजदूर जो मारे गये थे उत्तर प्रदेश सरकार के सेबक थे और उनके कुटुम्बों को पेंशन देने के बारे में विचार करने का काम उस राज्य सरकार का है । इन तीनों के अलावा और कोई नहीं मारा गया था ।

हिमाचल प्रदेश में छात्रावास

१७१८. श्री एस देव : क्या शिक्षा मंत्री उन छात्रावासों के बारे में निम्नलिखित जानकारी देने की कृपा करेंगे जिनके निर्माण के लिये केन्द्रीय सरकार ने १९५८-५९ में हिमाचल प्रदेश प्रशासन को २०,००० रुपये सहायता अनुदान के रूप में दिये थे :—

- (क) कितने प्रकार के छात्रावास बनाये गये ;
(ख) ये कहाँ-कहाँ बनाये गये हैं ; और
(ग) इन में से प्रत्येक पर कितना व्यय किया गया है ?

शिक्षा मंत्री (डा० डा० डा० भीमाली) : संघ शिक्षा मंत्रालय ने हिमाचल प्रदेश प्रशासन को १९५८-५९ में कोई सहायक अनुदान मंजूर नहीं किया था । अतः भाग (क), (ख) और (ग) का सवाल ही नहीं उठता ।

All India Services

3729. Shri Harish Chandra Mathur: Will the Minister of Home Affairs be pleased to state:

- (a) the revised strength of the various categories of All India Services up-to-date;
(b) whether there is any demand for further increase in the strength; and
(c) what procedure is followed in constituting and revising the cadre?

The Minister of Home Affairs (Shri G. B. Pant): (a) A statement showing the up-to-date Cadre strength of an Indian Administrative Service and the Indian Police Service is laid on the Table of the House. [See Appendix VII, annexure No. 86].

(b) At present there is no proposal for a further increase in the strength of the I.A.S. and I.P.S. Cadres.

(c) The procedure for constituting and revising the Cadre is prescribed in Rules 3 and 4 of the I.A.S./I.P.S. (Cadre Rules) 1954.

Propagation of Sanskrit

3730. Shri Jhulan Sinha: Will the Minister of Education be pleased to state the amount spent directly by the Central Government and that sanctioned to the State Governments for propagation and popularisation of Sanskrit during the last three years?

The Minister of Education (Dr. K. L. Shrimall): A sum of Rs. 10,15,257 has been spent by the Central Government during 1956-57 to 1958-59. No grant has, however, been sanctioned to the State Governments for the purpose.

Basic Education in Public Schools

3731. Shri Jhulan Sinha: Will the Minister of Education be pleased to state the steps taken by the Central Government for introduction of Basic Education in public schools in the country?

The Minister of Education (Dr. K. L. Shrimall): The Government of India appointed a Committee in September, 1958 to suggest—among other things—measures to facilitate the introduction of Basic Education in the Public Schools. The report of the Committee is awaited. The question of taking any steps for the introduction of Basic Education in the Public Schools can arise only after the Committee has submitted its report.

12.16 hrs.

PAPERS LAID ON THE TABLE

ANNUAL REPORT OF STATE TRADING CORPORATION

The Minister of Commerce (Shri Kanungo): Sir, I beg to lay on the Table, under Sub-section (1) of Section 639 of the Companies Act, 1956, a copy of the Second Annual Report of the State Trading Corporation of

[Shri Kanungo]

India Limited for the period ending the 30th June, 1958, along with the Audited Accounts [Placed in Library, See No. LT-1390/59.]

BOMBAY KHAR LANDS DEVELOPMENT BOARD (RECONSTITUTION) ORDER

The Minister of State in the Ministry of Home Affairs (Shri Datar): Sir, I beg to lay on the Table, under sub-section (5) of Section 4 of the Inter-State Corporation Act, 1957, a copy of the Bombay Khar Lands Development Board (Reconstitution) Order, 1959, published in Notification No G S R 387 dated the 26th March, 1959 [Placed in Library, See No LT-1391/59]

NOTIFICATIONS UNDER SEA CUSTOMS ACT

The Deputy Minister of Finance (Shri B. B. Bhagat): Sir, I beg to lay on the Table, under sub-section (4) of Section 43B of the Sea Customs Act, 1878, a copy of each of the following Notifications —

- (i) G S R No 441 dated the 18th April, 1959
- (ii) G S R No 442 dated the 18th April, 1959, making certain further amendment to the Customs Duties Drawback (Brand Rates) Rules, 1956
- (iii) G S R. No 443 dated the 18th April, 1959, making certain further amendment to the Customs Duties Drawback (Fixed Rates) Rules, 1958
- (iv) G S R. No. 444 dated the 18th April, 1959, making certain further amendment to the Customs Duties Drawback (Brand Rates) Rules, 1958. [Placed in Library, See No LT-1392/59]

12.17 hrs.

MESSAGE FROM RAJYA SABHA

Secretary: Sir, I have to report the following message received from the Secretary of Rajya Sabha:—

'In accordance with the provisions of sub-rule (6) of rule 162 of the Rules of Procedure and Conduct of Business in the Rajya Sabha, I am directed to return herewith the Finance Bill, 1959, which was passed by the Lok Sabha at its sitting held on the 22nd April, 1959, and transmitted to the Rajya Sabha for its recommendations and to state that this House has no recommendations to make to the Lok Sabha in regard to the said Bill'

DEMANDS FOR EXCESS GRANTS, 1955-56

The Minister of Finance (Shri Morarji Desai): Sir, I beg to present a statement showing Demands for Excess Grants in respect of the Budget (General) for 1955-56

COMMITTEE ON PRIVATE MEMBERS' BILLS AND RESOLUTIONS

FORTY-FOURTH REPORT

Sardar Hukam Singh (Bhatinda): Sir, I beg to present the forty-fourth Report of the Committee on Private Members' Bills and Resolutions

ESTIMATES COMMITTEE

FIFTY-FOURTH, FIFTY-FIFTH AND SIXTIETH REPORTS

Shri B. G. Mehta (Gohilwad): Sir, I beg to present the following Reports of the Estimates Committee:—

- (1) Fifty-fourth Report on the Ministry of Finance (Department of Revenue)—Narcotics Department.

- (2) Fifty-fifth Report on the Ministry of Finance—Department of Expenditure.
- (3) Sixtieth Report on the action taken by Government on the recommendations contained in the Twentieth Report of the Estimates Committee on Budgetary Reforms.

PUBLIC ACCOUNTS COMMITTEE

SEVENTEENTH REPORT

Shri Ranga (Tenali): Sir, I beg to present the Seventeenth Report of the Public Accounts Committee on the Appropriation Accounts (Defence Services), 1955-56 and Audit Report, 1957.

PETITION RE. REPORT OF COMMITTEE OF PARLIAMENT ON OFFICIAL LANGUAGE

Dr. P. Subbarayan (Tiruchengode): Sir, I beg to present a petition signed by 19 petitioners regarding the Report of the Committee of Parliament on Official Language, 1958. They were really 21, but two of them were disallowed because their names are: Dr. M. R. Jayakar and Sir Mirza Ismail.

12.19 hrs.

RESERVE BANK OF INDIA (AMENDMENT) BILL—contd.

Mr. Speaker: The House will now proceed with further consideration of the following motion moved by Shri Morarji Desai on the 28th April, 1959, namely:—

“That the Bill further to amend the Reserve Bank of India Act, 1934, be taken into consideration.”

Time taken is 35 minutes.

Shri Naushir Bharucha (East Khandesh): Sir, I have to point out that

only today at about 1100 the information which you asked to be circulated to Members was circulated. It is now 12.20. I really do not know when we are to draft the amendments and send them. I have drafted some amendments I do not know how they will be circulated to the Members, how the Members will have an opportunity to appreciate them and what will be the fate of these amendments.

Mr. Speaker: I will allow him to move his amendments provided they are otherwise in order.

Shri Naushir Bharucha: That is true. But I have drafted them just now sitting here. I wonder how the House will appreciate them without a text of the amendment before it.

Mr. Speaker: They will hear him. There is no meaning in raising that issue now. Yesterday we disposed of this matter. So far as the statement is concerned, yesterday in answer to a query from the hon Member the hon. Minister gave whatever information he was in possession of. The further statement he has circulated is only to enable hon. Members to know the circumstances in which this has been brought. Even if the statement had not been circulated I would have gone on with the Bill. We had sufficient time. It is after all a simple Bill. Hon. Members might have different views, but I am not competent to give any view upon it. I will allow reasonable discussion upon this matter. I would not insist upon the hon. Members giving earlier notice for amendments. They can move amendments. Hon. Members will certainly be in their seats and they will try to catch my eye.

Shri V. P. Nayar (Quilon): Should we take it that we should be very very brief?

Mr. Speaker: Not very very brief. But brief always.

Shri N. R. Mankamy (Vellore):
How many hours have been allotted for this discussion?

Mr. Speaker: As long as hon. Members want to take! Let us see. Let us try to dispose of it by 1 o'clock.

Shri Prabhat Kar (Hooghly): Mr. Speaker, Sir, I would welcome this Bill and I would rather say that it is one of the most important things that the present Finance Minister has done, in that he has brought forward this Bill before the House with a view to stop smuggling of gold and the drain on our much-needed foreign exchange. We from this side have been all the time bringing to the notice of the House that because our currency has acquired the status of legal tender in a particular area in the Persian Gulf, the currency which goes without any check by the Reserve Bank of India has created a situation where, without knowing exactly how much amount has gone, we are faced with the payment of sterling in large quantities every year. The hon. Finance Minister has given some idea about it. So far as this particular statement is concerned—the statement by the hon. Minister—at least I have been favoured with a copy sent to my house at 9 o'clock. I do not know why this special favour was shown to me! I got it at 9 o'clock in my house.

Mr. Speaker: In the matter of distribution, one will get earlier and another later. Possibly the distribution started with Shri Prabhat Kar!

Shri Prabhat Kar: The hon. Finance Minister has given a picture about the enormous amount of foreign exchange expenditure, or, about the enormous drain on the foreign exchange. Yesterday he gave figures in the House itself. Between 1948 and 1956 the currency value of it was to the extent of Rs. 117.5 crores, and this amount was repatriated from the Persian Gulf area. This is the amount for

which we had to pay in sterling without getting any benefit out of it, because all this money was taken out by unauthorised and illegal means. Even now, according to the Minister, it comes to about Rs. 30 crores to Rs. 40 crores. We were all the time bringing to the notice of the House the need for taking steps, and we wanted the Government to take certain steps. This is no doubt an extraordinary step which has been taken by the Finance Minister by bringing up before the House a measure, saying that there will be some notes issued by the Government and by the Reserve Bank which will not be legal tender here in India. A currency which will be introduced by us will not be legal tender here in our own country. That is an extraordinary measure. But we welcome that measure because it is meant to meet an extraordinary circumstance. However nowhere we could see that a currency of one country can be legal tender in another country. But we in India have got that privilege. It may be a proud privilege to that extent, namely, that our Indian currency is considered legal tender in the Persian Gulf area. So, naturally, to meet the extraordinary circumstances, this extraordinary provision has been brought up, namely, of issuing special notes.

So far as the provisions of the Bill are concerned, I welcome them. But I want to know and I want to invite the attention of the hon. Finance Minister to one thing. That is, what will be the procedure and how he is going to pay Rs. 30 crores to Rs. 40 crores which is the present liability. I want to know whether the payment will be made through banks and if it is made through the banks of the Persian Gulf area, in that case, whether a statement will be asked for from the banks as to how so much money came into their hands. It may be that so far as the banks are concerned they will not be agreeable to

give out the source. They may consider it to be a secret, or a private matter. But it may be stipulated that each and every customer should submit to the respective banks a statement showing how he has got the Indian currency which he wants to be exchanged for the new notes. This, I think, will give an idea exactly as to how the money came in and who are the persons who have taken this money. I think such a procedure will not be against international law or against any financial laws that exist today. In case the Indian currency is sent back to India for exchange of the new type of notes now to be printed, it can be asked by the Reserve Bank of India, Bombay, that in each and every case, a statement should be given and that statement should include a statement given by the particular customer of the bank as to how the money was got by him, under what circumstances, and how the Indian currency which he wants to exchange for the new notes came by his way. Such a provision will to a great extent enable the Government to know which are the avenues and who are the persons who take this money out. I think it is possible to make such a provision.

So far as the present liability is concerned, the hon. Minister stated that it is approximately Rs 30 crores to Rs 40 crores. So far as the future is concerned, how are we going to see that in future these things do not recur? The Finance Minister has said that the future issues will not involve any additional liability because they will be covered by corresponding payment of sterling. But those who exchange the notes will not lose their holdings. They can remit them to India and spend them inside the country. Here again I would say this. If we know the ingenuity of various persons turning black money into what they call white one, we have to consider this circumstance. These monies are those which have been smuggled. So, I would suggest that after this particular period—the time given now is

six weeks—the time should not be extended and no more exchange should be possible; because, by then, the Government of India would have given sufficient time to those persons who are in possession of the notes outside Indian territory to exchange them for the new notes that are to be issued. Six weeks' time has been provided for and after that time no notes will be exchanged. If there are certain extraordinary conditions which require consideration, the Government or the banks or the Central Bank of the particular area could certify that because of certain extraordinary circumstances, such and such a thing is to be done. But ordinarily, it should not be, because we have no knowledge exactly as to what amount in our currency has gone out. We are giving six weeks' time. Beyond that, there should be no more repatriation and no more exchange. It is possible, I think, for the Government to do so, because, by six weeks' time everyone will get an opportunity to get an exchange.

Now, the hon. Minister has referred to the question of Haj pilgrims and the position with regard to the notes taken by them to Saudi Arabia. Our currency is not legal tender in Saudi Arabia. There is another currency there. But I would suggest that anyone who goes out, should, instead of taking Indian money from here, take the new notes in payment of the money as sterling, and then they can go. Subsequently there need not be any exchange except the exchange made here in India before they go out of this country. I would make another suggestion. Let those notes not be exchanged simply on the counter. Let them be exchanged with a proper certificate from the banks and also with proper explanation as to how those notes have gone out of India. This is no doubt a step to stop gold smuggling. In spite of the law, we know that still things will go on. But I congratulate the Finance Minister for the steps that he has taken at least

[Shri Prabhat Kar]

to make an effective start to see that gold-smuggling which is causing so much alarm in our country and drainage on foreign exchange may be minimised. I know it cannot be stopped. It is very difficult for any particular law to stop all this mischief, but I hope it will minimise and I would request the Finance Minister to consider the procedure that I have suggested.

I would also like to know, after these notes which are being withdrawn, whether they will be again put into circulation in India. Because if Rs 40 crores worth of notes which will be replaced are again put into circulation, that will naturally cause inflation. These notes are almost not in circulation and they are being replaced by new notes, for which we are undertaking a liability of Rs 30 crores to Rs 40 crores. When these notes come back to India, I would like to know whether they will be again put into circulation or they will be withdrawn, because that will affect the inflation in the country, because there will be Rs 30 crores to Rs 40 crores worth of more notes in circulation than what is in existence today.

With these words, I congratulate the hon. Minister once again and support this Bill.

Shri Nanshir Bharucha: Mr. Speaker, Sir, a false impression is being created in his House that with the passing of this amending Bill, it will have a salutary effect in stopping or even minimising smuggling of gold. The hon. Minister has, rather late in the day, circulated to us certain material which requires to be carefully considered. He says that so far as our currency circulating in the Persian Gulf is concerned, they have got a special facility, viz., facility of convertibility into sterling. The hon. Finance Minister says, because this facility is available, people who smuggle Indian currency outside for the irregular purchase of gold

have been transferring the currency through various channels to the banks to exchange them in sterling; because there is no means of distinguishing currency notes taken out for legitimate trade purposes from the currency irregularly taken out, it is now possible for people to smuggle gold into the country, to take payment in Indian currency and subsequently exchange them for sterling. To my mind, there is absolutely no connection between the two things, smuggling of gold and the convertibility of Persian Gulf currency into sterling.

Mr. Speaker: Is there any provision in the Reserve Bank of India Act to the effect that any foreigner who is in possession of our currency can say that we must honour it by giving sterling?

The Minister of Finance (Shri Morarji Desai): No, not for the other areas. But as it is, for the Persian Gulf area, we have got that. Therefore, if any foreigner possesses it, he can do so through the Persian Gulf. That will disappear when this amendment is made.

Mr. Speaker: That is an obligation?

Shri Morarji Desai: Yes; that is an obligation.

Shri Nanshir Bharucha: Let us take a concrete case; it is not useful talking in an abstract way. Assume for a moment that merchant A from India desires to purchase gold by smuggling our currency. Suppose he has smuggled out our currency for the value of Rs. 70,000 to purchase 1,000 tolas of gold in Persian Gulf area. The currency has been smuggled out because it is indistinguishable from other currency at the moment. Let us say, merchant A has contact with somebody X in Persian Gulf area, who acts as his agent for purchase of gold and smug-

gling it back X receives Rs. 70,000 in Persian Gulf area in our currency, pays it for purchasing gold from the free market in Persian Gulf. Say, he purchases 1,000 tolas of gold and pays this Rs. 70,000 to that vendor of gold. The problem still remains. Having procured 1,000 tolas of gold in the Persian Gulf area, what is X to do about it? He has yet got to smuggle it. Therefore, how does that prevent smuggling at all, because the major issue that the gold has to be smuggled still remains? If X can overcome that difficulty, then all other arrangements has got no meaning whatever.

Mr. Speaker: That would not be paid in sterling. Whoever sells, does not want our mere paper. He wants to reconvert it into sterling. We are not prepared to give sterling.

Shri Naushir Bharucha: The hon. Minister wants to cut out the source of supply from which the price of gold could be paid. But assuming that he does that, it is not going to help, because according to his own note which has been circulated, there is provision for future expansion of the special notes according to the trade requirements. What is the criteria for determining trade requirements? There are a hundred and one ways in which merchants manipulate the invoices. Surely the hon. Minister cannot say that it is not known to him. In that way, surely a reserve can be accumulated in the special notes, which can be utilised for purposes of gold smuggling. I really do not see how this is going to stop it, except perhaps that it might make it a little bit more difficult for the smuggler. Barring that, I do not think this is going to stop smuggling.

Secondly, assuming for a moment all this was necessary, there is going of such an important and complicated and the enforcement when our cur-
90 L.S.D.—4

rency cease to be legal tender in the Persian Gulf. In these six weeks, any amount of currency can be smuggled out. What the hon. Minister should have done is, he should have proceeded in the form in which we proceeded when we demonetised our thousand rupee currency notes. There is no provision in the Bill whatsoever for making an immediate declaration by the holders in due course of these notes. The declaration should have come immediately, so that we could have known exactly who are the people who are holding notes in due course. Instead of that, this period of six weeks is given to everybody who can manipulate whichever way he likes and carry out any amount of currency from India and have it exchanged for sterling within these six weeks. I submit that the method of approach of the Finance Minister is totally faulty.

What should have been done is, firstly there should have been a legal provision for declaration of the notes held by the persons in the Persian Gulf and on the declaration, for which a stipulated short time of 8 to 10 days, the authorities, i.e. the banks and treasuries in the Persian Gulf area should have been authorised to exchange them for equivalent amount of sterling or whatever other currency they may have. Instead of doing that, the entire way is kept open for people not only to smuggle out our currency, but even if they have got illegal currency, to get them exchanged. What is the precaution? For instance, there may be a large amount of Indian currency which has been accumulated in the Persian Gulf area, which is called black money. Virtually with the passage of this Bill, this black money will be automatically and legitimately legalised, because everybody will say: "Under this Bill I am entitled to get it converted into sterling". Hence there should be a declaration and that pins him down to so much amount.

With regard to the other apprehension, as to how it is going to

[Shri Naushir Bharucha]

react on our own currency, yesterday I said that very probably the special notes might serve as a subsidiary currency. After reading the note which has been circulated this morning, it would appear that our currency might be as well a secondary currency and the special notes will have a premium for the simple reason that they perform two useful purposes for the man who possesses them. One will be that he is in a position to convert them into sterling, which cannot be done with our ordinary currency notes. Secondly, the special notes can be used for smuggling gold. So, that currency will naturally have better value in the eyes of the holder of such currency. So, it might tend to have a premium. I do not know how it will react on our own currency. This is a point which requires to be looked into.

At the proper time during the clause-by-clause consideration, I shall move my amendments, so that it may at least remain on record that in attempting to pass this Bill, everybody here did not fail to see exactly the implications and understand them. That I shall do, irrespective of the fact that moving such amendment may not have any value, for I know it will be certainly voted down. But then it must be placed on record to show that we understand the implications of the Bill so that in future it may not be said that this House did not apply its mind properly for the consideration of this Bill.

I must once again protest that we have not been given proper time to digest even the statement that has been made and I hope this will be the last time that the Government hustles this House into acceptance of any Bill of such an important and complicated nature at such a short notice.

Shri N. E. Mookhamy: Sir, at the outset I have to congratulate the hon.

Minister for having taken this earnest step to arrest the smuggling of gold. I understand that on a previous occasion also this House has been very much exercised over the smuggling of gold and thereby losing a great deal of foreign exchange. Our sterling balance is day by day getting dwindled to nothing in case we allow this smuggling to go on at this rampant speed. But still the step taken by the hon. Finance Minister is bristling with certain problems and far-reaching consequences which might probably involve other difficulties also whereby he will come again with some amendment. I may bring to his notice one or two aspects of this problem.

Parliament has got power to pass laws and nobody can curtail that power of Parliament. But, still, the power which we have got has got its own limitations, that is, the limitations that have been prescribed in the Constitution. We can make laws with respect to any matter in respect of the whole or part of India or for the entire territory of India. But I am doubtful whether we can pass an Act which could subsequently be deemed to be invalid on the ground that it will have to operate on an extra-territorial basis. Here it looks as though we are passing an Act which will later on be regarded as invalid because it would have extra-territorial operation, as I find in this Bill that neither the special bank notes nor the special one-rupee notes shall be legal tender in India. That means that we will now issue special bank notes and special one-rupee notes which are not to be legal tender in India nor does it envisage that it is to be legal tender somewhere else. But these special bank notes and one-rupee notes might be regarded as travellers' cheques or something of that kind or any other kind of bank notes. They will not be legal tender in India but it would not mean that it is legal tender outside also. But presumably from a cursory reading it means that it is going to be valid tender outside India. In such a case I have got my

own doubts whether we can pass an Act which will be.....

Shri Naushir Kharucha: The Constitution provides that.

Shri N. E. Munsamy: I quite understand my hon. friend. He is very much ahead of me because before I could develop the point he has interrupted me. I am very glad of the interruption. But he has done so not knowing the future aspect which I am going to press for. I can understand that we can pass an Act or a law which could have extra-territorial operation also. I do not quarrel over that. My point is that in an Act there should be no two aspects of the law. One aspect only, that is, legal tender in India is concerned and not legal tender in India or legal tender outside India. We can pass an Act which could have extra-territorial operation out and out. I can understand that. But we cannot have in one and the same law two aspects. It will be contradiction in terms.

I do not know whether the hon. Law Minister has been consulted. Even if he has been consulted I do not think if any opinion has been given that we can pass an Act whereby in one and same law there could be an operation so far as India is concerned and no operation so far as outside India is concerned. Here it seems to be so. It is apparently of that nature. We have to exercise our mind to some extent to see whether we are well within our rights. If it is so, I will be quite happy because I understand that the hon. Finance Minister must take some steps.

We have been agitating over this smuggling of gold for a long time and he must take some steps. Steps are being brought forth and it is for Parliament to suggest ways and means as to how we can get over it. At the moment he comes out with a certain proposition we should not put a clog in the wheel and he should not be allowed to have the effect of it. I only want that he must know the full im-

plications. Hundred per cent results must be achieved by this and not 60 or 70 per cent. An important Act must have cent per cent results and not some percentage and thereafter come with another amendment. My only anxiety is that we must achieve the object.

The reason why I am agitated over this matter is that these notes which will be issued either by the Reserve Bank or by the Government of India as special bank notes or as special notes will be in operation only for a period of six months. As the hon. Member, who has spoken just before me, has stated during the course of six months anything can happen.

An Hon. Member: Six weeks.

Shri N. E. Munsamy: Six weeks. I am sorry. Anything can happen. It is not as if you have given a long tether for them to exploit and exhaust the entire resources with them for smuggling gold. We cannot avoid that. But I can also understand the difficulty while implementing this aspect. Six weeks is not enough. If you give one or two weeks, it might create some difficulty. As in the case of First World War, when demonetisation of the thousand-rupee note was given effect to, there was a scramble of taking the notes to the bank and getting them exchanged. Similarly, here also we may give a day or two or three days as the case may be and take stock of the entire situation and demonetise the entire thing. Then we can understand the real position. Alternatively, you can cancel the agreement, that is the agreement that we have got with the Gulf area which is that when they present our currency, sterling will be paid for it.

What happens is that we get gold. Somebody else is in possession of the gold and the money goes away. The moment the currency goes, they get sterling. But to the extent that sterling is given, our sterling balance is dwindled and as a matter of fact correspondingly we do not get anything.

[Shri N. R. Munisamy]

There is invisible import of some gold, but in whose possession is it? It is only in the smuggler's possession and not in the Government's possession. Therefore, they must take some steps. They are doing it correctly. I can appreciate it. But while doing that we must see that we are not giving some other scope also to exploit the situation. We might block one door but we do not know the smugglers' mind. They might come by another door and we might again have to take another step to block that door also. The mind of the people is ahead of the administrators and the statesmen. We are learning a lot only from them and not from others. We are passing legislation and Acts like mountains and forests day after day in this House. Still after passing an Act there are lacunae and loopholes. But still I want that something must be done in this case. I am not questioning the *bona fides* of the hon. Finance Minister in seeing as to how to avoid this smuggling.

We have got this coinage and the legal tender as regards the currency as referred to in the Seventh Schedule is concerned. I do not know whether it is item 36 or item 34. Still can we pass two currencies or two different coins of the same value? It is not possible. It will be creating some confusion in the mind of the people. Therefore, from that angle of vision I only request the hon. Finance Minister that he should consult the hon. Law Minister or if he has already been consulted, what his reaction is be made known to the House.

The other point on which I wish to insist is this. Here in the note I find—though practically I am convinced the reasons and the anxiety with which he wants to arrest the smuggling of gold because the main object is to prevent the smuggling of gold and nothing else; other things we are not bothered about because the smuggling is such that our foreign exchange and sterling

balance is getting dwindled day by day—there is one sentence which is not very correct according to me. It says:

“The idea now is to issue a special type of note for circulation in the Gulf area, limit the issue of these notes to the quantity now in actual circulation, make further issues, once the exchange is complete, only against payment in sterling and simultaneously stop the present facilities for the exchange of Indian currency tendered by banks in the Gulf area into sterling.”

This is a very nice arrangement which he has thought of. Instead of issuing special notes or special bank notes, he can as well stop this agreement. The facility can be stopped forthwith even now instead of giving six weeks' time. So, this will certainly stop the drain on our foreign exchange. Therefore by putting an end to this agreement, we can certainly achieve this object which he wants to have.

Then another thing he says is:

“As notes are issued only against the tender of existing rupees or value in sterling, there is no question of these notes being issued for expanding currency or deficit financing.”

It is quite hopeful because it is not intended for inflation or for deficit financing. But how are we to know that fresh issue of bank notes, Government of India notes or the Reserve Bank special notes will be against the tender of the existing rupees in the Gulf area? We are not aware of the value of the existing currency that is in circulation in the Gulf area. It may be Rs. 40 crores or it may be Rs. 60 crores. Unless we persuade them or create a condition asking them to make a declaration that they are in possession of so much money in their hands we cannot know. If we know then we can understand

that we can issue notes against the money. Now we have no idea. We may be issuing notes worth Rs 40 crores, Rs. 60 crores or Rs. 70 crores. But as a matter of fact in the course of six weeks we might possibly be getting Rs 100 crores because we do not know by what method they will begin to present the Indian currency for the exchange of sterling. Therefore, I request that we should not be put in a position in which we do not know how much has to be issued against the existing currency. If they have taken stock of the existing currency in circulation or have some data as such, or had already made a study, I can understand, they can be sure of the issue. Not being sure of what the real circulation is, the issue would be indefinite. It may be Rs 100 crores or Rs 200 crores.

With these observations, I commend this Bill.

Shri A. C. Guba (Barasat). Mr Speaker, yesterday, when I objected to this Bill being taken up for discussion, my objection was simply on the propriety of proper opportunity being given to this House and to the Members for consideration of this Bill.

About the contents of this Bill, I have not much objection. In fact, the purpose and intention of this Bill is quite commendable and there would not be any objection to that. But, I think I should place before the hon. Finance Minister some of my apprehensions, as to how far this Bill would be able to achieve the purpose for which it is intended.

At the very beginning, I should say that I share the apprehensions expressed by my hon. friend Shri N. R. Munisamy about the legal position of these notes circulated outside. They will not be legal tender within India. But, what will be their position? I have my own apprehension that there may be legal complications coming out of this. I am sure he must have consulted the Law Ministry about the legal position and also the Reserve

Bank must have consulted their lawyers. But, still I think there may be scope for some legal complications, even though the Bank of England might have agreed to this proposal. I do not know, if anybody takes these cases to any law court even outside India,—I am not sure—what the position will be and how the Bank of England will be able to defend these notes outside India. I wish that position may be further explored and properly examined.

It has been stated that these special notes may be considered as rupee coin. Under sections 33 and 34 of the Reserve Bank of India Act, the rupee coin will be one of the assets of the issue department against which notes can be issued by the Reserve Bank. I do not know how these notes will stand there. These will be simply paper currency notes. The rupee coin, as stated in section 33 sub-section (4) of the Reserve Bank of India Act, shall be valued at its face value. Anyhow, I am sure, the Reserve Bank authorities must have considered all these matters. If I have any doubts about these things I think it proper that I should place them before the House for proper consideration.

Nothing has been said about ordinary notes, even after the passing of this Bill, being current in the Persian Gulf areas. It is stated in the note and it was also stated by the Finance Minister yesterday that the Reserve Bank would issue certain Regulations and thereby they may control the circulation of these notes in the Persian Gulf areas or any territory outside India. The Reserve Bank has got power under section 58 to issue Regulations. But, I do not know if it is the intention of the Government or of the Reserve Bank to issue Regulations banning the circulation of these ordinary notes in any territory outside India, particularly in the Persian Gulf areas. Nothing has been said about that either in the Finance Minister's speech yesterday or in this note. I think it is the intention that specific Regulations would be made so that the ordinary notes will not be

[Shri A. C. Guha]

current as legal tender in the Persian Gulf areas and will lose sterling convertibility. You, Sir, put the question whether there is a liability on the Government of India or the Reserve Bank to redeem these notes prevalent in the Persian Gulf areas in sterling. I think the hon. Finance Minister has replied that there is a liability on the Government of India, because anybody in exchange can take sterling. Is it not possible either for the Government or the Reserve Bank to stop that liability? I think we can make it that our currency prevalent in the Persian Gulf areas will be redeemable only in Indian currency and not in sterling. I think that is within the authority of the Government of India and the Reserve Bank. If that is a matter of concern for the Government, that can be taken care of by the ordinary powers of the Government and the Reserve Bank.

Mr. Speaker: Is it by convention or what? How can that be in legislation, whatever the currency? Somebody takes or currency to America. He has no right to take it. He has to give a statement whatever he takes to other countries. Likewise, if somebody is paid in our country and he takes it, how are we obliged?

Shri Morarji Desai: We are not obliged ordinarily. But, when he goes to the Persian Gulf, there we are obliged.

Mr. Speaker: How?

Shri Morarji Desai: In the Persian Gulf, that is legal tender. We have also accepted it. It is good for our currency. That is why we go on keeping it.

Mr. Speaker: Is that legal tender there?

Shri Morarji Desai: It is legal tender there.

Mr. Speaker: If it is legal tender here, it is legal tender. Is the Reserve Bank bound to honour it in sterling in exchange merely because it is legal tender?

Shri Morarji Desai: It is legal tender here. Here it will be accepted only for our currency; no question of foreign currency. When it goes to the Persian Gulf because of this, we have got to give it in sterling.

Mr. Speaker: They have no Indian currency?

Shri Morarji Desai: They have no Indian currency.

Mr. Speaker: They have got only sterling?

Shri Morarji Desai: Yes.

Shri A. C. Guha: Particularly due to the legal position of these special notes which will be circulated after the passing of this Bill, I apprehend that the Indian currency in the Persian Gulf area may depreciate. It may also lead to the gradual replacement of Indian currency by sterling.

Shri Morarji Desai: If it happens, it cannot be helped.

Shri A. C. Guha: British currency is also legal tender in that area as Indian currency. If that happens, the Finance Minister says, it cannot be helped. But, I think that would be a sort of not only loss of prestige, but loss of financial interests if Indian currency is gradually ousted by British currency in that area because of this Bill. That is also a point which the Reserve Bank and the Government of India should consider.

Shri Morarji Desai: It has been considered.

Shri A. C. Guha: My apprehension is that, our currency will depreciate, as the people will feel that this currency has not the value of legal tender in India. They will consider it a sort of spurious thing. I think the Government and the Reserve Bank should take sufficient precaution so that the Indian currency in

the Persian Gulf areas may not depreciate

Mr. Speaker: If they refuse to honour that currency, will it not depreciate then? As a counter-measure, instead of taking this step, if we say, on account of smuggling, we will not honour except in our own currency and we won't pay sterling, even then, they may have recourse to saying this. We must avoid it in one way or the other. Either way bristles with difficulties.

Shri A. C. Guha: The point is whether the remedy will be appropriate for the disease or this will create new complications.

Shri Morarji Desai: No new complications will arise.

Shri A. C. Guha: I am only stating my own apprehension. I have stated that the Government and the Reserve Bank must have consulted their legal advisers. But still, the Members of this House have every right and obligation to make certain suggestions, and I think that should not be resented.

13 hrs.

Shri Morarji Desai: It is not resented. Why should the hon. Member say that it is resented?

Mr. Speaker: Nobody resents it.

Shri Morarji Desai: Why should the hon. Member be so sensitive?

Shri A. C. Guha: As regards the object of this Bill, I think this measure will, to a certain extent, stop smuggling of gold. But I do not know whether it would come up to the expectation of Shri N. R. Munisamy that it should give hundred per cent results; he said that he would not be satisfied with 60 or 70 per cent results. But, for my part, I can say that I shall be satisfied even if it gives 50 per cent results. Here also, it is for Government to say whether

this measure will give some effective results in stopping smuggling.

But, I think, more important than all this is the question of tightening up the regulations and the administration, due to which many things occur, in spite of laws and regulations to the contrary.

Shri Achar (Mangalore): I welcome this Bill especially because I come from an area where this evil exists a good deal. The House may remember that I had put certain questions also on gold smuggling last year. And we found that in Mangalore, gold had been smuggled—I do not know exactly how much had been smuggled—and smugglers of gold worth about Rs. 22 lakhs had actually been caught red-handed.

In spite of the apprehensions that have been expressed, I am certain that this measure will at least mitigate the evil, if not eradicate it. Of course, there are two aspects to this question. One is with regard to the smuggling, that is, getting gold into this country, in fact, it is not only gold which is smuggled, but there are several other articles round about Goa, such as watches and other things, which are smuggled in. So, this aspect of getting them into the country is one. Where there is corruption etc., the regulations are being tightened, and I hope Government will succeed in that direction also. Apart from that, the other aspect is the question of payment, that is, how it is actually paid. That is the aspect which has been agitating the minds of Government as well as Members of this House. I am sure this Bill would at least—even Shri Naushir Bharucha had to concede that—minimise, if not completely eradicate this evil.

The one thing that has been agitating my mind is the question as to what exactly the root cause of this problem of payment is. I have been feeling that our extra-territorial right, if I may say, with regard to our currency in the Persian Gulf seems to be the main cause. I would like Government to consider this aspect of

[Shri Achar]

the question Certainly, it must have struck them also whether we should have this right at all in the Persian Gulf, of having our currency as legal tender I even now feel that this question of conversions of sterling .

Mr. Speaker. Has the hon Minister got any idea of what our balance of trade is with the Persian Gulf region?

The Minister of Revenue and Civil Expenditure (Dr. B Gopala Reddi): A large number of Haj Pilgrims go there and then come back, they take the Indian rupee with them

Shri V P. Nayar: What is the balance of trade? That was what the Speaker wanted to know

Mr Speaker. If there is an enormous balance of trade in our favour, of course, it is their duty to obtain our currency But if there is an adverse balance, we shall have to obtain their currency

Shri Morarji Desai. The balance of trade is entirely in our favour

Shri Achar: My point is this I feel that the whole problem has arisen on account of the fact that in this area of the Persian Gulf, the Sheikdoms, Kuwait etc our currency is legal tender After all, these are all foreign countries Why should we have this special privilege? What is the advantage? If there is some advantage, I can understand But I doubt whether there is at all any advantage in having this extra-territorial right, so far as our currency is concerned Why should not these areas also be treated just like other foreign countries? So far as the other countries are concerned, when the question of import or export arises, we have this control, and certainly restrict it and see that our currency is not smuggled into these places

I am not opposing the Bill in any way, but what I am feeling is whether

we can go to the root of this question and avoid having our currency as legal tender in these Sheikdoms etc. Even with regard to this matter, I heard the Finance Minister say that he had to negotiate with the Sheikdoms and the French and other Governments to come to an understanding about this matter Can we not negotiate with the Sheikdoms and the other countries which are concerned in this matter, and come to an understanding that so far as those places are concerned, they may have their own currency just as is the case in other foreign countries Why should we insist on having this special advantage there? Of course, several of our people are going there, and there is trade connection and so on I quite understand all this So, maybe, immediately, we may not be able to do it

After all, even after this Bill is passed, I am afraid smuggling of gold or of watches or of other commodities will not stop all of a sudden The smugglers have their own methods, we know Especially, being in Mangalore, I know how they manage these things very cleverly, though some poor Arabs who bring these things into this country are prosecuted and punished, and the goods are confiscated But there are some big merchants, very influential trade people who manage to pay for these things and get them They have never been prosecuted I am not blaming the Government, because they are doing their best to prevent smuggling, but I am only stating a fact There are people who manage these things very cleverly We do not know how they manage In fact, I had asked a certain question why these people had not been prosecuted, and the Deputy Minister had indicated the difficulties in the way Anyhow, I am not going into that. Whatever be the position, the fact remains that these people have found some method or other to avoid the prosecution and take to some new methods by which they manage to get these contraband articles.

I have read the literature given to us, and I find that Government have bestowed as much thought over this as possible, but I have a feeling whether it is not the prevalence of our currency as legal tender in this area which is responsible for helping smuggling.

Shri Morarji Desai: That is why this remedy has been thought of.

Shri Achar: It is for the hon. Minister to consider this question.

Shri V. P. Nayar: I am very happy that a Bill of this nature has been brought forward at this stage. You will remember, Sir, that on the 11th of this month, when I raised a debate on the manipulations of foreign exchange, I had focussed the attention of Government specifically on this point. And I had indicated that according to my information about Rs 40 to 50 crores had to be repatriated through the Bank of England in 1958. But, as I read the speech of the hon Deputy Minister subsequently—I was not here at the time when he spoke—I found that the Deputy Minister Shri B. R. Bhagat could not either contradict it or affirm it. I knew that it was a very delicate proposition, probably because Government were considering this Bill at that time. They would have thought that it would endanger the interests of our country

It is a very distressing matter that our currency is being smuggled outside. The hon. Minister says that it is legal tender in some of the areas in the Middle East. I do not know what is happening in other territories, but for example, when I was in Hong Kong, I found that almost anything could be bought from any shop by offering the Indian rupee, although it was not recognised legal tender there. I understood that there was considerable black marketing in the exchange rates of the Indian rupee in Hong Kong; also in Zanzibar and other places.

By giving legal tender to the particular currency which we may bring under this, how do we restrict the

Bank of England from asking for money which goes to it through Hong Kong and other places? I would very much like the hon. Minister to give me some idea as to what is in his mind about this, because this is not such an easy problem.

I do not understand how, of all persons, Shri Naushir Bharucha asked for a declaration as in the case of demonetisation of the Hundred Rupee Note. It is a very difficult matter. It was easy in the case of hundred rupee notes when they were demonetised. It is not easy in the present case when currency, which will have legal tender from one rupee to hundred rupees, will be issued. It may be difficult to ask for a declaration as was done in the case of the hundred rupee notes at the time they were demonetised. I have a feeling that if some other way can be found, possibly the avoidable mischief can be prevented.

As was rightly pointed out by my hon. friend over there and some other speakers who preceded me, during these six weeks which is the time given now, abuses can certainly be indulged in, and tons of these notes can be taken away, because we are giving a period of six weeks and the *modus operandi* in such cases will be quite known although it may not be possible for the Government at this juncture to prevent it. How do we tackle that situation?

You give these people a time of six weeks to ask for a change of notes, but how are we going to prevent the large-scale, should I say, export of our notes to these countries? Is there anything by which it can be prevented?

Shri Prabhat Kar says it is illegal outflow, but actually it is just done in terms of export. How do we prevent it? I do not find any provision in the Bill which can check it. Six weeks will mean such a long time for those who practise the various aspects of taking money outside India by the most surreptitious means, who know that Government have no machinery at

[Shri V. P. Nayar]

present to have any check on such taking away of money.

Then there is also another difficulty. The question was raised whether this House was competent to pass a law which would give legal tender for money in circulation outside India. The hon. Minister may have taken legal opinion on that, but reading the relevant entries in the Constitution, it occurs to me that it is every difficult problem.

Parliament has undoubtedly powers to pass any law in so far as those laws are applicable within the country, but I do not know whether Parliament has any power to pass a law which will apply to places outside the country. I know in the Seventh Schedule, List I, there is a specific item which empowers Parliament to pass laws in respect of legal tender, and if you read the entries before and after that you will find that they relate to some matters which may have scope outside India. For example, Entry No. 36 is "Public Debt of the Union". It is not stated that there should be no law in so far as public debt is concerned which can be raised from outside India. Entry No. 36 is "Currency, coinage and legal tender; foreign exchange"; Entry No. 37 is "Foreign loans". There are powers which have been given to this House by the Seventh Schedule of the Constitution to make laws in respect of certain specified matters among which legal tender happens to be one. But as was rightly pointed out by Shri Munisamy, and later supported by Shri Achar, and on reading the articles, it appears that this is a very doubtful issue.

For example, article 245 states:

"Subject to the provisions of this Constitution, Parliament may make laws for the whole or any part of the territory of India ..."

If you pass a law for legal tender outside India, I do not know how it

can be justified under articles 245 and 246 read with the particular Entries concerned.

Shri A. C. Guha: May I draw the attention of the hon. Member to clause (2) of article 245 which states:

"No law made by Parliament shall be deemed to be invalid on the ground that it would have extra-territorial operation."

Shri V. P. Nayar: That is true. I saw that.

Shri A. C. Guha: The power is there.

Shri Morarji Desai: Doubtful.

Shri V. P. Nayar: It may be doubtful power. I am saying the power is there, but having regard to the points of view expressed by the hon. Members who preceded me, I have a feeling now that it may be a doubtful power, and if the hon. Minister assures me that competent legal opinion has been taken . . .

Shri Morarji Desai: Has been taken.

Shri V. P. Nayar: then I have nothing more to say, but the doubt remains till he makes a statement that proper legal opinion has been taken.

Yesterday when we were discussing this matter in the Lobby, I told the hon. Minister that this was the first opportunity on which I could congratulate him—at least for a change—and he replied that I may also add a rider. I am happy to say that I am not adding a rider, and I am congratulating him on this measure because, in so far as it goes, it is useful as it will certainly check and reduce the abuse to some extent. I do not say it will completely do away with smuggling.

There is one point that still eludes my grasp. I have read the note circulated by him. I did not have the good fortune to receive it at 9 O'clock. I also got it only at 10.30 when I sent

for it. Having read it I feel it is more confusing than the Bill itself—I do not know why.

For example, in the last two paragraphs the hon. Minister mentions what will be the future of such currency in the coming years. Are we giving it, so many crores, once and for all? The money in circulation in these places is Rs. 33 or Rs. 35 crores. Is this going to be a regular feature, or will this be the only amount which will be in circulation outside India?

They have taken the currency in circulation at Rs. 30 to Rs. 40 crores, but how has it been arrived at? The other day when I said that Rs 40 to Rs 50 crores was probably the amount asked by the Bank of England by way of repatriation, there was no answer, but within a period of two weeks, Government are now saying that Rs. 30 to Rs 40 crores is the amount involved. It is not Rs 30 to Rs. 40 crores, but it is Rs 40 to Rs. 50 crores, because in the first three quarters of 1958 the amount has spurted up to Rs 33 crores. Even if that is the average of the period, it will be Rs 44 crores, and that year there was a very marked increase in the amount. I do not know the special reasons for that.

Before I sit down I would once again request the hon. Minister to see that the provisions, even as they are, are put into effect with the maximum expedition, after being passed by the other House, because we have given notice of our intention to have the currency notes issued with legal tender outside, and we should do everything in our power to prevent any possible abuse by people taking advantage of the time-lag. I would also request him to find out if we can reduce the period of six weeks to three or four weeks.

Seth Achal Singh (Agra) rose—

Mr Speaker: जब तो ज्ञान हो गया ! I will give him an opportunity later.

Shri Morarji Desai: I do not see why my hon. friend, Shri Naushir Bharucha, should have still objections to this Bill and suspicious about it. He may perhaps have had a different brief on it from specialists. I do not know. But it is difficult to clear imaginary doubts and fears which I, at any rate, do not understand. Yet, I shall try to give information on some of the points he has raised.

He asked what would happen if a person bought gold there and smuggled it in. He may smuggle it in but if he is not paid for, how are we bothered about it? If we have to send sterling, then we are in a difficulty because it means expenditure of foreign exchange. After this regulation is made, there will be no question of his having to be paid in sterling in a different way. What happens today is that our ordinary notes are circulating in the Persian Gulf area and we are bound to exchange them for sterling, according to the practice. All notes which are smuggled outside can go there and we have got to exchange them for sterling. Once the new course of action suggested takes place and special notes are there, there is no question of ordinary notes being out from here and their being allowed to be exchanged for sterling. Then they can have only Indian money and nothing more. Therefore, we do not get hurt.

I do not say that there will be no smuggling will be minimised. That is smuggling will be minimised. That is all I can say.

Mr. Speaker: Hereafter, if any bank in the Persian Gulf area presents those rupees for payment in sterling, we won't receive.

Shri Morarji Desai: No. This is only for six weeks during which we going to convert it. Beyond six weeks, coloured notes only will be there, and if our ordinary notes are presented, they won't be given any sterling. That will be the position.

Shri Naushir Bharucha: What I intended to say was this: that so long as the difference in parity of prices between our gold prices and the prices at which gold is sold in free market in the Persian Gulf area, so long as that remains, the motive to smuggle must remain. It has got nothing to do whatsoever with the source from which it is to be paid for.

Shri Morarji Desai: That is agreed; that is not doubted. Therefore, I did not say that there would be no smuggling whatsoever. But whatever is smuggled has to be paid for; nobody will smuggle it unless he is paid money for it. Who is going to get smuggled goods here without getting any payment for it? This is the system whereby we will minimise smuggling. I remember a sloka—

भ्रम सुहृत्प्राप्यते सुहृत्तरमाराध्यते विनेषज्ञ
ज्ञानं तव दुर्दिदमं ब्रह्म पि नरं न रजयति

I am not a Brahma and, therefore, I cannot satisfy in this matter. But in this particular matter, there is no danger of our currency suffering in any way; the special notes will be exchanged for sterling and our ordinary notes will not be exchanged for sterling. So I do not know how this is all imagined.

The other question raised was: should we not break this off completely? It is not a question of breaking it off completely. It is a question of a connection which is going on with the Persian Gulf area people and ourselves. We are not forcing it on them.

Mr. Speaker: If they choose to use it?

Shri Morarji Desai: We should be there to help them.

Mr. Speaker: How can anybody prevent them from choosing it?

Shri Morarji Desai: If they want to have their currency, we cannot pre-

vent them. They can stop this at any time. In the same way, extra-territorial powers also can be exercised by this Government. It can pass legislation, but whether it can be effective there or not will depend upon those people. We have got branches of the Reserve Bank in countries outside. Could we not regulate their functions? That is what we can do. Therefore, that question about extra-territorial difficulties does not arise. We have taken legal opinion in this matter, and that opinion is very clear.

Mr. Speaker: If somebody offers sterling and wants our currency in exchange, won't they be given our currency? Would the banks not honour that?

Shri Morarji Desai: No, they do not give without any particular regulation.

Mr. Speaker: I am talking of the banks there or our banks. Would they not receive it on an unlimited basis?

Shri Morarji Desai: Why should they not? That is what will happen. But now in that area it will be only this special currency which will be given. Therefore, it cannot be against smuggled notes. Smuggled notes cannot be mixed up with these notes. That is why we have got to do it.

A question was asked. What will happen after these six weeks when we will have got all these notes collected and exchange will have been given? If more currency is required, if more notes are required there, they will be given against sterling and not without sterling. Therefore, we will have no extra liability.

Shri Naushir Bharucha: May I interrupt?

Shri Morarji Desai: Please do.

Shri Naushir Bharucha: Let us be quite clear as to what is it that we want to prevent. Prevent smuggling or prevent smuggling of our currency

outside our country? Once the special notes are made convertible into sterling and not our currency, there is no motive for smuggling out. So where is the question of saying that we want to prevent smuggling out of notes? There is no meaning in it. Secondly, if you want to prevent. . .

Shri Morarji Desai: The hon. Member need not have another opportunity of speech.

Shri Naushir Bharucha: It was with your permission.

Shri Morarji Desai: He is very fond of speaking (*Interruptions*). I have long experience of the hon. Member

Shri Naushir Bharucha: I have also experience of him.

Shri Morarji Desai: That is mutual. It is not one-sided.

The point is that we are trying to take away a means which was there for payment for these smuggled notes. That is how smuggling will be minimised, and smuggling will be stopped. There is no other way of stopping smuggling. If notes go out into other countries also, if they are smuggled out, they will not receive afterwards any sterling, but just at present they can get these converted. That is how it happens. Afterwards, they can get Indian currency, Indian rupees, but not sterling. Therefore, that means is gone; it is being taken away. In spite of that, there may be some ingenuity, and some smuggling will happen. But it cannot be on this scale.

Then it was asked as to how we say that it would be Rs. 30 crores or Rs. 40 crores. This is a guess, based on what has been happening in the past. But even if it is Rs. 50 crores, I cannot refuse to honour it. Six weeks have been given because we have to negotiate this with the Sheikhs and with the people concerned. They wanted some time, a reasonable time, whereby all this could be done. If within this period, people do not exchange these notes and they come back afterwards, we won't give them

any sterling; they will only get Indian rupees and nothing more than that. Therefore, we are not bound to exchange these notes after six weeks for sterling.

It was also asked whether these notes would be put in circulation when they were received from that area and special notes were given. These notes will be cancelled out. So there is no question of addition to the currency notes here. Therefore, let there be no apprehension of inflation on account of these notes coming here.

Then a question was raised yesterday about the assets, to which I said that there are assets. Therefore, there is no question of these being not against assets. As I said, these notes which are circulating there already will be taken back and will be cancelled. Against these notes, payment will be made. If further notes are to be issued, they will be against sterling. Therefore, there is no question of there not being assets against it. As I said, this will prevent the accumulation of our notes outside which is utilised for smuggling gold. That accumulation will cease afterwards and, therefore, it may not be possible for them to carry on this sort of operations without losing money.

As I said before, it is difficult to explain to my hon. friend because he always carries some notions which are very superficial. Even God cannot do it. It is for this very purpose that we are also providing a special currency, special notes for Haj pilgrims and there will be no difficulty.

Mr. Speaker: Apart from this?

Shri Morarji Desai: Yes; apart from this, because there they have a currency against which this is exchanged. Therefore, these notes will not serve there. We are marking the Haj notes specially for this purpose. There also it cannot be utilised. Otherwise, our notes can be utilised through that source. Therefore, that source is also gone. That is why this is being done. I hope this will satisfy the hon. Members.

Shri Prabhat Kar: I want to know one point. At the time of the exchange will you take any declaration or report from the banks?

Shri Morarji Desai: I am sorry. I forgot to touch that point. No declaration will be taken. This will be done through banks and not through individuals. We cannot ask the bank to call for an account from every person as to how he has acquired it as long as these notes can be acquired in the Persian Gulf area legally. How can I question anybody whether he has acquired it legally or not. Therefore, it cannot be done.

Shri Prabhat Kar: It was said that it will be Rs. 40 crores or Rs. 50 crores. When the banks exchange these things, when they present them to the Reserve Bank they can submit a memorandum as to how exactly these came to the banks.

Shri Morarji Desai: I cannot ask the banks to do that. That is not done.

Mr. Speaker: Whatever comes in will come within 6 weeks.

The question is:

"That the Bill further to amend the Reserve Bank of India Act, 1934, be taken into consideration."

The motion was adopted.

Clause 2—(Insertion of new section 28A)

Shri Naushir Bharucha: Sir, I want to move an amendment.

Mr. Speaker: But the hon. Member may be brief.

Shri Naushir Bharucha: My amendment is long; but I will be brief.

Mr. Speaker: What is the object of the amendment?

Shri Naushir Bharucha: The object of it is that there should be a preli-

minary declaration by holders in due course of this currency and only on that declaration being presented to the Bank, the Bank shall exchange these notes. The idea is to minimise the mischief (Interruption).

I do not want to give 6 weeks. My amendment reads as follows:

Page 1,—

after line 6, add—

28A. On the expiry of 5th day of May, 1959 or such other date as the Government may fix in this behalf, notwithstanding anything contained in the Reserve Bank of India Act, 1934, or any other law for the time being in force, all notes of the denominations of Re. 1, Rs. 5, Rs. 10 and Rs. 100 shall cease to be legal tender in payment on account in any territory without India, except Nepal, Sikkim and Bhutan.

28B. On the expiry of the 5th day of May or such time as has been extended as mentioned in section 28A hereof, no person shall transfer to the possession of another person or receive into his possession from another person any notes of denominations mentioned in section 28A, except as provided hereafter.

28C. (1) Notwithstanding anything to the contrary contained in the Reserve Bank of India Act, 1934, or any other law for the time being in force, any notes mentioned in section 28A, held by a person other than a bank or Government treasury without India, shall after 5th May, 1959 or such extended time as referred to in section 28A, be exchanged only on tender of note for exchange by the owner in the manner hereinafter provided.

(2) Every such owner of such notes, desiring to tender it for exchange shall prepare in the form set out in the Schedule, or

in a form as near thereto as may be, three copies of a declaration signed by him, giving in full the particulars required by the form and shall, by 15th May, 1953, deliver such copies in person together with such notes he desires to exchange to any bank or Government Treasury without India.

(3) Every such declaration shall be signed and attested and the deponent thereof identified before a magistrate, judge or gazetted officer.

(4) On presentation of such declaration to any Bank or Treasury without India, such Bank or Treasury shall exchange such notes for an equivalent value of special notes referred to hereafter.

28D. Penalties.—Whoever knowingly makes a declaration, which is false in any material particular or only partially true, or otherwise contravenes provisions of sections 28A, 28B, or 28C shall be punished with imprisonment for a term which may extend to three years or with fine or with both.

28E. The Union Government may make rules to provide for any matter for which it deems provision necessary or expedient in order to give effect to the purposes and provisions of sections 28A to 28F, both inclusive.

Mr. Speaker: How do all these arise? I can understand if these arise only on account of the memorandum presented by the Finance Minister and not on account of any information which has been in the possession of the hon. Member earlier. The hon. Member must have tabled this amendment earlier.

Shri Naushir Bharucha: May I point out that so far as this Bill is concerned, it says that—

“The Bank may, with the previous sanction of the Central Government, make regulations....”

Now, we do not know what these regulations are going to be.

The second point is that the Minister promised some material. We did not know what exactly the material was going to be. Therefore, without knowing that material, how can anyone start drafting the amendments in advance?

Mr. Speaker: There is no new material supplied, other than the memorandum of the hon. Finance Minister which he gave yesterday. Therefore, nothing new has arisen from the memorandum. So far as the regulations are concerned, it is mentioned there that for this purpose regulations can be made. Therefore, the hon. Member may see that there is no purpose in tabling this amendment. I do not know why I should allow it.

Shri Naushir Bharucha: If notice is required, then, you may reject it. It is another matter. But it must go on record. At least in my constituency, I can say that this is the way that the hon. Minister deals with Parliament.

Shri Morarji Desai: Sir, I protest against this. I have not done anything, I am not hustling Parliament or anybody. It was with the agreement of Parliament that this Bill has been brought.

Mr. Speaker: I would not allow the hon. Member, Shri Bharucha to have the advantage to say that the hon. Finance Minister has behaved in a particular manner. I will allow this amendment.

Shri Naushir Bharucha: The point I am making is this. Even with this amendment, your law will not solve the purpose, which it is intended to solve. I repeat what the hon. Member is trying to convey to this House is absolutely illusory, to imagine that by passing this legislation you are going to stop smuggling.

My amendment may prevent the mischief in this sense. As my hon. friend pointed out, it will prevent more smuggling of notes during the 6

[Shri Naushir Bharucha]

weeks. That cannot prevent gold smuggling. Let us get these things clear. If the evil could be minimised by passing this legislation, one can understand it. But I have my doubts whether it could even be minimised. The hon. Finance Minister says that in countries which do not have our currency....

Mr. Speaker: The hon. Member must understand the limitation that he is speaking on a clause. We have just passed the motion for consideration. The House has accepted the principle whatever might be the opinion of the hon. Member. The House has agreed that this is a measure which ought to be adopted in the interests of the country and to avoid smuggling. There is no going back upon that. If the hon. Member says that his amendment is intended to plug it altogether, I am prepared to accept it. But, on the other hand, if he goes on saying that this would not prevent smuggling and, therefore, he is going to destroy this Bill, I am not going to allow it in any shape or form.

Shri Naushir Bharucha: I do not want to destroy the Bill. Perhaps, I have not made myself clear. My amendment remedies the defect of the Bill in part. That is the purpose of the amendment.

The second point I am making is this. Clause 2, as it stands, is not going to be effective unless the Finance Minister sees his way to amend it. He may send it to the Select Committee or in any other way amend it in the Upper House.

Let us see if the Bill, as it is, does help us. Even from countries in which our currency is not circulating, gold smuggling is being done. Therefore, the fact whether our currency circulates or not is not material to the question of smuggling of gold. That is obvious. Then....

Mr. Speaker: The hon. Member need not labour the point; we will

assume that smuggling will go on. Is the amendment likely to prevent it?

Shri Naushir Bharucha: This amendment will not prevent smuggling of gold; it will only prevent smuggling of more currency during the six weeks. That is the only limited application of this amendment. Otherwise, what would happen within these six weeks is that much of our currency will be surreptitiously smuggled out of the country. Clause 2 is totally ineffective to stop this. The reason is that if only the existence of our currency was the reason for gold smuggling, then the logical conclusion of it will be that from countries where our currency does not circulate, there should be no smuggling of gold. We know from our experience that there is smuggling of gold even from countries where our currency does not circulate. Therefore, to say that by having special notes referred to in clause 2 you are going to cut off the sources from which a smuggler is going to be paid is totally wrong and misleading because a smuggler will smuggle so long as it pays him to smuggle. The question whether he gets the price in this or that currency absolutely does not matter.

Mr. Speaker: The hon. Member's arguments may be all right in the consideration stage. Now, he has gone back to the consideration stage. How does he prevent it?.. (Interruptions).

Shri Naushir Bharucha: Try to put something in clause 2 which may prevent.

Mr. Speaker: The general argument for smuggling will continue irrespective of our currency being there or not being there.

Shri Naushir Bharucha: Clause 2 has got no connection with the object of the Bill. It has got absolutely no connection. That is the whole point.

Mr. Speaker: Then, let him oppose it.

Shri Prabhat Kar: Sir, our difficulty is this. We had not got a copy of his

amendment and we do not know what exactly is there. We do not know whether to support or oppose. He says he is making some suggestions and we do not know them. It is difficult for us. We are placed in a difficult position.

Mr. Speaker: That does not matter. He can be neutral.

Shri Morarji Desai: Sir, if this would have improved the Bill, I would have certainly accepted it but there are certain things which cannot be done and which are bound with negotiations. We have got to take into account whether they will be agreeable. The kind of arrangements that are to be made will be made under the powers which will be given to the Reserve Bank under clause 2(7). It is not necessary to publicise them all now. Therefore, I cannot accept the amendment moved by my hon. friend and I oppose it.

Shri Naushir Bharucha: I hope he has understood my amendment.

Shri Morarji Desai: Did you say anything which is intelligible?

Mr. Speaker: The hon. Member only wants to see that all sorts of things are not smuggled and wants to say that some steps may be taken

Shri Morarji Desai: We are trying to take those steps.

Shri A. C. Guba: Under the regulations, if necessary, and practicable, the Reserve Bank can take certain action.

Mr. Speaker: These matters which Shri Bharucha has placed before the House will be taken into consideration even during the six weeks and suitable regulations, if necessary, will be framed if they are considered feasible and useful.

Now, I shall put Shri Bharucha's amendment to the vote of the House.

The question is:

Page 1,—

after line 6, add—

28A. On the expiry of 5th day of May 1959 or such other date as the Government may fix in this behalf, notwithstanding anything contained in the Reserve Bank of India Act, 1934, or any other law for the time being in force, all notes of the denominations of Re. 1, Rs. 5, Rs. 10 and Rs. 100 shall cease to be legal tender in payment on account in any territory without India, except Nepal, Sikkim and Bhutan.

28B. On the expiry of the 5th day of May or such time as has been extended as mentioned in section 28A hereof, no person shall transfer to the possession of another person or receive into his possession from another person any notes of denominations mentioned in section 28A, except as provided hereafter.

28C. (1) Notwithstanding anything to the contrary contained in the Reserve Bank of India Act, 1934, or any other law for the time being in force, any notes mentioned in section 28A, held by a person other than a bank or Government treasury without India, shall after 5th May, 1959 or such extended time as referred to in section 28A, be exchanged only on tender of note for exchange by the owner in the manner hereinafter provided

(2) Every such owner of such notes, desiring to tender it for exchange shall prepare in the form set out in the Schedule, or in a form as near thereto as may be, three copies of a declaration signed by him, giving in full the particulars required by the form and shall, by 15th May, 1959, de-

liver such copies in person together with such notes he desires to exchange to any bank or Government Treasury without India.

(3) Every such declaration shall be signed and attested and the deponent thereof identified before a magistrate, judge or gazetted officer.

(4) On presentation of such declaration to any Bank or Treasury without India, such Bank or Treasury shall exchange such notes for an equivalent value of special notes referred to hereafter.

28D. Penalties.—Whoever knowingly makes a declaration, which is false in any material particular or only partially true, or otherwise contravenes provisions of sections 28A, 28B, or 28C shall be punished with imprisonment for a term which may extend to three years or with fine or with both.

28E. The Union Government may make rules to provide for any matter for which it deems provision necessary or expedient in order to give effect to the purposes and provisions of sections 28A to 28F, both inclusive'

The motion was negatived

Mr Speaker: The question is:

"That Clause 2 stand part of the Bill"

The motion was adopted.

Clause 2 was added to the Bill

Clause 1, the Enacting Formula and the Title were added to the Bill.

Shri Morarji Desai: Sir, I beg to move:

"That the Bill be passed"

Mr. Speaker: The question is:

"That the Bill be passed."

The motion was adopted.

12.45 hrs

SUSPENSION OF FIRST PROVISOR TO RULE 74

The Minister of Revenue and Civil Expenditure (Dr. B Gopala Reddi):
Sir, I beg to move:

"That the first proviso to Rule 74 of the Rules of Procedure and Conduct of Business in Lok Sabha in its application to the motion for reference of the State Bank of India (Subsidiary Banks) Bill, 1959, to a Joint Committee of the Houses be suspended"

Shri A. C. Guha: (Barasat): Sir, I have a point of order to raise. Under article 109, it has been stated that after a Money Bill has been passed by the House of the People it shall be transmitted to the Council of States for its recommendations. Reference to the Select Committee is not passing of the Bill. When you have certified this Bill to be a Money Bill, it cannot be taken into consideration by the Council of States before it is passed by this House. Moreover, the Council of States is not entitled to make any amendments, it can only make recommendations to this House. But the Members of the Council of States will be sitting in the Joint Committee and they will be participants in the deliberations of the Committee and the amendments made there. I think that is a departure from article 109 of the Constitution.

The suspension of rule 74 is sought for with regard to this Bill and I do not consider that this Bill cannot be discussed by the Council of States. You have certified it a Money Bill. There is enough scope to argue that this may not be considered to be a Money Bill. Article 110 says that "for

the purposes of this Chapter, a Bill shall be deemed to be a Money Bill if it contains only provisions dealing with all or any of the following matters:" it goes on to narrate them. This Bill does not contain only the provisions mentioned in article 110 (1) (a) to (f)

Mr Speaker: One word The hon Member says that I have certified this to be a Money Bill Where is it stated?

Shri A. C. Guha (Barasat): Otherwise, why is suspension of rule 74 sought for?

Mr. Speaker: Rule 74 relates not only to Money Bills but to Financial Bills also

Shri A C Guha: The proviso reads

"Provided that no such motion as is referred to in clause (iii) shall be made with reference to a Bill making provision for any of the matters specified in sub-clauses (a) to (f) of clause (1) of article 110 of the Constitution"

That is the proviso and it refers only to the Money Bill Article 110(1) says that "for the purposes of this Chapter a Bill shall be deemed to be a Money Bill if it contains only provisions dealing with any of the matters referred to in sub-clauses (a) to (g) of that article" If it is not certified a Money Bill, I think there is no necessity for the suspension of this proviso

Mr Speaker. The hon Member need not introduce the certificate by me at this stage It is only when I send to the other House that I have to make up my mind whether it is a Money Bill or not. There is a motion for reference to the Joint Committee There are two kinds of Bills Every Bill need not be a Money Bill if that Bill deals with matters mentioned in article 110(1) (a) to (f) If in addition to that, there are other clauses, it may not be a Money Bill The hon. Member has slurred over the word

'only'. It becomes a Money Bill if it contains only those matters referred to in article 110(1) (a) to (f). If it contains this and something else, it is a Financial Bill. Now, so far as this is concerned, it only requires a recommendation of the President and the other House is competent to pass that Bill or alter it Without the other House agreeing to it, this House alone cannot pass that Bill. Rule 74 applies to financial Bills also It does not refer only to Money Bills. Under rule 74, no Joint Committee shall be appointed with respect to a Financial Bill or Money Bill. But for rule 74, the Financial Bill will be on the same lines as any other ordinary Bill that can be referred to the Joint Committee This stands in the way If it is a Money Bill I would not allow the suspension for the reason that the other House has no jurisdiction to enter Probably this difference has not been noticed by the hon Member This is a financial Bill. I have heard him Has he anything more to say?

Shri A C Guha: If it is not considered as a Money Bill I have no objection

Dr. B. Gopala Reddi. Clause 13(11) regulates the imposition of stamp duty on warrants etc Therefore, Sir, it attracts article 110(1) (a) of the Constitution It is, therefore, a financial Bill and I must move for the suspension of the rule

Mr Speaker. I have heard both the hon Member and the hon Minister I do not consider this is a Money Bill This is a financial Bill. No doubt, a financial Bill contains clauses (a) to (f) of article 110(1) and in addition something else But a Money Bill is restricted to clauses (a) to (f) of article 110(1) It is rule No 74 which prevents the motion for reference of the Bill to a Joint Committee of both the Houses It prevents both Money Bills and financial Bills being referred to a Joint Committee But for that rule a financial Bill is not different from any other Bill which can be referred under the

[Mr. Speaker]

rules to a Joint Committee of both the Houses. It is only rule 74 that stands in the way. But I would agree that if rule 74 only relates to a Money Bill, a Money Bill cannot be disposed of in the other House or be referred to a Joint Committee whether there is rule 74 or not. I would agree that under the Constitution the other House has no jurisdiction to enter, irrespective of the rule, if it is a Money Bill. I agree that the rule stands in the way if it is a Money Bill. That is all right. But what can be normally done with respect to a financial Bill is not being done. The rule stands in the way of its being sent to a Joint Committee. We provided this rule for this purpose, that though a Finance Bill can be touched by the other House, amended, altered etc., so far as a financial Bill is concerned, the President did not want that the other House should be clothed with that power but this House to come to an independent judgment without the aid of the other House. But there is no harm in this. This is a financial Bill.

Dr. B. Gopala Reddi: There is no taxation involved.

Mr. Speaker: There is no impediment. We can get rid of the rule which says that this ought not to be referred to a Joint Committee. There is no point of order. I do not agree with the point of order. The motion is quite in order. It is open to the House to accept it or reject it.

Shri A. C. Guha: If it is not a Money Bill I have no objection to the suspension of the rule.

Mr. Speaker: It is not a Money Bill, it is only a financial Bill.

Shri A. C. Guha: There is no mention of financial Bills in the Constitution.

Mr. Speaker: No. It is a financial Bill, and as such there is no prohibi-

tion against a financial Bill being disposed of by the other House, amended or altered.

Shri A. C. Guha: My difficulty is, you will find similar provisions in most of the Bills, some consequent expenditure from the Consolidated Fund of India, and most of the Bills will come under that category. If all such Bills are to be treated differently, then some difficulty may arise.

Mr. Speaker: The point is, I agree with the hon. Member that if we go on exempting or removing the operation of rule 74 the object of having framed this rule preventing such Bills being referred to a Joint Committee of both the Houses itself will be removed. I shall be careful with respect to the future, in allowing or not allowing reference of Bills to a Joint Committee.

Dr. B. Gopala Reddi: If any taxation is involved you may say that it need not be referred to a Joint Committee. Here there is no taxation involved at all.

Mr. Speaker: All that Shri Guha says is, if every time this rule is to be suspended there is no purpose in having this rule except for Money Bills. We can easily say "Money Bills", and eliminate the financial Bills altogether. Therefore, we will decide each case on its merits. The rule will stand. Let us dispose of this. The question is:

"That the first proviso to Rule 74 of the Rules of Procedure and Conduct of Business in Lok Sabha in its application to the motion for reference of the State Bank of India (Subsidiary Banks) Bill, 1959, to a Joint Committee of the Houses be suspended."

The motion was adopted.

Bill

13 57 hrs.

STATE BANK OF INDIA (SUBSIDIARY BANKS) BILL

The Minister of Revenue and Civil Expenditure (Dr. B. Gopala Reddi):
Sir, I beg to move*

"That the Bill to provide for the formation of certain Government or Government-associated banks as subsidiaries of the State Bank of India and for the constitution, management and control of the subsidiary banks so formed, and for matters connected therewith, or incidental thereto, be referred to a Joint Committee of the Houses consisting of 45 Members, 30 Members from this House, namely:—

Shri C Bah Reddi, Shri M. R. Krishna, Dr. Ram Subbag Singh, Shri Shree Narayan Das, Dr. M. S. Aney, Sushri Maniben Patel, Major Raja Bahadur Barendra Bahadur Singh, Shri Amar Singh Damar, Shri K. G. Wodeyar, Shri T. Ganapathy, Shri M. Palaniandy, Shri Bahadur Singh, Shri S. R. Damani, Dr. Pashupati Mandai, Shri Vishnu Sharan Dublsh, Shri Lachhi Ram, Shri Panna Lal, Shri Kanhu Charan Jena, Shri K. S. Ramaswamy, Shri Ram Shanker Lal, Shri B. R. Bhagat, Shri Prabhat Kar, Shri P. K. Kodiyan, Shri J. M. Mohammed Imam, Shri Ram Chandra Majhi, H H Maharaja Pratap Keshari Deo, Shri Subiman Ghose, Shri Laisram Achaw Singh, Shri Balasaheb Salunke, and Shri Morarji Desai

and 15 Members from Rajya Sabha;

that in order to constitute a sitting of the Joint Committee the quorum shall be one-third of the total number of Members of the Joint Committee;

that the Committee shall make a report to this House by the first day of the next session,

that in other respects the Rules of Procedure of this House relating to Parliamentary Committees will apply with such variations and modifications as the Speaker may make; and

that this House recommends to Rajya Sabha that Rajya Sabha do join the said Joint Committee and communicate to this House the names of Members to be appointed by Rajya Sabha to the Joint Committee."

13 58 hrs.

[SHRI BARMAN in the Chair]

Shri Somavane (Sholapur—Reserved—Sch. Castes): Sir, I would like to seek one clarification from the hon. Minister. One of the names in the list of 30 names is "Shri Panna Lal". There are two Panna Lals in this House. I would like to know which Panna Lal is included in the list.

Shri V. P. Nayar (Quilon): No. 1.

Shri Somavane: There is one Shri Panna Lal Barupal and another Shri Panna Lal.

Mr Chairman: The hon. Minister may ascertain and put down the proper name.

Dr. B. Gopala Reddi: All right

*Moved with the recommendation of the President

[Dr. B. Gopala Reddi]

Sir, I will not weary the House, with a long and detailed history of the events leading up to this Bill. In April, 1954, the Committee of Direction of the All India Rural Credit Survey recommended the creation of one strong, integrated, State-sponsored, State-partnered commercial banking institution, with an effective machinery of branches spread over the whole country, which was intended to take over cash work from the non-banking treasuries and sub-treasuries, to provide vastly extended remittance facilities for co-operative and other banks, and generally to follow a policy which would be in effective consonance with the objectives laid down by the Central Government and the Reserve Bank.

This decision was accepted in principle, and an announcement to that effect was made by the Finance Minister, in the course of a speech on economic policy generally on the 20th December, 1954. The State Bank of India Act, 1955, was subsequently passed as the first step in implementing the decision, and the nationalised bank came into being with effect from the 1st July, 1955. Subsequently, on the 10th February, 1958, the President announced in the course of his address to both the Houses of Parliament, that certain State-associated banks of intermediate size would be taken over and managed as subsidiaries of the State Bank. The present Bill seeks to give effect to this last mentioned decision.

14 hrs.

The need for the reconstitution of these banks has arisen, because of certain anomalies and difficulties, which cannot be removed, except by undertaking legislation on the lines proposed. The banks which are covered in the present Bill came into being on various dates between the years 1913 and 1950. They were, and to some extent continue to be, directly or indirectly, helped by the State. The extent of State association has,

of course, varied from bank to bank, but it has in no case been so remote or negligible as to justify our leaving these banks to their own resources, without any attempt being made, on our part, to settle their future satisfactorily and in a reasonable manner.

Only two of the eight banks which are prepared to be reconstituted, namely, the State Bank of Hyderabad and the Bank of Mysore, perform agency functions at certain treasuries as the regularly-appointed agents of the Reserve Bank of India. At all other places in the areas covered by respective banks, the treasury business of the Central and State Governments is either carried on departmentally, or has been temporarily entrusted to them and to some other institutions as a purely transitional arrangement.

These temporary arrangements are obviously unsatisfactory. They have led in effect to a policy of inactivity in the former Part B State areas in the country. In these areas we have been unable in consequence to establish an adequate number of banking treasuries, small coin depots or currency chests, or to provide cheap remittance facilities or even to open an adequate number of ordinary banking offices. The problem has become even more complicated and difficult, since the establishment of the State Bank, as the State Bank of India has been unable to expand in these areas, pending the taking over and reconstitution of the banks, while the banks themselves, in the existing conditions and pending such reconstitution, have not had the incentives, or the financial assistance and backing, which may be necessary for discharging effectively their role as regularly-constituted State Banks.

One of the major questions which we have had to consider has been whether any attempt at rationalisation, in which Government is, of course, legitimately interested, both directly and indirectly, can be imposed or forced upon the institutions con-

cerned. We have devoted a great deal of thought to this problem. We have come to the conclusion, that in a matter like this compulsion is inappropriate and has to be ruled out.

The question whether any particular bank should be reorganised, and should perform thereafter the functions which may be entrusted to it in the larger national interest or alternatively, whether it should continue on the existing basis has, therefore, been left to the considered decision of those who are in charge of the institutions concerned.

Although the Government of India have not themselves tried to impose a decision in any case, they have considered it desirable to ensure that the managements as well as the shareholders or proprietors of the institutions concerned should be in a position to appreciate the various aspects of the problem and the several complicated issues which have arisen or may arise. The Chairman of the State Bank of India was, therefore, authorised to indicate for the information of the banks concerned the salient features of the legislation which have been embodied in the present Bill, and also to elucidate the points, if any, in respect of which information was desired.

I hope that the House will agree that this was on the whole a fair and reasonable approach to what had become, over a period of some years, a rather complicated problem. I am glad to say that this approach has also been justified fully by the results. Only one bank, the Bank of Rajasthan, has found itself unable or unwilling to accept the terms and conditions which were envisaged by Government for the reconstitution of these institutions. We have not found it necessary to press this bank to fall into line with all the others. The extent to which the State is now associated with this bank will, however, be reviewed in due course, and treasury

functions, it is obvious, cannot continue to be entrusted to it. All the other banks have, at general meetings of their shareholders or in some other appropriate manner, expressed themselves as being in favour of the scheme of reconstitution proposed in this Bill.

I would now like to say a few words about the scheme of reconstitution itself. Of the eight banks which are to be taken over, five, which are incorporated under the Companies Act, and one, namely, the Bank of Patiala, which is at present functioning as a department of the State Government, will be re-established as statutory corporations under the present Bill, and, in that capacity, they will replace and take over the business of the existing institutions. The remaining two banks, namely, the State Bank of Hyderabad and the State Bank of Saurashtra, are already incorporated under special laws. Appropriate changes are being made in the relevant Acts governing these banks, in order to ensure that the pattern of organisation and management in these two cases will, in future, be the same as in the case of the other six banks.

The six new institutions will be incorporated, and the two existing institutions will be transformed on such dates as may be notified by the Central Government.

Shri Prabhat Kar (Hooghly): What about the Bank of Baroda?

Dr. B. Gopala Reddi: It is not in this scheme. Different dates may be fixed in relation to different banks, a provision which we have found it necessary to make by way of abundant caution, as the problems relating to these banks may be various. It will be our endeavour, of course, to ensure that the process of taking over all the banks is completed as soon as possible.

The ownership of all the eight banks will vest in, or be transferred to, the

[Dr. B. Gopala Reddi]

State Bank on this appointed date for reconstitution Compensation will then become payable by the State Bank of India in consideration of the transfer of ownership to it. The detailed formula for arriving at the amount of this compensation has been set out in the First Schedule, and provision also exists in the Bill for the reference of this question to an impartial tribunal in respect of one or more banks, if a substantial number of shareholders feel that the principles set out in the Schedule have not been followed or have been unfairly applied

The compensation is technically and notionally payable in cash. But individual shareholders in the existing institutions, who are entitled to it will be able to obtain such compensation optionally in the form of shares in the new institutions up to a maximum of 45 per cent of the shareholding

As hon Members are probably aware, the shares of the State Bank of India are freely transferable, and they have also been listed for trading on the stock exchanges. These arrangements are intended to provide for the free negotiability of such shares of the State Bank as are taken up by private individuals and institutions. Following this precedent, provision has also been made in the present Bill for the free negotiability of the shares in the reconstituted banks, provided that the State Bank's own holding does not fall below 55 per cent, and provided also that certain ceiling limits as to shareholding, which it has been considered desirable to prescribe in the public interest, are not exceeded

The actual day-to-day administration of the reconstituted institutions will be entrusted to management boards consisting of nine members in each case, representing the State Bank of India as the major owner, the other shareholders as the minority owners, and the Reserve Bank of India

The detailed provisions in the Bill in regard to management are intended

to secure some very desirable objectives. The boards, for example, will be non-official in character. The minority shareholders will be entitled to be represented directly by two members, and there is also a specific provision for the election of these two members, if the minority shareholding, in point of fact, is not less than five per cent of the total shareholding

It is not normally expected that serving Government servants will be members of these boards. The Bill, as it has been drafted, even debars this at the present time. With the permission of the House, I hope to be able to move, at the appropriate stage, an amendment specifically empowering the Central Government to appoint to the board of any reconstituted bank any officer who has been or is likely to be connected with the problems coming up before it, but this is intended only to facilitate the working of the banks, and this amendment will not change the predominantly non-official character of the top managements

Persons with knowledge and experience of the areas served by the respective banks, and keenly interested in the development of banking facilities in the areas will, I am sure, have adequate opportunities to serve on these boards and they will, I hope, be willing to offer their services to these institutions

The business which the reconstituted banks as subsidiaries of the State Bank of India will be entitled to transact will be substantially the same as in the case of the other banks, but there will be some important additions. The work or progress of the reconstituted banks will not be judged in future with reference to the profits which they may be making, or the dividends which they may declare, but with reference to their ability to provide the basic services and facilities, which it

is the function of a State Bank to provide, and which may not always be remunerative from a narrowly commercial point of view.

It may be useful if I indicate very briefly the additional work which we expect the reconstituted banks to undertake from this point of view. Clause 36 of the Bill provides that all the reconstituted subsidiaries can be appointed as the agents of the State Bank of India for carrying on the work which may be entrusted to the State Bank by the Reserve Bank of India. The intention is that the necessary arrangements in this connection should be made, as soon as the subsidiary banks have been strengthened and reinforced. The banks will then draw up, and try to implement without avoidable delay, a vigorous branch expansion programme. We contemplate that at all their branches, the reconstituted institutions will undertake a variety of new services, such as the provision of strong room and other safe deposit facilities, the collection and remittance of funds both under the Reserve Bank's scheme for remittance facilities and on their own initiative, the granting of loans to the co-operative movement and to small-scale industrial units, and the performance of such other functions, including agency functions for other institutions as may be necessary in the public interest.

This is genuine development work. The House may be interested to know if the subsidiary banks will be able to bear the extra burden of carrying out this work and to perform adequately all the tasks which we expect them to undertake. There is an answer to this question in the Bill itself.

Clause 48 of the Bill contemplates that subsidies will be paid by the State Bank of India to the new units after reconstitution, in order to facilitate the smooth and unhampered implementation of this development programme. The State Bank of India's resources are comparatively larger than are those of its subsidiaries; and

the State Bank is also able to draw upon its Integration and Development Fund, which is intended specifically to finance additional and unremunerative expenditure of this kind. These resources of the State Bank, and the profits which it makes on its own shareholding in the subsidiary banks, will be available for the purpose of financing the subsidiaries, if necessary.

14.12 hrs.

[MR. DEPUTY-SPEAKER in the Chair]

I do not want to say anything more regarding the other provisions in the Bill, except to point out that they are generally based on the State Bank of India Act, and have been drafted after a very detailed and careful examination of the issues concerned.

I might refer to one general point before I conclude. It has been represented to us on behalf of some interests, mainly I believe, by the associations and unions of the concerned employees, that the scheme which is embodied in this Bill should be changed or modified, so that the banks can be merged completely into the State Bank, instead of being merely reconstituted.

The brief summary of the scheme of reconstitution and the objectives at which we are aiming, which I have attempted in this speech, is itself the best answer to this criticism. Our scheme of reorganisation is based on the idea that nothing that is useful should be destroyed; and it is a necessary implication of this that no changes beyond those which are really needed should be made.

By continuing the separate character of these eight institutions, we are helping them to maintain their existing contacts and traditions, preventing or moderating the impact of sudden changes in their working methods and policies and are offering at the same time adequate incentives for the banks themselves to concentrate intensively on the development of their own areas. We are also making it possible, by continuing the separate character of

[Dr. B. Gopala Reddi]

these institutions, for some prominent local persons to be associated with and to be interested in their development.

It is not clear to me why we should be asked to discard a solution which has all these advantages, and adopt, instead, the alternative of an irrevocable merger, which offers none of these advantages, and may add substantially to the cost of maintaining even the existing banking facilities in the areas concerned; the merger of these institutions in the State Bank, instead of solving any of our problems, may only increase them, by adding a fresh and uncertain burden to those which the State Bank of India has already been called upon to bear

I would like to conclude by saying that in the last few years in which we have been considering this problem, we have repeatedly and constantly examined this as well as several aspects. The decisions which have been taken and embodied in the Bill have been reached after very careful consideration and represent, in Government's opinion, the best solution in all the circumstances. The Bill is largely non-controversial. If passed, it will enable us to complete the task of nationalising and reinforcing our banking system, which was begun in 1954. The time taken in coming before the House with this Bill is itself an indication of the careful consideration which has been given to the matter.

I would commend the motion for consideration.

Mr. Deputy-Speaker: Motion moved:

"That the Bill to provide for the formation of certain Government or Government-associated banks as subsidiaries of the State Bank of India and for the constitution, management and control of the subsidiary banks so formed, and for matters connected herewith, or incidental thereto, be referred to a Joint Committee of the Houses

consisting of 45 members; 30 from this House, namely:—

Shri C. Bali Reddy, Shri M. R. Krishna, Dr. Ram Subhag Singh, Shri Shree Narayan Das, Dr. M. S. Aney, Shrimati Maniben Patel, Major Raja Bahadur Birendra Bahadur Singh, Shri Amar Singh Damar, Shri K. G. Wodeyar, Shri T. Ganapathy, Shri M. Palaniyandy, Shri Bahadur Singh, Shri S. R. Damani, Dr. Pashupati Mandal, Shri Vishnu Sharan Dubliah, Lachhi Ram, Shri Panna Lal, Shri Shri Kanhu Charan Jena, Shri K. S. Ramaswamy, Shri Ram Shanker Lal, Shri B. R. Bhagat, Shri Prabhat Kar, Shri P. K. Kodiyaa, Shri J. M. Mohamed Imam, Shri Ram Chandra Majhi, S. H. Maharaja Pratap Keshari Deo, Shri Subiman Ghose, Shri Lalaram Achaw Singh, Shri Balasaheb Salunke, and Shri Morarji Desai and 15 members from Rajya Sabha that in order to constitute a sitting of the Joint Committee the quorum shall be one-third of the total number of members of the Joint Committee;

that the Committee shall make a report to this House by the first day of the next session;

that in other respects the Rules of Procedure of this House relating to Parliamentary Committees will apply with such variations and modifications as the Speaker may make; and

that this House recommends to Rajya Sabha that Rajya Sabha do join the said Joint Committee and communicate to this House the names of members to be appointed by Rajya Sabha to the Joint Committee.

Shri V. P. Nayar: Mr Deputy-Speaker, Sir, as I was going through the Bill, I really wondered why such a measure should at all be sent to a Joint Committee. I was doubtful about the possible advantage of the Bill being discussed by a Joint Committee and now, after hearing the hon. Minister reading his ably prepared speech, I am convinced that

he has himself cleared my doubts, because as he finished his speech, he said that this Bill is non-controversial. What is the purpose of sending a Bill which the Minister himself thinks to be completely non-controversial to a Joint Committee I fail to understand the purpose.

Dr B Gopala Reddi: To look into the details of the Bill.

Shri V. P. Nayar: I am coming to that. The other point which makes me feel that there will be no purpose served by referring this Bill to a Joint Committee is that this Bill has emerged by and large as a result of detailed negotiations with the various banks. If the hon Minister will give me an assurance here that he will be prepared to accommodate the amendments which may be accepted by the Joint Committee. He is nodding his head saying 'no'

Dr. B. Gopala Reddi: The nodding may be in the affirmative or otherwise.

Shri V. P. Nayar: He was saying 'no' and nodding. His 'no' also, I thought, was negative. According to him, the Bill is non-controversial. On the other hand, every provision of this Bill has been drafted after elaborate and protracted discussion with the banking interests concerned. Therefore, the Government, unless it is openly stated here, cannot agree to change one word or delete one comma from this Bill, because it is the result of an agreement, which the Government will say is a gentlemen's agreement. So, for these reasons, I think no purpose will be served by referring the Bill to a Joint Committee, unless it be that the Government wants to.

Mr Deputy-Speaker. The Government may make a gentleman's agreement with anybody. If the House and the Committee think that there are certain modifications that are necessary . . .

Shri V P Nayar: I am only submitting to the House that there is no

case for this Bill being referred to a Select Committee, much less to a Joint Committee.

Mr. Deputy-Speaker: That he may argue; but, why does he want an assurance from the hon Minister?

Shri V P. Nayar: Otherwise, there is no purpose in this Bill going to a Joint Committee.

Mr. Deputy-Speaker: The Joint Committee can make any recommendation, the House is sovereign, here.

Shri V P Nayar: It is only in theory, but in practice.

Mr Deputy-Speaker: It is not in theory, but in practice.

Shri V. P. Nayar: But in this case, every provision of this Bill has been made after careful scrutiny, after elaborate discussion and after mature consideration, as you find from the Statement of Objects and Reasons. If after that the Bill is given some shape, there is no purpose, unless Government gives us an assurance that what we suggest in the Joint Committee will be accepted, in sending this Bill to a Joint Committee. That is my first point.

Mr. Deputy-Speaker: If he is able to convince the Members of the Joint Committee, certainly he will succeed.

Shri V P Nayar: What is done in this House need not go to the Joint Committee at all. It is waste of the time of the House. We discuss it here, send it to the Joint Committee, and it will be reported back and again discussed. It is my view that in the peculiar circumstances of the Bill and the hon Minister's attitude, as I see by his repeated nodding, there is no purpose at all in sending the Bill to a Joint Committee.

Mr Deputy-Speaker: The hon Minister has assured the hon Member that there is no significance in his nodding.

Shri V. P. Nayar: Then, Sir, he may continue his insignificant nodding; I do not mind.

This Bill provides another instance of the callous manner in which Government try to implement their own decisions. I heard the hon. Minister refer to the All-India Rural Credit Survey report, and point out, as a justification for bringing this legislation, that the Government had taken the decision on the recommendation of the Rural Credit Survey report. We know that if at all Government have taken any steps to implement the decision of the Rural Credit Survey report, it has been a half-hearted attempt.

The Government were not keen on implementing any of these important recommendations of the Rural Credit Survey Report. Even in this case, it is idle to contend that it is because the Government took the decision in 1954 that they are bringing this legislation at present.

What does the Rural Credit Survey Report say? What is the relevant recommendation? Here is the recommendation on page 403.

"Integration Financial, Legal and Legislative matters

1. Amalgamation

A. Recommendations

2. (1) There should be established a State Bank of India by statutory amalgamation of the following;

- (a) The Imperial Bank of India
- (b) The following ten major State associated banks;
 - (i) The State Bank of Saurashtra
 - (ii) The Bank of Patiala
 - (iii) The Bank of Bikaner
 - (iv) The Bank of Jaipur
 - (v) The Bank of Rajasthan
 - (vi) The Bank of Indore
 - (vii) The Bank of Baroda
 - (viii) The Bank of Mysore
 - (ix) The Hyderabad State Bank
 - (x) The Travancore State Bank"

What is amalgamation? What is this subsidiary business? Even supposing there is some difference between amalgamation and converting a bank into a subsidiary bank of the State Bank of India, why is it that all the Banks listed here have not been included? We know that the Government had negotiated with a particular Bank which he referred to, that is, the Bank of Rajasthan. I find that, at one time, in the negotiations, the Chairman of the Board of Directors of the State Bank gave a statement from Bombay that this Bank will be amalgamated. At the same time, the managing director of the same Bank Shri D. L. Gupta issued a brief statement on 27-9-58 that the State Bank's proposal, as I know from the statement given to the press on 30th of October, was acceptable to the Bank. Later on, they resiled. The Bank does not now want to be in this set up. Why? I would like to know, why. The hon. Minister said something about treasuries. Why is it that, when the Rural Credit Survey, which had an opportunity to make a comprehensive enquiry, recommended this as one of the banks to be amalgamated, not even controlled as a Subsidiary bank, it has been left out? That is a very important matter which I want the hon. Minister to answer. Because I find that in this Bank, unusually though, 55 per cent of the shares are controlled by one family. This has been brought out in the pamphlet, A request to Government of India, Members of Parliament and other prominent citizens, by the Rajasthan Bank Employees Union, Jaipur. This is what it says:

"Even today more than 55 per cent of the share capital of the Bank is owned by a particular family and that perhaps accounts for bank's refusal to fall in line with other banks."

This is a very serious matter. If we want to integrate the banking pattern

into something which will be more useful. It is not for making money alone that the banks have to be amalgamated or controlled by the State Bank. The role of a bank has been understood in a very different manner today by the Government themselves as we find from the control exercised by the Reserve Bank and by the State Bank. It is not a question of profit alone. While on the one hand the Rural Credit Survey makes a positive recommendation that this is a bank which has to be amalgamated with the State Bank, I think the hon. Minister had no case to state before us why this bank has not been included.

Take, for example, the Bank of Baroda. That is, again, one of the banks recommended for amalgamation. It may be argued that the Bank of Baroda is a commercial bank, and it is not a bank which can be deemed to be a bank with State aid. True. Why is it that in 1954, this has been listed as one of the State-aided banks? I presume,—I am subject to correction—that after the publication of this report, something has been done by those who control share capital of the Bank of Baroda to make some adjustments in regard to investments of Government or aid of Government. There was sufficient time because of the period which the Government allowed to lapse in implementing this recommendation after they told us that the recommendation has been accepted in principle. It is because of the lapse of 4 or 5 years, sufficient adjustments may have been made with the result that today, they stand up and say, we are a commercial bank, we are not a bank aided by the Government. I want to know what was the position in respect of Government's aid to the Bank of Baroda—whether it is the State Government or not, I am not concerned—as on the date of the publication of this report, or at least as on the date of the acceptance of the recommendation. I am not concerned with the implementation of the recommendation. Therefore, when we have a

Bill on which the Mover says that the Government are implementing the recommendation of the Rural Credit Survey, we must be told why the recommendation is being accepted only in respect of certain banks and is not accepted in respect of others. It is a very serious matter. If the Government are convinced that it is better in the interests of banking or in the interests of the economy of our country to leave the Bank of Baroda and the Rajasthan Bank to themselves without being made a subsidiary or controlled by the State Bank in any way, I have nothing more to say. Whatever I say will not prevail and their opinion will prevail in the present circumstances. I would, therefore, demand from the hon. Minister an answer as to why this has been done.

Looking through the provisions of the Bill, I am very much surprised to find why even in the case of banks which are now being controlled as subsidiaries instead of amalgamation, Government have chosen to control them as subsidiaries. Has it been recommended by the Rural Credit Survey? I do not find so. They have elaborately discussed the whole aspect of it. Then, again, we must understand that the Rural Credit Survey, when it made its recommendation, made the recommendation without a proper perspective of a socialist pattern of society. The role of banking in a socialist pattern of society is very much different from the role of banking in a society the pattern of which is not socialistic. In 1954, when the Government or Parliament had not accepted the socialist pattern of society for our country, this report was made. Even in that context, when a recommendation had been made to amalgamate all these units into one bank and call it State Bank, when we have a socialist pattern of society as our objective and our goal, even that much of the recommendation which the Rural Credit Survey, after an elaborate enquiry into the circumstances which prevailed in 1953-54, made, the Government are fighting shy to implement.

[Shri V P Nayar]

This raises some other questions. If it is a question of controlling the bank as a subsidiary, private interests will still have some hold. We know, for example, in the Bank of Baroda, which is not a subject matter of this legislation now, which are the industrial groups in control. We know also that in the other banks there are private interests which have their say. If it is the State Bank, they will not have such controls. According to these provisions, all the employees of the banks which are now controlled as subsidiaries, will continue with the same privileges, with the same rights, with the same liabilities and with the same amenities. As I said, when this Bank is converted into a subsidiary, how does it materially benefit the vast majority of the employees? I know that they are guaranteed that their remuneration will not be below what they are getting now. Is that the purpose? These banks are not being taken over by the Government or sought to be controlled by the Government for the purpose of making profit alone. We have found to our dismay that private banks in this country do not fulfil the purpose for which banks ought to function in this country, in a developing economy. The banks were catering only to the needs of certain groups who control the share capital. They were spending more money on commerce, very much less on industry, and far too less on agriculture. We wanted to change the whole pattern. I am told by Shri Prabhat Kar that the average is 2 per cent on agriculture, 20 per cent on industry and the bulk of the resources of the banks were used only for commerce. At that time, the Government became alive to the situation and said, this shall not continue. We must have the banks to spend more money on agriculture and more money on industry and less money on commerce in order to develop our economy.

Therefore the question of making

profits alone by Government banks does not arise. If it is not for making profits, I cannot understand why this measure has been brought in like this, because as you take over all the banks, change their pattern, their composition, their functioning and bring them under the control of the State Bank of India the employees remain where they are. They are stationary. Regardless of the fact that this is being controlled by a State run institution, an employee working in one of these banks will not have the same emoluments, although the bank itself is controlled by the State, as the emoluments of an employee in a similar cadre in the neighbouring branch of the State Bank of India.

How does it affect the officers? I know there is a provision that as on the date of notification the continuance of officers becomes a matter of decision by the State Bank. That is true. But what does it matter? A large number of them will be superfluous if these banks are treated as branches of the State Bank of India. If they had been amalgamated, you do not require a managing director on Rs 10,000 per month as pay with perhaps a dog allowance of Rs 200 as you see. You do not require because the head offices of these banks as also the various branches will form the branches of the State Bank of India. At the topmost level, the general managers, the deputy general managers, the assistant deputy general managers and for everybody there will be no necessity at all. It will result in considerable saving also. I do not for a moment say that by the saving effected in this way you can compensate the employees by raising their pay to the level which prevails in the matter of employees of the State Bank of India. Not at all. But then it is not the purpose. Our purpose in taking over control ought not to be for earning profits alone. We want to divert

the money to proper channels even if it is not profitable to us. Therefore when we know that the bank employees are not adequately paid in these banks and when Government are assuming more and more control over these banks, I fail to understand why by-passing the recommendations, although they make a claim that it is in accordance with the recommendations, this measure is brought. By-passing the recommendations of the Rural Credit Survey Report, the Government have instead of amalgamating the banks tried to assume some sort of a control even after which the private interests will have a definite say in the matter of spending the funds of the bank.

Then there are some provisions which appear to me to be rather strange although the hon. Minister says that they have been borrowed from the relative provisions of the State Bank of India Act. Take for example the provision relating to the tribunals. After all, any dispute which arises out of this legislation has to be adjudicated upon by a tribunal which is said to be set up under the provisions of clause 15. I am only pointing out certain instances because now whether it is purposeful or otherwise, it goes before the Joint Committee and I know that the Joint Committee will take care of these provisions. Probably, these provisions relate only to some minor changes. These are not changes which would affect the gentleman's agreement between the Government and the banks. But, here we know that a High Court Judge can be appointed from the bar. It does not require for the appointment of a High Court Judge that one should have retired as a District Judge. Correspondingly, it does not require for the appointment of a judge of the Supreme Court that he should have returned as a judge of the High Court. What is the tribunal here? Here it says in clause 15

"The Chairman shall be a person who is, or has been, a Judge

of a High Court or has been a Judge of the Supreme Court and of the two other members."

There is no chance at all to have one person who is or has been a judge either of the High Court or of the Supreme Court. Even for the appointment of a judge of the Supreme Court, who has certainly more responsibility to discharge even in such cases an appointment can be made direct from the bar. Why is it that in this case it is stipulated that only a person who has been holding the office of a judge either of the High Court or of the Supreme Court is to be the Chairman? I do not know. The Joint Committee should certainly change it because it is a challenge which has to be met.

Then, if you go down, in the same page you will find the tribunal's powers. Why do we set up a tribunal? A tribunal, I suppose, is set up and ought to be set up to give a feeling that there is proper adjudication. There should not be the mere administration of law but justice must also appear to be done. What is it that we find here? The tribunal, although it is called a tribunal and although under clause 16(1) it says—

"The Tribunal shall have the powers of a civil court while trying a suit under the Code of Civil Procedure, 1908, in respect of the following matters"

up to that it is all right, but what do we find in the next sub-clause? We find that the powers of the tribunal are restricted. I want to know, why? I find in clause 16(2) it says

"Notwithstanding anything contained in sub-section (1) or in any other law for the time being in force, the Tribunal shall not compel the Reserve Bank, the State Bank or any subsidiary bank—

- (a) to produce any books of account or other documents which the Reserve Bank, the

[Shri V. P. Nayar]

State Bank or the subsidiary bank claims to be of a confidential nature;

- (b) to make any such books or documents part of the record of the proceedings before the Tribunal; or
- (c) to give inspection of any such books or documents to any party before it or to any other person."

I am fortunate that because you are in the Chair I need not labour this point. What is the purpose of asking a person to go to a tribunal without giving him the right to inspect the documents which the other side may produce? It may be confidential, but so long as I have a case that certain documents have material which will substantiate my case I have a right to inspect them. The tribunal is prevented from doing so. There is a mandate against the tribunal that it shall not order it. I can understand a permissive provision here. Usually in such statutes we have mandatory provisions for positive things. Here, the tribunal is prevented by a mandate from either calling for records or for making them part of the records or even for giving the right to go through these records to the party who is aggrieved. It is justice or does it appear to be the dispensation of justice? Do you want justice to be meted out? If you want proper dispensation of justice, I do not find any meaning in this provision. It is for the Joint Committee to consider whether they would put their stamp on such an obnoxious provision as this.

Then there is also another matter which is of some concern to me. I will read the provision. But this does not support the case for this Bill being discussed by the Joint Committee. These are not controversial matters. These are matters which

can be ironed out in this House if we have the power. So, you should not presume.....

Mr. Deputy-Speaker: The prefix is there to the whole argument.

Shri V. P. Nayar: There is another provision which is contained in clause 27(g). It reads:

"A person shall be disqualified to be a director of a subsidiary bank, if.....he is, or has been, convicted of any offence which, in the opinion of the State Bank, involves moral turpitude;"

Why should you give the State Bank the right to find out whether an offence which is committed is an offence involving moral turpitude or not? I am raising this only because I heard the hon. Finance Minister, Shri Morarji Desai, this morning giving a statement in respect of an offence which everyone of us will consider to be one involving the greatest moral turpitude when it is committed by a banker himself. We have heard this morning the case of Shri Shanti Prasad Jain who has been fined Rs. 55 lakhs. Will a bad practice or will a wrong committed in respect of the foreign exchange law of this country be considered to be an offence involving moral turpitude? I am submitting this because I am very much concerned with it and as this morning I heard the hon. Minister say that the Government have no power to issue a directive to the Reserve Bank to compel the Punjab National Bank to throw him out of the managing directorship. I was amazed. I thought that Government had powers not merely to give general orders but specific orders also. If this is the attitude that we find from his senior colleague's statement this morning in respect of an offence which I would consider as involving the greatest moral turpitude, I do not know how the State Bank will decide whether the offence involves

moral turpitude or not. It is for Government to decide; it is for this Parliament to decide. Why should we give a bank the right to decide whether it is an offence involving moral turpitude or not? And the banks will not decide because even when the Government says that a violation of the foreign exchange regulations which has resulted in a fine being imposed to the extent of Rs. 55 lakhs should be considered as one involving moral turpitude, yet it is not being considered as one in which Government will be justified in invoking the provisions of the Act or at least in making use of their good offices to compel the Punjab National Bank to throw him out. This being the attitude, we find that it is not being considered as a disqualification, because I find from the answers to certain questions earlier in this session, that there are directors of other banks—he is not the only person; there are directors of other banks—who have been also similarly caught violating the foreign exchange regulations. Instead of treating that as not merely disqualification but as something of a very bad type, Government are putting a premium on such disqualification. At least, it smacks of that.

Shri Prabhat Kar: It is rather a qualification.

Shri V. P. Nayar: Rather, it seems to be a qualification, because Rs. 50 or Rs. 100 crores may be the property they may hold, and probably they may have a feeling that as long as they are the managing directors or some key persons in the bank, they can put more money. After all, banks want only money, no matter whether the man puts the entire economy into jeopardy by his most nefarious practices. That seems to be the attitude. But for the answer given this morning, which I was amazed to hear from the hon. Minister, I would not have raised this point. I do not want the statute that we are going to pass to leave such powers in the hands of banks, for banks would mean those

who control them. Therefore, we must declare it by statute that these are the offences, and that these are the disqualifications.

There is one more small point, and I shall have done. The question must be seen also from the point of view of the employees. They have discussed with the bankers; they have discussed with the bank managements. When Government are controlling the banks in the manner of subsidiaries, why is it that they do not care to discuss with the bank employees' unions? Ever since the publication of this report, I understand that several telegrams have been sent to Government. I understand that till now about two thousand telegrams have been sent by the employees to the Government of India; not one or two, but two thousand telegrams have been sent requesting Government not to go this way, but to amalgamate the banks as recommended, not merely as recommended, but as such recommendation having been accepted by Government. Today, the position is that when you want to take over a bank, the entire interest of the employees is given the go-by; the interest of the management is taken into consideration, given the fullest weight, and then legislation is brought forward. This attitude should completely change, because the banking industry cannot thrive, whatever you may do, if the workers or the employees are displeased. The banking industry may thrive if the management is displeased, because at any time you can take it over. But if you have the tens of thousands of these employees kept in perpetual discord, then there is no chance at all of the industry performing the role which it has to.

The case of the Travancore Bank has also been mentioned. I understand that the Travancore Bank has a subsidiary under it, namely the Indo-Mercantile Bank. The hon. Minister has not mentioned the Indo-Mercantile Bank. Does it mean that

[Shri V. P. Nayar]

when the Travancore Bank is made a subsidiary, the Indo-Mercantile Bank would become a sub-subsidiary of the State Bank, or does it have any footing at all? I would like to get a clarification because the employees of this bank have written to all of us long ago that their position is anomalous. I would once again request the hon. Minister and the Joint Committee to consider whether it is possible to change the pattern of this legislation, whether it is possible to change the nature of control which is sought to be exercised under this legislation, so that necessary changes may be brought about to control these banks not as subsidiaries, but as real branches of the State Bank by an amalgamation which has been recommended as early as 1954, and accepted by Government shortly thereafter.

These are the points which I would request the Joint Committee to consider; and if the Joint Committee has to do something, these are the only possible fields where they can make any changes, because I know that the hon. Minister is not going to budge an inch in respect of the other provisions which have been evolved as a result of protracted discussion with the banking interests.

Shri Shankaraiya (Mysore): Mr. Deputy-Speaker, Sir, Before I say anything about the conversion of the Mysore Bank as a subsidiary of the State Bank, I wish to make a few general observations. The formation of subsidiary banks of the State Bank in the banking system has been a novel method. The All India Rural Credit Survey Committee had recommended that these ten banks which are either State-owned or State-aided or State-sponsored should be amalgamated. That principle was accepted by Government, and the policy was also announced, and only the formal putting into operation of that policy had been kept pending. Everybody expected that Government

would stick to that policy and see that these banks would be amalgamated; and things were moving in that direction. I do not know what changed the mind of Government to change this policy and formulate this new idea to convert these banks as subsidiaries. Opinion in the country is for the nationalisation of these banks. So far as the nationalisation of other banks, the commercial and bigger units, are concerned, I am not questioning it or for it. But so far as these ten banks are concerned, the policy of amalgamating them into the State Bank has now been changed, and subsidiaries are proposed to be formed. Instead of creating an atmosphere where these banks will either have independent and autonomous working powers or will be entirely run by the State Bank, this anomalous position will create further troubles, which I shall elaborate when I come to deal with the provisions in the Bill.

I would, at the outset, say that in the best interests of the country, it is better that these banks are amalgamated. I do not know why Government have made a discrimination with regard to the Bank of Baroda and the Bank of Rajasthan. The hon. Minister has stated that he did not want to exercise any compulsion. I too agree with him, that there should be no compulsion. But taking into consideration the interests of the whole country, and the working of these banks, is it not necessary that a uniform policy should be adopted in all these cases?

So far as the Rajasthan Bank is concerned, the hon. Minister has been pleased to state that they have not agreed, and Government did not want to exercise compulsion. But, as regards the Bank of Baroda, no reasons have been given, and I do not know why?

So far as the Mysore Bank is concerned, it stands on the same footing as the Bank of Baroda. The Government of Mysore have neither any

shares in it not have they supported it, but it has its blessing. That is why the Bank of Mysore has been working in a free and efficient manner, and it has built up a reputation of its own. While coming to the clauses, I shall deal with this point again.

Now, a discrimination has been made between bank and bank; while the Travancore Bank and the Mysore Bank have been included and all the other banks have been included, the Baroda Bank and the Bank of Rajasthan have been excluded. The probable reason that may be advanced is that the Mysore Bank has agreed to be a subsidiary. As to whether it has agreed to be a subsidiary or not, and if so, under what circumstances, and how it has been challenged and so on, I shall refer to these later, because a writ petition is pending before the High Court of Mysore.

Instead of discriminating between bank and bank, I would submit that Government would do well in pursuing a uniform policy with regard to all these banks, and the best method would be to amalgamate them.

Coming to the Mysore Bank, I would say that just as they have left out the Bank of Baroda and the Bank of Rajasthan, it would have been in the fitness of things if the Mysore Bank had also been excluded from the operation of this Bill. The Government of Mysore do not own any share, not even a single share, in the Bank of Mysore. The Bank was started purely by the business people, and it acted as the agent of the Government of Mysore. It has built up a reputation of its own, it has got a good reserve, its management has been efficient and it has been serving the commercial and industrial concerns very well. I do not know why the position should be disturbed and converted into a subsidiary, and how it is going to benefit the State of Mysore.

The resolution adopted by the Bank no doubt says that they are willing to become a subsidiary. Actually, the Directors of the Bank passed a resolu-

tion after the circulation of a memorandum by the Chairman of the State Bank of India. Then that resolution of the Directors was placed before the shareholders and it was adopted. There was a writ petition in the High Court of Mysore, and the folly of passing that resolution was found and realised by the Management. Subsequently, they convened another general body meeting where they had to place the general proposition before the shareholders and see that it was adopted. That resolution is also now being challenged in a court of law, and I do not want to offer any remarks on that as it is *sub judice*.

I may say with confidence that the Bank of Mysore has been serving very well both the business and commercial units as also industry. The conversion of this into a subsidiary bank will affect its working to a very great extent.

Coming to the general operation itself, the Bank of Mysore has several branches not only in Mysore State, but also outside where the State Bank also has its branches, for example in Bombay and Madras. If the Bank of Mysore were to become a subsidiary of the State Bank, will there not be a rivalry between the State Bank branch and the Bank of Mysore, and should such a thing be allowed? Similarly when branches have to be started to expand its activities.

Coming to the question of the management of the subsidiary banks, the hon. Minister was pleased to say that adequate representation had been given for the shareholders and non-officials also. Out of nine directors, only two are to be elected by the shareholders; the rest are to be the nominees of either the Reserve Bank or the State Bank. Out of the five nominations to be made by the State Bank, three are to be officials and two non-officials. Even though they are non-officials, they will have to be guided by the State Bank and its directors. Therefore, if we analyse the composition of the Board, we find that the shareholders whose interest is to the

[Shri Shankaraiya]

extent of 45 per cent. have only two representatives as against seven for the State Bank and the Reserve Bank; and even here, more and more officials are put in.

In the matter of management of Banks and serving the commercial and industrial interests, only such persons who have local knowledge and can take some risk can act efficiently. Banking does not merely mean lending credit and earning money on safe loans. Sometimes the directors will have to take greater risk in financing a concern under certain hard circumstances. There may be very good companies—Businessmen and Industries to which the bank might have advanced money, and a stage may come when a further loan may be necessary to see that the company or industry or the business may not crash. In such circumstances, if the local directors were to be there, they will, undoubtedly in the larger interest, advance a further loan and see that the company industry is kept alive instead of allowing it to crash and thereby causing a greater loss and injustice to the country. There have been several such instances. But if the management is entrusted to the officials, this kind of flexibility will become absent, this kind of taking some amount of risk will not be there, and the commercial and industrial interests will be made to suffer. The official will be interested only in seeing that the amount is advanced with the greatest safety and on the largest amount of security. He does not want to budge an inch and take any risk. Thereby he will be jeopardising the progress of the commercial and industrial concerns and the advancement of commerce and industry in the concerned State.

It is the personal interest and the personal supervision of the General Manager and the staff in a bank that produces better results. This facility will be denied when the banks are converted into subsidiaries.

The provisions in the Bill are such that power is given to the officials to

see that the Board meeting comes to a stand-still. Even one director on behalf of the State Bank can see that the meeting is adjourned or stopped and block the whole proceedings. Clause 34(4) states:

“Where any of the directors specified in clauses (a) and (b) of sub-section (1) of section 25 or any of the directors, being an officer of the State Bank specified in clause (c) of that sub-section is unable to attend any meeting of the Board of Directors of a subsidiary bank, and the State Bank or any other such director as may be present at the meeting considers that the State Bank would not be adequately or effectively represented at such meeting by reason of the absence of any such director, the State Bank or the director present may give notice in writing to the subsidiary bank. . . .”

If one director present there feels that the State Bank is not represented properly, he can stop the business of that meeting. I can understand the State Bank saying it, but a nominee or a director nominated by the State Bank who is present there can stop the meeting if he feels rightly or wrongly, for good or bad reasons, that the State Bank is not properly represented.

In commercial and business matters, time is of the essence, and if things are impeded and stopped, I do not know how much of hardship it will work on the clients of the bank. Therefore, such a provision cannot be accepted.

Coming to the executive committee itself, no doubt the director who has been nominated in the Board can exercise this power as such, but power is reserved under clause 35(1) proviso to the State Bank to depute, in case the director who is nominated to the executive committee is absent or is unable to attend, any other person to attend the meeting. Particularly in

the management of banks, particularly in the business field, knowledge based on continuity and personal knowledge, is absolutely necessary. If persons who have no previous knowledge of the proceedings and discussions in the previous meetings are allowed to go, and participate in the deliberations of the Executive Committee—because it is the Executive Committee which exercises most of these powers in respect of advancing money, issuing of notices, calling for further advance of money, or security etc., asking for lending a helping hand and all that; it is the Executive Committee that exercises greater power—if there is no continuity or knowledge of the affairs of the bank as such, and if persons who are deputed to attend the meetings are new, I do not know how the proceedings will be in the interests of the bank. Therefore, such a provision is very unfair and unjust and it will not be in its interest or for the progress of that bank.

15 hrs.

As regards compensation, Sir, I would like to say one word. Provision is made here as to how compensation should be computed. Clause 13 specifies how assets and liabilities are to be computed as per the principles enunciated in the First Schedule. While assessing the assets of a bank, say, for example, the Bank of Mysore, which is to be converted into a subsidiary, the reserve funds that are built up for a very long time will also be included. I would like to ask the hon. Minister to explain whether the reserves built up for such a long time by the efficient management of the directors till now should entirely go to the benefit of the present shareholders who happen to be fortunately there at the time of this conversion and who have voted for that resolution. Why should these reserves which have gone to the credit of the bank, which have been built up by the sacrifice of the commercial section, by the helping hand of the Government and others, go entirely to the benefit of these shareholders merely because they happen

to be the shareholders at this time of conversion? Why should not the reserve fund be carried over to the new bank? As it is, it is not so proposed. The present shareholders will be getting greater benefit than what is otherwise available to them. They have got the shares. They are negotiable. They have got a certain price quoted in the share market. It is but reasonable that they should get that price, and something more also. But according to the computation of these assets and liabilities, they will be getting far more than what they deserve. So why should not these reserves that have been built up over a long period be carried over to the new bank? Why should these be distributed among the shareholders? I would like the hon. Minister to kindly explain.

In this connection, I would like to bring to the notice of the hon. Minister that when the idea of nationalisation was there, there were fluctuations in the share market. Everybody was afraid that the price of the shares would depreciate and that he would lose something. There were fluctuations in the market; there was some stability afterwards. But when the idea of forming subsidiaries came in, a memorandum was circulated secretly to the directors. I would like to bring to the notice of the hon. Minister that when these negotiations were going on and when this memorandum was sent to the directors, they had knowledge as to how the banks would be converted into subsidiaries and what benefits they would derive. There was a good deal of transactions. The common shareholder could not know as to what would happen. Because of the special knowledge that the directors and the few that had knowledge of the idea that the banks that were going to be converted, as subsidiaries they cornered some of the shares and have kept them in their or even others' names. They have taken undue advantage of the secret knowledge that they could get and many of the shareholders have been deprived of the chance afforded by that secret knowledge. The directors who had been allowed to continue

[Shri Shankaraiya]

as directors have cornered the stocks either in their names or in different names. They are going to be benefited. If compensation is to be paid on these lines, naturally they will be taking advantage of their position. Would it be reasonable for Government to allow such a thing? Therefore, in the larger interests of the country, it is desirable that these reserves should be carried over to the new banks, so that the new banks may serve the country with greater capital and greater reserves and stability.

Then there is another point. Under the Banking Companies Act, the State Bank or any bank in the whole of India is not empowered to hold more than 30 per cent. shares in any other banking concern. This is as per section 19(1) of that Act. I want to know from the Minister whether this conversion into subsidiaries will not offend this provision of that Act. Here evidently the State Bank will be holding more than 50 per cent.—55 per cent. is fixed—and so it violates the Banking Companies Act. Unless section 19(1) of that Act is also amended suitably, this conflict will continue and the position will not be correct.

Also, the Banking Companies Act prohibits the formation and holding of subsidiary banks. If the State Bank is exempted—or any exemption is given to have subsidiaries of this nature—will that not also offend the provisions of the Banking Companies Act? I would like a clarification from the hon. Minister.

With these words, I would say that either Government should make up their mind to amalgamate the whole thing or allow the banks to run as they are now. I am particularly speaking of the Bank of Mysore because it has got a well established reputation. It can serve well. It has been serving well and Government would do well to allow it to continue as it is by removing it from the purview of this legislation, so that it is allowed to run and serve in the best interests of the country, commerce and industry.

Shri Mohammed Inam (Chitaldrug): May I seek a clarification? Will those Members whose names have been included in the Joint Committee be allowed to take part in the debate as a special case?

Mr. Deputy-Speaker: It is only in exceptional cases that they are allowed. Normally they are not allowed.

Shri Mohammed Inam: There are not many speakers. An exception may be made this time.

Ch. Ranbir Singh (Rohtak): There are already several speakers.

Mr. Deputy-Speaker: That would be seen later.

श्री राम कृष्ण गुप्त (महेन्द्रगढ़)
जनाब डिप्टी स्पीकर साहब, यह बिल जो कि इट्रोड्यूस किया गया है और जिस को ज्वारंट सिलेक्ट कमेटी को रेफर करने की तजवीज रखी गई है, बहुत प्रहम है। बल्कि मैं तो यह कहूंगा कि बैंकों का नेशनलाइजेशन करने की तरफ यह पहला कदम है। इसलिये मैं इस तजवीज का स्वागत करता हूँ और अपनी चन्द सज्जस आपके सामने रखना चाहता हूँ ताकि सिलेक्ट कमेटी उन पर विचार कर सके।

इस बिल के द्वारा चन्द बैंक्स को, जिन के इतिजाम में स्टेट गबर्नमेंट्स का काफी हाब है, रिफांस्टीट्यूट किया जा रहा है। इस रिफांस्टीट्यूशन का एक नतीजा यह होगा कि उन बैंक्स के इतिजाम के लिये नये बोर्ड्स प्राफ डायरेक्टर्स मुकरर किये जायेंगे जिस चीज में कि स्टेट बैंक प्राफ इडिया को काफी नुमाइंदगी होगी। इस सिलसिले में मेरी सब से पहली तजवीज यह है कि जब ये प्राफ रेडी स्टेट एसोसिएटिड बैंक्स हैं तो इनको एनल-गामेंट कर दिया जाये तो ज्यादा प्रबन्धा खर्चा ऐसा करने से बैंकों को नेशनलाइज करने का जो हमारा काम है, वह बहुत आसान

बावेगा। यह बात मैं इसलिये भी कहना चाहता हूँ और जरूरी समझता हूँ क्योंकि बैंक को नेशनलाइज करने से जो उनके अन्धर कैपिटल है, उसका पब्लिक के कामों के लिये, देश की तरक्की के कामों के लिये, डिबेलेपमेंट के कामों के लिये इस्तेमाल करने में आसानी होगी और वह इस्तेमाल किया जा सकेगा। जहाँ तक स्टेट एक्सोसियेटेड या स्टेट प्रॉब बैंक का सवाल है, उनको तो अलग रखने का कोई सवाल ही पैदा नहीं होता है।

दूसरी बात मैं बैंक आफ पटियाला के बारे में कहना चाहता हूँ। धानरेबल मिनिस्टर साहब ने अपनी स्पीच में कहा है कि यह भूकम्पिल तौर पर ही पटियाला स्टेट का एक डिपार्टमेंट था। जब छोटी छोटी स्टेट्स को मिला कर पेन्सू बनाया गया तो उस वक़्त इस बैंक के जितने भी एसेट्स थे या जितना भी कैपिटल था, वह तमाम का तमाम गवर्नमेंट आफ इंडिया का था। मैं यह इसलिये कहता हूँ कि कांस्टीट्यूशन की धारा २६५ के मुताबिक यह जरूरी था कि इसके मुतात्मिक कोई समझौता होता। लेकिन चूँकि २० जनवरी, १९५० तक कोई इस किस्म का समझौता या एग््रीमेंट नहीं हुआ इसलिये कोई बजह मालूम नहीं होती है कि इस बैंक के इतिजाम को अलग रखा जाये। कांस्टीट्यूशन की धारा २६५ में यह साफ कहा गया है :

“As from the commencement of this Constitution—(a) all property and assets which immediately before such commencement were vested in any Indian State corresponding to a State specified in Part B of the First Schedule shall vest in the Union.....”

इसलिये जब इस किस्म का कोई समझौता नहीं हुआ तो इस बैंक आफ पटियाला को अलग रखने का कोई सवाल ही पैदा नहीं होता है। बल्कि मैं तो यहाँ तक कहूँगा कि इतने असेट्स तक जल्द इसे अलग रखा गया है, यह इस्वीगत

था और कांस्टीट्यूशन की प्राविजन २६५ के खिलाफ यह तमाम चीज जाती है।

यह भी इसलिये भी जरूरी है कि इस बैंक का जो इतिजाम है वह भी बहुत नाफिस है। पिछले दिनों पंजाब असेम्बली में जब वहाँ की पब्लिक एकाउंट्स कमेटी ने इस बैंक के बारे में अपनी रिपोर्ट पेश की तो अपनी रिपोर्ट में यह कहा था :

“This is a case of gross favouritism shown to the firm in question and a scandalous abuse of public money in disregard of the banking and business procedure and the bank's position as a trustee of public money.”

मेरे कहने का मतलब यह है कि बहुत से इस किस्म के वाक़ात हुए हैं जिन की बजह से पब्लिक मनी को चिन्काड करने की कोशिश की गई है। उसमें एक मिसाल भी पेश की गई है कि किसी एक फर्म ने कुछ बिल एक्सचेंज करवाये। इन बिल्स को जब एक्सचेंज कराया गया, तो उनके मुतात्मिक जो रेलवे रिमोट पेश की गई, उनमें यह छो किया गया था कि कंटेंट्स जो हैं, वह गोल्ट है, लेकिन बाद में साबित हुआ कि वह सिल्वर था और वे तमाम बिल्स जो बैंक के थे वे जिसमानर हो गये। इस से बैंक को तकरीबन ४ लाख ८३ हजार रुपये का नुकसान हुआ। इस लिये भी यह चीज जरूरी है ताकि इन तमाम मामलात की तहकीकात की जा सके। इस वास्ते मैं जोर दे कर कहना चाहता हूँ कि कोई कमेटी मुकर्रर हो जो कि जांच पड़ताल कर सके ऐसा भी प्राविजन हो। इस बिल के अन्धर एक ऐसी प्राविजन है कि जिन बैंक को रिफांस्टीट्यूट किया जा रहा है, उनके एकाउंट्स की पूरी तहकीकात भी की जा सके। मैं समझता हूँ कि इस किस्म के एम्बेजलमेंट के केसिस ट्रांजिक्शनल पीरियड में अक्सर ज्यादा होते हैं, इन वास्ते इस तरह की बातों के बारे में भी चौकतात रखने की बहुत ज्यादा जरूरत है ताकि पब्लिक के रुपये का बिगड़व

[श्री राम कृष्ण गुप्त]

न हो सके और तमाम हालात सही तौर पर गवर्नमेंट आफ इंडिया के सामने आ जायें ।

मेरी प्रगली तजवीज यह है कि सैकशन ७ में जहाँ यह कहा गया है कि स्टेट बैंक आफ इंडिया के शीयर्स ५५ परसेंट होंगे, यह तादाद कम है और इसको कम से कम ७५ परसेंट कर दिया जायें । मैं यह बात इसलिये कहता हूँ ताकि इन बैंक्स पर स्टेट बैंक आफ इंडिया का मुकम्मिल तौर पर कंट्रोल हो सके और प्राइवेट डायरेक्टर्स कम से कम रहें । मेरी यह भी तजवीज है कि जो उनके मीजूदा डायरेक्टर्स हैं, उनको तो बोर्ड्स आफ डायरेक्टर्स में हर्गिज भी न लिया जायें क्योंकि अगर ऐसा किया गया तो सब बातों के मुतालिक सही तौर पर कोई तहकीकात नहीं हो सकेगी और सही मामलात का पता नहीं लग सकेगा । यही कारण है कि जब किसी प्रडरटेकिंग को नेशनलाइज किया जाता है या उसका इतिजाम गवर्नमेंट अपने हाथ में लेती है तो उसका उसके बाद भी जो इतिजाम होता है वह तसल्लीबख्शा नहीं होता है और उसका सब से बड़ा कारण यह है कि जिन लोगों से इतिजाम लिया जाता है, उन्हीं को दूसरी शकल में या दूसरे तरीके से उसका इतिजाम सौंप दिया जाता है । मुझे पूरा विश्वास है कि यह गलती बैंक के मामले में नहीं दोहराई जायेगी ।

तीसरी तजवीज मेरी यह है कि बैंक को नेशनलाइज करने के बाद जो सलूक बहा पर काम करने वाले मुनाजिमों के साथ किया जायेगा उसके बारे में कहा गया है कि क्लाज ११ में उनके साथ वही सलूक होगा और वही उनको फैंसिलिटीस दी जायेगी, जो पहले किया जाता था या दी जाती थी । मैं इस राय के हक में नहीं हूँ । मेरी समझ में नहीं आता है कि बैंक को जब नेशनलाइज किया जा रहा है, उनके साथ वही सलूक क्यों किया जाये । मैं तो यह मसलत हूँ कि उसका एक मकसद यह भी होना चाहिये कि

जो बैंकों के छोटे छोटे मुलाजमीन हैं उनको भी धाराम मिले, उनको भी वही फैंसिलिटीस मिलें जो स्टेट बैंक आफ इंडिया के मुलाजमीन को दी जा रही है । जब आप तमाम कैपिटल पर कंट्रोल रखने जा रहे हैं और साथ ही साथ बोर्ड्स आफ डायरेक्टर्स में भी स्टेट बैंक आफ इंडिया का नुमायां हाथ होगा, तो मेरी समझ में वही आता है कि क्यों मुलाजमीन के साथ दूसरी तरह का सलूक जारी रखा जाये । इसलिये मेरी तजवीज यह है कि क्लाज ११ को भी एमेंड किया जाये और सिलैक्ट कमेटी इस मामले पर विचार करे ताकि जो उन बैंक के मुलाजमीन हैं, उनको भी वही फैंसिलिटीस मिल सकें, उनके साथ भी वही सलूक हो सके जो कि स्टेट बैंक आफ इंडिया के मुलाजमीन के साथ होता है ।

आखिरी तजवीज जो मेरी है वह क्लाज ३८ के बारे में है जिसको कि मैं बहुत ज्यादा महम समझता हूँ और मैं समझता हूँ कि यह एक ऐसी क्लाज है जो कि नेशनलाइजेशन की तरफ जाती है । इस क्लाज में यह कहा गया है कि किसी भी शेड्यूल्ड बैंक का इतिजाम किसी भी बक्त सबसिडियरी बैंक अपने हाथ में ले सकता है । यह बहुत अच्छी तजवीज है । इसमें मैं सिर्फ इतना एमेंडमेंट चाहता हूँ कि स्टेट बैंक आफ इंडिया भी किसी भी नये रिगोस्ट्रीट्यूटिड बैंक का इतिजाम जब भी चाहे अपने हाथ में ले सके और सबसिडियरी बैंक को भी डायरेक्टली स्टेट बैंक आफ इंडिया में मर्ज किया जा सके ।

मुझे पूरा विश्वास है कि इन तमाम बातों पर सिलैक्ट कमेटी गौर करेगी । इन तमाम तजवीजों को रखने का मेरा मकसद सिर्फ इतना है कि जब भी कभी हमारी गवर्नमेंट यह डिसाइड करे कि हमने बैंक को नेशनलाइज करना है, तो ज्यादा दिक्कत रास्तों में न पाये । मुझे पूरा विश्वास है कि अगर हम ने उन तमाम तजवीजों पर विचार किया और इस बिल को इस तरह से पसेंज

किया तो जब भी बैंक को नेशनलाइज करने का प्रोग्राम हाथ में लिया जायेगा तो कोई बाध विषयक पेश नहीं आयेगी और यह काम बहुत आसानी से हो सकेगा ।

मुझे पूरा विश्वास है कि सेलेक्ट कमेटी इन चन्द तजवीजों पर ज़रूर त्रिचार करेगी ।

Shri Aurobindo Ghosal (Uluberia):
Mr. Deputy-Speaker, before I go into the body of this Bill, I would like to say some words as to the importance of the expansion of banking system in our country. Of late, especially since Independence, the role of banks is being gradually brought in the sphere of rural finance. This responsibility has devolved on banks due to the agricultural basis of the Indian economy and also due to the necessity of co-ordinating the credit facilities in the rural sector.

A small history of the past will be required in order to understand the trend of the banking system. The Agricultural Credit Department was organised simultaneously with the creation of the Reserve Bank in April 1935. Before the Reserve Bank was created, the Central Government appointed Sir Malcolm Darling to report on various matters connected with co-operative finance. He submitted a preliminary report in 1936 and a statutory report in 1937. The report pointed out that the entire rural financing of the agriculturist was met by the moneylenders and sowers and the assistance of co-operative societies was negligible. This report was directed to supply credit facilities to the agriculturists in the rural sector. Since then the co-operative societies were receiving some credit facilities from the Reserve Bank. Thereafter, the All India Rural Credit Survey Committee was set up and its report came in December, 1954. This report revealed that about 70 per cent of the rural financing is met by the moneylenders. The survey period was 1951-52. It says:

"The Committee of Direction of the All-India Rural Credit Survey

summed up the position in regard to agricultural credit by saying that it 'falls short of the right quantity, is not of the right type, does not serve the right purpose, and, by the criterion of need (not overlooking the criterion of credit-worthiness) often fails to go to the right people.'"

They recommended how the co-operative credit should be introduced:

"The basis of future policy laid down by this Committee was the creation of conditions in which co-operative credit would have reasonable chances of success. For this purpose, it recommended the setting up of an integrated structured based on three fundamental principles, viz., State partnership at different levels, full co-ordination between credit and other economic activities especially marketing and processing, and administration through adequately trained and efficient personnel, responsible to the needs of the rural population. The Reserve Bank has been assigned a crucial role in this scheme of integrated credit."

On the one hand we find that the banks operate as the Government's agent in business and commercial affairs and on the other hand they will finance the rural sector to the benefit of the agriculturists. So, the banks' functions are wide and varied, controlling the whole national life, including food production, plans and projects.

In this background the only step which is right and proper is the nationalisation of the whole banking system. With this possibility re: the future of the banking system, with this prospect in view, the present Bill falls far short of the expectations of the people and the requirements of the time. The Government has tried in this Bill to associate certain major State associated banks with the State Bank of India. The issue of merging has also been kept voluntary. I do

[Shri Aurobindo Ghosal]

not know why it is not being made compulsory. The Rural Credit Survey Committee has already recommended the necessity of compulsory amalgamation of these banks wherever necessary:

"The process of statutory integration which may for legislative purposes, be conceived as the enlargement of the Imperial Bank of India by amalgamation with it of the State-associated banks would not necessarily cease with the amalgamation of the particular banks here specified. For future extension of the process, as and when necessary and appropriate and subject to notification by Government the same statute should contain provision for similar compulsory amalgamation with the State Bank of India, of suitable relatively small banks whose branches are so situated as to be complementary in point of area of operation to that of the State Bank."

Not only this. A well-known economist, Dr. V. K. R. V. Rao, the Vice-Chancellor of the Delhi University and the convener of a sub-committee set up by the Congress Economic Committee to go into the meaning and implications of socialism and other prominent economists have advised complete nationalisation of banking industry. Dr. Rao observes:

"It would be necessary both for the efficient working of socialist enterprises and preventing the unplanned and anarchic expansion of private enterprise, that banking cease to be a matter of private ownership and management and is not only owned but operated by the community."

The Joint Committee should very seriously consider the compulsory amalgamation of these banks—not of this voluntary type of merging and bringing subsidiary statutes. In this

connection, Rajasthan Bank has been mentioned by my hon. friend, Shri V. P. Nayar and he asked why Rajasthan Bank has not been included in this category. I do not know whether it is because one party holds more than 50 per cent of the shares in that bank. I would like the Joint Committee to consider that also.

I would like to draw the attention of the Joint Committee to some clauses. Clause 11(1) seems to be vague. It does not state if the continuity of service will be maintained. The last portion of the clause is very dangerous. The powers of revision or alteration of the terms and conditions of service are given to the new bank. Clause 11(4) is also very vague. It should be put in a more specific way.

Clause 29(3) (a) stipulates that the general manager shall be a whole-time officer of the subsidiary bank. In spite of this the provision goes on to say that the General Manager of the subsidiary bank may, with the approval of the State Bank and the Reserve Bank, be a director of any other institution. If he is allowed to be a director of any other institution, he will not be able to devote his whole time to the work of the subsidiary bank. Therefore, this provision should be deleted.

I would like to refer to clause 29(3) (b). It prescribes the time-limit for the office of the General Manager. But it is nullified by sub-clause (4) which entitles him to reappointment.

Sir, I have no objection if he is reappointed in any other subsidiary bank, but it must be specified that he is not entitled to reappointment in the same subsidiary.

Clause 34(5) should be remodelled. Those who have interest in loans, contracts, should lose their directorship. It is said that they should be absent in the meeting where the question of their loans would be considered. I would like to draw the attention of

the Joint Committee to this provision, and I would like to recommend that this provision should be remodelled to say that those persons who will have vested interest or some interest in loans or contracts should not be allowed to be directors of that subsidiary bank.

Clause 35(4) relates to formation of committees. I do not think it is advisable. Provision has been made here for forming some committees from among the directors and also, if necessary, with outsiders. I do not think it is advisable to form any committee of a subsidiary bank with outsiders. It should be restricted to directors or employers of the subsidiary banks.

I would now like to draw the attention of the Joint Committee to clause 38(7). I want only to refer to the number of years provided here. It is a long period. I would like to suggest that it should be reduced to five years instead of seven years.

By clause 38(8) the effect of the awards and other legal dues of the employees has been nullified. I do not know why the dues which have accrued to the employees by dint of some awards should be nullified in this way. I would like the Joint Committee to look into this clause also.

In clause 40(3) a provision has been made for giving an interim dividend. When there is a provision for preparing the balance-sheet every year, I do not know why the provision for giving an interim dividend has also been inserted.

Then, clauses 49(1), (2) and (3) are quite unjustified. The employees who have already been promoted or have received increment are affected by these clauses. It will be unjustified and illegal to revert them to their previous positions. Secondly, there is provision for refund of increased salary, compensation or gratuity received by them from the previous bank. To compel them to return that

will cause much hardship to the employees. I would request the Joint Committee to consider this point also. If you accept all other liabilities, why should you not accept the liabilities of the workers also?

Lastly, Sir, I would like to refer to clause 52. This is another clause which is quite detrimental to the interests of the existing employees.

Therefore, in conclusion, I would like to draw the attention of the Joint Committee to the clauses which are detrimental to the interest of the employees and say that they should be remodelled. I would request the Joint Committee to see that the employees are not deprived of any of their dues due to any clause of this Bill.

Shri T. Subramanyam (Bellary):
Mr. Deputy-Speaker, Sir, two broad lines of approach have been taken with regard to this Bill. One is that the banks referred to should be amalgamated and they should not be given a separate entity. The next approach is that they should be kept completely independent as has been hitherto, that the status quo should be maintained, they have been doing useful work and all that. The hon. Minister has in introducing this Bill taken a middle path, a golden mean, I should say, and he has stated in his opening remarks that it is a process of rationalising and reorganising the banking system of our country so that it should be made a more effective instrument of rendering service to the people in our plan of progress and development, and the basic functions should be performed to a greater degree of efficiency. That was the remark which he made in his opening speech.

Then, Sir, it is true that in some places fears and apprehensions are felt. Let me frankly take the case of Mysore. The Bank of Mysore was started about 43 years ago. It has rendered very good service. It has helped many business concerns, coffee

[Shri T. Subramanyam]

planters and other business houses. In times of crisis and difficulties it has gone to their help. The needs of the commercial community have been met by and large in a very satisfactory measure by the Bank of Mysore.

Now, no doubt, the shareholders have agreed, the directors have agreed, and with their full consent the present Bill has been introduced, and it is sought to be made into a subsidiary bank under the State Bank. The subscribed capital is Rs. 2 crores out of which the State Bank will have 55 per cent.

Sir, it is interesting, in this connection, to keep in our consideration these fears and apprehensions, and it is our duty to remove them. I feel that in the actual working of the subsidiary bank there will be no room or justification for these fears. Then, in this context, I would suggest that in Chapter VI relating to the business of subsidiary banks, more specific clauses could be brought in by which the fears of these people may be removed.

They fear that this will result in over-centralisation, rigidity, departmentalism, they will not be responsive to the general needs of the public, that people with local knowledge of conditions will not be there, others will be brought in and they will not be responsive and all that. All those fears are no doubt entertained. But the hon. Minister in his opening remarks was pleased to say that people with local knowledge and experience will be associated with the working of the subsidiary banks and sufficient care will be taken and devoted for the development of small-scale industries and local industries. That must go a long way to give assurance to the people that such fears are unfounded. But still, Sir, by way of abundant caution I would request the hon. Minister, when this matter comes up before the Joint Committee, that suitable and appropriate amendments may be made with

regard to these clauses, so that the functions and business of the subsidiary banks may be more specifically and clearly defined, and the commercial and industrial interests of the State concerned will feel assured with regard to this matter.

Then there is one difficulty very peculiar to the reorganised State of Mysore, and that is this. In the old State of Mysore the Bank of Mysore has established certain branches in the various districts. But some districts of Bombay State, Hyderabad State and Madras State have merged in Mysore, and under the States Reorganisation Act it has become now the State of Mysore. There some special difficulties are likely to crop up. The State Bank has got certain branches in the other districts of old Bombay State, Hyderabad State and Madras State, but in the old Mysore State the Bank of Mysore has got certain branches. I would like to know whether there will not crop up any atmosphere or climate in which there will be an appearance of conflict or controversy with regard to the development of these two branches, one, direct branch of the State Bank of India and, the other, branch of the subsidiary bank. What should be the attitude of the subsidiary bank if they want to open branches in places where the State Bank of India has got branches? I would like to know whether they are precluded from opening these branches altogether. Then, what should be the future progress? I would like to know whether their field of activity should only lie in places where the State Bank of India is not at all functioning. Of course, there should not be any duplication, controversy or conflict in such matters but, still, full scope should be given for the development of the subsidiary banks. That is one difficulty.

Then, with regard to the employees, clause 11 refers to safeguards that are to be provided for them. It is a

good thing. If amalgamation had taken place, of course, it would have been better from their point of view, but as the next best thing, as the subsidiary bank is to be instituted or constituted, I feel they are sufficiently safeguarded. But still, I should urge on the hon. Minister to see that not only should we give them all the facilities but that they should be made to feel that their interests have been completely saved, that they have not been let down and that their interests will be fully protected by way of privileges as to pension, gratuity and other matters concerning their emoluments and tenure of service.

That is all I wish to say. I am glad that the hon. Minister has brought this Bill, and I hope that in the Joint Committee they will bring in the necessary and appropriate amendments which may be suggested to give the necessary assurance to the industrial and commercial public of all the States, concerned.

श्री० रणबीर सिंह उपाध्यक्ष महोदय, इस विधेयक को सेलेक्ट कमेटी के सुपुर्व करने का मैं समर्थन करता हूँ। इन बैंक्स को सब्सीडियरी बैंक बना दिया जाये या स्टेट बैंक का हिस्सा बना दिया जाये, यह सवाल ज़रे गौर है। कई दोस्तों का ख्याल है कि उन्हें स्टेट बैंक का हिस्सा बना देना चाहिये। अभी श्री सुब्रह्मण्यम ने जिक्र किया, और मैं समझता हूँ कि उस में भी खासा वजन है, कि जो बैंक मुस्तलिफ इलाकों में बने थे वे उन इलाकों के फायदे के लिये बने थे इसलिये उन को सेट्टलाइज कर दिया जाये या कि डिसेंट्रलाइज ही रक्खा जाये। सवाल यही नहीं है, मैं समझता हूँ कि अब धाने चल कर हमें यह भी सोचना होगा कि आया यह जो बैंक हैं उन को स्टेट का ऐपेक्स बैंक बनाना अच्छा है या सब्सीडियरी बैंक बनाना अच्छा है। इस बेस के अन्दर हम जो नक्शा देखते हैं उसमें हमें बड़ी झलक नजर आती है जो कि देश के सपासी जीवन के अन्दर की रियासतों

को इकट्ठा करने का नक्शा था। मुझे सरदार पटेल जी का वह जमाना याद आता है जिस वक्त उन्होंने रियासतों को इकट्ठा करने का काम शुरू किया था। आज जो बैंक है उनको मैं देश के आर्थिक जीवन के लिये आर्थिक रियासत ही मानता हूँ। मुझे याद है कि जिस समय सरदार पटेल ने रियासतों को इकट्ठा करने का प्रोग्राम चलाया था उस वक्त बहुत से दोस्तों को एक्स्टलाफात थे। कभी उन्होंने दो चार छोटी मोटी रियासतों को इकट्ठा कर के मत्स्य यूनिन बनाया तो उस में भी एक्स्टलाफ होते थे, कि जो रजवाड़े हैं उन्हें जो पर्स मनी दिया जाता है वह ज्यादा है या कम है। लेकिन उन्होंने इस झगड़े की ज्यादा परवाह नहीं की क्योंकि वह समझते थे कि उन के सामने जो सब से बड़ा ध्येय था वह देश को कंपोलिडेट करने का था। वे इस देश की राजनीतिक अवस्था को कंसेलिडेट करना चाहते थे, और हम ने पिछने दस बारह साल के इतिहास में देखा कि दो दो तीन तीन छोटी छोटी रियासतों को मिला कर जो यूनिन बनाई गई थी, वे धीरे धीरे खत्म होती गई। आखिर में हमारे सामने आज का जो राजनीतिक नक्शा है वह सामने आया। इसी तरह से मैं समझता हूँ कि हिन्दुस्तान के आर्थिक जीवन का जो नक्शा है वह आज बन रहा है और इम्पीरियल बैंक को जो स्टेट बैंक बनाया गया वह मैं समझता हूँ कि इस दिशा में पहला कदम या देश के आर्थिक जीवन को कंसेलिडेट करने का। और आज यह दूसरा कदम उठाया जा रहा है। हो सकता है कि इस में कुछ कमी हो, कई दोस्तों को इस में कुछ एक्स्टलाफ हो सकता है, मुझे भी कुछ एक्स्टलाफ हो सकता है।

डा० जे० गोपाल रेड्डी : क्यों ?

श्री० रणबीर सिंह : हम सोच सकते हैं कि इसमें कुछ तब्दीली हो और शायद वक्त के मुताबिक हमें तब्दीली करनी भी होगी।

[श्री० रघुबीर सिंह]

इस देश के अन्दर ६१ प्राथिक रियासतें थीं जिन में से एक श्रव से पहले देश की स्टेट बैंक की रियासत बन गई और अभी ६० प्राथिक रियासतें कायम हैं। इन ६० रियासतों में से ८ को हम स्टेट बैंक का सम्सीडियरी बैंक बनाने जा रहे हैं। मुझे तो वह दिन सामने दिखाई देता है, हो सकता है कि इस में कुछ साल लग जायें, जिस रोज कि यह ६० रियासतें एक के बाद दूसरी और दूसरी के के बाद तीसरी, खत्म होंगी और देश का प्राथिक जीवन कंसोलिडेट होगा। जो भी उन के कामकाज के चलाने वाले हैं वे मजबूर होंगे, जिस तरह से हिन्दुस्तान के जो राजे महराजों के मजबूर हुए, इस बात पर कि वे हिन्दुस्तान के कांग्रेस के नेताओं के साथ सहमत हो क्यों कि उन का भी भला इसी में है और देश का भी भला इसी में है। इसलिये इस में मुझे कोई शक नहीं मालूम देता कि श्री मोरारजी देसाई, श्री गोपाल रेड्डी और दूसरे साथी जो वित्त मंत्रालय में काम करते हैं, वे एक के बाद दूसरे बैंक के इन्तजाम करने वालों को किसी न किसी शकल में जो उन की प्राथिक रियासतें हैं उन को समाप्त करने के लिये राजी कर लेंगे।

इस में कम्पन्सेशन का भी सिलसिला रक्खा गया है। जिन भाइयों से जमीन ली जाती है, इस देश के अन्दर जब भी देखते हैं, जिन से नहर बनाने के लिये जमीन ली जाती है, सड़क बनाने के लिये जमीन ली जाती है, स्कूल बनाने के लिये जमीन ली जाती है, अस्पताल बनाने के लिये जमीन ली जाती है, चाहे वह एक एकड़ का मालिक हो चाहे पाच एकड़ का मालिक हो, ३० एकड़ से ज्यादा या जो भी सीलिंग रियासतें मुकर्रर करेंगी उस से ज्यादा जो जमीन ली जायेगी उन को हमें कम्पन्सेशन देना होगा। उन को कम्पन्सेशन देने का जो तरीका है, वह इस तरीके से कुछ मुस्ताफिक है हम जानते हैं कि यह देश किसानों का देश है और अगर इस न्याय को

देखा जाये तो जो बैंक चलाने वाले लोग हैं या उन के जो मालिक हैं उन के मुकाबले जमीन वालों को कम्पन्सेशन देने की जो स्कीम है या प्रागे बनेगी वह कुछ मुस्ताफिक होगी। हो सकता है बैंक के चलाने वाले लोगों के लिये जो कम्पन्सेशन की स्कीम है वह उन के लिये कुछ चाटे की हो। लेकिन मैं यह मानता हूँ कि वह देश के फायदे के लिये है। इसी तरह से हो सकता है कि हम उन के साथ कुछ रियायत करें और रियायत कर के उन के हक से ज्यादा दें, तो भी मैं मानता हूँ कि यह देश के भले के लिये है। लेकिन मेरी मसल में एक बात उठी जाती कि इतनी रियायत हम क्यों करते हैं। मुझे वह दिन याद है जब कि इम्पीरियल बैंक के नेशनलाइजेशन का बिल इस सदन में आया था। उपाध्यक्ष महोदय, प्राप भी इस सदन के सदस्य थे और मैं भी इस सदन का सदस्य था। उस वक्त भी मैं ने कहा था

उपाध्यक्ष महोदय क्या अब नहीं है ?
अब भी तो उम्मी तरह है।

श्री० रघुबीर सिंह प्राप भी दोनों मेम्बर हैं, प्रागे भी आ जायें तो कोई ताज्जुब की बात नहीं है अगर पंजाब के लोगों की हम पर कृपा रही।

तो उस वक्त भी मैं ने कहा था कि प्रजीब हालत है। एक तो फेस बेल्यू होती है और एक को हम ब्लैक या मार्फेट बेल्यू कह सकते हैं। जो बैंक है वह हमारे प्राथिक जीवन की रियासतें हैं, उन को खत्म करने का जो हमारा तरीका है वह एक प्रजीब बंग का है। हम उनको ब्लैक मार्फेट कीमत देने के लिये तैयार हैं तो भी कई दफा वे कहते हैं कि हम इस चीज को खाने नहीं बढ़ाना चाहते हैं। शायद वह किसी और मसल या बुरे दिन के इन्तजार में बैठे हैं। लेकिन इसके बावजूब मैं समझता था और उम्मीद करता था, और जब स्टेट बैंक बनाया गया था तो हमें वहा बतलाया भी गया था, कि हिन्दुस्तान के फायदे

के लिये यह काम हो रहा है। उस वक्त जो ज्यादा मुद्राबिगा देने की हममें मजूरी दी वह इस भावना से दी थी कि स्टेट बैंक देश के जो ८० प्रतिशत किसान हैं देहाती लोग हैं उनके फायदे के लिए काम करेगा। लेकिन मजबूत हालात हैं कि स्टेट बैंक और रिजर्व बैंक हालांकि दोनों इसी देश के बैंक हैं और किसान भी इसी देश के रहने वाले हैं और उन ८० फीसदी किसानों की भावाज का इस देश के अन्दर काफी बवाल होना चाहिये लेकिन इसके बावजूद उनकी बातों का और उनकी मांगों का कोई ख्याल नहीं है।

कमिटी ने मन्दाजा लगाया था कि जिस समय ७० मिलियन टन हिन्दुस्तान की खेती की कुल पैदावार थी चाहे वह अनाज की शक्ल में हो, कपास की शक्ल में हो पटसन की शक्ल में अथवा गन्ने की शक्ल में हो। उस वक्त ७५० करोड़ रुपये की जरूरत थी। आज जब कि हम सेकेंड फाइव इयर प्लान में इसको ४५ मिलियन टन तक ले जाना चाहते हैं तो उमसे हम अन्दाजा लगा सकते हैं कि ७५० करोड़ रुपये की बजाय भेरे ख्याल में १२ सौ या १३ सौ करोड़ रुपये की जरूरत होगी लेकिन कितना रुपया वह स्टेट बैंक इस देश के बड़े बड़े साहूकारों के लिये जिनके लिये कि इस राज्य की जरूरत है जिनके लिये कि राज्य की रक्षा की जरूरत है खर्च करता है और सुद पर देता है और जिनके लिये कि फौज और पुलिस रखी जाती है और इतना खर्च किया जाता है उनको हमने मुद्राबिगा दिया और ज्यादा मुद्राबिगा दिया उनके मुकाबले में जिनको कि राज्य और सिपाहियों की ज्यादा जरूरत नहीं होती है, इनके मुकाबले में उनके साथ हमने अच्छा सलूक किया। यह सोच समझ कर ही किया था और यह समझ कर किया था कि यह किसान के अफे में होगा लेकिन गवर्नमेंट की जो प्रवृत्ति है उससे और स्टेट बैंक यह विश्वास नहीं बिना सका और किसानों के

दिल में यह विश्वास पैदा नहीं कर सका कि यह स्टेट बैंक उनके मफ़ाद के लिये चल रहा है।

उपाध्यक्ष महोदय इस देश के अन्दर १२ शूगर कोऑपरेटिव फैक्ट्रियां बन चुकी हैं। उनको उनकी चीनी रहन रख कर जो रुपया दिया जाता है और किसी सरमायेदार की चीनी रहन रखने के बाद बैंक जो उसको रुपया देता है और उस रुपये पर जो ब्याज लेता है उसमें और इसमें आज भी कोई फर्क नहीं है। आज हमारे देश ने और इस सदन ने यह फैसला किया है कि वह इस देश के अन्दर सविस कोऑपरेटिव्स को चालू करना चाहते हैं, तमाम देश के कोने कोने में उसको बढ़ावा देना चाहते हैं। अब इसको बढ़ावा देने के लिये स्टेट बैंक और रिजर्व बैंक सबसे अधिक पार्ट भदा कर सकते हैं लेकिन इन पिछले ११ सालों में जो उमका रोल रहा है वह भाशाजनक नहीं है। रिजर्व बैंक ने कोई ५३, ५४ करोड़ रुपया कोऑपरेटिव सेक्टर के अन्दर दिया और स्टेट बैंक का तो मुझे ठीक से याद नहीं लेकिन वह भी अन्दाजन ३० करोड़ के करीब होगा। इसलिये यह रफ़्तार वह रफ़्तार नहीं है जिसकी कि देख उससे अपेक्षा रखता है। आज भी मुझे कोई ऐतराज न हो कि जिस ढंग से वह कम्पैशन देना चाहते हैं उनको बेशक दे दिया जाय बशर्ते कि हमें यह यकीन दिलाया जाय कि यह जो बैंक ले जायेंगे यह हिन्दुस्तान के किसानों के फायदे के लिये काम करेंगे और हिन्दुस्तान के किसानों के लिये उतना रुपया देंगे जितनी रुपयेंकि उनको जरूरत है ताकि हिन्दुस्तान के अन्दर यह जो खानत बाहर से अनाज मगाने की है वह खत्म हो। आप जानत हैं कि सन् १९४६ से सन् १९५८ तक १४५६ करोड़ रुपये का अनाज बाहर से आया है और उस अनाज के रूप कोई २६१ करोड़ रुपये की हमने खर्च किया न बोनस दी है ताकि वह सस्ता बेचा जा सके। मैं जानना चाहता हू कि उसके मुकाबले में हमारे देश के किसान जो अनाज उत्पन्न करते हैं और जो कि ८०, ८१ प्रतिशत हैं और

[श्री० रजवीर सिंह]

जिनका कि हक भी इन बैंकों के ऊपर है उनको हमारे वित्त मंत्रालय ने कितनी सबसिद्धी और बोनस की मंजूरी दी है? यहाँ तो सिर्फ रुपया बाहने की बात है। कर्ज पर रुपया चाहिये और सस्ते मूद की दर पर चाहिये ताकि इस देश के अन्दर अधिक अन्न पैदा हो सके।

अब हमारे देश में धीर हमारी सरकार के अन्दर एक मंत्रालय है जो कि कामर्स एंड इंडस्ट्रीज का मंत्रालय है और उसके द्वारा जो भी इस देश में कोई बड़ा कारखाना बनाना चाहे और उसके लिये बाहर से मशीन आदि मंगाने चाहे तो उसके लिये इस मंत्रालय द्वारा उसको प्रोत्साहन दिया जाता है तो उसके लिये मेरा कहना यह है कि अगर उतनी ही चीज उस कारखाने से पैदा कर दें जिसके लिये बाहर रुपया जाता है तो उतना ही रुपया बाहर के लिये मिल जाता है। हमें किसान का रुपया बाहर नहीं भेजना है और बाहर से अनाज मंगाने के लिये हर वर्ष जो हम अन्दाजन १२० करोड़ रुपया विदेशों में भेजते हैं उसको बचाना है। हमको ताज्जुब होता है कि पांचसाला योजना के अन्दर सिर्फ ६० करोड़ रुपया माइनर इरिगेशन स्कीम्स के वास्ते वित्त मंत्रालय ने दिया। मैं नहीं समझता कि यह वित्त मंत्रालय क्यों इस ढंग से चलता है और किसानों के साथ में सौतेली मां जैसा सलूक क्यों करता है। हमारी सरकार १२० करोड़ रुपये का बाहर से अनाज मंगाती है जो कि मेरी समझ में बाहर से मंगाने से बचाया जा सकता है अगर वह रुपया हमें दे दिया जाय और हम यहाँ पर अनाज का उत्पादन बढ़ा दें। लेकिन वे हमको पांच साल में ६० करोड़ रुपया देना चाहते हैं जो कि अपर्याप्त है। मेरी तो पक्की राय है कि यह १२० करोड़ रुपया यहाँ के किसानों को दे दिया जाय ताकि वे अपनी पैदावार काफ़ी बढ़ा सकें और यह देश अनाज के मामले में स्वावलम्बी हो जाय और यह १२० करोड़ रुपया जो

हमारा हर साल विदेशों में अनाज मंगाने के लिये चला जाता है, जामा बन्द हो सके और वह रुपया इस देश की तरफकी करने के वास्ते बचाया जा सके ताकि इस देश में बाहर से मशीनें मंगवाई जा सकें और यहाँ पर कारखाने लगाये जा सकें।

उपस्थित महोदय : अब माननीय सदस्य वित्त के मन्त्रालय की तरफ़ आ जायें।

श्री० रजवीर सिंह : वह तो मैंने प्रश्न कर दिया कि मुझे कम्पनसेशन के बारे में शिकायत तो है लेकिन उस शिकायत को मैं अपने दिल में दबा सकता हूँ बशर्ते कि वित्त मंत्री महोदय हमें यह यकीन दिला दें कि स्टेट बैंक आगे इस तरह से चलेगा जिससे कि हम यह मुआविजा दे कर भी देश की उन्नति कर सकें।

मेरे जिले के अन्दर कोआपरेटिव सोसाइटीज का पेड ग्रप कौंटिल ६६ लाख है और उसके मैक्सिमम क्रेडिट लिमिट सिर्फ़ ३० लाख ही मुकरेंर हुई है। अब प्राय ही अन्दाजा कीजिये कि दूसरे बैंक्स का जितना पेड ग्रप कौंटिल होता है उससे कई गुना वह स्टेट बैंक और रिजर्व बैंक से ऊर्जा ले सकते हैं। हमारी अजीब हालत है। हमारा दावा तो यह है कि हम कोआपरेशन को आगे ले जाना चाहते हैं लेकिन स्टेट बैंक की पालिसी यह है कि वह हमारे कोआपरेशन को पीछे फेंकना चाहते हैं। मैं चाहता हूँ कि स्टेट बैंक इस ढंग से चले जिससे कि इस देश की जो आर्थिक नीति है वह हमारी कामयाब हो सके। मुझे यह चीज रूढ़ रूढ़ कर बार बार याद आती है कि स्टेट बैंक जिसने कि किसानों के साथ अच्छा सलूक करने का वादा किया था, वह आज भी अच्छा सलूक नहीं कर पाया है। हो सकता है कि उसकी कुछ अजबूरियाँ हों। मैं चाहता हूँ कि वित्त मंत्रालय का ध्यान इस ओर जाय और वित्त मंत्रालय स्टेट बैंक को अजबूर करे जिससे कि स्टेट बैंक के जिम्मे जो काम लगा है और

बिस्की कि बजह के हम यह जो प्राबिक रियासतों की खत्म करना चाहते हैं उन पर सीधी तौर से हम जा सकें। मुझे इसमें और ज्यादा नहीं कहना है। प्राबिक में मुझे यह भाषा है कि यह आठ बैंकों तक ही खत्म नहीं होगा, बल्कि जो बाकी २२ बैंक हैं उनको भी बिल मंत्री समझा बुझा कर इससे ला सकेंगे और जो भाई ननों के मालिक और डाइरेक्टर हैं वह देश की भाषा को सुनें और उनसे जो कुर्बानी की मांग की जा रही है उसके मुताबिक वे कुर्बानी करने को तैयार होंगे ताकि माने बैंक देश के बैंक बन जायें।

रह गया सबमिडियरी बैंक की हैमियत का सवाल, तो जैना बैंक पहले अर्द्ध किया इन बैंक को ऐपेक्स बैंक बनाने का नक्शा हमारे सामने होना चाहिये। हमें इस चीज को नुकते निगाह से देखना चाहिये कि आज हम इसको यही तक रखते हैं लेकिन अगे हमें इन बैंक को ऐपेक्स बैंक बनाना है। तो यह प्राइवेट हिस्सेदारों को ४५ फी सदी हिस्से रखना आज के लिये शायद जरूरी है। लेकिन प्राबिक में हमें उन हिस्सों का सोटाइटियों का ही हिस्सा बनाना होगा और मझे भाषा है कि हमारे जो स्टेट बैंक और जो डाइरेक्टर बनेंगे वे इसी लाइन पर काम करेंगे।

16 hrs.

Mr. Deputy-Speaker: Any other hon. Member who may not be on the Joint Committee? . . . None. Then Shri Shree Narayan Das.

Shri Shree Narayan Das (Darhban-ga): Just a minute, Sir. I will go to my seat.

Mr. Deputy-Speaker: Hon. Members should be in their own seats.

Shri Shree Narayan Das: Mr. Deputy-Speaker, Sir, this measure is one step forward in the direction of one strong, integrated, State-sponsored, State-partnered commercial banking institution with some effective force. The All-India Rural Credit Survey Committee recommended some years

ago that the then Imperial Bank of India and other State-associated banks should be made one State bank, that is, the State Bank of India. The suggestion that was made was made with a view that the banking system in India should be so organised that they should meet the requirements of rural credit that will be required in the wake of developmental activities all round. But the Government accepted the recommendation with regard to the Imperial Bank of India and it was nationalised. The State Bank of India was formed. But all these banks which are now going to be made subsidiary banks of the State Bank of India were left out altogether. As has been pointed out by the hon. Minister that the Government was just trying to bring about some sort of a compromise or that they should be brought under the purview of the State Bank of India with the consent of those banks concerned. Therefore it took some time. Better late than never. I think this measure is a step in the right direction.

I would just like to refer to some of the clauses. As has been pointed out by my hon. friend also, I do not just realise why all these banks are not going to be amalgamated with the State Bank of India. These banks are going to be subsidiaries, maybe, to all intents and purposes they will just be supplementing the work of the State Bank of India. But even then some anomaly will exist. It would have been better if all these State associated banks were made the branches of the State Bank of India. In that way some of the difficulties that will be confronted hereafter may not have been there. I would just like the hon. Minister to consider that. I do not know whether by the agreements that have been reached with mutual consent, these provisions have been framed, but it would have been better if the whole scheme as recommended by the Rural Credit Survey Report was accepted and all these banks were made the branches of the State Bank of India.

The framers of the Report of the All-India Rural Credit Survey made

[Shri Shree Narayan Das] all these suggestions specially with regard to the Imperial Bank and other State-associated banks with the intention that all these banks with their branches all over the country should meet the requirements of the co-operative structure that was going to be there. Now, as this hon. House has accepted by a Resolution the whole country is going to be covered by co-operative societies and in course of time there will be co-operative farming. Therefore it is all the more necessary that the banks should have their branches all over the country.

In this connection I would like to mention that the intention with which this State Bank of India was formed—it was suggested and a programme was drawn up—was that the State Bank of India should open its branches all over the country specially in rural areas to meet the banking requirements of the rural population, specially the agriculturists and small-scale industries. Although some progress has been made in the direction of opening branches in the rural areas, much progress has not been made. I know that sometimes though the State Bank itself is not very enthusiastic about opening some branches wherever they are required, but the State Governments also do not co-operate and when suitable sites or suitable buildings are required by the State Bank of India to open its branches the State Governments are not forthcoming with the full co-operation that they should. Therefore much of the progress in this direction has been retarded.

I know that some of these State-associated banks have their branches even at present. I think with these banks having been made as subsidiary banks of the State Bank of India, some of those areas where these State-associated banks' branches exist will be much benefited. All these banks existed in the previous native States and they have, I think, more branches than the State Bank of India itself. Therefore I feel that the rural population of those areas will be much benefited.

Then, I would refer to some of the clauses.

Ch. Ranbir Singh: Only the commercial people have benefited.

Shri Shree Narayan Das: As has been pointed out by one of my hon. friends here just now, for the share of the State Bank in all these subsidiary banks a limit has been fixed, that is, not less than 55 per cent. of the whole capital to be owned by the State Bank of India. This is the minimum. The State Bank of India can hold more shares. I would like to suggest that at least 75 per cent. of these shares of the subsidiary banks should be held by the State Bank of India. That will give more strength and the private individuals may be allowed to hold shares in these banks. That is necessary. But I think there should be less of them.

As has been pointed out by the hon. Member, Shri Ram Krishan Gupta—he also said that those who hold shares at present or who hold the posts of directors in these subsidiary banks if they are allowed to be there again in the new subsidiary banks that is not quite healthy. Therefore, for the full growth of these banks new blood should be brought in and those who have been associated with them, although they might have some experience of the working of the banks, even then they will not just . . .

Ch. Ranbir Singh: They may be transferred to some other branches.

Shri Shree Narayan Das: There is no question of transfer. But I would like to suggest that the intention with which these banks are going to be nationalised so to say is that such persons should be kept as are in sympathy or quite in tune with the ideas with which these banks are going to be re-constituted.

There is a clause here in which some disqualifications have been laid down for being a director of the reconstituted bank. We say that Government servants should not be there. I would like to suggest that not only government servants, but also those servants

who are serving in undertakings in which the Central Government has a majority share, that is, the State undertakings, should be disqualified. There are so many State undertakings. Although in the strict sense of the term, these people are not government servants, even they enjoy the privilege. Therefore, those servants who are serving in the State undertakings, if they are dismissed by those organisations, should not also be allowed to be directors. That should be mentioned there. That is my suggestion.

In clause 27, sub-clause (3), it is stated that the directors, when they are elected to the Parliament or Legislative Assembly, will cease to be directors. I would like to suggest that no directors should be allowed to contest the election. If they want to contest the election, they should resign from directorship and then contest the election. Otherwise, they may misuse the position that they enjoy. Members of Parliament are not allowed to be directors. If Members are nominated or elected to be directors of any of the banks, they will have to resign within two months.

Ch. Ranbir Singh: They can be.

Shri Shree Narayan Das: Those who are already directors, if they want to contest the election, should resign first and then contest the election.

Dr. B. Gopala Reddi: If they are not elected?

Shri Shree Narayan Das: They will take a risk. When they are there as directors of the bank, if they want to contest the election, they should take a risk, they should resign first and then contest the election. Why should facilities be given to persons holding responsible posts in such undertakings where the Government have sufficient control? These directors should contest the election on their own risk. That is my suggestion.

Ch. Ranbir Singh: He applies to the managing director.

Mr. Deputy-Speaker: Order, order. The hon. Member has to say many things. But, he stopped.

Shri Shree Narayan Das: There is provision in clause 25 with regard to representation of shareholders: "two directors to be elected in the prescribed manner by the shareholders, other than the State Bank." In this regard, it has been said:

Provided that if the total amount of the holdings of all such shareholders registered in the books of the subsidiary bank three months before the date fixed for election is below five per cent. of the total issued capital . . ."

Then, they will not be elected, but they will be nominated. I would like to suggest that the percentage fixed here—five per cent—should be raised. This is very low.

With regard to clause 19 regarding restriction on individual holdings, I would like to suggest that it should be 100 shares. At present, the provision is 200 shares. It is said that no individual should be allowed to take more than 200 shares. I would like it to be 100 shares so that a larger number of non-official individual members may be shareholders of these banks. With these words, I support the Bill.

Shri Mohammed Imam (Chitaldrug): I always dislike too much of legislation. Legislation is always meant to improve the existing state of affairs or to remedy some defects that have been noticed.

Mr. Deputy-Speaker: Then, why should the hon. Member have come to Parliament?

Shri Mohammed Imam: I said that I dislike too much of legislation. We need legislation in all important and necessary matters, but to have legislation where it is not necessary seems to me to be rather superfluous, because too many laws always create disrespect among the masses.

[Shri Mohammed Imam]

This Bill seeks to create banks of an amphibian character, which neither belong to the public sector nor to the private sector, where there is dual responsibility or there is no responsibility on anyone. If this Bill had been brought forward in pursuance of the nationalisation policy, and if the hon. Minister had been able to nationalise all the banks, I would have been the first to support it. But this Bill creates banks partly under the public sector and partly under the private sector. Again, if this Bill had covered all the important banks in the whole country, we would have supported it. But we find that differentiation has been made between bank and bank. Some banks which have been functioning very well are proposed to be made as subsidiary banks of the State Bank; and some banks have been excluded. What I am submitting is that the policy of Government must be uniform throughout the country, it must apply to all. I think no discrimination should be made. As I said, ultimately, it must be the policy to nationalise them. But the present system which Government are proposing namely that the banks should be partly in the public sector and partly in the private sector, I am afraid, will not work properly, because the management will not be responsible either to Government or to the shareholders under the present arrangement.

I have had some experience of such concerns in the State of Mysore, some concerns which were started there partly by Government aid and partly by private aid. For example, I may cite the case of the Mysore Spun Silk Mills and the Vegetable Oil Mills, in which Government took some shares, and some shares were taken by the public. Ultimately, the result was that those concerns did not work satisfactorily, and now they are about to close down. That is because there is no fixed responsibility on anybody. Government do not exercise any vigilance because they think that the concern

is not theirs, the shareholders do not exercise any vigilance because they think that it is not their responsibility. Ultimately, the concern comes to grief.

As regards the question of nationalisation, I suggest that the present system of banks, as they exist in the various States, if they are working properly, may be retained, instead of trying to make them subordinate units of the State Bank.

Mr Deputy-Speaker: If the hon. Member was so opposed to this Bill, why should he have accepted membership on the Joint Committee?

Shri Mohammed Imam: I am not opposing it exactly, but I am only just suggesting this.

Mr. Deputy-Speaker: That is the difficulty, because so far as I can see, he may have to preside over the deliberations of the Joint Committee.

An Hon Member: He is the prospective chairman.

Shri Mohammed Imam: Regarding the Bank of Mysore, many representatives from Mysore are not quite willing that that bank should come within the purview of this Bill. It is quite true that many people from Mysore do not like it, firstly, because the Bank of Mysore has got its own charm and secondly, because it has got its own traditions. It was started 43 years ago by Sir M. Visveswaraiya. It is not a very big bank. It is a bank that caters to the needs of the middle class people and the small industrialists. It has been functioning very well and is being managed by people who have got an intimate knowledge of the local conditions and local needs, and it looks sad that the individuality of this bank, which has got such a tradition, which has catered to the needs of Mysore for such a long time and which has helped the industrialists and merchants till now, should be effaced. Many of us would be glad if it were to become a first class bank, but the very fact that

it is going to become a subordinate bank hurts the feelings of many industrialists and merchants who have been connected with it.

It is true that it has served the needs of many people, it has served them in times of exigency and in many critical situations. I may give one example.

Mysore has a number of coffee plantations. Once upon a time their position was very bad, and other banks refused to advance them money. No bank perhaps would have advanced money taking into consideration the conditions existing at that time, but at that important time, the Bank of Mysore went to their rescue, and it is because of the Bank of Mysore that all the coffee plantations revived and regained their former position.

I may give you another example. There are one or two textile mills which were about to be closed. They would have closed but for the timely help rendered by the Bank of Mysore.

So, this bank has been rendering very useful service in the State of Mysore. What the people there apprehend is that if it is made into a subsidiary, it will come under the management of people who are not familiar with local conditions, and thus the local people may not receive as much sympathy or understanding as the present bank has been giving them. That is their difficulty. It is there that the question of management comes in.

Under the present Bill it is proposed to displace the management. The directors shall have to go; the managing director and the general secretary will have to go; and their places will be taken by representatives of the Reserve Bank and the State Bank. The representatives of the shareholders will be nominated, and their number will be one or two. So, the apprehension of the people there is that the new management may not be in a position to understand the local situation properly. They feel that the merchants and the middle class people may suffer,

and that they may not receive as much aid as they were receiving till now. That is their apprehension.

The hon. Minister must have received many representations from the local people. All these things must be considered by the Government. If the Government feel that they are going to improve the present position or if the status of the bank is going to be improved and that it is going to serve the needs of the local people in a much better way, then I should have no objection. But it is felt by the local people that this changeover may work to their prejudice. After all, it is a bank that caters to the needs of the middle class people and the small merchants and industrialists, and they must not suffer. So, I submit in the new management, local representation must be given. Local people with intimate knowledge of the local conditions must be associated with the management, and monetary help must continue to be rendered in the same way as has been done till now.

Regarding management and other things, I think we would have opportunity in the Joint Committee where I am going to suggest some changes. But my contention is that before taking a definite step regarding this Bank, it is desirable to assess local opinion, the opinion of the public. It is true the shareholders have passed a resolution to the effect that it may be taken over. But it is not the shareholders' interest that has to be considered; local interests have also to be considered. Many local people, merchants and others, say that their interests may suffer, they may not receive such aid as they used to till now. So their opinion must also be taken into consideration and a decision arrived at.

I request that all these points may be considered and a definite conclusion arrived at.

Dr. B. Gopala Reddi: I am really happy that the Bill has been welcomed by the House. All those matters of detail which have been

[Dr. B. Gopala Reddi.]

raised will certainly be examined in greater detail by the Joint Committee.

I am reminded of the days when integration of the States was effected. There were some States which also pleaded for a little autonomy. They wanted to have their own entity, to be left to themselves. In the matter of States reorganisation also, there were some States which wanted to be left out as they were. I remember there was a strong feeling in Mysore that it should not have Coorg, the Kannada-speaking portion of Bombay, the Hyderabad portion and all that. Mysore wanted to be left alone when the reorganisation of States was undertaken. If we go on consulting so-called local opinion, sometimes it becomes very difficult to proceed. The local people will try to force on Government or on the authority of Government that they represent the local opinion. Certainly, it is not so. If it is really desirable in the national interest, a particular thing ought to be taken up, because I know there was a strong feeling in Coorg that it should not go with Mysore and it must have its own autonomy. But we have survived all those times and those apprehensions. Today Coorg is a part of Mysore State and I hope that public opinion has fully been reconciled to the Mysore State.

Therefore, in a matter like this, we should realise that it is in sequence with the integration and reorganisation of States; it is also in sequence with the nationalisation of the Imperial Bank of India and things like that. All those banks which were State-sponsored or which were doing treasury work in part B States are being taken over by the State Bank of India. But the main point made out is: why not straightway amalgamate, as was recommended in the Report of the Rural Credit Survey? Why these subsidiary banks? That is the main point which Sri V. P. Nayar and some other hon. Members

also have raised. This matter has been considered at great length. It is not as though we are unaware of the recommendation in the Report of the Rural Credit Survey. We are fully aware of the pros and cons of retaining them as subsidiary banks, and what follows from the integration of these banks with the State Bank of India. All these matters were considered and we thought that we should negotiate with them and whatever was acceptable in a friendly way, without disturbing much of their local character etc. should be agreed upon. This will serve our purpose; the State Bank is going to have 55 per cent shares. It is going to be the dominant partner in the reorganised banks. Therefore, without losing our control or authority we also want to associate local experience, local talent, local character, local traditions etc. in the new set-up. If you merely merge them with the State Bank of India, they lose their identity and the tradition that was claimed for the Mysore Bank will be lost. It is not as though the Mysore Bank alone has got a tradition. There are other banks also which are equally good. It may be that one or two banks have not behaved well in the past few years. But, by and large, they have built up their own traditions though they were in little States. The State-sponsored banks have been doing treasury work and they have been carrying on very well in trying to help the industrialists and commercial people and things like that. Therefore, I am really sorry that hon. friends from Mysore alone have taken a different view this time. They want that the Mysore Bank should be left alone. It has been doing good work and it has been helping.

Shri Basappa (Tiptur): Why have the Rajasthan Bank and the Baroda Bank been left out? (Interruptions).

Dr. B. Gopala Reddi: I am coming to that. It is a really creditable

thing. Some of my hon. friends have been managing directors and directors. I am really happy that hon. friends from Mysore have spoken very well of the Mysore Bank. But it is not as if we must leave alone all good banks and take up only bad banks. The State Bank of India cannot take over only the bad banks and leave the good banks alone. They must take the good and bad. If the Mysore Bank is good we must take it; if the Patiala Bank is bad we must also take it. (Interruptions) It is our policy that the State-sponsored Banks or those who have been doing treasury work should be taken over—whether it is good or bad. Therefore, the Mysore Bank has also to come into the scheme and the Patiala Bank too has to come into the scheme and other banks have to come into the scheme.

Amalgamation might have certain advantages; but, it has certain disadvantages also. This Bill, as it is contemplated, carries the goodwill of the directors, of the shareholders and of the local governments also

In this connection, I may say that, perhaps, the idea was mooted by the Kerala Government itself. (Interruptions). I am not twitting you; but I am telling the House for their information that when we were thinking in terms of complete merger of all these banks with the State Bank of India, perhaps, the idea came first from the Kerala Government

Shri V. P. Nayar: When was it?

Dr. B. Gopala Reddi: After Shri Nambudripad took over. They said, why take over all the shares? While completely merging with the State Bank of India why not you retain the local character of it; why not you get the experience and the local traditions instead of completely taking them away? Why not you allow us to retain some shares? The idea came from the Kerala Government. I am not twitting you. We will also consider about it.

There has been the case of the Patiala Bank. The Punjab Government has also pleaded for it. For the Saurashtra Bank the Bombay Government has been pleading for some sort of freedom and things like that. We get the cooperation of the State Bank; wherever it is necessary we get the cooperation of the other managing directors and directors and shareholders also. So, the advantages of getting a subsidiary bank are there. We need not have the same pattern as in the case of the State Bank with regard to the Part B State Banks also.

There are certain considerations as Mr. Subramanyam had said. By retaining them as subsidiary banks we can allow these banks larger expenditure, than by merging. If people are transferred and some other people are brought say, from Bombay or Bihar, the whole tradition is lost. Today we have the advantage of retaining the old personnel.

Sometimes people say that the present directors should not be there. It may be that some of them are good and their services also must be utilised. We cannot say all of them are bad and, therefore, they must be replaced

There are certain advantages and we have to consider carefully all these. The greatest of the advantages is that we have the goodwill of these 8 banks. It is a great asset indeed that with their full cooperation we are trying to have this reorganisation of these banks. We should not lose sight of it.

The next controversial point that was raised was: Why has the Bank of Baroda been given up in the scheme and why has the Rajasthan Bank also been allowed to keep out? Shri Nayar has referred to this question particularly. This was recommended not by any political party or anything like that. The Rural Credit Survey Committee has made this recommendation. It is true that in 1954 or so the Bank of Baroda was carrying on some treasury work. They were not perhaps willing to

[Dr. B. Gopala Reddi]

come into the picture and subsequently they have left away the treasury work. They have become just like other banks—Punjab National Bank or the Bank of India or the Indian Bank, purely commercial banks. They have shed off all their treasury transactions. Many things have happened since 1954 and today the Bank of Baroda is like any other commercial bank. No Government is having any shares in it. So, it cannot come into the scheme of things

As regards the Rajasthan Bank, it is still carrying on some little treasury work at a few places. This is the smallest of these banks. We have gone into the share capital and the deposits they have received for the last two or three years. It is a tiny little thing and we need not compel it if it is unwilling to come into the picture. As soon as this Bill is passed, we propose advising the Rajasthan Government not to allow it to carry on even this very little treasury work. We think it is not worth while compelling it when we get all the goodwill of the eight big banks. So, why should we compel it and say we shall nationalise it. After all, there is no great advantage in nationalising it. If it is a very big bank, serving a big area, perhaps we could have thought of it. But it is such a small thing and with its share capital, deposits and types of transactions being what they are, it is not worthwhile compelling it. So, it was left out. The Bank of Baroda was left out for other reasons. All the other big banks such as Hyderabad Bank, the Mysore Bank, the Travancore Bank, the Patiala Bank, etc. are coming in for this purpose.

Shri Harsh Chandra Mathur (Pali): There may be a wrong impression that it caters to the whole of Rajasthan though in fact it is a smaller bank. The Bikaner Bank and the Jaipur Bank are the main banks.

Dr. B. Gopala Reddi: When I went to Rajasthan, I went into that question. My hon. friend is perfectly right; it does not cater to a big area; After this Bill is passed, there will not be any private bank which will be carrying on the treasury work.

The State Bank is of course going to take 55 per cent of the things and 45 per cent will of course be theoretically held by shareholders. The Governments also might retain some shares. The Kerala Government would like to retain some shares; likewise the Punjab Government would like to retain some shares in the case of the Patiala Bank. I do not think there will be any great danger that the 55 per cent directors will be overawed by the presence of the minority representatives. Wherever the holding is less than five per cent, they will not be allowed to elect their representatives; they will be nominated by the State Government. If there are more than five per cent, they can certainly elect them. Even the State Bank of India is not completely nationalised. The Reserve Bank has got a large number of shares. There are some private shareholders also today in the State Bank of India. Of course, it is true the Reserve Bank has got today 92 per cent of the shares and only 8 per cent are in the hands of a few people like Tata and others. If they elect about two people from Bombay circle, they come and sit with the other directors. It adds to the richness of the directorate instead of impairing or hampering or obstructing it in its policy that it wants to pursue. Therefore, there are certain advantages in retaining these subsidiary banks instead of amalgamating and we achieved what we wanted to achieve but retain the local character also and try to get the goodwill of the banks. This process of taking over or reorganisation of the banks is not necessarily to give any particular advantage to the employees. The employees should not unnecessarily get any advantage. They

should not also be unnecessarily put under any disadvantage. Simply because we want to reorganise some of the State Banks, it should not be said that all the employees should have the scales of pay obtaining in the State Bank of India. The Travancore Bank has been getting on beautifully well with their own scales of pay. Because we have passed some legislation here, why should they suddenly go up by 50 per cent or 100 per cent and be on a par with the State Bank employees. It is not necessary. That does not follow at all. It is not to give higher emoluments to the State bank employees that we are passing this Bill, but it is in pursuance of a big national policy that the State Bank should have full control of them, it must expand and it must help the co-operatives and things like that. It is in pursuance of a general policy that this is being done and not to help the employers, managing directors and things like that.

Sir, this is not the first time that my hon friend, Ch. Ramesh Singh complains that the agriculturists do not get any help. The State Bank is certainly trying to help. Whenever a land mortgage bank is started, especially a preferential type, they take a certain percentage of debentures shares—ten per cent or so—invariably. They are trying to give a helping hand to the land mortgage banks. Whatever is possible within their own purview to help the agriculturists they are doing. The agriculturists must get their finance from the local credit societies, the land mortgage banks and things like that. I am sure when these land mortgage banks and credit societies are formed in larger numbers the agriculturists will certainly be benefited.

Then, Shri V. P. Nayar asked, why should there be a serving High Court Judge or a retired High Court Judge, why should not there be any member of the Bar. We wanted to give a sort of prestige to the Tribunal, and therefore we said that a re-

tired High Court Judge or a serving High Court Judge would be better. Otherwise, Shri Nayar himself would say: "Oh! they are going to appoint a lawyer or anybody else who is in their party, serving their interests and things like that." It was in order to allay such misapprehensions we wanted to see that somebody who has not been with the Government and who has been holding a high post previously alone should be the Chairman of the Tribunal.

Shri V. P. Nayar: Neither the High Court nor the Supreme Court has such restrictions.

Dr. B. Gopala Reddi: A man who is a Judge in the High Court has a disciplined mind, a judicial mind.

Shri V. P. Nayar: The fact that a man is selected to the Bench either in the High Court or in the Supreme Court does not in any way suggest that he is incompetent.

Dr. B. Gopala Reddi: On the other hand, the bulk of the Judges are recruited from the Bar and the demand is that the number must be raised. Certainly, if they are elevated to the Bench and they are there for a number of years, they get a little detachment, develop a judicial mind and lend dignity to the office they hold. Therefore, the Tribunal also will be served well by such eminent people.

Sir, the other points may be considered at the Joint Committee stage. I am generally happy that it has received the approval of various sections of the House.

Mr. Deputy-Speaker: The question is:

"That the Bill to provide for the formation of certain Government or Government-associated banks as subsidiaries of the State Bank of India and for the constitution, management and control of the subsidiary banks so formed, and

[Mr Deputy Speaker]

for matters connected therewith, or incidental thereto, be referred to a Joint Committee of the Houses consisting of 45 members, 30 from this House namely

Shri C. Bali Reddy, Shri M R Krishna, Dr Ram Subhag Singh, Shri Shree Narayan Das, Dr M S Aney, Sushri Maniben Patel, Major Raja Bahadur Birendra Bahadur Singh, Shri Amar Smgh Damar, Shri K G Wodeyar, Shri T Ganapathy, Shri M Palaniyandy, Shri Bahadur Singh, Shri S R Damani, Dr Pashupati Mandal Shri Vishnu Sharan Dubliah, Shri Lachbi Ram, Shri Panna Lal, Shri Kanhu Charan Jena, Shri K S Rama-Shri B. R Bhagat, Shri Prabhat Kar, Shri P K Kodyan, Shri J M Mohammed Imam, Shri Ram Chandra Majhi, H H Maharaja Pratap Keshari Deo, Shri Subiman Ghose, Shri Lalsram Achaw Smgh, Shri Balasaheb Salunke, and Shri Morarji Desai,

and 15 members from Rajya Sabha,

that in order to constitute a sitting of the Joint Committee the quorum shall be one-third of the total number of members of the Joint Committee,

that the Committee shall make a report to this House by the first day of the next session,

that in other respects the Rules of Procedure of this House relating to Parliamentary Committees will apply with such variations and modifications as the Speaker may make, and

that this House recommends to Rajya Sabha that Rajya Sabha do join the said Joint Committee and communicate to this House the names of members to be appointed by Rajya Sabha to the Joint Committee "

The motion was adopted

16.45 hrs.

SUSPENSION OF FIRST PROVISIO TO RULE 74

The Minister of Revenue and Civil Expenditure (Dr. B. Gopala Reddi):
I beg to move:

"That the first proviso to Rule 74 of the Rules of Procedure and Conduct of Business in Lok Sabha in its application to the motion for reference of the State Bank of India (Amendment) Bill, 1959, to a Joint Committee of the Houses be suspended"

Mr. Deputy-Speaker: The question is:

"That the first proviso to Rule 74 of the Rules of Procedure and Conduct of Business in Lok Sabha in its application to the motion for reference of the State Bank of India (Amendment) Bill 1959, to a Joint Committee of the Houses be suspended"

The motion was adopted

16.46 hrs.

STATE BANK OF INDIA (AMEND- MENT) BILL

The Minister of Revenue and Civil Expenditure (Dr B. Gopala Reddi).
I beg to move

"That the Bill further to amend the State Bank of India Act, 1955, be referred to a Joint Committee of the Houses consisting of 45 members, 30 from this House, namely

Shri C Bah Reddy, Shri M. R. Krishna, Dr Ram Subhag Singh, Shri Shree Narayan Das, Dr M S Aney, Sushri Maniben Vallabh-bhai Patel, Major Raja Bahadur Birendra Bahadur Singh, Shri Amar Smgh Damar, Shri K G. Wodeyar, Shri T. Ganapathy, Shri M Palaniyandy, Shri Bahadur Singh, Shri S. R. Damani, Dr. Pasunpan ptandal, Shri Vishnu

Sharan Dublish, Shri Lechhi Ram, Shri Panna Lal, Shri Kashu Charan Jena, Shri K. S. Ramaswamy, Shri Ram Shanker Lal, Shri B. R. Bhagat, Shri Prabhat Kar, Shri P. K. Kodyan, Shri J. M. Mohammed Imam, Shri Ram Chandra Majhi, H. H. Maharaja Pratap Keshari Deo, Shri Sublam Ghose, Shri Lalsram Achaw Singh, Shri Balasaheb Salunke and Shri Morarji Desai;

and 15 Members from Rajya Sabha;

that in order to constitute a sitting of the Joint Committee the quorum shall be one-third of the total number of members of the Joint Committee;

that the Committee shall make a report to this House by the first day of the next session;

that in other respects the Rules of Procedure of this House relating to Parliamentary Committees will apply with such variations and modifications as the Speaker may make; and

that this House recommends to Rajya Sabha that Rajya Sabha do join the said Joint Committee and communicate to this House the names of members to be appointed by Rajya Sabha to the Joint Committee."

16.48 hrs.

[SHRI MOHAMMED IMAM in the Chair]

I do not think that it is necessary for me to make a long speech on this Bill. It raises no major or controversial issues and only seeks to amend the State Bank of India Act, in order to facilitate the interpretation of some of its existing provisions.

Apart from purely verbal amendments which are of a drafting nature, the amendments of substance are only four or five. I will briefly indicate their purport.

The existing constitution of the State Bank of India provides for a Central Board consisting of twenty members and for four local boards in addition. Each of the four local boards is composed of the members of the Central Board, elected or nominated, who are ordinarily resident in the area covered by the local head office, but includes besides four other members of whom one is elected, while the other three are nominated. There is a provision in the Act preventing an officer of the State Bank itself from being appointed to serve on any of these boards or their committees, but the Chairman, the Vice-Chairman and the two managing directors have been specifically exempted from the operation of this disqualification.

It is now proposed that a legal or technical adviser, who draws a regular salary from the bank should also be enabled, like the Chairman, Vice-Chairman and the managing directors, to be a member of the various boards. The object in view is to enable the Central Government, in consultation with the Reserve Bank, to nominate, where this proves to be necessary, a qualified lawyer, economist, investment adviser or other technical officer to any of the boards, notwithstanding the fact that he may be drawing a salary from the bank. The appointments in pursuance of this amendment, I need hardly add, will only be made, where the merits and standing of the person in question clearly justify such a course.

The original Act establishing the State Bank of India provided for the establishment of pension and superannuation funds for its employees. It is proposed, in pursuance of these powers, to frame regulations for the purpose of providing retiring pensions to the fresh entrants to the bank's service after the 1st July, 1955, and a pension fund will be separately constituted for this purpose. In view of the fact that the employees concerned will be making certain regular contributions to this pension fund, the fund may be held to be a form of life

[Dr. B. Gopala Reddi]

insurance, within the meaning of that expression as defined in the Insurance Act, 1938. On the strength of this interpretation, it may also be held that the business of constituting and managing such a fund will have to be entrusted to the Life Insurance Corporation. The draft amendment seeks to overcome this difficulty, and will make it clear that the State Bank of India can establish a pension fund as originally contemplated.

Section 35 of the State Bank of India Act provides for the acquisition by the State Bank of India of the business of other banks, if the terms and conditions of such acquisition are acceptable to the Central Board of the State Bank and also to the management of the institution transferring the business, and if the scheme for transfer has in addition been approved by the Reserve Bank and sanctioned by the Government of India.

A scheme for the transfer to the State Bank of the business of the Cooch-Bihar Bank was sanctioned under this section in December, 1957. Another scheme in relation to the Manipur State Bank was sanctioned in May, 1958. We have now under consideration the question of taking over the business of some eight or nine other minor-associated banks, and as the provisions contained in section 35 can be used in relation to any bank, it is possible that some banks which are not associated with the State may also have to be dealt with in future under this section.

In the light of the experience gained in regard to the nature of the problems encountered in utilising the provisions of section 35, it appears to be necessary to simplify, in some respects, the procedure contemplated by this section. The draft amendments contain several minor proposals from this point of view. The legal validity of a scheme sanctioned under this section will hereafter be absolute. The transfer and vesting of the business in accordance with the schemes will also be automatic. The employees

of the concerned banks, who are being taken over by the State Bank in pursuance of a scheme of transfer, will not derive an unintended benefit, at the expense of the bank or its depositors and shareholders, by reason only of the fact, that on a technical interpretation, their conditions of service may be less favourable because of the loss of any particular amenity or condition of service which they might previously have enjoyed.

The procedural formalities under the Companies Act and the Banking Companies Act, for the winding up of banking companies, will also be relaxed or waived in future, in order to facilitate the liquidation of the institutions which have made over the whole, or practically the whole, of their business to the State Bank, and have merely to be struck off from the Register of Companies thereafter.

These amendments, it is hoped, will eliminate delays in formulating and implementing schemes under section 35 and will in addition save unnecessary expenditure for the institutions concerned.

The House will recollect that the State Bank of India and its proposed subsidiaries have been or will be entrusted with several functions, which may not be remunerative from a purely commercial point of view. Section 36 of the State Bank of India Act accordingly provides for the establishment of an Integration and Development Fund, to finance the losses, if any, involved in undertaking these functions. The fund is fed by the dividends received on the statutory minimum of 55 per cent of the State Bank of India's shares, which the Reserve Bank is required to hold at any time.

The Integration and Development Fund of the State Bank of India amounted as at the end of December, 1958 to Rs. 1.73 crores and the yearly addition to it is now of the order of Rs. 50 lakhs. The expenditure debitable to the Fund, according to the

arrangements which were arrived between the Reserve Bank and the State Bank in 1950, is the loss which has been incurred by the State Bank on the new branches established in accordance with the requirements under section 16 of its Act. This loss is to be shared in accordance with a formula, which provides that only the excess of the estimated loss, if any, over a minimum figure will be debitable to the Fund, the losses within this minimum being borne by the State Bank of India itself finally and without any reimbursement

It has not been necessary under these arrangements to reimburse to the State Bank any sum towards the losses incurred by it on its new branches in respect of the period upto the end of December, 1950. But in respect of the year 1951, a sum of Rs. 8.95 lakhs has been paid in February, 1951, and it is possible that further sums may be payable to the State Bank in future.

The amendment of section 36, which has been included in the present Bill, provides that these payments to the State Bank will not be treated as income profits or gains for the purposes of taxation. There is abundant justification for this amendment. Any attempt to realise taxes out of this payment, on the ground that it is income, will appreciably reduce the amount which is actually reimbursed to the State Bank, and in this is obvious that this has never been the intention. The amendment proposed will clarify this intention.

Sir, as I have already pointed out at the beginning of this speech, I have nothing to say in regard to the other amending provisions in the Bill.

I move.

Mr. Chairman: Motion moved:

"That the Bill further to amend the State Bank of India Act, 1951, be referred to a Joint Committee of the Houses consisting of 45

members; 30 from this House, namely:

Shri C. Bali Reddy, Shri M. R. Krishna, Dr. Ram Subhag Singh, Shri Shree Narayan Das, D. M. S. Aney, Kumari Maniben Vallabh-bhai Patel, Major Raja Bahadur Birendra Bahadur Singh, Shri Amar Singh Damar, Shri K. G. Wodeyar, Shri T. Ganapathy, Shri M. Palaniandy, Shri Bahadur Singh, Shri S. R. Damani, Dr. Pashupati Mandal, Shri Vishnu Sharan Dublish, Shri Lachhi Ram, Shri Panna Lal, Shri Kanhu Charan Jena, Shri K. S. Ramaswamy, Shri Ram Shanker Lal, Shri B. R. Bhagat, Shri Prabhat Kar, Shri P. K. Kodyan, Shri J. M. Mohamed Imam, Shri Ram Chandra Majhu, H. H. Maharaja Pratap Keshari Deo, Shri Subiman Ghose, Shri Lais'am Achaw Singh, Shri Balasaheb Salunke and Shri Morarji Desai

and 15 members from Rajya Sabha;

that in order to constitute a sitting of the Joint Committee the quorum shall be one-third of the total number of members of the Joint Committee;

that the Committee shall make a report to this House by the first day of the next session;

that in other respects the Rules of Procedure of this House relating to Parliamentary Committees will apply with such variations and modifications as the Speaker may make; and

that this House recommends to Rajya Sabha that Rajya Sabha do join the said Joint Committee and communicate to this House the names of members to be appointed by Rajya Sabha to the Joint Committee."

Any hon. Member wishing to speak? I do not find any, so I shall put it to vote.

Shri Surendramath Dwivedy (Kendrapara): Probably hon. Members will like to speak on it tomorrow.

Mr. Chairman: No, now. There are five minutes more. If they are anxious to speak, let them take part in the debate now.

Shri Naushir Bharucha (East Khandesh): In that case, I shall speak.

Mr. Chairman: All right.

Shri Naushir Bharucha: Sir, I have got nothing to urge by way of opposition so far as this Bill is concerned but I would like to know from the hon. Minister as to in what manner so far as clause 6 is concerned, namely, the question of taking over the banks, the procedure is likely to be simplified. If we turn to the notes on clause 6, which have been circulated, we find that so far as clause 6 is concerned is this:

"Section 35 of the State Bank of India provides for the acquisition by the State Bank through negotiation of the business of any existing bank. It has, however, been found from actual experience that the procedure for acquisition which is now prescribed is elaborate and time-consuming and it is proposed accordingly to re-draft the clause to simplify the procedure."

Now, if you turn actually to this clause 6, you will find that there is hardly any simplification of the procedure for taking over. Take for instance the question of negotiations. I think there is nothing in the new Bill which is going to shorten the negotiations. Negotiations have got to take place and if the negotiations take place then it is bound to take time. All that it seeks to do is that it shortens the procedure by saying that the necessary documents may not be prepared.

May I point out that this will land us in some difficulties. The first difficulty is this. Now let us see exactly what clause 6 lays down. The procedure it lays down is that the terms and conditions relating to such acquisition if agreed upon by the Central Board of the State Bank and the Directorate or management of the banking institutions concerned and approved by the Reserve Bank shall be submitted to the Central Government. So, in the preliminary stage nothing is shortened. The negotiations may drag on and both the Boards of the State Bank as well as the bank taken over may agree. Then the thing is submitted to Government. Government will take its own time to decide whether it approves of this or not. Then further procedure follows:

"Notwithstanding anything contained in this Act or any other law for the time being in force or any instrument regulating the constitution of the banking institution concerned the terms and conditions as sanctioned by the Central Government shall come into effect from the date specified by the Central Government in this behalf in the order of sanction and be binding upon the State Bank and the banking institution concerned as well as upon the shareholders also, as the case may be or the proprietors of the banking institution."

I do not think that in this way you can short-circuit the taking over of the bank because.....

Mr. Chairman: The hon. Member would perhaps like to resume his speech tomorrow.

Shri Naushir Bharucha: Yes, Sir.

16.59 hrs.

***RAIDS BY DACOITS FROM
PAKISTAN**

Mr. Chairman: Now, the House will take up the half-an-hour discussion. Shri Harish Chandra Mathur.

Shri Harish Chandra Mathur (Pall): Mr. Chairman, Sir, this half-an-hour discussion arises out of the unsatisfactory answers given by the Ministry of External Affairs to my question regarding the border raids on Rajasthan on the 3rd April, which I asked. When the hon. Parliamentary Secretary replied, he said that certain dacoit, who was getting a refuge in Pakistan along with certain Pakistani accomplices entered our territory.....and came right into...

17 hrs.

Mr. Chairman: The concerned Minister is not here.

The Minister of Revenue and Civil Expenditure (Dr. B. Gopala Reddi): I am here; he is coming. The hon. Member may go on.

Mr. Chairman: I thought the Finance Minister had gone.

Dr. B. Gopala Reddi: The Home Ministry is going to reply for the External Affairs Ministry.

Shri Harish Chandra Mathur: I could appreciate some arrangement between the Home Ministry and the External Affairs Ministry so far as border incidents are concerned.

Dr. B. Gopala Reddi: Finance is also concerned.

Shri Harish Chandra Mathur: I am very glad that Finance is also taking a little interest in the matter.

Then I asked the Parliamentary Secretary, how is it that the dacoits came so much into the interior as to reach the Jodhpur district, because

Jodhpur district is not a border district. I could understand if it was Barmer or Jaisalmer district. Jodhpur is not a border district. I asked, could he explain how the dacoits came so much into the interior and reached Jodhpur district and kidnaped persons like that. He had no answer to give. My further questions also, whether they had any policy in this matter, and whether the Centre accepted any responsibility in the matter, he failed to answer. Then I asked, has the Centre fixed up any arrangement and whether they have come to any agreement with the State Government in setting up proper enforcement divisions. He said, he did not know. He wanted notice to that also. I asked a third question as to what happened about the scheme which had been submitted by the State Government of Rajasthan to enforce border arrangements. Also to that question, he had no answer to give. There were further supplementaries asked whether they had taken the villagers living in the border into confidence and whether they had been armed. That question was dodged. He stated that it was a larger question and cannot be answered in the ordinary course of a question. This raises very serious doubts in our mind.

The unsatisfactory nature of the State of affairs will be gauged by you when you know that these border incidents are growing every day. Even the Ministry of External Affairs, in their annual report, have found it expedient to make a mention of the deterioration in the situation because of the border incidents. They have stated that if we can take care or if Pakistan paid better attention to these border incidents, if there was better response from that side, the other relations would improve, and border trade might develop—what is going on today is just smuggling, not border trade—and better understanding could develop, and all that sort of thing. What is our Government doing about it at all?

*Half an hour discussion.

[Shri Harish Chandra Mathur]

This is such a large question. I will not take advantage of this to cover the whole ground. I shall restrict my remarks only to the border incidents between Rajasthan and Pakistan. The situation has deteriorated very considerably. I might submit that even during the last four months, there have been as many as 62 such incidents. That is, on every alternate day, there is one incident or the other, only on the Pakistan-Rajasthan border, confined to that area. I am leaving out the eastern border altogether. The situation has deteriorated to this extent. Almost every alternate day, there is an incident. Only the other day or day before, answering a question, the External Affairs Ministry have given us figures. What are the reasons? Why is it that the situation has deteriorated to this extent? May I know what steps have been taken by the Government in this matter? Even the President of Pakistan has, during the recent few days, given expression to very strong feelings. He desires that there should be friendly relations between the two countries. Whatever our differences with the Pakistan Government may be, it could be said to the credit of that Government that the present regime has injected a certain amount of efficiency and integrity into the administration.

The Deputy Minister of External Affairs (Shrimati Lakshmi Menon): Is that the reason why there are so many more dacoities now?

Ch. Ranbir Singh (Rohtak): That is a material point.

Shri Harish Chandra Mathur: The hon. Minister may be a little patient. If that efficiency and integrity is to be reflected in the sincerity, regarding the stopping of these border incidents, then there should be no border incidents. But it appears to me that in spite of this efficiency, the border incidents have increased. I wish the hon. Deputy Minister would understand my point. If the desire is

there to stop these border incidents, if there is the sincerity to stop these border incidents, have not the least doubt that the administration at the other end would be capable of stopping these incidents, but as it is, it only reflects that there is no desire on the part of the Government on the other side to call off these incidents. I wish it is pointedly brought to the notice of the administration in Pakistan. They are talking about the efficiency and integrity of their administration. I understand it is reflected in certain matters. But why is it that it is not reflected in the border incidents? Why is it that after this regime, the number of border incidents has increased so considerably? It is only natural that when the number of border incidents rises like this, and people are kidnapped and held to ransom, there is a deep concern on our part. It is not panic; I know the people in Rajasthan are steady and calm, and there is no panic on our side of the border. But, definitely, we do feel very much concerned that such things have been happening, and we have been very ineffective in our arrangements, and we have not been able to deal the situation as effectively as we ought to have done.

I wish, in the first instance, that we should appeal to the Government of Pakistan, we should approach them, and we should ask them to stop these border incidents, but if they are in no mood to be helpful in this matter, if they are in no mood to call off these incidents, if they are, on the contrary, in a mood to encourage these people, if they are only wanting to give refuge to these dacoits, if they permit these dacoits to go with the looted property and take no action against them, I think this Government owes a certain responsibility to the people in general and to those people who live in these border areas to give them proper protection. It may be said: 'What can this Government do?' The State Government are having

their police and their patrol'. My pointed complaint is that so far as the Rajasthan-Pakistan border is concerned, there are no proper arrangements from our side. The reason for my saying so is this.

Let the hon. Minister's attention be pointedly drawn to this fact that during these seven months or so, so far as the Punjab-Pakistan border is concerned, there have been only seven incidents; as against these seven incidents, during the same period, there have been as many as 62 incidents on the Rajasthan-Pakistan border. Why is that so? It clearly indicates, so far as I can see, that our arrangements on the Rajasthan-Pakistan border are not at all adequate. My complaint gets reinforced further when I know well that the Rajasthan Government have been asking for certain assistance from the Central Government; they have submitted already certain schemes, and they want that those schemes should be countenanced; and they want that something should be done to reinforce the arrangements on the Rajasthan-Pakistan border. I do not wish that the Centre and the State should not be able even to arrive at an agreement in such a minor matter. It is no good telling the Rajasthan Government that it is their responsibility, that police is their responsibility, that law and order is their responsibility, and the Centre cannot go beyond a particular rigid formula. Let us face facts, and the facts are that while on the Punjab-Pakistan border there have been only seven incidents during this period, there have been 62 incidents on the Rajasthan-Pakistan border, and almost every alternate day, as I have submitted already. I cannot over-emphasise this point: I have sufficiently pin-pointed the matter and I have underlined that the arrangements on our side are also not adequate and the Centre should understand their responsibility in this matter. They should be able to tell

90(A1) L.S.D.—8

us what adequate steps they have taken, what the fate of the scheme submitted by the Rajasthan Government is, and why is it that they are not able to give them the necessary assistance?

Ch. Rambr Singh: It may be due to the efficiency of the Punjab Government and the inefficiency of the Rajasthan Government.

Shri Harish Chandra Mathur: It is a very pertinent question, that possibly the Rajasthan Government's police administration is not very efficient. I will give a fitting answer to that by saying that the Rajasthan Government has dealt with the dacoity situation in the entire State, except for a pocket in Dholpur, effectively. They have completely liquidated the dacoits. It was such an immense problem before, and during the last three or four years they have completely liquidated the dacoits and the situation is complete under their control, and we feel absolutely safe in moving from any place to any other place in the State.

When the hon. Home Minister paid a visit to Rajasthan, a complete account of the achievement of the State Government was given to him. The internal administration of Rajasthan was exceptionally good and the hon. Home Minister spent about 1½ hours distributing prizes to the people who had done an excellent job of work. So, I do not think that the Rajasthan Government could be accused of inefficiency so far as the police administration is concerned. It is only the border that is our trouble. Possibly they have not got the means, they are not being given a free hand. The policy is dictated, it may be a weak policy at the Centre. I do not know how the matter stands. It is for the hon. Minister to explain how it is that the Rajasthan Government which has been able to control the law and order situation so actively in the other sector has failed to take any effective steps so far as the border is concerned.

[Shri Harish Chandra Mathur]

and every day there is a border incident which is definitely a natural concern of all of us.

Shri Achar (Mangalore): On a point of order, Sir. Are we too entitled to discuss the police administration of Rajasthan or Punjab and compare the one with the other?

Mr. Chairman: The hon. Mover's complaint is that no proper arrangements are made for the Pakistan-Rajasthan border, and he wants the Central Government to make the necessary arrangements in that border. It is not about the internal administration. There is no point of order.

Shri Harish Chandra Mathur: Another very important factor is that the people are not taken into confidence. I do not know why it is so. I have a strong feeling that if the people of the border area are taken into confidence and if certain people are armed, they will be able to look after themselves very well.

I speak with a certain amount of personal experience in this matter. Immediately after independence we had certain trouble over the Jodhpur border which also runs over 300 miles. We had one incident, a second. The Jodhpur Government reported the matter to the Centre, notes were exchanged, nothing was coming out. But then the Jodhpur Government took certain measures, very strong measures, with the result that for six months there was not one single incident. I want the hon. Minister to check up from records whether it is not a fact that for six months not a single incident took place on the entire border of Jodhpur State with Pakistan which extends over 300 miles.

Shrimati Lakshmi Menon: And after that?

Shri Harish Chandra Mathur: It is simply because we could take certain very strong administrative measures, and I might even go to the extent of saying now, after these ten years, that I absolutely ignored the policy and the feelings of the Centre in this matter, and I had made arrangements about it. I still feel that if the people are taken into confidence, this thing can be done. As a matter of fact, it is the weak policy of this Government which is responsible for this attitude. The Rajasthan Government also moves with a certain hesitation. The people do not go with any confidence, they have a certain hesitation. I think if you can take away that hesitation, the people will be able to do the needful in this matter.

As I submitted, I speak with a certain amount of confidence in this matter and with a certain amount of practical knowledge on this subject. Why is it that we have not been able to put an end to this state of affairs? Any weak policy does not help anybody. It is not appreciated in that area; it is not appreciated on the other side; it is not appreciated anywhere. Let us understand this. We may be very friendly, but friendliness does not mean tolerance of such a state of affairs. Let us give a feeling to the people on the other side that it is not paying to come and do all these things this side. This feeling must be created, that it is not advantageous to do all these things and that it is not a paying business. Only if we can create that sort of feeling, only if Government can create that sort of feeling or our people are permitted or encouraged to create that sort of feeling, that it is not a paying business, that it is not a proper thing and it is not to their advantage to cross the border and do all these things, that these things will come to a stop.

Shri C. K. Bhattacharyya (West Dinajpur): In this matter, I feel the opinion of Rajasthan ought to be ascertained. Why is it that that Government which has tackled Gacoty

within the State so effectively is failing to control the situation on the border? The opinion of that Government itself ought to be ascertained. What do they think about it?

Shri Harish Chandra Mathur: I presume he has done it.

The Minister of State in the Ministry of Home Affairs (Shri Datar): My hon. friend who wanted to raise this discussion is entitled to praise himself for his work while he was a Minister in Jodhpur...

Shri Harish Chandra Mathur: I was not a Minister.

Shri Datar: I will say, 'while he was in an important position in a former Indian State'. He is also entitled to praise the efficiency and work of the Rajasthan Government. I would agree to a large extent with what he has said so far as the latter question is concerned. But I fail to understand why after praising himself and the Rajasthan Government, he has gone to the extent of criticising us without any justification at all. I would point out how in this particular case we are not responsible at all for whatever has unfortunately happened.

Shri D. C. Sharma (Gurdaspur): He was not praising the Rajasthan Government so much as the Jodhpur Administration.

Mr. Chairman: There is an element of truth in it.

Shri Datar: I accept the correction.

Shri Harish Chandra Mathur: I wish they learn something from it.

Shri Datar: So far as this particular incident is concerned, I shall give the facts that we are there. But before I do so, may I point out to my hon. friend that he has highly exaggerated the situation there? The

whole thing has almost been over-coloured, perhaps unconsciously, but whatever he has said is, to a large extent, far from truth.

Take, for example, his statement that there have been such kidnappings or dacoities almost every alternate day. That statement is entirely inaccurate. May I point out to him that from the 1st of January, 1950 to the end of the March, 1950, that is, during the last three months, there had been only six cases of dacoity so far as this border is concerned: We have to take that fact into account. Otherwise, according to him, there ought to have been at least 45 or 50 cases of dacoity. That is not correct at all.

Now, we should take into account the circumstances in this particular case. What happened was that there is one village known as village Seedha, where the first case of kidnapping took place. One Shri Ramchander Mahajan was kidnapped. It is at a distance of 60 miles from the Indo-Pakistan border. That may be noted because he wanted to know the distance. After kidnapping this particular person in the afternoon of one day and while they were going back, they kidnapped another person on the way, in a jungle. That should be stated. That was near village Sevra, where one Shri Bhawan Singh was kidnapped, at a distance of 50—60 miles from the border.

Therefore, so far as both these cases of kidnapping are concerned, they were about 50 miles away from the border.

The next point is that so far as Rajasthan is concerned, we have a 700 mile border. That also is a circumstance which should be noted. Further, what happens is this. There are certain difficulties of terrain. There are about 50 to 150 miles of desert on both sides and there are no good roads also. All the same, may I point out that we maintain a large number of check posts? It would not be

[Shri Datar]

in public interests—and my hon. friend will also agree that I should not—mention the actual number of check posts so far as this border is concerned. We have got a number of check posts.

Then, the Rajasthan Government have maintained what is known as the Rajasthan Armed Constabulary. A number of these persons are all along the border. That also is a circumstance which should not be forgotten. Under these circumstances you will find that the Rajasthan Government have their own ordinary police machinery also in addition to this. These have been stationed at various important points along the border. This is the position so far as actual facts are concerned.

This is a law and order question and, ordinarily, under the Constitution, it is the duty of the State Government to maintain the police because the border is also a part of the State—the Rajasthan State. This is the constitutional position.

It may also be stated that this is not a border incident as such. There are dacoits on this side and there are dacoits on that side, and, generally, these dacoits collude together. In this particular case, we have an Indian dacoit accompanied by a West Pakistani dacoit. They colluded together and kidnapped these persons.

Shri Harish Chandra Mathur: They came from Pakistan and went back to Pakistan.

Shrimati Lakshmi Menon: Not from the border.

Shri Datar: I may tell the House that of the two persons kidnapped one has been released and come back.

Shrimati Lakshmi Menon: On paying a ransom of Rs. 5,000

Shri Datar: That should not be forgotten.

Though the constitutional obligation in respect of avoiding all these incidents like dacoities and kidnapping or maintaining law and order, even along the border, is on the Rajasthan Government, may I point out here that the Government of India have been helping them very substantially, continuously from 1950 onwards. In public interests I cannot enumerate exactly the various types of assistance including monetary assistance that we have given to the State Government. Whenever the State Government had some difficulties, they have approached the Central Government and we have helped them.

Only recently, this question was taken up by the Rajasthan Government and there was a meeting. We discussed all these questions and a certain formula of further help to be extended to them, if necessary, is also being evolved. That is a point which should also be kindly noted.

Then, my hon. friend made an unfortunate and wrong allegation that people are not being taken into confidence. So far as the villages on or near the border are concerned, here has been a more or less free issue of fire-arms to the villagers. If this circumstance is noted, my hon. friend will agree that in this particular case there is nothing of which we can be afraid. There is nothing which would give cause for anxiety.

I am prepared to accept this position that the Rajasthan Government have a tough time so far as these questions are concerned. But, they are trying their best to handle these questions as efficiently as possible. I would agree with my hon. friend. They are trying their best for the solution of such questions and for the maintenance of law and order. As I have stated on a number of occasions the Government of India had to consider the request for financial grants so far as these matters were concerned. You are aware that we had a

Second Finance Commission. There also, when the requirement of the State Governments had to be fully ascertained, this particular point that they had a 700 mile long border with West Pakistan was also considered and their requirements were fully taken into account and then certain arrangements were evolved by the Second Finance Commission. This factor would show that the Government of India are anxious to help the State Government, even though—I may repeat—there is no constitutional obligation on our part to do so. After all Rajasthan is a State Government and it has to contend with a number of problems. There is this long border and therefore, the Government of India came into the picture and helped them in numerous ways including financial assistance. If all these circumstances are taken into account, you will agree that there is no reason for entertaining any misgivings, much less any panic in this respect. In general, the number of dacoities in Rajasthan are gradually coming down. In the year 1956, there were 91; in 1957 there were 61 and in 1958, there were 75. These are the cases of dacoities in respect of the whole of Rajasthan area. Let not my friend make exaggerated allegations...

Shri Harish Chandra Mathur: You are worsening the situation.

Shri Datar: They are entirely wrong. I have got here figures even for the previous years. The number was not so much as the hon. Member would have this House to believe. If there are six cases of kidnapping, is it an abnormal circumstance, especially against 700 miles of border. May I point out that there is no substance in this particular contention and even in respect of this particular unhappy incident, one man has come back. So far as the other man is concerned, he is there. I may also say that whenever international gangs of dacoits operating in India and Pakistan do such things, in every case,

we have taken up this matter: first the officers of the corresponding localities or districts take this up. They often meet and come to certain conclusions. Secondly, we have taken this up on a diplomatic level also with the Pakistan Government through our High Commissioner at Karachi and we expect that would release such kidnaped persons. In the circumstances, I would inform the hon. Member through you that there is no substance in his contention that the situation is very bad and calls for an urgent enquiry and further help from the Government.

Pandit Thakur Das Bhargava (Hissar): The hon. Minister told us that the villages were armed. May I know whether the village from which these two villagers were kidnapped was also armed?

Shri Harish Chandra Mathur: Let him answer both questions together. I would like him to correct himself because this particular incident about which we have held the discussions is not a case of dacoity. It is an incident of kidnapping. Let him remember it. When I cited this incident, I gave the figures from the statement placed on the Table of the House only the day before and here is this statement in my hand which shows that during these four months, there have been 62 incidents on the border of Rajasthan. He has particularly chosen to say about the dacoities; it does not include all the instances. Here is a statement I have got and it gives figures. From nowhere else did I get these figures; it was placed on the Table of the House. There were 62 incidents during these four months. Seven incidents were mentioned in the Punjab border. I think it was not fair on the part of the hon. Minister to say that I had made a wrong statement. I have not stated that there had been 62 dacoity cases. The particular case which I am referring to is one of kidnapping... (Interruptions.)

Shri Datar: There are many more things. They need not be depended

[Shri Datar]

upon. He has brought in all the figures in respect of all possible offences committed on the border.

Shri Harish Chandra Mather: I may mention that I am referring to the statement placed by him on the Table of the House. What more specific proof does he want?

Shri Datar: So far as kidnapping is concerned, Sir, I may tell you that 21 persons were kidnapped during the year 1958 of whom 16 have been released. This is the correct position.

Pandit Thakur Das Bhargava: The hon. Minister has been pleased to mention that as a matter of precaution they have armed these villages. I wanted to know whether this village has been armed.

Shri Datar: Sir, it should also be taken into account that this is an interior village. So far as border

villages are concerned, I have already stated that the Government of Rajasthan are following a liberal policy in the issue of firearms to villages on the border.

Shri C. K. Bhattacharyya: There is one point, Sir, in the hon. Minister's statement which evokes some curiosity. We heard him say that dacoits on both sides could agree among themselves to disturb the order of the State. How is it that the administration on both sides cannot agree to maintain the order?

Shri Datar: That is what we are trying our best to do. We are trying our best to agree, both at the district level and also at the national level.

17.22 hrs.

The Lok Sabha then adjourned till Eleven of the Clock on Thursday, April 30, 1959/Vaisakha 10, 1881 (Saka).

[Wednesday, April 29, 1959/Vaisakha 9, 1881 (Saka)]

ORAL ANSWERS TO QUESTIONS		COLUMNS	WRITTEN ANSWERS TO QUESTIONS—contd.		
S.Q. No.	Subject		S.Q. No.	Subject	COLUMNS
2099A.	Survey of India Party in Nepal	13909—52	2121	Excavations at Nagarjuna Konda	13954-55
2100	College for Delhi Villages	13909—12	2122	Purchase of some sculptures and Coins by Arts purchase Committee	13955-56
2101	National Institute for Audio-visual education	13912—14	2123	Central Advisory Board of museums	13956
2102	Requirements of Foreign Experts for Bhilai Steel Plant	13914—16	2124	Distillation of illicit liquor in Delhi	13956-57
2103	Contract system in M.E.S.	13916—20			
2104	Indian Council for Cultural Relations	13920—22	U.S.Q. No.		
2105	Development works for Andaman and Nicobar Islands	13922-23	3657	Social Welfare Centres in Punjab	13957
2106	Mechanised plough	13923—25	3658	Foreign investments in Iron and Steel Industry	13958
2107	Scientific Civil Service	13925-26	3659	Oil drilling trainees sent abroad	13958
2108	Misappropriation of rice in Tripura	13926-27	3660	Urban Welfare Extension Projects	13959
2111	Mysore Gold Mines	13927-28	3661	Rifle shooting clubs in Punjab and Rajasthan	13959
2112	Allotment of grants for next olympics	13928—34	3662	Foreign aid by India	13959-60
2114	Reservation for Backward classes in Engineering Colleges	13934—37	3663	Land Customs	13960
2115	Dacoity in Churachandpur	13937-41	3664	Quarters for Army Personnel	13960
2116	Naga hostiles	13941-42	3665	Educational Institutions in Himachal Pradesh	13960-61
2117	Assessment of technicians for Third Five Year Plan	13942—44	3666	Social Service Camps in Punjab	13961
S.N.Q. No.		13944—47	3667	Income-tax cases	13961-62
30	Violation of Foreign Exchange Regulations	13947—52	3668	Archaeological survey in Bombay	13962
			3669	Ancient temples in Bombay State	13962
			3670	Courses in nuclear sciences and nuclear engineering	13960—63
			3671	Production of manganese and mica	13963
			3672	Bombay Customs Office	13963—65
			3673	Manganese ore	13965-66
			3674	Stadium in Calcutta	13966
			3675	Review applications	13966-67
			3676	Extension of terms of deputation of officers in Manipur	13967-68
WRITTEN ANSWERS TO QUESTIONS		13952—94			
S.Q. No.					
2109	Polytechnics in the South	13952			
2110	Indian School of Mines and Applied Geology, Dhanbad	13952-53			
2113	Neyveli lignite	13953			
2118	National Academy for Training of Civil Servants	13953-54			
2120	Village Authorities in Manipur	13954			

WRITTEN ANSWERS TO
QUESTIONS—contd.

U.S.Q. No.	Subject	COLUMNS
3677	Government D. M. College, Imphal .	13968
3678	Decentralisation of work in Defence Administration .	13968
3679	Advisory Committee for Tripura .	13968-13969
3680	Social Education .	13969
3681	Education of the orthopaedically handicapped .	13969-70
3682	Smuggling .	13970
3683	Hostels for women and children in Punjab .	13970
3684	Survey of Juvenile delinquency in Madras .	13970-71
3685	Rockets .	1397
3686	Special steels .	13971
3687	Metallurgical coal .	13972
3688	Grants for elementary education .	13972
3689	Iron ore deposits in Punjab .	13972-73
3690	Foreign capital investments .	13973
3691	Taxes collected in Jammu and Kashmir .	13973-74
3692	Grants to Punjab University .	13974
3693	Bharat Sevak Samaj .	13974
3694	Grants for primary education to Orissa .	13974-75
3695	Cantonment Board, Ferozepur .	13975
3696	Grants to Social Welfare Organisations in Madras .	13975
3697	Purchase of equipment for Police Force in Andamans .	13976
3698	Primary Co-operative Societies in Nicobar Islands .	13976-77
3699	Andaman and Nicobar Islands .	13977-78
3700	Wealth Tax and Expenditure Tax .	13978
3701	Election petitions .	13978
3702	Briquette brick manufacture at Neyveli .	13979
3703	Kolar Gold Fields, Mysore .	13979

WRITTEN ANSWERS TO
QUESTIONS—contd.

U.S.Q. No.	Subject	COLUMNS
3704	Training and Research in Geology and Applied Geology .	13980
3705	Sale of Ferro-manganese by M/s. Khandewal Ferro Alloys .	13980-81
3706	Sale of Ferro-manganese by M/s. Cambatta Ferro-Manganese Ltd. .	13981
3707	Extension of services .	13981
3708	Recruitment of Scheduled Castes candidates in Defence Services (Civil) .	13982
3709	State Bank of India .	13982-83
3710	Falling of fans in cinema houses of Agartala .	13983
3711	Craft schools in Manipur .	13983-84
3712	Suspension bridges in Manipur .	13984
3713	Science teachers of Camp College, Delhi. .	13985
3714	Taxes from Non-resident Indians .	13985-86
3715	Stone image at Kurab .	13986-87
3716	Development of market in Kamalpur (Tripura) .	13987
3717	Multipurpose schools in Punjab .	13987
3718	Crude oil .	13987-88
3719	Iron pillar at Dhar .	13988
3720	Small Savings Scheme .	13988-89
3721	Social Welfare Target .	13989
3722	Transport department, Delhi .	13989-90
3723	Welfare of scheduled castes in Punjab .	13990
3724	Shortage of trained teachers in Himachal Pradesh .	13990-91
3725	Educated unemployment in Punjab .	13991
3726	Removal of antiscrubility in Punjab .	13991

**WRITTEN ANSWERS TO
QUESTIONS—contd.**

U.S.Q. No.	Subject	COLUMNS
3727	Kordwar-Handwar Laidhang-Pedua Road	13991-92
3728	Hotels in Himachal Pradesh	13993
3729	All India Services	13993-94
3730	Propagation of Sans- krit	13994
3731	Basic Education in Public Schools	13994

**PAPERS LAID ON THE
TABLE**

The following papers were
laid on the Table :

- (1) A copy of the Second Annual Report of the State Trading Corporation of India Limited for the period ending the 30th June, 1958, along with the Audited Accounts under sub-section (1) of Section 639 of the Companies Act, 1956
- (2) A copy of the Bombay Khar Lands Development Board (Reconstitution) Order, 1959, published in Notification No. G.S.R. 367 dated the 26th March, 1959, under sub-section (5) of Section 4 of the Inter-State Corporations Act, 1957.
- (3) A copy of each of the following Notifications under sub-section (4) of Section 43B of the Sea Customs Act., 1878 :—
 - (i) G.S.R. No. 441 dated the 18th April, 1959.
 - (ii) G.S.R. No. 442 dated the 18th April, 1959, making certain further amendment to the Customs Duties Drawback (Brand Rates) Rules, 1958.
 - (iii) G.S.R. No. 443 dated the 18th April, 1959.

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**PAPERS LAID ON THE
TABLE—contd.**

making certain further amendment to the Customs Duties Drawback (Fixed Rates) Rules, 1958

(iv) G.S.R. No. 444 dated the 18th April, 1959, making certain further amendment to the Customs Duties Drawback (Brand Rates) Rules, 1958

**MESSAGE FROM RAJYA
SABHA**

13996

Secretary reported a message from Rajya Sabha that Rajya Sabha had no recommendations to make to Lok Sabha in regard to the Finance Bill, 1959, passed by Lok Sabha on the 22nd April, 1959.

STATEMENT RE. DEMANDS FOR EXCESS GRANTS FOR 1955-56.

13996

The Minister of Finance (Shri Morarji Desai) presented a statement showing Demands for Excess Grants in respect of the Budget (General) for 1955-56

**REPORT OF COMMITTEE
ON PRIVATE MEMBERS
BILLS AND RESOLU-
TIONS PRESENTED**

13996

Forty-Fourth Report was presented

**REPORT OF ESTIMATES
COMMITTEE PRESEN-
TED**

13996-97

Fifty-fourth, Fifty-fifth and Sixtieth Reports were presented

**REPORT OF PUBLIC
ACCOUNTS COM-
MITTEE PRESENTED**

13997

Seventeenth Report was presented.

COLUMNS

COLUMNS

PETITION PRESENTED

1397

Dr. P. Subbaryan presented a petition signed by 19 petitioners regarding the Report of the Committee of Parliament on Official Language, 1958.

BILL PASSED . . .

1397—1404

Further discussion on the motion to consider the Reserve Bank of India (Amendment) Bill concluded. After the clause by-clause consideration the Bill was passed

SUSPENSION OF RULE

1404—44

The Minister of Revenue and Civil Expenditure (Dr. B. Gopala Reddi) moved the motion *re* suspension of First Proviso to Rule 74 of the Rules of Procedure and Conduct of Business in Lok Sabha in its application to the motion for reference of the State Bank of India (Subsidiary Banks) Bill to a Joint Committee. The motion was adopted.

MOTION TO REFER BILL TO JOINT COMMITTEE ADOPTED. . .

1404—1411

The Minister of Revenue and Civil Expenditure (Dr. B. Gopala Reddi) moved that the State Bank of India (Subsidiary Banks) Bill be referred to a Joint Committee. The motion was adopted

SUSPENSION OF RULE

The Minister of Revenue and Civil Expenditure (Dr. B. Gopala Reddi) moved the motion *re* suspension of the First Proviso to Rule 74 of the

SUSPENSION OF RULES—contd.

Rules of Procedure and Conduct of Business in Lok Sabha in its application to the motion for reference of the State Bank of India (Amendment) Bill to a Joint Committee. The motion was adopted

MOTION TO REFER BILL TO A JOINT COMMITTEE

14120-28

The Minister of Revenue and Civil Expenditure (Dr. B. Gopala Reddi) moved that the State Bank of India (Amendment) Bill be referred to a Joint Committee. The discussion was not concluded.

HALF-AN HOUR DISCUSSION

14139-44

Shri Harish Chandra Mathur raised a half-hour discussion on points arising out of the answer given on the 3rd April, 1959 to Starred Question No. 1649 regarding raids by deserts from Pakistan

The Minister of State in the Ministry of Home Affairs (Shri B. N. Datar) replied to the debate.

AGENDA FOR THURSDAY, APRIL, 30, 1959/ VAISAKHA 10, 1881 (SARA)

Further discussion on the motion to refer the State Bank of India (Amendment) Bill to a Joint Committee and consideration and passing of the Bengal Finance (Sales Tax) (Delhi Amendment) Bill.