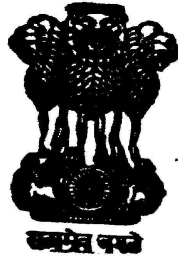


Wednesday, 22nd November, 1950

Par. B. II. V. 50 (1)

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PARLIAMENTARY DEBATES

(Part I—Questions and Answers)

OFFICIAL REPORT



THIRD SESSION (FIRST PART)

of the

PARLIAMENT OF INDIA

(1950)

Price Rs. 2 or 3sh.

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PARLIAMENTARY DEBATES
(Part I—Questions and Answers)
OFFICIAL REPORT

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PARLIAMENT OF INDIA

Wednesday, 22nd November, 1950

*The House met at a Quarter to Eleven
of the Clock.*

[MR. SPEAKER in the Chair]

ORAL ANSWERS TO QUESTIONS

LAKE MEDICAL COLLEGE, CALCUTTA

*242. **Shri B. K. Das:** Will the Minister of Health be pleased to state:

(a) whether it has been decided to close down the Lake Medical College, Calcutta; if so by when; and

(b) what are the reasons for taking such a decision?

The Minister of Health (**Rajkumari Amrit Kaur**): (a) and (b). It has been decided to close down the Lake Medical College, Calcutta, in 1952 after all the batches of students admitted have finished their training. The College was started in 1947 for a period of 5 years for providing facilities to demobilised Licentiate Medical Officers to train for the M.B. Degree and this period will be over in 1952. It is not considered desirable to prolong the life of the institution as the structures in which it is housed are all temporary war-time ones and the cost of their maintenance is very high.

Shri B. K. Das: What is the recurring monthly expenditure?

Rajkumari Amrit Kaur: I would have to have notice of that.

Shri B. K. Das: How are the assets of the College going to be disposed of?

Rajkumari Amrit Kaur: I would have to have notice of that also.

Pandit Balkrishna Sharma: May I know how many students were receiving training in this institution? If possible, I would like to know the number of students year by year, that is, first, second, third, fourth and fifth years.

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Rajkumari Amrit Kaur: In June 1947 there were 152 war service licentiates, in December 128, in July 1948 there were 66, in November 1948 there were 123, 128 in July 1949, and in January 1950 there were 80. That makes a total of 777 war service licentiates. In addition, 91 civil licentiates have also had training making the total of 868 altogether by the end of 1952 when the courses finish.

Pandit Balkrishna Sharma: Are the Government thinking of making some arrangements for these students that were received for training in this institution in view of the fact that it is proposed to close down?

Rajkumari Amrit Kaur: Yes, Sir. Many of the State Governments have been asked to continue these courses in their colleges. Up till November, 1949, Orissa was carrying on this training. Today in Madras there are three institutions, one in Bihar, five in Bombay, two in West Bengal, two in U.P., one in Punjab, and I am negotiating with Mysore also to start similar courses because the need for them is great.

Shri R. Velayudhan: May I know whether it is due to any economy measure that Government have decided to close down this College?

Rajkumari Amrit Kaur: Purely as a measure of economy because it was an absolutely uneconomic proposal to continue the courses in the buildings as they are today. The upkeep of them alone costs over Rs. 3 lakhs.

Shri R. Velayudhan: May I know whether the Government of India have asked the State Government as to whether they are willing to take over the College?

Rajkumari Amrit Kaur: The Bengal Government was asked and they refused.

Dr. M. M. Das: In view of the fact that there are some Centrally-administered medical institutions in Calcutta, may I know the reasons why the Central Government do not take upon

themselves the responsibility of running this existing and well-equipped college?

Rajkumari Amrit Kaur: The existing college cannot be continued by Government because it is an uneconomical proposition.

Shri Chattopadhyay: May I know the number of beds in the hospital and whether the hospital is also going to be closed down?

Rajkumari Amrit Kaur: I could not tell you the number of beds, but I think the hospital will continue.

Shri Chattopadhyay: May I know whether any additional beds have been provided in other medical colleges in Calcutta?

Rajkumari Amrit Kaur: That is a question to be referred to the State Government.

CIRCUIT BENCH OF PUNJAB HIGH COURT

***243. Shri Deshbandhu Gupta:** (a) Will the Minister of Home Affairs be pleased to state what steps have been taken to open a Circuit Bench of the Punjab High Court in Delhi?

(b) When is that Bench likely to start functioning?

The Minister Without Portfolio (Shri Rajagopalachari): (a) and (b). The hon. Minister has been pursuing with his hon. colleague, the Minister for Works, Mines and Power, the question of finding suitable accommodation for a Circuit Bench in Delhi. He is glad to inform the House that he understands from him that there are good prospects of getting this accommodation at Metcalf House now.

Shri Deshbandhu Gupta: May I know when is that likely to be?

Shri Rajagopalachari: Very soon, Sir.

Shri Deshbandhu Gupta: In view of this assurance, Sir, I don't want to pursue the question, but I hope this "soon" will be translated into action "very soon".

Shri Rajagopalachari: I said, "very soon".

Shri Hussain Imam: May I know if any representation has been received by the Government asking that the High Court should be permanently settled in Delhi, and if so, what steps do they propose to take?

Shri Rajagopalachari: I would like notice to be given for that.

RESERVE BANK OF INDIA

***245. Shri Raj Kanwar:** Will the Minister of Finance be pleased to state:

(a) the number of appointments in the Reserve Bank of India, carrying a salary of Rs. 500 and over; and

(b) how many of these are held by non-Indians?

The Minister of Finance (Shri C. D. Deshmukh): (a) (i) Number of appointments carrying a starting salary of Rs. 500 and above, including the Governor and two Deputy Governors—192:

(ii) number of appointments of which the minimum of the pay scale is below Rs. 500 but the maximum is Rs. 500 or above—376. Out of these 376 appointments, at present the incumbents of only 24 posts are drawing Rs. 500 or more per mensem.

(b) Four—all of them are attached to the London office of the Bank of whom three hold clerical appointments.

Shri Raj Kanwar: Where, and in what capacities, are these non-Indian officers posted, and according to the terms of their agreements when are they due to retire?

Shri C. D. Deshmukh: I have already mentioned that three of them hold clerical appointments. One is an accountant. I cannot say when exactly their terms of appointment will end.

Shri Raj Kanwar: May I know how recruitment to the superior staff of the Reserve Bank of India is made, and has the Union Public Service Commission anything to do with it?

Shri C. D. Deshmukh: The Governor and the two Deputy Governors are appointed by Government. The remaining appointments are made by the Reserve Bank authorities and the Union Public Service Commission is not required to be consulted.

Shri Raj Kanwar: Will a copy of the recruitment rules of the superior staff of the Reserve Bank, be placed on the Table of the House?

Shri C. D. Deshmukh: I am not sure, Sir, that there are any recruitment rules. There are staff regulations, and if that is what the hon. Member wants.....

Shri Raj Kanwar: Yes.

Shri C. D. Deshmukh:a copy will be placed on the Table.

Sardar B. S. Man: May I know whether the jobs were advertised or whether the persons were recruited without advertisement and through private sources?

Shri C. D. Deshmukh: It is difficult to answer that question unless it relates to a particular period or a particular appointment. Originally, much of the staff was taken over from various institutions without advertisement. Gradually advertisement was resorted to and I believe now all the jobs which are recruited directly are advertised.

Shri R. Velayudhan: May I know whether the staff rules in any way include the representation of scheduled castes also?

Mr. Speaker: Order, order.

Shri M. A. Ayyangar: May I ask the hon. Minister whether the same rules of recruitment are being followed as used to be followed before the Bank was taken over by the State?

Shri C. D. Deshmukh: To my knowledge there has been no change in the rules of recruitment of staff.

Shri M. A. Ayyangar: Is there any objection to placing all appointments above Rs. 500 into the hands of the Public Service Commission?

Shri C. D. Deshmukh: Very grave objection. The Reserve Bank is an independent Corporation so far as its administration is concerned, although it is under public ownership. I think the present tendencies are to invest Corporations of this kind with greater and not less power in order to rid them of the usual red tape.

Shri M. A. Ayyangar: May I know if Government are considering the advisability of having a separate Public Service Commission under them as in the case of the Railways where they have separate Service Commissions for recruitment to railway services?

Shri C. D. Deshmukh: Government is not considering the question.

Shri M. A. Ayyangar: Why not, Sir?

Mr. Speaker: Order, order.

EXPENSES ON A SOLDIER

*246. **Shri Tyagi:** Will the Minister of Defence be pleased to state the average *per capita* expenses on a soldier in a peace station and on field service respectively?

The Deputy Minister of Defence (Major General Himatsinhji): It would not be in the public interest to disclose this information.

Shri Tyagi: May I know from the hon. Minister, since he himself has been a soldier once, if he cannot give the exact figure of *per capita* expenditure on a soldier at peace station and one in active service, whether he can at least give the ratio between the two expenditures?

Major-General Himatsinhji: If I am right, hon. Mr. Tyagi has also been a soldier in World War I and he as a soldier should know that if we give this information any trained person can work out the strength of the Armed Forces. Therefore, I think as a soldier—and not as a politician—he must agree with me, that it is not in the public interest to give this information.

TRADE BALANCE

*247. **Dr. R. S. Singh:** (a) Will the Minister of Finance be pleased to state the latest position of India's trade balance with dollar countries in 1949-50?

(b) Has there been any marked improvement in the trade balance position because of the devaluation of Indian rupee in terms of dollar?

(c) If so, how does the present trade balance of 1949-50 compare with the trade balance of 1948-49?

The Minister of Finance (Shri C. D. Deshmukh): (a) to (c). For the period of twelve months from October 1949 to September 1950, imports from dollar area were Rs. 115.31 crores and exports including re-exports, Rs. 124.84 crores with a net surplus trade balance of Rs. 9.53 crores. During the corresponding period of 1948-49, imports were Rs. 124.54 crores, exports and re-exports Rs. 91.93 crores resulting in a deficit trade balance of Rs. 32.61 crores. The improvement in exports is due primarily to devaluation and increased business activity in the dollar area which led to a greater demand for our exports. The fall in imports is due mainly to restrictions on imports.

Dr. R. S. Singh: May I know whether any similar improvement has been noticed in India's trade in respect of both soft and hard currency countries?

Shri C. D. Deshmukh: The overall position is like this for the same twelve month period:

1948-49 : Imports Rs. 624 crores

Exports and
re-exports Rs. 403.84 crores

leaving a minus balance of Rs. 220.16 crores

1949-50 : Imports Rs. 504.63 crores

Exports and
re-exports Rs. 514.13 crores

leaving a surplus of Rs. 9.50 crores.

Shri Syammandan Sahaya: In view of the likely heavy import of foodgrains this year, do Government propose to restrict imports of other articles?

Shri C. D. Deshmukh: We work the foreign exchange budget for a year beginning on 1st July and ending on 30th June. So far as the exchange year ending June 1950 is concerned, we have sufficient exchange resources to allow of the additional food imports we require without trenching on commercial imports.

Shri Tyagi: May I know if the hon. Minister has permitted the import of brandy to the tune of Rs. 50 lakhs in order to improve his revenues?

Shri C. D. Deshmukh: I want notice of the question.

Dr. Deshmukh: May I know if the hon. Minister has calculated the loss incurred by India because of the fixation of export prices for jute goods?

Shri C. D. Deshmukh: The whole question will be coming up for discussion in connection with the Export Duty Bill and it is too complicated for me to give a simple answer to it. Government are very well aware of the possibilities of earning additional exchange by removing controls, but in Government's opinion there are very serious objections to following such a course.

Shri Hussain Imam: May I know whether the figures which the hon. Minister gave include export duties?

Shri C. D. Deshmukh: Yes, they include whatever export duties were levied in 1949-50.

Shri Hussain Imam: Is it true that we expect to get about Rs. 30 crores by way of increased export duty in this six-month period?

Shri C. D. Deshmukh: That depends on the rate of duty which the House will agree to.

PAKISTAN RUPEE RATE

*248. **Dr. R. S. Singh:** (a) Will the Minister of Finance be pleased to state whether the Pakistan rupee rate was discussed in the International Monetary Fund conference?

(b) If so, what led to the postponement of that consideration?

The Minister of Finance (Shri C. D. Deshmukh): (a) and (b). The meeting recently held in Paris was the annual meeting of the Board of Governors of the Fund, while the Pakistan rupee rate is a subject which is within the competence of the Board of Executive Directors of the Fund. The Governors therefore did not discuss the matter, it was the expectation that the Board of Executive Directors would meet shortly after the meeting of the Governors to discuss the subject, but its consideration was postponed at the request of the Executive Staff of the Fund, who wanted to have more time to complete their study of the question.

Dr. R. S. Singh: Is it a fact that a good number of the Directors of the International Monetary Fund were fully aware of the need for devaluing the Pakistan rupee, in the economic interest of Pakistan herself, but for political reasons some of the Western countries took Pakistan's side and secured the postponement of the consideration of Pakistan rupee rate?

Mr. Speaker: It need not be answered.

Sardar B. S. Man: In the absence of any agreement over the rupee ratio, how are payments being made between Pakistan and India on a governmental level?

Shri C. D. Deshmukh: No payments are made on a governmental level except in connection with the special trade agreements which have taken place occasionally.

Sardar B. S. Man: How is Pakistan paying the charges for electricity or canal water which India supplies to her?

Shri C. D. Deshmukh: At the moment, they are not paying them!

Prof. S. N. Mishra: If India is consulted by the Governors of the International Monetary Fund about the par value of the rupee, what par value would India support?

Shri C. D. Deshmukh: That is asking about the intentions of Government in regard to a discussion which has yet to take place. We do not know what

recommendations the International Monetary Fund will make in this respect and how reasonable a case they will make out for anything that they may suggest.

Shri Naziruddin Ahmad: Will the hon. Minister give us an indication as to how long it would take to arrive at a decision in regard to the devaluation of the Pakistan rupee?

Shri C. D. Deshmukh: I am afraid I cannot. At one time I expected that the matter will come up during the course of this month, but recent indications that have reached me show that the consideration of the matter may be postponed for some time longer at the instance of the Executive authorities of the Fund.

Dr. R. S. Singh: In view of the fact that towards the end of December 1949 the Government of India had written to the Government of Pakistan to ascertain at what rate the State Bank of Pakistan proposed to buy and sell Indian rupee, may I know whether the Government of Pakistan did give any reply to that and if so what was the nature of that reply?

Shri C. D. Deshmukh: I am not aware of this particular correspondence. From time to time some suggestions were made to the Pakistan Government that they should consider all questions connected with this matter at a Conference, and in their reply they specifically excluded the discussion of two subjects, namely, the par value of the Pakistan rupee and the prices for their jute.

Shri Syammandan Sahaya: Is it a fact that the Pakistan Government for purposes of jute transaction accepted the value of the Indian rupee as such?

Shri C. D. Deshmukh: They accepted payment in Indian rupee, that is to say they accepted the prices expressed in terms of Indian rupee. Those rupees were then utilised for purchase of certain agreed commodities.

Shri T. T. Krishnamachari: May I ask, Sir, if in respect of the short term trade agreement between India and Pakistan there was a deficit so far as India is concerned? How is that deficit adjusted?

Shri C. D. Deshmukh: I want notice of the question as regards the size of the deficit, or indeed in regard to the fact of there being a deficit.

Shri M. A. Ayyangar: May I know from the hon. Minister if there is any proposal under consideration of the

U.K. Government to restore the original value of the sterling so as to enable the Pakistan Government to maintain the value of their rupee?

Shri C. D. Deshmukh: Not to my knowledge, Sir.

Dr. R. S. Singh: May I know, Sir, whether there is any truth in the report appearing in the Press from time to time that the Government of India was inclined towards the end of September 1949 to recognise the par value of the Pakistan rupee?

Shri C. D. Deshmukh: I do not think there is any truth in that rumour, Sir.

SADAR BAZAR, DELHI (FIRE)

*249. **Shri Kamath:** Will the Minister of Home Affairs be pleased to state:

(a) whether it is a fact that a fire broke out in the Sadar Bazar, Delhi, on the night of the 9th October, 1950;

(b) if so, the loss of life and property involved; and

(c) the cause of the fire?

The Minister Without Portfolio (Shri Rajagopalachari): (a) Yes.

(b) There was no loss of life, though five firemen and one member of the public were injured on account of the collapse of a portion of a building.

The loss of property is estimated at approximately 30 lakhs.

(c) Due to failure of electricity the shop keepers lighted carbide lights and candles. The fire is presumed to be due to the contact of carbide light flame with stocks of silk.

Shri Kamath: At what o'clock did the fire break out and at what o'clock did the fire engines arrive on the spot?

Mr. Speaker: The hon. Minister need not answer that question. It is a matter which concerns the municipal committee, I believe.

Shri Deshbandhu Gupta: May I know whether there is a proposal to build a market at the site of the damaged buildings? If so, what progress has been made in that direction since this fire took place?

Shri Rajagopalachari: It is a different question: I would like to have notice of it.

Shri Kamath: Is it a fact, Sir, that the Deputy Commissioner of Delhi was telephoned as soon as the fire broke

out, but he said that he was far too busy to come?

Mr. Speaker: I am really doubtful as to how these questions can be the responsibility of the Government. I believe it is a matter for the municipal administration. In his capacity as the Chairman (or whatever the designation may be) of the Delhi Municipality, he may be under the control of Government. But that does not make the authority under him the responsibility of Government. Otherwise, we shall have to interfere in the autonomous administration of statutory bodies and go into every details of its administration.

Shri Kamath: How was this question answered then?

Mr. Speaker: The information is given, that is all.

Shri Deshbandhu Gupta: Now that you are giving a ruling on this point, may I respectfully submit that this question concerns a large number of refugees who have been displaced and it has therefore a bigger aspect than merely a municipal one. Secondly, in questions relating to Delhi some latitude has to be shown and you have been pleased to show that latitude in the past as Delhi has no other forum for asking questions except in Parliament?

Sir, may I know whether the Prime Minister wrote a letter to the Chief Commissioner soon after he visited the place of this fire asking him to appoint a committee and to proceed with the construction of a big market at this site so that all the displaced persons could be given a shop for business?

Shri Rajagopalachari: I am sorry I have no information with me regarding new constructions there. I suggest that a separate question may be put.

Dr. Deshmukh: What portion of the damage was covered by insurance?

Shri Rajagopalachari: I do not think it arises.

Shri Kamath: May I submit that the Delhi Fire Service is one of the subjects for which the Home Ministry is responsible,—I have got with me a copy of the circular—and I do not understand how the question could be ruled out.

Mr. Speaker: I do not know whether it is the Delhi or the New Delhi Fire Service. Therefore, I shall have to reserve judgement.

Shri Tyagi: Even if it affects municipal administration, this Parliament has to act as the Legislative Assembly as far as Delhi province is concerned.

Mr. Speaker: Hon. Members will appreciate the fact that we are meeting here to consider and discuss questions affecting the whole of India. Whatever may be the magnitude of a fire in a particular city, if we were to take up the time of this House and call for information in detail on that, perhaps we are acting with a very wrong perspective. The question, though important, is purely a local one. That is one aspect of the matter.

The other aspect is that in our schemes of Constitution, with divisions of powers, though we are sovereign in every respect, we must see that we develop autonomy as far as possible and there should be the least interference of this House in the autonomy of local bodies. On that policy, questions dealing with autonomous bodies like municipal committees, or universities are not permitted here. Questions of purely local interest are also not allowed, except for having information when the issues involved are big or major. But then to criticise the administration, or wanting to know something about the detailed administration is naturally a different matter. Here the information is given and I think the further course to be pursued will be at some other place. The fact that there is no forum for Delhi is not a justification for putting questions in this House.

Shri Kamath: If you are satisfied that the Delhi Fire Service is a subject for which the Home Minister is responsible, will you please let me bring it up again?

Mr. Speaker: He may table a question: I will consider it.

GOVERNMENT HOUSING FACTORY

*250. **Shri Kamath:** Will the Minister of Health be pleased to state:

(a) whether the Government Housing Factory has now gone into production;

(b) if so, what is its present capacity;

(c) when the factory will be working to full capacity;

(d) the cost of a house with aluminium roof;

(e) the cost of a house with flat roof;

(f) the floor area of each house;

(g) whether any orders have so far been placed for the houses; if so, by whom;

(h) the capital expenditure so far incurred on the factory;

(i) the working expenses of the factory up-to-date;

(j) the service charges so far paid to the Consulting firm;

(k) the specification of Alcrete mixture, and the details of the process followed in the factory for the manufacture of wall panels; and

(l) whether the same process has been tried so far by the Consulting firm anywhere else in the world?

The Minister of Health (Rajkumari Amrit Kaur): (a) Yes.

(b) The factory is at present working to approximately one-third to half of its capacity, i.e., 5 to 8 houses per day.

(c) This will depend on how soon the Indian labour and supervisory staff are fully trained and become efficient in the use of the plant, machinery and materials. It is not possible to give any precise date at this stage.

(d) and (e). A Committee has been set up to advise, among other things, on the sale price of houses in the initial period of production. Its report is awaited. In this connection I would refer the hon. Member to my reply to Starred Question No. 108 dated the 17th November, 1950.

(f) About 500 sq. ft.

(g) The Factory is at present meeting Government requirements. Enquiries have been received from displaced persons and others but no orders have so far been accepted.

(h) and (i). The capital and working expenses incurred on the factory up to 30th September 1950, amount to Rs. 70,05,699. Separate figures for the two items are not readily available at this stage. This will be worked out and placed on the Table of the House shortly.

(j) £19,460 upto 31st March, 1950. Further information is awaited from our High Commissioner in London.

(k) For the specifications of Alcrete patent the attention of the hon. Member is invited to the pamphlet of specifications relating to Indian Patent No. 36001/46 which is available with the Manager of Publications. As regards details of the process followed in the Government Housing Factory for manufacture of wall panels, the information is under the agreement with

the consultant company, confidential and cannot be disclosed.

(l) It is understood that the firm has built houses in England using Alcrete and that they are now setting up a plant in England incorporating similar autoclaves.

Shri Kamath: What, Sir, is the personnel of the Committee which has been set up to inquire into the cost and other cognate matters?

Rajkumari Amrit Kaur: I think I gave the names in my last answer. Anyhow I will give them now. The Chairman is Shri Moolgaonkar, the other two are Shri Kanwar Sen and Mr. Ayyar (Cost Accountant).

Shri Kamath: Is it not a fact that the Cost Accountant was asked after the last session of Parliament to submit a report, and has he done so by now?

Rajkumari Amrit Kaur: The Cost Accountant was not asked to submit any report to the Government. It is this Committee which is going to submit its report as far as the prices of these houses are concerned.

Shri Kamath: Is it going to be a departmental enquiry or a public enquiry?

Rajkumari Amrit Kaur: It is not a public enquiry; it is an enquiry Committee set up by the Government to get the information they want.

Shri Kamath: Is it proposed to associate any Members of Parliament with this enquiry?

Rajkumari Amrit Kaur: No, Sir.

Shri Kamath: Why not, Sir?

Mr. Speaker: Members have to be associated for arriving at any costings?

Shri Kamath: For other matters also. The terms of reference are very wide.

Shri Gautam: How many houses manufactured in this factory have been sold to the public?

Mr. Speaker: I think this very question was dealt with quite recently.

Shri Gautam: Even after that there could be some fresh information.

Mr. Speaker: After four days there could not have been much.

Shri R. K. Chaudhuri: What cost was actually incurred in building these houses. The hon. Minister has been referring to the price at which they are to be offered to the public. But what was the actual cost incurred in building the houses?

Rajkumari Amrit Kaur: That is not known at present.

Shri Kamath: Arising out of the answers to parts (h) and (i) of the question, by what amount has the budgetary grant been exceeded?

Rajkumari Amrit Kaur: The budgetary grant has not been exceeded.

Shri Kamath: Is it not a fact that the budgetary grant for working expenses and capital expenditure was only about Rs. 52 lakhs and it has now gone up to Rs. 70 or 80 lakhs?

Rajkumari Amrit Kaur: The Capital and working expenses that have been sanctioned for the factory were actually Rs. 78 lakhs and we have not exceeded that figure. I have given the figure, which is Rs. 70 lakhs.

Shri Kamath: Is it not a fact that the hon. the Finance Minister in the last session, while answering on behalf of the hon. the Health Minister, did admit in the course of the half an hour discussion, that it had been exceeded?

Mr. Speaker: If it is so, it is a matter of record

Shri Radhelal Vyas: How many rooms has each of these houses got and what are their dimensions?

Rajkumari Amrit Kaur: This has been replied to very often.

Shri Kamath: Arising out of the answer to part (j) of the question, is it a fact that the consulting firm submitted a bill to the extent of over £ 30,000 and that a large amount of it has been withheld?

Rajkumari Amrit Kaur: This is also a question which I have replied to more than once. I have told the House that £ 19 thousand and odd had already been paid and the remainder of the bill is still under consideration.

Shri Kamath: Are the bills scrutinized here or in the High Commissioner's office or in the U.K. Supply Ministry?

Rajkumari Amrit Kaur: In the office of our High Commissioner in U.K.

Shri Deshbandhu Gupta: May I know whether the hon. Minister still holds the same view about the worth and utility of prefabricated houses which she held some time back or whether she has also changed her opinion?

Mr. Speaker: Order, order.

CONSULTING FIRM OF GOVERNMENT HOUSING FACTORY

*251. **Shri Kamath:** Will the Minister of Health be pleased to state:

(a) whether the Consulting firm of the Government Housing Factory has submitted the design of the house and roof to Government as required under the Agreement;

(b) how many technicians and experts deputed by the Consulting firm are at present working in the factory;

(c) how much longer they will be engaged here;

(d) whether any Indians have been trained by them; and

(e) whether it is proposed to set up any more prefab. housing factories?

The Minister of Health (Rajkumari Amrit Kaur): (a) A design of a house has been submitted but owing to the fact that the aluminium roof to the house does not satisfy our requirements from the point of view of cost, another design has been in process of being worked out and final details in regard to this are expected shortly from the Company.

(b) Three.

(c) They will be retained so long as their services are required, the exact period cannot be stated at present.

(d) Everyone who is today working in the Factory has been receiving training from the very beginning.

(e) No such proposal is before the Government. The question of setting up more factories can be considered only after experience has been gained of the working of the factory at New Delhi.

Shri Kamath: Is it not a fact that under the terms of Agreement between the Government and the Consulting firm the firm was required to submit the design and specifications forthwith?

Rajkumari Amrit Kaur: They did submit the design and the houses are here.

Shri Kamath: What about the design of the roof? Has it been submitted? There is no design of the roof at all.

Rajkumari Amrit Kaur: The design of a house generally includes a roof.

Shri Kamath: Is it not a fact that some experts were imported as recently as June or July, 1950 to design the roof, and as such their design is still pending?

Rajkumari Amrit Kaur: I have already said that the design has been worked at and is in the process of being worked out, and very shortly we hope to have the final details with regard to the new design.

Shri Kamath: Has the design been given to the Government so far at all?

Rajkumari Amrit Kaur: If you refer to the new design, the new design, as I say, will shortly be in our hands. It has been worked out.

Shri Kamath: Is it not a fact that one of the experts who was described by the Health Minister as a qualified architect and mechanical engineer is not really so?

Mr. Speaker: Order, order. These questions are being repeated again and again. During the half an hour discussion and during the question hour, the same questions are repeated.

Shri Kamath: But, Sir, the Finance Minister answered the question in the last session, and the Health Minister, earlier, answered the question differently.

Mr. Speaker: What is the inconsistency? What is the new question?

Shri Kamath: Is it a fact that advertisement of the houses in the local newspapers has been discontinued?

Rajkumari Amrit Kaur: I do not quite understand how this question arises; anyhow I do not know whether they have been discontinued.

Mr. Speaker: I think, we will go to the next question.

SCHEDULED CASTES STUDENTS

*252. **Shri V. K. Reddy:** (a) Will the Minister of Education be pleased to state what are the educational facilities given to the students belonging to the Scheduled Castes and Backward Classes in the Centrally Administered Areas?

(b) Is there any proposal before the Government of India to give free education to these classes?

(c) What is the amount of money spent annually towards their education?

(d) Do Government propose to increase this amount?

ملسترو آف ایجوکیشن (مولانا آزاد) :

ایک اسٹیٹمنٹ ہاؤس کی تہہل پر رکھ دیا گیا۔

[The Minister of Education (Maulana Azad): (a) to (d). A statement giving the information asked for is being

laid on the Table of the House. [See Appendix III, annexure No. 13.]

Shrimati Velayudham: May I know whether there is any list of Scheduled Caste students which is being followed whenever any scholarships are given in the Centrally Administered Areas.

مولانا آزاد : ہاں - میں سمجھتا ہوں انویٹل مسٹر مہربانی کر کے یہ اسٹیٹمنٹ دیکھیں انہیں پھر اس سوال کی ضرورت نہیں رہیگی۔

[Maulana Azad: Yes. I think the Honourable Member should see the statement; he may not then have to ask the question.]

Shri Jaipal Singh: In view of the fact that the President's order relating to the Scheduled Castes does not cover the Centrally Administered Areas, how is the hon. Minister in a position to give his statement?

مولانا آزاد : شیڈول کاسٹ کے جو گروپ اس وقت تک سمجھے جاتے تھے، انہیں کے بارے میں میرا اسٹیٹمنٹ ہے۔

[Maulana Azad: The statement relates to those very groups of the Scheduled Castes that were regarded as such till now.]

Shri Jaipal Singh: Is it a fact that the Committee which has been set up by the hon. Minister to make awards to the Scheduled Castes, Scheduled tribes and other backward classes cannot deal with Scheduled Castes in the Centrally Administered Areas?

شری دیشبندھو گپتا : کیا یہ امر واقعہ ہے کہ مختلف سٹیٹس میں شیڈول کاسٹ کے طلباء کو جو رعایتیں حاصل ہیں وہ سینٹرلی ایمنسٹریڈ ایریا میں نہیں ہیں۔

[Shri Deshbandhu Gupta: Is it a fact that the Scheduled Caste students of the Centrally Administered Areas do not have the same facilities as they enjoy in various other States?]

مولانا آزاد : نہیں۔ میں ایسا خیال نہیں کرتا۔

[Maulana Azad: No. I do not think so.]

شری دیش بندھو گپتا : کیا اس سلسلے میں آنریبل منسٹر کو کوئی عررضداشت دہلی کے شہدول کاسٹ کی جانب سے ملا ہے -

[Shri Deshbandhu Gupta: Has the Honourable Minister received any memorial from the Scheduled Castes of Delhi in this connection?]

مولانا آزاد : نہیں -

[Maulana Azad: No.]

Shri M. A. Ayyangar: May I know what the answer to part (b) is?

مولانا آزاد : اے اور بی دونوں کے

جواب میں وہ اسٹیٹمنٹ ہے -

[Maulana Azad: The statement is in answer to both parts (a) and (b).]

Shri M. A. Ayyangar: On a point of order, the hon. Minister cannot lay on the Table a statement with respect to all questions where a list is not necessary. You will kindly see that with respect to (a) what are the educational facilities given to students, there are a number of facilities normally. A list may be placed on the Table of the House, but in that list he ought not to include the answer to the question. "Is there any proposal before the Government of India to give free education to those classes"? Should that also be included in the list. The hon. Minister must be able to answer whether there is a proposal or not.

Mr. Speaker: It is better to see the statement. I have not seen the statement but it is possible that there may be a number of proposals and in respect of each it may have been noted: "Yes, under the consideration of Government." "Yes, Government not considering or Government considering." Simply because the question is: "Is there any proposal?" it does not follow that there is only one proposal. I think the better course is to see the statement.

Prof. Ranga: Sir, it raises a very important point. If you were to rule this way, then what happens to the various questions? Kindly look at part (d): "Do the Government propose to increase this amount?" The answer is Yes or No. Is it necessary that it should be put into the statement?

Mr. Speaker: He has already replied that there is no statement with reference to part (d).

مولانا آزاد : (اے) میں جو سوال کیا گیا تھا اسکے لئے بہت تفصیلات کی ضرورت تھی - ساتھ ہی ان کے (بی) میں یہ سوال تھا اس کے متعلق بھی جیسا کہ آنریبل منسٹر نے اشارہ کیا ہے کئی چھڑیں تفصیل کے ساتھ بتلائی تھیں - اس لئے یہ مناسب سمجھا گیا کہ اس کو بھی اسٹیٹمنٹ میں شامل کر دیا جائے -

[Maulana Azad: Details were required with regard to part (a) of the question. Part (b) was also such. With regard to this as well, there were many things to be stated in detail, as the Honourable Member has already pointed out. Therefore, it was considered desirable to include this also in the statement.]

Mr. Speaker: We will proceed now to the next question. We have so many questions and I have been noticing that a large number of questions go in without the oral answers, with the result that supplementaries are not possible in respect of those questions. Therefore, it is but in the interest of the whole House that as many questions as possible are put through; hon. Members may just put a question for material information and proceed further.

Shri Deshbandhu Gupta: My question arises out of the hon. Minister's answer.

Mr. Speaker: I do not want to deny that it arises, but we have taken sufficient time over this.

Shri Deshbandhu Gupta: How are you going to decide whether it is an important question or not?

Mr. Speaker: All questions are important. Next question.

MINISTERIAL STAFF (RETRENCHMENT)

*254. Sardar Hukam Singh: (a) Will the Minister of Home Affairs be pleased to state what is the policy of the Government of India as regards the retrenchment of the Ministerial staff in the various Ministries?

(b) How will this retrenchment affect the class III Ministerial staff?

The Minister Without Portfolio (Shri Rajagopalachari): (a) and (b). Sir, I lay on the Table of the House a statement explaining the policy of Government in regard to retrenchment of various categories of Government employees [See Appendix III, annexure No. 14.] The actual effect of this policy on all categories including class III Ministerial servants will depend on the retrenchment proposals of various Ministries.

Sardar Hukam Singh: May I know what will be the number affected and the amount to be saved?

Shri Rajagopalachari: The amount likely to be saved is not likely to be very considerable. Sir.

Sardar Hukam Singh: And the number affected?

Shri Rajagopalachari: The number of persons affected cannot be decided unless we get the actual proposals from the various Ministries. It is not yet ready; I would not be able to give any useful figure.

Sardar Hukam Singh: Is it contemplated that any alternative provision would be provided for those displaced persons who would be affected by this scheme?

Mr. Speaker: That will be hypothetical at this stage.

Shri Rajagopalachari: If the hon. Member will read the policy which is included in the statement laid on the table he will get the answer more or less by approximation himself.

Shri Tyagi: Is the question of the reduction of the number of the Secretaries in the Secretariat also under consideration?

Shri Rajagopalachari: I do not think it is probable. Sir.

Shrimati Durgabai: May I know which class of Government servants—Class IV or class III—that are mostly affected by this retrenchment policy?

Shri Rajagopalachari: Again, I would ask the hon. Member to read the statement which is very long and very clear as to the effect. We will have to remember one other thing: Wherever any promotion has been made and there is a retrenchment there, it will affect the classes below also. It is very difficult to disentangle the effect before we get the actual proposals.

Dr. Deshmukh: Is it a fact that a very large number of people are being demoted simply because they have not

passed their graduation examination and only for that reason and in spite of the length of service?

Shri Rajagopalachari: In regard to retrenchment the policy is to secure economy with the minimum suffering and in determining the order of retrenchment the instructions issued provide consideration being given to the qualifications, merit and seniority of the employees.

Dr. Deshmukh: Is it a fact that as a result of this policy, somewhere about 1100 people are being affected?

Shri Rajagopalachari: It may be so. As I have already said, figures cannot be reached just now. It may be so or it may not be so.

Shri B. K. P. Sinha: Is it a fact that retrenched personnel are not being absorbed in the expanding departments of Government, and recruitment is made in those departments from outside?

Shri Rajagopalachari: There is a very definite procedure laid down to give the first opportunity to those who have suffered by reason of retrenchment.

Mr. Speaker: Next question.

WAR SERVICE CANDIDATES (CONCESSION)

*255. **Sardar Hukam Singh:** (a) Will the Minister of Home Affairs be pleased to state whether it is a fact that the War Service candidates employed in the Central Secretariat have been given the concession of counting completed years of their service in the army as service for fixing their salaries?

(b) Will the same concession be extended to them for the purposes of seniority, leave etc.: if not, why not?

(c) Will the war service candidates, released from the army of World War II and now employed in the Secretariat, get any special consideration at the time of retrenchment having regard to their services in war zones?

The Minister Without Portfolio (Shri Rajagopalachari): (a) and (b). On appointment in the Central Secretariat, 'war service' candidates are allowed, subject to certain prescribed conditions, to count their 'war service' for fixation of initial pay and seniority. Leave earned by service with the Armed Forces cannot, under the rules be normally carried forward to civil employment.

(c) No.

Sardar Hukam Singh: I have not understood the answer to part (b).

Shri Rajagopalachari: Parts (a) and (b) together.

"On appointment in the Central Secretariat, 'war service' candidates are allowed, subject to certain prescribed conditions, to count their 'war service' for fixation of initial pay and seniority. Leave earned by service with the Armed Forces cannot, under the rules be normally carried forward to civil employment."

Sardar Hukam Singh: When their service in the Army has been added, when they were given their grades in the beginning, is there any reason why in the case of seniority those years of service in the Army are not counted?

Shri Rajagopalachari: I said already that his service will be counted for fixation of pay and seniority. Only leave cannot, under the existing rules, be carried forward to civil employment.

Shri T. Husain: May I know if the services rendered by the I.N.A. personnel will be treated on the same footing as those who served in the Army under the British?

Mr. Speaker: I am afraid this question has been raised very often in this House. Next question.

ESCAPE OF PRISONERS FROM JAILS IN VINDHYA PRADESH

*256. **Shri Dwivedi:** (a) Will the Minister of States be pleased to state how many prisoners have escaped from various jails in Vindhya Pradesh?

(b) Have any of them been recaptured?

The Minister Without Portfolio (Shri Rajagopalachari): (a) Nine prisoners escaped from Tikamgarh and Chhatapur jails (Tikamgarh 8 and Chhatapur 1.)

(b) Seven were recaptured and two were shot dead.

Shri Dwivedi: Is it a fact that in Vindhya Pradesh jails have not got double compound walls and therefore prisoners escape from those jails?

Shri Rajagopalachari: It is true that the condition of the jails in the States of Vindhya Pradesh, from the security point of view, was far from satisfactory. Since the formation of Vindhya

Pradesh, steps have been taken to equip the staff, put more discipline and improve the conditions.

Shri Dwivedi: Is it a fact that about 21 decoits of the Devi Singh gang escaped from Bijawar when the Magistrate was holding the trial and that they escaped with the arms and ammunition of the policemen who were on guard?

Shri Rajagopalachari: It is true that the thing happened. Very severe steps have been taken administratively against all persons who were held responsible either by implication or directly. But, they were not prisoners; but they were under-trial prisoners.

श्री आर० एस० तिवारी : क्या श्रीमान् मिनिस्टर महोदय को यह मालूम है कि इन भागे हुए कैदियों ने पब्लिक का कितना नुकसान किया है ?

[**Shri R. S. Tewari:** Is the Government aware of the harm done to the public by these escaped prisoners?]

Mr. Speaker: Order, order.

Shri Jajoo: Was any enquiry instituted into the case of their escape and was any officer taken to task for the same?

Shri Rajagopalachari: Is the hon. Member referring to the escape of under-trial prisoners from Bijawar or the prisoners that I mentioned?

Shri Jajoo: Both.

Shri Rajagopalachari: In the under-trial prisoners' case, action has been taken, as I have already said. As for dealing with officers, I may say an enquiry is proceeding against an Assistant Superintendent of Police.

Shri Jajoo: Was there any collusion between the officers and the prisoners.

Shri Rajagopalachari: I do not think, Sir. But, that is a premature thing to say.

Shri Tyagi: Under what circumstances were the two persons shot? I want to know whether they were pursued, and in the process of recapturing they were shot at or whether they were deliberately shot.

Shri Rajagopalachari: I presume it must have been in the process of recapturing. If they had been deliberately shot dead, it would be murder.

Mr. Speaker: Next question.

AJMERI GATE—HAUZ QUAZI ROAD

*257. **Giani G. S. Musafir:** (a) Will the Minister of Health be pleased to state when the road from Ajmeri Gate to Hauz Quazi, Delhi was rebuilt and repaired last time?

(b) How much time did it take to become unserviceable again?

The Minister of Health (Rajkumari Amrit Kaur): (a) The road was resurfaced during July 1949.

(b) The road did not become unserviceable; only some patches appeared on its surface, eight to ten months after the first coat of asphalt paint, but after a second coat the road is now in good condition.

کیا : مسافر - ایس - ایس

یہ تھیک ہے کہ یہ زہر بکٹ سوک

بہت جلد اتنی خراب ہو گئی ہے کہ

پھر نئے سڑک سے اسے بلانے کی ضرورت

پڑ گئی ہے -

[**Giani G. S. Musafir:** Is it a fact that the road under discussion has become so unserviceable in such a short time that it requires construction afresh?]

راجکوماری امیت کور : میں نے جی جی ایس کا جواب دیا ہے کہ یہ سڑک ابھی خراب نہیں ہوئی ہے۔ جو پوچھی تھی اسے ابھی خراب نہیں ہے اس کی مرمت کر دی گئی ہے اور اب سڑک بالکل ٹیک ہے۔

[**Rajkumari Amrit Kaur:** As I have just said, the road has not become so unserviceable. Whatever small repairs it required have been done and the road is now in quite a good condition.]

INDUSTRIAL FINANCE CORPORATION

*258. **Dr. M. M. Das:** (a) Will the Minister of Finance be pleased to state what is the total amount sanctioned from 1st April, 1950 to date, to different industries under the scheme of Industrial Finance Corporation?

(b) Do some particular industries get priority to secure these loans and if so, what are they?

The Minister of Finance (Shri C. D. Deshmukh): (a) The total amount of loans sanctioned by the Corporation is Rs. 2,28,95,000. A statement is laid on

the Table showing the amounts sanctioned to different industries. [See Appendix III, annexure No. 15.]

(b) No hard and fast schedule of priorities has been laid down for the purpose. The Corporation, when considering any application for loan invariably consults the appropriate Ministries of the Government of India and generally takes into account among other things the importance of the industry to the national economy.

Dr. M. M. Das: What is the present policy of Government for advancing industries in this country? Is it by giving loans whenever necessary to private enterprise or by setting up industries as State enterprise?

Mr. Speaker: I am afraid the question is too wide as a supplementary. Has he any other question to put?

Dr. M. M. Das: No.

Sardar B. S. Man: May I know whether the scope of the Industrial Finance Corporation extends to industries allied with agriculture in the villages?

Shri C. D. Deshmukh: No, Sir. That would be decided by the provisions of the Act.

Shri Joachim Alva: Has the Ministry of Finance any other proposal by which assistance may be tendered to industries other than those covered by the Act?

Mr. Speaker: I think the question is restricted to the Industrial Finance Corporation.

Shri Joachim Alva: In view of the working of the Industrial Finance Corporation, I am asking the Finance Ministry whether they have any proposal to extend help to industries other than these.

Shri C. D. Deshmukh: There are no proposals. Arising from general considerations, occasionally Government are called upon to extend assistance to industries otherwise than through the Industrial Finance Corporation. Each case is decided on its merits.

Sardar B. S. Man: Are there any particular industries enumerated for which those finances are earmarked?

Shri C. D. Deshmukh: Not for direct Government assistance.

Dr. Deshmukh: May I know how many applications asking for what amount of loans have been rejected and

how many applications with what amounts are still pending before the Corporation?

Shri C. D. Deshmukh: I shall require notice of this question.

Shri Deshbandhu Gupta: May I know the maximum time taken by the Industrial Finance Corporation to grant any application?

Shri C. D. Deshmukh: I want notice of the question.

Shri R. K. Chaudhuri: Is it a fact that some applications are rejected on the ground that the amount that they had applied for is too small? Is there any minimum limit?

Shri C. D. Deshmukh: I have no information, Sir.

Shri Deshbandhu Gupta: Is it a fact that in some cases.....

Mr. Speaker: Order, order.

Shri M. L. Gupta: May I know whether the Industrial Finance Corporation would extend financial assistance to cottage industries schemes run by a few States?

Shri C. D. Deshmukh: Cottage industries are not included within the scope of the finances made available by the Corporation.

Shri Jhunjhunwala: What is the maximum amount of loan given to any one firm?

Shri C. D. Deshmukh: Does the question relate to advances sanctioned from 1st April, 1950 or to any previous period?

Shri Jhunjhunwala: Previous period also.

Shri C. D. Deshmukh: I have information here only in relation to the period to which this question relates.

Shri Jhunjhunwala: What is the maximum amount of loan sanctioned in this period.

Shri C. D. Deshmukh: The maximum amount of loan sanctioned in this period was Rs. 50 lakhs in two cases.

Shri Jhunjhunwala: Was it.....

Mr. Speaker: The Question-hour is over.

WRITTEN ANSWERS TO QUESTIONS

VENEREAL DISEASES

*244. **Shri Kesava Rao:** (a) Will the Minister of Defence be pleased to state what is the incidence of venereal diseases among (i) Officers, (ii) Junior Commissioned officers and (iii) other ranks in the three fighting forces?

(b) What steps are being taken to combat venereal diseases in the fighting forces?

The Minister of Defence (Sardar Baldev Singh): (a) A statement is laid on the Table.

(b) (i) Vigorous educational training and propaganda;

(ii) Organisation of sports and games to keep the leisure hours occupied;

(iii) Increasing the welfare activities of the units;

(iv) Declaring undesirable places as out of bounds for troops; and

(v) Affording intensive treatment and carrying surveillance for over 2 years to detect relapses and failure of treatment.

As a result of the above measures, there has been a progressive decline in the incidence of this disease in the Armed Forces.

STATEMENT

Rate of Incidence of Venereal Diseases in the Armed Forces for every thousand.

	ARMY		NAVY		AIR FORCE	
	Offic-ers	Oth-ers	Offic-ers	Oth-ers	Offic-ers	Oth-ers
1945	10.3	43.4	0.7	21.9		
1946	6.0	46.6	0.8	11.8		
1947	8.07	43.82	2.5	56.6		47.70*
1948	3.78	37.43	4.9	66.1		37.69
1949	2.26	24.07	Nil	46.4		33.96

*No separate records for Officers are maintained.

The figures under the head "Others" include JCOs and Other Ranks.

EXCHANGE FACILITIES TO STUDENTS

*253. **Shri Sidhva:** (a) Will the Minister of Education be pleased to state whether exchange facilities are granted to Indian students, private or Government sponsored, visiting U.S.A. and other hard currency areas?

(b) How many applications for exchange facilities have been admitted and how many turned down?

(c) What is the total number of students who are now staying in such countries?

The Minister of Education (Maulana Azad): (a) Yes. Permission may be refused in cases where adequate facilities for a particular course of training are available in India or any soft currency areas.

(b) For the calendar year 1949, 588 applications were admitted and 9 turned down; for the period from 1st January, 1950 to 30th September, 1950, 272 applications were admitted and 2 turned down.

(c) 1,327.

MATERNITY, CHILD HEALTH TRAINING AND NURSING IN DELHI

***259. Dr. M. M. Das:** (a) Will the Minister of Health be pleased to state whether it is a fact that the Government of India have proposed to seek help from the U.N.I.C.E.F. for the development of Maternity, Child Health Training and Paediatric nursing in the Delhi area for which an expenditure of 1-1/2 lakhs of rupees annually will be incurred?

(b) If so, what will be the estimated monthly expenditure for the foreign specialists of UNICEF who will come here?

The Minister of Health (Rajkumari Amrit Kaur): (a) The Government of India have under consideration a proposal to get assistance from the United Nations Children's Emergency Fund to the extent of \$1,95,000 (Rs. 9,28,000) in the vital field of development of training in maternity and child health combined with a scheme for the improvement of Paediatric nursing in the Delhi area. A brief note on the scheme is placed on the Table of the House. [See *Appendix III, annexure No. 16.*]

(b) The Government of India's only expenditure on foreign experts supplied by the United Nations International Children's Emergency Fund will be the payment of subsistence allowance and internal travel. Six foreign experts will be coming to India for a period of two years and the estimated monthly expenditure on all the foreign experts will be Rs. 5,000.

INDIAN HISTORICAL RECORDS COMMISSION

***260. Dr. M. M. Das:** Will the Minister of Education be pleased to state whether the decision of the Research and Publication Committee of the Indian Historical Records Commission,

that the Political Records and Documents of the late Residencies and Political Agencies which were handed over to the U.K. High Commissioner in India before the transfer of Power, be brought back and preserved in the National Archives of India, has been implemented?

The Minister of Education (Maulana Azad): The Government of India have taken up this matter with the Government of the United Kingdom.

MEDICAL EXAMINATION OF STUDENTS

***261. Sardar Hukam Singh:** (a) Will the Minister of Health be pleased to state whether the first Conference of Public Health Directors from the South East Asian region, held in Ceylon during September-October 1950, has made any recommendation for routine medical examination of children studying in Schools?

(b) If so, what are those recommendations?

The Minister of Health (Rajkumari Amrit Kaur): (a) and (b). Yes. As the resolution on School Health passed at the conference of the Directors of Health Services of the South East Asia Region is a comprehensive one making many more recommendations than just medical examination of school children, a copy of it is placed on the Table of the House. [See *Appendix III, annexure No. 17.*]

CENTRAL POLICE (ANTI-CORRUPTION CASES)

***262. Dr. Deshmukh:** (a) Will the Minister of Home Affairs be pleased to state the number of anti-corruption cases filed by the Central Police since 1946-47?

(b) How many of these are still pending, how many have been finally decided and what is the number in which there has been conviction?

(c) How many of these have resulted in acquittals?

(d) What is the total amount recovered as fine?

The Minister Without Portfolio (Shri Rajagopalachari): (a) to (d). The hon. Member is presumably referring to the Special Police Establishment under the Ministry of Home Affairs. Up to the partition, the Headquarters of the Establishment were at Lahore, and, therefore, complete information for the years 1946 and 1947 is not available. The information for the years 1948 and 1949 is given in the 'Review of the activities of the Ministry of

Home Affairs for the year 1949', which was circulated to hon. Members during the last Budget Session.

INTEGRATION OF FORCES OF FORMER INDIAN STATES

*263. **Dr. Deshmukh:** Will the Minister of Defence be pleased to state:

(a) the number of officers of all ranks and other personnel, if any, discharged from service as a result of the integration of the Forces of the former Indian States into the Indian Army;

(b) whether any alternative employment has been offered to them; and

(c) if so, to how many and how many have actually been absorbed?

The Minister of Defence (Sardar Baldev Singh): (a) to (c). The officers and men are being tested according to Indian Army standards and this process is still going on. Efforts are being made to find alternative employment, as far as possible, in Police and other civil appointments.

Information regarding the results of selection so far and employment found for those not selected is being collected, and a statement will be laid on the Table of the House.

BASIC TRAINING INSTITUTIONS, DELHI

*264. **Dr. Deshmukh:** (a) Will the Minister of Education be pleased to state the date from which the Basic Training Institutions were started in Delhi?

(b) What is the length of the course in such institutions?

(c) How many teachers have so far been produced?

(d) Are admissions to these institutions open to persons from other States?

(e) If so, what is the present strength of such persons in the institutions State-wise?

The Minister of Education (Maulana Azad): (a) The two Training Institutions—one for men and the other for women—were started on 16th August, 1948.

(b) One year.

(c) 495.

(d) and (e). Admissions are reserved for candidates from Delhi and Ajmer States only. 190 seats (men and women) are for Delhi and 60 for Ajmer.

The present strength is as follows:

Name of Institute	Delhi	State	Ajmer	State
Teachers' Training Institute, Ajmer (for men only).	106			48
Teachers' Training Institute, Delhi (for women only).	99			3

DISABILITY AND DEATH PENSIONS

*265. **Babu Ramnarayan Singh:** (a) Will the Minister of Defence be pleased to state whether disability and death pensions, allowed to military personnel or to their heirs, are regulated by any rules?

(b) If so, what are those rules and under what Act they have been made?

The Minister of Defence (Sardar Baldev Singh): (a) Yes, Sir.

(b) These Rules are contained in the Pension Regulations for the Army in India. It has been explained to the hon. Member on several occasions that no statutory authority is required in support of pension rules.

A. I. R. (CLASSICAL MUSIC)

*266. **Shri M. V. Rama Rao:** Will the Minister of Information and Broadcasting be pleased to state:

(a) whether there was a conference in Bombay at which measures for popularising classical music from the A.I.R. broadcasting stations were discussed, sometime in September 1950;

(b) if so, whether any exponents of the Karnataka and other schools of South Indian classical music were invited to that conference;

(c) whether it is a fact that the hours of transmission in the South Indian A.I.R. stations, both in the morning and in the night, have been reduced from the 1st of October, 1950; and

(d) whether it is a fact that classical music used to be broadcast during the hours that have been taken off?

The Minister of State for Information and Broadcasting (Shri Diwakar): (a) Yes, an informal meeting was held in A.I.R. Bombay recently as at some other Regional Centres with the object of discussing the question of popularising classical music.

(b) A representative of the Karnatic school was present.

(c) In common with other A.I.R. Stations, the hours of transmission were also reduced at the South Indian stations, except at Trivandrum.

(d) Classical music used to be broadcast during a part of the time that has been taken off.

KHAJURAHO TEMPLES

*267. **Shri Dwivedi:** (a) Will the Minister of Education be pleased to state whether the Khajuraho temples situated in Chhatarpur District of Vindhya Pradesh have been taken over by the Archaeological Department of India?

(b) If not, what is the arrangement as regards maintenance and supervision of these antiquities and whether it is a fact that they attract foreign visitors throughout the year?

(c) What is the annual cost of establishment, and repairs, if any?

The Minister of Education (Maulana Azad): (a) The temples have not yet been taken over, but the question of their transfer is under consideration.

(b) At present there is only a Chowkidar to supervise these temples.

Yes, Sir, the temples attract Indian and foreign tourists throughout the year.

(c) The actual figures are being ascertained.

SCHEDULED TRIBES (SCHOLARSHIPS)

*268. **Shri Raj Bahadur:** Will the Minister of Education be pleased to state:

(a) the number and value of scholarships granted to Scheduled Caste, Scheduled Tribes and other backward classes respectively during the current financial year so far; and

(b) the number of such scholarships granted State-wise?

The Minister of Education (Maulana Azad): (a) and (b). The hon. Member's attention is drawn to a statement laid on the Table of the House. [See Appendix III, annexure No. 18.]

NAVY

*269. **Shri Raj Bahadur:** (a) Will the Minister of Defence be pleased to state whether the attention of Government has been drawn to the statement of Vice-Admiral Sir Edward Parry, C-in-C of the Indian Navy, made in London and published in the *Indian News Chronicle*, Delhi dated the 7th of September, 1950?

(b) If so, what steps Government propose to take in regard to the development of the Indian Navy?

The Minister of Defence (Sardar Baldev Singh): (a) Yes.

(b) All possible steps are being taken to develop the Navy.

कुनेन

* 270 डा० देवी सिंह : क्या स्वास्थ्य मंत्री यह बतलाने की कृपा करेंगी कि :

(क) भारत में प्रति वर्ष कितने पाँड कुनेन की खपत होती है ;

(ख) इस वर्ष भारत में कितने पाँड कुनेन बनाई जायेगी ;

(ग) गत वर्ष भारत में कितने पाँड कुनेन आयात की गई ; तथा

(घ) इस वर्ष भारत में कितने पाँड कुनेन आयात करने की अनुज्ञा दी गई है ?

QUININE

[*270. **Dr. Devi Singh:** Will the Minister of Health be pleased to state:

(a) the annual consumption of quinine in pounds in India;

(b) how many pounds of quinine would be manufactured in India this year;

(c) how many pounds of quinine were imported into India during the last year; and

(d) how many pounds of quinine have been allowed to be imported into India this year?]

The Minister of Health (Rajkumari Amrit Kaur): (a) No accurate data regarding the consumption of quinine in India is available, but it is roughly estimated that the total annual consumption in this country is about 2,41,000 lbs.

(b) It is expected that about 77,500 lbs. of quinine will be manufactured in India during 1950-51.

(c) The total import of quinine into India during 1949 was about 1,45,913 lbs.

(d) Import of quinine into India this year has not been allowed so far, mainly to conserve foreign exchange, and because there are sufficient stocks of quinine sulphate in the country.

HOUSES BUILT BY DISPLACED PERSONS

*271. **Giani G. S. Munshi:** (a) Will the Minister of Health be pleased to state whether it is a fact that the houses built by displaced persons at

Nehru Parbat (surrounded by Upper Ridge Road, Faiz Road and Original Road), have recently been surveyed by Government?

(b) If so, what is the purpose of this survey?

The Minister of Health (Rajkumari Amrit Kaur): (a) and (b). No survey has been carried out by Government. It is, however, understood that the Delhi Improvement Trust collected details about the unauthorised constructions in this locality last month. It is necessary for the Trust to have full information regarding all unauthorised constructions on the lands under their control.

SPECIAL RECRUITMENT BOARD FOR I.A.S.

*273. **Prof. S. N. Mishra:** Will the Minister of Home Affairs be pleased to state:

(a) the number of States covered by the Special Recruitment Board for the Indian Administrative and Police Services; and

(b) how many Princes have been selected for these Services so far?

The Minister Without Portfolio (Shri Rajagopalachari): (a) 12.

(b) The selections have not yet been completed.

LAND REVENUE SYSTEM IN CUTCH

*274. **Prof. K. T. Shah:** Will the Minister of States be pleased to state what steps have been taken to rationalise the Land Revenue system in the Chief Commissioner's State of Cutch?

The Minister Without Portfolio (Shri Rajagopalachari): Steps have been taken to bring the Land Revenue Administration in Cutch in line with that in the State of Bombay. Survey and settlement operations have been started, and a record of rights is under preparation. Assessment will be fixed on standard principles. The Bombay Land Revenue Code, the Bombay Tenancy and Agricultural Lands Act, 1948, and the Agricultural Debtors' Relief Act, 1947, have been extended to Cutch with minor modifications. The crop sharing system prevails throughout Cutch and the question of introducing cash assessment in its place is under consideration.

FLOOD RELIEF

*275. **Pandit Thakur Das Bhargava:** (a) Will the Minister of Finance be pleased to state whether the Government of India have contributed anything for the alleviation of the sufferings of the people in U.P., Punjab and other provinces, owing to floods?

(b) If so, what are the amounts contributed State-wise?

The Minister of Finance (Shri C. D. Deshmukh): (a) No, Sir. The Government of India have not so far found it necessary to do so. The State Governments are primarily responsible for such relief.

(b) Does not arise.

महिला अध्यापक

* २७६, श्री इन्द्र विद्यावाचस्पति : क्या शिक्षा मंत्री यह बतलाने की कृपा करेंगे कि दिल्ली विश्वविद्यालय द्वारा विवाहिता स्त्रियों के अध्यापक पद पर नियुक्त किये जाने पर लगाये गये प्रतिबन्ध से किन्ती अध्यापिकाओं पर प्रभाव पड़ेगा ?

WOMEN TEACHERS

[*276. **Shri Indra Vidyavachaspati:** Will the Minister of Education be pleased to state how many teachers will be affected as a result of the restrictions imposed by the Delhi University on the appointment of married women as teachers?]

The Minister of Education (Maulana Azad): The hon. Member is presumably referring to the Ordinance adopted by the Delhi University which provides for the appointment of married women teachers only on a contract basis. This Ordinance does not apply to any women teachers appointed before the 1st June, 1949. All persons appointed after that date have presumably accepted appointments under the new rules. No teacher could thus be considered as adversely effected.

PREVENTIVE DETENTION

*278. **Shri Kishorimohan Tripathi:** Will the Minister of Home Affairs be pleased to state whether there have been cases of preventive detention of persons connected with black-marketing and hoarding in the Centrally Administered Areas?

The Minister Without Portfolio (Shri Rajagopalachari): Yes. One in Vindhya Pradesh.

SMUGGLING OF BURMA NOTES INTO INDIA

*279. **Shri Jagannath Mishra:** (a) Will the Minister of Finance be pleased to state whether a printed pamphlet is being freely sold by private agencies under the head "List of currency notes (not acceptable in

India) issued to Burma Currency Board and Military Administration at Burma and series of notes issued to Pakistan?"

(b) Does that contain a list of notes of denominations from one rupee to hundred rupees?

(c) Was such a list published anywhere from Government source?

(d) If so, was it published and widely circulated in all the languages of India?

(e) Is such a list being used in all Government offices to avoid passing of such uncurrency notes into their hands?

(f) How do Government propose to protect the whole mass of people ignorant of such list?

The Minister of Finance (Shri C. D. Deshmukh): (a) and (b). Government have received information that certain lists of the kind referred to are being circulated.

(c) No comprehensive list of this nature was published by Government. As it appeared from reports received that the evil practice of altering the overprinting on notes, etc. to pass them off as India notes was being resorted to mostly in the case of Rs. 100 denomination Burma notes, a Press Communique together with a list of such overprinted notes was issued by Government on the 16th September, 1950, for the guidance of the public.

(d) The Press Communique was published in all the principal newspapers in India, and special steps were taken to give the matter the widest publicity in Bengal and Assam, where the evil was reported to be more wide-spread.

(e) A list of overprinted notes issued for circulation in Burma and Pakistan was supplied by the Reserve Bank to all Treasuries and Sub-treasuries in India as well as to all Scheduled Banks.

(f) All effective steps have been taken to eliminate such altered notes from circulation as early as possible and arrangements have been made at the Office of the Reserve Bank to accept altered notes which look like genuine India notes for the realisation of their value from Burma on behalf of the tenderers.

INCOME-TAX INVESTIGATION COMMISSION

*280. **Shri Blyani:** (a) Will the Minister of Finance be pleased to state the progress made by the Income-tax Investigation Commission in regard to the cases referred to them?

(b) Will the work of the Income-tax Investigation Commission be completed by 31st March 1951, if not, whether Government propose to extend the term of the Commission further?

The Minister of Finance (Shri C. D. Deshmukh): (a) The Commission has so far disposed of 290 cases involving an aggregate concealed income of Rs. 929 lakhs. As regards the cases still under investigation, the Commission is at different stages of investigation in different cases, having completed some, nearing completion in others and proceeding with investigation in still others. Proposals for settlement in 243 cases are under consideration.

(b) It is not expected that the work of the Commission will be completed by 31st March, 1951, and the question of extending the term of the Commission will have to be considered by Government in due course.

EARTHQUAKE IN ASSAM

*281. **Shri Alexander:** Will the Minister of Home Affairs be pleased to state:

(a) the loss of human lives due to the recent earthquake in Assam and the places seriously affected; and

(b) the estimated loss to property?

The Minister Without Portfolio (Shri Rajagopalachari): (a) and (b). I would invite the attention of the hon. Member to the statement laid on the Table of the House on 20th November, 1950, by the hon. the Prime Minister in reply to Shri Gurung's question No. 149 on the subject.

अध्यापकों के वेतन में कमी

*२८२. श्री इन्द्र विद्यावाचस्पति : (क)

क्या शिक्षा मंत्री यह बतलाने की कृपा करेंगे

कि भारत सरकार ने सितम्बर १९५० में प्राथमिक विद्यालयों के अध्यापकों के वेतन में जो कमी की थी, उससे देहली के कितने अध्यापक प्रभावित हुए ?

(ख) वेतन की इस कमी से कितनी बचत हुई ?

(ग) वेतन में यह कमी क्यों की गई ?

CUT IN SALARIES OF TEACHERS

[*282. **Shri Indra Vidyavachaspati:** (a) Will the Minister of Education be pleased to state the number of teachers

in Delhi affected by the cut introduced in the salary of primary school teachers in September, 1950 by the Government of India?

(b) What has been the saving on account of this salary cut?

(c) Why was this cut introduced?]

The Minister of Education (Maulana Azad): (a) No cut has been made in the salary of primary school teachers. So far as Headmasters of primary schools are concerned, a unified scale has been prescribed in place of three separate scales previously prescribed.

(b) and (c). The revision of the scales of pay has not been made for purposes of economy. The scale of pay of certain categories of teachers has been increased rather than decreased. The revision of the scale of pay of Headmasters is on grounds of administrative convenience and policy. The financial effect of the revision of scales is being worked out.

DISPLACED TEACHERS

*283. **Shri Balmiki:** (a) Will the Minister of Education be pleased to state the number of displaced teachers rehabilitated in the Centrally Administered Areas in 1949 and 1950 (up to date)?

(b) What facilities have been provided to them?

The Minister of Education (Maulana Azad): (a) and (b). The necessary information is being collected and will be placed on the Table of the House in due course.

ADULTERATION OF TURMERIC AND CHILLIES

*284. **Shri Raj Kanwar:** Will the Minister of Health be pleased to state:

(a) whether it is a fact that large quantities of powdered turmeric and powdered chillies are sold in the open market in adulterated form;

(b) whether it is a fact that, apart from adulteration a colouring material, probably lead chromate, which is highly injurious to health is mixed with them to give them a reddish appearance; and

(c) if the replies to parts (a) and (b) above be in the affirmative, what steps Government have taken or propose to take to put a stop to this practice?

The Minister of Health (Rajkumari Amrit Kaur): (a) No exact information is available. At a meeting of the Central Committee for Food Standards, which took place a few months back, it was mentioned that powdered turmeric and powder chillies were being adulterated with pigments which are probably of a harmful nature.

(b) No information of a definite nature is available.

(c) State Governments are responsible for the enforcement of the measures necessary to control food adulteration. Some of these State Governments, e.g., Uttar Pradesh, Bombay and Orissa, have framed comprehensive food adulteration rules regarding the use of colouring matter. In 1947 the Government of India issued a circular letter to State Governments suggesting the acceptance of the regulations pertaining to colouring matter in food on the lines adopted in Uttar Pradesh. Again in 1948 the rules under the New Zealand Food and Drugs Regulations (1946) regarding colouring and flavouring materials were also brought to the notice of State Governments. In March 1950 a joint meeting of the Food Standards Committee of the Technical Panel in the Ministry of Food and the Central Committee for Food Standards discussed this subject in detail and made certain recommendations which are under consideration by the Central Government.

The subject "Adulteration of Food-stuffs and other goods" which was hitherto placed in the provincial list of subjects under the Government of India Act, 1935, has been included in the Concurrent List under the new Constitution. The question of Central legislation for regulating the control of food adulteration on a uniform basis throughout the country is under consideration. The enforcement of any such legislation will however be the responsibility of State Governments.

RE-ORGANISATION OF SERVICES IN VINDHYA PRADESH

12. **Shri Dwivedi:** (a) Will the Minister of States be pleased to state whether any re-organisation of services is contemplated in Vindhya Pradesh?

(b) What is the number of employees who are likely to be retrenched, retired or otherwise dispensed with as a result of the re-organisation?

(c) When will this re-organisation take place?

(d) Have arrangements been made in advance for the payment of pensions, gratuities or compensation to the personnel to be retrenched or retired?

(e) What will be the model of reorganised set up?

The Minister Without Portfolio (Shri Rajagopalachari): (a) Yes.

(b) The reorganisation proposals have not yet been finalised and it is not possible at present to give the information asked for.

(c) The Chief Commissioner's proposals for reorganisation are expected by the end of November 1950.

(d) Instructions have already been issued on the subject.

(e) No particular model has been kept in view in framing the proposals—the sole criterion being the administrative needs of Vindhya Pradesh.

INCOME-TAX INVESTIGATION

13. Shri Dwivedi: Will the Minister of Finance be pleased to state why income-tax has been imposed in Vindhya Pradesh at rates at par with other States of the Union whereas in other similar States it is to be introduced gradually within a period of ten years?

The Minister of Finance (Shri C. D. Deshmukh): Government did not see sufficient justification for differentiating between Vindhya Pradesh and other Part 'C' States and merged States. In the case of Part 'B' States the maximum period of gradualness is 5 years and not 10 years.

Wednesday, 22nd November, 1950

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PARLIAMENTARY DEBATES

PARLIAMENT OF INDIA

OFFICIAL REPORT

Part II—Proceedings other than Questions and Answers.

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PARLIAMENTARY DEBATES
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PARLIAMENT OF INDIA

Wednesday, 22nd November, 1950

*The House met at a Quarter to Eleven
of the Clock.*

[MR. SPEAKER in the Chair]

QUESTIONS AND ANSWERS
(See Part I)

11-45 A.M.

RESERVE BANK OF INDIA (AMENDMENT) BILL—concl'd.

Mr. Speaker: The House will now proceed with the further consideration of the motion which the hon. Minister of Finance, Shri C. D. Deshmukh, moved yesterday regarding the Bill further to amend the Reserve Bank of India Act, 1934, being referred to a Select Committee.

Shri Ramalingam Chettiar (Madras): We are thankful to you for allowing us this wide discussion on the working of the Reserve Bank, in connection with this more or less restricted Bill. At the outset, let me say that I propose to confine my remarks to rural banking, about which a lot has been said in this House. When the committee was appointed to go into the subject of rural banking, I had my misgivings and it has also been expressed by Shri T. T. Krishnamachari, that the personnel of the committee was not all that could be desired to deal with a matter like this. Even now it is my feeling that probably if the personnel had been different, we could have had a better report. I would, however, say that taking the Report as it is, I do not complain about the approach that has been made by the Committee. That approach has been necessitated by the fact that ordinary scheduled banks look for profit and unless the scheduled bank is assured a profit, it is not prepared to open branches anywhere in the country. It does not pay any scheduled bank to open a branch in a rural area because ordinarily, banks in rural areas are not a paying proposition.

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Anyway, as I said, I have no complaint to make about the way in which the committee has approached the problem of rural banking.

The Committee have said that rural banking should, more or less, be carried on by co-operative societies and their work ought to be supplemented by branches of the Imperial Bank and the Postal Savings Banks. That is the pith of the recommendations made by this Committee. Well, the Imperial Bank as it is, is also an ordinary bank which looks for profit, and unless it is going to be nationalised as has been asked for by many people and stressed by me also at former meetings of this Parliament, I do not think the national interests can be fully served. It is necessary that the nationalisation of the Imperial Bank should also be taken up if we are going to work any system of really helping national banking in this country. After all, the Reserve Bank works in many cases through the Imperial Bank. So if the policy of the Reserve Bank is to be national the Imperial Bank also should be brought into line with the aims of the Reserve Bank by nationalising the Imperial Bank.

After having said that much, I would now deal with this question of rural banking as applied to the Reserve Bank. The Reserve Bank once took up the attitude that it was not its business to do any practical banking with reference to rural requirements. They took up the attitude that their only purpose in having its agricultural department was to give technical advice whenever necessary, to the Local Governments. For a pretty long time they held this view and they stuck to it. But it is to the credit of our present Finance Minister that he actually started the banking portion of the rural department, and he was prepared to advance money to the provincial co-operative banks for the purpose of rural banking, besides what he was giving to the scheduled banks for rural banking as well as for other purposes. But in doing that, he has been very conservative. I suppose having started the thing he thought that he would have to go very

[Shri Ramalingam Chettiar]

slow. In the first two years, the help rendered to the co-operative banks through the provincial banks amounted to almost nothing. It was more a question of showing the sympathy, as it were, rather than actually helping in the financing of the rural areas. It was only from last year that they changed their policy and they have promised to help rural banking to a large extent. In the meanwhile, the Gadgil Committee also came in and it recommended the formation of separate corporations for the purpose of rural agricultural banking. But it is to the credit of the Reserve Bank that it did not fall in with the view of the Gadgil Committee which recommended something different from the co-operative movement as it exists today and have recommended institutions different from the provincial banks which are now doing the business of rural banking. Well, Madras and Bombay especially said that they were prepared to carry out all the functions of these agricultural corporations if only facilities were granted to them. I do not know what the attitude of the Government now is, but I believe they have fallen in line with the view that so far as the provincial banks are in a position to carry out the duties that are necessary, they will allow the financing of agriculture to be done by these provincial banks on the same terms as the corporations which were recommended to be established.

Coming next to the actual help that is being given, I must say that in the procedure that is being followed there is a lot of difficulty. It has been said by several friends here that the Reserve Bank has not supplied money at low rates of interest. That is really a fallacy. Actually, I must say that to the extent that they render help, they render it in a very generous manner. For the money they advance, they charge only $1\frac{1}{2}$ per cent. per year, I mean on advances made for cultivation purposes and for marketing through co-operative societies. That, I believe, is as low a rate as can be charged anywhere. My complaint, however, is not about the rate of interest—the rate of interest is all right and is as low as anybody can expect—but the difficulty is they are giving only a limited amount of money for the purpose of helping the agricultural societies. They have got two conditions. One is that they are prepared to give money only to A and B class banks, on the guarantee of the provincial banks. I fear this is a very bad system. The banks which actually require assistance are not the A and B class banks, which can well depend on their local deposits, but the C and D class ones which are not in a position to get deposits locally. That

does not mean that I want the Reserve Bank to take any risks: not at all. After all they are giving their loans only to the provincial banks and the provincial banks are responsible for the repayment of the loans that are given to the Central Banks. Also the Reserve Bank said in the beginning that the loans were being given to the Central Banks. We protested against it and said that it was a wrong policy altogether, because the banks which really required money and deserved all kinds of help were the poorer banks. For instance, in my province Rayalaseema is a very poor area and if you are going to help only A and B class banks probably none in Rayalaseema can come under this category; but they are the banks which are mostly in need. So we told the Reserve Bank that they need not tell us that we ought to give our loans only to those banks but allow us to use the money in whatever way we thought fit. But they said that they would accept only the *hundies* of A and B class banks as security, that they will have to be guaranteed and that only on those *hundies* they will give money. The result is that the *hundies* of A and B class banks were able to raise only a limited sum of money, whereas the requirements of the province as a whole for cultivation purposes was very much more. The C and D class societies are much more in number than those in A and B class. We said that the Reserve Bank ought to look only to the security for the money and when there is a provincial bank which is prepared to undertake responsibility and guarantee repayment, the Reserve Bank should not look beyond that.

Shri B. Das (Orissa): I agree with you.

Shri Ramalingam Chettiar: They should be prepared to accept that. But actually what is being done is we are borrowing on the *hundies* of A and B class banks but as a matter of fact we give the money to all the banks in the province at the same rate of interest. This procedure the Reserve Bank has agreed to and I am glad they did so. We took money from the Reserve Bank for A and B class societies at $1\frac{1}{2}$ per cent. and instead of passing on this money adding a little administrative expense to A and B class banks we are advancing money to all the banks in the province at the rate of $2\frac{1}{2}$ per cent., so that the benefit of it goes partially to C and D class banks also. To that extent the Reserve Bank has agreed. I would only request the Reserve Bank to reconsider the matter and allow us to draw for the requirements of C and D class societies also on the guarantee of the provincial bank.

Instead of treating these loans nominally as loans to the Central Banks guaranteed by the Provincial Bank, let them treat the loans as loans to the provincial bank on the security of the promotes executed by A and B class banks. That slight change would make all the difference in the world so far as rural banking is concerned.

As regards the period, the present Bill is a compromise. In the several committees which sat on the matter we wanted that the period ought to be 18 months. We have got a system in the co-operative movement under which we consider all loans up to 18 months as short term loans. We suggested that the amendment may be for a period of 18 months covering all short-term loans. The Reserve Bank would not agree to that. The present term is nine months. They agreed after much persuasion to extend it to 12 months and the present Bill provides for 12 months. The difficulty is this. For example, in our province sugarcane cultivation takes more than 12 months; it takes 15 months. For sugarcane cultivation this amount which we draw from the Reserve Bank will not be available. So we ask that the period ought to be extended to 18 months, if possible. It is my intention to move in the Select Committee to extend the period to at least up to 15 months, so that these loans may also cover sugarcane cultivation.

12 Noon

Similarly for marketing they allow a period of 90 days. That again leads to trouble. Sometimes when prices vary and we have got to keep things in stock for some time, we are not able to do so. As a matter of fact I may say we are not dealing only with the money given by the Reserve Bank; we have got our own money as well with which we are able to manage. All the same if the Reserve Bank is going to give the money for the particular purpose it ought to make provision to cover all the incidence that is necessary. So far marketing purposes we have been suggesting that instead of 90 days they may have it as six months. That is an improvement which will help many of the cotton growers to keep their stock for some time and sell it at a season when proper prices can be had. But the Reserve Bank has not agreed. Even when we suggested it in committees they said that they could not agree because ordinarily for marketing purposes 90 days are enough and if they allow 180 days they will have to allow the same period for the other banks as well. I do not think there is anything wrong in extending the period for all who want the money. This is a matter which they may consider.

One other matter of procedure there is which I would like both the Reserve Bank and Government to consider. When they are giving money to co-operative societies they are not directly dealing with them as with other scheduled banks. They are corresponding with the Registrar and they expect us always to correspond through the Registrar. After all provincial banks like those in Bombay and Madras are very much bigger than many scheduled banks. I see no reason why we should always be dealing through somebody else and thus put ourselves in difficulties. The Registrar may take a view different from that of the President or the Committee of the Bank and it is for the Reserve Bank to consider the proposals that are placed before them on their merits. They may take the advice of the Registrar when they want it; nobody objects to that. But to say that every correspondence should pass through the Registrar or everything should go through him is wrong. I was tempted to make this remark for one reason. Three months ago I had a talk with persons concerned in the Reserve Bank with regard to two or three matters relating to rural banks. They promised to send me their reply within a week. Apparently they sent their reply in a week or two but it was never communicated to me. I knew nothing about it. Only recently, when I had occasion to refer to one of the matters I was told that the Reserve Bank had already replied about that matter. It is a very delicate situation and it is not very fair at all to us. When we are dealing with the Reserve Bank, why should their reply and their correspondence always come through the Registrar? And it is putting us also in an inferior position. If we had to depend on the Registrar for his recommendation on everything and if we happened to differ from him, our position becomes difficult indeed. That is a matter which the Reserve Bank will have to consider seriously. They will have either to treat us fairly as scheduled banks, or if they think that we are not good enough to be treated as scheduled banks then they may pass the correspondence through Government or through anybody else.

Then I will say only a few words with reference to the remarks that have fallen from some of my friends. They are not aware of the amount and the area covered by the co-operative movement at the present moment. Every day we are advancing. The amount of loans and the number of transactions of the co-operative societies are increasing daily. The help that is necessary consequently is also increasing. For instance, with reference to the land mortgage banks to which also some reference was made,

[Shri Ramalingam Chettiar]

the Reserve Bank said that as a token they will purchase a few debentures whenever they are floated, just to give the public an idea that those debentures were trustworthy. Why should they stop at that? I don't understand. They are all securities which are guaranteed by the Local Governments. When they are securities guaranteed by the Local Governments, why not the Reserve Bank come to the help of these land mortgage banks, and whenever they are not able to get support from the public why not the Reserve Bank come to their support and under-write as much as is necessary? That is a thing which they can easily do because there is always the guarantee of the Local Government behind those debentures. As such they can underwrite easily whatever is necessary. In ordinary times the public will take those debentures, but if for any extraordinary reason they are not able to raise money in the open market, why should not the Reserve Bank come to their help instead of throwing them to the wolves as it were? For instance, I may say that in Madras the latest proposal that was made was to float debentures at Rs. 97 per 100 whereas the Government loan was at Rs. 99. If only the Reserve Bank had purchased those debentures for the time being, they could have sold them at anything between Rs. 99 and 99/8/- which is the market price of these securities today. Therefore, that is a matter which the Reserve Bank will have to consider. The Reserve Bank will have to widen their outlook. They will have to see that it is their business to help. It should not merely be a case of token sympathy which the Reserve Bank has got and which they are showing by helping here, there or somewhere else.

In the help they are giving for rural banking also, they are fixing the limit for each central bank for each district. It is very low indeed in some cases. For instance, in my State it goes up from about Rs. three lakhs to Rs. 20 lakhs. But as a matter of fact, the Bank to which they had given Rs. 20 lakhs has got transactions to the extent of one crore and the Bank to which they had given Rs. three lakhs has got transactions to the extent of twenty or twenty-five lakhs. That is the state of affairs. Why should they restrict it to that low figure? That, I beg to submit, is not justified. After all, it is only for a few months that we would require money, that is, during the cultivation season. It is at that time that we want their help. At ordinary times we will be able to pay back, or rather we won't require that help at all. Most of the State Banks I think are at present in a good position. Those in Madras and

Bombay have always been all right. Now I understand that the U.P. and Madhya Pradesh ones are more or less improved—U.P. had a bank only recently. The other banks also are all more or less doing well. Orissa also had a bank recently. If only they are trusted and are asked to meet all the requirements of rural banking, I am sure they will be prepared to undertake the work. There will be no necessity for the Government of India to go in for an agricultural credit corporation and take all the responsibility that is necessary. At any rate, at least with reference to those State Banks which they think they can trust, Government will have to treat them as agricultural credit corporations and not impose on those States another agricultural corporation or have a central corporation here through which they interfere with the working of Provincial Banks in those States.

Some Members have spoken about the personnel of the Bank. I will only say this much. With my experience of dealings with the Reserve Bank, I may say that the actual giving of agricultural credit was started by the present hon. Finance Minister when he was Governor of the Reserve Bank, and it has been continued by the present Governor who has been very anxious to help us in every way. Only three months back I had a talk with him. He was prepared to meet us on most points. To say that they don't care for the work or that they have no experience and are not fit for the work, is I think rather undeserved. Personally, I do hope that the Reserve Bank will take a wider view of their responsibilities and really help the biggest industry in India, agriculture, in the proper way.

The question of cottage industries to which also reference was made is a rather difficult matter. We have been trying to help the cottage industries in many ways, but we have always been finding difficulty with reference to the staying power of those who work in those industries. They have not got the staying power. Sometimes they can't wait for even a day or two. If the cloth that the weaver manufactures was not sold within a couple of days, he is not in a position to wait for it. He has to sell it for any price that he may get in the market, even at a loss. That is the state of affairs. We have been trying wherever possible to help them, and though we have always been finding some difficulty or other, we are making steady headway. I may say that in Madras State, for instance, we have got something like 200 to 300 societies which are working cottage industries in a fairly satisfactory way. The actual total of such societies is

very large—we have got about 1,500 or so—but about 200 or 300 of them are working satisfactorily. It is a matter in which very patient and steady work is necessary. It is not mere talk, or merely saying, "I will give this, I will give that", that will help. It is patient, steady work which is required. Persons who have no interest in it are of no use in going and sitting there. We have no quarrel in the co-operative movement about payment. We are prepared to pay the actual requirements of the workers. We are not able to pay any very high salaries, but we do not want anybody to do anything for nothing. We want people who will be satisfied with an average income and at the same time would do their business satisfactorily and honestly. If we can only get such people, the co-operative movement will be able to undertake not only agricultural work but also all industrial work and make India a co-operative Republic.

Shri Joachim Alva (Bombay): A bank has been defined as giving an umbrella to a friend when there is plenty of sunshine and taking back that umbrella when the first showers of rain fall. The Reserve Bank in Bombay possesses a very massive building and has a fine personnel, but the criterion whether it fulfils a great national role is in the fact whether it supplies agricultural credit and feeds the innumerable villages of India or it merely performs the role of the big banks' bank in big cities.—banks which bulge out with huge deposits, banks which borrow money at the rate of 1½ per cent. or 2½ per cent. and lend it at 6½ per cent. and 9 per cent. If this is the state of banking, the Reserve Bank has to look into the position immediately. The banks in India have not helped industry on any large scale. They have not helped as they ought to have. Otherwise, this Parliament would not have had to pass the Industrial Finance Corporation Act, by which it has extended assistance to so many new industries. My complaint is that the field of industries has been circumscribed. The Industrial Finance Corporation should have extended its help over a vast field. In the matter of newsprint or printing machinery or in the matter of any other industry that helps to build up this country, in every such field of activity—whether social, economic or agricultural—it should have been able to help. As I mentioned, banks during the last war, as a result of black market activities, suddenly became famous or notorious overnight. A few individuals with a cheque book in their hands could look at the stars above and say, "Can I have that star for Rs. 50 lakhs?" This was

the position during the war, and it continued to be so three or four years after the war. Today, this position has deteriorated to such an extent that our economic condition has gone very bad and we should pull ourselves up. The Reserve Bank alone can do this job. Happily, we have at present a very able Finance Minister who was the first Indian Governor of the Reserve Bank and whose appointment came as the result of a very strong and strenuous and patriotic activity on the part of the Indian Directors of the Reserve Bank's Board headed by Sir Purushottamdas Thakurdas. They had to fight every inch to see that an Indian was installed as the Governor. They had to fight against the strength and might of the Linlithgow regime. Having done that, they had to fight the literal sister-in-law, daughter-in-law or brother-in-law—whatever you may call it—I mean the Imperial Bank. As I said, the Reserve Bank has a massive building and it is collecting statistics on the agricultural side. Beyond that, it does nothing. As my friend just now said, if you want agricultural credit, you have to run to the Registrar and the Reserve Bank in a very fraternal way looks at what is being done. India is not the land of rich men. It is not the land of people who can buy all the industries in the country in one night. It is the land of agriculturists, of poor folk, and we have to attend to them. We who live in the cities must know what the countryside is like. We have lived too long in the cities and we are disgusted with the methods practised in the cities. We cannot ignore the claims of the agricultural side. During the Budget discussion, I said that the man who serves the land will become the master of the land and if the land problem is not solved, we shall not be able to solve our food problem.

Let the unemployed graduates who are flocking the cities with a dhoti—tailor-made and tailor-coated gentlemen—who want big jobs, let them be drawn out and given a kind of agricultural credit by providing them with ten or twenty acres of land where they could sow and till. Let the Reserve Bank or any other Bank place at their disposal tractors, the payment for which should be made at the rate of twenty-five instalments or thirty instalments spread over thirty years or so. Let them be supplied with seeds. If these unemployed graduates issuing from our Universities could be helped in this way, perhaps our food problem will be solved. Thereby, the Reserve Bank which is the watch-dog and guardian of our finances could perform a useful role.

No doubt, we have today a person as Finance Minister who was the first

[Shri Joachim Alva]

Indian Governor of the Reserve Bank. Even he must have felt handicapped and experienced innumerable difficulties. Partition came and the face of the Reserve Bank changed overnight. We lost Punjab, the greatest wheat producing province. We lost many other things. But down south, we have the agricultural societies. We have the co-operative societies. As I said the other day, Bombay is the home of the insurance companies. In a way, it is also the home of the banks. Now, these agricultural and co-operative societies have to be fed by the generous treatment given by the Reserve Bank. The activities of the Reserve Bank are today completely engaged by looking into the scheduled banks. These scheduled banks are bulging fat with money which they do not know how to invest. If a needy person goes to them, he is not given an overdraft. He has to mortgage all his wife's jewellery and all the immoveable and moveable property he has. But the scheduled banks hold light to the prejudice of conservatism and say that they shall not lend money. But this should not be the case on the agricultural side. We have got the land class and tillers who cannot produce the conservative proofs which the scheduled banks can produce. Unless the Reserve Bank supplies a co-operative spirit and acts as a strong liaison between the countryside and the urban areas, it shall not fulfil its role completely.

In regard to the personnel, I have known the only representative in India of the world's largest bank of banks. His name is Mr. Bossart. He runs his office single-handed with the assistance of two or three clerks. When he is able to do that, what do we see in the Imperial Bank? They are employing so many Europeans, and somehow the Imperial Bank does what it likes, in utter disregard of the wishes of the Indian Directors on the Board who hail from Madras or Bombay or Calcutta or Kanpur. This money could be saved if one single American banker of the type I just mentioned could be employed. If he could run his bank with one or two clerks, why should not the Imperial Bank be divested of this white personnel, so that Indian officers who are quite capable of handling funds at the counters can have a chance? Why should not our young men who have experience at the counters and have served in London, Berne, New York, Shanghai or Tokyo—why should not these people be put in charge of the Imperial Bank's affairs? Why not the Deputy Governors be trained in such a way from among our own people that we may

not have to run for a match stick in the dark but can find it in daylight. Why not train our Deputy Governors in such a way that they shall be above reproof or suspicion? We should have two or three Deputy Governors trained so that the Imperial Bank and the Reserve Bank will be full of promising officers and we shall not have to look out for foreigners for filling these vacancies. So the Reserve Bank will have to build up a group of officers who will one after the other step in for the next job. They should be able to fill up the higher appointments as quickly as possible, fill them with ability, merit and character, so that banking, like Ceasar's wife, may be above suspicion, in safe hands.

Let me now come to the position of some of the rich banks. There are two banks—the Bank of India and the Bank of Baroda—which are the largest of the ten large Banks in India. But whom do they serve? They serve the richer people. Now, the Reserve Bank of India must by a programme compel these big banks to go down into the countryside. If they are not prepared, they must be compelled to serve the needs of the countryside, so that money may flow more smoothly into the countryside with at least half the speed with which it flows inside the big cities.

Previous speakers have covered almost all the important aspects of this matter. The last war enabled a few individuals to amass big resources in the vaults of Banks or Insurance companies. The Reserve Bank by constant inspection and supervision of the scheduled banks in an uncantankerous manner could play a great role in the history of our banking. When good banks are in difficulties it is the duty of the Reserve Bank to give them help. It shall not treat bank A with more solicitude than bank B. The needs of every Bank should be judged on merits. In this manner we shall be able to build a sound banking system in our country.

But without strengthening our countryside we cannot live as a nation. This is a country preponderating in agricultural people. If the educated young men from the urbanside cannot find suitable employment in cities, they will have to be found a place in the country. They shall have to be trained by beneficial concessions in the shape of tractors and land, so that they may go and cultivate and solve the problem of our food.

Our credit is still high. If you go out to the Chancellories of Rome, Prague or London, they still speak very highly of us. They still admire the way in which we have been able to surmount

our difficulties and discharge our obligations. The day we say we shall not pay our debt, we are doomed. But that idea has never entered into our reckoning, though it may have entered into the reckoning of a few.

You very well know how the Reserve Bank was established and the fierce controversy that raged in the old House and how the snap vote decided its fate. But the spirit of the Reserve Bank has to be built in a manner above suspicion so that our strength and destiny may lie in its hands safely.

Shri Naziruddin Ahmad (West Bengal): I have a few small suggestions to make. The Reserve Bank is the watchdog, on behalf of the public, of our banking system. It is supposed, somewhat easily by many members of this House that nationalisation is a cure for all ills. I, however, think that nationalisation, as such, will not be any cure at all. Banking system should be founded on practical wisdom and built on a steady conservative policy.

The Reserve Bank after nationalisation had the task of watching over the banks on behalf of Government as well as of the public. But it gave no warning to the people of the coming crash of a large number of indigenous banks and when the crash actually came the Bank did not give timely or proper help. So as the first test of nationalisation the Reserve Bank has not come up to the mark. One should not be led away by enthusiasm to expect wonders by nationalisation. There is a habit of mind which tries to make a scapegoat of all institutions. It is thought that nationalisation will cure all ills. I think we should cry a halt to this enthusiastic policy. There has been some amount of talk as to the nationalisation of the Imperial Bank. On the day following the Reserve Bank was nationalised, I went to the Imperial Bank and found there was utter lack of discipline—people were not to be found in their seats or counters. On the previous day the discipline was good. It was anticipated amongst the bank officials that the Imperial Bank would soon be nationalised. I think before nationalising the Imperial Bank we should consider the efficiency of the bank, its real purpose and its safety.

Shri B. Das: What a sad experience?

Shri Naziruddin Ahmad: My experience may be sad, but it is based on practical wisdom, not the theoretical wisdom of Mr. Das. He has got a long and bitter experience of British rule much of which he remembers and

keeps on uttering the warnings and suggests nationalisation as a panacea for all ills. I have, however, no such experience and therefore I begin with a clean slate without any slogans.

I submit that nationalisation, if any, should be carefully thought out with a view to efficiency, and not attempted hastily. In fact we were crying for autonomy. But having obtained independence we are denying autonomous management to banks, business and railways. The first thing we should learn is to allow autonomous bodies to develop according to their genius. If anything is wrong let public opinion and warning by Governments and other bodies, or even occasional interference, cure the evils. We have already the bitter experience of management of food, controls, rehabilitation and other things to our credit. I do not blame the Government for having failed to manage these things. The problems were supreme and difficult. So, it is not by way of complaints that I mention them; but I mention them as a warning against hasty actions. If we have failed in these important respects we may lead to a banking crash by hasty interference with indigenous and autonomous development and natural development of banking. I submit that while the Select Committee works out the details of amendments, these things should be kept in mind.

I have no constructive suggestions to make as very able and influential authorities on banking have already spoken. But I chose to speak my own feelings with regard to nationalisation as it has been freely and somewhat irrelevantly raised at this stage.

The Minister of Finance (Shri C. D. Deshmukh): I am sorry that our bringing this measure forward has raised a veritable hornets' nest about our ears. I should like to draw the attention of the House to what I said in regard to the character of this Bill. I said that during the fifteen years that the Act was in force operational experience had disclosed the need for certain amendments, and instead of promoting them singly the Reserve Bank authorities thought it desirable to collect them and, to put them forward on a suitable occasion. To this have been added certain consequential changes, following changes in the Constitution, and that is the main body of this Bill.

[MR. DEPUTY-SPEAKER *in the Chair*]

The debate on the other hand seems to open the whole of the Act and its basic scheme to revision as if a comprehensive amending measure was before the House. In my reply, there-

[Shri C. D. Deshmukh]
fore, it is very difficult to deal with all these issues which have really no relation to the main purport of the Bill. I presume that in the Select Committee it will be open to Members to bring forward an amendment to any part of the Bill, but I am wondering if they will try and make a distinction between amendments shown to be necessary by experience of the operation of the Act and amendments aimed at changing the whole structure of the Act and the basis of central banking.

Shri Sondhi (Punjab): Do you mean to bar it there?

Shri C. D. Deshmukh: I am only making a suggestion to Members. If it appeals to them they will accept it. I say that everything is open to them

.....

Shri Sondhi: Amendment of the Act itself.

Several Hon. Members: No, no.

Mr. Deputy-Speaker: Does the hon. Minister mean that the whole structure of the Act will be open?

Shri C. D. Deshmukh: Presumably. I do not know. If it is not open, then much of this debate is really beside the point.

Mr. Deputy-Speaker: It is for the hon. Minister's future action.

Shri T. T. Krishnamachari (Madras): May I say that it is not entirely so, because we are following the convention of the British Parliament in this matter. So far as the British Parliament is concerned, unless something beyond the scope of an amending measure is specifically mentioned in the House and, so to say, a mandate is given, it is not open for the Select Committee to go into it. But it may be that in respect of something which is relevant to the amendment about which people have spoken here, and if there is a consensus of opinion that that might be taken up, it would not be altogether unparliamentary or wrong procedure to go into it in the Select Committee. But it is difficult to say where exactly the mandate comes and where it does not.

Shri B. Das: But we are a sovereign Parliament.

Mr. Deputy-Speaker: The question of nationalisation of the Imperial Bank cannot be a subject-matter for discussion.

Shri C. D. Deshmukh: Actually we have devoted a great deal of time to

the question of nationalisation of the Imperial Bank.

Mr. Deputy-Speaker: Directly or remotely it must be connected with the matters referred to in this Bill.

Shri Tyagi (Uttar Pradesh): This we have done many times.

Prof. Ranga (Madras): All the things that were said were said to influence the mind of the Government in the hope that Government might come forward with necessary legislation on future occasions.

Shri T. T. Krishnamachari: May I again say that the whole idea was to drag out from the mouths of the Government spokesmen what is the policy that the Government has in mind. That was the main idea.

Shri C. D. Deshmukh: I consider that this is not the proper occasion for the Government spokesman to make a declaration of policy in regard to central banking in general or any auxiliary services, and that is why I was pleading that it may be borne in mind at the Select Committee stage that the scope of this amending Bill is a very restricted one.

Shri B. Das: Sir, may I have a ruling on this point? I want to bring on the subject. I find my hon. friend the Finance Minister is encroaching upon the expanded liberties which this House has acquired during the last three years.

Shri Naziruddin Ahmad: No, no.

Shri B. Das: I object to my friend Mr. Naziruddin Ahmad saying 'nonsense'. There is no nonsense.

Shri Naziruddin Ahmad: I did not say 'nonsense'. I only said 'No, no'.

Mr. Deputy-Speaker: He only said 'No, no'.

Shri B. Das: I accept it.

An Hon. Member: Two 'nos' make a nonsense!

Shri B. Das: Sir, you have presided over every Select Committee. You know how Bills have been turned upside down and finally new Bills emerged. Although it is my Government, if the Government of India fail to carry out the intentions and mandate of this House since 1947, 1948 and 1949 in the matter of the nationalisation of the Imperial Bank, in the matter of the henpecking of the Reserve Bank by the Imperial Bank and its working

against national economy, the Select Committee would be justified to examine the whole issue and issue a mandate to the Government of India to nationalise it.

Shri Ramalingam Chettiar: I fear this is only an amending Bill. If it is a general Bill dealing with all aspects of the institution it is different. It is only with reference to the matters which come under the amendment that I think we can make any changes. We can change anything we like so far only as the provisions in the Bill go, and it has been always held that we cannot touch those sections which do not come in the amending Bill.

Shri Sondhi: I would like to know if it will be open to the Select Committee members to make a recommendation to the House along with the Bill, with reference to certain sections of the Reserve Bank Act *vis-a-vis* the Imperial Bank as an agent of the Reserve Bank, to make some amendments in the Imperial Bank Act.

Prof. Ranga: We can make a recommendation to that effect.

Mr. Deputy-Speaker: I have been invited to give a ruling on this point. I am quite certain in my mind that whatever is not the legitimate object of this Bill, that is, is not covered by any of the provisions of this Bill, is not germane to the issue and cannot be gone into in the Select Committee. It is not as if the whole scheme of the Act—the original Reserve Bank Act—is thrown open. This is only an amending Bill in so far as certain sections are concerned. For instance in section 17 some clauses are being touched or are being modified in this Bill. There is section 54 relating to agricultural credit; then there may be similarly provisions relating to the same matter or ancillary or auxiliary matters or which may be consequential, though they may not be the subject matter of this Bill—they may also be touched upon. Otherwise, on principle, whatever is not taken in the amending Bill, cannot be introduced even in a side-way. It is open to the Select Committee to make certain recommendations but not absolutely foreign to the scope of the amending Bill.

Shri C. D. Deshmukh: The next point I was going to make is that there has been a good deal of criticism of the administration of the Act.

Mr. Deputy-Speaker: It does not prevent the hon. Minister if he is in a position to trust the House or to

make up his mind to say one or two things which have been said in this House.

Shri C. D. Deshmukh: I will try to give some indication of my own views on this matter. I was going to say that there has also been a great deal of criticism of the administration of the Act by the authorities of the Reserve Bank and I was doubtful if that also was strictly germane to the present discussion. I am only raising the matter *ex post facto*; I did not object at the time to the observations being made.

Shri Sondhi: We want your reactions.

Mr. Deputy-Speaker: That is germane because the hon. Minister wanted to transfer the powers of the Governor to the Deputy Governor during the absence of the Governor. It is open to him to say whether the present qualifications of the Deputy Governor are sufficient or not and what qualifications have to be imposed on him so that he may be clothed with that responsibility.

Shri C. D. Deshmukh: I did not refer to the personnel so much but to the management of its affairs by the Reserve Bank including the Reserve Bank Board during the last few years. I have no doubt that there will be other occasions on which the House would have the opportunity of giving expression to its views in regard to the character of the Reserve Bank management in these discussions.

Shri Sondhi: Are you giving us an opportunity?

Prof. Ranga: It was never brought up for discussion at any time.

Shri C. D. Deshmukh: I should imagine that the general discussions of the Budget provided opportunity for all kinds of things like this. I am not barring this. I am only saying that the character of my reply will be limited by the observations that I am making now.

Prof. Ranga: Will it be conservative as the Reserve Bank and the Imperial Bank? He is warning us too much.

Shri C. D. Deshmukh: Brick-bats at the Reserve Bank and bouquets at me have been thrown during the course of the discussion and in my opinion they are both un-merited and undeserved. So far as the administration of the Reserve Bank is concerned, I would refer the House to a talk I gave before the Gokhale Memorial

[Shri C. D. Deshmukh]

Institute in Poona which is obtainable from them; it contains a very elaborate account of what the Reserve Bank has done for the country during the period of 13 years, which that talk covered. I claim that the Bank has done well by the country and is an institution which it should be proud of, although it is always helpful to have constructive criticism in regard to the way in which the Reserve Bank is discharging its functions.

I think the plan I propose to follow, in the light of your ruling and what was said before, is to deal with the particular sections of the Bill about which observations were made. I come to the proposed amendment to section 17 (2) (b), that is to say, the question of the lengthening of the period from nine to twelve months. I think it would be helpful if I read that section:

Among the kinds of business which the bank is authorized to transact are:

“the purchase, sale and rediscount of Bills of exchange and promissory notes, drawn (and payable in India) and bearing two or more good signatures, one of which shall be that of a scheduled bank, (or a State Co-operative Bank) and drawn or issued for the purpose of financing seasonal agricultural operations or the marketing of crops, and maturing within nine months from the date of such purchase or rediscount, exclusive of days of grace;”

Therefore, this period of nine months which it is now proposed to extend to twelve months refers to the period that must elapse after the purchase, sale or re-discount of the Bill by the Reserve Bank. It does not necessarily limit the period for which the original bank, that is to say, the commercial bank gave the accommodation. Prof. Ranga is quite right when he referred to the amendment which was proposed in 1934 by Mr. T. N. Ramakrishna Reddy and at that time the point made by Mr. Reddy was that for a crop like the sugarcane crop twelve months was a more suitable period than nine months. He said then that the cultivation of the crop takes ten months and then the milling or turning into jaggery takes another two months and therefore, he thought that financing of the sugarcane crop required twelve months' period especially in view of the fact that the sugarcane industry had just been the recipient of protection. Now at that time, Sir George Schuster gave the answer that nine or twelve months is not necessarily the period for which

the commercial bank makes the advance, and that answer still holds. It may be that the lending bank requires to re-imburse itself after three or four months, in which case, now, with this twelve months, it will be 16 months. So far as the sugarcane crop is concerned, I believe there are very elaborate financing arrangements in the main growing area, that is, in the Uttar Pradesh and in the Deccan most of the sugar mills have their own plantations and therefore there is not the same sort of problem of finance, so that we might say that circumstances even have changed in regard to sugarcane; and in any case, for the consideration that I have pointed out, it does not seem necessary to raise this further from twelve months to a much longer period. That does not, of course rule out the consideration of any amendment that Mr. Ramalingam Chettiar may bring at the Select Committee stage; but at the same time Prof. Ranga hopes that this period should gradually be lengthened to ten years.....

Prof. Ranga: I did not say that. I said 18 months.

Shri C. D. Deshmukh: I thought that somebody asked a question and I think, I heard ten years. I thought that that was unrealistic.

Prof. Ranga: I was saying what you said just now.

Shri C. D. Deshmukh: That is all that I have to say at the moment in regard to this particular clause.

Then, you, Sir, wanted some assurance in regard to the second proviso to section 17(8) which is now proposed to be deleted. It is probable that the restrictions were intended originally to act as some kind of check on excessive financial assistance by the Reserve Bank to the Government but the conditions in those days were very different. In the first place the Government itself was not our own national Government and secondly the bank was a separate chartered body. Now those things have changed and both of them, that is to say the Government and the bank are very much aware of the economic consequences of any excessive use of this sort of power that you have in mind. So far as the mechanics of the thing are concerned, also there has been a change, that is, on the one hand the accumulation of sterling balances and on the other the size of the cash balances of the Government. While these factors exist, it is possible, if Government were inclined to do so and the bank were agreeable to have resort to inflationary finance

without infringing the present section, namely 17 (8). The reason is that sterling securities now occupy a very much larger proportion of the total assets than was considered to be probable when the Reserve Bank of India Act was passed. This kind of limit, I think, will be effective with the other kind of limit in section 33. That is to say, 40 per cent. of the assets of the Issue Department must be held in gold or sterling securities. So, in the existing circumstances, this provision is bound to be left high and dry and if there is no recognition on the part of Government or the Reserve Bank of the dangers of inflationary finance, another remedy must be found, which is criticism in the House. I am assuming that the House is well aware of the dangers of such inflationary finance. If, on the other hand, the House were to take some other view, then, I have no doubt, that they will find the means of imposing their will on both the Government and the Bank with whatever consequences that might follow from the economic angle. So, at the moment, this is a somewhat otiose kind of provision and it acts as a sort of practical inconvenience to the Bank in what has assumed increasing importance in the management of the money market, namely, open-market operations of the Bank. The Bank is constantly buying and selling and altering its investment portfolio with an eye to regulate the money market and it is not always open to the Bank to choose the kind of securities that are offered to it. Offers come to it and sometimes on general grounds the Bank comes to the conclusion that it is desirable to buy or sell. This kind of operation is hampered in a minor way by this provision. It is true that when they are faced with a difficulty, they interchange securities between the Banking Department and the Issue Department, or between the Banking Department and the Government's Cash Investment Account, which is a separate portfolio of securities. So, it has been possible to carry on in the face of this second proviso. But, as I say, it is a minor inconvenience. The Reserve Bank thinks, and I agree with it, that we might take the opportunity of removing this minor inconvenience in the management of open market operations. That is all the significance that attaches to this overall limit.

The other part of it is liquidity. Now, the House is aware that it has invested the Reserve Bank with very extensive powers over the whole of the banking system and it seems unnecessary to put fetters on the controller itself. If the Reserve Bank is worth anything at all, they may be expected

to take care of this consideration namely that its investment portfolio should be kept in a fairly liquid condition. I do not think it is necessary that the House should take this view of excessive caution and insist on the retention of the security provisions.

The only other section which was referred to in the debate and which is included in this Bill—I will come to agricultural credit later—is this clause which seeks to amend section 42. Mr. T. T. Krishnamachari thought that there was a certain amount of overlapping between this and the Banking Act and he wondered whether some kind of comprehensive measure could not be devised which would bring all this together. That is a very long range plan. May be, that later on circumstances may arise which make a course of this kind necessary. But, at the moment, I should think there should be no objection to this amendment being carried out. On the factual side, I think the Banking Act provides for information being called from Banks whereas this particular section prescribes a return, a very important return which is connected very intimately with the control of the Reserve Bank over the scheduled banks. Therefore, I hope the Select Committee will agree to this particular provision in the Bill.

I think I have dealt with most of the matters that arise directly from this Bill, except perhaps the point regarding personnel which you raised, Sir. The principles which you enunciated that there should be no political influence in appointments of this kind, are unexceptionable. So far as the present management is concerned, in spite of the somewhat critical observations made, I make bold to say that I have confidence that the monetary credit of the country and the other functions which the Reserve Bank has to discharge are safe in their hands.

Now, I shall come to the next issue.

Mr. Deputy-Speaker: Is the hon. Minister likely to take long?

Shri C. D. Deshmukh: I am afraid so; I have to deal with the general issues including the issue of agricultural credit which is the most important of the general issues.

Mr. Deputy-Speaker: The House also will be anxious to hear you in detail.

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

The House re-assembled after Lunch
at Half Past Two of the Clock.

[MR. SPEAKER in the Chair]

Shri C. D. Deshmukh: I now turn to some of the general matters which were referred to in the course of the debate. I shall first touch upon the charge that the Reserve Bank has not come to the assistance of scheduled banks in any adequate manner. In considering this question it is necessary to have some historical perspective. The Reserve Bank of India was established in 1934 and, so to speak inherited a banking system, the pattern of which had been created before its coming to birth. At that time the Reserve Bank of India Act gave it very restricted powers relating to the control of scheduled banks. Indeed, even the form of return which was prescribed by section 44 was, as I have pointed out, very meagre. It was realised by the Reserve Bank that if it was to discharge its responsibilities in the matter of the control of scheduled banks, it required a wide extension of its powers and accordingly a Bill was framed soon after the beginning of the war. Then, owing to the vicissitudes of the war and its pre-occupations, it proved impossible for the Government of the day to promote this measure, and it was only recently that the necessary legislation, altered considerably in the meanwhile, was passed. The very fact that that measure provided for extensive powers of control to be exercised by the Reserve Bank proves that the House recognised that the powers in existence before were inadequate. This is really the answer to the point made by Shri Rohini Kumar Chaudhuri, who is not here now, that while the Reserve Bank was in possession of all the facts, it failed to stop the rot. Within the limits of such powers as it had, the Reserve Bank has done all that it could, first to control the management of the scheduled banks and to extend to them such assistance as the law permits it to extend or permitted it to extend. But all the time, the bank laid emphasis on this fact that it would only be able to assist those banks whose management was reasonably sound. The reason for this is obvious. If a bank is badly managed and is in trouble, then it is of no avail for the Reserve Bank to extend any assistance and jeopardise public money. At best it means that some depositors get favoured treatment and get out, while the others are left to bear the full incidence of the diminution in the value of the assets of the bank. It is recognised that during recent years, banks have come into difficulty as a result of causes beyond

their control. I refer to the partition and its aftermath. Now, those are emergencies which it is not in the power of the Reserve Bank to cope with. And actually, in connection with the affairs of the banks affected by partition, a special measure had to be passed by Government. Within the scope of its own powers, I believe the Reserve Bank has gone to the uttermost limit in giving succour to scheduled banks. It also promoted the amendment of section 18 in order to widen the scope of the assets which it could take over from a bank in trouble. Actually, the experience of the Reserve Bank has been that even where a few unsound banks have been helped, they have gone to the wall, and that shows very clearly the limitations that naturally exist on the powers of the Reserve Bank to help scheduled banks in distress. I do not think we could devise any legislative provision which will ensure for ever that loss to depositors will be avoided. The only way of minimising the loss to them is to ensure that the banking system of the country is in good heart. In dealing with this matter, I do not propose to deal with a few individual cases which were referred to during the course of the debate, as I have not the relevant materials affecting those particular banks, apart from the fact that some of them were not named. Shri Krishnamachari referred to the possibility of devising some kind of deposits insurance system in this country. This matter has been considered by the Reserve Bank; but they found that it would be practically very difficult to institute any such system unless banking standards in the country are first improved and made a little less unequal. It is only then that the burden of such insurance can be spread evenly over the banks in the country. Shri Krishnamachari also referred to the "award" in the banking dispute, of the Industrial Tribunal. Some of us view the possible effects of this award with some concern, and we have requested the Reserve Bank to examine how this award would affect the fortunes of some representative banks. We shall give the matter our earnest consideration after we have received the report of the Reserve Bank on this matter.

I think I might at this stage—although it is somewhat out of line with the subject that I have taken up—refer to the point made by Mr. T. T. Krishnamachari regarding the inconvenience caused to the banks and other investors by the fall in the values of Government securities. I am sure he does not expect me to make any statement in regard to the intentions of Government about the

interest rate or the structure of money rates in general but I would request him to bear this fact in his mind: and that is that the open market operations of the Reserve Bank are limited by the finance available to them, if they are not to encourage inflation. It is always possible of course to put a floor under Government securities by continued purchase but a time comes when the cash in the till runs low. When that situation arises the only way in which the Reserve Bank can support the money market is by expansion of currency. I think the House will realise the dangers in the Reserve Bank following such a course.

I next turn to the relations of the Reserve Bank with co-operative banks. I am grateful to Mr. Chettiar for the recognition he has given expression to of the assistance which the Reserve Bank has been extending to co-operative banks. I should like to quote some figures here which are, I think, relevant and which answer in part the question that was asked by Ch. Ranbir Singh. Here are the figures relating to advance to scheduled banks and co-operative banks under section 17 for the four years 1946—49.

In 1946 the advances to scheduled banks amounted to Rs. 2,469 lakhs and those to co-operative banks 33 lakhs. That was the first year when some concessions were being introduced in regard to co-operative banks. In 1947 the advances to scheduled banks amounted to 308 lakhs and those to co-operative banks amounted to two lakhs. In 1948 the advances to scheduled banks were 2,202 lakhs and to co-operative banks 122 lakhs. In 1949 the advances to scheduled banks amounted to Rs. 3,561 lakhs and to co-operative banks it amounted to 616 lakhs including 224 lakhs at 1½ per cent. I think it would be realised that the assistance which the Reserve Bank has extended to co-operative banks is on an increasing scale. Ch. Ranbir Singh asked how much of this has reached the cultivator. I should say all of it has reached the cultivator.

Babu Ramnarayan Singh (Bihar): How?

Prof. Ranga: Through co-operative societies.

Shri C. D. Deshmukh: The loans are at first advanced and the documents passed on to the provincial bank and the provincial bank obtains the advances from the Reserve Bank. I cannot see any reason why the co-operative bank should not pass on the concession to the cultivator.

Shri Ramalingam Chettiar: It is only for the cultivator.

Shri C. D. Deshmukh: The only addition that is made by the provincial bank is the addition which represents their administrative expenses. I believe Mr. Chettiar said that administrative expenses came to 2½ per cent. which is added to the rate of interest 1½ per cent. This resultant rate is still very reasonable. Even if it is six per cent., it would still be a reasonable rate.

Before I come to the general question of agricultural credit I should like to dispose of very briefly the criticism that was levelled at the Imperial Bank and certain suggestions that were made regarding its nationalisation. I have here to refer to the answer that was given by Dr. John Matthai on 1st February, 1949 in answer to a question by the Deputy-Speaker, Shri Ananthasayanam Ayyangar. The question was:

(a) Will the hon. Minister of Finance be pleased to state what steps Government are taking to nationalise the Imperial Bank of India?

(b) Do Government propose introducing legislation for this purpose during the current session of the legislature?"

The answer was:

"I would refer the hon. Member to the reply given by my predecessor to Shri Mohan Lal Saksena's short notice question on the 4th February 1948. In the light of the examination of the technical questions referred to and in view also of possible repercussions on the investment market and of the existing unsettled economic conditions in the country, Government consider that it is not feasible to proceed at present with the nationalisation of the Imperial Bank of India."

I may add that I am in complete agreement with this view and I am quite convinced that it is not in the best economic interests of the country to attempt any such measure.

That still leaves the question what action is to be taken. In this regard certain suggestions have been made by the Rural Banking Enquiry Committee and together with their other recommendations they are under the consideration of the Government. As a matter of fact the Reserve Bank of India has been asked to forward their own recommendations and I expect

[Shri C. D. Deshmukh]

that the matter will come up before them at their next meeting.

My friend Mr. B. Das, for whose sincerity of purpose and parliamentary experience I have great regard, poured vials of wrath on the Imperial Bank. He reminds me of an old warrior who when recounting old tales of heroism lashes out at phantom enemies. I feel that he has allowed his feelings to outrun his sense of fair-play and justice. Whatever might have been his causes of grievances originally, I think circumstances have changed very considerably.

Prof. Ranga: Your predecessor also gave the same reply.

Shri C. D. Deshmukh: I believe that quite a substantial portion of the shareholding in the Imperial Bank is now owned by Indians and the process of Indianisation of the staff is going on apace and in a few years' time we have reason to believe that there would be hardly any non-Indian officers left. I think it is a very fine instrument of banking, technically considered, and it is going to be amenable to our control as the years pass by. It seems prejudicial to our own interests to take any hasty action which will impair the use of that instrument. In the banking system of the country I think the Imperial Bank forms the backbone and it is in our interests to see that nothing is done to impair the value of that leavening in our present banking system, especially as we are making attempts to see that banking is consolidated on sound lines with the help of the new Banking Act.

There is one more point I should like to deal with, and that is the one made by Shri Pannalal. He was afraid that if clause 9 is enacted then the Imperial Bank would be our agents throughout India including Part B States. Well, the House is aware that the Rural Banking Enquiry Committee have made certain recommendations and the matter is still open. It is therefore our intention to move a suitable amendment at the Select Committee stage. We would propose an explanation that—

“the expression ‘at all places in the States where there is a branch of the Imperial Bank of India’, appearing in paragraph 1 of Schedule One, shall mean, ‘at all places in Part A and Part C States where there is a branch of the Imperial Bank of India’, provided that it may be extended to include such places in Part B States as may be notified by the Central Government”.

The effect of this will be to keep the matter open till full consideration is given to it.

Lastly, I shall deal with agricultural credit. As the background, I would like to refer to the Second Statutory Report of the Reserve Bank of India, Chapter IV, in which they have explained certain general principles. They deal there with the criticism—which was made yesterday—that the Reserve Bank does not place unlimited credit at the disposal of agriculturists. They have explained how the Reserve Bank is a banker's Bank and how the Preamble of the Act requires it to secure the monetary stability of India, and generally to operate the currency and credit system of the country to its advantage. The Report points out that the Bank holds the cash resources or the fluid reserves against deposits of all the important banks. At one time—at the time of report—these balances formed by far the largest portion of the working capital of the Bank. That is not so today as there are various other deposit liabilities which are greater than this particular item. The report then goes on to say.—

“This being the main origin of the resources of the Reserve Bank, it will be easy to understand why it has to be the banker's Bank in an emergency and not the ordinary financing agency. The funds which Scheduled Banks are compelled to keep with it so that the entire pool may be available in times of emergency, cannot be locked up by us in forms of business which the Scheduled Banks themselves would not undertake on account of the risk, the length of the period, the lack of liquidity or other reasons.”

I shall not weary you by repeating what appears in this Chapter, but I would again earnestly request the House, and especially the Members of the Select Committee, to read this particular Chapter before the Committee meets.

Prof. Ranga: Circulate it to us. When was it published?

Shri C. D. Deshmukh: In 1937. I shall have it circulated.

Now, that does not mean that we don't recognise that the problem exists—and exists in a serious form. How serious it is, it is not possible to say on account of the general lack of statistics from which we suffer in this country. The House will recollect that during the debate on the Industrial Finance Corporation, at one time one

of my predecessors thought that the solution would lie in the setting up of a separate central agricultural finance corporation. Well, we have consulted the Reserve Bank and they have pointed out various reasons why this course would not be practicable. The main reasons are that many Committees and Commissions which have gone into the matter have come to the conclusion that such an institution should be established in the Provincial sphere. The Gadgil Committee in 1946, for instance, recommended the establishment of the Provincial Agricultural Credit Corporation. It is true that in some other countries there are central institutions of this type, as for instance England, Eire, U.S.A., Canada, Australia, and so on and so forth, but it is felt that the conditions in these countries differ very widely from our conditions. The principal difference being that ours is a very small-scale farming and that the units with which the central organisation would have to be in touch would be far too numerous to allow of effective administration and supervision. Then short-term finance will really fall outside the purview of the central institution as the central institution will find it physically impossible to offer these facilities to numerous agriculturists scattered over a vast area, and such facilities should generally be within, as far as possible, the exclusive jurisdiction of co-operative institutions. Some Provincial Governments were indeed apprehensive that even a Provincial Agricultural Finance Corporation would seriously compete with the co-operative movement which is just getting into its stride. Anyway, the note prepared by the Reserve Bank was circulated to State Governments for their opinion.

Prof. Ranga: When was this opinion expressed?

Shri C. D. Deshmukh: Very recently. Some opinions from State Governments have been received. The House might be interested to know what they are. Bombay and U.P. agreed that agricultural credit should be organised on a Provincial, that is to say State, basis. Bombay further considered that the existing co-operative agencies should be employed for the purpose. And I may add that they have taken some active steps to that end. Then, Punjab, Bihar and Orissa, while agreeing that Provincial institutions would be more appropriate, consider that the establishment of Provincial institutions would be ruled out owing to difficulties in raising the required funds.

Shri Sondhi: Will Government help them in this?

Shri C. D. Deshmukh: Well, we have not yet reached the stage of decision. I am only saying that the matter is under consideration and has not been lost sight of.

Then, Assam on the other hand favours an all-India agricultural finance corporation for the purpose of granting loans to the Assam Co-operative Apex Bank at a very low rate of interest. West Bengal considers that as finance corporations fall within the Union legislation,—Entry 43 of Seventh Schedule—the State Government was not competent to establish financial corporations. So they have got rid of the responsibility by reference to the provisions of the Constitution.

Well, all I can say at this stage is that Government are giving thought to this matter. These are the only replies that have been received.

Shri Bharati (Madras): What about Madras?

Shri C. D. Deshmukh: Well, their reply is to come as yet. These are the only replies we have received so far. I personally agree with the view expressed that this is not a matter which can be handled through a Central agricultural credit institution and that the Centre and the States and the Reserve Bank must get together and see how this matter can be furthered and what difficulties there are in the way of establishing such institutions and what part either the Centre or the Reserve Bank could, in consonance with the general responsibilities, play in the matter.

Prof. Ranga: Will it take another fifteen years?

Shri C. D. Deshmukh: I don't think we ought to judge by the pace of former progress. One must not forget that a war was being fought in 1939-45 and that the war did make a difference to this problem of agricultural finance. I think as a nation we have a rather long memory and I believe that our views in the matter are coloured by what happened during the depression when credit was really a very acute matter. During the war years I believe the outstandings of the co-operative movement were considerably reduced. My friend will correct me if I am wrong.

3 P.M.

Shri Ramalingam Chettiar: We had huge surpluses.

Shri C. D. Deshmukh: And indeed during the last three years there was the problem before the co-operative movement of how to use their surplus reserves. I am not denying that the problem still exists, but it is really not of that acute form that some members seem to imagine.

Well, I think I have dealt with nearly all the points of major importance that were raised during the course of the debate and I have also dealt with the specific clauses which are proposed to be amended here. Now, I recommend my motion to the House.

Shri B. Das: May I just ask a question? I understood my hon. friend to be saying that the Imperial Bank will continue as it is—it should remain a limited concern and not be nationalised. Is it the intention of the hon. Finance Minister that it should continue to enjoy the exclusive right of receiving all deposits on behalf of the Government of India, State Governments, local bodies, etc., and the other scheduled banks will not enjoy any such privileges?

Shri C. D. Deshmukh: I am afraid, Shri B. Das is under some misunderstanding. The deposits of the Central as also of State Governments are not with the Imperial Bank; they are with the Reserve Bank. The only function which the Imperial Bank discharges is to handle the cash transactions of the various Governments. Occasionally they find that they are in deficit which is made up to the Imperial Bank afterwards. The whole matter is discussed very clearly in Chapter II of the Rural Banking Enquiry Committee Report and there is a good summary of it towards the end at page 157. I am quite certain if Shri Das reads these, many of his doubts will be cleared.

Mr. Speaker: The question is:

“That the Bill further to amend the Reserve Bank of India Act, 1934, be referred to a Select Committee consisting of the hon. Dr. B. R. Ambedkar, Shri M. Ananthasayanam Ayyangar, Shri T. T. Krishnamachari, Pandit Hriday Nath Kunzru, Shri B. L. Sondhi, Shri T. A. Ramalingam Chettiar, Shri Prabhu Dayal Himatsingka, Shri Satyendra Narayan Sinha, Shritmatl G. Durgabai, Shri Arun Chandra Guha, Shri Syamnandan Sahaya, Shri Ramnath Goenka, Shri Gokul Lal Asawa, Shri V. S. Sarwate, Shri Upendranath Barman, Shri Bali Ram Bhagat, Shri Rohini Kumar

Chaudhuri, Chaudhari Ranbir Singh, Shri Mahavir Tyagi, Dr. M. V. Gangadhara Siva, Prof. N. G. Ranga, Prof. K. T. Shah and the Mover, with instructions to report by the 7th December 1950.”

The motion was adopted.

PORT TRUSTS AND PORTS (AMENDMENT) BILL

The Minister of State for Transport and Railways (Shri Santhanam): I beg to move:

“That the Bill further to amend the Bombay Port Trust Act, 1879, the Calcutta Port Act, 1890, the Madras Port Trust Act, 1905 and the Indian Ports Act, 1908, for certain purposes and to make certain consequential amendments in the Calcutta Port (Pilotage) Act, 1948, be referred to a Select Committee consisting of Shri M. Ananthasayanam Ayyangar, Shri Surendra Mohan Ghose, Shri Joachim Alva, Shri Sarangdhar Das, Dr. Panjabrao Shamrao Deshmukh, Prof. Shibban Lal Saksena, Shri Khandubhai K. Desai, Shri Basanta Kumar Das, Shri Gokulbhai Daulatram Bhatt, Shri K. A. Damodara Menon, Shri N. Alexander, Shri Biswanath Das, Shri J. N. Hazarika, Shri Radhelal Vyas, Shri V. C. Kesava Rao, Shri V. S. Sivaprakasam, Shri H. V. Kamath, Shri Braja Kishore Prasad Sinha, Shri R. K. Sidhva, Shri P. Kunhiraman, Shri Manilal Chaturbhai Shah and the Mover, with instructions to report before the end of the first week of the next session.”

With reference to the date, I may inform the House that I have put that date only as a measure of abundant caution. I should like, however, to have the Select Committee meetings before the end of the session and if possible to present the report of the Select Committee during this session. But I do not want to come again to the House for an extension, if for any reason of parliamentary convenience, it cannot be taken up during this session.

I wish also to make another preliminary remark. The House need not be frightened at the length of this Bill. Though it contains 188 clauses, they are more or less of a formal nature. There is hardly any point in this Bill which is of a controversial character. The present Ports are regulated by the Acts mentioned by me in the motion, that is, the Bombay Port Trust Act, 1879; the Calcutta Port Act, 1890; the Madras Port Trust Act, 1905. All

these refer to particular Ports. There is a general Indian Ports Act, 1908 covering general matters governing all Ports—major as well as minor. All these Acts were passed at a time when the Government of India was more or less unitary, that is to say, the Provincial Governments were agencies of the Central Government. The legislation was passed by these Provincial Governments except the Indian Ports Act, 1908, and they were promulgated with the sanction of the Central Government. Therefore, they were framed without an all-India outlook and merely to satisfy local requirements. This position continued till 1919. By virtue of the Devolution Rules framed under the Government of India Act, 1919, the Ports declared to be major Ports by rules made by or under the sanction of the Governor-General through legislation by Indian Legislatures became for the first time an exclusively Central subject and in February 1921 the Ports of Calcutta, Bombay and Madras were declared to be major Ports. Immediately, there was a demand that these old Ports Acts should be amended and some steps were taken in 1923 by the appointment of the late Sir Geoffrey Corbett, Secretary to the Government of India, Department of Commerce, for such amendments. But this attempt was given up. I have not been able to ascertain the exact reasons, but I fancy that the main cause for giving up the attempt was that it would involve a radical change in the constitution of the Port Trusts, for which those vested interests who were heavily represented in these Port Trusts were not at that time quite ready. Therefore, no change took place. When the Government of India Act, 1935, came into force, major Ports became a Central responsibility and minor Ports were given to the Provincial Governments. Again, the demand for revising the old Port Acts was made, but the war came in handy and that attempt was also shelved. It was only after the transfer of power in 1947 that the question of revision of these Port Trust Acts and Port Acts was taken up seriously. At one time, it was considered that it may be desirable to scrap all these Acts and bring forward a comprehensive measure incorporating all the separate Port Trust Acts into a General Port Act and providing for a general scheme of Port administration. It was soon discovered that this would be a very big undertaking and would take a long time. There were also other considerations which militated against such a conception. The Ports were of different types. For instance, Calcutta is a river port requiring elaborate measures for piloting vessels from the sea to the port over

a long distance. Bombay and Madras are sea ports which have got their own special problems. Also, the Port Administrations had, over half a century, developed their own features and procedures, many of which suited the localities and which it was not wise to disturb. Therefore, we came to the decision that we should take up the revision of the Port Acts only to the extent that they contained provisions which were inconsistent with the present needs or which had become out of date under the existing conditions. We took up the question of the constitution of the Ports which was a burning question before the transfer of power and the House will remember that last year we revised the constitution of the Ports and an amending Act was passed. The other features of the Port Acts were scrutinised and the present Bill is the result of that scrutiny.

I do not think the House will be interested in a detailed examination of these provisions, which are more or less of a formal and non-controversial character. So I shall content myself with giving a general description of what is attempted. These proposals are designed generally to introduce a greater measure of Central control and supervision in matters of policy; to effect greater decentralisation of authority in matters of day to day administration; to introduce as much uniformity as is possible without too violent a disturbance of the *status quo*; and to remove the known lacunae.

I shall give a few illustrations which might serve to bring out the objects underlying the proposed legislation. At present, certain provisions exist in the Madras Port Trust Act and in the Calcutta Port Act for the Central Government to cancel the powers of the Port Authority in certain events. But similar provisions are not to be found in the Bombay Port Act so that if matters in the Bombay Port deteriorate to a dangerous extent, we are utterly powerless to intervene. In this Bill, the Bombay Port Trust Act is sought to be amended to bring it in line with the Madras and Calcutta Port Trust Acts.

It is proposed to insert a fresh provision in the Calcutta, Bombay and Madras Port Trust Acts requiring the Port Authorities to submit to the Central Government a detailed Administration Report in such form as may be prescribed as soon as may be after the 1st day of April of every year. As a matter of fact, these Port Authorities are submitting an Adminis-

[Shri Santhanam]
 iration Report, but it is not under any statutory obligation. Also, we have not the power to fix the form and the nature of accounts etc. It is essential for comparison and also for policy decisions to have these enforced in a prescribed form and with prescribed form of accounts etc. Otherwise, we cannot compare the operations of these Ports.

Again, it is proposed to empower the Central Government to consider and pass final orders on points of disagreement between the Auditor appointed to audit the accounts of the Ports and the Port Trusts. Now, if the Government Auditor finds something wrong with the Port accounts it is the Port Trusts which have the final voice. That is not a satisfactory state of affairs. Therefore the power is being taken to the Central Government to decide whether the explanation of the Port Trusts is satisfactory and, if not, to see that the Auditor's remarks or suggestions are duly complied with.

Again, it is proposed to make provision in all the Port Trust Acts so that all rules and regulations relating to the service conditions of Port Trust employees framed by port authorities may take effect only after they have been approved by the Central Government, so that as far as possible the service conditions of Port Trust employees may be made to approximate to those applicable to Government servants of corresponding rank. In recent years there has been a great deal of agitation on the ground that the same categories of Port Trust employees are paid certain salaries and allowances in Calcutta, different salaries and allowances in Bombay, and different salaries and allowances in Madras, etc. This has caused a great deal of trouble in the administration of the ports. We want to have power to make these things as uniform as possible, as we have done in the case of Railways.

It is proposed to make provision in the Bombay Port Trust Act and the Calcutta Port Act requiring these port authorities to obtain the assent of the Central Government to contracts involving payment of a sum exceeding Rs. two lakhs. A similar provision already exists in the Madras Port Trust Act, but the existing monetary limit under that Act is Rs. 50,000. We propose to raise it to Rs. one lakh and also insist in the case of the Bombay and Calcutta ports that they must obtain the assent of the Central Government for payments exceeding Rs. two lakhs in order to get a stricter financial control over the working of the ports.

A provision is proposed to be inserted in all the three Port Trust Acts, applicable to Calcutta, Bombay and Madras, empowering the Port Trust to obtain temporary loans or to overdraw on their bank accounts by holding their own securities or other assets from banks or other creditors without obtaining the sanction of the Government, so long as the amount of the loan in any year does not exceed Rs. ten lakhs. Now they cannot take any kind of loan or overdraft without the specific sanction of the Central Government. This causes a great deal of delay and difficulty in the working of these Port Trusts which handle crores of rupees in a year, and therefore we think it necessary to give them a limited power of overdraft or taking loans.

Provision at present exists only in the Bombay Act for the grant of remissions of port charges by the Port Trusts. The corresponding Madras provision requires the approval of the Central Government before sanctioning such remissions, and in the Calcutta Act there is no specific provision at all either by the Port Commissioners or by the Central Government. It may often happen that things may lie in the port owing to no fault of the consignee or the consignor but owing to some regulations or other reasons. In such cases it is essential that the Port Commissioners should have power to remit the charges or the demurrage or the wharfage. Therefore we propose to give the provision as it exists in the Bombay Act.

At present the Calcutta and Madras port authorities have to come up to Government for approval for the lease of Port Trust properties for a period extending ten years. In the case of Bombay, however, the Port Trust is competent to lease out its properties up to a period of fifty years without having to obtain the sanction of Government. It is now proposed to have a uniform provision in all the three Acts to limit the period to thirty years.

It is also proposed to insert a provision in all the three Port Trust Acts conferring on the port authorities summary powers to get their premises vacated with reasonable expedition when any of their employees, or any other person occupying such quarters, refuses to vacate the same on being called upon to do so.

Again, it is not free from doubt whether under the existing provisions of the Acts the various port authorities can prescribe different rates of

charges for the same type of cargo according to ports of origin. It is proposed to insert a suitable provision in the three Acts to ensure that there is no legal impediment in the way of a policy of encouraging coastal trade by levying a concessional rate on coastal cargo should such a policy be decided upon.

These are some of the major points on which rationalisation and uniformity are sought to be introduced in the Port Trust Acts. It is obvious that most of these provisions are of an entirely administrative character and are not at all controversial. The amendments to the Ports Act, 1908 and also to the Calcutta Port (Pilotage) Act are purely formal and I need not dilate upon them.

Before I conclude I have to say a word of apology to the House for not including notes on the clauses and giving the relevant portions of the corresponding Acts. This Bill was prepared before the ruling was given by you, but at the same time I may say that most of these clauses are self-explanatory and the notes cannot add much light to the clauses themselves. Also, the only way in which the giving of relevant clauses will be useful is to supply all the Members with all the four Acts which are sought to be amended. I enquired whether it would be possible to supply the entire House with copies of the four Acts. I was told that such a large number of copies are not available at all either here or with the respective Governments or with the Manager of Publications. So I have arranged that copies of all these four Acts should be given either in a printed or in a specially cyclostyled form to all the Members of the Select Committee, so that they may be in a position to compare these Acts.

I hope that the House will accept the motion. All other matters of detail will be carefully gone into in the Select Committee.

Mr. Speaker: Motion moved:

"That the Bill further to amend the Bombay Port Trust Act, 1879, the Calcutta Port Act, 1890, the Madras Port Trust Act, 1905, and the Indian Ports Act, 1908, for certain purposes and to make certain consequential amendments in the Calcutta Port (Pilotage) Act, 1948, be referred to a Select Committee consisting of Shri M. Ananthasayanam Ayyangar, Shri Surendra Mohan Ghose, Shri Joachim Alva, Shri Sarangdhar Das, Dr. Panjabrao Shamrao Deshmukh, Prof. Shibban Lal

Saksena, Shri Khandubhai K. Desai, Shri Basanta Kumar Das, Shri Gokulbhai Daulatram Bhatt, Shri K. A. Damodara Menon, Shri N. Alexander, Shri Biswanath Das, Shri J. N. Hazarika, Shri Radhelal Vyas, Shri V. C. Kesava Rao, Shri V. S. Sivaprakasam, Shri H. V. Kamath, Shri Braja Kishore Prasad Sinha, Shri R. K. Sidhva, Shri P. Kunhiraman, Shri Manilal Chaturbhai Shah and the Mover, with instructions to report before the end of the first week of the next session."

Shri T. T. Krishnamachari (Madras): I rise only to voice a feeling of disappointment with the Bill before the House, a feeling which, I think, will be shared by such of the Members of this House who have the experience of the administration of the major ports in this country, not merely the Ports of Bombay, Calcutta and Madras, but also the Ports of Cochin and Vizagapatam. My hon. friend Mr. Santhanam, the Minister of State had gone to some length to apologize for the provisions of this amending Bill. He has also told the House of the difficulties that Government are faced with in bringing a measure which is comprehensive and covers practically all the ports under the control of the Government of India. I would like to draw his attention to the report of the Ministry of Transport for the year 1949-50, page 19. There are two paragraphs. One refers to the various difficulties in regard to the constitution of a Port Trust by the Cochin Port Administration and the other is the final paragraph in that chapter which says:

"In framing the necessary legislation, the Government of India, therefore, propose to reserve for themselves enabling powers either to set up Port Trusts for the administration of any major port to which the Act may be extended or to administer such port through an 'Administrative Officer' and so on.

[*MR. DEPUTY-SPEAKER in the Chair*]

Apparently the intention at the time when this report was drafted was to put before the House not merely a Bill for the better administration of the Port of Cochin but also to bring in a comprehensive Bill for the administration of major Ports. Since then, I do not know what has happened, but there has apparently been a slight change in the attitude of this Ministry. I owe it to my hon. friend, the Minister who is in charge of the Bill, to my attention being drawn to the constitution of a National Harbour Board by the resolution of

[Shri T. T. Krishnamachari]

the Government of India—Ministry of Transport—dated 14th August 1950. It is apparently the intention of the Government of India to use this mechanism to co-ordinate the functions of the various ports and perhaps in due course, if the National Harbour Board so advises, bring in another enactment of a comprehensive nature, not merely to include the administration of the ports that now come within the mischief of the present amending Bill but also the other major ports that the Government of India have been administering.

I would like to say that I am not very satisfied with the manner in which the Government of India is seeking to bestow attention on the administration of ports generally. The hang-over of the past is still here; the nature of the administration in regard to ports, shipping, ship-building and all that pertains to maritime traffic is in the hands of several Ministries. I do not know if any co-ordination amongst them ever exists; perhaps it does exist at the Secretary level or the Deputy Secretary level; it happens that my hon. friend the Mover is in charge of ports and pilotage; the Ministry of Commerce is in charge of shipping; the Ministry of Industry and Supply are in charge of ship-building; all these subjects are very important factors in the economic life of a country, which has a fairly large import and export trade and which is ever seeking to enlarge the scope of that trade to optimum levels. It is surprising that the economic brain behind this Government should not even think of co-ordinating the activities relating to ports and shipping in the hands of one Ministry, thus allowing the various matters relating to it to be undertaken by various agencies and without any co-ordination.

I would like to mention one particular instance which came to my notice some time back while I was on a holiday visiting one of the port towns. I found that the Railway Administration was offering special terms for the transport of coal to a particular port whereas the facilities were available in an ample measure for the transport of coal to that port by sea traffic. I happen to know that in spite of the fact that the Railways have turned the corner they are still far short of meeting the actual freight demands of this country and I know in my province to which this port more or less relates, we do not have any internal movement of goods from the port of ... or the port of

Cochin into the interior in what are called non-essential goods for months at a time. I cannot understand why my hon. friend, Mr. Santhanam, or anybody in that Department should go out of the way to solicit traffic in respect of a commodity like coal and deprive shipping of it to the detriment not merely of the interests of shipping generally but also to the detriment of the needs of the common citizen in this country in respect of railway and goods transport. If my hon. friend were in charge of coastal shipping, I am sure there will be co-ordination. I know in the past at a time when I used to be connected with business we used to get very good rates from the Railway for port to port traffic merely because they could cut the traffic through shipping at a time when the rail traffic was at a low ebb, but conditions today are very different, and this is a very glaring indication that want of co-ordination at the highest level in this country means economic ruin to many interests and economic waste generally.

I am therefore surprised, with a Planning Commission and very eminent businessmen and economists in that Commission, with a Government which has got a Cabinet economic sub-committee presided over by one of the best brains in this country, that my hon. friend, Mr. Santhanam, should bring a Bill for which he apologizes, for the fact that it is so innocuous, so non-controversial that he need not supply the Members of this House the details of the various provisions and how it affects the existing enactments. I think this is just waste of time. Well, let us examine the Bill itself.

The amending Bill itself and the various provisions, which my hon. friend, Mr. Santhanam, in his desire to save the Members of this House the trouble of reading, has enumerated, seeks to improve the control of the Central Government in respect of financial matters that are being administered by the various port authorities. May I ask him or his advisers or whoever it was that drafted this particular amending measure if they ever thought of the fact that they have really no financial control in respect of the budgets of the various ports, Bombay, Calcutta and Madras, whereas the Government of India can tell the Administrator of the Cochin port or the Administrator of the Vizagapatam port and ask him not to spend even the surplus that he earns, after meeting his expenses, on improvements to the port because of the policy of the Government of India

that they do not spend any money owing to a general scheme of retrenchment. They are not in a position to say anything like that so far as the Calcutta, Bombay and Madras ports are concerned. I would like to ask the House to remember that two particular ports, Bombay and Calcutta are a huge administration themselves, far bigger than any administration in any of the Part C States and these ports are operating, without even a financial adviser responsible to the Government of India or to the Finance Ministry and my hon. friend here says that by means of a few provisions here and there, with which he is tinkering, he is introducing an element of financial control which is going to make the administration of these ports better so far as the future is concerned. I think the best thing for him and for the Select Committee is to cut the gordian knot and say that these three ports shall have each a Financial Adviser, it does not matter of what status, whether he is of the status of a Joint Secretary, or a Deputy Secretary, or for that matter, even an Assistant Accounts Officer, who will be responsible for the administration of the finances of each particular port, where the vagaries of the individuals there, seasoned and soaked in corruption in the past, do considerable damage to the growth of the ports in the future. I happen to know something about port administration. I also happen to be one of those persons who, in the past, agitated for the enlargement of the Indian element in the administration of these ports. I was not very glad when a measure was brought in this House enlarging the Indian element because the reason for the introduction of Indian element in the ports had ceased to exist when this country became free. In the past, when the Britisher was here in control, even after the passing of the Act of 1935, we felt that the ports were the privilege of British vested interests in this country and we fought in those days for the enlargement of the Indian interests. After all, what are the interests that you can sponsor? You cannot sponsor the claims of the man in the street or of the legislature or of somebody unrelated with business. All that we did then was, we wanted better representation for the Indian business interests. In 1948, when the amending Bill was passed, I was not even willing to thank the Government for having done a thing which I wanted them to do in 1938. Therefore, this question of indianisation is not a very moot question. I know the Britisher is still

powerful. I said that yesterday. I have tangible evidence to show that the Britisher today is still powerful,—because the hon. Finance Minister will apologise for keeping the Britisher in control of the business—because of the various ways in which they are able to get round the Government of India, their Secretaries, their Ministers, not to speak of lesser lights. Nevertheless, my point is not indianisation of the Port Trusts; it is a question of the Port Trusts not getting into the hands of any clique, Indian or European; it is a question of the administration being not for the benefit of a particular community, but for the improvement of the economy of the country as a whole. I want my hon. friend to think of the whole thing as one picture, not tinker with these things here and there, and not ask for Central Government sanction for contracts of two lakhs, whereas the authorities can split up a contract into contracts for 50,000 or one lakh and get away with it. After all, if I were the Chairman of a Port Trust and wanted to have to myself ten per cent of the amount of each contract, I would split the contract into twenty contracts of one lakh each and my hon. friend Mr. Santhanam would know nothing about it. On the other hand, if there is a Financial Adviser on the spot, he would say, 'If you split the contracts, I would not approve of them'. The safeguard that he tries to provide by limiting the amount of discretion in respect of contracts given by the Executive officers of these ports, or for that matter, even the Trust Boards, is nothing. Nepotism is there. There are majorities in the Trust Boards. If the contractor happens to be a friend of the majority, he will get his own way. The contract will be split up into contracts for 20,000 and 30,000 rupees in order to avoid and evade the necessity of even consulting the Government of India. That is not, in my view, an amendment which seeks to impose additional financial restrictions or additional safeguards to see that the finances of these ports are properly utilised. I want the House and my hon. friend to remember that these ports are growing and have enormous resources. As I said, the Bombay and Calcutta Port Trusts are big organisations, as big as any small State in this country. I would suggest to my hon. friend the Minister and the Select Committee to do away with these minor impediments that you are trying to put by way of these amendments in respect of the scope to spend money at will by these

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Port Trust authorities, but, on the other hand, to appoint Financial Advisers for these ports and make the ports pay for them. I do not say that the Central Government should pay for this. I do not want the Members of the Estimates Committee to say, 'Please do not add to the expenditure of the Central Government'. Even if it is a question of appointing an officer drawing a salary of Rs. 2,000 a month to every Port Trust, I have no doubt that that officer will be able to save more than Rs. 2,000 a month by way of checking the frittering away of money that is now going on in these ports.

I would also like to ask my hon. friends whether they have any idea as to how to make use of this National Harbour Board. At the present moment, it is merely a body created by executive authority; it has no statutory function. I know my hon. friend the Minister of Transport and Railways, if he is here, will say that we are just trying to find our feet and probably we may come in with some kind of a proposal later on. In fact, I think, he did answer a question in this House that they are just now constituting the Board and then would make it a statutory body. I do believe that it is no use merely having an executive body, in which the interests of the other Ministries are represented. I see that the interests of the Ministries of Industry and Supply are not represented. It is much better to have a statutory Board, and give that Board a Secretariat, and give that Board the task of coordinating the functions of the various Ministries that deal with ports.

In this connection, I would like to refer to another matter and it is this. I do not think my hon. friend could postpone for any considerable length of time the question of setting up a proper administration for the Ports of Cochin and Vizagapatam. I am not enamoured of these Trust Boards as such. But, the present position is that that limited kind of autonomy and independence that is necessary at these ports is not present at other ports. The Cochin port is not in the same status in which it was in the year 1928 when it was first opened for traffic. It is becoming bigger daily. But, I would like to say this. Because of want of attention on the part of Government, that Port is now stagnating. There is an Advisory Board in which there are a large number of European merchants and exporters. But, the European merchants in Cochin are not interested

in the development of that port. Most of them realise that they are birds of passage. They would like to keep up the importance of the Cochin Island and they would not like to allow the port to develop. These are factors which, I am sure, neither my hon. friend the Minister of State nor his senior colleague the Minister of Transport and Railways are likely to be aware of. Another fact is that these ports have to develop if our trade has to develop. That is where the Commerce Ministry comes in. The Commerce Ministry does not know this very fundamental fact that so long as we allow foreign shipping agencies to function in this country, there is little scope for development. Every foreign shipping agency is attached to some foreign trading firm and the export trade of this country is in the hands of these foreign firms. What actually happens is this. If an Indian merchant wants to export, the foreign shipping agent says that there is no room in his steamer. The owners of these steamship lines do not know anything about it; they merely trust the man on the spot. The man says that there is no room. To that extent, not merely does our trade suffer, but also the quantum of money that the port would earn and the money that would be available for the development of the port is lost. These are inter-linked problems. If my hon. friend deals one aspect of port administration and leaves the development of ports to some other Ministry, who are either not cognisant or are ignorant of the facts, the net result will be, the ports will not develop. Therefore, I feel that I am right in having taken the indulgence that you have shown in trying, with the very limited knowledge that I possess, to demonstrate that want of coordination on the part of the Government of India of the various channels which control the ports and the trade that passes through the ports in this country, is doing a lot of harm to this country as a whole and its development.

I have no objection to this Bill going through as it is subject to that amendment which I had laid stress on. I would like to stress once again that my hon. friend may do away with these petty, trifling and chafing restrictions that he seeks to impose on these ports in respect of finances, but rather appoint a Financial Adviser to every one of these ports, who would be directly responsible to the Finance Ministry of the Government of India, who would be able to sanction on the spot the various schemes and refer,

if necessary, the important schemes to the higher authorities for advice. So far as the other aspect is concerned, I would like this House and the Standing Committees that are connected with the Ministries of Commerce, Industry and Transport, to insist upon the Government to devise some machinery which will coordinate the functions of these ports and also promote the shipping interests of this country, so that we will not have piecemeal legislation like this, unrelated as they are to the other side of the question which is being dealt with by somebody who does not know anything about ports.

I must, I feel, finally voice my sincere disappointment that after three and a half years of freedom, we are still running in the same rut, tinkering with minor pieces of legislation which had been promoted and passed by our predecessors who had not got the interests of the country at heart. And here we are, proceeding on the same lines, apologising for continuing the dominance of British interests, apologising for tinkering with the problem and so on. I do hope, that before the Budget Session, my hon. friend would have put some sense in the Government and awakened them to the needs of the situation.

I have only one word to add and it is this. The impression is gaining ground amongst official circles in the Government of India, that they are still in the days of pre-1947, that all important things need only be discussed in the Budget Session. As a Member of Parliament and as a person who had something to do with the framing of Constitution for free India, I naturally object to this point of view either being repeated in this House or even being entertained by people, whether they are Ministers or Secretaries. This House is not concerned only with the Budget; that is only one aspect of its activities. It wants every opportunity, whether by means of amending Bills, or by a Resolution or a Statement in reply to a question to hold the Government to account for the better administration of the various departments in its charge, particularly of islands like this, islands like the Port Trusts, islands like the Reserve Bank of India, islands like the Industrial Finance Corporation, over which this House has no real day to day control but only a remote control. We would, therefore, like to take advantage of every such opportunity that offers itself, when the Government experiences difficulty in the day to day administration and comes to this

House frequently with amending Bills, to call them to account for their acts, and I feel that the House and the party which runs the Government is perfectly at liberty not to allow amending Bills to pass without comment on the administration to which it relates. With that final word of—may I say—request to the Government I would like to say that I support the Bill for what it is worth.

Shri R. K. Chaudhuri (Assam): However harmless and inoffensive this amending Bill may be described to be by the hon. Minister of State, I feel constrained to say that I have good reasons to quarrel with him. Whether you study the provisions of the Bill, or whether you study the Statement of Objects and Reasons, you find there is something to grumble about. My hon. friend has given as one of the grounds for the amending Bill that the previous Acts on the subject are very old and one of them dates to the last century. If you amend the provisions of certain Acts merely on the ground of age, if you cavil at something for being old, I should think, that that is a sentiment peculiar to the faminine and sentimental world. If we are to discard anything merely on the ground of age, I do not know what to think of the hon. Minister, but some persons like me might have been long ago discarded.

Well, I also find that in this Bill which deals with Ports, there is no definition of the word "port". And that is very important, considering that in this Bill there is provision for aircrafts also. I do not find, however, any mention of aircrafts in the Statement of Objects and Reasons. In the body of the Bill itself there are references to aircrafts. The Statement of Objects and Reasons gives no indication as to the measures which are to be included in this Bill against aircrafts. One pertinent question that occurs to me is this: Will the provisions in this Bill cover air-ports also, and also whether they will cover all air-ports or only those at Bombay and Madras and Calcutta?

Shri Santhanam: The Bill does not cover any air-port whether at Calcutta or Madras, but only sea-ports.

Shri R. K. Chaudhuri: If that is the case, what is the use of defining the word "master" in this Bill? It states:

'master' when used in relation to any vessel or to any aircraft making use of the port, means any person having for the time being the charge or control of such vessel or such aircraft, as the case may be, except pilot, harbour master, berthing master, etc., etc."

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And in the body of the Bill also there is reference to aircraft.

So it seems to me that this Bill has something to do with aircrafts.

Shri Santhanam : Yes, aircraft using sea ports, like sea-planes which may use a port, and in such circumstances, the Bill covers them.

Shri R. K. Chaudhuri : And not ordinary aeroplanes?

Shri Santhanam : No.

Shri R. K. Chaudhuri : Then I stand enlightened on that point; but it should have been made clear in the Statement of Objects and Reasons. The case of aircraft for the first time is mentioned in this amending Bill and not in any other Port Trust Acts.

Well, I have also something to say about the definition of the word "vessel". That word, as defined here includes "anything made for the conveyance principally by water of human beings or of property." If this definition is exhaustive, then vessels which were carrying the monkeys from India to other countries, would not come within this definition of vessels. The elephants which were sent out or other animals sent out are properties of somebody or the other. For instance the elephant which was presented to America or Japan belonged either to America or Japan or to the Prime Minister of India. They belonged to somebody; but the monkeys which were forcibly exported from India, they would belong to nobody. Were they the property of anybody?

Shri Santhanam : Somebody was paying the freight for them.

Shri R. K. Chaudhuri : This definition would be quite appropriate if it was intended by the hon. Minister to mean that monkeys are not property, but that they are included in the category of human beings, being their original brothers. If it is meant in that sense, then this definition of the word "vessel" is quite appropriate. But I do hope that the hon. Minister in the course of his reply, would say what he actually means to include in this category, and under what category he would like to put the monkeys.

Mr. Deputy-Speaker : Does the hon. Member want further illustrations also?

Shri R. K. Chaudhuri : Not in this House, Sir. I hope the hon. Minister will spare us that sort of illustration in this House.

4 P.M.

Another point to which I should like to draw the attention of the Minister is the use of the words "officers" and "servants" in this Bill. We used to understand that whatever category to

which an officer belonged, however high-placed he may be, he was usually described in the past as servants of the public. I suppose it is not yet too early to forget the expression "I have the honour to be, Sir, your most obedient servant." Whatever position an officer held he did not mind describing himself as "your most obedient servant". I find now in the provisions of the Bill there is a clear distinction between officers and servants, though of course there are similar provisions in the Bills which are sought to be amended. What does the Minister mean by this distinction? Does he mean to say that the officers are officers and those who are not officers such as clerks, accountants, *chaprassies*, orderlies, etc. are all servants? Are not the officers the servants of the Board and the Central Government? I should imagine that all the employees should be described as either employees or as servants: they are the servants of the Board. If a distinction is sought to be made between other employees and the menial establishment there is no dearth of decent English words to describe that. This Bill is claimed to be an advanced and progressive Bill which wants to improve upon the Acts passed in 1879 or earlier. Why not improve the wording and say "employees of the Board." Why do you want to describe a certain class of employees of the Board as servants in a piece of legislation?

I do not understand why at this late hour in the day we should continue to manage a port by a Board of Trustees. Why cannot Government assume entire responsibility and manage it as they have done in the case of the Reserve Bank by establishing a Central Board. Why is this expression Port Trust used? What sort of trust is it? Who holds trust and for whom? Every thing that comes as income of the port is the property of the port and certainly belongs to the Government of India or the Provincial Government. Why should you have a trust and why should you call it a Port Trust Act? As was mentioned in the 1908 Act it should be simply mentioned as the Port Improvement Act. We should not continue the same appellation we used before and call it an amended Port Trust Act.

There is one great difficulty, at any rate to me, though may not be to others, that in this Bill you have not mentioned the territorial extent of this Bill. You are amending here different Acts which had had jurisdiction before and will still have jurisdiction in three different provinces. The Madras Act has jurisdiction over the Madras Port, the Bombay Act on Bombay port and the Calcutta Act on the Calcutta port. I would ask whether those Acts will be

deemed to be repealed or at least those sections of the different Acts will be deemed to be repealed by the provisions of this Act. There have been nearly 45 amendments of the Bombay Act. I would ask the hon. Minister whether similar provisions in the Calcutta and Madras Acts have also been repealed or they stand repealed by merely repealing the Bombay Act? It should be remembered in this connection that the Statement of Objects and Reasons says that conditions greatly differ in different ports.

An Hon. Member : They are all separate Acts.

Shri R. K. Chaudhuri : Then I do not understand why particular provisions of one Act should be amended and similar provisions in the Calcutta or Madras Act are not amended. It will create confusion and the confusion will be worse confounded when you remember that the territorial jurisdiction of an Act which will remain alive will not be affected by the passing of this Bill. I should have imagined that Mr. B. Das's great appetite for a comprehensive Act would have been very much satisfied, if the Minister instead of having this sort of Bill, which amends in one breath four or five different Acts, had brought forward a comprehensive Act. It would have satisfied the House too. The difficulties in the way of working out a comprehensive Act, which have been pointed out, are not insurmountable, in my opinion. It was pointed out that there are different conditions in ports and therefore the Minister is unable to bring a comprehensive Bill. That is what is stated in the Statement of Objects and Reasons. I am sure Mr. Das will support me when I say that here was a case certainly for bringing a comprehensive Bill on this matter and it would have satisfied the House. If such a measure had been brought before the House there would not have been this difficulty of understanding this legislation, as we find today.

The hon. Minister says that this is a non-controversial Bill. We have to take him at his word, because it is very difficult to understand this Bill. There is mention of so many Acts here. When I brought away one Act from the Library and Mr. Das went in search of it, he could not find another copy in the library. So it is very difficult to understand what exactly is being amended and what is the effect of the amendment. Perhaps hon. Members of the Select Committee may be in a position to understand it better but it is to us a great handicap.

An Hon. Member : They will understand without the Acts.

Shri Tyagi (Uttar Pradesh) : Is there no copy now in the Library?

Shri R. K. Chaudhuri : I brought away one copy and if other Members wanted to have a copy they would not have found it. Willy-nilly we have to say yes to what the Minister says. There is no means of knowing really the position of the law so far as this piece of legislation is concerned.

Another thing which strikes me as peculiar is that the Chairman of the Board is competent to appoint officers drawing salaries up to Rs. 1,000 and is also competent to dismiss, suspend or do anything he likes with them. No sanction or approval of the Central Government is necessary so far as officers drawing less than Rs. 1,000 are concerned. This is the case with regard to the Governor of the Reserve Bank or the Chairman of the Port Trust and even the Deputy Chairman of the Trust Board is all-in-all to officers getting less than Rs. 350 per month. But it is only the poor Minister who is unable to appoint a single man, not even a clerk on Rs. 50 or 100 without reference to his Secretary or the U.P.S.C. My poor Minister is unable to give a single appointment to any of his past colleagues, old workers who had struggled with him for independence. He cannot appoint any of them on even a salary of Rs. 100. He has to beg of his Secretary to do something for the man. But the Chairman of the Trust Board and the Governor of the Reserve Bank can appoint officers drawing a salary of Rs. 1,000 or less. If sometimes such an officer is, on account of the caprice of the Governor or the Chairman, unjustly punished, the poor Minister has no power to interfere. He may be convinced of the injustice of the order of the Governor or the Chairman, but he is absolutely powerless—he has to swallow what has been done. He may be quite convinced of the injustice and the whimsical character of the order which has been passed, but his hands are tied. If he is a kind and generous gentleman and if he is being approached by some influential friend of this House, he may only do this: he may go and request and implore the Chairman of the Trust Board and ask him to do justice. That is the unfortunate position in which this legislation has placed the hon. Minister. I wonder why the hon. Minister does not feel the difficulty of the situation. When he has the power to frame the law on this subject, why does he not come forward with a more rational provision of law, why does he not come forward and show that he has confidence in himself that if he gets this sort of power he will not abuse it in favour of his party friends? Why couldn't he? That might have been the position, that might have been the suspicion when the Act of 1919 or the Act of 1935 was imposed. The Britishers might have

[Shri R. K. Chaudhuri]

thought that these Ministers will unnecessarily interfere and take away the powers of appointment and things like that. But is that still the position today? Should not the Minister have the power to interfere when injustice has been done? Should not the Minister have the power to make a suitable appointment of his own choice? After all, an appointment carrying a salary of up to Rs. 1,000 per month is not an unimportant appointment?

Shri Himatsingka (West Bengal) : Appointment in the Port Trusts?

Shri R. K. Chaudhuri : Yes.

As I said earlier, I am greatly handicapped because I am not conversant with the old laws on the subject, but I find that there is in this Bill an ample confirmation of the Bengali proverb that the seed is bigger than the tree itself. The Port Trust Acts of Madras, Calcutta or Bombay have not got more than 80 or 87 sections. I think 80 is the maximum number of sections that they have got. And this amending Bill has 188 clauses!

Mr. Deputy-Speaker : All sections are amended.

Shri R. K. Chaudhuri : Not all the provisions, Sir, but some provisions of all the Acts. But while one provision in one Act remains intact, a similar provision in another is amended. That is how this Bill has taken its course. I don't say that there are no good features of this Bill. There are certainly good features of this Bill, and one of them I find is the provision made for other surviving relatives besides widow and children. In the good old days when an ordinary clerk or assistant wanted leave on the ground of his mother's or father's illness, such leave was bound to be refused, but if he had applied for leave on the ground of his wife's illness or on account of the wife's advanced state or something like that, leave was bound to be granted. On the same principle the older Acts provided for relief only to widows and children. But this provision my hon. friend has Indianized more than what he has done in respect of other provisions, and he has provided not merely for the widow and children of the deceased employee but also for the surviving dependents and relatives. For this I thank him, and I believe that these Commissioners at these Ports, which are more or less of the nature of an extended department of the Government of U.K., will now be gradually Indianized so that any Indian may, with a sense of security, visit these ports and port offices and have the satisfaction of seeking and getting employment more than before.

I should also like to make one query.

Mr. Deputy-Speaker : Are there any ports in Assam?

Shri R. K. Chaudhuri : No, Sir, unless the last earthquake has created any.

In the old Acts I find this saving provision that at least four members of the Board of Trustees should be Indian because in those days the trustees were mostly non-Indian. I want to know how far this amending Bill has touched that provision.

Shri Santhanam : I have already mentioned that last year we passed an Act by which almost all the Commissioners in the ports are Indians today.

Shri R. K. Chaudhuri : The hon. Minister may say that as a pious wish, but I can conceive of

Pandit Balkrishna Sharma (Uttar Pradesh) : Can you conceive?

Shri R. K. Chaudhuri : I can conceive of a position when the various Chambers of Commerce and trade associations might send up candidates who are not Indian. The business of the ports has connection with non-Indians as well. But on the other hand, if all nomination can be made of Indians only, if all selection made of Indians only, then this may be an entirely Indian body. But is it the intention of the present Government which is included in the Commonwealth, that they should pass a measure whereby in an institution like the Port Trust there shall not be anybody but Indians, although it is well-known that so far as ports are concerned you have a larger intercourse there with foreign countries than with your own country? I want to make this point clear : whether we, following the same procedure as our previous masters followed, also will have certain reservations for non-Indians as they had reservations for Indians, or we shall entirely Indianise the Ports. This question has to be seriously considered and decided.

I am unable to proceed further, not because I am in want of time, but for lack of further knowledge.

Shri B. Das (Orissa) : It has so happened today that in quick succession the House has taken up two important economic measures. One it has already referred to the Select Committee and the other it is going to refer to Select Committee. In both the cases, the House has expressed strong opinions, and we find that the representatives of Government have spoken contrary to the sentiment and feeling of the House and that feeling and sentiment is not one day sentiment. I refer incidentally to the reply of Shri Deshmukh on the Reserve Bank (Amend-

ment) Bill. He seems to think that we have won *Swaraj* and freedom with the Adaptation Act that Dr. Ambedkar introduced on 26th January this year. He thinks that the *Swaraj* economy has got the Reserve Bank as a National Bank and that it has nothing to correct itself or amend itself. I will deal with that aspect on subsequent occasions. The Reserve Bank and the Imperial Bank have been my pet subjects for years and they will continue to receive my close attention till I feel satisfied that they serve the interest of the people.

Here I find from the speeches of my friends Mr. R. K. Chaudhuri and Mr. T. T. Krishnamachari that there is a lot of omission in Mr. Santhanam's Bill. I am sorry I did not read it with the profound grasp, which my friend Mr. T. T. Krishnamachari and even Mr. R. K. Chaudhuri have brought to bear on it, but I somehow felt satisfied, knowing about the mismanagement of the Bombay and Calcutta Port Trusts under foreign domination, that this measure was overdue. Last year, I did participate in the debate when the constitution of the Port Trusts was changed. I pooh-poohed Dr. Matthai—I think he was then in charge of this measure—and asked him what was the use of his changing the constitution only; he should change the contents of it, so that it might work with the spirit of *Swaraj* India. These Port Trust Acts were not simple Acts. The foreign Government ruled us through these Port Trust Acts and these Imperial Banks. They made them the instruments of torture whereby the economy of India was completely controlled and submerged.

When I read this Bill this morning, I tried to find out whether these autocratic powers of the Port Commissioners have been done away with. Probably I did not read it with the thoroughness with which my friend Mr. R. K. Chaudhuri seems to have read it. I found that we have simplified the procedure. We have brought the control under the Central Government. I found that the limitation of contracts by the Chairman of the Port Trust and the Port Commissioners is a very good thing and those of us who are familiar with Bombay and Calcutta know how millions are made by some of the Port Commissioners and some of the contractors at the connivance of the Chairman and the Chairman was never a Government official. Only recently, the Chairmen are Government officials. In the past, they were more powerful than the Governors of the Provinces. That the Chairmen will now be Indians and Government officials brought me some solace and satis-

faction. It is true that my friend Mr. Santhanam rather used modest language and did not like to refer to those political sequences that have led the Government of India in the Ministry of Transport to legislate and amend those four Acts.

I am not living in Calcutta or Bombay to know how the Port Commissioners are working, but I have visited the Calcutta docks recently and I still saw alien officers working in those docks. I am not one who believes in blind nationalisation and even Mr. Deshmukh who did not satisfy us earlier this afternoon said that in two years every foreign employee of the Imperial Bank would be sent away. So even though he is a little bit more conservative in his attitude to public finance than most of us are, he admits that the presence of aliens in the Imperial Bank hampers national development. That is a notable admission on the part of the Finance Minister. So also, I would like to draw the attention of the Transport Minister to the fact that it is necessary for us to do away with all the alien employees who may hamper the progress of our trade, commerce and shipping. My friend Mr. T. T. Krishnamachari referred to the port of Cochin and he spoke from his experience that the European Port Commissioner and European Stevedores and others working at Cochin are hampering the development of the shipping trade.

Shri Santhanam: There are no European Commissioners there. The Chief Port Officer at Cochin is an Indian.

Shri B. Das: I am glad to know that, but the old system is continuing. It is the old system that must go in Bombay and Calcutta. It has gone partly. The Pilot Service has been incorporated into the Port Trust Service, but I do not want to keep more aliens than are necessary. My friend thought that he has answered my argument in regard to Cochin, but even if Cochin be under Indian management, there is something wrong in its management due to this old bureaucratic mentality. We see how the Port Trusts are managed even today at Calcutta and Bombay. Better men must be found to replace these Commissioners, so that proper development at the ports of Cochin and Vizagapatam may take place.

Mr. Deputy-Speaker: Is the hon. Member referring to the Port Officer in Madras?

Shri B. Das: I am not referring to the Port Officer in Madras. I have never visited Madras in my life, and as it is a small port and came into existence at a later stage, the Madras-

[Shri B. Das]
Port Commissioners never exercised those autocratic powers for which their counterparts in Bombay and Calcutta are famous and which many of us have experienced in our life and been put to humiliation. However, that chapter is now closed. Today, I thought that by the introduction of this Bill we are regularising everything that was not regularised last year when we amended the constitution of the Port Trusts. I never read the words which my hon. friend Mr. Chaudhuri read in the Statement of Objects and Reasons. No doubt, these employees are old men but they were the men who were the second line of authority for the foreigners to rule and emasculate India. The language may not be so specific, as we know that Shri Gopalaswami Ayyangar who at times dabbles in foreign politics does not like to use language which will convey strong feelings against U.K. Government. He uses diplomatic words or simple words, so that he may not be misunderstood as anti-U.K. I feel satisfied so far as uniformity of management or managerial procedure that is sought to be achieved in the different major ports. Indianisation of officials is also a great change. But whether Indianisation of administration will be achieved in spirit is a matter for the hon. Minister to see. He should also see whether the services of anybody who is an anti-Indian should also not be dispensed with.

Again the suggestion of my hon. friend Shri Rohini Kumar Chaudhuri is that the Port Trust Commissioners like the Reserve Bank, should not have the power of appointment and dismissal of officers drawing about Rs. 1000 a month. The Government of India have under contemplation commercialisation of many of their concerns, like the Hindustan Aircraft Factory at Bangalore and the Fertiliser Factory at Sindri. In the same way the Port Trusts must be run on commercial lines. If that be so, the present practice that obtains in Government departments of continuing in perpetuity a man because he entered twenty years back and proved treacherous to his country by becoming a very loyal assistant of the British Raj should be given up. If my hon. friend Shri Chaudhuri is in the Select Committee he will see to it that the Bill is so modified as to incorporate his suggestion.

Shri R. K. Chaudhuri: I am sorry I am not in it.

Shri B. Das: I hope the Select Committee will take into consideration the suggestions made by him. I would like the presentation of a port to Assam to please my friend Shri Chaudhuri.

Shri Himatsingka: My friend Mr. Krishnamachari has dealt with some

of the salient points of omission regarding this amending Bill. But as the hon. Minister has explained the attempt has been to bring four or five Acts to date and to remove as many defects as could possibly be done in an amending Bill.

When this Bill is before the House I want to draw the attention of the hon. Minister to the state of affairs in the Port Trust of Calcutta. I can speak with authority and with definite information that not one single delivery of consignments can be had from the Port Trust without the person having to spend money at every stage from the putting in of his application to the taking of delivery of the things.

Shri Sondhi (Punjab): What sort of money?

Shri Himatsingka: Bribe. At every stage money has to be spent by the consignees to take delivery of their consignments. I have made enquiries from different persons and they all tell me that it is impossible to stop it. Even if the things are delivered out the policeman at the gate has also to be paid substantial amounts before the lorry or any other conveyance carrying the things are allowed to proceed out. The simple objection raised by him is: "I want to see the things". Rather than spend about Rs. 50 in loading and unloading the things, the man chooses to pay something to the policeman. Certainly something ought to be done. Things have come to such a pass that no decent Government should tolerate them and certainly steps should be taken to see that this state of affairs that is now prevailing is put an end to. I have no doubt that the Chairman of the Port Trust is a very capable officer, but I do not know what are the difficulties in his way in putting things right. But things really have assumed proportions which should not be tolerated any further and immediate action should be taken to see that things improve and people who have legitimate claims on the services of the persons appointed in the Port Trust do their jobs without any illegal gratification being paid to them at different stages.

Shri Santhanam: I shall try to be very brief in reply to the remarks made by hon. Members.

Though my hon. friend Mr. Krishnamachari cannot help being pungent, I gladly admit that his criticisms were constructive. I can, however, give him one or two assurances which ought to be satisfactory. We have already taken steps to appoint Financial Advisers, as suggested by him, to the Port Trusts. There are at present Chief Accounts Officers, but as he has suggested we want to put in an officer

with higher powers. The Finance Ministry has recently agreed to the appointment of Financial Advisers and it ought to be good news to him.

Secondly, I think he slightly misunderstood the reference in the Administration Report to a Major Ports Act. It is true that at present the ports of Cochin and Vizag are administered directly by the Centre. It is our desire to place before the House a Port Act which will govern these as well as the new port of Khandla and other major ports, or bigger minor ports which we may take under Central jurisdiction. The only reason why we have not waited for that Bill is that the ports of Calcutta, Bombay and Madras are big concerns and have developed their own traditions and that we do not want to upset them in a hasty manner. Therefore, we have tried to deal with them in a careful—you may even say somewhat conservative—fashion because with institutions of such dimensions, of such national importance, we should not tamper rather hastily. That is why we have for the present contented ourselves with removing anomalies and rectifying the other defects which have been discovered by time and experience.

I was rather surprised at the charge of my hon. friend Mr. Krishnamachari that some railways offered competitive rates to coal for a port town. Our attempt both in the Railway and the Transport Ministries in recent years has been to get as much coal moved by sea as possible. As a matter of fact the sea freight of coal is so high that many ports, many mills and railways, have been reluctant to take coal by sea and they want us to supply coal by rail. We have refused to do it. We have to supply even our railways partly by sea. I am, therefore, afraid that there must be some mistake in his information.

As for the National Harbour Board, it is quite true that at present it has been set up by an executive order and it has no statutory authority. We first want to know how and in what ways this National Harbour Board can develop and when its functions have become better determined by experience, we shall try to fix them by statute. I do not think it is satisfactory to set up a statutory body and to try to find out how it will work and what its functions should be. So, we have taken this present step.

I do not think the House expects me to answer in detail my friend Mr. Chaudhuri's remarks. To the extent they were entertaining I enjoyed them. But when he launched into serious criticism I think he was quite wide of the mark.

Shri R. K. Chaudhuri: I was very serious.

Shri Santhanam: Each Act has been separately amended in this amending Bill. It is not as if each of the clauses refers to all the Acts and somehow upsets the Acts. Therefore there is no confusion whatsoever and he will find that each Act is amended in a manner to bring it into conformity with the other Acts so that when these amendments are incorporated in the old Acts, all the three major ports will be more or less uniform with reference to powers and procedure, etc.

Of course my friend Mr. Das is traditionally, and probably correctly, critical of everything that the Government do. But I am glad that he was less critical about this Bill than about the other Bill promoted by the hon. the Finance Minister.

Lastly, one word about what my friend Mr. Himatsingka said. I wish he had brought this to my attention earlier so that I could have taken steps. I do not think he expects me to do anything in that respect so far as this Bill is concerned.

Shri Himatsingka: Not in this Bill!

Shri Santhanam: I do not think I can put in a section in the Bill by which I can eliminate bribery or any such thing! As he himself admitted, we have put one of our most capable administrators as Chairman of the Calcutta Port Trust. My friend Mr. Himatsingka must have great pull with many of the Commissioners. I do not see why the Commissioners with the help of the Chairman should not take all the necessary steps. Anyway, I shall draw the attention of the Chairman to the statements made and try to find out and see what can be done. If things are so bad it does require attention and I shall certainly take notice of what he has said.

I need not take up more time of the House. As far as the detailed amendments are concerned, every amendment which is tabled by a member of the Select Committee will be given careful consideration and we shall try to improve the Bill as best as we can.

Mr. Deputy-Speaker: The question is:

"That the Bill further to amend the Bombay Port Trust Act, 1879, the Calcutta Port Act, 1890, the Madras Port Trust Act, 1905 and the Indian Ports Act, 1908, for certain purposes and to make certain consequential amendments in the Calcutta Port (Pilotage) Act, 1948, be referred to a Select Committee consisting of Shri M. Ananthasayanam Ayyangar, Shri Surendra Mohan Ghose, Shri

[Mr. Deputy-Speaker]

Joachim Alva, Shri Sarangdhar Das, Dr. Panjabrao Shamrao Deshmukh, Prof. Shibban Lal Saksena, Shri Khandubhai K. Desai, Shri Basanta Kumar Das, Shri Gokulbhai Daulatram Bhatt, Shri K. A. Damodara Menon, Shri N. Alexander, Shri Biswanath Das, Shri J. N. Hazarika, Shri Radhelal Vyas, Shri V. C. Kesava Rao, Shri V. S. Sivaprakasam, Shri H. V. Kamath, Shri Braja Kishore Prasad Sinha, Shri R. K. Sidhva, Shri P. Kunhiraman, Shri Manilal Chaturbhai Shah and the Mover, with instructions to report before the end of the first week of the next session."

The motion was adopted.

DISPLACED PERSONS (INSTITUTION OF SUITS AND LEGAL PROCEEDINGS) AMENDMENT BILL.

The Minister of State for Rehabilitation (Shri A. P. Jain): I beg to move:

"That the Bill to amend the Displaced Persons (Institution of Suits) Act, 1948, and the Displaced Persons (Legal Proceedings) Act, 1949, be taken into consideration."

This House passed two Acts, namely, the Displaced Persons (Institution of Suits) Act (XLVII of 1948) and the Displaced Persons (Legal Proceedings) Act (XXV of 1949). These two pieces of legislation were meant to give some relief to displaced creditors and debtors.

The first of these Acts, namely, the Displaced Persons (Institution of Suits) Act extended the period of limitation for filing suits if a creditor could convince the court that the omission to file the suit within the ordinary period of limitation was due to circumstances connected with his being a displaced person. That Act also enabled the restoration of proceedings which had been dismissed on the ground of expiry of limitation. Certain conditions had to be fulfilled before a person could obtain relief under that Act. These conditions were (1) that the defendant must actually and voluntarily reside or carry on business or personally work for gain in India and must not be a displaced person; (2) that the cause of action wholly or partly should have arisen in a place now included in Pakistan; (3) that the court in which the suit was instituted should be otherwise competent to try it; and (4) that the suit should not relate to immovable property.

It will thus be seen that there were two big limitations, first, the Act did not apply where the defendant was a displaced person, and, secondly, it did not apply where the suit related to immovable property.

The other Act, namely, the Displaced Persons (Legal Proceedings) Act provided for the restoration of certain types of proceedings concerning displaced persons, namely, appeals or applications for final order, dismissed for default of appearance or failure to pay costs. That Act also enabled courts to grant relief to displaced persons in the nature of postponement of execution of decrees and payment of decreed amounts by instalments, etc. wherever the court was satisfied that such relief would facilitate the rehabilitation of the displaced debtor and will not prejudice the rehabilitation of the decreeholder in case he be a displaced person. Thus in each case equitable treatment had to be meted out.

Courts were also barred from executing decrees against displaced persons where execution would effect the rehabilitation of displaced persons, and no decree could be enforced against a loan advanced by Government or against assets created from such a loan. As a result of the experience of the working of these two measures certain difficulties arose. One of these difficulties was that the displaced creditors were not sure that in a particular case the court would extend the period of limitation because the extension of the period of limitation was subject to certain conditions, namely, that the displaced creditor must satisfy the court that the suit could not be filed on account of reasons connected with his being displaced from Pakistan. Recently a number of suits were filed and there was an apprehension that unless the period of limitation was extended unconditionally a much larger number of suits may come to be filed. A large number of banks which were once operating in Pakistan have today not the wherewithal to file the suits.

I have mentioned a moment before that the Institution of Suits Act was not applicable in cases where the defendant was a displaced person and also where immovable property was involved. The creditors, especially bankers, approached Government with the request that if the conditional extension of limitation were converted into an absolute extension of limitation then there would be an opportunity for the creditors to come to a settlement with their debtors. It is well known to everybody that every suit means initial expense of money by the plaintiff and in case the suit is decreed that burden ultimately falls on the debtor. It was with a view both to give relief to the creditor and the debtor that that principle was accepted and this Bill has been introduced in the House.

Now, I would refer to some of the principal provisions of the Bill.

Clause 2. The Displaced Persons (Institution of Suits) Act at present applies only to Part A and C States. By clause 2 of the amending Bill, it has been extended to all Part A, B and C States excepting the State of Jammu and Kashmir.

Clauses 3 and 4. The amending Bill seeks to extend the duration of the Displaced Persons (Institution of Suits) Act to 31st March 1952. This legislation was passed on the 4th of September 1948 and would ordinarily expire on the 3rd of September 1951. By these amendments the operation of the Act has been extended by a few months. The amendments also give absolute extension of the ordinary period of limitation till 31st March 1952, not only in the types of suits covered by the existing Act, but also in other cases. Thus the amendment proposed will also make this Act operating against the defendants who may be displaced persons and will also apply to cases of suits relating to immovable property.

Clause 6 of the Bill seeks to make available the relief provided under the Displaced Persons (Legal Proceedings) Act to all decrees and orders passed in suits filed during the extended period of limitation, even though the Displaced Persons (Legal Proceedings) Act may have in some cases, expired prior to the grant of a decree or order.

Lastly, clause 7 of the amending Bill is the usual repeal and saving clause.

It is apparent that the present Bill is designed only to rectify one lacuna in the existing legislation. No comprehensive survey of the relationship between the displaced creditors and displaced debtors has so far been made. Legislation on the subject has been piecemeal. This is not for the first time that I have had to deal with the relationship between the creditor and the debtor; in another capacity I have given a lot of thought to this matter. I have a feeling, maybe that all the hon. Members present in the House may not share it with me, that the laws of contract, evidence and civil procedure which we have inherited from the British had always been overweighted in favour of creditors. The application of those laws to the displaced persons, who have left all their credit and property behind, with all the rigidity which these laws imply, is bound to retard the rehabilitation of the debtors. The displaced persons have been financially hard hit; some to a greater extent and others to a lesser degree according to their respective financial position. Except for small sums which they have been able to bring with

them, the property owners have, by and large, left all their property in Pakistan. Although they continue legally to own their property left behind in Pakistan, in fact, it does not mean anything to them. They are neither deriving any income from it nor are they enjoying the rights of ownership. Consequently their credit today is zero. Even in cases where they have succeeded in bringing their title deeds of property, these title deeds are no better than mere scraps of paper. Could not, therefore a debtor ask Government or Parliament the question why any greater sanctity should be attached to a document relating to a debt than to a document relating to property? Should we not treat both on par and see that even chances are given to persons holding a title to a debt and a title to property? The entire question must be looked at from the point of view of equity rather than of contract.

There are cases where businessmen either mortgaged immovable property or pledged stock with banks and other creditors, far in excess of the debt owed by them. There is no doubt that the creditors have lost the opportunity of enforcing their claims against the property, but it must be realized that the displaced debtor has also lost his interest in the property which stood as a security for the debt. Even in cases of simple debt, the debtor had lost all his credit. Although the conditions have completely changed on account of reasons beyond the control of the creditor and debtor, yet essentially the old contractual relationship between the creditor and debtor stands and the little relief given by way of settlement by instalments, postponement of execution or securing rehabilitation benefits against seizure or execution is by no means enough. The entire relationship between the displaced debtor and the creditor, whether such creditor be a displaced person or another, stands in need of complete overhaul. Today I am not in a position to give a blueprint of what should be done but I take this opportunity to impress upon this House the necessity of a legislation of this kind. I hope that hon. Members will assist me in doing this at an early date.

Mr. Deputy-Speaker: Motion moved:

“That the Bill to amend the Displaced Persons (Institution of Suits) Act, 1948, and the Displaced Persons (Legal Proceedings) Act, 1949, be taken into consideration.”

The House will now stand adjourned. It is five o'clock now.

The House then adjourned till a Quarter to Eleven of the Clock on Thursday, the 23rd November, 1950.