

Friday,  
13th February, 1948

THE  
CONSTITUENT ASSEMBLY OF INDIA  
(LEGISLATIVE) DEBATES

Official Report

VOLUME I, 1948  
(28th January to 16th February, 1948)

SECOND SESSION  
of the  
CONSTITUENT ASSEMBLY OF INDIA (LEGISLATIVE)  
1948



490LAD

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# CONSTITUENT ASSEMBLY OF INDIA (LEGISLATIVE)

Friday, 13th February, 1948

The Assembly met in the Assembly Chamber of the Council House at Eleven of the Clock, Mr. Speaker (The Honourable Mr. G. V. Mavalankar) in the Chair.

## DECLARATION BY MEMBER

The following Member made the declaration under Rule 2C:

Mr. Abdul Kadir Abdul Aziz Khan (Bombay: Muslim).

## STARRED QUESTIONS AND ANSWERS

### ORAL ANSWERS

[252\*—267\*]† HIGH PRICES CHARGED BY PAPER MILLS AND STATIONERY MANUFACTURERS.

‡268. \*Shri Deshbandhu Gupta: (a) Will the Honourable Minister of Industry and Supply be pleased to state whether Government are aware that some paper mills are charging prices higher than those fixed for them under clause 5 of the Paper Price Order 1944?

(b) Are Government further aware that in the name of the paper control the movement of even stationery items is strictly restricted?

(c) What action do Government propose to take to enforce sale at the fixed price by the paper mills and to stop cancellation of the licences of stationery manufacturers?

The Honourable Mr. C. H. Bhabha: (a) Government have no information.

(b) Government are aware that due to scarcity of exercise and account books in Delhi the local administration have imposed restrictions on the export of these articles of stationery. The local administration is within its rights to impose any restriction considered necessary in the interest of its province.

\* (c) Government can take no general action in the matter. They will, however, be prepared to investigate any specific cases that may be brought to their notice.

### GOVERNMENT DAIRY FARMS IN INDIA

269. \*Shri V. C. Kesava Rao: Will the Honourable Minister of Agriculture be pleased to state:

(a) the total number of Government dairy farms in India; and

(b) the quantity of milk supplied to the public by such dairy farms?

The Honourable Shri Jairamdas Donlatram: (a) There are thirty-six Government Civil Dairy Farms and twenty-eight Military Dairy Farms in India.

(b) The information is not readily available, and will be collected and supplied to the House in due course.

†For these questions and answers, see pages 653-64 of these Debates.  
‡Answer to this question laid on the table, the questioner being absent.

**Shri H. V. Kamath:** Where are these dairy farms situated, may I know?

**The Honourable Shri Jairamdas Doulatram:** There are four in Assam, two in Bihar, eight in Bombay, two in the Central Provinces, one in Coorg, one in Delhi, two in Madras, one in Travancore, four in Orissa, two in East Punjab.

**Shri Ramnarayan Singh:** Are these dairy farms self-supporting?

**The Honourable Shri Jairamdas Doulatram:** I cannot say straightaway; I will require notice of the question.

**Mr. R. K. Sidhva:** For whom do these dairy farms cater? Do they supply milk to military people or to civilians or to government servants?

**The Honourable Shri Jairamdas Doulatram:** The civil dairy farms supply milk to the civil population, the military dairy farms to the military.

**Mr. R. K. Sidhva:** How many civil dairy farms are there?

**The Honourable Shri Jairamdas Doulatram:** As I said, there are thirty-six government civil dairy farms.

**Dr. H. C. Mookherjee:** Is it a fact that many of the civil dairy products somehow or other go to the houses of government servants?

**The Honourable Shri Jairamdas Doulatram:** I am not aware of that. As I said, I will supply detailed information as to the quantity of milk supplied to the public from each dairy farm. The information is being collected.

**Shri Ramnarayan Singh:** When I put the question whether these dairy farms are self-supporting, the Honourable Minister said that the question does not arise.

**Mr. Speaker:** He did not say so.

**Shri Ramnarayan Singh:** He wanted notice. It means . . .

**The Honourable Shri Jairamdas Doulatram:** I am not ready with the information. It is being collected.

**Mr. Speaker:** Order, order. No further discussion is necessary.

**Begum Aizaz Rasul:** In the list read out by the Honourable Minister may I know if there are any dairy farms in U.P. ?

**The Honourable Shri Jairamdas Doulatram:** There are nine in U.P.

**Shri H. V. Kamath:** Among the milch cattle in these dairy farms are there any animals apart from cows and buffaloes—goats for instance?

(No reply)

**Dr. P. S. Deshmukh:** Are these dairy farms under the Central Government or under the Provincial Governments?

**The Honourable Shri Jairamdas Doulatram:** Most of them are under the Provincial Governments.

**Mr. R. K. Sidhva:** May I ask how many farms are maintained by the Government of India for the civil population?

**The Honourable Shri Jairamdas Doulatram:** There is one full-fledged dairy farm at the Indian Dairies Research Institute at Bangalore. They have a few other dairy farms: one connected with the Agricultural Research Institute, New Delhi, one connected with the Agricultural Research Institute, Karnal, one with the Veterinary Research Institute, Izatnagar, one with the Veterinary Research Institute, Mukhteswar.

**Dr. P. S. Deshmukh:** Is it a fact that all these military dairy farms were started during the war?

**The Honourable Shri Jairamdas Doulatram:** I cannot say at present.

**Shri Mihiri Lal Chattopadhyay:** In view of the fact that no dairy farm has been started by the Government in West Bengal, may I ask what steps are being taken by the Central Government to augment the produce of milk in the Province of West Bengal where milk is acutely short?

**The Honourable Shri Jairamdas Doulatram:** We have made frequent attempts to induce the Provincial Governments to increase their dairy farms, and I can again write to the Provincial Governments.

**Shri V. C. Kesava Rao:** May I know whether there is any proposal to increase the number of dairy farms?

**The Honourable Shri Jairamdas Doulatram:** Yes.

**Dr. H. C. Mookherjee:** May I ask whether the Government of India propose to help the West Bengal Government to start dairy farms and if so in what ways?

**The Honourable Shri Jairamdas Doulatram:** We have given a number of inducements: for instance we have given subsidy—financial assistance.

**Dr. P. S. Deshmukh:** Can the Honourable Minister say which is more economical to maintain—the civil or the military dairy?

**The Honourable Shri Jairamdas Doulatram:** I require notice as I shall have to work out figures for that.

پلڈت تھاکر داس بہارگو : کیا گورنمنٹ آف انڈیا کی یہ پالیسی ہے کہ گورنمنٹ کے

تیری فارم جو ہیں ان سے سیٹائی ملک میں گورنمنٹ servants کو preference دینی جائے بہ نسبت اور حصہ population کے۔

**Pandit Thakur Das Bhargava:** Is this the policy of the Government of India to give preference to Government servants in the matter of supply of milk?

**The Honourable Shri Jairamdas Doulatram:** I am not aware of that. But I will make enquiries.

**Shri M. Ananthasayanam Ayyangar:** In the Province of Madras, in the district from which I come, namely Chittoor district, where there was a military farm, the military authorities gave notice that the farm would be disbanded and if by a particular date the cows and calves were not taken they would be shot—and they were shot dead. Is the Honourable Minister aware of this?

**The Honourable Shri Jairamdas Doulatram:** I require notice of that question.

**Shri M. Ananthasayanam Ayyangar:** Would the Honourable Minister make enquiries and also see to it that no more such farms are disbanded?

**Mr. Speaker:** Order, order. Only information may be asked.

**Shri H. V. Kamath:** Do these farms manufacture cheese?

**The Honourable Shri Jairamdas Doulatram:** No, they produce only milk.

AGRICULTURE RESEARCHES FOR IMPROVING PRODUCTION AND FARMER'S ECONOMY

†270. \*Shri Damodar Swarup Seth: Will the Honourable Minister of Agriculture be pleased to state:

(a) whether Government are taking any steps to fit in the results of valuable researches in agriculture in the farmer's economy;

(b) whether Government have sufficient number of field workers to apply the knowledge obtained through research to the field; and

(c) if not, whether Government propose to take action to obtain a sufficient number of such workers for improving the conditions of agriculture and raising the level of production?

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

**The Honourable Shri Jairamdas Doulatram:** (a) The Government of India and the Indian Council of Agricultural Research try to make known to the Provincial Governments and the public results of researches undertaken in their institutes or the commodity committees through periodical conferences and by means of various journals and popular publications. The Indian Council of Agricultural Research have during the last several years themselves financed a number of schemes to try out results of important researches in the fields. Improved varieties of seeds for instance are generally used now for wheat, rice sugarcane etc. all over the country. They have recently undertaken a scheme to develop twenty villages within the direct jurisdiction of the Central Government round about Delhi in all aspects of agriculture and animal husbandry. The Ministry of Agriculture have under active consideration the setting up a Land Utilisation Board to undertake on an integrated basis schemes for improvement of agriculture in all its aspects.

(b) The shortage of field workers all over the country is well known. The position compares very unfavourably with other countries. This shortage is affecting the production of food in the country. Government realise that much more should be done in this direction than has been achieved so far. Most of the provinces in their post-war plans have schemes for training of field workers whose duty it would be to help the cultivator utilise results of researches carried out at experimental stations. It is expected that these schemes will be pushed through rapidly.

(c) As stated above, Government are alive to the responsibility of training more workers for the field. Facilities for training in all agricultural colleges and schools have been expanded. The Government of India themselves have set up a new Central Agricultural College at Delhi. But Government intend to study this problem afresh and try and implement schemes for increasing the number of the right type of men for applying the results of research in actual practice.

#### QUICK GROWTH OF TREES BY FOREST DEPARTMENT FOR REMOVAL OF FUEL SHORTAGE

†271. \*Shri Damodar Swarup Seth: Will the Honourable Minister of Agriculture be pleased to state whether the Forest Department has been directed to work on schemes of developing quick-growing trees to remove the shortage of fuel for the village people?

**The Honourable Shri Jairamdas Doulatram:** The attention of the Honourable Member is invited to the reply given by my predecessor to part (a) of the Starred Question No. 318 by Shri R. R. Diwakar on the 26th November 1947 a copy of which is placed on the table. A report is being called for from all the provinces as to the progress achieved so far.

#### PRIORITY TO PRODUCTION OF FOOD CROPS OVER COMMERCIAL CROPS.

†272. \*Shri Damodar Swarup Seth: Will the Honourable Minister of Agriculture be pleased to state whether Government have taken any steps to give high priority to the production of food crops, oilseeds, fruits, vegetables and milk in preference to Commercial Crops?

**The Honourable Shri Jairamdas Doulatram:** Not so far as a matter of policy. Under the prevailing circumstances both food crops and commercial crops are needed in the interest of the national economy. Government will consider favourably plans for making India self-sufficient in regard to food without affecting the capacity of India to produce such commercial crops as it may need. Government will therefore take steps to have this question properly examined.

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

## NAMES AND LOCATION OF SUGAR MILLS IN INDIA

**273. \*Dr. P. S. Deshmukh:** (a) Will the Honourable Minister of Food be pleased to state the number of Sugar Mills in India in the years 1946 and 1947 with their names and places of location?

(b) What are the conditions governing the establishment of new Sugar and Textile Mills?

(c) What was the basis on which the Mills were allocated to different Provinces?

**The Honourable Shri Jairamdas Doulatram:** (a) A statement is placed on the table of the House.

(b) The conditions governing the establishment of new sugar mills are: (i) The applicant must obtain sanction of the Examiner of Capital Issues for issue of capital above five lakhs. (ii) The applicant must obtain an import licence from the Chief Controller of Imports for the import of machinery.

In approving applications for establishment of new sugar mills the Government of India take into consideration (i) the approved plan of immediate five-year expansion, and (ii) the recommendations of the Provincial or State Government concerned regarding Promoters and sites.

As regards Textile Mills, the Honourable Member should address the question to my Honourable colleague in charge of the Ministry of Industry and Supply.

(c) The allocation of 45 new sugar mills to different Provinces and States was made in two stages: (i) 20 new units of 800 to 1000 tons daily crushing capacity were recommended for allocation Province and Statewise by the Panel on Sugar, set up by the Government of India in the late Planning and Development Department and the recommendations were accepted by the Government of India. (ii) Consequent on Government of India's decision to raise the target of production recommended by the Panel from 16 to 18½ lakh tons, further 25 new units of the above daily crushing capacity were allocated by the Government of India to the Provinces and States. The principles (on which new units were allotted were dispersal) of the Sugar Industry in areas other than U. P. and Bihar where there is at present concentration; suitability of the area for sugarcane climatically and the state of development of sugarcane in it.

*Statement*

*showing the names of factories with their places of location for the years 1946 and 1947 (including factories located in Pakistan and those in Indian States).*

Name of Factory	Location
<i>Bengal</i>	
1. North Bengal Sugar Mills Co., Ltd.	Gopalpur (Pakistan). (Rajshahi).
2. Setabganj Sugar Mills, Ltd.	Setabganj (Pakistan).
3. Shree Radha Krishna Sugar Mills, Ltd.	Beldanga, Murshidabad.
4. The Ramnugger Cane and Sugar Co., Ltd.	Plassey, P.O. Nadia.
5. Carew and Co., Ltd.	Darsana, P.O. Nadia (Pakistan).
6. The Deshbandha Sugar Mills, Ltd.	Charsindur, Dacca (Pakistan).
7. Kaligunj Sugar Mills, Ltd.	Kaligunj, P. O. Dacca (Pakistan).
8. Dass Sugar Corporation Ltd.	P.O. Kishorganj, (Pakistan) Mymensingh.
9. Rajlaxmi Sugar Mills	Maitra Bagan, Basirhat, Distt. 24 Parganas.

## Name of Factory

## Location

*Bihar*

- |   |                                       |
|---|---------------------------------------|
| 1. Sakri Sugar Factory of the Durbhanga Sugar Co., Ltd. | Sakri, P.O. Darbhanga.                |
| 2. Lohat Sugar Factory of the Durbhanga Sugar C. Ltd.   | Lohat, P.O. Darbhanga.                |
| 3. Ryam Sugar Co., Ltd.                                 | Ryam Factory, Darbhanga.              |
| 4. Samastipur Central Sugar Co., Ltd.                   | Samastipur, Darbhanga.                |
| 5. New India Sugar Mills, Ltd.                          | Hassanpur, Darbhanga.                 |
| 6. Motipur Sugar Factory, Ltd.                          | Motipur, Muzaffarpur.                 |
| 7. Belsund Sugar Co., Ltd.                              | Righa, P.O. Muzaffarpur.              |
| 8. Champarun Sugar Co., Ltd.                            | Bara-Chakia, Champaran.               |
| 9. Shree Hanuman Sugar Mills, Ltd.                      | Motihari, Champaran.                  |
| 10. The Sugauli Sugar Works, Ltd.                       | Sugauli, Champaran.                   |
| 11. Motilal Padampat Sugar Mills Co., Ltd.              | Majhaulia, Champaran.                 |
| 12. Champaran Sugar Co., Ltd.                           | Chanpatia, Champaran.                 |
| 13. S.K.G. Sugar Ltd., M.S. Dalmia Jain and Co., Ltd.   | Lauriya, Champaran.                   |
| 14. The New Swadeshi Sugar Mills, Ltd.                  | Narkatiagunj, Champaran.              |
| 15. Harinagar Sugar Mills, Ltd.                         | P.O. Harinagar Sugar Mills, Champaran |
| 16. Ganga Devi Sugar Mills, Ltd.                        | Naraiपुर, P.O. Champaran.             |
| 17. Gaya Sugar Mills, Ltd.                              | Guraru, Gaya.                         |
| 18. Gaya Sugar Mills, Ltd.                              | Warisaliganj, Gaya.                   |
| 19. The South Bihar Sugar Mills, Ltd.                   | Bihta, Patna.                         |
| 20. Mohini Sugar Mills, Ltd.                            | Bikramganj, Shahabad.                 |
| 21. Rohtas Industries, Ltd.                             | Dalmianagar, Shahabad.                |
| 22. Ganga Deshi Sugar Factory Ltd.                      | Buxar, Shahabad.                      |
| 23. Sitalpore Sugar Works, Ltd.                         | Sitalpore, Saran.                     |
| 24. Cawnpore Sugar Works, Ltd.                          | Marhowrah, Saran.                     |
| 25. Maharajganj Sugar Factory                           | Maharajganj, Saran.                   |
| 26. The Behar Sugar Works                               | Pachrukhi, Saran.                     |
| 27. New Savan Sugar and Gur Refining Co., Ltd.          | Siwan, Saran.                         |
| 28. Indian Sugar Works                                  | Siwan, Saran.                         |
| 29. Siwan Deshi Sugar Factory                           | Siwan, Saran.                         |
| 30. Bharat Sugar Mills, Ltd.                            | Lidhwalia, Saran.                     |
| 31. Sasa Musa Sugar Works, Ltd.                         | Sasa Musa, Saran.                     |
| 32. The Vishnu Sugar Mills, Ltd.                        | Gopalganj, Saran.                     |
| 33. S.K.G. Sugar, Ltd.                                  | Hathua, Saran.                        |

*United Provinces*

- |                                    |                         |
|------------------------------------|-------------------------|
| 1. Purnabpore Co., Ltd.            | Mairwa, Deoria.         |
| 2. Noori Sugar Works               | Bhatni, Deoria.         |
| 3. Shree Sitaram Sugar Co., Ltd.   | Baitalpur, Deoria.      |
| 4. Cawnpore Sugar Works, Ltd.      | Gauribazar, Deoria.     |
| 5. Deoria Sugar Mills, Ltd.        | Deoria, Deoria.         |
| 6. Sind National Sugar Mills, Ltd. | Deoria, Deoria.         |
| 7. Saraya Sugar Factory            | Sardarnagar, Gorakhpur. |



Name of Factory.	Location.
<i>United Provinces.—Contd.</i>	
8. Diamond Sugar Mills, Ltd. . . . .	Pipraich, Gorakhpur.
9. Pipraich Sugar Mills, Ltd. . . . .	Pipraich, Gorakhpur.
10. The Shankar Sugar Mills, Ltd. . . . .	Captainganj, Deoria.
11. The Punjab Sugar Mills Co., Ltd. . . . .	Ghughli, Gorakhpur.
12. Mahabir Sugar Mills Co., Ltd. . . . .	Siswa Bazar, Gorakhpur.
13. The Vishnu Pratap Sugar Works, Ltd. . . . .	Khadda, Deoria.
14. The Lakshmi Devi Sugar Mills, Ltd. . . . .	Chitauni, Deoria.
15. Ishwari Khetan Sugar Mills, Ltd. . . . .	Lakshmiganj, Deoria.
16. The Ramkola Sugar Mills Co., Ltd. . . . .	Ramkola, Deoria.
17. Maheehwari Khetan Sugar Mills, Ltd. . . . .	Ramkola, Deoria.
18. Padrauna Rajkrishna Sugar Works, Ltd. . . . .	Padrauna, Deoria.
19. Jagadish Sugar Mills, Ltd. . . . .	Kathuiyan, Deoria.
20. The United Provinces Sugar Co., Ltd. . . . .	Seorahi, Deoria.
21. Ganesh Sugar Mills, Ltd. . . . .	Anadnagar, Gorakhpur.
22. Shree Sardar Sugar Mills, Co. . . . .	Ranchandri, Gorakhpur.
23. The Madho Kanhaya Maheeh Gauri Sugar Mills, Ltd. . . . .	Munderwa, Basti.
24. Basti Factory of the Basti Sugar Mills Co., Ltd. . . . .	Basti, Basti.
25. Walterganj Factory of The Basti Sugar Mills Co., Ltd. . . . .	Walterganj, Basti.
26. Barhni Sugar Mills . . . . .	Barhni, Basti.
27. Shree Anand Sugar Mills, Ltd. . . . .	Khaliabad, Basti.
28. The Saksaria Sugar Mills, Ltd. . . . .	Babhnan, Gonda.
29. Nawabganj Sugar Mills Co., Ltd. . . . .	Nawabganj, Gonda.
30. Balrampur Sugar Co., Ltd. . . . .	Balrampur, Gonda.
31. Balrampur Sugar Co., Ltd. . . . .	Tulsipur, Gonda.
32. R. B. Seth Lachmandas Mohanlal & Sons Sugar Mills. . . . .	Jarwal, Bharaich.
33. The Burhwal Sugar Mills Co., Ltd. . . . .	Burhwal, Barabanki.
34. Seth Ramchand & Sons Sugar Mills. . . . .	Barabanki, Barabanki.
35. Ratna Sugar Mills Co., Ltd. . . . .	Shahganj, Jaunpur.
36. Shree Krishna Deshi Sugar Works . . . . .	Jhusi, Allahabad.
37. Tribeni Deshi Sugar Works . . . . .	Naini, Allahabad.
38. The Lakshmi Sugar and Oil Mills, Ltd.. . . . .	Hardoi, Hardoi.
39. The Seksaria Biswan Sugar Factory Ltd. . . . .	Biswan, Sitapur.
40. The Oudh Sugar Mills Ltd. . . . .	Hargaon, Sitapur.
41. Lakshmiji Sugar Mills Co., Ltd. . . . .	Maholi, Sitapur.
42. Aira Sugar Factory . . . . .	Khamaria, Kheri.
43. The Hindusthan Sugar Mills, Ltd. . . . .	Golagokaran Nath, Kheri.
44. Rose Sugar Works & Distillery of Carew & Co., Ltd. . . . .	Rosa, Shahjahanpur.
45. H. R. Sugar Factory Ltd. . . . .	Bareilly Bareilly.
46. The Keear Sugar Works Ltd. . . . .	Baheri, Bareilly.
47. L. H. Sugar Factories and Oil Mills Ltd. . . . .	Pilibhit, Pilibhit.
48. Upper Ganges Sugar Mills, Ltd. . . . .	Seohra, Bijnor.
49. Seth Shiv Prasad Banarasidas Sugar Mills. . . . .	Bijnor, Bijnor.
50. The Dhampur Sugar Mills Ltd. . . . .	Dhampur, Bijnor.
51. The Vijai Sugar Corporation Ltd. . . . .	Doiwala Dehra-Dun.
52. The Ganga Sugar Corporation Ltd. . . . .	Deoband, Saharanpur.

## Name of Factory.

## Location.

*United Provinces.—Conoltd.*

53. Raj Bahadur Narain Singh Sugar Mills, Ltd.	Lhaksar, Saharanpur.]
54. The Lord Krishna Sugar Mills, Ltd.	Saharanpur.
55. Sir Shadi Lal Sugar and General Mills, Ltd.	Mansurpur, Muzaffarnagar.
56. Upper India Sugar Mills, Ltd.	Khatauli, Muzaffarnagar.
57. Amritsar Sugar Mills Co., Ltd.	Rohanakalan, Muzaffarnagar.
58. Upper Doab Sugar Mills, Ltd.	Shamli, Muzaffarnagar.
59. Diwan Sugar Mills	Diwannagar, Meerut.
60. Daurala Sugar Works	Daurala, Meerut
61. Jaswant Sugar Mills Ltd.	Meerut City.
62. Ram Luxman Sugar Mills	Mohiuddinpur, Meerut.
63. The Modi Sugar Mills, Ltd.	Modinagar, Meerut.
64. Simbhaoli Sugar Mills, Ltd.	Simbhaoli, Meerut.
65. The Gokulnagar Sugar Mills Co., Ltd.	Kiehha, Naini-Tal.
66. L. H. Sugar Factories & Oil Mill, Ltd.	Kashipur, Naini-Tal.
67. The Neoli Sugar Factory	Manpore, Etah.
68. Standard Refinery & Distillery, Ltd.	Una.
69. Kamapat Motilal (Sugar Mills)	Masodha, Fyzabad.
70. Experimental Sugar Factory	Nawabganj, Cawnpore.
71. Baijnath Balmakund Sugar Mills	Anwarganj, Cawnpore.
72. Kundan Sugar Mills	Amroha, Moradabad.
73. The Ajudhia Sugar Mills	Raga-Ka-Sahaspur, Moradabad

*Punjab.*

1. The Gujranwala Sugar Mills, Co.	Rahwali, Gujranwala (Pakistan)
2. The Amritsar Sugar Mills Co., Ltd.	Gr. Trunk Road, Amrtisar.
3. Saraswati Sugar Mills	Abdullapur, Ambala.
4. The Pattoki Sugar Works, Pattoki	Pattoki, Lahore (Pakistan)

*Orissa.*

1. Aska Sugar Works and Distillery.	Aska, Ganjam.
2. Jeypore Sugar Co., Ltd.	Rayagada, Koraput.

*Madras.*

1. The Vizagapatam Sugar and Refinery, Ltd.	Anakapalle, Vizagapatam.
2. Etikoppaka Sugar Factory	Etikoppaka, Vizagapatam.
3. The Sri Rama Sugar Mills, Ltd.	Bobbili, Vizagapatam.
4. The Sri Rama Sugar Mills, Ltd.	Seethanagaram, Vizagapatam.
5. The K.C.P., Ltd.	Vuyyuru, Kistna.
6. The Kirlampudi Sugar Mills, Ltd.	Kirlampudi, East Godavari.
7. The Deccan Sugar and Abkari Co., Ltd.	Samalkot, East Godavari.
8. The East Indian Distilleries and Sugar Factories, Ltd.	Nelikuppam South Arcot.
9. The India Sugar and Refineries, Ltd.	Hospet, Bellary.
10. Coimbatore Co-operative Sugar Manufacturing Society, Ltd.	Padanur, Coimbatore.
11. Al. Vr. St. Sugarmills and Distillery	Tachanallur, Tinnevely.
12. Lakshmi Sugar Mills	Near Lakshmanatope, Tinnevely.
13. The Marugappa Sugar Co., Ltd.	Mailpatti, N. Arcot.
14. The Deccan Sugar and Abkari Co., Ltd.	Pugalur, Trichinopoly.

Name of Factory.	Location.
<i>Bombay.</i>	
1. The Saswad Mali Sugar Factory Ltd. . . .	Malinagar, Sholapur.
2. The Brihan Maharashtra Sugar Syndicate, Ltd.	Shreepur, Sholapur.
3. Walchandnagar Industries Ltd. . . .	Walchandnagar, Poona.
4. The Ravalgaon Sugar Farm, Ltd. . . .	Ravalgaon, Nasik.
5. The Belapur Co., Ltd. . . . .	Harigaon, Ahmednagar.
6. The Maharashtra Sugar Mills, Ltd. . . .	Tilaknagar, Ahmednagar.
7. The Belvandi Sugar Farm, Ltd. . . . .	Belvandi, Ahmednagar.
8. Godavari Sugar Mills, Ltd. . . . .	Sakarwadi, Ahmednagar.
9. The Sombaiya Sugar Factory . . . . .	Lakshmiwadi, Ahmednagar.
10. Shree Changdeo Sugar Mills Ltd. . . . .	Changdeonagar Ahmednagar.

*Sind.*

1. The Pioneer Sind Sugar Mills, Ltd. . . . . Mohatta Nagar (Pakistan).

*N.-W. P. Province.*

1. The Frontier Sugar Mills and Distillery, Ltd. . . Takh-i-Bhai, Mardan (Pakistan).

INDIAN STATES.

*(Kashmir).*

1. Shree Yuvraj Sugar Mills, Ltd. . . . . Rarbirningh Pura.

*(Punjab).*

2. Jagatjit Sugar Mills Co., Ltd. . . . . Phagwara, Kapurthala State.  
 3. The Mahalaxmi Sugar Mills Co., Ltd. . . . . Hemira, Kapurthala State.

*(United Provinces).*

4. Raza Sugar Co., Ltd. . . . . Rampur, Rampur State.  
 5. Buland Sugar Co., Ltd. . . . . Rampur, Rampur State.

*(Travancore).*

6. The Travancore Sugar Chemicals, Ltd. . . . Thuckalay, Travancore State.

*(Mysore).*

7. Mysore Sugar Co., Ltd. . . . . Mandya, Mysore State.

*(Bombay).*

8. The Kolhapur Sugar Mills . . . . . Kolhapur, Kolhapur State.  
 9. The Phaltan Sugar Works, Ltd. . . . . Sakharwadi, Phaltan State.  
 10. Krishna Sugar Mills, Ltd. . . . . Kittur Miraj Jr. State.  
 11. The Ugar Sugar Works, Ltd. . . . . Ugar Khurd, Sangli State.

Name of Factory.	Location.
(Central India).	
12. The Jaora Sugar Mills . . . . .	Jaora, Jaora State.
13. Bhopal Sugar Industries Ltd. . . . .	Schore, Bhopal State.
14. Sri Lakshmi Narayan Sugar Works Ltd. . . . .	Harapalpur, Alupura State.
15. The Gwalior Sugar and Co., Ltd. . . . .	Dabra, Gwalior State.
16. The Jivaji Rao Sugar Co., Ltd. . . . .	Dalanda, Mandasaur.
17. Maharani Parvati Sugar Mills Ltd. . . . .	Sarangpur, Dewas State.
18. Seth Govindram Sugar Mills . . . . .	Mehidpur, Holkar State.
(Rajputana).	
19. The Bikaner Industrial Corporation Ltd. . . . .	Sri Ganganagar, Bikaner State.
20. The Mewar Sugar Mills, Ltd. . . . .	Bhupalsagar, Udaipur State.
21. Shree Bijay Sugar Mills . . . . .	Bijainagar, Ajmere.
22. The Nizam Sugar Factory Ltd. . . . .	Shakarnagar, Hyderabad State.
23. The Salar Jung Sugar Mills Ltd. . . . .	Munirabad, Hyderabad State.
(Kathiawar).	
24. Bhavnagar Sugar Mills Ltd. . . . .	Dhola Jn., Bhavnagar State.

**Dr. P. S. Deshmukh:** On the whole is it the policy of Government to encourage the establishment of sugar factories or not?

**The Honourable Shri Jairamdas Doulatram:** Yes, it is.

**Dr. P. S. Deshmukh:** Does the Government do everything in its power to facilitate the establishment of such factories?

**The Honourable Shri Jairamdas Doulatram:** I presume so.

**Mr. Speaker:** The question is vague enough.

#### APPOINTMENT OF COMMITTEE FOR DEVELOPMENT OF A HARBOUR ON KANARA COAST

274. \***Shri S. V. Krishnamurthy Rao:** Will the Honourable Minister of Transport be pleased to state:

(a) whether it is a fact that in the tripartite Conference between the Governments of Bombay, Madras and Mysore held in June 1947, it was decided that the Government of India should appoint a committee to investigate as to which harbour was best suited to be developed on the Kanara coast;

(b) whether any committee has been appointed; and

(c) if not, when the committee would be appointed?

**The Honourable Dr. John Matthai:** (a) The Conference referred to could not come to a final conclusion in view of the constitutional changes then impending. The sense of the Conference, however, was that it was desirable to appoint a technical committee with comprehensive terms of reference to undertake a traffic and engineering survey to determine whether there was a need for a deep-sea port between Mormugao and Cochin; if so, where the port should be sited and what improvements are necessary in communications to the existing ports.

(b) No.

(c) The whole question was recently reviewed by the Central Board of Transport and an announcement is expected to be made shortly.

**Shri S. V. Krishnamurthy Rao:** May I know as to when such a committee is likely to be appointed?

**The Honourable Dr. John Matthai:** Very soon.

**Shri S. V. Krishnamurthy Rao:** Can there be any time or any month that may be indicated please?

**The Honourable Dr. John Matthai:** Within a few weeks an announcement will be made.

**MAINTENANCE OF DIMAPUR-IMPHAL AND GAUHATI-SHILLONG ROADS IN MANIPUR AND KHASI STATES.**

**275. \*Shri B. P. Jhunjhunwala** (on behalf of **Shri Rohini Kumar Chaudhuri**): (a) Will the Honourable Minister of Transport be pleased to state whether a major portion of the roads from Dimapur to Imphal in the Manipur State, and from Gauhati to Shillong in Khasi States which pass through Indian Dominion are maintained by the Government of India?

(b) Is there any proposal to transfer these roads or any portion thereof to the states through which they pass and if so, what steps do the Government of India propose to take in the matter?

**The Honourable Dr. John Matthai:** (a) The Manipur State portion of the Dimapur-Imphal road, and the portion of the Gauhati-Shillong road lying in the Khasi States are maintained at present by the Assam Government at the cost of the Government of India.

(b) No.

**TRANSFERRED STARRED QUESTIONS AND ANSWERS†**

**NON-PAYMENT OF INCOME-TAX BY OXFORD UNIVERSITY PRESS IN INDIA.**

**252. \*Dr. B. V. Keskar:** (a) Will the Honourable Minister of Finance be pleased to state whether it is a fact that the Oxford University Press in India do not pay any income-tax?

(b) If so, what are the reasons?

(c) What steps do Government propose to take to remedy this defect in taxation regulations?

**The Honourable Shri R. K. Shanmukham Chetty:** (a) Yes.

(b) The Press is owned by the Oxford University which is a charitable Trust and therefore exempt under the Income-tax Act.

(c) The question of the desirability of amending the present law so as to confine the exemptions to such charities as enure exclusively to the benefit of the Indian public is being referred to the Income-tax Investigation Commission.

**KILLING OF MAHADU MOTIRAM OF EAST KHANDESH DISTRICT BY AN ARAB OF NIZAM'S STATE.**

**253. \*Shri H. V. Pataskar:** Will the Honourable Minister of States be pleased to state:

(a) whether it is a fact that one Mahadu Motiram Pardeshi of Dighi, Talukam Pachora, District East Khandesh, Bombay Province, was shot down by an Armed Arab from the Nizam's State on 17th November, 1947;

(b) whether it is a fact that this Arab was an employee of the Nizam's Government;

†The meeting of the Assembly fixed for 12th February, 1948, having been cancelled, the answers to starred questions for that day were, in pursuance of convention, laid on the table of the House today.—*Ed. of D.*

(c) whether it is a fact that this Mahadu Motiram was killed while defending some property lying within the territories of the Dominion of India;

(d) if so, whether the Nizam's Government have been asked to pay compensation for this; and

(e) whether the Nizam's Government have handed over the offender to the authorities in the Bombay Province?

**The Honourable Sardar Vallabhbhai Patel:** (a) Yes.

(b) Reports indicate that he is in His Exalted Highness the Nizam's Government's employ.

(c) Yes.

(d) We have no information.

(e) Hyderabad Government had agreed to surrender the Arab on his identity being established and a *prima facie* case being made out against him. Bombay Government have not reported whether they have actually done so.

#### NUMBER OF INDIAN CASUALTIES RANK-WISE DURING WORLD WAR II.

254. \***Dr. P. S. Deshmukh:** Will the Honourable Minister of Defence be pleased to lay on table of the House a statement giving the number of Indian casualties for each year during World War II with their classification according to ranks?

**The Honourable Sardar Baldev Singh:** I lay three statements on the table of the House.

#### Statement of casualties during World War II.

##### (a) ROYAL INDIAN NAVY.

Year in which casualties occurred.	KILLED		WOUNDED		MISSING.	
	Officers.	Ratings.	Officers.	Ratings.	Officers.	Ratings.
1939	..	4	..	..	..	..
1940	1	7	..	13	..	..
1941	3	47	3	1	..	..
1942	3	60	..	10	..	..
1943	1	87	..	4	..	..
1944	3	76	4	40	..	..
1945	2	61	..	35	..	2
<b>Total</b>	<b>13</b>	<b>342</b>	<b>7</b>	<b>103</b>	<b>..</b>	<b>2</b>

##### (b)—INDIAN ARMY.

Period during which casualties reported.	KILLED.			WOUNDED.		
	Officers	VCOs	IORs.	Officers	VCOs	IORs.
From date of declaration of war to end of						
1941	9	55	1237	12	130	5004
1942	11	86	1546	10	161	4520
1943	11	124	3300	21	147	3896
1944	60	323	10344	118	975	30647
1945	41	160	8113	70	440	13397
1946	24	135	7105	3	19	127
<b>Total</b>	<b>156</b>	<b>883</b>	<b>31651</b>	<b>234</b>	<b>1872</b>	<b>57591</b>

The number of personnel reported 'as Missing' or 'P.O.W.' during the same years is follows :—

Period during which casualties reported	Officers	VCOs	IORS
From date of declaration of war to end of			
1941 . . . . .	52*	89	305
1942 . . . . .	1390*	1859	86100
1943 . . . . .	387	1847	81720
1944 . . . . .	381	1786	80556
1945 . . . . .	80	665	36714
1946 . . . . .	30	238	16763

\*Separate figures for Indian Officers not available as returns included both British and Indian Officers.

#### NOTES

1. The Japanese Government did not provide us with any information regarding the P. O.W. taken by them and therefore those who were in fact prisoners of war also treated as missing. The missing of Prisoners of War figures given above, therefore, include all personnel still to be accounted for and not known to be killed or wounded. At the end of the war it was found that a large number declared as missing had wither been killed in action or died in captivity. The number still shown as missing is the number about whom no definite information is yet available and who must therefore be presumed dead.

2. The figures given above show the latest position on the given dates.

## (c)—ROYAL INDIAN AIR FORCE

Year in which Casualties Occurred	KILLED			WOUNDED			MISSING			PRISONERS OF WAR		
	Officers	Airmen	Others	Officers	Airmen	Others	Officers	Airmen	Others	Officers	Airmen	Others
1939	..	..	..	..	..	..	..	..	..	..	..	..
1940	..	..	..	..	..	..	..	..	..	..	..	..
1941	13	..	..	..	..	..	..	..	..	..	..	..
1942	24	..	..	..	..	..	..	..	..	..	..	..
1943	29	..	..	..	..	..	..	..	..	..	..	..
1944	63	42**	72†	78**	78**	..	1	..	..	1*	..	..
1945	31	14	36†	115	44	15†	1	..	..	..	..	..
Total	160	56	36	87	122	15	..	..	..	..	..	..

Note.—\*Since recovered.

\*\* represents the total number from 1941—1944

† represents the total number from 1939—1944

‡ represents the total number from 1942—1945

Breakdown of these figures by years is not possible as these statistics were maintained by Base Personnel Office, RAF, and are not available with us. The collective figure has been taken from a consolidated return for the entire period.



## AREA OF STATES ABSORBED IN CENTRAL PROVINCES

255. \*Dr. P. S. Deshmukh: Will the Honourable Minister of States be pleased to state the area of the States that have been absorbed in the Central Provinces?

The Honourable Sardar Vallabhbhai Patel: 38 150 square miles.

## RECRUITMENT OF ANDHRA COMMISSIONED OFFICERS IN INDIAN FORCES

256. \*Shri V. C. Kesava Rao: (a) Will the Honourable Minister of Defence be pleased to state the existing number of Andhra Commissioned Officers in the India Army, Navy and the Air Force?

(b) What steps do Government propose to take to recruit an adequate number of Andhras in the armed forces of the country?

(c) Is there any proposal to establish an officers' training school at Bezwada?

The Honourable Sardar Baldev Singh: (a) It is regretted that figures of Andhra Commissioned Officers in the Armed Forces are not available.

(b) The deciding factor in selection is merit and no preference is given to any province or community.

(c) No, Sir.

## ESTABLISHMENT OF HIGHER TECHNICAL INSTITUTIONS IN INDIA

257. \*Shri V. C. Kesava Rao: (a) Will the Honourable Minister of Education be pleased to state whether Government propose to set up higher technical institutions in the country?

(b) If so, do Government propose to consider the question of opening one of these in the Andhra districts?

(c) What is the policy of Government in the matter of the location of these institutions?

(d) Do Government propose to give priority to areas deficient in technically trained personnel when locating these institutions?

The Honourable Maulana Abul Kalam Azad: (a) Yes. The Government have been giving serious consideration to the question of establishing higher technical institutions in the country and have decided to establish within the first quinquennium commencing from 1947 two of the four such institutions recommended by the Higher Technological Education Committee (Sarkar Committee). These will be located in or near Calcutta and Bombay respectively.

(b) The Government will consider the question at the appropriate time as for the present a beginning is to be made with two institutions only which, however, will cater to the needs of the country as a whole.

(c) The Government of India have not formulated any definite policy governing the location of the higher technical institutions but have accepted in principle the need for the establishment of four such institutions, one each in the East, West, North and South, the location to be determined from the point of view of establishing and maintaining the right relationship between the public, industry and education. The Government will of course be guided by the advice of the All India Council for Technical Education which has been set up with a view to co-ordinate plans for the improvement of technical education in this country.

(d) All relevant factors, including the deficiency in technically trained personnel, will be given due consideration at the appropriate time.

## RETROCESSION TO HYDERABAD STATE OF VILLAGES DECLARING INDEPENDENCE

**258. \*Shri V. C. Kesava Rao:** (a) Will the Honourable Minister of States be pleased to state whether it is a fact that the help of the Government of India has been sought by the Hyderabad State in getting back the eight villages that have declared themselves independent of the Hyderabad State?

(b) Have Government any information that the Madras Government sent police force to help Hyderabad in this connection?

**The Honourable Sardar Vallabhbhai Patel:** (a) No.

(b) We have no information.

## CUSTOMS CHECK OF PLANES SMUGGLING BULLION FROM HYDERABAD STATE TO PAKISTAN

**259. \*Shri V. C. Kesava Rao:** (a) Will the Honourable Minister of States be pleased to state whether Government are aware that bullion is being systematically smuggled from the Hyderabad State to Pakistan by air?

(b) If the answer to part (a) above be in the affirmative, do Government propose to consider the desirability of instituting a customs check of these planes bound for Pakistan?

**The Honourable Sardar Vallabhbhai Patel:** (a) Government have no information.

(b) Does not arise, but Government have the matter under consideration.

## LEVY OF EXCISE DUTIES ON BETEL-NUTS

**260. \*Shri Rohini Kumar Chaudhuri:** (a) Will the Honourable Minister of Finance be pleased to state the total amount of excise duties levied on betel nuts grown in India, in the years 1944-45, 1945-46, and 1946-47?

(b) What is the amount collected during the period from 1st April, 1947 to the 31st December, 1947, and what is the amount due to be collected for the period 1st January, 1947 to 31st March, 1948?

(c) In view of the hardship caused to the poor peasants of India, do Government propose to do away with the levy of excise duties on betel nuts?

**The Honourable Shri R. K. Sharmukham Chetty:** (a) and (b). The revenue so far realised from this excise is as follows:—1944-45 Rs. 1,32 lakhs. 1945-46 Rs. 1,84 lakhs. 1946-47 Rs. 85 lakhs. 1947 (1st April 1947 to 31st December 1947) Rs. 21 lakhs.

The amount expected to be collected in India from January to March 1948 is Rs. 8 lakhs. The figures in respect of the years 1944-45 to 1946-47 are for British India before partition.

(c) The matter will be given due consideration.

## PURCHASE OF CRUISERS FROM BRITISH ADMIRALTY

**261. \*Shri Rohini Kumar Chaudhuri:** (a) Will the Honourable Minister of Defence be pleased to state whether it is a fact that Government are going to purchase some cruisers from the British Admiralty at an early date?

(b) If so, how many and at what price?

(c) Are the cruisers sea-worthy and effective?

**The Honourable Sardar Baldev Singh:** (a) Yes.

(b) One, at a cost of approximately Rupees one Crore.

(c) Yes.

CASUALTIES AMONGST INDIAN TROOPS EMPLOYED IN KASHMIR

262. \*Shri Rohini Kumar Chaudhuri: Will the Honourable Minister of Defence be pleased to state the casualties, if any, among the Indian troops employed in defending Kashmir?

The Honourable Sardar Baldev Singh: The casualties in Kashmir operations up to 8th February 1948 are as follows:

	Killed	Wounded	Missing	
Officers	7	18	4	
V & Os and others	293	550	78	
Total	300	568	82	=950

IMPLEMENTATION OF RECOMMENDATIONS OF BHORE COMMITTEE

263. \*Shri Damodar Swarup Seth: Will the Honourable Minister of Health be pleased to state:

(a) what measures Government propose to take to implement the recommendations of the Bhole Committee regarding the health survey of the country both for long and short term plans;

(b) in case Government do not find it possible to implement the recommendations of the Bhole Committee immediately, whether they have under consideration any other alternative scheme to improve the nation's health; and

(c) whether Government propose to consider the desirability of training Medical Assistants in big district hospitals both on the curative and preventive side together with an elementary instruction on preclinical subjects like Anatomy, Physiology etc.?

The Honourable Rajkumari Amrit Kaur: (a) Some of the important recommendations of the Bhole Committee were considered at a Conference of Provincial Health Ministers in October 1946. The responsibility for implementing these recommendations is primarily that of Provincial Governments. A statement is laid on the table of the House showing the action so far taken.

(b) Does not arise.

(c) The Honourable Member presumably refers to "Health Assistants" mentioned by the Bhole Committee. The training of such personnel is a matter with which Provincial Governments are primarily concerned.

STATEMENT

Indicating the action taken on the principal recommendations of the Bhole Committee report

1. Recommendations relating to:—(a) Objectives suggested by the Committee;
- (b) District health organisation;
- (c) Central and Provincial Boards of Health and Health Councils;
- (d) The amalgamation of the medical and public health departments;
- (e) Water supply and sanitation;
- (f) Anti-malaria measures;
- (g) Quinine production; and
- (h) The Indian Systems of Medicine;

were discussed at a meeting of Provincial Ministers held on the 10th to 12th October, 1946, and copies of the resolutions passed are attached to this statement.

Provincial Governments who are primarily concerned are taking necessary action in regard to items (a) to (g) above. As regards (h), the Government of India have set up a Committee on Indigenous Systems of Medicine and the report of this Committee is awaited.

3. The other recommendations of the Bhore Committee on which action has been taken are as follows :

(a) *Professional education*.—The Indian Medical Council, to whom the Bhore Committee recommendations regarding professional education were referred, have accepted in general the broad principles contained therein.

(b) *Regulation of dental, pharmaceutical and nursing professions*.—A Bill to regulate the profession of dentistry was introduced in the Central Legislative Assembly on the 12th April, 1947. It has referred to a Select Committee of the Constituent Assembly of India (Legislative) on the 22nd November 1947. The report of the Select Committee was presented on the 28th January 1948.

The Indian Nursing Council Act, 1947 (Act No. XLVIII of 1947), has been passed.

A Bill to regulate the profession of Pharmacy was introduced in the Constituent Assembly of India (Legislative) and referred to a Select Committee of the Assembly in November 1947. The Bill as amended by the Select Committee was finally passed on the 5th February 1948, and awaits the assent of the Governor General.

(c) *Training of personnel*. (1) (i) *Doctors*.—A scheme was started in 1946 to send selected medical graduates for post-graduate training in universities and institutions abroad primarily to fit them for higher teaching and research posts. Under this scheme 49 candidates were selected in 1946 and 76 candidates in 1947 from all parts of India. Candidates were selected for all branches of medicine. The selections were made on an all-India basis by a Central Selection Board.

(ii) *Dentists*.—Similarly, in 1947, 13 candidates were selected from the whole of India by a Central Selection Board for higher training abroad in Dentistry.

(iii) *Nutrition Workers*.—In 1947 ten candidates were selected from the whole of India for higher training in Nutrition in institutions abroad.

(iv) *Nurses*.—In 1945, 1946 and 1947, six, three and four qualified nurses respectively holding certificates were sent to the United Kingdom for post-graduate training. In 1946 ten and in 1947 twenty-seven probationer nurses were also sent to that country for training.

(2) The Americal Lake Hospital, Calcutta has been converted into a temporary College for providing degree courses for ex-Army medical licentiates from all parts of India.

(3) A College of Nursing has been established at Delhi to provide higher training for nurses.

(4) The staff of the All India Institute of Hygiene and Public Health has been increased to provide for 60 public health students a year and for other specialised courses.

(5) The Malaria Institute, Delhi, has been expanded to provide increased facilities for training and research.

(d) *All India Medical Institute*.—The Committee which was appointed to advise Government on the establishment of the All India Medical Institute has reported and the report is under consideration.

(e) *Medical Research*.—The recommendations of the Bhore Committee have been referred to the Indian Research Fund Association for their views.

(f) *Bureau of Standards*.—A Bureau of Standards for medical institutions has been set up.

(g) Other recommendations of the Bhore Committee are under consideration.

## RESOLUTIONS AGENDA ITEM No. 2

### CONSIDERED

"The Conference endorses the objectives proposed by the Bhore Committee as objectives to be kept in view in formulating plans for a national health service".

### AGENDA ITEM No. 3

#### *District Health Organisation*

The Conference considers that the District Health Organisation proposed is administratively sound and acceptable in principle. The programme for the first five years is not within present financial resources but it is agreed :

Firstly, that the scheme should be implemented on as wide a scale as possible consistent with financial limitations, taking full advantage of existing institutions and staff;

Secondly, that modifications in the scheme may be made where necessary to adapt it to local conditions;

Thirdly, that in areas where the full organisation cannot be set up immediately, schemes for development should be framed with due regard to the objective of building up a curative and preventive health service on the general lines recommended by the Committee;

Fourthly, that each Province should review its plans with these considerations in view.

#### AGENDA ITEM No. 5

##### *The Provision of Facilities for the Training of Medical and Other Personnel*

The Conference agrees that a review of training facilities in the light of probable future requirements should be undertaken and that particular emphasis should be laid on the training of personnel. It also agrees that as far as possible, the larger provinces should assist those provinces which have not yet been able to provide their own training facilities by admitting students to their training institutions.

#### AGENDA ITEM No. 5

##### *Central and Provincial Boards of Health and Health Councils*

The Conference agrees that Boards of Health and Councils of Experts should be constituted at the Centre and in the Provinces. It considers that representatives of the Central Legislature should be included in the Central Board of Health, that the constitution of the Provincial Boards should be left to the discretion of the Provincial Governments and that the health experts of the Central and Provincial Governments should attend the Central Board of Health. The Conference also considers that the functions of the Central Board and Council should be purely advisory.

#### AGENDA ITEM No. 7

##### *The Amalgamation of the Medical and Public Health Departments*

The Conference accepts the principle of amalgamation of medical and public health departments and considers that the amalgamation should take place when a suitable opportunity occurs.

The Honourable Ministers from Madras and Bombay dissented from this view. The Honourable Minister from Madras considered that co-ordination between the two departments was preferable to amalgamation.

#### AGENDA ITEM No. 8

##### *Water Supply and Sanitation*

The Conference agrees—

(1) that an active programme for the improvement of water supply and sanitation in both urban and rural areas should be undertaken;

(2) that in respect of water supply the objective should be to provide at least 50 per cent. of the population with a safe and abundant water supply within a period of not more than 20 years and the entire population within not more than 35 years.

(3) that in urban areas the objective should be to instal adequate sewerage in all towns with a population of 50,000 or over during the first 10 years;

(4) that the constitution and functions of provincial water and drainage boards should be left to the discretion of Provincial Governments.

#### AGENDA ITEM No. 9

##### *Establishment of Anti-Malaria Organisations*

The Conference agrees—

(1) that a vigorous drive against malaria should receive priority in development programmes;

(2) that, subject to adaptation to suit local conditions, anti-malaria organisations should follow the general framework of the organisation proposed by the Bhole Committee;

(3) that anti-malaria personnel trained in the Defence Services should be utilised to the fullest possible extent.

#### AGENDA ITEM No. 10

##### *The Policy in Regard to Quinine and other Anti-Malaria Drugs*

The Conference agrees that quinine production should be continued and developed up to about 200,000 lbs. a year, subject to review from time to time. It was also agreed that the views expressed by the Provincial Ministers on the subject of a guarantee to the producing provinces should be further considered by the Government of India in consultation with Provincial Governments.

## AGENDA ITEM No. 11

*Indian Medicine*

I. In accordance with the recommendations of the National Planning Committee, this Conference resolves that adequate provision should be made in the Centre and the Provinces—

- (a) for research in and the application of the scientific method for the investigation of the indigenous systems like Ayurveda and Unani with reference to (1) maintenance of health and (2) prevention and cure of disease.
- (b) for starting schools and colleges for training for diploma and degree courses in Indigenous Systems of Medicine.
- (c) for post-graduate courses in Indian Medicine for graduate in Western Medicine.

II. In accordance with Resolution No. 13 of the National Planning Committee this Conference resolves to absorb the practitioners of Aurvedic and Unani Systems of Medicine into the State Health Organisation by giving them further scientific training wherever necessary as health personnel, like doctors, physical training expert (Ustads), sanitary staff, messieurs, nurses, midwives, etc.

III. This Conference resolves that, in the Central Council and Provincial Health Boards and Councils the departments and practitioners of Indian Medicine should be given due representation, wherever possible.

## AGENDA ITEM No. 12

*Abolition of Civil Branch of Indian Medical Service*

This Conference of Health Ministers is of opinion that there should be no civil branch of the Indian Medical Service and requests that the Central Government may arrange to take back immediately the Indian Medical Service personnel in civil employ in the provinces and post them on the Military side to which they rightly belong.

PROHIBITION OF SALE OF DRUGS BY '*Panwallas*' AND GROCERS

264. \*Shri Rohini Kumar Chaudhuri: (a) Will the Honourable Minister of Health be pleased to state whether Government are aware that aspirin products and other highly potent drugs such as "Bonemits" are being sold by *Panwallas* and Grocers?

(b) Is there no restriction in the Drugs Act prohibiting sale of these drugs by shops other than pharmacies?

(c) Are Government aware that wrong drugs are being supplied by ignorant and illiterate salesmen in *pan* shops and grocery shops?

(d) If so, do Government propose to take any steps to stop sales through such agencies?

The Honourable Rajkumari Amrit Kaur: (a) Yes; patent medicines are sometimes sold by grocers and other shopkeepers.

(b) I would invite the attention of the Honourable Member to Chapter VI of the Drugs Rules, 1945. Under the Rules a licence has to be taken out for all retail sales of drugs. If medicines are supplied on a doctor's prescription or if preparations containing certain specified drugs which are poisonous are sold loose a qualified pharmacist will have to be employed for the purpose. If patent medicines packed in containers which are not opened on the premises are sold it is not necessary to employ a qualified pharmacist for the purpose.

(c) No such cases have come to the notice of Government.

(d) The provisions of the Drugs Rules are considered to be adequate.

## RECRUITMENT TO ADMINISTRATIVE SERVICES AND NUMBER OF ASSAMESE APPOINTED

265. \*Shri Rohini Kumar Chaudhuri: Will the Honourable Minister of Home Affairs be pleased to state:

(a) how many officers have been appointed after 15th August, 1947 to the Administrative Services;

(b) how many of them have been directly recruited and how many from among 'War Service' candidates—giving separate figures for Civil and Military;

(c) whether direct recruitment to these Services will be made annually;

(d) whether any written or oral examination is held for selection to this service and if so by whom;

(e) whether any facilities to prepare for such examinations are given to candidates and if so, whether candidates are selected from each province; and

(f) whether any direct recruitment has been made from *bona fide* natives of Assam to the Administrative Services and if so, the names of the officers and the places to which they have been posted?

**The Honourable Sardar Vallabhbhai Patel:** (a) It is presumed that Honourable Member is referring to the Indian Administrative Service. Six officers have been appointed to this Service after the 15th August 1947.

(b) All are 'war-service' candidates recruited by the Federal Public Service Commission for war-reserved vacancies for the I.C.S.

(c) Yes.

(d) War service candidates were recruited by the Federal Public Service Commission on the basis of interviews held by them. Recruitment in future will, however, be made by means of competitive examinations to be held annually by the Federal Public Service Commission. The examination consists of written papers on certain specified subjects followed by a *viva voce* test.

(e) The answer to the first part of the question is in the negative, the latter part does not arise.

(f) No candidate belonging to Assam has been appointed to the Indian Administrative Service so far.

#### EFFECT OF DEVALUATION OF FRENCH AND CHINESE CURRENCIES ON INDIAN CURRENCY

**266. \*Shri Biswanath Das:** Will the Honourable Minister of Finance be pleased to state:

(a) whether Government are aware of the devaluation of the Franc in France as also of the devaluation of currency in China;

(b) whether Government are aware that the British currency notes are given circulation in America at a devaluation price lower than their face value by about 12 to 13 shillings a pound;

(c) if so, how far these devaluations affect Indian currency; and

(d) whether Government are considering the effect of all such devaluations of currencies on the rupee and also the question of the devaluation of our currencies?

**The Honourable Shri B. K. Shanmukham Chetty:** (a) Yes.

(b) Government have no information.

(c) Does not arise.

(d) Government are closely watching the effect of the devaluations of the currencies of countries with which India trades.

#### ARREST OF MESSRS. FARUQI, SHIV NARAIN BAWA RAM CHADRA AND SHAKIL AHMAD

**267. \*Diwan Chaman Lal:** Will the Honourable Minister of Home Affairs be pleased to state:

(a) the specific reasons for the arrest of Messrs. Faruqi, Shiv Narain, Bawa Ram Chandra and Shakil Ahmad who are stated to be members of the Communist Party; and

(b) the law under which these arrests were ordered?

**The Honourable Sardar Vallabhbhai Patel:** (a) and (b). Messrs. Faruqi, Shiv Narain, Bawa Ram Chandra and Shakil Ahmad were arrested under section 3 of the Punjab Public Safety Act, 1947, in order to prevent them from acting in a manner prejudicial to the maintenance of public order.

#### NOMINATION OF PANEL OF CHAIRMEN

**Mr. Speaker:** I have to inform the House that under sub-rule (1) of rule 3 of the Constituent Assembly (Legislative) Rules, I nominate: Mr. Hussain Imam, Pandit Thakur Das Bhargava, Shri K. Santhanam and Shrimati Ammu Swaminadhan on the Panel of Chairmen for the current session.

#### ELECTION TO INDIAN CENTRAL TOBACCO COMMITTEE AND INDIAN CENTRAL COCONUT COMMITTEE

**Mr. Speaker:** I have to inform the Assembly that up to the time fixed for receiving nominations for the Indian Central Tobacco Committee and the Indian Central Coconut Committee, three nominations in each case were received. As the number of candidates is equal to the number of vacancies in both the cases, I declare the following members to be duly elected:

I. *Indian Central Tobacco Committee.*—(1) Shri C. Subrahmanyam, (2) Shri V. C. Kesava Rao, and (3) Shri C. M. Poonacha.

II. *Indian Central Coconut Committee.*—(1) Shri P. Govinda Menon, (2) Haji Abdus Sattar Haji Ishaq Seth, and (3) Shri Satish Chandra Samanta.

#### INDUSTRIAL FINANCE CORPORATION BILL—contd.

**Shri T. T. Krishnamachari** (Madras: General): Sir, I move:

"That in clause 24 of the Bill, the words 'but in no case exceeding fifty lakhs of rupees', be added at the end."

The reason for this is this: As it was originally contemplated in the Draft Bill, the capital was only 5 crores and the 10 per cent. that was mentioned there puts an absolute ceiling of Rs. 50 lakhs as regards an advance that could be made to a single firm. Now the capital structure has been raised. So we feel that this ceiling which was originally absolute has now become relative. The intention of the amendment is that the ceiling of 50 lakhs should remain absolute. Sir, I move.

**Mr. Speaker:** Amendment moved:

"That in clause 24 of the Bill, the words 'but in no case exceeding fifty lakhs of rupees', be added at the end."

**The Honourable Shri R. K. Shanmukham Chetty** (Minister for Finance): I accept the amendment.

**Mr. Speaker:** The question is:

"That in clause 24 of the Bill, the words 'but in no case exceeding fifty lakhs of rupees', be added at the end."

The motion was adopted.

**Mr. Speaker:** The question is:

"That clause 24, as amended, stand part of the Bill."

The motion was adopted.

Clause 24, as amended, was added to the Bill.

**Shri T. T. Krishnamachari:** Sir, I move:

"That in sub-clause (2) of clause 25 of the Bill, after the word 'appointed', the words 'by the Corporation' be inserted."

This is merely a verbal amendment in order to satisfy the requirements of clarity.



**Mr. Speaker:** Amendment moved:

"That in sub-clause (2) of clause 25 of the Bill, after the word 'appointed', the words 'by the Corporation' be inserted."

**The Honourable Shri R. K. Shanmukham Chetty:** I accept the amendment.

**Mr. Speaker:** The question is:

"That in sub-clause (2) of clause 25 of the Bill, after the word 'appointed', the words 'by the Corporation' be inserted."

The motion was adopted.

**Mr. Speaker:** The question is:

"That clause 25, as amended, stand part of the Bill."

The motion was adopted.

Clause 25, as amended, was added to the Bill.

Clause 26 was added to the Bill.

**The Honourable Shri R. K. Shanmukham Chetty:** Sir, the two amendments to clause 27 given notice of by Mr. Naziruddin Ahmad are really verbal and I do not think they are necessary.

**Mr. Speaker:** Does the Honourable Member propose to move them?

**Mr. Naziruddin Ahmad** (West Bengal: Muslim): I shall not move the first one

**The Honourable Shri R. K. Shanmukham Chetty:** I may tell my Honourable friend in pursuance of the promise I made to him that I shall have the amendments examined and wherever I find they are merely verbal amendments which it is not necessary to incorporate, I shall indicate them, and if my Honourable friend agrees, he may not like to move his amendments. But if my Honourable friend insists on moving, that is a different matter.

**Mr. Naziruddin Ahmad:** It is not my intention to insist on moving all my amendments except where I think some of them should be argued before the Honourable Minister. It is in a spirit of submission that I may say a word or two. But may I know what amendments will be accepted? In that case I may cut short my amendments.

**Mr. Speaker:** The point is that as each amendment is called the Honourable Minister will express his view. That is the understanding.

The question is:

"That clause 27, stand part of the Bill."

The motion was adopted.

Clause 27 was added to the Bill.

**Mr. R. K. Sidhva** (C. P. and Berar: General): Sir, I move:

"That in sub-clause (1) of clause 28 of the Bill, for the word 'any' in line two, the word 'a' be substituted and in line three, after the word 'repayment', the words 'of two consecutive instalments' be inserted."

The clause is not very clear in regard to default in repayment. My amendment is intended to make it very clear that if a person fails to pay two consecutive instalments, the Corporation may take possession in their own hands. That is prevalent in the Co-operative Act also. The Co-operative Act says that if a borrower fails to pay two instalments, then naturally the whole asset goes back for the purpose of administration, and this is very desirable and I hope the Honourable Minister will accept it.

**Mr. Speaker:** Amendment moved:

"That in sub-clause (1) of clause 28 of the Bill, for the word 'any' in line two, the word 'a' be substituted and in line three, after the word 'repayment', the words 'of two consecutive instalments' be inserted."

**The Honourable Shri R. K. Shanmukham Chetty:** I am sorry I cannot accept the amendment. This is a matter relating to default and when exactly the Corporation should insist on its right should be left entirely to the Corporation and I do not want to tie down the Corporation by this kind of amendment.

**Mr. R. K. Sidhva:** Sir, then I may be permitted to withdraw my amendment.

**Mr. Speaker:** Has the Honourable Member leave of the House to withdraw his amendment?

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

**Shri T. T. Krishnamachari:** Sir, I move:

"That in sub-clause (3) of clause 28 of the Bill, after the word 'produced', the words 'wholly or partly' be inserted."

**Mr. Speaker:** Amendment moved:

"That in sub-clause (3) of clause 28 of the Bill, after the word 'produced', the words 'wholly or partly' be inserted."

**The Honourable Shri R. K. Shanmukham Chetty:** Sir, I am prepared to accept the amendment.

**Mr. Speaker:** The question is:

"That in sub-clause (3) of clause 28 of the Bill, after the word 'produced', the words 'wholly or partly' be inserted."

The motion was adopted.

**Mr. Speaker:** The question is:

"That clause 28, as amended, stand part of the Bill."

The motion was adopted.

Clause 28, as amended, was added to the Bill.

**Mr. Naziruddin Ahmad:** Sir I beg to move:

"That in clause 29 of the Bill, at the end of each of the parts (a), (b), (c), (d) and (e), the word 'or' be inserted."

Sir, these various sub-clauses are alternatives and as such the word "or" is necessary in the places suggested in my amendment.

**Mr. Speaker:** The question is:

"That in clause 29 of the Bill, at the end of each of the parts (a), (b), (c), (d) and (e), the word 'or' be inserted."

The motion was adopted.

**Mr. Naziruddin Ahmad:** Sir, may I invite the attention of the Honourable Minister to clause 12 also where several alternative conditions are laid down?

**Mr. Speaker:** That may be done later on. He may point it out outside the House and I shall allow the Honourable the Finance Minister, if he is pleased, to move an amendment; let it not be discussed at this stage.

**Mr. Naziruddin Ahmad:** I just wanted to point out . . . . .

**Mr. Speaker:** Then we shall be going outside the present scope of discussion.

The question is:

"That clause 29, as amended, stand part of the Bill."

The motion was adopted.

Clause 29, as amended, was added to the Bill.

**Shri T. T. Krishnamachari:** Sir, I move:

"That in sub-clause (1) of clause 30, of the Bill, after the words 'the due date', the words 'or the due date has expired' be inserted."

Sir, my friend on my right says that the position as I envisage is not quite correct, but I still remain unconvinced for the reason that this particular clause is the governing clause regarding the procedure that should be followed in the case of default. My friend says this procedure could only be followed in cases where a default is not committed but where the Corporation for some reason or other wishes to take possession of the assets of the borrower. But I find, Sir, in the whole scheme of the Bill no other provision in regard to the procedure to be laid down in case of default. My feeling in the matter is that clause 30 governs the entire procedure to be followed for this purpose and if that is so, there must be a provision in regard not merely to the procedure to be adopted when the Corporation wants to take possession of the assets of the borrower prior to its becoming due, but also after the actual due date. I would like to know the views of the Honourable Minister in this matter: if he feels that the position taken up by my friend is correct, I am prepared to withdraw my amendment. I feel that no provision has been made in regard to how action under Section 28 would be proceeded with in a Court. Otherwise I think my surmise would be correct in which case my amendment would be necessary to make the position clear.

**Mr. Speaker:** Amendment moved:

"That in sub-clause (1) of clause 30 of the Bill after the words 'the due date', the words 'or the due date has expired' be inserted."

**The Honourable Shri B. K. Shanmukham Chetty:** Sir, I am advised that the amendment of my Honourable friend Mr. T. T. Krishnamachari is all right, and I am prepared to accept it.

**Mr. Speaker:** The question is:

"That in sub-clause (1) of clause 30 of the Bill after the words 'the due date', the words 'or the due date has expired' be inserted."

The motion was adopted.

**Shri T. T. Krishnamachari:** Sir, I move:

"That in sub-clause (13) of clause 30 of the Bill, for the words 'the Chief Judge of the Small Cause Court' the words 'the bench of the High Court exercising original civil jurisdiction' be substituted."

Sir, my amendment is self-explanatory. We find that the powers exercised by a District Judge are analogous to those exercised by a Bench of the High Court while exercising original jurisdiction. Therefore, I felt it would be much better to transfer powers to that Bench rather than to the Small Cause Court. Sir, I move.

**Mr. Speaker:** Amendment moved:

"That in sub-clause (13) of clause 30 of the Bill for the words 'the Chief Judge of the Small Cause Court', the words 'the bench of the High Court exercising original civil jurisdiction' be substituted."

**Shri T. A. Ramalingam Chettiar (Madras: General):** Sir, I fear this amendment may not be quite correct because in several Provinces there is no original jurisdiction given to the High Courts. The point is that the High Courts exercising original civil jurisdiction are only three. The other High Courts have not got any original civil jurisdiction.

**Shri T. T. Krishnamachari:** Sir, if I may be permitted to explain the position a little further I would say this. The Presidency towns contemplated are only three—Bombay, Calcutta and Madras. I think what my friend has in mind is that it does not cover the other Provincial Capitals. The Presidency towns are only those three as the Government of India Act contemplates.

**Mr. Speaker:** I feel another difficulty in this. Is there any High Court in which the original civil jurisdiction is exercised by a Bench of the High Court?

**Shri M. Ananthasayanam Ayyangar** (Madras: General): Instead of using the word "Bench" we may say "by the High Court in exercise of its civil jurisdiction". So far as "Presidency Towns" are concerned, the Insolvency Act applies only to three major towns; it is a relic of the East India Company management.

**The Honourable Shri R. K. Shanmukham Chetty:** What happens in the Nagpur High Court, for instance?

**Shri M. Ananthasayanam Ayyangar:** It is a Small Cause Court. Sub-clause (13) at present says:

"The functions of a District Judge under this Section shall, in a Presidency-town, be exercised by the Chief Judge of the Small Cause Court."

Possibly in Nagpur there is a District Judge. Either there is a District Judge or a Bench of the High Court with original civil jurisdiction. Even in Madras there is a City Civil Court which is of the rank of a District Court. In Nagpur there is a District Judge and there is also a High Court. If the original jurisdiction is not exercised by the High Court there is the jurisdiction of the District Court. Why not this Amendment stand over till after Lunch? We will consider it during the Lunch interval.

**Shri T. T. Krishnamachari:** If my friend the Honourable the Finance Minister feels that the amendment is not quite necessary, I am prepared to withdraw it. Personally I am quite convinced that it is the right thing to do. But if there is any difficulty in accepting it, I am prepared to withdraw it.

**The Honourable Shri R. K. Shanmukham Chetty:** Sir, I do not know enough to express an opinion on this point. Now, so far as I have understood this discussion, the position seems to be this. In Presidency towns like Madras or Calcutta the amendment proposed by my Honourable friend seems to be all right, but if we accept that amendment, what happens in Nagpur, for instance?

I, therefore, suggest that we leave the clause as it stands and if we find that there is any difficulty in its working, I shall later introduce a small amending measure.

**Shri M. Ananthasayanam Ayyangar:** Sir, I would suggest for the consideration of the Honourable the Finance Minister the use of the words "District Court" in place of the words "District Judge".

**Mr. Speaker:** That raises a different issue. At present it is not clear what was in the mind of the Select Committee or of the Honourable Minister, as to whether the jurisdiction should be exercised by the District Judge or by the District Court; and the acceptance of the Honourable Member's suggestion would necessitate the substitution of the words "District Court" for the words "District Judge" wherever they occur in the Bill.

**Shri T. T. Krishnamachari:** Then, I ask for leave to withdraw the amendment.

**Mr. Speaker:** Has the Honourable Member leave of the House to withdraw his amendment?

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

**Mr. Speaker:** The question is:

"That clause 30, as amended, stand part of the Bill."

The motion was adopted.

Clause 30, as amended, was added to the Bill.

Clause 31 was added to the Bill.

**Mr. Naziruddin Ahmad:** Sir, I beg to move:

"That in the first proviso to sub-clause (2) of clause 32. of the Bill, for the words 'share capital', the words 'paid up share capital', be substituted."

Paid up share capital is what is really meant here.

**Mr. Speaker:** The question is:

"That in the first proviso to sub-clause (2) of clause 32, of the Bill, for the words 'share capital', the words 'paid up share capital', be substituted."

The motion was adopted.

**Mr. Speaker:** The question is:

"That clause 32, as amended, stand part of the Bill."

The motion was adopted.

Clause 32, as amended, was added to the Bill.

**Mr. R. K. Sidhva:** Sir, I beg to move:

"That in sub-clause (2) of clause 33 of the Bill, after the word 'discuss', a comma and the words 'amend, add, and adopt' be inserted."

Sir, the purpose of my amendment is: As it is, the shareholders can only discuss the annual report and accounts as they are brought before them. They cannot move any amendment or make any suggestions or even adopt the report. This is a real handicap in the way of the shareholders exercising proper control over the affairs of the Corporation.

Then there is the Directors' Report, which will be presented to the shareholders just for their information.

I, therefore, feel that the amendments I have suggested are very necessary and trust that they will be accepted by the Honourable Minister for Finance

**Mr. Speaker:** Amendment moved:

"That in sub-clause (2) of clause 33, of the Bill, after the word 'discuss', a comma and the words 'amend, add, and adopt' be inserted."

**The Honourable Shri R. K. Shanmukham Chetty:** I am afraid, I cannot accept this amendment, Sir, because if the Directors bring a report it is the "Directors' Report" and there is no point in the shareholders forcing them to amend that report. The shareholders can exercise their powers in many other ways, and I think, so far as the powers of dealing with the reports and accounts are concerned it is advisable to give them only the power of discussion. I am not, therefore, prepared to accept the amendment of the Honourable Member.

**Dr. B. Pattabhi Sitaramayya (Madras: General):** The difficulty pointed out by my Honourable friend is a genuine one. But the fact is the report is the "Directors' Report" and it cannot be amended or altered by the shareholders. It is a matter in which the shareholders cannot legitimately interfere.

**The Honourable Shri R. K. Shanmukham Chetty:** The very next clause provides for what my Honourable friend asks. It says: "The auditors shall make a report to the shareholders upon the annual balance-sheet and accounts etc." Therefore the Auditors' Report is before the shareholders.

**Mr. Speaker:** Does the Honourable Member press his amendment?

**Mr. R. K. Sidhva:** No, Sir.

**Mr. Speaker:** Has the Honourable Member leave of the House to withdraw the amendment.

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

**Mr. Speaker:** There is an amendment for adding a new clause, but that can be moved after this Clause is adopted.

The question is:

"That clause 33, stand part of the Bill."

The motion was adopted.

Clause 33 was added to the Bill.

**Mr. R. K. Sidhva:** Before I move the amendment standing in my name. I would like to know from the Honourable Minister as to why there is no provision for a special meeting. Many a time the Directors desire to bring certain matters

[Mr. R. K. Sidhva]

before the meeting of the Directors or sometimes even the shareholders. I have seen in the Rules that there is provision for General meetings but there are no rules for special meetings. If the provision is to be made by rules, then I would not press; otherwise, I do feel that a provision must be made in the Act for calling a special meeting of the shareholders or the Directors. Therefore, I would like to know from the Honourable Minister what he thinks about it before I move.

**The Honourable Shri R. K. Shanmukham Chetty:** Sir, the Bill provides for the regular statutory meetings and any provisions relating to special meetings either of Directors or of shareholders will be provided for in the regulations.

**Mr. R. K. Sidhva:** Thank you, Sir. I would invite your attention to page 18, sub-clause (d) which says:

"the manner in which general meetings shall be convened, the procedure to be followed thereat and the manner in which voting rights shall be exercised."

All these will be exercised by the rule-making regulation. I would suggest that if the Honourable Minister proposes to provide for the holding of special meetings by these regulations, he may be pleased to add the word "special" after the word "general". I do not move my amendment, Sir.

**Mr. Speaker:** There are two amendments on this Clause by the Honourable Member, Mr. Naziruddin Ahmad.

**The Honourable Shri R. K. Shanmukham Chetty:** Both of these are unnecessary, Sir

**Mr. Naziruddin Ahmad:** Sir, I beg to move:

"That in sub-clause (1) of clause 34, of the Bill, for the word 'affairs', the word 'accounts', be substituted."

Sir, the text in the Bill says: the "affairs" of the Corporation shall be audited. I believe the correct expression is the "accounts" of the Corporation shall be audited. "Audit" concerns not the "affairs", but the "accounts". Therefore "accounts" seems more appropriate. That is why I have suggested the amendment.

**The Honourable Shri R. K. Shanmukham Chetty:** "Affairs" is a more comprehensive term than "accounts" and we want the affairs to be audited.

**Mr. Speaker:** The point seems to be that there may be some transactions which may be *ultra vires*. Shall the auditors not look into them?

**Mr. Naziruddin Ahmad:** They shall, Sir. But then "auditing" means the looking into of irregularities, illegalities and everything.

**Mr. Speaker:** Anyway, the Honourable Minister is not agreeable.

**Mr. Naziruddin Ahmad:** Therefore, I do not press it and it need not be placed before the House.

There is my other amendment, to which also I wish to draw the attention of the House. The amendment is:

"That in sub-clause (3) of clause 34, of the Bill, for the words 'full and fair', the words 'full and true' be substituted."

The text in the Bill says: The auditors shall report saying whether the balance-sheet is "full and fair" balance-sheet. Now, Sir, the recognised expression is "full and true" balance-sheet and not "full and fair" account. A thing may be fair but it may not be true. In fact, a man may commit unconscious errors. He may be fair but not true. "True" means that is must be accurate. Besides, "true" is the expression used by auditors in company reports. I submit, therefore, the substitution of the word "true" deserves consideration from the Honourable Members and the Minister.

**Shri M. Ananthasayanam Ayyangar:** 'Fairly true', it means!

**The Honourable Shri R. K. Shanmukham Chetty:** Sir, I am unable to accept this amendment. I prefer the word "fair".

**Mr. Speaker:** Then what does the Honourable Member propose to do?

**Mr. Naziruddin Ahmad:** 'Fairly true' implies that it is not cent. per cent. true. But I do not press the amendment.

**Mr. Speaker:** Very well. The question is:

"That clause 34, stand part of the Bill."

The motion was adopted.

Clause 34 was added to the Bill.

**Mr. Speaker:** There are two amendments in the name of Mr. Naziruddin Ahmad, Nos. 48 and 49.

**The Honourable Shri R. K. Shanmukham Chetty:** Sir, I cannot accept No. 48, but I am prepared to accept No. 49.

**Mr. Naziruddin Ahmad:** Then, I shall move No. 49, Sir. I beg to move:

"That in sub-clause (3) of clause 35 of the Bill, for the words '*Gazette of India*', the words '*Official Gazette*' be substituted."

I find, Sir, in other parts of this Bill and in many other recent Bills, these two expressions, "*Gazette of India*" and "*Official Gazette*" are used as if they were interchangeable. The correct expression is "*official Gazette*". That is defined in the General Clauses Act. It says in Section 3, sub-section (37a): "*Official Gazette* (or *Gazettes*) shall mean the *Gazette of India*". The amendment will secure uniformity.

**Mr. Speaker:** The question is:

"That in sub-clause (3) of clause 35 of the Bill, for the words '*Gazette of India*', the words '*Official Gazette*' be substituted."

The motion was adopted.

**Mr. Speaker:** The question is:

"That clause 35, as amended, stand part of the Bill."

The motion was adopted.

Clause 35, as amended, was added to the Bill.

**Shri M. Ananthasayanam Ayyangar:** Sir, before you proceed to the next Clause, I wish to state that I have tabled an amendment seeking to add a new clause after Clause 35. I move:

"That after clause 35 of the Bill, the following new clause 35A, be added:

"35A. In the event of the Central Government at any time deciding to acquire the shares held by shareholders other than the Central Government and the Reserve Bank the shareholders shall be paid for the shares so acquired an amount equal to the paid up value of the shares together with a premium calculated at the rate of one per cent. of the paid up value for every year from the date of issue to the date of acquisition, subject to a maximum of ten per cent."

Sir, the object of the amendment is: We have heard long speeches and seen amendments also tabled that straightaway the Corporation should be taken wholly by the State as a State concern. Very many arguments have been advanced, that already no less than 40 per cent. of the shares are taken by the Central Government and the Reserve Bank and only the rest have been given to private industrialists and that the management also, to a large extent, vests in the Government. Also, it has been argued that guarantee is given by the Government as to the repayment of the share value as also the dividend and the loans. On these grounds, it has been pointed out that there is only a small portion left to make it an entirely State concern. On the other side, it is said by the Minister and other members and friends that the Corporation may be able to raise loans giving higher rate of interest and therefore that the Central Government, as it is constituted at present, with war, with rehabilitation

[Shri M. Ananthasayanam Ayyangar] schemes and so on, having large commitments, may not be able to take shares straightaway. Share taking, I submit, is not such an important matter as raising loans for the purpose of giving loans and make this machinery really helpful to various industrial concerns. That is a larger portion of the business, of this concern. Under those circumstances, there is an equally valid argument on the other side that we need not take it straightaway and therefore if the Honourable the Minister was not in favour of converting it into a State Bank straightaway to allay any apprehensions of the public he may say that the policy of the Government is not in favour of making this concern a State concern whenever it is possible to do so, though the State is taking away the Reserve Bank and the Imperial Bank as State Concerns and that with respect to other banks, it is not the policy . . . . .

**Pandit Hirday Nath Kunzru** (U. P.: General): I am afraid I am not able to hear the Honourable Member.

**Shri M. Ananthasayanam Ayyangar**: For the past 12 years I have not corrected myself so far. I shall try to do so.

**Pandit Hirday Nath Kunzru**: It is a question of distinctness and not of speed.

**Shri M. Ananthasayanam Ayyangar**: My Honourable friend Pandit Kunzru very well knows that there has been a large body of opinion in this Assembly expressed by a number of important members and also amendments tabled to that effect that on account of the fact that the capital to a large extent is contributed by the Government, that the capital and the dividend as also the loans raised by the Corporation are guaranteed by the State, that to a large extent or at any rate the main administration of this Corporation will be in the hands of Governments and the Reserve Bank nominees straightaway, these concerns may be made a State concern and the balance of the capital may be subscribed by the Government itself. As against that we heard the Honourable the Minister say that on account of various commitments Government may not find it convenient to raise the capital of 5 crores of rupees and also it may not be convenient to raise the other loans in the market, particularly in view of the fact that it will be an expanding concern. Now in between these two to assure those persons who want to know and the large body of opinion both inside and outside the Assembly that a concern of this kind ought to be made a State concern, particularly in view of the fact that a policy has been recently laid down and the Honourable the Minister has himself said that within a short time soon after the 30th September 1948 he will take steps to take over the management of the Reserve Bank as also the Imperial Bank—those are short term banks and this bank or corporation which is now brought into existence under this bill is to give long term loans and medium term loans—, it might be possible for the State to take it over at some date whenever it finds it convenient. Therefore, Sir, this amendment that I have moved is a compromise amendment. It gives power or it enables the Central Government whenever it decides to purchase or acquire all the shares. It might do so on particular terms and conditions. The terms are that it might pay the par value or face value of its shares plus one per cent. of that face value per year after issue till the date of acquisition, the aggregate premium so added to the principal not exceeding 10 per cent. of the share value or the par value of the share. It might be asked as to why a provision of that kind is made, to give something more than the par value? There is a similar provision in the Reserve Bank of India Act where under section 57 it is provided that on liquidation of the Reserve Bank it is agreed that 75 per cent. of the reserve funds and other assets ought also to be distributed among the shareholders and that in the aggregate it is guaranteed to them that the shareholders will get the par value plus not more than 2% per cent. of the par value at the rate of one per cent. on the par value per annum from the 30th . . . . .



issue till the year of acquisition, subject to a maximum of 25 per cent. This provision in the amendment has been copied practically from the Reserve Bank Act and has been modelled on those lines. I have not gone to the extent of saying 25 per cent. ought to be the maximum. I have reduced the maximum limit to 10 per cent. After the amendment was tabled by me there has been a suggestion that there should be an alternative to this amendment that the par value may be paid plus 1 per cent. up to a maximum of 10 per cent. or the market value whichever is less. I am personally agreeable to this because the market value is fixed; it raises or falls according to the state of the market and the greatest demand that all persons who have purchased these shares will put forward seems to be a reasonable one or the other one whichever is less that will meet the case. The State would not unnecessarily commit itself to anything much above the market value. If the market value is more on account of this provision persons who take the shares ought not to expect to receive much more. No individual is allowed to purchase these shares. Institutions alone purchase them, institutions or other banks or Insurance Companies or other financial corporations or co-operative societies. Therefore, it is not so much for profit as for security these institutions invest in this Corporation. Therefore, Sir, I expect that the Honourable the Minister would accept this amendment and he might also consider whether the other amendment by another Honourable friend of this House would be acceptable or not. The Honourable the Minister may consider that amendment also if he moves this amendment.

**Mr. Speaker:** As regards the other amendment "provided the market value or whichever is less." It is not a question of the place where it should be put in but the difficulty which I may point out is: Does it not conflict with the provisions of clause 5 wherein the whole principal is guaranteed? The market value may be less. That will have to be taken into consideration.

**Shri M. Ananthasayanam Ayyangar:** That comes under liquidation under clause 86 the next one.

**Mr. Speaker:** I merely point out the possible difficulty. I am placing the amendment before the House.

**Shri M. Ananthasayanam Ayyangar:** One more point, Sir. The guarantee is the par value. If the market value is between the par value plus 10 per cent. this cannot stand in the way. We may think of a contingency where the par value at issue is 100 and 10 per cent., is 110. Now the market value is 105. It may be 105 and not 110. The guarantee will always be there.

**Mr. Speaker:** It will have to be thought out more carefully and the object will not be carried out by adding two or three words.

Amendment moved:

"That after clause 35 of the Bill, the following new clause 35A, be added:

"35A. In the event of the Central Government at any time deciding to acquire the shares held by shareholders other than the Central Government and the Reserve Bank the shareholders shall be paid for the shares so acquired an amount equal to the paid up value of the shares together with a premium calculated at the rate of one per cent. of the paid up value for every year from the date of issue to the date of acquisition, subject to a maximum of ten per cent."

**The Honourable Shri R. K. Shanmukham Chetty:** Sir, I am thoroughly convinced of the reasonableness of the arguments that my Honourable friend advanced in support of this amendment and I accept it.

**Shri R. R. Diwakar (Bombay: General):** Sir, I want to move an amendment to Mr. Ananthasayanam Ayyangar's amendment. My amendment is that in the last sentence after the word 'acquisition' the words 'or at the market rate whichever is the less' be added. My Honourable friend has already referred to this point and I think the Government should not be under an obligation to pay at any time more than the market value. If at any time the

[Shri R. R. Diwakar]

Government is under such an obligation, then the whole purpose of this clause is likely to be defeated and that is the reason why I suggest this amendment.

**Mr. Speaker:** It is not, to my mind, merely a question of the merits of the amendment. I am in doubt whether this is an amendment which could be permissible, in view of the fact that the House has adopted clause 5. Perhaps the point involved in the amendment is running counter to the decision of the House as recorded in respect of clause 5.

**Dr. B. Pattabhi Sitaramayya:** That can be remedied, Sir, by adding the words, "Where the market value lies between the par value and the 10 per cent. increase so calculated."

**Shri T. T. Krishnamachari:** Sir, it is only common sense that if Government feel that they can purchase all the shares cheaper at the market value surely they will bring in legislation for the purpose of acquiring these shares. If the market value is going to be less than 110, they will merely acquire it from the market, and Government will surely safeguard their interest instead of paying more. I think the amendment is superfluous.

**Shri M. Ananthasayanam Ayyangar:** There is this objection. We have provided that Government will not hold more than 40 per cent. of the shares and will try to liquidate them as early as possible. Therefore they must disgorge all those shares; there is no provision that they may acquire other shares also. As a matter of fact it is based on the company law that a company shall not accept its own shares unless specific provision is made to that effect.

**The Honourable Shri R. K. Shanmukham Chetty:** Sir, this amendment to my mind is intended to indicate what will be the value that Government will be prepared or will be bound to pay for the shares in case they decide to nationalise the institution. Now if Government decide to nationalise the institution it is to be done by legislation. If at the time Government take this decision they find that the market value of the shares is less than what is contemplated here, what will be done is that the legislation will empower Government to buy shares. That was exactly done in the case of the Australian Government when they decided to nationalise the banks. When the Australian Commonwealth decided to nationalise the banks of the country they introduced a bill authorising the Commonwealth Treasurer to buy the shares and then transfer them to the credit of Government. That is what will be done. As my Honourable friend Shri Krishnamachari pointed out, there is absolutely no room to apprehend that when the market value is really less than what is contemplated in the amendment of my Honourable friend, Government would be so foolish as to go and buy these shares or pay for these shares at the enhanced price. Therefore this is an apprehension for which there is no justification; and, as you, Sir, pointed out, the amendment in the form in which it has been moved by my Honourable friend is in conflict with the provisions of clause 5 that we have passed. For this reason I submit to the House that there is not the slightest danger of any apprehension in the minds of Honourable Members about the values to be paid; and that amendment moved by my Honourable friend covers the case. After all, the object of the amendment, if I have understood it correctly, is this. We are creating a Corporation in which we are giving a certain percentage of the shares to private institutional investors. We are so rigidly defining the powers of the institutional investors and also the return that they can get on their shares that there must be some incentive regarding some appreciation of the share value to persuade people to take shares in this Corporation. For that purpose I think my Honourable

friend's amendment is perfectly adequate and well thought out. I would therefore suggest that the purpose is served by simply accepting the amendment of my Honourable friend.

**Mr. Speaker:** I was thinking whether the Honourable Member Mr. Diwakar expects that his amendment should be placed before the House and the Chair should give its ruling as to whether it is in order or not.

**Shri R. E. Diwakar:** I only wanted to point out that Government should not in any circumstances be obliged to pay more than the market price. And as the Honourable Minister has pointed out, legislation will at the time necessary; and at that time the clause might very well form part of the legislation that nothing more than the market value should be paid. In view of that explanation I will not press my amendment.

**Mr. Speaker:** There is another difficulty which I am feeling about the main amendment of Mr. Ayyangar, and that is that under the Indian Companies Act, a company is not permitted to acquire its own shares. If that is accepted, it must be considered whether further amendment will not be necessary in clause 36 or elsewhere whereby, as the Corporation is given exemption from the winding up sections of the Companies Act, it will not also be exempted from the provisions of the Companies Act, laying a ban on the acquisition of its own shares by a corporation.

**The Honourable Shri R. K. Shanmukham Chetty:** No, Sir; I do not visualise any circumstances in which the Corporation as such will acquire the shares. It will not be permitted to do so because there is no provision for that in this Bill at all. Shares must be held either by the Central Government or the Reserve Bank or these institutional investors, and none else.

**Prof. K. T. Shah (Bihar: General):** Sir, I am afraid I am unable to follow the reasoning of my Honourable friend Mr. Ayyangar. He described this amendment of his as a compromise amendment. I feel very much tempted to say that it is not a compromise but a con-promise, i.e., con or *contra* to the people, and a promise to the subscribers or shareholders that they shall be assured in every possible way. In that light I am afraid I am unable to accept his amendment, though I would be prepared to accept any amendment which will change the spelling of that word in the dictionary. It does not say in the amendment, as I read it, that at any given time, say five or ten or twenty years hence, the shares will be acquired; it only leaves it so far,—“in the event of Government deciding to do so.” That does not, therefore, satisfy, those who would want it here and now to be acquired, or rather to be from the start an institution owned and managed by Government on behalf of the State. Those of us who wish that the State should from the start own this institution cannot look upon this as any sort of assurance that at any known date in the future it would become a public property in the sense that they would desire. Government, or the market or the shareholders (including Government) may consider acquiring at any time; but without any definite provision that at such and such a time it shall be so considered. And we have no guarantee that within a given future Government or the Corporation itself may consider the possibility of the shares being made over. I am therefore not able at all to see the point of this amendment, at least in so far as it may be suggested to be a kind of half-way house, a kind of accommodation of two conflicting ideals that seem to have been before this House ever since this measure has come before it.

Sir, it is further said that in the event of Government desiring or deciding at any time to acquire it, they shall pay to the shareholders the full paid-up value. I am not able to see whether in that event the paid-up value, even if it is half the nominal value, should be paid up, without the Government or the State, entitled to call up the balance, which is not called up by that time.

[Prof. K. T. Shah]

doing so at the time of acquiring. If the paid-up value is to be repaid, and if there is still some liability outstanding on the shareholders, why should not first recourse be had to the shareholders—the unpaid balance of the liability. This would be the case in the case of any other joint stock company? And why should the State be called upon to pay up the whole paid-up amount without recourse to the uncalled capital of the shareholders? After all, it is a very well known thing in Banks that, as a rule, a part of the capital is left as an uncalled reserve, only part of the nominal value of the shares being paid up. In the event of any difficulty, or in the event of the Banking company getting into hot water, the first recourse, after realising the assets, would be naturally to the uncalled capital. I do not understand why no mention has been made of that in this case. My Honourable friend, Mr. Ayyangar, is much too shrewd a lawyer not to have noticed this omission, if I may say so. To me it is highly suggestive that all the obligations, all the burdens, and all the responsibility shall be for the State; and all the benefit, all the advantage, all the gain shall be to the shareholders, of which 60 per cent. will not be the State.

I am further tempted to take this view because of the provision of a premium; I really do not see what the shareholders of the Corporation will do to entitle them to earn this gratuitous premium provided for them by this amendment. We guarantee their principal; we guarantee them the interest; we guarantee even the bonds and debentures they may raise. And if at any time we decide to take them over, we are called upon to pay not merely the principal or the paid-up value, perhaps without recourse to the unpaid capital to the fully paid-up capital, but also a bonus to the shareholders. Why? This is a premium for which I see no justification. Such a Corporation can come into a place where perhaps the proprietors themselves might decide to wind up or hand over the concern to the State, either because of the investments they have made proving unprofitable, or because of any grave calamity from which the general country may be suffering or that its working may not be profitable. In that case, why should there be any ground for a premium being paid to them? Is it not enough, I ask, that we guarantee them by pledging the entire credit of the State to receive a stated interest as well as the principal of their investment back if and when the shares are to be acquired? Why should they ask, and why should the law give, a guarantee of this kind, an assurance of a bonus a promise of this gift that, in the event of the State deciding to take the Corporation over, the shareholders shall be indemnified, shall be compensated for only making over to us what but for our guarantee, our providing all the opportunities for such safe and profitable investment, would scarcely have become really profitable?

They would not be losing in any eventuality. They have no vested right, so to say, for a perpetual proprietorship, or an uninterrupted ownership of this concern. After all the State has an inherent right to take over such a concern and in the exercise of that right why should the State be burdened, or be obliged to exercise that right only if it gives this additional compensation, so to say, or indemnity, or a premium as it is called? Had no legislation been added, or no such clause inserted here, then I take it the State would be free as ever to make whatever arrangement at the time of acquisition it thought proper. It would not be bound down, as it is being bound down here, to pay this bonus, which, without being guilty of a breach of law or contract implied in this provision, the State cannot ignore. Should this amendment be made part of the law, then the State take it over without giving the full compensation to the shareholders as provided here. If the law says nothing on this point, I can understand. Then we will take our chance. But here, you are not providing a definite date of acquisition: you are not providing any special reason

for acquisition. You are making a provision of an additional character—that is in the event of your desiring to acquire, you will assure the shareholders in advance, without their showing the first trace of a profit or surplus, that they will get at least so much more than they have invested.

Some argument was used to say that if the market value at the time of the acquisition would be less, the Government will not be so foolish to offer this and not take up the share from the market. I am quite sure Government will not be so foolish, especially when a wide awake Finance Minister, like our present Finance Minister is at the head of our Finance Ministry. But let me plead that the market will also not be so foolish that, when it is promised 10 per cent premium, it will keep the price lower than 10 per cent. above par. If you think that those who operate in the Share Bazar are so foolish that, in the presence of a guarantee like this: with a statutory assurance that they are going to get this much: they would be content with less. If you believe that, you will believe the capitalists to be so altruistic, so unselfish and so devoted to the patriotic cause, that they will hand over their possessions free and gratis as their ten per cent. interest contribution or the ten days pay for the National Memorial Fund.

I do not believe that the capitalists are so altruistic, so patriotic, so selfless as not to claim that which is promised to them by law in this manner. Take another point discussed in this connection. I am not persuaded that there is much of a distinction between market value and the promised value of this amendment. You may be certain they will get their full pound of flesh either way. It will not do to say that, by placing a maximum on the premium obtainable, you are trying to get over the difficulty you may have because of the Reserve Bank precedent. Let me put it this way. You are inserting a provision only because there is a parallel provision in the Reserve Bank. But there the premium is a maximum of 25 per cent. I would submit most humbly for the consideration of this House that, even granted that the Reserve Bank Act has such a provision, is it any reason that we should repeat it like this? I regard the Reserve Bank provision to have been a mistake. We provide every opportunity, and guarantee, and every condition whereby an institution like this should succeed and flourish. And on the top of that, as though these obligations, on the State were not enough, we are being asked to pay something more. Why? Something more for having exploited the opportunities provided by Government? For having taken therefrom all the profits the law allows them?

I could understand if a compensation were offered for actual loss sustained, or for actual exclusion from going on earning. But that would presuppose that we were accepting the principle of a vested right of perpetual ownership in this Corporation of whatever opportunities we are providing. If you do not accept such a principal of perpetual ownership and an uninterrupted exercise of the opportunities given, as I do not, there is no case for providing such an arrangement for this. I for my part would be content to leave it to the then Legislature and Government to see that, if and when we decided to acquire this Corporation we should not be bound by time and conditions, but be free to deal with the problem on the merits of the case at the time.

Therefore this amendment is really more harmful than helpful to the State and more of a promise against the interests of the State than a promise for the benefit of both. I, therefore, oppose it.

**Sri M. Ananthasayanam Ayyangar:** Though I have no right of reply may I ask, for information, that if bonds which are redeemable are redeemed 10 years later at par, do they not give a discount on them?

**Mr. Speaker:** That is a counter-argument.

**Shrimati Renuka Ray (West Bengal: General):** Mr. Speaker, this is no doubt even less than a half measure, but on the principle that even a quarter of a loaf is better than none, I support it. It is an enabling measure whereby the State has the power to transfer to itself and buy up the shares and obtain

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the full financial control of the Corporation when it decides to do so. I strongly feel that the State should, at the outset, own the initial capital. Financial power is, after all the most effective power. It is true that the Select Committee has made some little alterations but still to a large extent the financial power is shared by the State with capitalists. If private capitalistic organisations are to subscribe to so large an extent the capital of this Corporation, they will to that extent have an influence over and direct the policy of actual industrial development of this country.

I do not want to go into detailed arguments. Many Honourable Members of this House have spoken during the general discussion pointing out effectively that if such power goes to the capitalist the profit motive will naturally come uppermost in their minds. They cannot consider the relative importance of different industries that are to be developed from the point of view of the interests of the country. They would be guided by the question of what profits an industry would yield. Also undeveloped areas with potential powers are likely not to get a fair and square deal in this matter.

Political liberty, to my mind, has little or no meaning without economic freedom. My Honourable friend Dr. Pattabhi Sitaramayya has spoken to us much about expediency and of being practical realists. It is because we are practical realists that today we realise that the time is not yet when we can nationalise all industries or even a major portion of them. We are perfectly aware that at present our first and most important task is to increase the national dividend, the national wealth of the country and it is only thus that we can expect that equitable distribution will bring about a minimum of well being for all the people of this country. But even expediency can be carried too far. Are we going to allow, or tolerate a state of things where the capitalists shall decide to so large an extent, in what manner the national development of the country shall take place?

A great deal has been talked in the country in recent months about capital being shy and of the difficulty against raising the falling standards of production as talk of Nationalisation is in the air. This threat to the country and to the Government has now assumed the proportion of an effective blackmail. The capitalists too should be practical realists and understand that the vision of huge profits should not make them forget that times have changed, with a national Government vitally interested in the well being of the people; at the helm of affairs. Are we to understand that unless the profits of the war years are guaranteed production cannot increase nor the Industrial development of the country brought about?

**Mr. Speaker:** I am afraid the Honourable Member is going into the general question. She has to restrict herself to the clause before the House.

**Shrimati Renuka Ray:** I submit Sir, that it has a bearing on this clause, but I will confine my remarks. I do feel that this issue has been confused to some extent. The question of bringing in a clause whereby the capital of this Corporation is owned entirely by the Government or moving an enabling measure by which Government may own it at some future date, does not by any means show that we are seeking to bring about nationalisation of industry, whatever we may do in the future. The very fact that this Corporation is going to develop and foster private industries shows that the issue at stake is not nationalisation as such. The issue at stake, to my mind, is whether it is the State which shall decide in what measure and in what manner industrial development shall take place in this country or whether we shall leave the decision in this regard to private capitalists. In any case I feel that although capital may be shy for other undertakings, so far as this Corporation is concerned, a Corporation which is going to encourage and foster private industrial enterprise, there will be no question of capital being shy. If Government floats a loan for this

purpose that loan will be subscribed fully even if loans for any other purpose, falls short as it will be to the interest of private enterprise to do so.

The Congress has always stood for economic justice. Let us by all means be practical but at the same time I am sure that my Honourable friend Dr. Pattabhi Sitaramayya will agree with me that even expediency must not be carried so far that we lose sight of our very objectives. I would appeal to the Honourable the Finance Minister not only to accept this amendment but also to use the right at an early date it gives the Government through this enabling clause to take over full and complete control of this Corporation, if he will not agree to have the initial capital owned entirely by Government from the outset.

**Pandit Hirday Nath Kunzru:** Mr. Speaker, the proposal which has been put forward by the Honourable Member Mr. Ananthasayanam Ayyangar is not, in my opinion, one which ought to be accepted by the House. It can in no sense be regarded as a compromise between the two views expressed here in regard to the character of the Corporation. There were some people here who desired that the Corporation should be nationalised. There were others and they were in a majority, who desired that private capital should be associated with the Corporation. I do not see how this amendment can be said to effect a compromise between these conflicting views. It does not by itself enable Government to nationalise the Corporation at any future date. They will have to take action independently of the Bill, if they want to nationalise the Corporation. As was rightly said by the Honourable the Finance Minister, if Government decide to take the Corporation completely into their hands, they will have to pass legislation for the purpose. It is obvious therefore that what this amendment seeks to do is to lay down what payment should be made to private capitalists for their shares in the event of Government deciding to purchase them. I personally see no advantage in that course at the present time. Apart from that, is there any justification for paying the investors more for their shares than their par value? We have to bear in mind the fact that they are guaranteed against any loss. The Government have taken upon themselves the responsibility of assuring them that the shares will be repaid for, this is the Government have assured them with regard to the repayment of their capital. They have also given them an assurance with regard to payment of the value at a rate that might be fixed. I see no reason when they are insured against any loss. Why they should be allowed to benefit by any enhancement in the value of the shares. If the course suggested by the Honourable Member, Mr. Ananthasayanam Ayyangar, is accepted the capitalists will practically be saying to Government "Heads we win, tails you lose".

Again, Sir, if the value of the shares is enhanced what will be the position? Had the Corporation been a private banking concern and its shares were to be sold at a premium it could be said that as private enterprise was responsible for the good management of the bank it should be allowed to get some return for the efforts put forth by it in order to make the concern efficient. The Corporation, however, will owe its prestige to the fact that the Government will be behind it. If its shares are sold at a premium it will be because the Government will be in intimate relationship with this concern and because the Reserve Bank will also be closely concerned with it. I see no reason in these circumstances why the taxpayer should be mulcted for the enhancement in the value of the shares which will be due to the fact that the Government is behind the Corporation. It seems to me that the view put forward by my Honourable friend Professor Shah is perfectly correct. My Honourable friend the Finance Minister got up and summarily said that as Mr. Ayyangar's amendment was reasonable he was glad to be in a position to accept it. I wish that he had given some arguments in favour of doing so. He knows better than anybody else that the position which the Corporation will enjoy will be entirely due to the association of the Government with it. It is quite possible for private enterprise to start an industrial bank and a bank like this was started in

[Pandit Hirday Nath Kunzru]

the past. But Government do not want to leave such a bank open to the hazards of private enterprise. They want that it should work on certain lines and they want also to give a guarantee that, should the bank suffer any loss, the shareholders will not have to bear any portion of the responsibility for it. It is obvious therefore that if the bank becomes so sound that investors are willing to purchase its shares at a premium, the private capitalists should not be able to take advantage of this. I see no reason why Government should be prepared to pay more to the investors than the capital invested by them in this concern. I therefore strongly oppose the suggestion put forward by the Honourable Member, Mr. Ananthasayanam Ayyangar.

**Mr. Hussain Imam** (Bihar: Muslim): Mr. Speaker, I think that this amendment has not been considered in the spirit in which it has been moved. The Honourable Member has really tried to serve the cause both of the public and the capitalist in a manner in which it can best be served. The commercial and the financial world is so adjusted as Professor K. T. Shah pointed out, that if there is a prospect of getting a premium the prices are not likely to go down. That has also another effect which was been overlooked. If your capital is not only sure but is likely to appreciate, you can invest at a smaller rate of interest. What is done by means of this amendment is that the Government will not have to guarantee as high rate of interests as they would have to do if this premium were not offered. The offer of the premium does not bind down the Government to buy the shares at any given date, but it dangles something before—I will not name whom.

**Pandit Hirday Nath Kunzru:** The guarantee precedes this clause.

**Mr. Hussain Imam:** The guarantee precedes this clause, but the fact that a premium is promised will make it possible for the Government to obtain the shares at a smaller rate of interest than it would be possible to do if a premium were not guaranteed beforehand with the result that the accommodation given to the industries will cost more than it will do if this premium is offered to them. The offer of the premium makes it possible for the Government to guarantee a smaller rate of interest and for the industries to get accommodation at a smaller rate of interest. This is a great attraction of the amendment of Mr. Ayyangar. I will further suggest that the fact that the Government will have to go again before the Legislature for the purpose of nationalising this Corporation is another guarantee that this benefit will not be misused. As many shares as the Government wants to buy in the open market it will buy as and when it thinks proper. This has been clarified by the Honourable the Finance Minister, namely that the Government will buy it if it finds it suitable to buy. What is the position? If it is the intention of the Government or of the House to sail under false colours and give the capitalists a raw deal then it is perfectly open not to move this amendment because then you can guarantee a smaller rate of interest and as and when the Government rate of accommodation rises up the prices are bound to fall, with the result that you can buy up the shares of the Corporation at the cost of the capitalist at a discount. Is that the proposition which the House wants to enunciate today? If you want to be fair to the capitalist and to your own industries which are mostly privately owned. I suggest that the *via media* suggested by Mr. Ananthasayanam Ayyangar is the best and has rightly been accepted by the Finance Minister as a compromise.

**Shri Satyanarayan Sinha:** (Bihar : General) Sir, the question may now be put.

**Mr. Speaker:** I am afraid, looking to the importance of the amendment, I should not accept closure at this stage.



**Diwan Chaman Lall** (East Punjab: General): There has been great deal of debate on the principle which has been enunciated by my Honourable friend Professor K. T. Shah, to which I myself was a party. The question arose whether this Corporation should or should not be run by private interests combining themselves with state interests or whether it should be a purely state concern. The debate has gone on in regard to this matter and I am afraid some of my Honourable friends are not quite clear in their own minds that once the House has accepted this particular principle that it shall not be a purely state-owned concern, then some directive has got to be given later on if and when this concern is taken over by the state. It is not a question, as my Honourable friend, Pandit Hirday Nath Kunzru, put it whether there is a compromise or not. We are not concerned with that. There is no compromise. We have got the scheme before us of a concern unlike the American concern, which was a purely state concern, that is to say the capital was given by the state itself and the capital was not demanded of any private institution. We have accepted a different principle now. We have accepted it on the floor of this House that it shall be an institution which is run as far as its capital is concerned both by the state and by private institutions. Therefore the question of a compromise does not arise. All that this amendment of my friend Mr. Ananthasayanam Ayyangar seeks to do is to give a directive to the public and the investing public as well as to the world at large that in the event of this corporation's capital being taken over and subscribed entirely by the State, then certain things will happen. What will happen? Under section 5 of this Bill it has been laid down that a guarantee is to be given regarding the capital invested in this institution and the dividend that may be issued by notification by the Central Government. Now we have guaranteed the capital. Having guaranteed the capital, what objection can there be also to say that we guarantee a certain price of the share capital which is taken over by the state? We have swallowed the camel and now we are trying to strain at the last hair of the camel's tail! I suggest that in view of section 5, which guarantees the capital, it is right and it is proper that that directive should be given, that when the shares are taken over they are not taken over at an exorbitant price. Having guaranteed the capital, it is obvious that the shares will not go down. What is obvious is that the shares are likely to appreciate. I do not remember my Honourable friend Pandit Hirday Nath Kunzru raising an objection when the Reserve Bank of India Bill was being discussed to this very particular point. There we have guaranteed 1 per cent. up to 25 per cent., that is for a period of 25 years. We do not go as far as 25 years. We anticipate that in a short while government will make up their minds as to what their policy is. The necessity and the need for a corporation like this is urgent, but the necessity and the need for coming to a quick decision regarding the principle upon which this corporation should be based is a matter for dispute. Therefore we agree to the proposition laid down by my Honourable friend the Finance Minister. Having accepted that proposition, we want to safeguard the interests of the state by suggesting, as my Honourable friend Mr. Ananthasayanam Ayyangar has suggested, that at the time when the private interests are taken over by the state, these shares will be taken over at par plus 1 per cent per year up to the period that they are taken over. Now what objection can there be? I submit that in my own opinion—and possibly in the opinion of other experts—I am not an expert—the share value of the holdings held by private individuals are likely to appreciate to a very large extent. Then does my Honourable friend Pandit Hirday Nath Kunzru want the state to pay that exorbitant rate or would he not be satisfied with this proposition, a very meek and mild proposition, that the premium shall be strictly limited to 1 per cent per year? That is the proposition that we have to consider. We must not therefore get involved in considerations regarding compromises because as I have said, there is no question of compromise in this. It is only a question of arriving at a working arrangement in the eventuality of this corporation being taken over entirely by the

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state. Now, Sir, if that proposition is considered from this point of view, I submit that my Honourable friends who are opposed to this proposition will agree to give up their opposition to it.

Now originally, as Honourable Members will notice if they look at list 4, my Honourable friend Mr. Ananthasayanam Ayyangar had given notice of an amendment, which is amendment No. 5, according to which he suggested that there should be another clause, clause 55A, which runs as follows:

"35A. The Central Government may at any time by a notification issued in the Official Gazette, fix a day for transfer to itself of all shares held by shareholders other than the Central Government and the Reserve Bank and from such date all the said shares shall stand transferred and vested in the Central Government."

Now that has been given up because it is not right to come in through the back door and try to nationalize this institution when it would be proper for such a step to be taken in the full light of the day. It will be necessary therefore when the Government comes to a decision regarding the nationalization of this institution for it to come before this House, present a Bill for the transfer of those private holdings to the State, and when it comes a debate will take place as to whether that should or should not be accepted. If this other amendment of Mr. Ananthasayanam Ayyangar's had been tabled and moved by him, I could have understood all the objections that have been raised: but the present amendment merely stipulates the safeguarding of the interests of the state itself. At the time when the Government comes to a decision finally to nationalize this institution, that time we say we shall not pay more than what is stipulated there, and I submit that from that point of view it is a very reasonable amendment and fits in with the entire concept of this measure, and should be accepted by this House.

**Shri B. Das** (Orissa: General): My Honourable friend Mr. Ananthasayanam Ayyangar has moved this amendment. As a member of the Select Committee he did not append any minute of dissent that his mind was revolving between the two, whether he would be a socialist or show certain sympathy to the class of people known as capitalists. Some of us had very different ideas and being members of the Select Committee we did not table any amendment. It is a well known convention of this House that members of the Select Committee should not raise any issue which creates a very difficult position as is contained in the amendment of my Honourable friend. I do not thank him even for the sympathy he has shown to the unfortunate class of investors and capitalists. All along when the Bill was discussed in the Select Committee, I had been under the impression that this corporation is going to be fully under State control though partially financed by the state. I would like to have a clause in this Bill or by a separate Act, that stock exchanges would not dabble in affairs of those companies that are under state control.

Sir, the shares are very limited. A few Banks and a few Insurance Companies will hold part of the shares and the State—the Central Government or the Reserve Bank—will hold the rest. Who are going to benefit by this Amendment? It is the people in the Stock Exchange who are always gambling and who have introduced in this country the pernicious practice of gambling, a principle to which this House will not subscribe or give its blessings. If my friend Mr. Ananthasayanam had an idea that the gambling people will raise the price of these shares very high in the Stock Exchanges and his idea is that he will save the State some ten or twenty years hence certain sums of money, I think this is a new idea which he conceived after he signed the Select Committee Report. I am sorry I was not here when the Honourable the Finance Minister was speaking—I came in a little late—but I understand the Honourable the Finance Minister had shewn a grain of sympathy for the amendment which my Honourable friend has moved.

**Shri M. Ananthasayanam Ayyangar**: You are opposing the amendment?

**Shri B. Das:** I am not, but I am stating the objections which I have to such a kind of revolutionary amendments, especially emerging as it does from a Member of the Select Committee and who at times poses to be a great socialist and.....

**Some Honourable Members:** Sir, it is personal..

**Shri M. Ananthasayanam Ayyangar:** I have once been converted by my Honourable friend.

**Shri B. Das:** My objection to this amendment is that the principle we are discussing is a fresh principle which we did not discuss in the Select Committee. It did not arise there. But now my friend has done one mischief: he has roused the passions of all those people that gamble in the Stock Exchanges—in the Share Bazar, in Dalal Street in Bombay and Clive Street in Calcutta. These people would now be examining how there will be money, how there will be some potentialities for gambling.

Let us examine how we can take the shares out of the Stock Exchanges. Sir, the Honourable the Finance Minister is the authority that controls the Stock Exchanges in India. I cannot understand why any imaginary shares should be gambled in the Calcutta, Bombay or Madras Stock Exchanges, because these shares are all earmarked; they cannot be transferred. Do you think that the shares of a particular Company, which are not available for sale, will be gambled in like horse-race gambling in the streets of Bombay and in bucket shops? Are we, we that legislate for the Nation, are we to think of the bucket shop-habit of the Bombay Dalal Street or the Calcutta Stock Exchange? I do request my Honourable friend to withdraw his Amendment. I do request the Finance Minister.....

**Shri M. Ananthasayanam Ayyangar:** Sir, my Honourable friend commits a mistake. The shares are transferable: two Insurance Companies can transfer these shares among themselves. Banks can transfer them among themselves, and so can the Insurance Companies. On this point I want to correct my friend.

**Shri B. Das:** But the Co-operative Banks, Insurance Companies and Scheduled Banks are not Stock Exchange gamblers in the sense of the ordinary gamblers in the Stock Exchange. They are Companies; they are controlled by the Banking Act, by the Insurance Act and by the Companies Act. I do not think the shareholders of the Company authorise the Managing Director of the Bank or the Insurance Company or of the Co-operative Bank to gamble in the shares with a view to earn some money in these shares. That sort of logic may suit a Court but not here where my friend wants the Managing Directors of Banks and Insurance Companies to exceed the intentions of the shareholders and to gamble on the Stock Exchange for a few thousand rupees of profit.

The thing is that my friend Mr. Ananthasayanam has raised a new principle: what premium will be paid in case the State decides to purchase this moiety of shares which is not owned by the State? I raise another principle—a pertinent principle—that it is high time that the State should prohibit gambling on the Stock Exchange, particularly in shares which can never be transferred, which is only a fictitious, bogus transaction. Naturally, my friend Mr. Ananthasayanam has moved this amendment and my friend Diwan Chaman Lal has supported him. My friend is afraid that the Stock Exchange may raise the prices, take it up to fifty or seventy-five per cent of the share value and that when Government would purchase it at some distant date, the State would have to pay a high price. I am sorry this suspicion has been roused, that my friend has roused the suspicion of all the *sattawalas*. But I think it is high time, and I strongly urge on my friend the Finance Minister, that he will examine whether the Stock Exchanges will not be controlled in order not to gamble in shares which are controlled by very few. And that is more pertinent for the purity and honesty of the Financial Market of India than this slogan of paying

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some day, some time, a fixed percentage as premium to the few Banks and Insurance Company promoters shareholders.

With these observations I appeal to my friend Mr. Ananthasayanam to withdraw his Amendment. He owes it to this House and to the Select Committee because he has raised principles that were not discussed at any time in the Select Committee. He is raising herein principles that were not discussed at the first stage of discussion of this Bill. Even my Honourable friend Prof. Shah who makes a strong plea for nationalization, does not thank him, and I, who am dubbed to speak on behalf of the investor class, am not thankful to

him for inciting people to practise gambling propensities on the 1 P.M. Stock Exchange. Under the circumstances, I hope he will withdraw the amendment and I do hope my Honourable friend the

Finance Minister will prevent gambling on the Stock Exchanges for such fictitious company shares by legislation or otherwise.

**Mr. Speaker:** I propose to call upon the Honourable the Finance Minister at 2-30, because we have only fifteen minutes left.

**Shri H. V. Kamath** (C.P. and Berar: General): May I remind you, Sir, that today is Friday?

**Mr. Speaker:** That is right. It is time for us to adjourn now. We shall meet again at 2-30.

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

*The Assembly re-assembled after Lunch at Half-Past Two of the Clock, Mr. Speaker (The Honourable Mr. G. V. Mavalankar) in the Chair.*

**Mr. Speaker:** The amendment under discussion was Mr. Ananthasayanam Ayyangar's amendment for insertion of new clause 35A.

**Prof. Shibban Lal Saksena** (U.P. : General): Mr. Speaker, I have been surprised at this amendment especially because none of the two parties about whom the mover said that he wanted to compromise accept this amendment. On the one side Prof. Shah has said that this is in favour of the private industrialists and on the other Mr. Das says that this is a socialistic and revolutionary amendment. Apart from this the very fact that the Finance Minister has said that it is acceptable to him makes me wonder that he is giving up the whole case of the Bill. My Honourable friend Mr. Santhanam had said when I signed this Bill that it was intended to help private industry and as such only private industrialists should be allowed in the Corporation. The fact that the Honourable Finance Minister accepts the amendment shows that Mr. Santhanam was not correct and it also shows that this Corporation if nationalised may be of greater use if developed by private industry than it might be if it is only in the hands of capitalists. If he accepts that principle, then why not do it today. There is no ground left now after his acceptance of this amendment and has given up the whole case. Afterwards we shall have to pay 1 per cent. or 10 per cent. and my Honourable friend Mr. B. Das said it is much higher. There is no reason whatsoever to have it done later on. I have really not been able to hear a single argument to suggest that it should not be done today. The argument Mr. Santhanam had given really falls to the ground, because if you want five years to pay 5 per cent. additional premium upon the shares, then why cannot you decide it today to avoid any complications. I really wonder why still this amendment is being moved. One friend suggests now to me that the investors will be very shy. When this amendment was put I was told that one of the main reason why the Bill was kept was as a private capitalist Bill and they wanted to attract capital. I therefore do not see whom is the mover obliging by this amendment, neither the two parties to this Bill; one is opposing it and one is saying that it is all right, nor anybody else and instead of attracting the capitalists is trying to endanger them. I therefore think that this amendment should be withdrawn.

Again, Sir, the argument has been advanced that we have no capital, and that Government should not finance it. I really think that this is a wrong argument. After all, money will come from the public whether they purchase shares or they will invest in Government loans and I think that if Government floats the loan for the Corporation it will get more money than they can by the shares of the Company. I therefore think that the argument that money will not be coming is a fallacious one. Money will come with probably greater confidence when the Government floats the loan and if they only say boldly that they have a nationalisation plan and they want to develop the whole country, money will have to come and will be forthcoming. In fact Prof. Shah gave a very logical argument that by accepting this amendment we are tying the hands of this Assembly, and thus prevent it from making this Corporation a national body at any time. I think it is not proper and fair that we should tie the hands of the Members of this Assembly by this amendment and I therefore think this amendment must not be passed. When the British Government took over the Railways they did not guarantee the rates but said they will settle the matter. This sort of guarantee that they will get so much money for the shares is really very very awkward and very much against the interests of the State. I therefore think that my Honourable friend the mover who is not present in the House will not press it and the Honourable the Finance Minister will not accept it. He cannot defend it because there is no reason to do so. There is the Congress resolution in favour of nationalization and there is nothing whatsoever said to postpone it. If it is said there is no money, I think that will apply to all nationalising projects and this amendment is really giving up the whole argument and if we accept the amendment in its present form, then we must also accept the amendment of Prof. Shah. In fact I am surprised that even the amendment about managing agency, whether it should be appointed by Government, was not accepted. In fact this kind of treatment of this amendment really makes us feel that there is no sincerity behind the statement that these will be nationalised. I therefore think this should be withdrawn and the Bill should be passed either as it is or it must be completely nationalised as Prof. Shah suggested.

**Dr. B. Pattabhi Sitaramayya:** Sir, let me say a word in order to clear up some misunderstanding about this point. At the very outset I should like to say that it is not a collusive amendment nor is it a command performance. Its birth was accidental or perhaps in the course of conversation towards the last stage it incidentally occurred to us, that some such amendment might allay the apprehensions of those who were fearing that a heavy premium would have to be paid at a later date if Government should decide to take over the concern. Then some wise friends drew our attention to the fact that the Reserve Bank Act contained a wise and healthy provision. In those days it was both wise and healthy. But 13 years have rolled by and we have moved towards more liberal ideas at present, and what was considered healthy might now be considered unhealthy and what was reckoned as wise might now be regarded as unwise. However, this was only a copy of a provision which is contained in the Reserve Bank Act. But care was taken to see that the maximum limit to which the premium went on in the Reserve Bank Act, viz. 25 per cent. was reduced to 10 per cent. We may have been wrong but to that extent it was considered a particularly moderate measure in order to prevent an inflation of the value of these shares at a later time. Then Mr. Ayyangar volunteered to bring up this amendment but used the unfortunate argument that it was a compromise, it was made to appear that it was a compromise arrived at. It was nothing of the kind. In his own mind he regarded it as a compromise, a means by which the apprehensions of people who fear that extraordinary amounts may be given to the shareholders might be allayed. Then he thought he would be doing a service if he came forward with such an

[Dr. B. Pattabhi Sitaramayya.]

amendment. Later on, however, in the course of conversations in our peregrinations some one suggested that it might be even better that the reference to the market value also should be incorporated in it. In these circumstances I should like that the argument of compromise need not be ridden to death.

Secondly, it is now realised that the amendment pleases nobody, and I think the Finance Minister was very cautious in his response to Mr. Ayyangar's speech when he "accepted the arguments"; he did not go farther. I thought those words were very measured and perhaps he reserved to himself the alternative of accepting or not accepting the amendment later. Later on however he appeared to be inclined to accept it. In the light of the discussions, it is clear that Government would have ample power to deal with the situation whenever they should think it necessary to do so in view of nationalisation of the scheme. And if nobody is satisfied about it and if nobody wants it there is no reason why we may not cut off further discussion and save our time and avoid all complications. Mr. Ayyangar unfortunately is not here; he has left the place. But I take the responsibility, if such a thing is permissible, of withdrawing the amendment on his behalf, and I suggest this course for the consideration of the House and of the Chair.

**The Honourable Shri R. K. Shanmukham Chetty:** Sir, there is really not very much for me to add to the observations made from various parts of the House. The inherent right of this legislature as a sovereign body to take under State ownership any institution is unquestioned and it always exists. In fact I would submit that this legislature itself has not got the power to take away that inherent power of the legislature at any time by a present enactment. When this amendment was suggested to me I was told that in view of the widespread desire expressed by certain Members for the State ownership of this Corporation there might be given in the measure itself some indication of the possibility of the State acquiring this Corporation as a national concern. So this amendment was primarily intended to bring out that objective, though I submit it is superfluous. I therefore accepted it because it was innocuous, to say the least. And with regard to the premium fixed I accepted the limits fixed also because I considered them very reasonable. For one thing when institutions or individuals invest their money in the share capital of any concern, they very legitimately look forward to some capital appreciation also in addition to the return that they may get on their investments. In this scheme of the Corporation we have limited the dividend to such narrow limits that there is not very much chance of the institutional investors getting a very attractive dividend on the share capital. They would therefore naturally expect that within some limits there might be an appreciation of the capital. Now at the time when Government and the legislature may decide to acquire this Corporation the question would arise as to what value should be given; and I think the authors of the amendment did not want to leave that question also completely vague and unspecified. They wanted to indicate some measure within which alone the premium will be recognised. I accepted 1 per cent per year subject to a maximum of 10 per cent. There is one other consideration that I would ask Honourable Members to remember when they consider whether this premium is reasonable or exorbitant. Assuming that after five years we decide to acquire this Corporation we would be paying 5 per cent. over the share capital.—Rs. 5 for every one hundred rupees. But the institutional investors will not get away with all these Rs. 5 because the Income-Tax Department at that time will step in and treat this sum of Rs. 5 as a capital gain of which very nearly Rs. 2.8 will come back to Government. So if you look at it from this point of view I am sure everybody—unless he has

got his dagger into private individuals and private Corporations—must accept that this in no circumstances can be considered to be an extravagant premium. I think it is an expectation which the institutional investors have every right to expect. For these reasons I find no objections, so far as I am concerned, to accept this amendment.

**Mr. Speaker:** The question is:

“That after clause 35 of the Bill, the following new clause 35A be added, namely:

‘35A. In the event of the Central Government at any time deciding to acquire the shares held by shareholders other than the Central Government and the Reserve Bank the shareholders shall be paid for the shares so acquired an amount equal to the paid up value of the shares together with a premium calculated at the rate of one per cent. of the paid up value for every year from the date of issue to the date of acquisition, subject to a maximum of ten per cent.’”

The motion was adopted.

New clause 35A was added to the Bill.

**Mr. Speaker:** The question is:

“That clause 36, stand part of the Bill”

The motion was adopted.

Clause 36 was added to the Bill.

**Mr. Speaker:** There are two amendments on clause 37 by Mr. Naziruddin Ahmad.

**The Honourable Shri R. K. Shanmukham Chetty:** There are amendments Nos. 24 and 25 in List No. 2 by Mr. Santhanam before that.

**Mr. Speaker:** In order of sequence, Mr. Naziruddin Ahmad's amendments take precedence.

**Mr. Naziruddin Ahmad:** Anyone will do.

**Shri T. T. Krishnamachari:** Sir, I move:

“That in sub-clause (1) of clause 37 of the Bill, for the words ‘happen from’, the words ‘are caused by’, be substituted.”

**The Honourable Shri R. K. Shanmukham Chetty:** I accept it.

**Mr. Speaker:** The question is:

“That in sub-clause (1) of clause 37 of the Bill, for the words ‘happen from’, the words ‘are caused by’, be substituted.”

The motion was adopted.

**Mr. Speaker:** Let us first dispose of Mr. Naziruddin Ahmad's amendments to sub-clause (1) of clause 37. These are amendments Nos. 50 and 51 in List No. 3. What has the Honourable the Finance Minister to say.

**The Honourable Shri R. K. Shanmukham Chetty:** Amendment No. 50 is unnecessary. I am prepared to accept amendment No. 51.

**Mr. Speaker:** All right, amendment No. 51 in List 3.

**Mr. Naziruddin Ahmad:** Sir, I move:

“That in sub-clause (1) of clause 37 of the Bill, for the word ‘happen’, the word ‘arise’, be substituted.”

**Shri T. T. Krishnamachari:** That is already in my amendment which was just now passed.

**Mr. Speaker:** I am afraid he has stolen a march on Mr. Naziruddin Ahmad in the arrangement.

**Mr. Naziruddin Ahmad:** That is all right. So I do not press it.

**Mr. Speaker:** We now come to amendments Nos. 52 and 53 in List No. 3.

**The Honourable Shri R. K. Shanmukham Chetty:** I cannot accept them.

**Mr. Naziruddin Ahmad:** At least I have a right to move them and to explain their object.

**Mr. Speaker:** The Honourable Member has that right if he insists.

**Mr. Naziruddin Ahmad:** Sir, I move:

“(i) That in sub-clause (1) of clause 37, of the Bill, for the words ‘wilful act’, the words ‘wrongful act’, be substituted”; and

“(ii) That in sub-clause (2) of clause 37, of the Bill, for the word ‘wilful act’, the words ‘resulting’, be substituted.”

The reason is this. It is provided in these two sub-clauses that every Director shall be indemnified for any expenses or losses which he may incur in the discharge of his duties ‘except such as happen from his own wilful act’ or default. A Director does a certain wilful act honestly and in the proper discharge of his duties and he is sued in the Civil Court or is prosecuted in a Criminal Court and incurs losses and expenses. It is said that if it is a ‘wilful act’ then he cannot claim to be indemnified from the Corporation.

This is absurd. All proper acts are ‘wilful acts’. If it was a wrongful act then and then alone he should not be reimbursed. But if it is wilful, though honest, he cannot be reimbursed under the clause. Every act which is rational is wilful. He cannot be reimbursed if he acted wrongfully or in grossly negligent manner.

It comes to this that if a man does an act wilfully for the benefit of the Corporation and thereby incurs losses and expenses he will never be reimbursed. The clause says just the opposite.

**The Honourable Shri R. K. Shanmukham Chetty:** I am not convinced by what the Honourable Member has said.

**Mr. Naziruddin Ahmad:** In that case I am not pressing for them to be put to the House.

**An Honourable Member:** Why do you withdraw them?

**Mr. Naziruddin Ahmad:** This is on account of the agreement.

**Mr. Speaker:** Amendments Nos. 54 and 55 in List No. 3.

**The Honourable Shri R. K. Shanmukham Chetty:** I am prepared to accept No. 54. No. 55 is unnecessary.

**Mr. Speaker:** The Honourable Member may move No. 54.

**Mr. Naziruddin Ahmad:** Sir, I move.

“That in sub-clause (2) of clause 37 of the Bill, for the word ‘happening’, the word ‘resulting’ be substituted.”

The reason is this that things ‘happen’ without logical reason. But things which ‘result’ are related to something by relation of cause and effect. “Resulting” therefore would be more appropriate.

**The Honourable Shri R. K. Shanmukham Chetty:** I accept it.

**Mr. Speaker:** The question is:

“That in sub-clause (2) of clause 37, of the Bill, for the word ‘happening’, the word ‘resulting’ be substituted.”

The motion was adopted.

**Shri T. T. Krishnamachari:** Sir, I move:

“That in sub-clause (2) of clause 37 of the Bill, after the word ‘done’ the words ‘in good faith’, be inserted and the words ‘or otherwise, than for his own wilful act or default’, be omitted.”

I should like to put it in a positive form, rather than in the way it is put here, to exempt a Director when anything is done in good faith so far as he is concerned. If this amendment is accepted then “or otherwise than for his own wilful act or default” automatically goes.



**The Honourable Shri R. K. Shanmukham Chetty:** Sir, I accept the amendment.

**Mr. Speaker:** The question is:

"That in sub-clause (2) of clause 37 of the Bill, after the word 'done' the words 'in good faith', be inserted and the words 'or otherwise, than for his own wilful act or default', be omitted."

The motion was adopted.

**Mr. Speaker:** The question is:

"That clause 37, as amended, stand part of the Bill."

The motion was adopted.

Clause 37, as amended, was added to the Bill.

Clause 38 was added to the Bill

**Mr. Naziruddin Ahmad:** Sir, I move:

"That in the heading of clause 39, of the Bill, for the word 'Income-tax', the word 'income-tax', be substituted."

The so-called heading is really a marginal note but the change is necessary and it should be corrected.

**Mr. Speaker:** It does not form part of the statute and therefore no amendment is necessary.

**Mr. Naziruddin Ahmad:** Even then the amendment would not be out of place. A marginal note is meant for catching the eye. Sometimes marginal notes have been allowed to be amended, where an obvious error has really caught our eye.

**Mr. Speaker:** I am told it is not the practice here.

**Shri T. T. Krishnamachari:** Sir, I have no desire to move my amendment to this clause but I would like to make a few remarks. This provision has been changed from what it was in the original Bill. The Select Committee accented it and I have no quarrel with it. The position is this: that the guarantee given in regard to clause 5 is partly affected by the change in the position, because formerly when the Corporation was not liable to income-tax and corporation tax the dividend that was to be given was not income-tax free. But the Corporation is now subject to income-tax and corporation tax and the dividend that is to be given will be free of income-tax. Therefore in order to provide that the guaranteed dividend given is not further affected when the dividend is paid out of the subvention made by the Central Government proviso 3 of this particular clause is put in. This is rather a complicated provision which only income-tax experts can understand. What I would like to point out to the House and as workers draw the attention of the Honourable the Finance Minister (not that he is not aware of it) is this. I want an assurance from him in this regard. This provision in the bill will have the effect of reducing the amount of dividend which the Central Government will be fixing in terms of section 5 of the bill. For instance, supposing normally the guaranteed dividend is about 3 per cent, which would be the average rate of interest given by the Central Government on its borrowings: with this alteration this 3 per cent, or Rupees 3 per hundred Rupees grosses up to Rs. 4/5. That is what will happen and obviously it cannot be allowed as it will be considerably in excess of the Government borrowings and the guaranteed dividend being tax free would have a figure which is grossed up would approximate to the Government rate of borrowing. I want to draw the attention of the Honourable the Finance Minister that when rules are made this fact should be borne in mind.

**The Honourable Shri R. K. Shanmukham Chetty:** The Honourable Member has interpreted the intention correctly. That is the intention. Under the original scheme the dividend, whether it came from the actual profits or from the guaranteed subvention, will be liable to tax in the hands of the shareholder. Now when we say income-tax free it means that the Corporation will deduct the income-tax at source and pay him only the net dividend minus the tax. We want to keep that procedure uniform, whether the dividend comes from the earned profits or, from subvention or partly from the subvention and partly from the earned profits. That being the position, in deciding the guarantee to be given under clause 5 Government will only fix such a figure which will be what was originally intended to be gross minus the actual tax on it.

**Shri K. Santhanam (Madras: General):** Sir, I have one or two points on which I would like to have some clarification. Clause 39 says:

"For the purpose of the Indian Income-tax Act, 1922 the Corporation shall be deemed to be a company within the meaning of that Act and shall be liable to income-tax and super-tax accordingly on the income, profits and gains."

I want to know whether this will be liable to corporation as well as to the business profits tax. If that is so, then you should put it also there. It is not sufficient to say that it will be liable to income-tax and super-tax, it would be also necessary to say that it would be liable to other taxes also. If you say that it is to be treated as a company it is liable to all taxes, the presumption would be that you can levy other taxes just as a company is subject to. I would therefore like to know whether this point was considered and whether there is any defect in drafting which will be remedied. Otherwise if you do not stop with saying that it is a company, other things will not automatically follow. Therefore there is no necessity to mention either the income-tax or the super-tax. But once this has been said anybody may interpret that the Corporation will be free from Corporation tax and the business profits tax. These taxes should also be mentioned.

The other point is that under Section 32 surplus over 5 per cent. is taken away by the Central Government. I do not object to it. If the Corporation is not able to pay the guaranteed dividend the Government has to pay from its own funds owing to the guarantee for the minimum rate of dividend. Therefore all this refers to is the taxation between the 2½ and 5 per cent. on the total of ten crores. That is to say, the entire clause refers to 25 lakhs of the profit. On the whole it would have been simpler and much better if we had even limited that profit to 4 per cent. and made it free of income-tax and super-tax. There are three principles involved in this,—guaranteed minimum dividend, taking profits and taxation, which is a very complicated system. If that is systematically applied to other concerns started by the state, it will make for a very complicated system, instead of making for simplicity. I do not want to obstruct the measure but I would request the Finance Minister to consider more carefully when he wants to put in a provision at any future date.

**The Honourable Shri R. K. Shanmukham Chetty:** Sir, with regard to the omission of the mention of business profits tax specifically in clause 39, the difficulty contemplated by my Honourable friend will not arise. By any section in this Act the provisions in another Act cannot be superseded or vetoed unless it is so specifically mentioned. The liability of companies and individuals to pay business profits tax or excess profits tax as the case may be arises from a separate enactment, and when that enactment is applied to this as a company then automatically the company becomes liable to pay that particular tax. It is not possible for us now to foresee what all will be the kinds of new taxes. Suppose you mention the word 'business profits tax' here and afterwards we find that the situation in the country is such that we want to impose

excess profits tax. Surely it is not contended that this company will not be liable to pay the excess profits tax. Therefore that complication will not arise.

With regard to the observations of my friend regarding the obligation that we have imposed on this Corporation to pay the usual taxes, I submit that my scheme is really more socialistic than what my Honourable friend has in view, because I would like that the State should first get all the taxes due and then also the surpluses. I think that is a very much better system from the point of view of the State. Therefore I am of opinion that what we have devised here is not only good but that it will be very good for future legislation.

**Mr. Speaker:** The question is:

"That clause 39, stand part of the Bill."

The motion was adopted.

Clause 39 was added to the Bill.

Clause 40 was added to the Bill.

**Mr. Speaker:** There is an amendment to clause 41 by Mr. Naziruddin Ahmad.

**The Honourable Shri R. K. Shanmukham Chetty:** I am sorry, Sir, I cannot accept the amendment.

**Mr. Naziruddin Ahmad:** So far as my first amendment is concerned, it was an attempt to redraft the clause in the light of certain observations which I am going to make. But I cannot now hope that the entire clause 41 as I have drafted it will be acceptable. I have therefore analysed that into five parts (a) to (f) and I shall move them separately so that they may be considered separately. Sir, I move:

"That in clause 41 of the Bill,—

- (a) for the words 'The Central Government', the words 'Notwithstanding anything in section 42, the Central Government' be substituted;
- (b) the words 'from time to time', be omitted;
- (c) for the words 'make rules', the words 'make rules, not inconsistent with the provisions of this Act', be substituted;
- (d) for the words 'in respect of matters concerning the Corporation', the words 'to give effect to the provisions of this Act', be substituted;
- (e) for the word 'inconsistency', the word 'conflict', be substituted; and
- (f) the words 'and where there is any inconsistency between the rules and the regulations made under this Act the rules shall prevail', be omitted."

With regard to part (a) of the amendment I may say that clauses 41 and 42 have to be considered together: clause 42 gives the Board the right to make regulations while clause 41 gives the Government the power to make rules to override, if necessary, the regulations made by the Board under clause 42. While in clause 42 there is the usual salutary check that the regulations must not be inconsistent with the provisions of this Act, there is no similar check on the power of the Central Government in making rules. I submit that this power given to the Central Government to make rules which may be inconsistent with the provisions of this Act is a power given to the Central Government to legislate for themselves. This is a most unheard of power. So far as I know such power to defy the Act itself has never before been given by any Legislature. In fact the Government would then be enabled to amend the Act itself by means of rules which under clause 41 need not be in consistent with the provisions of the Act which may even be in conflict with the Act.

**Mr. Speaker:** In that case the rules would be absolutely *ultra vires*, that is, if they go beyond the provisions of the Act. It will not be interpreted that such rules will be valid. It is obvious to my mind.

**Mr. Naziruddin Ahmad:** The question would be one of serious doubt, Sir, and I do not think it is so obvious because in clause 42 we clearly say that the Board may make regulations "not inconsistent with this Act" but these words are entirely absent in clause 41. It may then be argued that the Legislature, in inserting the said words in clause 42 but omitting them in 41, has deliberately given the power to Government to make rules which may be inconsistent with the provisions of the Act. I respectfully ask how can this interpretation be shut out? I want by the amendment to make the position absolutely clear. The implication is at least a matter of doubt because of this difference in the phraseology in the two clauses which exist together. Though in the case of the Board the Legislature gives the power to make regulations which are only consistent with the Act there is no check up on the Government in making rules which may be inconsistent with the Act. That is point Number One.

**Pandit Thakur Das Bhargava (East Punjab: General):** If the words "not consistent with" were not there then could the rules or regulations be inconsistent with the provisions of the Act? It is an impossible situation.

**Mr. Speaker:** The argument is that because the words "not inconsistent with this Act" are used in clause 42 with reference to regulations, the absence of any such words in this clause is likely to be construed as giving the Government power to make rules which may be inconsistent with the Act. One may or may not agree with that interpretation, but that is the line of argument of the Honourable Member.

**Mr. Naziruddin Ahmad:** The power is so unusual and so extraordinary. There is no such power given anywhere to Government, under the rule-making power, to over-ride the law. It is wrong. That is why a great lawyer like my Honourable friend Pandit Bhargava thinks that it is impossible. There is no precedent for this. I would therefore ask the House to consider the absence of these words. Is the Legislature incompetent to give unfettered authority to the Government? I think this Legislature being a sovereign Legislature has the right to give them power even to legislate, if they think fit. I submit it could not be said that this House has no power to give a power of attorney to the Government in this respect. Whatever they do will be regarded as having been done under the Act. I do not say that that interpretation would be absolutely untenable and that no other interpretation is possible, but I submit that it is quite easy to show that the Government will have the power. At any rate my amendment seeks to clarify that the rule should be subject to the provisions of this Act. That is item (c) of my amendment.

With regard to the over-riding power by the Government under clause 41...

**The Honourable Shri R. K. Shanmukham Ohetty:** If I can do anything to save time I will accept that portion of his amendment, that is part (c) in which he says that the rule should not be inconsistent with the provisions of the Act. I am prepared to accept that amendment.

**Mr. Speaker:** Or delete the words in clause 42.

**The Honourable Shri R. K. Shanmukham Ohetty:** No, Sir, I will accept this portion of his amendment.

**Mr. Naziruddin Ahmad:** That is one point gained, but there are others. I respectfully submit, Sir, that the Honourable Minister has been very open to conviction. Wherever he feels that an argument is sound, he has been pleased to accept it. I draw his attention to item (b). The words "from time to time", I beg to submit, are redundant in view of section 14 of the General Clauses Act. "Where by any Central Act . . . any power is conferred then . . . that

power may be exercised from time to time as occasion arises"—that is the provision of section 14 of that Act. This principle we have already adopted in other Bills in this session and previous sessions. So I submit that item (b) in my list of amendments should also be accepted.

And then, with regard to item (a), it is a question of draftsmanship, but I have my sample from the Government of India Act section 100. In sub-section (2) of section 100 of the Government of India Act .....

**The Honourable Shri R. K. Shanmukham Chetty:** Sir, I am prepared to accept the whole amendment.

**Mr. Speaker:** Which amendment? Perhaps there is some confusion. What the Honourable Minister means is probably item (b)—omission of the words "from time to time" ?

**The Honourable Shri R. K. Shanmukham Chetty:** I accept, to satisfy my friend, the whole of his amendment to clause 41 that he has moved just now, but I would suggest to him that in item (a), it is not necessary to have these words "Notwithstanding anything in section 42" because section 42 gives only to the corporation power to make regulations. Surely when you give to the Government power to make rules and when you say the rules will prevail, it is unnecessary to have these words "Notwithstanding anything in section 42." Since the Honourable Member is so meticulous about the nicety of language, I would accept, subject to that, the whole of his amendment.

**Mr. Naziruddin Ahmad:** I agree as to the effect of the wording of the clause. I only wanted to get rid of the words "where there is any inconsistency between the rules and regulations, the rules shall prevail." I insisted only on a drafting change. In fact this very idea has been incorporated in section 100, sub-section (2) of the Government of India Act. There it is said "Notwithstanding anything in the next succeeding sub-section", and so forth. This is only a drafting device. I preferred the wording of the Government of India Act.

**Mr. Speaker:** If I may be permitted to say so, it does not resolve the conflict which the Honourable Member has in view. The inconsistency referred to here is between the rules and the regulations, and as against the regulations, the rules shall prevail. That is the idea. That is not carried out by his amendment. On the contrary, the draft will look awkward with this amendment incorporated.

**The Honourable Shri R. K. Shanmukham Chetty:** So, except (a), I will accept the rest.

**Mr. Naziruddin Ahmad:** All right, Sir. I will not further labour the point. I am extremely grateful to the Honourable Minister for his open mindedness.

**Mr. Hussain Imma:** May I point out Sir, that parts (a) and (f) go together and with the abandonment of (a), (f) also must go as it was only consequential upon part (a).

**Mr. Speaker:** (f) must go.

**Mr. Naziruddin Ahmad:** That is a correction for which I am grateful.

**Mr. Speaker:** The amendment will then read as follows:

"That in clause 41 of the Bill,—

- (a) the words 'from time to time', be omitted;
- (b) for the words 'make rules', the words 'make rules, not inconsistent with the provisions of this Act,' be substituted;
- (c) for the words 'in respect of matters concerning the Corporation', the words 'to give effect to the provisions of this Act', be substituted; and
- (d) for the word 'inconsistency', the word 'conflict', be substituted."

I was just wondering about the last clause (e).

**Shri K. Sarthanam:** Would it not be better to use the language of clause 42, and say "not inconsistent with this Act"?

**Mr. Speaker:** The word used in clause 42 is 'inconsistency.'

**Mr. Naziruddin Ahmad:** It is not very important. I am not going to press it.

**Mr. Speaker:** Very well. I shall now put the amendment as finally agreed to. The question is:

"That in clause 41 of the Bill,—

- (a) the words 'from time to time', be omitted;
- (b) for the words 'make rules', the words 'make rules, not inconsistent with the provisions of this Act', be substituted; and
- (c) for the words 'in respect of matters concerning the Corporation', the words 'to give effect to the provisions of this Act', be substituted."

The motion was adopted.

**Mr. Speaker:** The question is:

"That clause 41, as amended, stand part of the Bill."

The motion was adopted.

Clause 41 as amended, was added to the Bill.

**Shri H. V. Kamath:** On a point of information, Sir. Are we going to accord statutory recognition to business threats? I find sub-clause (e) of clause 42(2) seems to provide for the regulation of the conduct of business threats.

**Mr. Speaker:** It is not a threat. It is "threat". It is only a misprint. The printer expects that Members will read the Bill reasonably and correct the mistakes, he might have committed. Now we will take up the amendments.

**Mr. Naziruddin Ahmad:** Sir, I beg to move:

"That after part (c) of sub-clause (2) of clause 42 of the Bill, the following part be inserted: '(cc) the delegation of duties by the Board to the Managing Director;'"

This seems to have been an omission and I have therefore attempted to introduce it. There is provision in the Act, but there is no mention of it in the list.

**The Honourable Shri R. K. Shanmukham Chetty:** It is not necessary here.

**Mr. Naziruddin Ahmad:** In that case I do not press it.

**Mr. Speaker:** All this might be covered, I think, by clause (o).

**Mr. R. K. Sidhva:** I beg to move:

"That in part (d) of sub-clause (2) of clause 42 of the Bill, after the word 'general', the words 'and special', be inserted."

**The Honourable Shri R. K. Shanmukham Chetty:** It is not necessary here.

**Mr. R. K. Sidhva:** You will make rules for general meetings only. For special meetings you will not be able to make rules unless the word 'special' is there.

**Mr. Speaker:** What I feel is this. Clause 33 provides for general meetings and says:

"A general meeting (hereinafter referred to as the Annual General meeting) . . . . ."

So what is the idea?

**Mr. R. K. Sidhva:** Any meeting other than the annual general meeting would be a special meeting.

**Mr. Speaker:** If the general meeting is the annual general meeting then what is the idea of rules for other meetings? The expression "general meeting" is used there, and then in the very first line it is said:

"A general meeting (hereinafter referred to as the annual general meeting), shall be held annually . . . . ."

And then in clause (2) it says:

"The shareholders present at the annual general meeting . . . . ."

Therefore, the "general meeting" is the same as the "annual general meeting"

**Shri K. Santhanam:** The last line in sub-clause (1) refers to other general meetings. So all meetings are called general meetings.

**The Honourable Shri R. K. Shanmukham Chetty:** It contemplates a number of general meetings one of which will be called the annual general meeting. Clause 33(2) refers to the annual general meeting and that is why sub-clause (1) contains the statement:

"A general meeting (hereinafter referred to as the annual general meeting) . . . . ."

Therefore this amendment is not necessary. The phraseology "general meeting" is used for all meetings except for "annual general meetings". So there is no need for the addition of "special meeting". That special meeting is necessary under the Companies Act where there are definite provisions as to percentage of voters who should vote to make a resolution effective. That complication does not arise here.

**Mr. B. K. Sidhva:** Even if it is more than one in a year? Sir, I do not press it.

**Mr. Nasiruddin Ahmad:** Sir, there is an amendment standing in my name, No. 64. It refers to the substitution of the word "thereat" for the word "threat" in part (e) of sub-clause (2) of clause 42. This was referred to earlier by Mr. Kamath. This is evidently a printer's mistake but it was there in the original Bill before it was sent to the Select Committee and is there even in the re-print after the Select Committee Stage.

**Mr. Speaker:** I will see that it is corrected before the Bill is sent to the Governor General for his assent.

**Shri T. T. Krishnamachari:** Sir, I move:

"That in sub-clause (2) of clause 42 of the Bill, after part (g) the following new part be inserted:

"(gg) the manner of determining the sufficiency of the security taken under sub-section (2) of section 23;"

Sir, this amendment arises, because the House has accepted my amendment to Section 23, in order to define the sufficiency of the security taken in the manner prescribed by the Bill. So it is more or less obligatory on the House to accept the amendment.

**The Honourable Shri R. K. Shanmukham Chetty:** Sir, I accept the amendment.

**Mr. Speaker:** The question is:

"That in sub-clause (2) of clause 42 of the Bill, after part (g) the following new part be inserted:

"(gg) the manner of determining the sufficiency of the security taken under sub-section (2) of section 23;"

The motion was adopted.

**Mr. Nasiruddin Ahmad:** Sir, I beg to move:

"That part (k) of sub-clause (2) of clause 42 of the Bill be omitted."

[Mr. Naziruddin Ahmad]

Sir, this is only to draw attention to the fact that there has been some amount of haste in the selection of these items. Clauses (a) to (o) deal with the subjects on which rules and regulations may be made, that is, 'prescribed.' Sub-clause (k) reads:

"(k) any other matter which is to be or may be prescribed;"

In fact, this begs the question. The fact is that we make a list of all those matters upon which the Government may prescribe. Then this clause is absolutely unnecessary which says:

"any other matter which is to be or may be prescribed;"

This is already provided for in the definition of the word "prescribed" and in clauses 41 and 42. So the mere repetition of a power which is already given by clause 42 and by the definition of the word "prescribed" which means 'prescribed by rules and regulations', seems to be unnecessary. Probably it is due to a desire that there may be some gap somewhere but if a power is given in the sections then a further mention of this here is needless. So, I suggest that these words be omitted. Sir, I move.

**The Honourable Shri E. K. Shanmukham Chetty:** Sir, I accept the amendment.

**Mr. Speaker:** The question is:

"That part (k) of sub-clause (2) of clause 42 of the Bill be omitted."

The motion was adopted.

**Mr. Naziruddin Ahmad:** Sir, I move:

"That in part (m) of sub-clause (2) of clause 42 of the Bill, for the words 'breach of its agreement', the words 'breach of any agreement', be substituted."

Sir, I think this is merely a drafting error.

**The Honourable Shri E. K. Shanmukham Chetty:** Sir, the words "breach of its agreement" are specific and correct.

**Mr. Naziruddin Ahmad:** In that case I do not press my Amendment. Sir, I move my next amendment. I beg to move:

"That after the semicolon occurring at the end of part (n) of sub-clause (2) of clause 42 of the Bill, the word 'and', be inserted."

It supplies an obvious omission.

**The Honourable Shri E. K. Shanmukham Chetty:** I accept the amendment, Sir.

**Mr. Speaker:** The question is:

"That after the semicolon occurring at the end of part (n) of sub-clause (2) of clause 42 of the Bill, the word 'and', be inserted."

The motion was adopted.

**Mr. Naziruddin Ahmad:** The last, though not the least, of the amendments which I beg to move is:

"That in sub-clause (3) of clause 42 of the Bill, for the words 'Gazette of India', the words 'official Gazette', be substituted."

**The Honourable Shri E. K. Shanmukham Chetty:** I have great pleasure in accepting it.

**Mr. Speaker:** The question is:

"That in sub-clause (3) of clause 42 of the Bill, for the words 'Gazette of India', the words 'official Gazette', be substituted."

The motion was adopted.



**Mr. Speaker:** The question is:

"That clause 42, as amended, stand part of the Bill."

The motion was adopted.

Clause 42 as amended was added to the Bill.

**The Honourable Shri E. K. Shanmukham Chetty:** At what stage should I move some of the amendments which I have?

**Mr. Speaker:** At the last stage. If it is possible for the Honourable Member, I might also suggest that, in view of the adoption of a new Section 35A as also the addition of some new sub-clauses and the deletion of some others, it will be necessary to re-number the clauses and to examine whether the references to the original sections are correct or not. And any amendments resulting therefrom could be moved during the Third Reading.

**The Honourable Shri E. K. Shanmukham Chetty:** That means it will not be possible for me to move the Third Reading today. But I do not think there is any difficulty in re-numbering because I have been carefully following the clauses.

**Mr. Speaker:** For example a new clause 35A has been added?

**The Honourable Shri E. K. Shanmukham Chetty:** Why not leave it as 35A?

**Mr. Speaker:** It does not look nice in a new legislation. One can go on adding like that in an existing legislation but it should not be so in a new enactment.

**The Honourable Shri E. K. Shanmukham Chetty:** Suppose I move a new amendment saying that all new consequential amendments may be added?

**Mr. Speaker:** Yes, that may be done.

**The Honourable Shri E. K. Shanmukham Chetty:** Sir, I move.

"That for clause 11 of the Bill, as amended by the House, the following be substituted:

11. Term of office and retirement of Directors.—(1) A nominated Director shall hold office during the pleasure of the Central Government.

(2) An elected Director shall hold office for four years:

Provided that one out of the two Directors elected to represent the shareholders referred to in each of the clauses (c), (d) and (e) of section 10 shall retire at the end of two years after the first election; the Directors so to retire shall be determined by lot:

Provided further that an elected Director shall be required to continue in his office until his successor has been elected:

Provided further that a Director shall be eligible for re-election for not more than two full consecutive terms after the rotation of elected Directors has begun.

(3) A casual vacancy in the office of an elected Director shall be filled by election and a Director so elected shall hold office for the unexpired portion of the term of his predecessor:

Provided that no casual vacancy occurring within three months of the date of expiry of the normal term of office of an elected Director need be filled under this sub-section.

(4) Directors other than the Managing Director and not being servants of the Government, shall be paid such fees for attending meetings of the Board and if they are members thereof, of the Executive Committee, as may be prescribed.

(5) No act or proceedings of the Board shall be questioned on the ground merely of the existence of any vacancy in, or any defect in the constitution of the Board."

The House may remember that one point that arose for consideration was since the Directors nominated directly by the Central Government and nominated by the Board of the Reserve Bank were described as Directors, whether it would be appropriate to say that all these nominated Directors should hold office during the pleasure of the Central Government. So from a purely practical point of view as within a few months even the Reserve Bank will become a State Bank and therefore it is not necessary to attempt to differentiate these.

[Shri R. K. Shanmukham Chetty]

two classes of nominated Directors, the best course would be to provide that nominated Directors of whatever category will hold office during the pleasure of the Central Government.

**Mr. Speaker:** The question is:

"That for clause 11 of the Bill, as amended by the House, the following be substituted:

'11. Term of office and retirement of Directors.—(1) A nominated Director shall hold office during the pleasure of the Central Government.

(2) An elected Director shall hold office for four years:

Provided that one out of the two Directors elected to represent the shareholders referred to in each of the clauses (c), (d), and (e) of section 10 shall retire at the end of two years after the first election; the Directors so to retire shall be determined by lot:

Provided further that an elected Director shall be required to continue in his office until his successor has been elected:

Provided further that a Director shall be eligible for re-election for not more than two full consecutive terms after the rotation of elected Directors has begun.

(3) A casual vacancy in the office of an elected Director shall be filled by election and a Director so elected shall hold office for the unexpired portion of the term of his predecessor:

Provided that no casual vacancy occurring within three months of the date of expiry of the normal term of office of an elected Director need be filled under this sub-section.

(4) Directors other than the Managing Director and not being servants of the Government, shall be paid such fees for attending meetings of the Board and if they are members thereof, of the Executive Committee, as may be prescribed.

(5) No act or proceedings of the Board shall be questioned on the ground merely of the existence of any vacancy in, or any defect in the constitution of the Board."

The motion was adopted.

**Mr. Speaker:** The question is:

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

The motion was adopted.

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

The Schedule was added to the Bill.

**Mr. Naziruddin Ahmad:** Sir, I beg to move:

"That in sub-clause (2) of clause 1 of the Bill, for the words 'the Act', the words 'this Act', be substituted."

**The Honourable Shri R. K. Shanmukham Chetty:** I accept it.

**Mr. Speaker:** The question is:

"That in sub-clause (2) of clause 1 of the Bill, for the words 'the Act', the words 'this Act', be substituted."

The motion was adopted.

**Mr. Speaker:** The question is:

"That clause 1, as amended, stand part of the Bill."

The motion was adopted.

Clause 1, as amended, was added to the Bill.

**Mr. Naziruddin Ahmad:** Sir, I beg to move:

"That in the Preamble to the Bill, for the word 'long-term', the words 'long term', be substituted."

**Mr. Speaker:** Is it incorrect as it stands?

**Mr. Naziruddin Ahmad:** The hyphen is not necessary.

**Mr. Speaker:** It seems to be doubtful.

**Shri K. Santhanam:** It is an appropriate hyphen.

**Mr. Speaker:** Anyway the Honourable Member does not press it.

**Mr. Naziruddin Ahmad:** It is only a sign of union. Sir, I beg to move:

"That in the Preamble to the Bill, the word 'more', be omitted."

In the Preamble, it is said that "for the purpose of making medium and long term credits more readily available". If we say "readily available" it will serve the purpose. We need not be emphatic. In fact the Legislature may be too emphatic as whatever the Legislature says is always seriously meant. The word 'more' is to be used between friends where some seriousness is not implied. Here the word 'more' is absolutely unnecessary and may be omitted.

**Mr. Speaker:** Does it balance the further sentence "where normal banking accommodation is inappropriate. . .?"

**The Honourable Shri E. K. Shanmukham Chetty:** As it is, I think it is quite correct.

**Mr. Naziruddin Ahmad:** My next amendment is this, Sir:

"That in the Preamble to the Bill, all the words beginning with the words 'particularly in circumstances' and ending with the word 'impracticable', be omitted."

This is about making the declarations of the purpose of the Bill. The Bill clause is rather too emphatic.

**Mr. Speaker:** But I must say, having accepted the retention of the word 'more', the deletion of this becomes a rather very difficult proposition.

**Mr. Naziruddin Ahmad:** As we are generous in the use of words, let us be over-generous a little bit here also.

**Diwan Chaman Lall:** May I point out to my Honourable friend that this is a phrase which is employed in the Corporation set-up in Great Britain where the same difficulty arises, namely, "where accommodation is not readily available from other sources," and it is for that purpose that this emphasis is laid.

**Mr. Naziruddin Ahmad:** I do not press my amendment, Sir.

**Mr. Speaker:** The question is:

"That the Preamble, stand part of the Bill."

The motion was adopted.

The Preamble was added to the Bill.

**Mr. Speaker:** There is an amendment by Mr. Naziruddin Ahmad to the Title of the Bill.

**Mr. Naziruddin Ahmad:** I understand it is not acceptable to the Honourable Minister. So I do not move it.

**Mr. Speaker:** The question is:

"That the Title stand part of the Bill."

The motion was adopted.

The Title was added to the Bill.

**Shri K. Santhanam:** Sir, I move that all the consequential alterations regarding numbering and lettering be made.

**Mr. Speaker:** I was just wondering whether this should be done at this stage or in the third reading stage.

**Shri K. Santhanam:** Just as you like, Sir.

**Mr. Speaker:** I think it would be better to have it done at the third reading, because there are some other verbal amendments going to be moved by the Honourable Minister at that time.

**Mr. Naziruddin Ahmad:** Sir, I want to make one suggestion for consideration at the proposed third reading amendment stage. In Clause 12, there are four sub-clauses (a) to (d). There is an 'or' between (b), (c) and (d) but none between (a) and (b). This is obviously an omission. I suggest that the word 'or' be added after the sub-clause (a) also.

**Mr. Speaker:** That will be a verbal change.

**The Honourable Shri E. K. Shanmukham Chetty:** Sir, I move:

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

**Mr. Speaker:** Motion moved:

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

**The Honourable Shri E. K. Shanmukham Chetty:** Sir, I move:

"That in the proviso to sub-clause (5) of clause 4, of the Bill, for the figure and brackets '(6)', the figure and brackets '(7)', be substituted."

This is an error.

**Mr. Speaker:** The question is:

"That in the proviso to sub-clause (5) of clause 4, of the Bill, for the figure and brackets '(6)', the figure and brackets '(7)', be substituted."

The motion was adopted.

**The Honourable Shri E. K. Shanmukham Chetty:** Sir, I move:

"That for sub-clause (6) of clause 4 of the Bill, the following be substituted :

"(6) If and when the remaining shares or any part thereof are issued, the Central Government and the Reserve Bank shall, and the institutions referred to in sub-section (3) of this section may, subscribe for such shares in the same proportion as for the first issue, and the provisions of sub-sections (4) and (5) of this section shall also apply to such shares."

**Mr. Speaker:** The question is:

"That for sub-clause (6) of clause 4 of the Bill, the following be substituted :

"(6) If and when the remaining shares or any part thereof are issued, the Central Government and the Reserve Bank shall, and the institutions referred to in sub-section (3) of this section may, subscribe for such shares in the same proportion as for the first issue, and the provisions of sub-sections (4) and (5) of the section shall also apply to such shares."

The motion was adopted.

**The Honourable Shri E. K. Shanmukham Chetty:** Sir, I move:

"That in sub-clause (a) of clause 12, of the Bill, as amended by the House, after the words 'is a salaried official of the Corporation other than a Managing Director;' the word 'or', be inserted."

**Mr. Speaker:** The question is:

"That in sub-clause (a) of clause 12, of the Bill, as amended by the House, after the words 'is a salaried official of the Corporation other than a Managing Director;' the word 'or', be inserted."

The motion was adopted.

**The Honourable Shri E. K. Shanmukham Chetty:** Sir, I move:

"That the re-numbering and re-lettering of the Clauses and sub-clauses consequential on the amendments made by this House be carried out."

**Mr. Speaker:** The question is:

"That the re-numbering and re-lettering of the Clauses and sub-clauses consequential on the amendments made by this House be carried out."

The motion was adopted.

**Mr. Speaker:** The question is:

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

The motion was adopted.

## DAMODAR VALLEY CORPORATION BILL

**The Honourable Shri N. V. Gadgil** (Minister for Works, Mines and Power):

Sir, I beg to move:

"That the Bill to provide for the establishment and regulation of a Corporation for the development of the Damodar Valley in the provinces of Bihar and West Bengal, as reported by the Select Committee, be taken into consideration."

Sir, when this Bill was referred to the Select Committee in the last session, a comprehensive description of the whole scheme that has been contemplated and for which an agency called the "Damodar Valley Corporation" has been evolved, was given by me. The Bill was welcomed here in the House unanimously, and to the extent to which I was able to ascertain public opinion as expressed in the various newspapers all over the country, and particularly from the Provinces of Bihar and West Bengal, I should say that this Bill has been well received.

The Select Committee, on which were representative members from West Bengal and from Bihar, has gone very carefully into the various provisions of the Bill, and has suggested a few modifications. As I stated in my speech while making reference to the Select Committee, it is our intention to make this Bill as model, as perfect and as grammatically correct as my Hon'ble friend Mr. Naziruddin Ahmad would have it, and yet it is possible that several amendments may be moved in this House. To those amendments, if and when moved, I shall certainly make suitable replies, but just now I want to give the House some idea as to the changes made by the Select Committee.

[At this stage, Mr. Speaker vacated the Chair, which was then occupied by Mr. Hussain Imam (one of the Panel of Chairmen).]

The first important change that has been suggested by the Select Committee is one which deals with the provision which has now been made for a Financial Adviser for this Corporation. In the original Bill there was no such provision:

4 P.M. it provided for a Treasurer to be appointed by the Central Government. The members of the Select Committee thought that this was going to be a Corporation, the first of its kind in this country, and the enormous task this Corporation will be called upon to perform was such as to justify the assistance of a financial adviser. From the provisional estimate as to capital expenditure that will be required for this scheme it appears that nearly 55 crores would be required; it is possible that this figure may go up when the work actually starts. But this is enough to show that when the scheme is completed the annual budget of this Corporation may be round about five to seven crores. If that is the position it is only meet and proper that this Corporation should have—so to speak—an expert in financial matters. It is not the idea of the framers of this Bill—certainly it was not the idea of the members of the Select Committee—to create impediments or to give opportunities for red-tapism or create scope for delay in the normal and day-to-day work of this Corporation. It is only fair to the taxpayer of this country who will be in the first instance asked to supply this huge amount of Rs. 55 crores or thereabout that he should at least have some confidence that the finances of this Corporation are well looked after.

The general principles on which this Corporation will have to work are that for all purposes it is going to be an autonomous body, that it will be free—within the framework as contemplated in the provisions of this Bill—to manage the affairs of the Corporation. There is only one limitation—and the House will agree that it is a very good limitation—that in matters of policy the Central Government will have the final voice. That provision was already in the Bill. Indeed the provision for the financial adviser is only carrying out what was implied in the said provision. I want to assure this House—because I find that two members of the Select Committee have shown their disagreement with respect to this particular provision—that there is not the slightest intention

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to create any difficulties in the smooth working of this Corporation. I therefore want to bring to the notice of this House that this provision is salutary; it is in the best interest of the Corporation, a sort of safeguard for the taxpayer and to give sufficient faith for him that whatever he has contributed for the successful working out of this scheme will be well spent.

Then the second important change that has been introduced by the members of the Select Committee is about the Corporation being subject to central taxation. Originally there was no provision; in fact the provision was that this Corporation should be exempt from any central taxation. Now this was a matter of very high importance from several points of view. In fact while the Bill that has just now been passed was under discussion this very issue was discussed fairly sufficiently, and I do not want to take the time of the House by going over the same grounds which have been covered by my Honourable colleague the Minister for Finance. There are undoubtedly two views held with equal sincerity, and sometimes when two experts disagree it is very difficult for a layman like me and many others in the House to find what the better course is. In such circumstances I have always believed that the best guide is one's common sense. We have followed a policy in which wherever the State, whether in the centre or in the provinces, enters upon commercial undertaking, whether it should or should not contribute to the revenue is a question which must be decided not dogmatically but in the context of circumstances existing on the relevant occasion. Today, Sir, the Central Government has the monopoly of railway transport; it has the monopoly of posts and telegraphs and telephones. It is possible that in future years to come the State activities will embrace more and more fields; but we cannot immediately accept a position in which there will be no taxation whatsoever and services will be admissible to every citizen free, or probably on the payment of cost. But until such a millenium comes it is only practical wisdom that we should move cautiously and not bring into trouble the financial system of the country. Therefore after giving a good deal of thought the members of the Select Committee—and on this point there was unanimity—came to the conclusion that the Corporation should be subject to central taxation whatever be its nature. The opposite view was that if this is done the provinces are deprived of their legitimate share. So far as the activities of this Corporation are concerned, by broad categories they may be said to embrace irrigation and generation of power. So far as irrigation is concerned, it is a provincial subject and even electricity is a provincial subject. Irrigation dues are recovered by the provincial Governments and they will be recovered by the provincial Governments even under this scheme. As regards electricity the sales tax is already there. Quite a large proportion of the selling price of electricity is consumed by the sale tax. Having given both the provinces their dues, it would be only fair if the Central Government claims just a little. After all, whatever the Central Government gets by way of income-tax, they have a partner in that business also. Under the provisions of the Government of India Act as it stands today, if the yield from the income-tax from all sources is above a certain figure, then it is shared by the Central Government along with the Provincial Governments. So if this Corporation is made subject to income-tax it is not going to work any hardship. But at the same time it will have a good feature about it, namely, that the affairs of the Corporation will be conducted on sounder and commercially acceptable principles. If we are to leave the Corporation with the autonomy which we have contemplated for it, then probably the budgetary position which may be made available may not be exactly in compliance with ordinary commercial standards. Therefore, taking every point of view into consideration, this important change has been suggested by the Select Committee and I have no doubt that this House will accept it.

Then another important change that has been suggested by the Select Committee is about the presentation of the annual budget and the annual report, not only to the Central Legislature but to the Legislatures of both the provinces concerned. It is just possible, Sir, that the affairs of this Corporation may evoke certain criticism and if we did not make any provision by way of a forum where such criticism can be ventilated, that state of things would not be such as ought to exist in a democratic Government. The original provision was that the annual budget estimates and the annual report should be kept on the table of the Central Legislature, questions could be asked, information solicited and possibly even resolutions could be moved. Now it is possible, Sir, that the Members of the Central Government may not be so much interested in the affairs of this Corporation as may be the members of the local Legislature of Bihar or Bengal. Naturally they will be much nearer the activities of this Corporation and this point of view was appreciated by the Members of the Select Committee and a provision has now been made under which copies of the annual budget and report will be laid not only on the table of the Central Legislature but as well as on the tables of the provincial Legislatures.

Then another provision, somewhat important, has also been made. In the original Bill provision has been made for the removal of members under certain specified circumstances. We are moving on the assumption that these three persons—two Members and the Chairman who will constitute this Corporation—will act up to the high ideals which we hope are absolutely necessary in order to work up this scheme, a scheme which is going to bring prosperity to nearly fifty lakhs of people and to two provinces. But it is possible that either owing to political pressure or other influences, or circumstances which we may not be able to visualise now and here, they may not discharge the duties, they may not carry out the functions or the directions of the Central Government. What then? Therefore, a provision has been made, although in the report itself, it is in somewhat wider terms described, still I am prepared to accept certain amendments. The provision will be that the two members and the Chairman should be removed in those circumstances and replaced by others. And, Mr. Chairman, you will agree that this is a salutary provision and a safeguard that is absolutely necessary in the circumstances which I have just retailed.

There are other minor suggestions of no great consequence, but which have been suggested in order to make the whole thing complete and cohesive.

I hope that this House will pass this Bill because already five years have been lost in thinking, in putting it on paper, in revising, doing this, that and the other. Already, Sir, in anticipation, some work has started. How urgent is the scheme has been described by me when I made a speech while referring this to the Select Committee. I gave figures as to the additional acreage that will be brought under irrigation, as to the kilowatts of power that will be generated, the fish culture and all other advantages. The sooner we pass this Bill, the better it will be as an encouragement to those of us who are determined to see this through. In fact, I should think destiny is beckoning the members of Bihar and Bengal, and asking them to have the progress of this Bill made quicker.

As I find from the paper, the amendments are far more numerous than the tributaries of the Damodar itself. But in the case of the Damodar River tributaries, they contribute wealth and happiness. But I wish I could say that of all the 120 amendments that have been tabled. I have no desire to belittle the efforts and pains taken by those who have drafted these amendments. I have every respect for them but let not grammar dominate the sense and meaning of the sentences. I therefore appeal to every member of this House to cooperate with me by moving only those amendments which I am advised to

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accepted by those who are going to work this Corporation. That is all I have to say. Sir. Sir, I move.

**Mr. Chairman:** Motion moved:

"That the Bill to provide for the establishment and regulation of a Corporation for the development of the Damodar Valley in the provinces of Bihar and West Bengal, as reported by the Select Committee, be taken into consideration."

श्री रामनारायण सिंह : सभापति जी, मैं अपने दोस्त माननीय मिनिस्टर एन० वी० गाडगिल साहब को हृदय से बधाई देता हूँ और इस बिल का स्वागत करता हूँ। सभापति जी, जब से यह महान् सभा भवन है, मैं तब से ही इसका सदस्य हूँ बीच २ में जेल यात्रा तो करनी पड़ती थी, लेकिन इसके अलावा बराबर से इसका सदस्य हूँ। इसके अन्दर बहुत से कानून बने और बहुत से बिगड़े। यहां तक कि एक सरकार गयी और दूसरी सरकार आई। बहुत २ बदल बदल हुए। लेकिन मेरे अपने जीवन और इस सभा भवन के इतिहास में यह पहला दिन है, जिस दिन मैं हृदय से इस बिल के लिये बधाई देता हूँ और यह कहने को तैयार हूँ कि यह एक ऐसा मसविदा है, यह एक ऐसा बिल है जो देश का और राष्ट्र का सच्चा हित करेगा। मेरे कहने का यह मतलब नहीं है कि जितने और बिल और कानून पास होते थे, बेकार होते थे, लेकिन मेरे कहने का यह मतलब ज़रूर है कि सरकार चलाना एक बात है, सरकार की रक्षा करना दूसरी बात है, लेकिन देश के लोगों के सच्चे हित के लिये काम करना दूसरी बात है।

सभापति जी, जैसा हमारे मन्त्री महोदय ने कहा है यह प्रश्न बिहार और बंगाल का है, इतना ही नहीं, बल्कि बिहार के उस हिस्से का सवाल है जो छोटा नागपुर कहलाता है। छोटा नागपुर भी उस जिले की बात है जो मेरा जिला है। तो यह किसी जिले के लिये हो, किसी सूबे के लिये हो, वह दूसरी बात है। लेकिन यह ज़रूरी बात है कि सारे देश का इसमें बहुत बहुत भला है।

आप जानते हैं और सारा देश जानता है कि इधर कई वर्षों से खासकर जबसे लड़ाई शुरू हुई थी और अब लड़ाई खत्म होने के बाद देश में अन्न कष्ट कितना हो रहा है। मैं कहता हूँ कि ऐसे २ प्रोग्राम और ऐसे २ कार्य हमारे देश में हों तो ऐसे कार्यों से देश का कितना लाभ हो। और मैं जो दूसरे २ देशों में भिन्न मंगे की तरह यहां के लोगों के लिये अन्न और भोजन के लिये भिक्षा मांगता था, तो ऐसे कार्यों से इसके बदले में अनाज और कई चीजें हम खुद बाहर भी भेज सकेंगे और बाहर के लोगों की मदद भी कर सकेंगे



मेरे कहने का मसलब खासकर यह है देखिये सरकारी बजट जब २ आता है और हम लोग देखते हैं कि उसमें अमुक २ डिपार्टमेंट्स के लिये कितना २ रुपया खर्च होता है, लेकिन देश के हित के लिये जो सच्चा काम है, उसके लिये अब तक देश का ऐसा दुर्भाग्य था और सरकार भी ऐसी थी जो देश का सच्चा हित किसमें ह, इस पर विचार नहीं करती थी। लेकिन अब तो अपनी सरकार है। और इसका सबसे पहला ध्यान ऐसे २ विषयों में देना चाहिये जो हमारे देश के लिये जरूरी हों। यह ता शुरू का काम है। ऐसे २ काम हज़ारों की तादाद में करने हैं। और इसके लिये रुपयों की कमी नहीं हो सकती है। इसके लिये रुपया हो जायगा। इसके बहुत २ लाभ हैं। अन्न पैदा होगा और जहां २ यह कार्य हो रहा है, कार्य हो जाने के बाद बहुत सी बिजली पैदा होगी जिससे बहुत व्यवसाय बढ़ेगा और बहुत लाभ होंगे।

एक बात में भाई गाडगिल साहब से कह देता हूं जिसके बारे में पहले भी कुछ बात-चीत हुई थी। वह बात यह है कि इस कार्य में बहुत सी ज़मीन लेनी होगी। और बहुत जगह बहुत से लोगों को हटाना पड़ेगा। यह तो राष्ट्र के हित के लिये कार्य है, इस वास्ते यह काम करना ही है, लोगों को तकलीफ़ तो होगी ही। लेकिन इसको ऐसी नीति के साथ करना चाहिये, ऐसी खूबी के साथ करना चाहिये जिसमें व्यर्थ लोगों को तकलीफ़ न हो। मिसाल के लिये मैं कहता हूं कि यह काम ऐसा है कि कहीं कहीं तो सारे मौज़ा का मौज़ा ले लिया जायगा और कहीं २ सारे मौज़ा का मौज़ा पानी में डूबेगा। वहां के लोगों को हटाना है। इस कार्य के लिये यह ज़मीन कानून के जरिये ली जायगी, लेकिन यह ज़मीन लेने से पहले यह होना चाहिये कि इन लोगों को रहने के लिये दूसरी जगह ज़मीन देनी चाहिये और रुपया दिया जाय ताकि वह लोग अपने मकान बनाने का प्रबन्ध करें और उन्हें रहने की तकलीफ़ न हो। और उनको ज़मीन जोतने का कष्ट न हो, तभी इस कार्य की खूबी होगी यह ठीक है कि बहुत से लोगों को सुख देने के लिये यह कार्य किया जाता है, लेकिन साथ ही साथ इसके करने में किसी को व्यर्थ कष्ट न हो और वह उनका निवारण कर सकें और उसको दूर कर सकें। ऐसा यदि हम कर सकें तो हमारे लिये बड़ी योग्यता की बात होगी। इस वास्ते मुझे बहुत ज्यादा कुछ कहना नहीं है मैं तो केवल इसका हृदय से स्वागत करने के लिये खड़ा हुआ हूं। लेकिन मैं मन्त्री महोदय से इतना जरूर कहना चाहता हूं कि इस कार्य को करने में पूरी कोशिश करते रहें ताकि किसी एक आदमी को भी व्यर्थ कष्ट न हो। यह कह कर मैं समाप्त करता हूं।

*(English translation of the above speech.)*

**Shri Ramnarain Singh** (Bihar: General): Mr. Chairman Sir: I heartily congratulate my friend Honourable Shri N. V. Gadgil and I welcome this Bill.

Sir, since the inception of this Assembly I have been its member. But for the period of my incarceration I have been regularly attending the Sessions of this House. Many a law were enacted here and many were repealed. So much so that this Assembly has seen the end of one era of Government and the beginning of another. Many changes have taken place. But during my life time and, the history of this Legislature this is the first day when I give my warmest greetings to the introducer of a Bill and when I am prepared to say that this is such a draft or a Bill which will benefit the country and the nation in the real sense. I do not mean that all other Bills that were passed and all other laws that were enacted were useless, but I do mean that it is one thing to run a Government and another to protect it, but it is altogether a different thing to work for the real good of the people.

Sir, as our Honourable Minister has said, this thing pertains to the provinces of Bengal and Bihar. Not only that but it is a question which concerns a part of Bihar known as Chhota Nagpur. Rather it is about that District of Chhota Nagpur to which I belong. It is a different matter whether it concerns this district or that, one province or another, but I must say that the Bill aims at doing good to the whole of this country. You know it and the whole nation knows it, that for the past so many years, particularly since the beginning of war, and even after its termination, the country has been passing through the travails of food scarcity. The inauguration of such programmes and works will, I am sure, go a long way in doing immense good to this country. I have been begging other countries for food for my countrymen; but Bills of this kind augur well for us and instead of importing we will be in a position to export to other countries food and diverse other things and will also be able to help the people of other countries. I have particularly to say that Budgets have been presented by the Government from time to time and we have been witnessing the funds allotted to different Departments, but it has been a bad luck for this country that it had such a Government which did not care much for the benefit for our motherland and failed to do good to the country in the real sense. But we have a popular Government today, and the first attention that this Government ought to pay would be to such matters as are vital for India. This is just a beginning. Many more such tasks have yet to be accomplished, and there can never be a lack of funds for them. We have ample funds for this purpose. This will be very useful; food will be grown and there will be a production of electricity at places where this work is being done. This will increase our income and benefit as in many other ways. Let me say one thing to my friend Honourable Shri Gadgil. We have already talked about it. It is this. This work will require vast land. Consequently many persons will have to surrender their lands to the Government. This is a work for the national welfare. It has to be done. People will no doubt be put to some difficulties but our policy in handling this work should be such and we should do it in such a nice way that people are not put to unnecessary troubles. Let me say, for example, this is such a work as will require villages after villages, and some times the whole of the village will go under water. The inhabitants of these places will have to be removed from there. This land will be acquired by means of law; but before acquiring it we should provide its owners with land elsewhere to live upon and with money so that these men may be in a position to construct houses for themselves and have not to face difficulties of accommodation, and tilling of land. Only then this work will be praise worthy. This is true we work here for the good of the masses but along with that we should also see that people do not suffer unnecessary privations and are enabled

to put an end to them. If we can do that it will prove our ability. I have therefore, not to say much. I only stood up to welcome this Bill heartily but I must say to the Honourable the Minister that he should not slacken his efforts so that not a single person has to bear any unnecessary inconvenience. With these words I close.

**Shri B. Das** (Orissa: General): Sir, I join my Honourable friend Mr. Ram Narayan Singh in felicitating my Honourable friend Mr. N. V. Gadgil for the first fool-proof development measure which he has brought before this House. The other day I was a little disappointed when I asked a question of the Honourable the Prime Minister about the action taken on the report of the Advisory Planning Board and I understood from his reply that the various ministries are taking the necessary action. We have no planning minister and at that time we understood that the Prime Minister was the Planning and Development Minister. But today I find my Honourable friend Mr. Gadgil has become the *de facto* Development Minister by sponsoring this first development measure. I hope he will bring similar other development projects before us and I wish him in advance all success in his development proposals. Sir, I entirely agree with the observations made by the Honourable Minister as to the salutary changes brought about in the Bill by the Select Committee. I felicitate the members of the Select Committee for the most businesslike way in which they have devoted their attention on this matter. I did criticize at an earlier stage the drafts of various clauses, but today all my objections have gone except one in regard to which I have tabled an amendment and on which I will speak at a later stage. I do hope, after what my Honourable friend Mr. Gadgil has said, the two dissentients to the institution of a Financial Adviser for the project will be convinced that the Financial Adviser is not an obstructionist but rather helps in national economy. In any new measure we are introducing in India in line with the Tennessee Valley Project where hundreds of crores of rupees were spent—under the Damodar scheme it is a modest fifty-five crores of rupees, but for a poor nation like India that is a huge sum—strict financial control is necessary. Apparently my Honourable friend Mr. Gadgil gave out that there has been difference in ideology about financial investment and taxation policy in the Cabinet; we also find that in this House we differ from one another. The present method by which every project—Central or Provincial—has to pay income-tax is the right approach to the taxation policy of India. I also agree with my Honourable friend Mr. Gadgil that the Provincial Governments—of Bihar and Bengal in this case—will share the amount of income-tax that will accrue to the Centre in this behalf. If I have read aright the Report of the Financial Committee that is advising the Constituent Assembly, the Provinces will now get more share of income-tax and corporate tax than they used to get.

Sir, I welcome the redraft of clause 18. It is a much better draft than the previous one.

I also welcome the redraft of clause 12 relating to the functions of the Corporation where, as I pointed out in my previous speech, the draft was incomplete. The present draft is much more welcome and I accept it.

I welcome the provision that the budget of the Corporation will be laid on the floor not only of this House but of the two Provincial Legislatures concerned. I do hope that the salutary practice will be introduced in this House and in the two Provincial Legislatures that Members of all the three Houses will take interest and discuss the budget provisions of the Damodar Valley Corporation expenditure.

The other provision I welcome is that the Annual Report will be laid before the Dominion and Provincial Legislatures. I do hope members of the Provincial Legislatures and members of this House will take intelligent interest in those Reports and raise discussions so that there should be neither extravagance nor mistakes repeated.

[Shri B. Das]

A few minutes ago this afternoon we passed the Industrial Finance Corporation Bill. There in the last clause—clause 42—we have said in sub-clause (B) that “all regulations made under this section shall be published in the *Gazette of India* and shall come into force on such publication and shall also be laid on the table of the Legislature”. The only omission I find in the Report of the present Select Committee is this. In clause 59 of the Damodar Valley Corporation Bill it has not been laid down that all regulations made should be laid on the table of the Legislature. I have tabled an amendment for this purpose and I hope the Honourable the Minister will see the justice and equity of that demand of mine. I do hope that in every legislation that **Free India Government makes hereafter there will be similar clauses and that different Acts will not contain varied provisions.**

Sir, although we had been stressing on the inclusion of the provision for rules and regulations our past experience has been very bad. Rules have been framed not by the Government but by the departmental bureaucracy. The “Honourable Member” of the past merely put his signature and sometimes such rules and regulations had worked adversely and against the Act under which they were framed and also against the national sentiments and principles of the people. But here the Government is our national Government, and the Government and we are all one. It is fair they are allowed to make rules and regulations which they publish in the official Gazette and also lay on the table of this House so that the members, if so minded, can raise a discussion on it if they find the draft is not in the spirit of the Act or does not conform to what was in the mind of the members when the Act was passed.

With these remarks I wholeheartedly support the Bill. I hope it would soon come into operation and that in three or four years we will see its effect in the Damodar Valley area. Whether it will immediately enable the areas to produce wheat and everything which my Honourable friend Mr. Bannarayana Singh expects it to produce, I have my own doubt as to whether the Damodar Valley area can produce wheat. But I do hope it will remove the flood horrors and the terrors to the fifty lakhs of people that inhabit that area and rehabilitate those people who will be displaced, particularly the *Adibasis* who are children of nature and who should not be allowed to be reduced to slum condition of living to which we people are accustomed. I do hope that whatever is done, the displaced persons of the hills and forests who are mostly tribal people and who have been living in those areas for tens of thousands of years will be allowed to live under similar conditions as they are living under now: they should not be ‘civilized’ under our conception of civilization!

**Mr. Naziruddin Ahmad** (West Bengal: Muslim): Sir, I unreservedly and wholeheartedly congratulate the Honourable Minister for being the author of one of the monumental legislations of our times. My Honourable friend the Minister has very politely referred to the dissentient notes which I and another Honourable Member of the House, Mr. Jaipal Singh, had put in. I can assure the Honourable Minister from the bottom of my heart that it was not done in a spirit of obstruction or in a spirit of criticism but in a constructive spirit. Whatever may be the decision of the Honourable Minister on the points on which we differ, whatever be the views of this House, I can assure the House that our attitude was actuated by genuine necessity and high principles.

**An Honourable Member:** You will not press them, I think?

**Mr. Naziruddin Ahmed:** With regard to some of the principles for which I shall contend, it is suggested that I will not press them. They are not all amendments merely of a drafting nature. They are mostly substantial and vital.

It is well to realise what tremendous injustice was being perpetrated over a period of 90 years to the people of Burdwan. In fact the flood havoc which began over a long series of years was due to the installation of the East Indian Railway in the fifties of the last century. For the protection of the railway, which lay at about a distance of a mile from the left bank of the River Damodar, a big embankment was erected. That was about 90 years ago and at that time several engineers predicted that this would mean the ushering in of a series of recurring floods and other disasters, but they were overruled. Its obvious result was that all the water was allowed to pass over the right bank and was for a long series of years devastating a large tract of land. The other mischief was that there was no regular outlet to the river Hooghly where the Damodar and the Hooghly meet. That was again for the protection of the shipping interests of European concerns which dominated at the time. Large quantities of sand and silt would otherwise accumulate in the Hooghly river necessitating costly dredging operations. The Damodar had thus no free outfall on the river Hooghly and the left bank was strongly guarded in the interests of the railway which was then held by a British-owned company. Owing to these two factors considerable silt and sand which were washed down from the hills of Bihar annually accumulated on the bed of the river and on a large tract of land rendering it in the end completely unculturable. The bed of the river was being raised by the deposits and ultimately it was found that it was eight feet above the level of the town of Burdwan, and the result was that in 1920 water rose to such a level that the left bank gave way and a large part of the town and as a large part of the railway was washed away, and absolutely tore off the steel rails of the East Indian Railway. The people of Burdwan cried for relief. Some remedy was asked for. But what did the Government do? They strengthened the embankment and raised it 3 feet higher. The result was that more silt and sand accumulated on the river bed. The river bed rose higher and in 1935 nature had its revenge again and the embankment on the left broke again and a large part of the town was again submerged and washed away. We were crying all along for relief. Then some sort of patch-work was again resorted to and in 1943 we had another breach creating a serious state in the war transport. The rush of water washed away a large part of the Grand Trunk Road, broke away a large part of the double line of the East Indian Railway, and stopped communication altogether. That drew the attention of the military authorities. Military necessity drove them to look into the matter more carefully; it meant a tremendous set back to the war effort; the whole military traffic and others had to be diverted to various other channels and this meant a great deal of delay and expense. Fortunately the American authorities were there. They were familiar with the Tennessee Valley Scheme and experiments began, and as a result we have now the crowning achievement the culmination of our hopes in the shape of the present Bill. The conditions of the people of Burdwan should be visualized in this context. On the right bank it was a case of annual floods. Men women and children had to live on house tops. Sometimes houses were washed away. They climbed on to trees, and even trees were sometimes submerged in water leaving them no escape. It was only when the left bank gave way the people on the right bank sighed in relief. In the *Ayeen-i-Akbari* the district of Burdwan is reported to have been the most advanced in agriculture on account of its river system and its tributaries and numerous water channels. On account of the embankment on the left bank, those water channels were absolutely closed and irrigation stopped. There was some cess levied called the *phulbandi* tax and that was a tax to enable the government to maintain water channels. When the Damodar embankment was constructed, these channels were closed and it was contended that the *phulbandi* rents should be remitted, but they were not remitted, and so a most fertile district in the whole of India has become malarious and its

[Mr. Naziruddin Ahmad]

lands desolate. By this measure you are doing us belated justice for which the people of Burdwan would be grateful. Now, Sir, in these circumstances the question of taxation should require thorough consideration in the light of the facts which I shall state more fully later on in detail. My Honourable friend the Minister has given a polite hint that the interests of grammer should not be allowed to interfere with the sense.

**Shri H. V. Kamath** (C. P. and Berar: General): It should not dominate.

**Mr. Naziruddin Ahmad:** I do not see why the sense should dominate or the grammer should dominate. I think there should be a perfect harmony between sense and grammer and practical considerations. Considerations of grammer do not obstruct the sense and require only a little attention to details. The Honourable Minister may look into questions of draftsmanship and succeed in producing a model legislation which should be better than its predecessors. We have only today passed a Bill with more than 30 amendments of a drafting nature which cured a large number of grammatical irregularities. This does not show the Administration to the best advantage. In fact clerical errors of the most glaring type are only too apparent in recent Bills. The attempt to submit amendments is due to a desire to avoid all this bad draftsmanship. In fact whenever there is a bad Act, the entire Legislature is abused.

**An Honourable Member:** Otherwise you will be jobless.

**Mr. Naziruddin Ahmad:** Of course bad legislations give jobs to lawyers for which the lawyers should be extremely grateful. The few Bills which we have passed will certainly give them big jobs; there will be plenty of room in the clauses for difference of opinion and litigation. But so far as this Bill is concerned, as it is based on the model of the T. V. A. scheme, I think its draftsmanship should be on a par with its illustrious predecessor. I beg to submit that so far as improvements in draftsmanship are concerned, some work was done in the Select Committee Stage. I sent in a large number of drafting amendments to the Select Committee. It appears—I am not going to say what happened in the Select Committee—but I find only a few of them have been accepted. All that I say is that the Select Committee instead of giving full consideration to them was in evident haste. Wherever amendments have been accepted, they have been accepted in a most perfunctory manner; in order to remove one mistake another mistake has been committed, as I shall have occasion to point out later on. I submit that a consideration of these drafting points should not be taken as a dilatory measure.

I submit that drafting is a matter of great importance. I can speak with long experience—experience of over 34 years—in the practice of law. We have had experience of a large number of Acts—the entire Statute laws from 1793 onwards and even from before. Mistakes which abound in recent Bills were never traceable in those enactments. There were no mistakes of any kind whatsoever; they were extremely carefully done. They were models of good English, good grammer, and good sense. I do not see why an attempt to effect a combination of good English, good sense and good Act should be regarded as dilatory and why the Honourable Minister should consider it necessary to appeal to the Members.

**Shri H. V. Kamath:** On a point of order, Sir. The Government Benches are empty.

**Mr. Chairman:** The Honourable Minister is there.

**Mr. Naziruddin Ahmad:** The Honourable Minister has turned his back to us.

**Mr. Chairman:** Order, order. The Honourable Minister should be in his seat.

**Mr. Naziruddin Ahmad:** I beg to submit with great respect that generous as the Honourable Minister is, he should not grudge any attempt to amend the Bill, to improve its diction and grammar, and regard it as a dilatory measure. In fact, he has already destroyed a large part of his argument of delay by his declaration that the work is in progress, that it has been undertaken in anticipation. No one in the House would obstruct the Bill or delay action. Action is in progress; therefore, I submit with respect that a consideration of the Bill cannot be regarded as a dilatory measure or as in any way delaying the construction that is in progress. Where we differ is not much in the essentials of the Bill but really in the diction and our attempt in removing glaring errors.

Then with regard to the text, as the Honourable Minister has kindly said, there are honest differences of opinion. It is on those differences that there is some likelihood of any debate; but as regards other matters there will be no long debate. With regard to drafting improvements for which I am accused, they will all be of a simple nature; they will be moved and in case the Honourable Minister is not in a position to accept them, of course, they will not be pressed unless their nature require them to be pressed. I have found from experience in this House that a long list of errors pointed out have been ignored on the ground that notices were received too late. It has been the lot of the poor printer to take all the responsibility for bad drafting. I am in a position to show without doubt that the printers were the least responsible in this respect. What were the staff doing?—Those who are the proof-readers? Why did they not correct the proofs? It is the experience of publicists accustomed to deal with printing know that printers make mistakes; there is the printers' devil, as we say. But it is the duty of the proof-correctors to correct the proofs very accurately and very meticulously. They are however really proof against corrections themselves. The points where we differ will not delay matters but will rather improve matters.

Sir, I do not wish to delay the House any more. With these few words, I submit that the House would take not merely the solid principles of the Act but also the language, the structure and everything that will go to make the Bill a monumental statute befitting an Independent Legislature, by its diction, its grammar as well as by its sense.

**Shri Arun Chandra Guha (West Bengal: General):** Mr. Chairman, Sir, I wish to welcome the Bill and congratulate the Honourable Minister, Mr. Gadgil. The Bill as it was first presented to the House and as it emerged from the Select Committee—between these, there has been some changes and some improvements. The Honourable Minister has pointed out some of the improvements and there are also other changes made in the Select Committee. One important change made by the Select Committee but which, as far as I recollect, has not been mentioned by the Honourable Minister, is the appointment of Advisory Committees. In the original Bill the appointment of Advisory Committees was exclusively in the hands of the Corporation; now it has been taken over practically by the Central Government under its rule-making powers. Also the regulation-making powers of the Corporation have been subjected to the consultation of the Central Government. In addition to this, the appointment of a Financial Adviser and his functions and duties—all these are to be settled by the Central Government,—has also been provided by the Select Committee. It may appear that the Select Committee has tried to curb the autonomy of the Corporation. But in fact this is not the case. This Bill, as is well known, is rather in imitation or rather on the lines of the T.V.A. In the T.V.A. we find the American Congress has lots of authority to scrutinise the activities of the Administration there. Here also the tax-payers will have to spend about fifty crores or more and yet the representatives of the tax-payers would have had no

[Shri Arun Chandra Guha]

authority to criticise; so the Corporation has been subjected to the healthy criticism and scrutiny by the Central Legislature and by the Central Government.

As for the purposes of the Corporation and its scope, the three main purposes are flood-control, irrigation and generation of electricity; besides, there are some other minor purposes which will benefit the entire Provinces of Bengal and Bihar. The portions of Bengal and Bihar to be covered by this Corporation are poorer than the other parts of Bengal and Bihar. Agriculturally, these are the two most backward areas; the river system has almost been silted up; there is hardly any irrigation and there is hardly any industry also. It is expected that by setting up this Corporation both the provinces will benefit immensely; not only that, portions not covered by the Corporation are also expected to benefit. Besides the area covered by this Corporation, there will be areas of operation which will be settled by the Central Government, and in this areas some of the functions of the Corporation will operate. This will give benefit to other parts and wider parts of the two provinces.

As my Honourable friend Mr. Naziruddin Ahmad pointed out, the Damodar was notoriously a turbulent river and it has created havoc in Bengal. The 1943 famine, though primarily due to the deliberate policy of the British imperialists for their war purposes, was also partly due to the floods of the Damodar and other adjacent rivers in previous years. Those parts of Bengal have repeatedly suffered from the floods of the Damodar and other rivers of that area.

**Shri. H. V. Kamath:** On a point of order, Sir. It is already more than 5. If the Honourable Member will take long, he may continue his speech tomorrow.

**Mr. Chairman:** That is what I wanted to ask him too.

**Shri Arun Chandra Guha:** Sir, I shall take a few more minutes. Therefore, I shall continue my speech tomorrow as suggested.

**Mr. Chairman:** The House will now adjourn till 11 A. M. tomorrow.

*The Assembly then adjourned till 11 A.M. on Saturday the 14th February 1948.*