



PARLIAMENTARY DEBATES

(Part I—Questions and Answers)

OFFICIAL REPORT

VOLUME IX, 1951

(7th August to 21st September, 1951)

Fourth Session

of the

PARLIAMENT OF INDIA

1951

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CORRIGENDA

In the Parliamentary Debates (Part I—Questions and Answers) Fourth Session of Parliament,—1951,

In Volume IX,—

1. No. 7, dated the 16th August, 1951,—

कालम ३३०, पंक्ति १०, “क्या माननीय कृपा” के स्थान पर “क्या माननीय मंत्री जी कृपा” पढ़ें ।

2. No. 8, dated the 17th August, 1951,—

(i) Col. 376, line 14 from bottom for “and” read “any”.

(ii) Col. 380, delete the existing line 13 and between lines 15 and 16 insert new line “subject. The Central Tractor Organisation”.

(iii) Col. 381, for the existing line 18 from bottom substitute the new line “ture (Shri K. M. Munshi): (a) It is”.

3. No. 12, dated the 22nd August, 1951,—

کالم ۵۳۰ آخر سے سطر ۱۲،، آخر،، کی بجائے،، آخر،، پڑھیں۔

4. No. 13, dated the 23rd August, 1951,—

(i) कालम ६०२, पंक्ति १८ “निर्वात” के स्थान पर “निर्यात” पढ़ें ।

(ii) Col. 612 for the existing line 4 from bottom read “July-December, 1951—January-June”.

5. No. 16, dated the 28th August, 1951,—

(i) Col. 723, line 12 for the figures “-14,86” read “ 14,86”.

(ii) Col. 727, line 8 for the figures “88,87” read “88,872”.

6. No. 19, dated the 31st August, 1951,—

कालम ८५०, पंक्ति ४ “मंजी” के स्थान पर “मन्त्री” और नीचे से पंक्ति १७ “घोर के खिलाफ” के स्थान पर “और उस के खिलाफ” पढ़ें ।

7. No. 20, dated the 3rd September, 1951,—

कालम ८९१ नीचे से पंक्ति ४, “ज्पया” के स्थान पर “रुपया” पढ़ें.

8. No. 22, dated the 5th September, 1951,—

Col. 1014, line 15 for the figures “36,00,000” read “35,00,000”.

9. No. 24, dated the 7th September, 1951,—

(i) Col. 1115, line 8 for the words “Laid on the Table” read “House”.

(ii) Col. 1116, line 25 from bottom for “word” read “work”.

(iii) Col. 1119, transpose the existing lines 7 and 15.

10. No. 29, dated the 15th September, 1951,—

(i) Col. 1327 from bottom line 6 for “Teteorotological” read “Meteorological”, and line 7 for “in 3 : 2” read “is 3·03”.

(ii) Col. 1336, line 2 from bottom for “convering” read “covering”.

(iii) Col. 1343, line 7 from bottom for “by” read “to”.

(iv)

(v)

11. No. 30, dated the 17th September, 1951,—

Col. 1400, line 11 from bottom *for* "RECON." *read* "Re. CON."

12. No. 31, dated the 18th September, 1951,—

Col. 1434, line 15 *for* "miles" *read* "mills".

13. No. 32, dated the 19th September, 1951,—

(i) Col. 1505, between existing lines 23 and 24 from bottom *insert* new line "being found with money is not".

(ii) Col. 1510, line 13 from bottom *for* "July, 1951" *read* "1st July, 1951".

PARLIAMENT OF INDIA

The Speaker

The Honourable Shri G. V. Mavalankar.

The Deputy-Speaker

Shri M. Ananthasayanam Ayyangar.

Panel of Chairmen

Pandit Thakur Das Bhargava.

Shrimati G. Durgabai.

Shri Prabhu Dayal Himatsingka.

Sardar Hukam Singh.

Shri Manilal Chaturbhai Shah.

Secretary

Shri M. N. Kaul, Barrister-at-Law.

Assistants of the Secretary

Shri A. J. M. Atkinson.

Shri. N. C. Nandi.

Shri D. N. Majumdar.

Shri C. V. Narayana Rao.

GOVERNMENT OF INDIA

Members of the Cabinet

Prime Minister and Minister of External Affairs—The Honourable Shri Jawaharlal Nehru.
Minister of Education—The Honourable Maulana Abul Kalam Azad.
Minister of Home Affairs—The Honourable Shri C. Rajagopalachari.
Minister of Defence—The Honourable Sardar Baldev Singh.
Minister of Labour—The Honourable Shri Jaggivan Ram.
Minister of Health—The Honourable Rajkumari Amrit Kaur.
Minister of Law—The Honourable Dr. B. R. Ambedkar.
Minister of Works, Production and Supply—The Honourable Shri N. V. Gadgil.
Minister of States, Transport and Railways—The Honourable Shri N. Gopalaswami Ayyangar.
Minister of Commerce and Industry —The Honourable Shri Hare Krushna Mahtab.
Minister of Food and Agriculture—The Honourable Shri K. M. Munshi.
Minister of Natural Resources and Scientific Research—The Honourable Shri Sri Prakasa.
Minister of Finance—The Honourable Shri Chintaman Dwarkanath Deshmukh.

Ministers not in the Cabinet

Minister for the purposes of agreement between the Prime Ministers of India and Pakistan of the 8th April, 1950—The Honourable Shri C. C. Biswas.
Minister of State for Transport and Railways —The Honourable Shri K. Santhanam.
Minister of State for Information and Broadcasting—The Honourable Shri R. R. Diwakar.
Minister of State for Parliamentary Affairs—The Honourable Shri Satyanarayan Sinha.
Minister of State for Rehabilitation—The Honourable Shri Ajit Prasad Jain.
Minister of State for Finance—The Honourable Shri Mahabir Tyagi.
Deputy Minister of External Affairs—Dr. B. V. Keekar.
Deputy Minister of Commerce and Industry—Shri Dattatraya Parashuram Karmarkar.
Deputy Minister of Defence—Major General Himatsinghji.
Deputy Minister of Works, Production and Supply—Shri S. N. Buragohain.
Deputy Minister of Food and Agriculture—Shri M. Thirumala Rao.
Deputy Minister of Communications—Shri Raj Bahadur.

THE PARLIAMENTARY DEBATES

(Part I—Questions and Answers)

OFFICIAL REPORT

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PARLIAMENT OF INDIA

Wednesday, 5th September, 1951

*The House met at Half Past Eight
of the Clock*

[MR. DEPUTY-SPEAKER in the Chair]

ORAL ANSWERS TO QUESTIONS

COTTAGE INDUSTRIES

*787. **Shri Sidhva:** Will the Minister of Commerce and Industry be pleased to state:

(a) whether any progress is contemplated to be made during the latter part of the year for development of cottage industries;

(b) whether there is any scheme for introducing small mechanical and electrical machineries in villages on the lines obtaining in Japan; and

(c) whether any active steps have been taken to popularise cottage industries in villages?

The Deputy Minister of Commerce and Industry (Shri Karmarkar): (a) and (c). Development and popularisation of cottage industries is primarily the responsibility of the State Governments concerned.

(b) It is not known if any State Government is actively pursuing the matter. The Central Government, however, is arranging experiments on the utility of some selected Japanese machines in the Central Cottage Industries Institute at Harduaganj in U.P. The results of the experiments would be available to State Governments.

I may also add with reference to parts (a) and (c) that we in the Central Government mainly devote our attention to the coordination of the efforts of the State Governments in this direction and we also give assistance wherever desirable; but we do not undertake any primary work in the sense that we do not direct or work any centre, unless it concerns coordination.

Shri Sidhva: If initiative is not taken by the Central Government, may I know whether a central organisation was not established with various committees and whether these committees merely look after the work done in the States or whether they take any active part in the work done in the various States?

Shri Karmarkar: With a view to assisting cottage industries we did appoint the Cottage Industries Board with various committees. But I am unhappy to say that the multiplication of committees did not lead to efficiency of work. And so the idea is not to have these committees but to constitute a homogeneous and smaller cottage industries board and to see that it functions better. That point is number one. As regards the second point, my hon. friend is not quite correct if he thinks that we do not take the initiative. We do take the initiative. But we do consider it our duty is in the direction of coordination and not direct assistance to the States. We do not want to have any direct interference with a State in its work.

Shri Sidhva: When is this scheme for a smaller cottage industries board likely to materialise?

Shri Karmarkar: I should think in a month or two.

Prof. Ranga: Is it a fact that the work at this institute at Harduaganj has not yet started in full swing? How long will it take to make all the appointments and get the staff together so that the work at this institute may start in full swing?

Shri Karmarkar: So far as I could learn from the records about this Harduaganj institute—it has been in inception for the last two years—the idea was to make use of the Japanese machines that were available and also to make duplicate machines so as to make them available to those who may want them. This work has not progressed to our complete satisfaction and we are actively considering how to make the best use of the Institute.

at Harduaganj and the machinery available.

Prof. Ranga: Is it not a fact that the Cottage Industries Board has repeatedly passed resolutions urging the setting up of a research institute for devising various implements useful for cottage industries, in addition to duplicating the Japanese machineries and if so, what action has been taken in this direction?

Shri Karmarkar: Without meaning any offence to the hon. Member, I may say that to pass resolutions is easier than to work them out. If we are to have a full-fledged institute for this purpose it would be one of the major institutions carrying on research in these directions. The Central Council of Scientific Research has appointed a committee under the chairmanship of the hon. Minister of Commerce and Industry to think out what shape such an institute should have. In the meantime no useful purpose is likely to be served by pushing ahead with the scheme without the proper materials. At the moment we are trying to make the best possible use of the material that is already available there. It will take some time before a full-fledged plan on scientific lines materialises.

Prof. Ranga: In the light of the answer given, it looks as if Government is thinking of making a major change in their policy regarding cottage industries. I would like to know whether in coming to a decision on this matter they would consult the National Planning Commission which has recently made some recommendations on this subject?

Shri Karmarkar: The Planning Commission's recommendations will doubtless be a subject of our consideration. At the moment there is no major change in policy contemplated, except that we want to narrow our activities a little and make them more effective.

The Prime Minister (Shri Jawaharlal Nehru): If I may supplement the answer given by my colleague, I may say that the Planning Commission has naturally paid very special attention to this matter, and if I may say so, their recommendations will not only form the subject of our consideration but the governing factor in the action that we take. But the real difficulty that we have to face and overcome is this. We want to go ahead as far as possible and as quickly as possible in the direction of the promotion of cottage industries. But we want them to make them technically efficient, because otherwise in the long run they do not succeed. So we have to investigate how to make

them technically efficient, either by better tools or better and small implements, etc., or some other methods, so that they may, more or less, stand on their own legs.

Shri R. Velayudham: What technical assistance or guidance has the Government given to the All India Spinners' Association?

Shri Karmarkar: I am happy to say that Khadi will be one of the subjects to be aided out of the sum of Rs. 14 lakhs that we have. Out of this amount Rs. 2 lakhs or one-seventh, will be assigned to the promotion of Khadi. The idea is two-fold. One is to help the production of Khadi and the other is to see how far we can help the attainment of self-sufficiency in selected areas in respect of the spinners and weavers.

Shri A. C. Guha: May I know if the Government have been making any contributions to any non-official bodies for financing cottage industries and small-scale industries and if so which are those institutions that have received such helps from the Government?

Shri Karmarkar: I would like to have notice so as to give all the names of the institutions that have received aid during last year. We have given such aid to a number of institutions, one being Shantiniketan and another is an institution in Madras. But as I said I would require notice to give the details.

Shri Barman: As a result of the experience of the last two years, have Government found any of the Japanese machines useful for our purposes and for our country, and if so whether Government propose to undertake the production of such machines in any large scale?

Shri Karmarkar: Yes, we have found some of the machines useful. I am told that their oil *ghanis* are better than our own. Generally these machines economise labour. Their hand-printing press is also better than what we have here.

Shri Sidhva: With regard to part (b) may I know whether electrical machines have been installed in any village so as to make it self-sufficient?

Mr. Deputy-Speaker: Such a machine cannot cater to all the needs of a village. How can it make the village self-sufficient?

Shri Karmarkar: We have not any instance where these machines have made a village completely self-sufficient.

PURCHASE OF PROPERTY FOR MISSIONS

*788. **Shri Sidhva:** Will the Prime Minister be pleased to state whether it is contemplated to purchase properties for any of our Missions abroad and if so, for which of them?

The Deputy Minister of External Affairs (Dr. Keskar): It is the general policy of the Government of India to purchase properties for housing our Missions abroad as this is more economical than renting houses and is otherwise also more desirable. From the amount that has been placed at the disposal of the Ministry for this purpose this year, it is proposed to purchase and construct buildings at the following places:

(i) Purchase of Chancery building at Ottawa.

(ii) Construction of houses at Singapore and Nairobi.

(iii) Purchase of land for the construction of houses at Karachi and Canberra.

(iv) Purchase of houses in Tokyo.

Shri Sidhva: Is it the Deputy Minister's reply that in Ottawa and Singapore plots will be purchased and buildings constructed later and in Karachi and Canberra houses will be purchased.

Dr. Keskar: Purchase of land for the construction of houses at Karachi and Canberra and construction of houses at Singapore and Nairobi.

सेठ गोविन्द दास : उन मकानों पर जो कि इस साल बनाये जाने वाले हैं और जो जमीन इस साल खरीद की जाने वाली है उस में कितना रुपया खर्च किया जा रहा है, और क्या हर साल इस के लिये कोई प्राविजन रखने का विचार किया जा रहा है ?

[**Seth Govind Das:** May I know how much money is being spent on those houses which are to be constructed this year and on the land, which are to be purchased this year; is it proposed to make a provision for this every year?]

डा० केशकर : मैं कुल रकम बतला नहीं सकता क्यों कि वह रकम पिछले साल ही मंजूर हो गई थी और उस में से हमने कुछ रकम खर्च कर दी लेकिन वह काम पूरा नहीं हुआ, इस लिये बची हुई रकम लेप्स हो गई। अब इस साल इस काम को जारी रखना फिर से मंजूर हुआ है। यह बताना कि पूरा खर्च कितना है यह मुश्किल है,

लेकिन किसी खास इलाके की बात पूछी जाय तो मैं बता सकता हूँ कि कितना रुपया खर्च हुआ है।

[**Dr. Keskar:** I cannot tell the total amount because that was sanctioned last year and we spent a part of it. But the work could not be completed and hence the remaining amount lapsed. Now, sanction has again been given for the continuation of that work. It is rather difficult to tell the overall expenditure but if information is asked for a particular place, I can tell the amount spent there.]

Shri Sidhva: May I know whether any negotiations have taken place for the purchase of land or houses in these four places?

Dr. Keskar: Is it not incidental? The general policy has been asked and that has been answered. How is this supplementary question of such great importance that it should be pursued?

The Prime Minister (Shri Jawaharlal Nehru): Whenever any specific answer is given that we are going to do this or that it is only after investigation, negotiation or offer. Otherwise there is no good saying it in the air that we are going to do something or other there.

Shri R. K. Chaudhuri: The Deputy Minister said that the properties had been purchased because in the long run it would be cheaper than paying rent. On what basis or how many years' rent has been taken into consideration in coming to that conclusion?

Dr. Keskar: My hon. friend has misunderstood me completely. The general policy of the Government is to purchase our own building because ultimately in the long run it becomes cheaper. That is all.

Shri Jawaharlal Nehru: Long run is long run and even in the short run it is cheaper.

Shri Kamath: Have any properties been purchased for the foreign missions in Delhi of those countries which have refused to let us purchase property in those countries? Is there any reciprocity in this matter?

Mr. Deputy-Speaker: The hon. Member's question would imply that many foreign countries have refused to allow us to purchase.....

Dr. Keskar: It is difficult for me to say which countries have purchased properties here. I will require separate notice and only after that I will be able to answer the question of my hon. friend.

Shri Brajeshwar Prasad: I wanted to ask by what time are the negotiations likely to be completed for the purchase of land at Karachi?

Mr. Deputy-Speaker: Is it the suggestion that immediately it ought to be done?

Shri Sondhi: I would like to know what is the total amount involved in the erection of our buildings in Karachi?

Dr. Keskar: It is about Rs. 3,96,000. I may inform him that these are constructions for staff quarters and not for the chancery.

Shri Sondhi: What is the total amount involved? What the Minister said was only the first stage. Is not the total more than Rs. 20 lakhs?

Dr. Keskar: It might be. I am saying that this is the initial cost.

Shri Jawaharlal Nehru: According to the statement laid on the Table I find that the figure is Rs. 3,96,000.

Shri Sondhi: I want the total amount involved in Karachi. According to the information supplied to us the scheme involves more than Rs. 20 lakhs. There is a discrepancy in his statement.

Mr. Deputy-Speaker: Item (c) says purchase of land Rs. 3 lakhs and odd for the construction of houses at Karachi.....

Dr. Keskar: I can explain to my hon. friend. It is only staff quarter construction that we are taking up now. There is a scheme for constructing quarters for all our staff there, which we will not be able to pursue at this particular moment for want of funds. What he is referring to is the big plan that we have for constructing quarters for all our staff.

सेठ गोविन्द दास : माननीय मंत्री जी में कहा कि नैरोबी में मकान बनाया जाने वाला है, तो जो जमीन हम को नैरोबी में मिली है क्या वह जमीन केन्या के हाइलैण्ड्स में मिली है जहाँ अब तक किसी एशिया वाले को नहीं मिलती थी, या और कहीं मिली है ?

[Seth Govind Das: The hon. Minister stated that it was proposed to construct houses at Nairobi. May I know whether the land that has been given to us at Nairobi is located in Kenya Highlands where the Asian people were not being given any land so far or have we been offered land at some other place?]

डा० केसकर : मैं समझता हूँ कि मेरे दोस्त को गलतफहमी हुई है। यह जरूर ठीक है कि केन्या में जो जमीन हाइलैण्ड्स की है वह एशियन्स की नहीं मिलती। लेकिन यह नैरोबी के शहर का सबाल है जहाँ यह बात लागू नहीं है। लेकिन मैं आप को बता सकता हूँ कि यह जमीन ईस्ट अफ्रीका की सरकार से बहुत सस्ते दाम की लीज पर हम को मिली है मिशन की हमारत के लिये।

[Dr. Keskar: I think my hon. friend has a misunderstanding. It is certainly true that the Asian people do not get any land situated in the Highlands of Kenya. But this is a question of Nairobi City where this thing does not apply. I may, however, tell you that we have received this land on lease from the East African Government at a very low rent for the purpose of a building for the Mission.]

ARREARS OF RENT FOR GOVERNMENT QUARTERS

*789. **Shri Sidhva:** Will the Minister of Works, Production and Supply be pleased to refer to the reply given to my unstarred question No. 399 asked on the 4th June, 1951 regarding arrears of rent for Government quarters and state:

(a) the amount that has been recovered from April, 1951 up till now against the total arrears of Rs. 13,47,501;

(b) the amount that is considered as unrecoverable; and

(c) whether any scheme has been prepared for the recovery of arrears before the end of the year?

The Deputy Minister of Works, Production and Supply (Shri Buragohain): (a) Rs. 4 lakhs upto the end of June, 1951.

(b) Every effort is being made to recover all the outstanding arrears, and it is not possible to say at present what amount will be found irrecoverable.

(c) The whole of the Rent Section of the Estate Office has been reorganised and a Special Branch consisting of 3 accountants and 12 clerks has been opened in charge of an Assistant Estates Officer to deal with arrears and the matter is being pursued vigorously.

Shri Sidhva: The Minister said that a new branch has been opened to expedite the recovery of arrears. Who was responsible all along for not recovering this large sum? Also I want to know how much of this Rs. 13 and odd lakhs, out of which Rs. 4 lakhs

have been recovered, is unrecoverable ultimately? Who will be held responsible for that?

Shri Buragohain: This figure of Rs. 9 lakhs and odd in our estimates contains an inflated amount of Rs. 5 lakhs on account of assessments made against original allottees (government servants) whose houses have been occupied by refugees. These officers could not occupy those houses: all the same they have been assessed under rule 45-B until 31st May, 1950. Whether this amount should be waived is now under consideration.

Shri Sondhi: Is not Government recovering any rent from those people?

Shri Buragohain: Separately damages are being recovered from the unauthorised occupants and powers for summary recovery are being asked for under the new Bill which is now before the Select Committee.

Shri Sondhi: What is this amount of Rs. 5 lakhs which is going to be recovered from those people? Is it plus or minus?.....

The Minister of Works, Production and Supply (Shri Gadgil): The amount that will be recovered from the unauthorised occupants would be the amount of damages, as it is called, according to rule 45-B. As and when they are recovered credit will be given. The matter was discussed by the Select Committee which has made a recommendation that this amount of arrears should be recovered by easy instalments.

Shri Sondhi: What is the amount involved? Is it more than Rs. 5 lakhs.

Shri Gadgil: There is another plus five or six lakhs, altogether 11 lakhs, which has got to be recovered.

Pandit Thakur Das Bhargava: The recommendation of the Select Committee is that only a certain amount should be recovered.

Shri Gadgil: The recommendation was that the amount as standing today should be recovered by easy instalments. Also there is a recommendation that something should be written off but that is not for my Ministry to accept.

Shri Sidhva: May I know when this new department for expedition of the recovery has been opened and whether any period for payment has been fixed for the officers concerned so that within a certain period the amount may be recovered?

Shri Buragohain: This department is manned by a part of the existing staff who have been set apart for the purpose, and the whole matter is now centralised under that Branch.

Shri T. N. Singh: May I know whether it is a fact that a number of these buildings have been let out or were let out to employees of the local Government and the Municipalities and the Improvement Trust, that rents from these persons have not been realised and in certain cases they have been written off also?

Shri Buragohain: That seems to be a separate question altogether. This question relates to arrears against Government servants who were in occupation of Government quarters. If my hon. friend wants that information, I can collect it for him.

Shri T. N. Singh: I wanted to know whether there are any arrears against employees of the local Government and Municipalities who have been rented out Government quarters.

Shri Buragohain: With regard to employees of the Municipalities, of course, they are not Government servants. With regard to local Government servants, I am not quite sure whether the amount that I have given includes the arrears against those Government servants also.

Shri R. K. Chaudhuri: Do I understand that there are no arrears recoverable from Government servants and the arrears which are there are due only to the unauthorised occupation of those quarters by the refugees? If it is a fact that there are arrears due from Government servants, why are they not recovered as vigorously as is done in the case of Members of Parliament?

Shri Buragohain: It is an old story; these facts were given in answer to a question by my hon. friend, Mr. Sidhva.....

Mr. Deputy-Speaker: Do these arrears include any portion due from Government servants who have in fact occupied these quarters?

Shri Buragohain: While a substantial portion of the arrears is due to unauthorised occupation of quarters allotted to Government servants, part of the amount is also due from Government servants who had occupied the quarters.

Shri Kamath: With regard to the last part of the answer, the last sentence practically, how long has this vigorous pursuit been going on, and

has the vigour been increasing or decreasing of late?

Shri Buragohain: Increasing.

**DISPLACED PERSONS EMPLOYED
THROUGH EMPLOYMENT
EXCHANGES**

*790. **Shri S. C. Samanta:** Will the Minister of Labour be pleased to state:

(a) the number of displaced persons that have been provided with employment through the Employment Exchanges up to the 30th June, 1951;

(b) how many of them have been taken in—

(i) Central Government service;

(ii) State Governments service;

(iii) private and public industrial concerns; and

(iv) other places; and

(c) how many of them are East Bengal displaced persons?

The Minister of Labour (Shri Jagjivan Ram): (a) Employment Exchanges placed 1,73,024 displaced persons in employment since partition upto 30th June, 1951.

(b) Separate figures are not available.

(c) Exact figures are not available, but about 24 to 25 thousand of those placed in employment have come from East Pakistan.

Shri S. C. Samanta: Is it not a fact that the work of the Employment exchanges was to have terminated in July last? If so, how long has it been extended?

Shri Jagjivan Ram: The whole scheme of the Employment Exchange organisation has been sanctioned up to July, 1952 at present.

Shri S. C. Samanta: May I know whether the work of the Mobile Section of the Employment Exchange will be continued?

Shri Jagjivan Ram: The entire question depends on the decision whether the Employment Exchange organisation is going to be extended beyond July, 1952.

Shri S. C. Samanta: Is it not a fact that Employment Exchange officers were engaged in refugee camps also? If so, what is their number?

Shri Jagjivan Ram: They were, but I have not got the information at present. In some of the States the State Governments have opened District Employment Offices. When there was a rush of refugees, temporary ex-

changes were started in the camps themselves.

Prof. Ranga: Is not the Government of India a party to the I.L.O. Convention which requires that the Employment exchanges should be made permanent and wherever it is possible that they should be made compulsory?

Shri Jagjivan Ram: Government is a party to that Convention of the I.L.O. and the question of the extension of the Employment Exchange organisation has been taken up.

Prof. Ranga: Why is it that Government are still thinking in terms only of extension and not of making the organisation permanent, in view of the fact that it has been there for so many years and thousands of people are interested in it, both employers and those in search of employment?

Shri Jagjivan Ram: I may inform the House that my Ministry has taken up the question of putting the Employment Exchange organisation on a permanent footing with the Finance Ministry.

लाला अचिंत राम: क्या माननीय मंत्री जी कृपा कर के यह बतलायेंगे कि गवर्नमेण्ट के ध्यान में यह बात आई है कि कई रिफ्यूजीस भाइयों ने अपने आप को एक बरस से अधिक से वहां रजिस्टर कराया हुआ है लेकिन अब तक उन को कोई काम नहीं मिला है ?

[**Lala Achint Ram:** Will the hon. Minister please state whether it has come to the notice of the Government that several refugees got themselves registered there over one year back but they have not been provided with any employment so far?]

श्री जगजीवन राम: हां, यह बात तो गवर्नमेण्ट के ध्यान में आई है। यह एम्प्लाइमेंट एक्सचेंज खुद नौकरी नहीं देते हैं। उन का काम यह है कि जहां नौकरी खाली रहती है वहां से जब मांग आती है तो एम्प्लाइमेंट एक्सचेंज के दफ्तर में जो लोग उस के लायक रजिस्टर्ड रहते हैं उन का नाम वहां भेज दिया जाता है, और उन में से चुन कर बहाल करना उन लोगों का काम है जिस के पास वेकेंसी रहती है। कभी कभी ऐसा भी होता है कि एम्प्लाइमेंट एक्सचेंज से नाम तो जाते हैं लेकिन वहां पर लोगों की बहाली नहीं होती है। तो इस तरह से कुछ लोग ऐसे हैं जिन के नाम वहां एक बरस से अधिक से भी दर्ज हैं लेकिन अभी तक उन को नौकरी

नहीं मिल पाई है। हम बराबर उन का नाम मजते ह लेकिन लोग उन को बहाल नहीं करत

[**Shri Jagjivan Ram:** Yes, this has been brought to the notice of the Government. But the Employment Exchanges themselves do not provide any employment. Their job is only to refer the names of qualified persons who are registered with the Employment Exchanges to such places where any posts are vacant and from where a demand is received in that connection. It is for those with whom the posts lie to select and appoint persons. Sometimes it also happens that names are sent from the Employment Exchanges but appointments are not made. In this way, there are some persons who have been registered for more than a year but are still without a job. We send their names regularly but they are not appointed by the prospective employers.]

Shri A. C. Guha: The hon. Minister in his reply stated that so many refugees were employed through the Employment Exchanges. May I know how many of them were given employment in class IV, how many in class III and how many in class II service?

Shri Jagjivan Ram: Some time back I answered that question and I gave detailed figures of percentages as to how many of them were clerical, how many technical, how many unskilled and how many skilled posts. That figure I have not got at the moment. If the hon. Member refers to the proceedings of Parliament he will get them.

Shri S. C. Samanta: With reference to part (b) of my question the hon. Minister has stated that the figures are not available. May I hope and expect that he will be able to give them.....

Mr. Deputy-Speaker: He has given certain figures—he says exact figures are not available.

Shri S. C. Samanta: With reference to parts (i) to (iv) of (b) of my question, will Government take the trouble of placing those figures on the Table of the House?

Shri Jagjivan Ram: The figures are on the registers of the various Employment Exchanges, but the time and labour involved in collecting and separating those figures will, I am afraid, not be commensurate with the value or the results achieved. Therefore it is very difficult to promise that I will get those figures.

COTTON TEXTILES (EXPORT QUOTAS)

*793. **Dr. M. V. Gangadharra Siva:** Will the Minister of Commerce and Industry be pleased to state:

(a) the details of the export quota of cotton textiles for different foreign countries to be supplied from India and the grounds on which the particular quota has been agreed to by the Government of India in each case;

(b) whether any quota of cotton textiles has been set apart for civilian consumption in the different States for the current year; and

(c) if so, how it works per head of population in the case of each State?

The Deputy Minister of Commerce and Industry (Shri Karmarkar): (a) The following destination quotas have been set apart from the overall export quota of 190 million yards of mill-made cloth for the period July to December, 1951:

	Coarse and Medium	Fine and Superfine	Total
	m. Yds.	m. Yds.	m. Yds.
Pakistan	44	11	55
Iraq	2	2.5	4.5
Indonesia	2	2	4
Afghanistan	8	17	25
China	10	..	10

Quotas for Pakistan, Iraq and Indonesia have been fixed in accordance with Trade Agreements. If Afghanistan has been given a quota because that country is mostly dependent on India for supplies of textiles. China has been given a quota in consideration of the food grains received from that country. Question of allotting a quota of cloth to Burma is under consideration.

(b) Yes. Quota of cloth has been fixed for each State.

(c) The per capita availability of mill cloth on the basis of 1951 census for the first half of the current calendar year has been 3.1 yards. For the second half year, however, the corresponding figure is estimated to be of the order of 4.6 yards. This excludes handloom cloth in the case of which the per capita availability for the whole year will be 3 yards.

I should also add that on the basis of the production in this year, we expect that the average availability per head would be 11 yards. We are planning for that.

Dr. M. V. Gangadharra Siva: What is the present position of cotton textiles in the country?

Shri Karmarkar: Production has been increasing and at the moment we are manufacturing round about 350 million yards of cloth per month. I am also happy to state that production during the first half of this year has been very appreciable, namely, more than 2,000 million yards.

Dr. M. V. Gangadharā Siva: Is it a fact that the Government of Punjab has withdrawn control?

Shri Karmarkar: That is what we learn from the newspapers.

Dr. M. V. Gangadharā Siva: May I know whether any other State is similarly inclined to withdraw control over distribution of textiles?

Shri Karmarkar: Not to my knowledge.

Prof. Ranga: Is it not a fact that the Government of India through the hon. Minister had repeatedly stated that they would stop all exports of yarn to other countries in view of the shortage of supplies of yarn to our own handloom weavers and that in spite of this assurance they had concluded Trade Agreements with the result that they would be obliged to export 17,000 bales of yarn during the next six months?

Mr. Deputy-Speaker: I don't think it arises. This question relates to cloth. It may be relevant in connection with the next question.

Shri Sidhva: In view of the fact that control on distribution of cloth has been withdrawn in the Punjab and the hon. Minister admitted that he has no knowledge about it, may I know whether it is left to each State to withdraw control over distribution, or does the Centre guide them? What is the policy?

The Minister of Commerce and Industry (Shri Mahtab): Control has been withdrawn in Punjab to the extent that they have removed the restrictions on inter-State movement. But it is not a fact that control has been absolutely withdrawn there.

Prof. Ranga: My supplementary is quite relevant to this question. The next question deals with a much smaller point.

Mr. Deputy-Speaker: This relates to cotton textiles, and not yarn.

Prof. Ranga: Whenever you may order it to be answered, my submission is that the next question deals with inter-State supply of yarn as between different States in India. This ques-

tion deals with exports to other countries and I believe that it is perfectly relevant here.

Shri Karmarkar: I shall answer it. Sir. As my hon. friend knows very well, we have to have bilateral agreements in our own interests. Every agreement is arrived at in our own interests. If we want certain essential articles from outside, it is also reasonable, according to us, to allow the export of some limited quantity of even essential articles from our country. After the fullest consideration, we thought that it is in the best interests of the country that a limited quantity of yarn should be sent out in order to get the imports we wanted.

Prof. Ranga: Is it not a fact that the country was not taken into confidence when Government made this commitment, especially in the light of their own earlier assurance and categorical statement that no exports of yarn would be allowed?

Shri Mahtab: While the present production of yarn is 80,000 bales per month, we expect that the total production during the whole year would be much more than 60,000 bales multiplied by 12. We expect an increase per month to the extent of 10,000 bales. In view of that, 17,000 bales throughout the year is nothing.

Prof. Ranga: Not throughout the year, but for six months.

Shri Mahtab: May I point out that there was a question on the point and we discussed all the aspects?

Mr. Deputy-Speaker: Next Question.
YARN TO MADRAS STATE

*794. **Dr. M. V. Gangadharā Siva:**

(a) Will the Minister of Commerce and Industry be pleased to state whether it is a fact that certain conferences have taken place between the Textile Commissioners, representatives of the Government of Madras and representatives of the trade, to discuss questions regarding the supply of yarn and its distribution in the Province of Madras?

(b) If so, will Government make a statement on the points at issue and the discussions arrived?

The Minister of Commerce and Industry (Shri Mahtab): (a) and (b). Discussions took place between the Textile Commissioner, Bombay, and a representative of the Government of Madras in July, 1951. It was impressed upon the Madras Government that no preferential treatment to Madras in regard to yarn supplies will be possible.

as any such assistance will naturally be at the expense of other States who are also complaining of severe shortage of yarn in their areas. It was also suggested to that Government that steps should be taken to eliminate bogus handlooms to ensure distribution of the available supplies of yarn only to genuine consumers.

Dr. M. V. Gangadhara Siva: How much yarn was supplied to Madras from January up to today to Madras State?

Shri Mahtab: I can give him the figure for each month. I have not got the total figure. However, I can inform him that on an average, 17,500 bales per month have been supplied to Madras from January to July.

Dr. M. V. Gangadhara Siva: Out of this quantity, how much yarn was supplied to handloom weavers? How far has the Government of India given thought to the pitiable condition of the handloom weavers in Madras State?

Shri Mahtab: In the month of June the total quantity supplied was 19,089 bales, out of which the handloom weavers got 15,496 bales.

Shri Bharati: May I know what is the total requirements of Madras State? How many bales did they demand per month?

Shri Mahtab: They are demanding 30,000 bales per month. Therefore, we have asked all the State Governments to take a census of the handlooms and make an accurate estimate of handloom requirements and other requirements, and then let us know. Meanwhile, they have let us know their exact requirements both with regard to handlooms and with regard to others. Accordingly we are proceeding to regulate the production of yarn.

Dr. Deshmukh: Is it a fact that a deputation of weavers' representatives from Madhya Pradesh waited on the hon. Minister and complained that the present supply of yarn to handlooms is much lower than that which they got when they had to perform *satyagraha*?

Shri Mahtab: It is correct that a deputation came and explained to me that the cooperative organisation there is receiving less yarn than it used to do before. But the total figure of yarn supplied to handlooms as a whole in Madhya Pradesh was certainly more, but this particular complaint relates to the internal distribution inside the State. We have made an enquiry from the State Government as to how the cooperative organisation is receiving less while others are receiving more.

Dr. Deshmukh: The hon. Minister has been giving assurances that it will be possible to give larger supplies of yarn to various States. May I know by what percentage he has been able to increase the supply to handloom weavers in the various States during the last six months or so?

Shri Mahtab: The supply of yarn to the States has been steadily increasing. In January last it was only 42,000 bales per month—I mean the total supply of yarn to the States. Today, it is more than 60,000 bales per month. When the cotton position will be easier in a month or so, I think the supply of yarn will be much more and we are now devising a scheme—not by way of price, but by way of other methods—in order to give incentive for the production of yarn.

Shri Ghule: By what time would all the States be able to get yarn according to their own requirements?

Shri Mahtab: By the time the requisite cotton is available to the mills.

SIGNOR M. GARRETON

*795. **Dr. Deshmukh:** Will the Prime Minister be pleased to state:

(a) whether Signor M. Garreton, former Chilean Minister to Turkey, who was implicated in a case of gold smuggling into India, has left India;

(b) if so, on what date;

(c) whether he was in possession of any articles which were detained by the Customs officials;

(d) if so, what were these articles and what is their value; and

(e) whether these have been confiscated by Government?

The Deputy Minister of External Affairs (Dr. Keskar): (a) and (b). Yes. Mr. Garreton left India on the 23rd June, 1951.

(c) to (e). Yes. He had in his possession small quantities of Indian and certain foreign currencies worth Rs. 434 and cultured pearls valued at Rs. 100. The foreign currency exceeded the permissible limit of Rs. 270 and the cultured pearls were not covered by an Export Trade Control permit. They were therefore detained by the Customs authorities at Bombay.

Dr. Deshmukh: Has any final decision been taken in this matter; if so what action has been taken?

Dr. Keskar: Action will be taken according to the rules on the subject. If my hon. friend is referring to these seized articles, I may say that the ordinary course of action has been taken by the customs authorities as they do.

in respect of any seized article. I am not able to say whether Mr. Garretton has made any statement regarding this.

The Prime Minister (Shri Jawaharlal Nehru): May I point out that no action is really necessary? These are very trivial sums that are involved. Obviously, a few currencies worth Rs. 100 or Rs. 200 are not a major event nor are cultured pearls worth Rs. 100. As a matter of fact, Mr. Garretton was so anxious and eager to go that he did not even stay for an inventory to be made, so that the action of taking them and confiscating them is quite enough.

Dr. Deshmukh: My question was not intended to increase the seriousness of the situation. In fact I was anxious to know if the whole amount and the pearls were returned to the former Chilean Minister. I quite understand the trivialness of the thing. What I wanted to know was whether in view of the fact that the matter was trivial any action was taken by Government.

Shri Kamath: Is there any truth in the press report that some case in connection with Signor Garretton's affair was put up in a Bombay court and later it was withdrawn—against him or somebody else?

Dr. Keskar: That was answered in the House some time back.

Shri Kamath: May I submit, Sir, that in view of its national importance, the question about steam rollers may be answered?

Mr. Deputy-Speaker: The hon. Member is referring to some other steam roller than the physical steam rollers.

Shri R. K. Chaudhuri: How do you know it, Sir?

CLOTH TO PAKISTAN

*799. **Dr. Ram Subhag Singh:** Will the Minister of Commerce and Industry be pleased to state:

(a) how much cloth has been allotted to be exported to Pakistan under the provisions of the Indo-Pakistan Trade Agreement;

(b) what kind of cloth (coarse, medium, fine or superfine) has been allotted to be exported; and

(c) how much cloth has so far been exported to Pakistan under that agreement?

The Minister of Commerce and Industry (Shri Mahtab): (a) and (b). Attention is invited to Schedule I of the Indo-Pakistan Trade Agreement, a copy of which was placed on the Table of the House on the 26th February, 1951 by Hon. Shri C. D. Deshmukh.

(c) Under the Trade Agreement, no supply of mill-made cloth was due up to

the end of June, 1951, and accordingly no exports of this cloth have taken place up to the end of June, 1951. It has been decided to license 55 million yards comprising of 44 million yards of coarse and medium and 11 million yards of fine varieties during the period July-December, 1951 and licences are being issued against this quota.

Dr. Ram Subhag Singh: May I know, Sir, whether Pakistan has intimated to the Government of India that only cloth costing less than Re. 1 per yard will be allowed to be imported from India to Pakistan, and if so, whether the Government of India have agreed to this request?

Shri Mahtab: No such intimation has been received.

Shri Ghule: May I know whether the Government are aware that still large quantities of cloth are being smuggled into Pakistan and if so could Government give an idea of the value of cloth which is being smuggled every day?

Mr. Deputy-Speaker: Smuggling is not part of export.

Shri R. K. Chaudhuri: May I know if dhoties and saris which are generally used by non-Muslims in Pakistan are allowed to be exported to Pakistan?

Shri Mahtab: I have not got the break-up of the varieties of cloth exported. The figures with me are in terms of millions of yards exported, according to the Trade Agreement. If there is no demand in Pakistan, of course, nobody will have the licence from us for export. This is a question of ordinary trade.

Shri R. K. Chaudhuri: Is it a fact that the mills in Pakistan are not allowed to manufacture dhotis and saris?

Shri Mahtab: I have no such information.

RUBBER FROM MALAYA

*800. **Dr. Ram Subhag Singh:** Will the Minister of Commerce and Industry be pleased to state:

(a) whether India imports rubber from Malaya; and

(b) if so, what quantity of Malaya rubber was imported into this country in the year 1950-51?

The Deputy Minister of Commerce and Industry (Shri Karmarkar): (a) Yes, Sir.

(b) Singapore—3102.5 tons,

Federation of Malaya—16.5 tons,

Total—3119.0 tons.

**LAND ALLOTTED TO DISPLACED PERSONS
IN PUNJAB (FORFEITURE)**

*801. **Dr. Ram Subhag Singh:** Will the Minister of Rehabilitation be pleased to state whether it is a fact that the Punjab Government have ordered the forfeiture of land in case of those allottees who failed to take possession of the same within the stipulated period?

The Minister of State for Rehabilitation (Shri A. P. Jain): The information is being collected and will be laid on the Table of the House in due course.

Dr. Ram Subhag Singh: May I know the period during which a particular allottee of land is supposed to occupy his land?

Shri A. P. Jain: Roughly speaking every allottee was expected to take possession of his land before the 31st of March, 1951. Forfeiture became operative after that.

Dr. Ram Subhag Singh: May I know whether Government have intimated the allottees individually about the allotment of land at that address which they had furnished to the Government on their claims forms?

Shri A. P. Jain: Both generally and individually.

लाला अचितराम : क्या माननीय मंत्री जी रुपा करके बतायेंगे कि गवर्नमेण्ट इस पर विचार कर रही है कि ऐसे आदमियों को जिन को थोड़ी भूमि एलाट हुई है, अनइकानामिक होल्डिंग एलाट हुई है, उन को और भूमि दी जाय ?

[Lala Achint Ram: Will the hon. Minister please state whether the Government are considering the allotment of more land to such persons who have been allotted insufficient lands, that is, uneconomic holdings?]

श्री ए० पी० जैन : हमारे पास थोड़ी भूमिदार के अन्दर जमीन मौजूद है जो हम दे सकते हैं। पंजाब के अन्दर जो एलाटमेण्ट हुआ है उस का आधार तो भूमि का वह क्षेत्र है जो उनके पास पाकिस्तान में थी और जिन को भूमि दी गयी है उन पर करीब करीब २५ पर सेंट का कट वहां लगा है। हमारे पास न कोई ऐसी स्कीम है और न कोई भूमि है कि जिस को हम दे सकें।

[Shri A. P. Jain: We have only a small area of land that we can give. The allotment in Punjab has been

made on the basis of the allottees' holdings in Pakistan and a cut of about 25 per cent. has been made on the lands allotted to them. We have no such scheme, nor have we any land to allot.]

Sardar B. S. Man: Is it a fact, Sir, that in Rajasthan much of the land lying vacant is still unallotted?

Mr. Deputy-Speaker: The question relates to Punjab.

Sardar B. S. Man: My supplementary arises from the fact that the hon. Minister of State said that there is no land available in the country.

श्री ए० पी० जैन : नहीं, ऐसी कोई चिन्ता न कीजिये वहां पर कोई खाली जमीन नहीं पड़ी हुई है।

[Shri A. P. Jain: No, Sir, let there be no worrying on that score. There is no land lying vacant there.]

INDUSTRIAL HOUSING

*802. **Shri Alexander:** Will the Minister of Labour be pleased to state:

(a) since when the Industrial Housing Scheme has been extended to Part B States;

(b) how many such States have availed of the scheme and whether Travancore-Cochin comes under the scheme; if so, the amount granted to the State under the scheme;

(c) how many houses have been built under the scheme in 1950-51 in the whole of India and what is the principle governing the contribution by the Centre and by the States; and

(d) the total amount spent under the scheme in (i) Part A, (ii) Part B and (iii) Part C States?

The Minister of Labour (Shri Jagjivan Ram): (a) 1st April, 1951.

(b) All Part B States were asked to intimate their requirements and only the Governments of Hyderabad, Mysore and Travancore-Cochin applied for loans. Travancore-Cochin comes under the Scheme and the Government of Travancore-Cochin has asked for a loan of Rs. 10 lakhs in the current financial year, which, it is proposed to allot.

(c) 1,712 houses have been constructed in 1950-51. Under the scheme, two thirds of the capital required will be contributed by the Central Government free of interest and the remaining one third is to be provided by the State Government or the employers sponsored by them.

(d) During 1950-51, Rs. 1,20,66,431 were spent in Part A States. No

amount could be spent in Part B and States as the Scheme was not applicable to them in 1950-51.

Shri Alexander: May I know whether here is any target of houses fixed for 1951?

Shri Jagjivan Ram: The target of houses has not been fixed, but the amount has been provided in the budget. It is Rs. 1 crore and 60 lakhs. As many houses as could be built for this amount will be built.

Shri Alexander: May I know whether any limit for a house is fixed?

Shri Jagjivan Ram: In certain areas it is between 2,000 to Rs. 3,000. In bigger cities it goes up to Rs. 5,000 to 6,000.

Shri Alexander: May I know whether there is any accepted uniform plan for these houses?

Shri Jagjivan Ram: Yes, Sir.

Shri Goenka: May I know how many of these houses built for labourers are now vacant, say in Bombay?

Shri Jagjivan Ram: Not many houses remain unoccupied. It depends upon what rent is charged from the workers. The economic rent comes to Rs. 20 per month of a house which is to be occupied by a mill-hand getting Rs. 100 per month the worker cannot afford to pay that amount. Then the rent is to be subsidised by the employers. Whether the houses are occupied or not so depends largely upon the co-operation in which the scheme receives from the employers.

Shri A. Joseph: May I know whether any scheme has been submitted by the Madras Government in this matter of constructing houses for the labourers under this fund?

Shri Jagjivan Ram: Yes, there is, and the Madras Government is going to be allotted Rs. 9 lakhs.

Shri Goenka: My question was as to what is the percentage of the houses allotted for the labourers that have been occupied. I know that houses carrying high rents are not being occupied.

Mr. Deputy-Speaker: Has he got the information?

Shri Jagjivan Ram: I have not got the information, but the percentage of occupied houses is not large.

ACCIDENTS IN CONSTRUCTION OF SINDRI FACTORY

*804. **Shri A. C. Guha:** Will the Minister of Works, Production and Supply be pleased to state:

(a) whether there have been any accidents during the construction of the Sindri Fertilizer Factory; and

(b) if so, (i) the nature and the number of the casualties in those accidents; and (ii) whether any compensation has been paid to the victims or their dependents?

The Minister of Works, Production and Supply (Shri Gadgil): (a) Yes, Sir.

(b) (i) (1) Simple (disability less than 7 days)—825.

(2) Serious (disability more than 7 days)—237.

(3) Fatal—6.

(ii) Yes, Sir.

Shri A. C. Guha: What is the amount of compensation given to the three different categories?

Shri Gadgil: The amount of compensation that was paid was in 166 cases, amounting to Rs. 52,450-2-0.

Shri A. C. Guha: What was the amount given to each of the six fatal cases?

Shri Gadgil: I want notice for that.

Shri A. C. Guha: Have there been any cases where some limbs of the body had to be amputated?

Shri Gadgil: Possibly.

Shri A. C. Guha: How many, may I know, and what was the compensation given to such cases?

Shri Gadgil: The compensation is given according to the provisions of the Workmen's Compensation Act.

Shri A. C. Guha: May I know in how many cases limbs had to be amputated?

Shri Gadgil: I want notice for that, but as far as I know there was only one case of amputation.

Shri R. K. Chaudhuri: May I know the period during which so many accidents took place?

Shri Gadgil: The period begins from the year 1946, up to date.

Shri Kamath: Is there any tribunal for determining the compensation in each case and, if so, what is the composition of that tribunal with regard to the Sindri Factory?

Shri Gadgil: The agency that is authorised under the Workmen's Compensation Act to determine the amount of compensation has worked here also.

Shri A. C. Guha: Have all these cases of casualties occurred in the case of government workers or also in the case of those employed by contractors and private bodies?

Shri Gadgil: If the hon. Member is anxious to know the figures, they are as follows:

Under the General Manager's charge	118
C.P.W.D, ..	47
The Corporation ..	23
Contractors ..	637
Total ..	825

This is so far as simple injuries are concerned. As regards "more serious" the figures are 26, 12, 5 and (under the job of contractors) 194, the total being 237. And, of the six cases of "fatal", they all occurred under the contractors' jobs.

Shri A. C. Guha: Who has paid the compensation for these cases under the contractors' jobs?

Shri Gadgil: So far the compensation has been paid by Messrs. Power Gas Corporation and their sub-contractors. But the ultimate responsibility is of the Government, they being their agents.

Shri A. C. Guha: And Government will have to pay them?

Mr. Deputy-Speaker: That is what he says.

CASTOR OIL AND LINSEED OIL (EXPORT)

*895. **Shri S. N. Das:** (a) Will the Minister of Commerce and Industry be pleased to state whether it is a fact that the Government of India have recently decided to allow the export of castor oil and linseed oil during the year July, 1951 to June, 1952?

(b) If the answer to part (a) above be in the affirmative, what is the total quantity in each case that will be allowed to be exported?

(c) Have any restrictions been placed on any class of exporters and if so, what are those restrictions?

The Minister of Commerce and Industry (Shri Mahtab): (a) Yes, Sir.

(b) It has so far been decided that in the case of castor oil, established shippers should be permitted to export during July-December, 1951, 45 per

cent. of their exports during the basic period. In the case of linseed oil permission has been given to established exporters to export 20 per cent. of their exports during the basic period, July-September, 1951. Applications from new-comers have been called for for the export of both castor oil and linseed oil. The total figures for the export of castor oil and linseed oil for the period ending June 1952 will necessarily depend on the final crop estimate for linseed and castor seeds.

(c) The licensing of castor oil and linseed oil has been restricted to the established shippers and to 'new-comers' provided they are crushers-established shippers in the case of castor oil being those shippers who exported this commodity during the period April, 1950 to March, 1951 and in the case of linseed oil those who exported it in any of the financial year 1948-49, 1949-50 and 1950-51.

Shri S. N. Das: What were the reasons for placing these restriction on the exporters?

Shri Mahtab: The restriction was imposed because it was feared that much larger quantity would be exported than India could possibly afford.

Shri Goenka: May I know why different basic periods have been fixed for castor oil and linseed oil?

Shri Mahtab: Because we took the statistics of the various years and we found out the normal periods in which exports of these commodities have taken place.

Shri Goenka: Why is it that in the one case the basic period has been fixed as four years—1948 to 1951—and in the other case only the last one year has been taken? May I know why 'established shippers' are determined on the basis of one year's export in the one case and on the basis of four year's exports in the other?

Shri Mahtab: Because the export of castor oil became very prominent only very recently. It was not in the export trade as linseed oil was for many years. Therefore it was easy to find out a basic period for linseed oil, but it was not so for castor oil.

Shri S. N. Das: May I know whether there are any restrictions on the export of castor seed and linseed?

Shri Mahtab: Yes, there is restriction.

Shri R. Velayudhan: May I know how long the new-comers will have to wait to become established shippers?

Shri Mahtab: As soon as they come into the trade they will be established shippers.

Shri Goenka: May I know what is the percentage of the trade which is intended for new-comers?

Mr. Deputy-Speaker: That does not arise out of the question.

Shri Goenka: The hon. Minister said that in the case of established shippers they are going to be permitted to export 45 per cent. in the case of one commodity and 20 per cent. in the case of another, and he added that they have asked for applications from new-comers. I would like to know how much percentage they have allotted to new-comers.

Mr. Deputy-Speaker: That is a different question and does not arise out of this. This is a question of allowing or not allowing the export. The question of details as to how they are distributed among newcomers does not arise here.

Shri Goenka: It arises out of the answer given by the hon. Minister himself.

Mr. Deputy-Speaker: He need not have given the answer. Next question.

Shri Kamath: What are the reasons for the increasing popularity of castor oil?

Shri Mahtab: The war has created that psychology in the foreign countries!

GALVANISED PIPES

*806. **Shri Ghule:** (a) Will the Minister of Commerce and Industry be pleased to state what was the total quantity of galvanized pipe of half an inch, three fourth of an inch and one inch diameter which was manufactured in the years 1949 and 1950 in India?

(b) What is the quantity manufactured this year up to the end of June?

(c) What quantity was imported during these periods?

(d) What are the total requirements in pipe of the sizes given above, in India?

The Minister of Commerce and Industry (Shri Mahtab): (a) and (b). Galvanised pipes are not manufactured by any Tube Mill in India.

(c) and (d). A statement is laid on the Table of the House.

STATEMENT

I. Imports

Size of pipes	Imports 1949	Imports 1950	January-June 1951
	ft.	ft.	ft.
$\frac{1}{2}$ " dia.	30,00,000	32,00,000	16,00,000
$\frac{3}{4}$ " dia.	15,00,000	30,00,000	15,00,000
1" dia.	10,00,000	21,00,000	10,50,000

N. B.—The above figures are approximate statistics of imports are not maintained size wise.

II. Annual Demand

Size of pipes	Demand (estimated)
	ft.
$\frac{1}{2}$ " dia.	60,00,000
$\frac{3}{4}$ " dia.	50,00,000
1" dia.	36,00,000

WRITTEN ANSWERS TO QUESTIONS

TRANSMITTERS IN DISPOSAL STORES

*791. **Shri Kesava Rao:** Will the Minister of Works, Production and Supply be pleased to state:

(a) whether it is a fact that a large number of 50 K.W. transmitters are available in the disposal stores;

(b) what is the number of such transmitters; and

(c) whether information was given to the Ministry of Information and Broadcasting about the availability of such 50 K.W. transmitters in disposal stores?

The Minister of Works, Production and Supply (Shri Gadgil): (a) No, Sir. There are none.

(b) and (c). Do not arise, in view of reply to part (a) of the question.

SURVEY OF INDUSTRIES

*792. **Shri Kesava Rao:** Will the Minister of Commerce and Industry be pleased to state:

(a) whether it is a fact that a sample survey of manufacturing industries has been conducted;

(b) if the answer to part (a) above be in the affirmative, what are the industries chosen for this purpose; and

(c) what is the amount spent for the investigation?

The Deputy Minister of Commerce and Industry (Shri Karmarkar): (a). Yes, Sir.

(b) I lay on the Table a list of the sixty-nine industries which were cover-

ed by the Sample Survey of Manufacturing Industries. [See Appendix V, annexure No. 29.]

(c) An *ad hoc* grant of Rs. one lakh as sanctioned for the Sample Survey. The actual expenditure on this survey will be known only after the accounts have been finalised.

STEAM ROLLERS

*796. **Shri Jnani Ram:** Will the Minister of Commerce and Industry be pleased to state:

(a) the factories which are manufacturing steam rollers in India;

(b) the number manufactured in the years 1950 and 1951; and

(c) the requirements of the Government of India and State Governments in steam rollers at present?

The Minister of Commerce and Industry (Shri Mahtab): (a) Messrs. Tata Locomotive and Engineering Co., Ltd., Tatanagar.

(b) 1950—277, 1951 (upto 31st July) —100.

(c) 74, excluding those (771) already received.

FACTORY FOR SUPERPHOSPHATE AT SINDRI

*797. **Shri Jnani Ram:** Will the Minister of Commerce and Industry be pleased to state:

(a) whether a factory for the manufacture of superphosphate is being established at Sindri;

(b) the total cost of the same;

(c) the progress so far made; and

(d) the Government which is concerned with its construction?

The Minister of Commerce and Industry (Shri Mahtab): (a) Yes, Sir.

(b) According to present estimates the total cost will amount to Rs. 42½ lakhs non-recurring and Rs. 22½ lakhs recurring.

(c) A suitable site, adjacent to the Fertiliser Factory at Sindri, has been selected, and firm orders for 25-ton per day contact sulphuric acid plant have been placed with a firm in the United Kingdom. Negotiations for the purchase of a superphosphate unit have also been finalised.

(d) The Government of Bihar.

SHORT SUPPLY OF WAGONS FOR IRON AND STEEL FOR NORTH BIHAR

*798. **Shri Jnani Ram:** Will the Minister of Commerce and Industry be pleased to state:

(a) the outstanding quotas of iron and steel due to the Executive Engi-

neers of North Bihar up till June 1951;

(b) the quota delivered during the first half of the year; and

(c) the reasons for short supply of wagons for delivery in due time?

The Minister of Commerce and Industry (Shri Mahtab): (a) 500 tons.

(b) 252 tons.

(c) General shortage of metre gauge wagons and use of the available stock for transporting materials of priority higher than that of iron and steel, e.g. foodgrains.

INTERNATIONAL LABOUR ORGANISATION

*803. **Pandit Munishwar Datt Upadhyay:** (a) Will the Minister of Labour be pleased to state how many and what countries are the regular members of the I.L.O.?

(b) How is this organisation financed and what is the basis of the contribution by member countries?

(c) What is the agenda or programme of the Asian Manpower conference to be held in December, 1951?

The Minister of Labour (Shri Jagjivan Ram): (a) The number of regular members of the I.L.O. is 64. The names of the countries are given in the list placed below.

(b) The organisation is financed by contributions from the member countries. The rates of contribution are based on a rough assessment of the financial and economic conditions of the individual countries.

(c) The agenda of the Conference is as follows:

A. Exchange of views on the present state of manpower problems in Asian Countries:

(1) The manpower position in relation to the present economic situation;

(2) The manpower position in relation to long-term economic development.

B. Methods of co-operation between the I.L.O. and Asian countries with a view to ensuring the best use of the Field Office and other resources:

(1) Continued Programme:

(i) Organisation of effective liaison between the Field Office and national technical correspondents;

(ii) Publication of a manpower technical bulletin;

(iii) Organisation of a lending library (books, technical documents, training syllabuses etc. and films);

(2) Technical Assistance Programme:

(i) Types of technical assistance which the I.L.O. can provide in different fields relating to manpower problems;

(ii) Review of technical assistance projects in actual operation or under consideration;

(iii) Suggested specific projects.

C. Consideration of Resolution concerning Field Offices in Asia adopted by the Asian Regional Conference (Nuwara Eliya, Ceylon, January, 1950).

D. Consideration of the problem of migration of Asian Labour as part of the Asian manpower problem.

STATEMENT

List of countries which are members of the International Labour Organisation. (August 1951).

(1) Afghanistan, (2) Albania, (3) Argentina, (4) Australia, (5) Austria, (6) Belgium, (7) Bolivia, (8) Brazil, (9) Bulgaria, (10) Burma, (11) Canada, (12) Ceylon, (13) Chile, (14) China, (15) Colombia, (16) Costa Rica, (17) Cuba, (18) Czechoslovakia, (19) Denmark, (20) Dominican Republic, (21) Ecuador, (22) Egypt, (23) El Salvador, (24) Ethiopia, (25) Finland, (26) France, (27) German Federal Republic, (28) Greece, (29) Guatemala, (30) Haiti, (31) Hungary, (32) Iceland, (33) India, (34) Indonesia, (35) Iran, (36) Iraq, (37) Ireland, (38) Israel, (39) Italy, (40) Lebanon, (41) Liberia, (42) Luxembourg, (43) Mexico, (44) Netherlands, (45) New Zealand, (46) Norway, (47) Pakistan, (48) Panama, (49) Peru, (50) Philippine Republic, (51) Poland, (52) Portugal, (53) Sweden, (54) Switzerland, (55) Syria, (56) Thailand, (57) Turkey, (58) Union of South Africa, (59) United Kingdom, (60) United States, (61) Uruguay, (62) Venezuela, (63) Viet Nam, and (64) Yugoslavia.

N.B.—The thirty-fourth session of the International Labour Conference held at Geneva in June 1951 voted for re-admission of Japan to the organisation.

STATUTORY AND NON-STATUTORY BODIES

*807. Shri S. N. Das: Will the Minister of Rehabilitation be pleased to state:

(a) the number and names of statutory and non-statutory bodies of permanent nature functioning under the administrative control of his Ministry giving the following information in each case:

(i) the year of the constitution;

(ii) the recurring annual expenditure incurred by them;

(iii) the provision for the audit of their accounts; and

(iv) the method of submission of the report of their activities;

(b) the number and names of such ad hoc committees as were appointed since the 15th August, 1947 and which have finished their work; and

(c) the number and names of ad hoc committees still functioning, giving the dates of their appointment and the time by which they are expected to finish their work?

The Minister of State for Rehabilitation (Shri A. P. Jain): (a) to (c). The information is being collected and will be laid on the Table of the House in due course.

INDIAN IMMIGRANTS TO U.S.A.

*808. Sardar Hukam Singh: Will the Prime Minister be pleased to state:

(a) whether there is any quota per year fixed for the entry of Indians into U.S.A. under the new Immigration laws;

(b) whether Indians who were deported from America as they could not acquire the citizenship then have now freedom to go to that country;

(c) whether any Indians have requested the Government of India for affording them facilities to go back to America; and

(d) if so, what steps have been taken to secure them permission for entering that country?

The Deputy Minister of External Affairs (Dr. Karkar): (a) Yes. The annual quota is 100.

(b) The selection of intending immigrants is a matter for the United States of America authorities to decide according to their rules.

(c) and (d). As far as government is aware one Indian national who was deported from the United States of America has so far approached the Government of India for assistance to return to that country. He was advised to approach the American Embassy.

AUTO BULBS (IMPORT)

*809. Sardar Hukam Singh: (a) Will the Minister of Commerce and Industry be pleased to state whether any licence was issued for the import of auto bulbs from the Dollar Areas during the year 1951?

(b) What was the number of licences, along with their total value, issued for the import of these bulbs from the Soft Currency Areas?

(c) Is it a fact that a bulb imported from Soft Currency Areas costs double as much as it does when imported from the Hard Currency Area?

The Minister of Commerce and Industry (Shri Mahtab): (a) No licence for the import of auto-bulbs from Dollar areas was issued during January-June 1951. Licences during July-December 1951 are being granted freely for import from all areas except the Union of South Africa.

(b) During the licensing period January-June 1951, 1,004 licences valued at Rs. 3,74,89,698 were issued for the import of auto-bulbs from Soft Currency areas. Licensing for the period July-December 1951 has commenced only recently.

(c) Government have no authentic information on this point.

DISPLACED PERSONS IN GOVERNMENT QUARTERS

***810. Sardar Hukam Singh:** (a) Will the Minister of Works, Production and Supply be pleased to state whether the displaced persons occupying Government quarters in Karol Bagh have been served with a notice to vacate all the quarters?

(b) What is the number of quarters in Karol Bagh still occupied by these displaced persons?

(c) Has any alternative accommodation been offered to those who are being evicted?

The Deputy Minister of Works, Production and Supply (Shri Buragohain):

(a) Yes, Sir.

(b) Eleven.

(c) Yes, Sir; excepting for those who are not entitled to such accommodation according to the declared policy of Government.

LOANS TO DISPLACED STUDENTS

***811. Pandit Munishwar Datt Upadhyay:** (a) Will the Minister of Rehabilitation be pleased to state what are the amounts set apart for the current year for grant of stipends and free-ships to displaced students in urban areas?

(b) What is the amount set apart for loan to cooperative societies during this year?

(c) What are the conditions attached to the above loans and concessions?
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The Minister of State for Rehabilitation (Shri A. P. Jain): (a) Rs. 168 lakhs has been set apart for education of displaced persons, the bulk of which amount will be utilized for grant of stipends and free-ships to displaced students in both urban and rural areas.

(b) No specific amount has been set apart for loans to Cooperative Societies.

(c) A statement is laid on the Table of the House. [See Appendix V, annexure No. 30.]

PASSPORTS FOR BERLIN YOUTH FESTIVAL

***812. Shri Amolakh Chand:** Will the Prime Minister be pleased to state:

(a) whether it is a fact that passports to attend the Third World Festival of Youth and Students to be held at Berlin were refused or cancelled and the New Delhi delegates have requested the Government to expedite the grant of passports; and

(b) if so, what were the reasons for withholding or cancelling the passports issued?

The Deputy Minister of External Affairs (Dr. Keskar): (a) and (b). A number of applications for passport facilities from persons desiring to attend the Berlin Festival were referred to the Ministry. Of the persons whose cases were referred to us, only two were actually refused passports, because Government did not consider it advisable that they should go abroad. Thirty persons were eventually granted passports, while a decision on the cases of the rest could not be arrived at in time to enable them to attend the festival. No passports were cancelled.

ORPHANED DISPLACED CHILDREN

***813. Shri Amolakh Chand:** Will the Minister of Rehabilitation be pleased to state:

(a) whether Gurukul, Mathura (U.P.), offered to bring up and educate about 200 orphaned displaced children at a nominal cost;

(b) if so, whether Government have taken any steps in the matter; and

(c) whether any other public institution in any other state is receiving any grant or subsidy for such work?

The Minister of State for Rehabilitation (Shri A. P. Jain): (a) Yes. In April, 1950 they offered to take in 200—300 displaced children for maintenance, education and training at an average recurring cost of Rs. 40 per head per month plus a non-recurring grant of Rs. 3 lakhs.

(b) Yes. After some correspondence the Institute have agreed to take up 100 displaced orphan children between the ages of 8 and 12 years on payment of a grant-in-aid of Rs. 30 per head per mensem.

(c) Yes.

PUBLIC WORKS

*814. **Shri Kishorimohan Tripathi:** Will the Minister of Works, Production and Supply be pleased to state the total expenditure met from Central Revenues on works other than those for providing accommodation for Government offices and Government employees during the period 15th August, 1947 to 15th August, 1950?

The Minister of Works, Production and Supply (Shri Gadgil): The total expenditure on works executed by the Central Public Works Department and met from the Central Revenues comes to Rs. 591.2 lacs for the period 15th August 1947 to 31st March 1950.

COAL (CLASSIFICATION)

*815. **Shri Kishorimohan Tripathi:** (a) Will the Minister of Works, Pro-

duction and Supply be pleased to state the different grades into which Indian Coal is classified?

(b) What is the annual requirement in India as also the production of each grade?

(c) Is there any variety of coal which India has to import and if so, what is the value of the annual import?

The Minister of Works, Production and Supply (Shri Gadgil): (a) The coals in the Bengal/Bihar fields only have been graded. The grades are—

Selected Grade 'A'

Selected Grade 'B'

Grade I

Grade II

Grade III 'A'

Grade III 'B'

(b) A statement is laid on the Table of the House.

(c) Yes, a very small quantity of anthracite coal. In 1950-51 the value of such import was Rs. 25,570.

STATEMENT

Annual demands of Coal/Coke in India

	1949	1950
	(Tons)	(Tons)
	30,326,630	33,411,259

Production of coal by Grades, in Bengal-Bihar Fields.

	1949	1950	1951 (upto May)
	(Tons)	(Tons)	(Tons)
Selected 'A'	0,919,173	7,288,931	3,090,104
Selected 'B'	8,855,311	8,569,666	3,848,358
Grade I	4,159,633	4,159,189	2,038,268
Grade II	4,185,171	4,251,796	2,078,370
Grade III 'A'	589,178	760,525	341,312
Grade III 'B'	1,325,177	1,413,849	591,604
TOTAL	26,033,644	26,443,956	11,988,016
Other Fields (Un-graded)	5,417,050	5,816,787	2,585,510

PAPER AND STATIONERY

*816. **Shri Kishorimohan Tripathi:** (a) Will the Minister of Works, Production and Supply be pleased to state the yearly requirement in terms of rupees of the Government of India in

respect of paper and stationery?

(b) Is any part of the requirement met from imports and if so, what is the quantity and value?

The Minister of Works, Production and Supply (Shri Gadgil): (a) The average yearly requirements of the Government of India in terms of rupees in respect of paper and stationery are Rs. 2,02,78,905 and Rs. 37,02,007 respectively.

(b) The average value for the last three years of imported paper and stationery is Rs. 35,70,854 and Rs. 5,78,334 respectively. No paper was imported in 1950-51. (It is not possible to indicate the quantity of imported paper and stationery stores as the number of articles are numerous and their quantity varies from year to year.)

GLYCERINE (IMPORT)

***817. Sardar B. S. Man:** (a) Will the Minister of Commerce and Industry be pleased to state whether India imports any glycerine and if so, from which country?

(b) Have Government received any information that glycerine is being smuggled out of the country to Pakistan?

The Minister of Commerce and Industry (Shri Mahtab): (a) India does not import glycerine

(b) No, Sir.

CASES OF BLACK-MARKETING

***818. Shri V. K. Reddy:** Will the Minister of Commerce and Industry be pleased to state:

(a) the total number of cases registered for black-marketing in the Centrally Administered Areas during the last six months; and

(b) the amount collected as fines for doing black-market?

The Minister of Commerce and Industry (Shri Mahtab): (a) 643.

(b) Rs. 23,809.

IMPORT LICENCES

***819. Shri V. K. Reddy:** Will the Minister of Commerce and Industry be pleased to state the number of new-comers who were given import licences during the half-year January-June, 1951?

The Minister of Commerce and Industry (Shri Mahtab): The number of licences issued to new-comers by the Chief Controller of Imports and the Joint and Deputy Chief Controllers of Imports at the Ports is 7,281.

CLOTH ALLOTMENT TO MADRAS

***820. Shri V. K. Reddy:** (a) Will the Minister of Commerce and Industry be pleased to state what is the quantity of cloth allotted to the Madras State during the last six months?

(b) What is the quantity of fine, super-fine and coarse cloth allotted?

The Minister of Commerce and Industry (Shri Mahtab): (a) and (b). A statement is laid on the Table of the House.

STATEMENT

Cloth released to Madras State in each month from February to July 1951 and its breakdown in different type of cloth

Month	Total cloth released	Breakdown of the cloth released				
		SF.	F.	M.	C.	Fonts
	(bales)					
February . . .	5876½	320½	1757½	3331½	317½	143½
March . . .	11040½	1130	4615½	4566½	526	202½
April . . .	17219	1171	7605½	6615	1501½	326
May . . .	21425	2805½	9874½	7156	1342	247
June . . .	24018	3227	10374½	8458½	1658½	209½
July . . .	24480½	2915½	10254½	9763½	1309½	237

MISUSE OF U.N. EMBLEM BY PAKISTAN

***821. Shri Rathnaswamy:** (a) Will the Prime Minister be pleased to state whether it is a fact that Pakistan em-

bossed the U.N. emblem on the covers of some of the pamphlets designed for anti-Indian propaganda?

(b) If so, has the attention of the United Nations Organization been drawn to this matter and if so, with what result?

The Deputy Minister of External Affairs (Dr. Keskar): (a) Yes.

(b) Yes. Pakistan has given assurances to the Secretary-General, United Nations that such unauthorized use of the emblem will not be repeated.

INDO-ITALIAN TRADE

***822. Shri M. Naik:** (a) Will the Minister of Commerce and Industry be pleased to state whether there is any truth in the Press report that there was a sharp recession in the Indo-Italian trade in the year 1950 and if so, what are the reasons therefor?

(b) What are the main commodities in which India trades with Italy and to what extent in volume and value the shrinkage has taken place?

(c) How does the balance of trade stand between the two countries?

The Minister of Commerce and Industry (Shri Mahtab): (a) Yes, Sir. There was a temporary setback in the Indo-Italian trade in 1950 and it was more in respect of imports. The causes of the recession of trade are due to various causes such as prices, supply position, delivery terms, etc.

(b) Two statements showing principal imports from and exports to Italy during 1949, 1950 and 1951 (Jan.-May) from which the commodities affected can be seen are placed on the Table of the House. [See Appendix V, annexure No. 31.]

(c) The balance of trade had been unfavourable but the position is steadily improving.

UNEMPLOYMENT

***823. Shri M. Naik:** (a) Will the Minister of Labour be pleased to state whether Government have any machinery under their disposal to make periodical assessment as to what extent unemployment problem is in existence in the country?

(b) What are the figures of the unemployed during any recent year as compared to those of a decade ago?

(c) How have attempts, if any, for the solution of the problem so far succeeded?

The Minister of Labour (Shri Jagjivan Ram): (a) There is no machinery of the Government of India to make a periodical assessment of the extent of unemployment in the country. But statistics are maintained of the unemployed persons who care to register their names with the Employment Exchanges.

(b) Number of unemployed persons have not been collected either in recent years or in the past. Such figures, therefore, are not available. The average numbers of persons however registered as unemployed at the Employment Exchanges during the years 1948 to 1951 are as follows—

1948—2,24,907.

1949—2,93,044.

1950—3,14,335.

1951 (January to July)—3,37,186.

Similar statistics for a period earlier than 1948 are not available. These figures give only a partial picture of the volume of unemployment in the country.

(c) The problem of employment is intimately bound with the general economic activity in the country and it has always been the aim, of the Government to so formulate the policy as to maintain such economic activity at maximum possible level. In this connection, the attention of the hon. Member is invited to the answers given to part (a) of the questions Nos. 444 and 140 on the 22nd February, 1950 and the 20th March, 1951, respectively.

LONG STAPLE COTTON

***825. Shri Munavalli:** (a) Will the Minister of Commerce and Industry be pleased to state whether the policy of Government is to encourage growing of improved varieties of long staple cotton?

(b) What subsidy is given to M.A.5 and Rajapalayam cotton?

(c) How do M.A.5 and Rajapalayam cotton compare with Laxmi and Jayadhar cotton in quality, i.e. spinning value?

(d) Have Laxmi and Jayadhar varieties of cotton been tested in laboratory and if so, what are the results?

(e) Has the request of Agricultural Market Committees in Karnatak for subsidy for Laxmi and Jayadhar cotton been considered by Government and if so, what is the final decision of Government in that respect?

The Minister of Commerce and Industry (Shri Mahtab): (a) Yes.

(b) No subsidy is given.

(c) In spinning performance Jayadhar cotton is inferior to Rajapalayam cotton grown from Uganda seed and M.A.5. But so far as Laxmi cotton is concerned while it is inferior to Rajapalayam Uganda, it is comparable to M.A.5 cotton in certain respects.

(d) Yes. Results of the Laboratory Tests are given in the statement placed on the Table of the House.

(e) The Government have decided that no special price allowance would be allowed for Laxmi and Jayadhar of 1950-51 crop.

STATEMENT

Particulars	Rajapalayam Uganda **	M.A.5*
Year of crop	1949-50	
Lint length (in inches)	1.1/16"	..
Actual counts spun	39.3	39
Leastest (lbs.)	42.9	39.9
Count strength	1686	1560

Particulars	Laxmi**	Jaya- dhar**
Year of crop	1949-50	1949-50
Lint length (in inches)	0.92	0.90
Actual counts spun	39.7	39.7
Lea test (lbs.)	40.0	37.9
Count strength	1588	1505

* Based on the test reports of Government of Mysore.

**Based on the test reports of the Technological Laboratory of the Indian Central Cotton Committee, Bombay.

RESIDENCE PERMITS TO INDIANS IN CEYLON

*826. **Shri Rathnaswamy:** (a) Will the Prime Minister be pleased to state whether it is a fact that more than one lakh of Indians in Ceylon are liable to be refused temporary residence permits because they failed to qualify under the Ceylon Immigration and Migration Act?

(b) If so, what are the reasons for their failure to qualify?

(c) Have Government any information as to the number of Indians that applied for residence permits?

(d) What steps do Government propose to take to represent to Ceylon Government in regard to the affected Indians?

The Deputy Minister of External Affairs (Dr. Keskar): (a) It is difficult to estimate the exact number but it is likely to be considerable.

(b) Under the provisions of the Immigrants and Emigrants Act, 1948, a person with five years' residence in Ceylon immediately preceding the 1st November 1949, is deemed eligible for

a Temporary Residence Permit. Indians who entered Ceylon after the 1st November, 1944, are therefore ineligible for residence permits. Besides, many others, though otherwise eligible were unable to produce proof of their residence to the satisfaction of the Ceylon authorities concerned, and were declared ineligible.

(c) Information has been called for from our High Commissioner in Ceylon and when received, will be placed on the Table of the House.

(d) The matter is already under discussion with the Ceylon Government. Moreover, our High Commissioner has also been taking up with them individual cases of hardship.

INDUSTRIAL TRAINING SCHOOL, ALIGARH

*827. **Shri Shiv Charan Lal:** (a) Will the Minister of Commerce and Industry be pleased to state what subjects are taught in the Industrial Training School, Aligarh, and what is the course of training in each?

(b) What is the number of students in each section?

(c) What is the total expenditure on the Training School?

The Deputy Minister of Commerce and Industry (Shri Karmarkar): (a) The hon. Member is presumably referring to the Central Cottage Industries Institute at Harduaganj near Aligarh. If so, at present tests and experiments on machines imported from Japan for Cottage and small-scale industries are being carried on in the Institute, and no training in any subject has been started.

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

MEDIUM AND COARSE CLOTH

*828. **Shri Shiv Charan Lal:** (a) Will the Minister of Commerce and Industry be pleased to refer to the reply given to unstarred question No. 6 on the 7th August, 1951 regarding cloth and state why coarse cloth is produced in so small a quantity as compared to other varieties of cloth?

(b) Is it a fact that the yardage of medium cloth manufactured is also much below the demand?

(c) Is it a fact that the price of fine and superfine cloth at which they are sold in the market, is below the fixed price, while it is not so in the case of medium and coarse cloth?

The Minister of Commerce and Industry (Shri Mahtab): (a) and (b). The production of coarse and medium cloth is low due to the shortage of East Indian types of cotton suitable for the manufacture of these varieties of cloth.

(c) Yes, in case of certain varieties.

RE-CLASSIFICATION OF GOVERNMENT QUARTERS

173. Shri D. S. Seth: Will the Minister of Works, Production and Supply be pleased to state:

(a) whether Government have had under their consideration the question of re-classification of Government Quarters in Old and New Delhi;

(b) if so, since when and the reasons for the delay, if any;

(c) what is the proposed re-classification in each case; and

(d) what are the proposed limits of pay for eligibility to each class?

The Deputy Minister of Works, Production and Supply (Shri Buragohain): (a) Yes.

(b) Since September 1950. The matter is complicated and needs careful consideration.

(c) and (d). Proposals have not yet been finalised.

TROOPS FOR SERVICE UNDER UNITED NATIONS

174. Shri A. C. Guha: Will the Prime Minister be pleased to refer to the reply given to starred question No. 344 asked on the 20th August, 1951 regarding the earmarking by Member States of some of their Armed Forces for service as a United Nations unit or units and state:

(a) the names of the countries which agreed to the proposal of the U.N.O.;

(b) the names of the countries which have not agreed to the proposal; and

(c) at what stage the proposal at present stands?

The Deputy Minister of External Affairs (Dr. Keshkar): (a) and (b). According to the information received from the Secretariat of the United Nations Organisation 24 Member States have replied to the resolution passed at the last session of the General Assembly entitled 'Uniting for Peace'. 13 Member States (Canada, France, Norway, United Kingdom, United States of America, Greece, New Zealand, Australia, Belgium, Philippines, Denmark, Netherlands and Turkey) have given a generally favourable reply but have pointed out at the same time their various military commitments in Korea, in pacts of regional defence like the North Atlantic Treaty or military action in Indo-China and Malaya, as their contribution to United Nations armed forces.

Nine Member States (Guatemala, Honduras, India, Yugoslavia, China, Haiti, Iraq, Liberia and Pakistan) have indicated their inability to contribute

troops due to various reasons. Two Member States (Colombia and Brazil) have expressed willingness to train in future small battalions for service with United Nations.

(c) The matter is under consideration of the Collective Measures Committee established by the General Assembly for this purpose.

DEPARTMENT OF PARLIAMENTARY AFFAIRS (STAFF)

175. Prof. K. T. Shah: Will the Prime Minister be pleased to state:

(a) the number of (i) Gazetted and (ii) non-Gazetted officers, clerks and class IV servants in the Department of Parliamentary Affairs on (i) 31st March, 1949; (ii) 31st March, 1950; and (iii) 31st March, 1951; and

(b) the number of the officers, clerks and class IV servants appointed temporarily in the first instance and subsequently (i) made permanent, (ii) retired or (iii) retrenched, during each of the years 1949-50 and 1950-51?

The Minister of State for Parliamentary Affairs (Shri Satya Narayan Sinha): (a) The Department of Parliamentary Affairs was created on the 16th May 1949. The number of gazetted officers, non-gazetted and class IV staff in the Department on the 31st March, 1950, and 31st March, 1951 was as under:

Date and year	Gazetted	Non-Gazetted (Clerical)	Class IV
31st March, 1950	2	10	8
31st March, 1951	2	11	10

(b) All the staff mentioned above has been employed in a temporary capacity and none of them has so far been made permanent. No staff has been retrenched nor any one has retired so far.

GUNNY BAGS (EXPORT)

176. Shri Rathnaswamy: (a) Will the Minister of Commerce and Industry be pleased to state what is the total quantity of gunny bags exported to foreign countries during the last twelve months?

(b) What are the countries to which they were exported?

(c) What is the quantity exported to China and on what terms?

(d) Has any long-term arrangement been entered into with China in this regard?

The Minister of Commerce and Industry (Shri Mahtab): (a) and (b). A statement showing the quantity of gunny bags exported to various foreign countries during the 12 months from August 1950 to July 1951 is laid on the

Table. [See Appendix V, annexure No. 32.]

(c) The quantity exported to China during the period was 24,668 tons. This includes 16,354 tons exported on barter account, the balance being exports on commercial basis.

(d) No.

नालीदार जस्ती लोहे की चादरें

१७७. डा० बेबी सिंह: क्या बाणिज्य तथा उद्योग मंत्री यह बतलाने की कृपा करेंगे:

(क) वर्ष १९५०-५१ में भारत में उत्पादित नालीदार जस्ती लोहे की चादरों की मात्रा;

(ख) वर्ष १९५१-५२ में प्रत्याशित उत्पादन की मात्रा;

(ग) फ़क्टरियों तथा कारख़ानों को आवंटित मात्रा;

(घ) कृषि कार्यों के लिये आवंटित मात्रा;

(ङ) भारत में कुल कमी; तथा

(च) कितने समय में यह कमी पूरी हो जाने की आशा है?

CORRUGATED GALVANISED IRON SHEETS

[177. Dr. Devi Singh: Will the Minister of Commerce and Industry be pleased to state:

(a) the quantity of corrugated galvanized iron sheets produced in India during the year 1950-51;

(b) the quantity expected to be produced during 1951-52;

(c) the quantity allotted to factories and workshops;

(d) the quantity allotted for agricultural purposes;

(e) the overall deficit in India; and

(f) in what time this deficit is expected to be made up?]

The Minister of Commerce and Industry (Shri Mahtab): (a) 80,047 tons.

(b) 30,000 tons.

(c) Information not available.

(d) 39,652 tons in 1950-51.

(e) and (f). The overall annual deficit of corrugated galvanised iron sheets at present is 90,000 tons approximately. This can be made up as soon as requisite quantity of spelter, which is imported and is in short supply, is available.

CLAIMS FOR PROPERTY IN WEST PAKISTAN

178. Shri Raj Kanwar: Will the Minister of Rehabilitation be pleased to state:

(a) the total number of claims presented in respect of urban immovable properties left in West Pakistan, each of the value exceeding one lakh, and classified as hereunder or according to any other suitable classification—

(i) exceeding one lakh but not exceeding 5 lakhs;

(ii) exceeding five lakhs but not exceeding 10 lakhs;

(iii) exceeding ten lakhs but not exceeding 15 lakhs;

(iv) exceeding fifteen lakhs but not exceeding 20 lakhs;

(v) exceeding twenty lakhs but not exceeding 25 lakhs; and

(vi) exceeding twenty-five lakhs;

(b) the number of Claims Officers appointed for the verification of properties falling under the above categories; and

(c) how the claims of individual claimants who hold more than one property in (i) different localities in one and the same city or town, and (ii) different cities or towns, are dealt with for purpose of verification?

The Minister of State for Rehabilitation (Shri A. P. Jain): (a) The information asked for is not readily available and the labour involved in its collection will not be commensurate with the results.

(b) Out of the 204 Claims Officers appointed upto 1st September, 1951, five Claims Officers have been exclusively deputed for the verification of claims exceeding rupees one lakh in value.

(c) (i) Claims of individual claimants having properties in different localities in the same city or town are generally dealt with by the same Claims Officer unless the city happens to be a very big one, in which case it is divided into a number of sectors each of which is allocated to a different Claims Officer. If the property sheets fall in different sectors, they are generally dealt with by the Claims Officer to whom that particular sector has been assigned.

(ii) Claims of different cities or towns are dealt with by the Claims Officers appointed for these cities or towns.

CASE AGAINST CHILEAN DIPLOMAT

179. Shri Sidhva: (a) Will the Prime Minister be pleased to state whether

the case against Don Manuel Garretton, former Chilean Diplomat, who was being prosecuted on a charge of smuggling gold, was withdrawn at the instance of the Government of India?

(b) If so, what were the reasons therefor?

(c) Is it a fact that the Chilean Government asked the Government of India to return Signor Garretton's passport to them?

(d) If so, was the passport returned to the Chilean Government?

The Deputy Minister of External Affairs (Dr. Kesar): (a) Yes.

(b) The Government of India acceded to the request of the Government of Chile and left it to them to take such action as they thought proper in regard to their national. The Government of Chile were informed of the full facts of the case and that Government took immediate action by removing Mr. Garretton from their Diplomatic Service. Mr. Garretton was released after he had given complete and material evidence in the case.

(c) and (d). Yes.

WATER SUPPLY AT RELIGADA COLLIERY

180. Shri Jnani Ram: Will the Minister of Labour be pleased to state:

(a) the arrangement for water supply at Religada colliery (Hazariabagh); and

(b) the number of wells or tanks from which water is supplied?

The Minister of Labour (Shri Jagjivan Ram): (a) Water is supplied

(1) through pipes from a high level tank after chlorination, and

(2) through water-carriers from wells.

(b) Eight wells.

TRADE WITH JAPAN

181. Shri Jnani Ram: Will the Minister of Commerce and Industry be pleased to state:

(a) the time from which free trade with Japan started;

(b) the volume of trade since the starting of such trade; and

(c) the main commodities imported from Japan?

The Deputy Minister of Commerce and Industry (Shri Karmarkar): (a) Private trade with Japan was resumed on the 3rd July, 1947.

(b) and (c). A statement showing the volume of trade with Japan and

the principal commodities imported from Japan in recent years is laid on the Table of the House. [See Appendix V, annexure No. 33.]

EXPORT AND IMPORT TRADE

182. Dr. Ram Subhag Singh: Will the Minister of Commerce and Industry be pleased to state:

(a) the total value of India's exports to and imports from the dollar areas for the period January to June, 1951; and

(b) the total value of India's exports to and imports from the sterling areas during the corresponding period?

The Minister of Commerce and Industry (Shri Mahtab): (a) The total value of India's exports (including re-exports) to the dollar areas for the period January to June 1951 is 98.07 crores of rupees and the total value of India's imports from the dollar areas in the same period is 94.45 crores of rupees.

(b) The total value of India's exports (including re-exports) to and imports from the sterling areas during the corresponding period is 198.34 crores of rupees and 128.93 crores of rupees, respectively.

ENTRY POINT INTO INDIA FROM WEST PAKISTAN

183. Dr. Ram Subhag Singh: Will the Minister of Rehabilitation be pleased to state whether it is a fact that the Government of India have prescribed only one point of entry into India, namely, Wagah on the Grand Trunk Road, from West Pakistan?

The Minister of State for Rehabilitation (Shri A. P. Jain): No.

FINANCIAL ASSISTANCE TO DISPLACED STUDENTS

184. Dr. Ram Subhag Singh: (a) Will the Minister of Rehabilitation be pleased to state whether any sum of money has been placed at the disposal of the Government of the Punjab for giving financial assistance to displaced students during the year 1951-52?

(b) If so, what is the total amount?

The Minister of State for Rehabilitation (Shri A. P. Jain): (a) Yes.

(b) Grants—Rs. 30.30 lakhs.

Loans—Rs. 0.43 lakhs.

REBATE ON EXPORT OF CLOTH

185. Dr. Ram Subhag Singh: Will the Minister of Commerce and Industry be pleased to state whether it is a fact that Government have withdrawn the two annas per pound rebate allowed on the export of fine and superfine cloth?

The Minister of Commerce and Industry (Shri Mahtab): Yes.

MEMORIAL TO MAHATMA GANDHI

186. Dr. Ram Subhag Singh: (a) Will the Minister of Works, Production and Supply be pleased to state whether the plan submitted by a Bombay artist for the construction of a memorial to Mahatma Gandhi has been approved by Government?

(b) If not, do Government propose to get any plan prepared by Government architects for constructing a memorial to Mahatma Gandhi at Rajghat or any other suitable place in Delhi?

The Deputy Minister of Works, Production and Supply (Shri Buragohain): (a) No. The design for the proposed memorial is still under consideration of the Gandhi Memorial Designs Committee, which has been set up by Government to advise them on the selection of a design for the memorial at Rajghat.

(b) Certain plans have already been received from architects in the Central Public Works Department which will be considered by the Memorial Designs Committee along with other suggestions received by the Committee.

LAND ALLOTMENT

187. Sardar Hukam Singh: (a) Will the Minister of Rehabilitation be pleased to state what percentage of the total number of displaced persons entitled to allotment of land have been actually given possession of lands in Punjab and P.E.P.S.U.?

(b) What is the total number of claims still awaiting orders of allotment?

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(c) What is the acreage of (i) Chahi and (ii) Banjar lands in these two States that are still available for allotment?

(d) What are the proposals for settlement of displaced land owners who were not from Punjab and originally resided in Bahawalpur or N.W.F.P.?

The Minister of State for Rehabilitation (Shri A. P. Jain): The information is being collected and will be laid on the Table of the House in due course.

INDIANS IN CEYLON

188. Shri Jnanl Ram: Will the Prime Minister be pleased to state:

(a) the number of Indians in Ceylon who have applied for Ceylon citizenship;

(b) the number of Indians who have been granted domicile certificates by the Government of Ceylon;

(c) the number of petitions rejected;

(d) the time by which the Indians (non-domiciled) will have to leave Ceylon; and

(e) the steps taken by Government to rehabilitate them?

The Deputy Minister of External Affairs (Dr. Keskar): (a) and (c). Our High Commissioner in Ceylon has been asked to communicate the exact number, and the information, when received, will be placed on the Table of the House.

(b) The Hon'ble Member presumably wants to know the number of Indians who have so far been registered as citizens of Ceylon. If so, the number registered upto August 5, 1951 is 5,558.

(d) There is no such proposal. In fact an assurance was given by the Ceylon Prime Minister that those Indian residents who do not choose, or are not admitted to Ceylon citizenship will continue to be allowed to remain in the Island as Indian citizens and to pursue their lawful avocations in Ceylon without any interference.

(e) The question does not arise.

Wednesday, 5th September, 1951



PARLIAMENTARY DEBATES

(Part II—Proceedings other than Questions and Answers)

OFFICIAL REPORT

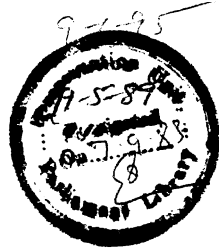
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(30th August, 1951 to 22nd September, 1951)

Fourth Session
of the

PARLIAMENT OF INDIA

1951



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1983

PARLIAMENT OF INDIA

Wednesday, 5th September, 1951.

*The House met at Half Past Eight
of the Clock.*

[MR. DEPUTY-SPEAKER in the Chair]

QUESTIONS AND ANSWERS

(See Part I)

9-30 A.M.

RAILWAY COMPANIES (EMERGENCY PROVISIONS) BILL—concl'd.

Mr. Deputy-Speaker: The House will now proceed with the further consideration of the Railway Companies (Emergency Provisions) Bill. Clauses 2 and 3 have been disposed of.

श्री भट्ट : मैं आप का ध्यान इस चीज की तरफ दिलाता हूँ कि जो कार्यक्रम हमारे सामने पेश किया जाता है, वह हर रोज बदल जाता है और उस में यह होता है कि जिस बिल को कल आप ने जरूरी समझा हो, वह आज बहुत पीछे रह जाता है, जिस के ऊपर हम न बहुत कुछ लिखना पड़ना किया होता है और उस के विषय में सोच विचार किया होता है, वह चीज कई दिनों के बाद आती भी है या नहीं इस में भी सन्देह होता है। इसलिये मैं प्रार्थना करना चाहता हूँ कि वह आप को अधिकार है सरकार की सुविधा के अनुसार, आप की सूचना के अनुसार मंत्री जी यह कार्यक्रम बनाते हैं, जो क्या मैं यह प्रार्थना करूँ कि हर हफ्ते के लिए

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कार्यक्रम बनाया जाय, ताकि हम उस के मुताबिक तैयारी कर सकें।

[**Shri Bhatt (Bombay):** Sir, I want to draw your attention to the frequent changes that are made in the business of the day which is given to us. The thing is that a Bill considered as important yesterday is found thrown backward in priority today while we have already studied material relating to it and given it sufficient thought. It becomes uncertain as to when it would be taken up. Therefore, I request you that a definite programme may be chalked out for a whole week according to the convenience of Government so that we may get prepared accordingly.]

Shri A. C. Guha (West Bengal): I would also like to draw your attention particularly to the Indian Companies Bill. We received three Order Papers on the 3rd, 4th and 5th and this Bill has changed its place in every Order Paper. Today it has been placed as the 3rd item, which means that it will come up for discussion today and not a single amendment has been received by the Office on this Bill. The Bill has been radically changed by the Select Committee and hon. Members had no time to go into this Bill.

An. Hon. Member: The Bill has been for long on the Order Paper.

Shri A. C. Guha: That may be so.

Pandit Thakur Das Bhargava (Punjab): We never expected that it will come today.

Mr. Deputy-Speaker: Order, order. I have heard the objection but I find that this Bill has been in the Order Paper for a number of days. No doubt it has been pushed from somewhere in the back place to the front since. What I would submit to hon. Members is that we have heard this objection. I would try to meet it. As soon as the Order Paper for a week

[Mr. Deputy-Speaker]

is over, the same Order Paper is continued with some minor changes in the position or the priority of the Bills but I do not think that any new Bill has been added to the Order Paper except perhaps in very rare cases. Therefore the objection is not very material except, of course, that hon. Members expected one Bill to be taken up and another Bill was taken, this may have taken them by surprise. So far as amendments to Bills are concerned, as soon as the Order Paper is issued, they should table the amendments. They are not expected to wait till a particular Bill takes the priority on the Order Paper. So far as this priority is concerned, we will look into it. At least some days notice will have to be given. Though a Bill may not be immediately coming on the Order Paper, to a certain extent hon. Members are taken by surprise. We are now dealing with the Railway Bill and after that we come to the Indian Companies Bill. After that item 12—the Indian Explosives Bill is sought to be taken up tomorrow as against item No. 5, i.e. the Press Bill as set out in the Order Paper. Due notice will have to be given; at least a day's notice should be given so that hon. Members may be aware of it.

An Hon. Member: Tomorrow is a non-official day.

Mr. Deputy-Speaker: Another day, after the discussion on item 1 they will go to items 2 and 3 but the day after tomorrow when the hon. Members are ready for those items, item No. 14 is transposed to take the place of Item 2, it will certainly take them by surprise and therefore, at least one day's notice must be given to them for considering the Bill and tabling the amendments and hon. Members on their part as soon as a Bill appears in the Order Paper, ought to be careful to table amendments. It is no good saying that they did not expect it or they expected in a particular order and so on. If both the suggestions are carried out, there will not be trouble in future.

Shri Kamath (Madhya Pradesh): May I submit for your consideration that a few days back you were good enough to rule that whenever there is a departure from the order in the List of Business, due notice must be given to Members, and therefore, may I request you to make a categorical statement as to how much notice must be given to Members, so that the Minister for Parliamentary Affairs will be in a position to see that this is observed and no departure is allowed in any case?

The Minister of State for Parliamentary Affairs (Shri Satya Narayan Sinha): Every week's programme is always put down. So far as the weekly programme is concerned, some minor adjustment is always made and the hon. Members are always expected to know this. If we change the weekly programme materially, certainly hon. Members can take objection, but not otherwise.

Mr. Deputy-Speaker: The objection is legitimate. If the order is changed in the Order Paper, hon. Members would like to know in advance and a day's notice must be given to them.

Shri Satya Narayan Sinha: That I agree.

Pandit Thakur Das Bhargava: All these Bills have to be gone into and considered and then the amendments have to be tabled.

Mr. Deputy-Speaker: At least a day's notice should be given either before a Bill is taken up or any new Bill is taken up.

श्री भट्ट : उपाध्यक्ष जी, एक दिन के माने क्या होते हैं, यह हमें बतला दीजिये । जो नोटिस बगैरह आते हैं जैसे कि आत्र का नोटिस है, वह कल रात को दस बजे हमें मिलता है, तो एक दिन तो वह नहीं माना या गिना जाता है ?

[**Shri Bhatt:** Sir, you may kindly explain the meaning of 'a day's notice'. If a notice concerning today were given to us yesterday night at 10 O'clock, would it be considered to have been given one day in advance?]

Mr. Deputy-Speaker: Full 24 hours' notice will be given.

The Minister of Finance (Shri C. D. Deshmukh): In regard to this Indian Companies Bill, I should like to add that it is not always possible to predict what position will be occupied by the Bills that precede: by the 17th of September this has to be passed and receive the assent of the President. Because it is an Ordinance, it takes about 4 or 5 days before we can get the assent of the President; he may be away and so on. So the time element is a very narrow one in a case like that. So it happens that although we were ready with this Bill for the last three days, unexpectedly the previous Bill has taken longer than at least what I thought it would and I suppose that it may be the case with many of the Bills.

Mr. Deputy-Speaker: There is absolutely no such need as far as this Railway Bill is concerned and no Ordinance will expire and this could have been put off. Therefore, every effort ought to be made by hon. Ministers to give sufficient time to the House and the hon. Members ought not to be taken by surprise. Before the 17th September something has to be done sufficiently in advance so that the assent of the President may be taken. Anticipating this every other Bill might have been taken later.....

Dr. Deshmukh (Madhya Pradesh): That is also an ordinance Bill.

Mr. Deputy-Speaker: I think hon. Members should have notice of these changes, so that no inconvenience would be caused.

Shri Kamath: Moreover, the hon. Home Minister last time compared the list of Business to cause lists in the courts, and you did not agree with him.

Mr. Deputy-Speaker: What is the good of repeating all that. The matter is now over. Let us proceed with the Bill.

Clause 4.—(Effect of notified order appointing directors or managing agents)

Shri Sarwate (Madhya Bharat): I beg to move:

(i) In page 2, line 9, after "such" add:

"from such date as may be prescribed for the purpose in the order";

(ii) In page 2, line 13, after "terminated" add:

"from such date as may be prescribed for the purpose in the order".

My object is this that if the order under clause 4(a) mentions no date, it would take effect on the day on which it is passed. That means that the appointment of the new directors would be from the date when the order is passed. But, there would be some time intervening between the date of the notification and the date on which they take over actual charge from the old directors. In this intervening period, some action might be taken by the old directors who would continue to be in *de facto* charge though they may not be legally empowered to do so. For such action, there is no remedy provided in this

Bill. There are certain clauses which deal with the powers of the new directors. One is clause 5 in which the new directors are empowered to cancel or do away with anything done before the order is passed. They are empowered to cancel even contracts. Under clause 8, the old directors can be prosecuted for what they might have done before the order or notification. Nothing is provided as regards the interval between the date of the order and the date on which they take over charge. Therefore, I have asked these words to be added: "from such date as may be prescribed for the purpose in the order". That is, the order can say that the new directors would come into action from the date they take over charge, so that the old directors may continue to be responsible for their actions during this time. I think the hon. Minister in charge will realise the significance of my amendment and accept them.

The Minister of State for Transport and Railways (Shri Santhanam): The scheme of the Bill is that the ground will be prepared before the notification is made. It will be so arranged that the new directors will take charge as soon as the notification is made and the old directors will automatically vacate their place. Otherwise, if there is an interregnum, the old directors, knowing that they are going to be replaced, may take action which may put the affairs of the company in a very embarrassing state. We do not want any interval to be given to the old directors so that they can manipulate the affairs. The appointment does not take effect as soon as the Act comes into force. It has to be enforced by a notification. The notifying authority will see to it that the new directors take charge immediately after the notification. That is why I think the amendments are out of place.

Shri Sarwate: May I make one suggestion? These amendments would not take away the power of the Government to make the order applicable from the date of the order. It only makes a provision for certain contingency. Suppose some time elapses between the date of the order and the date of actually taking over charge.

Shri Santhanam: If there is any difficulty, they would not notify the order. They will see that they get the people ready before they notify the order.

Mr. Deputy-Speaker: The hon. Minister does not see any difficulty. Why should the hon. Member press the amendments?

Shri Sarwate: I do not press them.

Shri B. K. P. Sinha (Bihar): I am not moving my amendments.

Shri A. C. Guha: I am not moving my amendments because my previous amendments were not accepted and these are consequential to them.

Mr. Deputy-Speaker: No other amendments. The question is:

"That clause 4 stand part of the Bill."

The motion was adopted.

Clause 4 was added to the Bill.

Clause 5.—(Powers and duties of directors)

Shri Sidhva (Madhya Pradesh): I beg to move:

In page 2, line 39, after "company" add:—

"and that any salary, remuneration or fee for the Chairman and directors shall be fixed by the Central Government."

While I do not want the Central Government or the State Government to interfere in the day to day affairs of the Railway company, I do feel that strict control by the Central Government is necessary so that they may be alert. The clause says: "Subject to the control of the Central Government". There is some control there. If it is known that the directors' appointment, their salary and remuneration are subject to the approval or fixation by the Central Government, they will be careful in conducting the affairs of the company. I want to see that no loophole is given to the directors so that the authority of the Central Government is not minimised to any extent. With that object in view, I have given notice of this amendment that their salary or remuneration or whatever it is, should be fixed by the Central Government so that there should be proper control of the management of these companies. After all, appointment, dismissal and salary go a great way in all these matters. Once this provision is there, I am sure the directors will be very careful. Otherwise, if it is left to themselves, to that extent the control of the Central

Government would be minimised. I therefore hope, the hon. Minister will accept my amendment.

Shri Santhanam: These will be provided in the rules. The general power is mentioned in clauses 4 and 5. These details will be filled up by the rules. Under clause 19 (2) (a), the provision is that the rules may provide for "the manner in which or the conditions subject to which the directors or managing agents of a railway company may exercise their powers...". This will be one of the conditions. We need not put it here.

Shri Sidhva: Would it not be more desirable to put it here when you agree to the principle?

Shri Santhanam: There are so many other directions which you may have to give. If you put in one direction, it may be rather invidious. There is no necessity for it.

Shri Sidhva: May I know if in the rules, this provision will be made?

Shri Santhanam: Yes; certainly.

Mr. Deputy-Speaker: Then, he is not pressing his amendment.

Shri Sidhva: If it is agreed that in the rules such a provision will be made. On that understanding, I do not press.

Mr. Deputy-Speaker: If the rules do not contain such a provision, will he re-open the whole Bill? He has said so.

Shri Sidhva: I accept his assurance.

Shri S. N. Das (Bihar): I beg to move:

"In page 2, after line 54, insert:

"(f) to take such prompt steps as may be necessary to set right the situation in the affairs of the railway company as necessitated the application of this Act, by the Central Government, to the railway company."

Clause 5 enjoins upon the directors to take all necessary action for the purpose of efficient management of the business of the railway company and also lays down specific things to be done by them. But, there is no mention of the facts which led to the necessity of taking over the management of the railway company and there is nothing to say that the directors appointed by the Central Government should take prompt action to set right the situation. Therefore, I want to

add this part (f) to enjoin upon the directors that they should take such prompt steps as will be necessary to set right the situation which necessitated the application of this Act. That is the purpose of my amendment and I hope the hon. Minister will accept it.

Shri Santhanam: The whole arrangement is for that purpose. Clauses 4 and 5 together empower the directors to take charge of the company. That is for the purpose of setting right the affairs and managing it properly. I do not see what purpose is served by specially saying "to set right matters". Clause 5 says: "...to impose, to raise funds in such manner and offer such security therefor, to carry out such repairs as may be necessary and to do all acts necessary for making, maintaining or repairing machinery, etc." So, this thing seems to be altogether superfluous. Otherwise, the whole arrangement will have to be put in.

Shri S. N. Das: I want to draw the attention of the hon. Minister to this. Suppose there is a strike due to which the management of the company is taken over. It is the duty of the directors to set right this question of strike. There is no mention of that. Very general directions are given that the directors would be responsible for the efficient management of the company. But, the immediate cause, that is the strike or some other serious dislocation, should be set right promptly and that should be mentioned in the Bill. That is my contention.

Shri Santhanam: Clause 5 says: "Subject to the control of the Central Government, the directors shall take such steps as may be necessary for the purpose of efficiently managing the business of the company..." If there is a strike, without ending the strike, how can it be efficiently managed? All these things are the definite objectives of the whole arrangement. The definite objectives of the whole Bill need not be put in a particular clause.

Mr. S. N. Das: I do not press my amendment.

Shri A. C. Guha: I have an amendment to clause 5.

Mr. Deputy-Speaker: Mr. Sarwate?

Shri Sarwate: I beg to move:

"that the words....."

Mr. Deputy-Speaker: The hon. Member if he intends to modify the amendment as it is put on the order paper should inform the House of his intention. I expect all hon. Members to

be acquainted with the amendments as given in the order paper and if such changes are made when the amendment is actually moved, that will lead to confusion. For instance the hon. Member's amendment begins with "after 'company' add..." But he started in some other way.

Shri Sarwate: I beg to move:

In page 3, line 7, after "company" add:

"and the contract or agreement has, in the opinion of the Central Government, been due to fraud, misrepresentation, or mistake, to which the other person has been a party."

This clause deals with a serious question. I would urge that.....

Shri Santhanam: In order to cut short discussion, I may say that I am agreeable to accept the principle of Shri Sarwate's amendment, but would suggest the following form for it in order to make it more precise and brief. After the words "such contract or agreement" the words "was entered into in bad faith and" be inserted. That will cover the substance of the amendment of my hon. friend. It will then be a matter for the courts to decide whether the contract or agreement was entered into in bad faith.

Pandit Thakur Das Bhargava: How do the courts come into the picture at all? It is for the directors to decide whether the agreements were entered into in bad faith or not, according to the Bill. And the directors will do so at the back of the third party and this third party has no say in the matter.

Shri Santhanam: Suppose we take out the words referring to the opinion of the directors and leave it as "such contract or agreement had been entered into in bad faith and is detrimental to the interests of the railway company". Will that satisfy the hon. Member?

Pandit Thakur Das Bhargava: But that will be done at the back of the third party.

Shri Santhanam: No. If such a contract or agreement had been entered into in bad faith and is detrimental to the interests of the railway company, then it is a question for the court's construction. I am willing that the matter should be justiciable. That is to say, for the words beginning with "if the directors are satisfied" to the end, I am prepared to substitute

[Shri Santhanam]

the words "if such contract or agreement had been entered into in bad faith and is detrimental to the interests of the railway company" so that it will be for the courts to interpret whether as a matter of fact, they were entered into in bad faith so as to be detrimental to the company, and not for the directors to decide themselves.

Pandit Thakur Das Bhargava: As a matter of fact, each party to an agreement or contract has the right to break or cancel the contract; only the other party becomes entitled to claim compensation or damage. But here if you allow the directors to break or vary or cancel the contract, at the back of the third party, then the third party will have no say in the matter and the only remedy left to him will be to go to a court of law for compensation according to clause 11. Even in that case, you are giving immunity to the railway company in respect of the violation of the contract. The result will be that at the back of the third party the contract will be varied or cancelled and the party will get no remedy. So you must say that if such a contract is cancelled, the other party will be entitled to compensation. Then the court can decide. Otherwise the court cannot decide the question.

Shri Santhanam: We are dealing with Shri Sarwate's amendment and I was only making a suggestion so as to make that amendment more precise and brief.

Shri Sarwate: I may be allowed to continue.

Shri J. R. Kapoor (Uttar Pradesh): But what was the suggestion of the hon. Minister?

Shri Santhanam: My suggestion is that for the words "if the directors are satisfied that such contract or agreement is detrimental to the interests of the railway company", we may substitute:

"if such contract or agreement had been entered into in bad faith and is detrimental to the interests of the railway company."

Shri J. R. Kapoor: That is to say, only the court will decide the question whether the agreement or contract was entered into in bad faith.

Shri Santhanam: Yes, if anybody takes the matter to court.

Shri J. R. Kapoor: Will that not be debarred by clause 11 of the Bill?

Shri Santhanam: Clause 11 is only for such agreements which are entered into in bad faith or are detrimental to the interests of the company. If it is established that such an agreement was in bad faith, then there will be no compensation. For bad faith implies collusion between the company and the other contracting party. Usually bad faith means that. Where there is collusion, certainly the management should not be liable to compensation. I am willing to say that whether there was bad faith or detriment to the company's interest should not be gauged by the directors, but it should be justiciable and left to a court of law. But if the contracting party could establish that the agreement was entered into in good faith, so far as he is concerned, then this will not be applicable to him. To the extent that it can be established in a court of law that the agreement was entered into in bad faith, this question of compensation or non-availability of compensation will arise. Otherwise, to the extent it was entered into in good faith, so far as the party is concerned, he will be entitled to all the remedies that are now open to him. That is the amendment that I propose.

Pandit Thakur Das Bhargava: May I suggest with your permission. Sir, that in the Company Law that we have proposed, in clause 5(e) where similar things are discussed, it is provided that in such contracts, the other party must be called in proper notices must go and if a proper cancellation with consent takes place then no question of compensation arises. But.....

Shri Santhanam: We are dealing herewith an extraordinary position where a thing has been superseded and there has been mismanagement brought about by fraudulent and collusive transactions. So we have provided for this clause which, as I have already said, was taken from the Sholapur Mill Act. But I am willing to make a change here so as to make the position of the *bona fide* contractor secure. I do not think we can go beyond that now.

Mr. Deputy-Speaker: The hon. Minister is willing to go much further than what the hon. Member wants to do by his amendment. After all in the sub-clause as it stands now, the entire responsibility is vested in the directors. They have the right, with the consent of the Central Government to cancel a contract if it is in their opinion, detrimental to the interests of the company. Shri Sarwate wants that

the Central Government should come to the conclusion that the contract has been due to fraud or mistake or some such thing. That is to say, the directors' or the Central Government's opinion will be the final factor even though a third party may be affected by the decision. The hon. Minister says this will not be in the interest of the third party. Pandit Thakur Das Bhargava says that when both the parties are agreed, by general law both the parties can avoid the contract. That is true.

10 A.M.

In the original Bill the Minister wanted powers to be given to the Directors, in spite of the protest of the other party to the contract, to cancel it, if in the opinion of the Directors or the Central Government there is bad faith. In view of the fact that third parties are concerned he is willing to allow the courts to have jurisdiction and not displace the jurisdiction of the courts by the opinion of the Central Government. To that extent it is more advantageous. In the event of bad faith it is open to the directors or the Central Government to cancel the contract. If there is difference of opinion as to whether there is bad faith or not the courts will decide. Under the Bill as it is the courts have no jurisdiction and to that extent the amendment proposed is a large concession. As regards damages if the contract is broken not for bad faith but haphazardly clause 11 would not stand in the way of legitimate damages to a third party against the company. I would suggest to Mr. Sarwate to accept the amendment.

Shri Sarwate: Bad faith may be on either side. I would suggest "due to bad faith to which the other person had been a party".

Mr. Deputy-Speaker: Suppose on account of bad faith there is wrongful loss or gain. The Directors are not going to throw it away, even though the other party does not want it. Both persons are parties to the bad faith.

Pandit Thakur Das Bhargava: Will he amend clause 11 also?

Mr. Deputy-Speaker: It does not stand in the way of clause 5.

Pandit Thakur Das Bhargava: The contract relates to clause 11. All kinds of restrictions are provided for the third person in clause 11 also. After we dispose of clause 11 we shall take this up.

Mr. Deputy-Speaker: The amendment proposed by the Minister provides against the unilateral setting aside of the contract by the company alone, which is a right in favour of the third party. If the clause stands as it is that right will be taken away. When we come to clause 11 we shall see whether that right is taken away either directly or indirectly and if it is, we will suggest suitable modification.

Shri Santhanam: Clause 11 is consequential and without passing this clause that cannot be interpreted at all. So I beg to move:

In page 3, lines 5 to 7, for "if the directors are satisfied that such contract or agreement is detrimental to the interests of the railway company", substitute:

„If such contract or agreement had been entered into in bad faith and is detrimental to the interests of the railway company".

Shri A. C. Guha: I would suggest "and/or". As it is put, the court will have to decide whether those two conditions have been satisfied, but if only one is there, then the contract is not to be terminated by the court.

Shri Santhanam: In fact the two conditions are beneficial to the third party. Even if it is in bad faith, the company cannot repudiate. He wants to dilute the benefit.

Mr. Deputy-Speaker: "contracts entered into in bad faith" is a new term which the hon. Minister is introducing into the Contract Act. These words seem to be better:

"provided that the contract has been carried out by fraud, undue influence, mistake or misrepresentation and is detrimental".

Let us set out the categories. We are not going to add new terms to the Contract Act and create new difficulties.

Shri Santhanam: These words were given to us by the draughtsman, who probably feels that "bad faith" is a more elastic term.

The Minister of Home Affairs (Shri Rajagopalachari): It cannot be fraud or undue influence in this case but collusion is more probable.

Mr. Deputy-Speaker: Let the Minister choose his own language.

Amendment moved:

In page 3, lines 5 to 7, for "if the directors are satisfied that such contract

[Mr. Deputy-Speaker]

or agreement is detrimental to the interests of the railway company" substitute:

"if such contract or agreement had been entered into in bad faith and is detrimental to the interests of the railway company".

Shri J. R. Kapoor: I would again suggest that for the word "and" the word "or" be substituted. It is very necessary. I do not like that the directors should be debarred from cancelling a contract under this Act if they are fully satisfied that the contract is detrimental to the interests of the railway company. We are not only here to safeguard the interests of the third party. We are also safeguarding the interests of the directors. Both these words should be there. If it is entered into in bad faith or if the contract is detrimental to the interest of the company it should be cancelled. The question of compensation is a different thing. If the contract is to be cancelled because of bad faith, then no compensation need be paid. Under the law nobody is entitled to compensation if the contract is cancelled due to bad faith. If the contract is detrimental to the interests of the company and it is cancelled, then the third party is entitled to compensation but that is a separate question which may be considered hereafter. For the moment the question is whether it is open to the directors or not to cancel a contract if they are satisfied that it is detrimental to the interests of the company. In the event of either of the two conditions the contract should be liable to be terminated.

Shri Rajagopalachari: That would mean absolute power to cancel contracts. Nobody would want to cancel a contract unless it is something detrimental. Mr. Kapoor's amendment would mean that the Government should have power to do what they like. If the thing is so detrimental the court will infer that it is bad faith.

Shri Sarwate: It is my amendment which is being discussed. I do not press my amendment and am prepared to accept the suggestion made by the Minister. I want the two conditions there: it should be detrimental and it should be in bad faith.

Mr. Deputy-Speaker: Suppose in an auction a property worth Rs. 1,000 is sold for 500, merely because it is

detrimental nobody is going to cancel it. In that case no human relationships can take place. It is really strange that in our enthusiasm for removing bad administration we are losing the general principles of human justice.

I will now put the amendment as moved by the Minister to the House.

Shri J. R. Kapoor: I would suggest that for the word "and" the word "or" be substituted.

Mr. Deputy-Speaker: The whole House is against you. I do not think it is necessary.

The question is:

In page 3, lines 5 to 7, for "if the directors are satisfied that such contract or agreement is detrimental to the interests of the railway company" substitute:

"if such contract or agreement had been entered into in bad faith and is detrimental to the interests of the railway company".

The motion was adopted.

Shri A. C. Guha: I beg to move:

In page 3, after line 7, insert:

"Provided that in case of such cancellation or variation of contract the question of compensation is not excluded by this subsection."

Yesterday also the hon. Minister admitted that the question of compensation should be included. But the language used here is "may..... cancel or vary, either unconditionally or subject to such conditions as they think fit to impose, any contract....." which may be interpreted as to mean that no kind of compensation could be claimed by the aggrieved third party whose contract is going to be terminated.

Mr. Deputy-Speaker: Does the hon. Member mean that if on grounds both of bad faith and detriment the contract is cancelled, the third party must have compensation?

Shri A. C. Guha: My suggestion is not that the compensation is in every case to be given.—I contend that the possibility of compensation is not excluded. The wording of the clause, namely cancelling or varying the contract unconditionally, may mean that

no compensation can be given. Particularly with reference to section 11...

Mr. Deputy-Speaker: We shall see about clause 11 when we come to it. So far as this clause is concerned, does the hon. Member say that notwithstanding the existence of both the conditions which would vitiate the contract, if the Government cancels that contract it is still open to the third party to come forward and claim damages?

Shri A. C. Guha: But why should you bar the question of compensation? If he is entitled, let the court decide.

Mr. Deputy-Speaker: If clause 11 stands in the way of legitimate compensation being claimed in proper cases where the contract ought not to be cancelled but is cancelled improperly and illegally, then we shall discuss that question when we come to clause 11, and if the language is so wide we shall put some restrictions on it. I think this amendment need not be pressed.

Shri A. C. Guha: All right; I do not press my amendment.

Mr. Deputy-Speaker: The question is:

"That clause 5, as amended, stand part of the Bill."

The motion was adopted.

Clause 5, as amended, was added to the Bill.

Clause 6.—(*Statement of affairs to be made to directors*)

Shri A. C. Guha: I beg to move:

In page 3, for lines 23 to 29 substitute:

"(2) The Statement shall be submitted by one or more of the persons who was or were immediately before the issue of the notified order under section 3, holding the office of managing agents, or managing director, or director-in-charge or chairman of the Board of Directors or by the Secretary manager or other Chief Officer of the railway company as the directors may require in each case, and the statement shall be submitted within such time as may be so required."

Under the clause as worded at present the new directors may ask any

of the old directors also to submit the statement and if an old director is not able to give the statement he will be liable to be punished. As is the practice in our country, directors have very little to do with the management of a company. Therefore, those who are not responsible should not be asked to submit the statement. My amendment would come to mean that "holding office as director or directors" may be changed to "holding office as managing agents, managing director, director-in-charge, or chairman of the board of directors". Ordinary directors may be exempted from the responsibility. I hope the hon. Minister will not have any difficulty in accepting this amendment.

Shri Santhanam: There is no difference suggested except in the wording. In fact, as clause 2 stands, it is not compulsory for a director to submit the statement. It may, however, happen that some directors were in charge at the time the company was taken over. The clause is a little wide but it does not compel any particular person to submit the statement—it requires one or the other person who may have been in charge, to make a statement.

Shri A. C. Guha: The clause does not compel any particular director but the new directors may compel any ordinary director to furnish the statement, and if the old director cannot furnish the statement he will be liable to punishment.

Shri Santhanam: It says, "as the directors may require in each case." The directors will require only those people who were directly concerned, to submit statements. Supposing an ordinary director was directly in charge, should he not be called upon to make the statement?

Shri A. C. Guha: That I have provided for in my amendment by including also the director-in-charge. But here you give power to the new management to ask any ordinary director who was not in charge of management of the company to furnish a statement.

Mr. Deputy-Speaker: What will happen? The man will say, "I have had nothing to do with the management. Therefore I cannot answer."

Shri A. C. Guha: But that has not been provided for.

Mr. Deputy-Speaker: What is the need for provision? Let us take the

[Mr. Deputy-Speaker]
case of new directors who do not know who was actually in charge. They suspect somebody was in charge though it is not formally put on record. Is it not open to them to ask somebody who can say, "I am not responsible, some other man was responsible"?

Shri A. C. Guha: There is no such exemption.

Mr. Deputy-Speaker: No exemption is necessary.

Shri A. C. Guha: Any failure to submit a statement is made a criminal offence.

Mr. Deputy-Speaker: He can make the statement saying, "I do not know anything about it."

Shri A. C. Guha: But he has to submit specific details.....

Mr. Deputy-Speaker: But no court will convict him if he merely says, "I do not know anything about it", unless the court comes to the conclusion that he knows it and deliberately makes a misstatement. It is rather strange that we are trying to provide for all kinds of difficulties....

Pandit Thakur Das Bhargava: The amendment seeks to exclude only those directors who are not in charge; because it is a criminal offence, they should be excluded.

Mr. Deputy-Speaker: Somebody may be in charge of something, somebody else in charge of some other thing. The new director wants to get that information: let him not have to drift from pillar to post in search of that information. It must be open to him to ask any of these people and get a statement from them whether they know about it or not.

Pandit Thakur Das Bhargava: It is a statement of the entire liabilities and entire rights. It can be prepared only by those who were in charge. Therefore, directors who were not dealing with the company in that way should be excluded.

Shri Santhanam: Supposing all excepting one director had resigned just before the order: there can be only one director on whom the order can be placed. So, why should we imagine that the new directors will be so unreasonable as to ask somebody who was not in charge?

Shri A. C. Guha: Why should we presume that the new directors will be so many angels who will not misuse their power and authority so as to accuse a director of a criminal offence?

Mr. Deputy-Speaker: As far as I can see, no court will convict a director who had nothing to do with the affairs of the company or who was not in charge. I will put the amendment to vote.

The question is:

In page 3, for lines 23 to 29 substitute:

"(2) The statement shall be submitted by one or more of the persons who was or were immediately before the issue of the notified order under section 3, holding the office of managing agents, or managing director, or director-in-charge or chairman of the Board of Directors or by the Secretary manager or other Chief Officer of the railway company as the directors may require in each case, and the statement shall be submitted within such time as may be so required."

The motion was negatived.

Mr. Deputy-Speaker: The question is:

"That clause 6 stand part of the Bill."

The motion was adopted.

Clause 6 was added to the Bill.

Clause 7.—(Statements by beneficial owners of shares of railway company).

Shri A. C. Guha: I beg to move:

In page 3, line 38, after 'within such period' insert 'but not less than three months'.

The new Directors may ask the old Managers or somebody else to furnish the statement say within three days or one week. I do not like to insist on three months, but some minimum period should be fixed.

Mr. Deputy-Speaker: Whom are we trying to save? This is an extraordinary case where the railway company has been mismanaged. Do you want to give them three months to escape?

Shri A. C. Guha: When so many details are to be given, some minimum period should be fixed, so that there may be some reasonableness in the action.

Shri Santhanam: The clause says "within such period as may be specified by the Central Government". The Central Government may therefore be expected to prescribe a reasonable period in the circumstances of each case.

Shri A. C. Guha: Then I do not press my amendment.

Shri S. N. Das: I beg to move:

In page 3, lines 49 and 50, omit:

"if the person in whose name the share is registered refuses to sign that declaration as required by this section."

I submit that the right of going to the court to establish the right should not be limited in any case. Supposing there is a person who has his share standing in the name of another person and during the period in which he has to submit the declaration or sign the declaration the man in whose name the share actually stands is not present or is not able to be present to countersign that declaration, in that case the person will not get the right of going to the court. By omitting the words as I have sought to do, a person will be free to go to court at any time to establish his right or interest in any share, even though it stands in the name of another person. If we retain these words, I think that a person who has *bona fide* right in any share will be debarred from going to court. Therefore, I submit that we should not limit the right. There may be a case in which the man in whose name the share stands does not refuse to sign, but he is not present and there is no chance of his being present for a long time. In such a case, the right of the *bona fide* person to go to court to establish his right would be debarred. I submit therefore that the hon. Minister may kindly accept my amendment.

Shri Santhanam: This clause is intended to cover a declaration of the interests concerned, and so all persons who have got an interest are asked to declare and when once he has declared the beneficial owner will be protected fully, except when the person in whose name the share stands refuses to sign the declaration. I am advised that the amendment is not acceptable.

Shri S. N. Das: Suppose the person in whose name the share stands does not refuse to sign, but he is in a foreign country—what will happen in that case?

Mr. Deputy-Speaker: If he does not refuse to sign and if he is not present in the country, then his signature must be obtained by post.

Shri S. N. Das: But what is the harm in the amendment?

Mr. Deputy-Speaker: It is not a question of harm. If a gentleman goes out of the way and puts his share in the name of somebody else when he himself is the beneficial owner, how can the railway recognise that the other person is the beneficial owner? Therefore, it is proper for the clause to insist upon the signature of the person in whose name the registration stands. If that man is out of the country, of course there is the post office. The post will reach any person anywhere. The only question is that it will take some time. Supposing you send it for his signature and he refuses to sign, then the court must have jurisdiction to decide as to who is the beneficial owner. So, I do not see any difficulty.

Shri S. N. Das: In the circumstances, I do not press my amendment.

Shri Shiv Charan Lal (Uttar Pradesh): I do not think there is any need for this clause, because the company is to recognise the man in whose name the share stands. If anybody else has got any other right, it is for him to establish his right in the court and then apply to the company that his name should be entered. There is therefore no need for this clause at all.

Mr. Deputy-Speaker: Why should all people be driven to court? The beneficial owner is X. The real owner is Y. If the real owner in whose name the share is registered agrees to the right being enjoyed by the beneficial owner, why should it be necessary for the beneficial owner to go to court? It is enough if he produces a signature from the real owner. There is no need that everyone should be given to court.

Shri Shiv Charan Lal: If a shareholder comes forward and makes a declaration at any time that he is not the real owner and that the real owner is somebody else, he can do that at any time in any company. There is no bar. So, what is the need for this?

Mr. Deputy-Speaker: This is a case where the beneficial owner claims and the real owner refuses to sign. It is to cover such a case that this clause is necessary.

[Mr. Deputy-Speaker]

The question is:

"That clause 7 stand part of the Bill."

The motion was adopted.

Clause 7 was added to the Bill.

Clause 8.—(Power of Directors to institute proceedings against past Directors etc., for damages)

श्री भट्ट : I beg to move:

In page 4, line 2. before "The directors" add:

"With the consent of the Central Government".

इस संशोधन को रखने का मेरा मतलब यह है कि धारा ५ के अनुसार डाइरेक्टर जो कुछ काम करते हैं वह सेंट्रल गवर्नमेंट के कंट्रोल (control) के नीचे करते हैं, और धारा ५ की उपधारा २ में जब कि कोई कंट्रैक्ट (contract) बदल करना हो तो सेंट्रल गवर्नमेंट (Central Government) की इजाजत से ही कर सकते हैं। इसी तरह अगर पुराने डाइरेक्टरों (Directors) के विरुद्ध कोई मुकदमा दायर करना हो तो उस में भी उन को सेंट्रल गवर्नमेंट की इजाजत लेनी चाहिये। इस के दो कारण हैं। सम्भव है कि जो डाइरेक्टर नये बने हों उन में से कुछ पुराने भी हों और किसी अदावत के कारण या ईर्ष्या के कारण वे लोग मुकदमा दायर करने लग जायें और लोगों को परेशान करने की आदत में पड़ जायें। तो उनके ऊपर नियंत्रण करना जरूरी है। अगर सेंट्रल गवर्नमेंट की इजाजत लेंगे तो एक तो यह मालूम हो जायगा कि मुकदमा ठीक है या नहीं और यह भी मालूम हो जायगा कि किसी को सिर्फ हैरान करने के लिए तो केस नहीं दायर किया जा रहा है। इसलिये मैंने यह सुझाव रखा है। आशा है कि माननीय मंत्री जी इस को संजूर करेंगे।

[Shri Bhatt: I beg to move:

In page 4, line 2, before "The directors" add:

"With the consent of the Central Government".

The purpose of my amendment is this. According to sub-clause (2) of clause 5 of the Bill, the directors, who are subject to the control of the Central Government, can enter into a contract only with the previous sanction of the Central Government. Similarly, if a case is to be instituted against an ex-director, such sanction is necessary. For this there are two reasons. The newly appointed board of directors may include some of the ex-directors also who might institute a case on account of some old grudge or jealousy in order to harass him. For that reason control becomes necessary. If the permission of the Central Government were required to be sought beforehand, the Government would be in a position to judge the genuineness of the case and know if there was any intention behind the case of harassing someone. That is why I have given notice of this amendment. I hope the hon. Minister will accept it.]

Shri Santhanam: The only objection to this amendment is that it will restrict and delay the operations of the new directors. There may be many cases in which monies have to be recovered or damages have to be recovered and in that case, if the matter has to be referred to the Government and the Government has to sit and judge, it will delay matters. We may take it that if they want to proceed for a large sum of an important person, they will themselves consult the Central Government or the State Government as the case may be and it is better to give a free hand to the new Board of Directors.

Shri Bhatt: Then I do not press it.

Shri Sarwate: I beg to move:

In page 4, lines 7 and 8, omit:

"committed by any person before the issue of the notified order under section 3 or".

My object in moving this amendment is to enlarge the scope of the powers of the directors. Under this clause as it stands, the directors can proceed against persons in respect of offences which are committed before the issue of the order.

I suggest that these offences committed before or after the issue of the order should be made punishable.

Shri Santhanam: After the new directors take charge the power is inherent. This provision is meant to cover the cases of previous directors or managers who might have done something.

Shri Sarwarte: Then, I do not wish to press it.

Shri Sidhva: I beg to move:

In page 4, line 7, after "person" insert "including a director or a manager or secretary".

My object in suggesting this definition is that in the Sholapur Mills it was found that certain directors were considerably involved in the mismanagement and it was found that on account of want of specific mention it was not possible to take any steps against the persons concerned. The amount involved was in lakhs of rupees and it was found by a Committee that was appointed that the directors had misappropriated the amount of the mills. This Bill is based on the Sholapur Mills Act.

Mr. Deputy-Speaker: Was it anywhere held that a 'director' is not a person.

Shri Sidhva: I am told that the legal advice given was that unless it is specifically mentioned that the directors were involved in it, proceedings could not be taken against them.

Pandit Thakur Das Bhargava: To which judgment does the hon. Member refer?

Shri Sidhva: There was no judgment. The lawyers of the Sholapur Mills gave that advice.

Mr. Deputy-Speaker: Other lawyers take a different view.

Shri Sidhva: In between the shareholders suffer.

Mr. Deputy-Speaker: The hon. Member will kindly consider that whenever specific details are given, it might mean that does not include others.

Shri Santhanam: "Any person" is much wider than what his amendment will make it.

Shri Sidhva: Of course, if the hon. Minister can give me an assurance that the previous directors or managers, will certainly come under the provisions of this clause, and could be proceeded against criminally, then, I do not wish to press my amendment.

Mr. Deputy-Speaker: The question is:

"That clause 8 stand part of the Bill."

The motion was adopted.

Clause 8 was added to the Bill.

Clauses 9 and 10.

श्री भट्ट : मेरा संशोधन पेनैल्टी (Penalty) के बारे में है एक जगह जहाँ ६ महीने की सजा फर्माई गई वहाँ एक साल होना चाहिये और जहाँ एक हजार रुपया जर्माना की सजा है वहाँ दो हजार होना चाहिये। क्योंकि जो जर्म होता है वह जर्म संगीन होता है और इसलिये कड़ी सजा देनी चाहिये। जिस से उस को सबक मिले। इसलिये मैं समझता हूँ कि इस सजा की धारा के बारे में जो संशोधन मैं पेश कर रहा हूँ वह मंत्री जी को स्वीकार होंगे।

[**Shri Bhatt:** I beg to move:

(i) In page 4, line 18, for "six months" substitute "twelve months".

(ii) In page 4, line 19, for "one thousand rupees" substitute "two thousand rupees".

My amendments are in connection with the penalty provided. Since the default would be of a serious nature, a severe punishment should be meted out to serve as a deterrent. Therefore, I hope that the amendment that I am moving with regard to this penal clause would be acceptable to the hon. Minister.]

Shri Santhanam: I shall leave it to the House to accept it or reject it.

Mr. Deputy-Speaker: Our own experience is that there was a time when Members preferred rigorous imprisonment to simple imprisonment, so that they may have some revision. I do not know if the hon. Member has any experience of it or not. Anyhow I have no objection to putting it to the House.

[Mr. Deputy-Speaker]

The question is:

- (i) In page 4, line 18, for "six months" substitute "twelve months".
- (ii) In page 4, line 19, for "one thousand rupees" substitute "two thousand rupees".

The motion was adopted.

Mr. Deputy-Speaker: The question is:

"That clauses 9 and 10 stand part of the Bill."

The motion was adopted.

Clauses 9 and 10 were added to the Bill.

Clause 11.—(No right to compensation for termination of contract of managing agent etc.)

श्री भट्ट : अब माननीय मंत्री जी पांचवीं धारा की उपधारा दो के अनुसार क्या परिवर्तन करना चाहते हैं यह बता दें।

[**Shri Bhatt:** The hon. Minister may now kindly tell us what change he wishes to make in view of sub-clause (2) to clause 5.]

Shri Santhanam: After the amendment we have made in clause 5(2), under clause 11 only two sets of contracts will be entitled to compensation, viz., managing agency contracts and contracts entered into in bad faith. Under this Act only those contracts which have been entered into in bad faith or are detrimental to the interests of the company can be cancelled. All other contracts will be intact. Therefore, only those contracts which are entered into in bad faith or are detrimental will come under the operation of this clause. Secondly sub-clause (2) says:

"Nothing contained in sub-section (1) shall affect the right of any such managing agent or person to recover from the railway company moneys recoverable otherwise than by way of such compensation."

If it is for goods supplied or any arrears they will be recoverable. It is only where the contract of managing agency or a contract entered into

in bad faith has been cancelled that they will not be entitled to compensation. Obviously, we cannot give compensation for such contracts. I do not think any amendment is needed to this.

Therefore there is no ambiguity regarding the application of the provisions of clause 11.

Shri Bhatt: Is it necessary to retain the words "no person shall be entitled"?

Shri A. C. Guha: When you say that "no person shall be entitled to compensation in respect of the cancellation of variation under this Act" will it cover also clause 5(2)?

Mr. Deputy-Speaker: For the words "under this Act" in the latter portion why not substitute the words "in accordance with the provisions of section 5"?

Shri Santhanam: Even if it is not said, it is there.

Mr. Deputy-Speaker: The only provision in this Bill which gives power to terminate or cancel contracts other than the managing agency contract is clause 5. Is it not?

Shri Santhanam: Yes, Sir.

Mr. Deputy-Speaker: If clause 5 is the only place where it occurs, should not the words be "in accordance with the provisions of section 5" in place of the words "under this Act" where it occurs for the second time?

Shri Santhanam: Sir, I have not fully examined the consequences of it.

Mr. Deputy-Speaker: Well, it means the same thing wherever it occurs. If we say "section 5" it may mean some other thing. Therefore the clause, as it stands, I think, reads quite all right.

Shri A. C. Guha: No compensation will be allowed even for clause 5(2)?

Shri Santhanam: In the case of contracts entered into in bad faith and which are detrimental to the company the compensation cannot be given. Except those contracts, other contracts are not covered by clause 5 and therefore clause 11(1) will not apply.

Mr. Deputy-Speaker: There are no amendments then.

श्री भट्ट : मैं यह सुझा रहा था कि मैनेजिंग एजेंट (managing agents) के बारे

में जो कंट्रैक्ट है वह खत्म हो गया हो। तो उस का कम्पेंसेशन (compensation) न दे यह बात समझी जा सकती है लेकिन "no person shall be entitled to compensation in respect of the cancellation" वगैरह जो है उस की कोई जरूरत यहाँ नहीं है।

अगर वह बॅड फेथ (Bad faith) में होगा, डेट्रिमेंटल टु. रेलवेज (detrimental to railways) है तो कुछ भी मिलता नहीं है, इस के बाद "न पायेंगे" इस का जिक्र करने की कोई जरूरत नहीं है।

[Shri Bhatt: I was suggesting that while it can be understood that no compensation should be given to the managing agent on the termination of the contract, there seems to be no necessity of the words "no person shall be entitled to compensation in respect of cancellation" for if the contract was entered into in "bad faith", and is "detrimental" to Railways, nothing is going to be paid. Therefore, there is no need to mention that.]

Mr. Deputy-Speaker: In the case of voidable contracts, under the general law of contract if an agreement can be voided on account of misrepresentation, this and that, it is open to the court to say "refund the amount that has been given". Therefore it cannot be said that compensation cannot be taken. Even in a contract of sale some premium is given or advanced. In proper cases they may direct the return of the premium or deposit. In other cases they may say "no". To make it safer it is proper to say that in those cases where it is voided on account of bad faith and where it is detrimental to the company no compensation ought to be given.

Shri Rajagopalachari: On the other hand if the provision is not made they would be liable to compensation. And that means that the detriment is balanced by the compensation, so that there is nothing gained by annulments of agreements brought about in bad faith.

Mr. Deputy-Speaker: What he means is that the courts would not pay even if we do not provide.

Shri Rajagopalachari: It would become an issue then.

श्री भट्ट यह तो होना ही चाहिये कि अगर एक कंट्रैक्ट साठ टका या सत्तर टका गलत हो गया है, तीस टका ठीक है तो उस आदमी को अगर कोर्ट चाहे तो कुछ न कुछ कम्पेंसेशन दिला सकता है।

[Shri Bhatt: It is necessary to mention that if a contract is found to be invalid to the extent of, say, 60 or 70 per cent. and valid to the extent of 30 per cent. the court might award some compensation in that case.]

✓ Shri Rajagopalachari: Returning of monies, that was referred to by you, and replacement of the party in the position in which he would have been if the contract had not been entered into, would not be called 'compensation'. It would be damages that would have to be given.

Shri Santhanam: In fact sub-clause (2) provides for the recovery of the deposits.

Mr. Deputy-Speaker: The question is:

"That clause 11 stand part of the Bill."

The motion was adopted.

Clause 11 was added to the Bill.

Clause 12.—(Cancellation of appointment of directors.)

Dr. M. M. Das (West Bengal): I beg to move:

In page 4, line 41, after "by" insert "another".

Under this clause the Central Government is enabled to cancel the effects of one notified order by the promulgation of another order. Here by the promulgation of a notified order the appointments of directors is made and the Central Government is given the power, when the necessity is over, to cancel the appointments of those directors by another notified order. The word "another" is not there. It does not of course materially affect the meaning of the clause. It is merely a verbal amendment.

Shri Santhanam: We have to use the term 'notified order' many times. If every time we have to put the word 'another' it makes it a little cumbersome. It is not necessary as there is no change involved.

Dr. M. M. Das: The clause speaks only of two notified orders, not many—not more than two. So the word “another” is appropriate here.

Shri Santhanam: In clause 7 we say “by notified order”. There is another notified order there.

Mr. Deputy-Speaker: But it is not very material I think. So I do not put it to the House.

Shri B. K. P. Sinha: I beg to move:

In page 4, for lines 45 to 47 substitute:

“(a) direct the shareholders to elect and/or appoint a new body of persons to take charge of the management and administration of the whole affairs of the railway company, whether as directors or managers or in any other capacity; or”.

This Bill provides for the supersession of railway companies in certain cases. This clause provides for the contingency when the supersession ends. Sub-clause (2) (a) provides that when the supersession ends Government have the option of surrendering the whole thing back in the hands of the old board of directors and the old managing agents. My point is that it was because of the mismanagement of the old Board of Directors or the old managing agents that the company came to such a pass that the whole administration had to be superseded. We have provisions for supersession even in Local Bodies Acts. Everywhere it is provided that after supersession the administration or management is to be handed over to a new body. Never is confidence placed in the old and discredited body. I want that that salutary rule should be followed even in the case of the railway companies.

Shri Santhanam: I would direct the attention of my hon. friend to the **Proviso**. The **Proviso** says: “Provided that no such fresh appointment shall be made except in pursuance of a resolution passed by the shareholders of the railway company at a meeting called for the purpose by the directors appointed under section 3.” If the shareholders want the old directors to take charge, it will not be in our power to refuse to do so. But if they want fresh directors then the Government will appoint fresh directors. Therefore it is the opinion of the shareholders that will prevail. If the old directors still have the confidence of the shareholders, then the Government will restore them. Here it is

only optional. Government will see which set of persons will be acceptable to the shareholders who own the property and hand it over to them. So I do not think my friend should press his amendment.

Shri B. K. P. Sinha: May I clear one misconception? This **Proviso** refers to sub-clause (2)(b). It is not a **Proviso** to sub-clause (2)(a) at all—because sub-clause (2)(b) speaks of fresh appointment and this **Proviso** also speaks of fresh appointment. There are two contingencies contemplated—re-vesting in the old board and old managing agents, or appointment of a fresh set by Government (provided they are empowered by the shareholders by a resolution passed at a meeting called for the purpose). As it is the **Proviso** relates only to the latter.

Shri Santhanam: I am quite willing to accommodate my hon. friend's point by saying “Provided that no such direction or fresh appointment shall be made...etc.” so that the **Proviso** will cover both (a) and (b). In other words, I am prepared to accept the amendment that in the **Proviso** after the words “no such” the words “direction or” be inserted so that in every case it will be the wish of the shareholders.

Shri B. K. P. Sinha: I do not press the amendment.

Shri Santhanam: I beg to move:

In page 5, line 1, after “such” insert “direction or”.

Mr. Deputy-Speaker: The question is:

In page 5, line 1, after “such” insert “direction or”.

The motion was adopted.

Shri B. K. P. Sinha: In view of the addition of these two words, a consequential amendment has to be made in sub-clause (3) also.

Shri Santhanam: No.

Shri B. K. P. Sinha: After the addition of these two words, the addition of the word “clause (a)” becomes necessary to sub-clause (2) (b).

Mr. Deputy-Speaker: Is not clause (2)(b) where a fresh appointment of a new body of persons to take charge of the management is made, enough?

Shri Santhanam: In sub-clause (3) it is not necessary.

Shri Sarwate: May I ask for one clarification? Is the cancellation under

sub-clause (2) (a) of clause 12 to be made with the previous suggestion of the shareholders? Does the hon. Minister mean that?

Shri Santhanam: No. When the Government thinks that the new directors have fulfilled their objective there is no more justification for continuing the special provisions of this Act. They will decide to cancel the appointment and when they have made that decision, they will decide whether it should be handed over to the old directors or some new directors should be appointed and they will direct the holding of a meeting of shareholders and act according to the wishes of the shareholders.

Shri Sarwate: So the direction would be coming under sub-clause (2) and not sub-clause (1).

Sub-clause (1) refers to cancellation for which the Government would not need any suggestion from the shareholders.

Shri Santhanam: No, but before the issue of notification under sub-section (1) they take action on sub-section (2). Before the issue, they will do it. They will have to get rid of the new set of directors before they cancel the existing directors.

Shri A. C. Guha: I beg to move:

In page 4, line 51, after "other capacity" insert:

"or the Government may take over the railway as a Government concern."

My purpose in moving this amendment is that the Government should at least have the option, when they are going to hand over the Railway to the old managing agency, to take over the management of the Railway. I know the hon. Minister has been resisting the suggestion that the Government should take over this thing, but then he has agreed that at some time the Government may have to take over all this management. So there should be an enabling clause so that the Government may have the option after the termination of the emergency to take over the management as a Government concern. It is not an obligatory but only an enabling clause so that the Government if they think so, can take over the management.

Shri Santhanam: My hon. friend's amendment is wholly inappropriate in this place. This is only a cancellation of management. Taking over will

involve compensation etc., as provided under clause 18. We cannot simply provide that the Government will take over without any conditions such as what compensation should be paid and making other provisions. You cannot in a sub-clause dealing with an amendment insert a provision that the Government may take it over.

Mr. Deputy-Speaker: He is simply suggesting that. Under clause 18 it is the acquisition of the Railway Company. As the Court of Wards manages, the Government itself instead of handing it over to a director may feel that it is not necessary for them to continue, and they may want to hand over.

Shri Santhanam: The actual amendment is that the Government may take over the management as a Government concern.

Shri A. C. Guha: I am ready to delete the words "a Government concern" and I will keep the words: "or the Government may take over the Railway."

Mr. Deputy-Speaker: That is a different matter altogether for which the House must have notice. I do not allow that.

The question is:

"That clause 12, as amended, stand part of the Bill."

The motion was adopted.

Clause 12, as amended, was added to the Bill.

Clauses 13, 14 and 15.

Shri Sidhva: My amendments are Nos. 66 and 67. It seems that there is some discrepancy in this amendment. Whether it is my mistake or the mistake of the Office, I cannot say. Clause 13 (a) says: "It shall not be lawful for the shareholders of the railway company or any other person to nominate or appoint any person to be a director of the railway company." My desire is that two of the directors which the Government may nominate should be from the shareholders, and their interest should be safeguarded. If that is the intention of the hon. Minister, I think my amendment will certainly fit in.

Shri Santhanam: One of the objects of the Bill is to protect the property of the shareholders and improve it.

Mr. Deputy-Speaker: The question is:

"That clauses 13, 14 and 15 stand part of the Bill."

The motion was adopted.

Clauses 13, 14 and 15 were added to the Bill.

Clause 16.—(*Delegation of powers.*)

Dr. M. M. Das: I beg to move:

In page 5, for clause 16, substitute:

"16. *Delegation of powers.*—The Central Government may, by notified order, direct that all powers exercisable by it under this Act, except the powers given to it under section 18, may be exercised by any State Government."

This is an enabling clause. It enables the Central Government to delegate the powers provided in this Bill to any State Government to the extent of the powers under sections 3, 12 and 18. Section 3 deals with the power of appointing directors by the Central Government. Section 12 deals with the removal of those directors when the necessity is over and section 18 enables the Central Government to reserve the right to purchase the railway company in preference to other customers. According to this clause as it now stands, the authority of appointment of directors and the authority of their removal lie exclusively in the hands of the Central Government and the Central Government is given no right to delegate that authority to the State Government. So my amendment proposes that the Central Government could delegate to the State Government two powers, namely, the appointment of directors and their removal. As the House knows this Bill became necessary in order to permit the West Bengal Government to take over the Administration of a certain railway. The hon. Minister in charge of the Bill has made it quite clear in this House that the Central Government has neither any responsibility in this matter nor any financial commitment. The Central Government promulgated these ordinances only to remove the constitutional ban which prevented the West Bengal Government from taking effective steps in this particular matter. Not to speak of nationalization, the Central Government have not as yet spent a single farthing for this purpose. On the other hand the West Bengal Government has taken all the trouble of going through the affairs of the company and they have also spent about Rs. 30 lakhs. Under these circumstances if the provision is not made in this Bill for enabling the Central Government to delegate the powers of appointing directors and removal of directors to this Government, I think a gross injustice would

be done to the West Bengal Government.

11 A.M.

I understand fully the present state of affairs. The directors have already been appointed and they are discharging their duties to the full satisfaction of the Government and the public. But, I submit, for the sake of propriety this amendment should be accepted. The Central Government has incurred no expenses; it has made no financial commitments. On the other hand, the Bengal Government have taken all the trouble and they have already spent 30 lakhs. This provision to enable the Centre to delegate these powers to the State Governments should find a place in the Bill. This is an enabling clause. If my amendment is accepted, then, the Bengal Government does not get these powers. The provision only enables the Centre to delegate the power to the State Government. I hope the hon. Minister will accept my amendment.

Shri Santhanam: Though I have stated that the immediate provocation for this Bill was this question of the Baraset-Basirhat Light Railway, the Bill itself is in the form of a general Bill which may be applied to any Light Railway. Clauses 3, 12 and 18 are fundamental provisions. Though in a particular case we may be guided wholly by the State Government. I think it is desirable in the general interest that the Central Government should be able to assure itself that proper arrangements are being made before divesting itself of all responsibility. In this particular case, though the Ordinance gave the Central Government the power, they simply accepted the recommendation of the West Bengal Government. Similarly, when the state of affairs brought in by this Bill is to be terminated, the Central Government should know that and it should not be done without consulting the Central Government. That is why in clauses 3, 12 and 18 the final decision is reserved with the Central Government.

Then, again, in Dr. M. M. Das's amendment, the last words of clause 16, namely, "...where any powers are so delegated, they shall be exercised subject to such directions as the Central Government may issue from time to time" are omitted. This is vital. Because, a variety of circumstances may happen; some persons may be unjustly dealt with. Though the day to day administration is delegated to the State Government, ultimately the Central Government and Parliament are responsible for

that purpose. So long as this is an Act of Parliament, some final powers of direction should be with the Central Government. Whether any such powers will be exercised or not will depend upon the necessities of the case. In this particular case, probably, no such occasion will arise. If this Bill is applied to any other Light Railway a different set of circumstances may arise and we cannot forego these powers. I hope my hon. friend will not insist on his amendment.

Dr. M. M. Das: As I have said, it is only an enabling clause. It only enables the Central Government to delegate the power. It does not mean that the Central Government is compelled to delegate the power. It strengthens the hon. Minister's hands. It is in his sweet will to delegate the power to the State Government or not. It enables the Central Government to delegate. If there is such a contingency in which the Central Government think that the power should not be delegated, it lies in their jurisdiction not to delegate the power. It only enables the Central Government.

Shri Santhanam: The clause insists that the Central Government should have the power under clauses 12 and 18 and this power should not be delegated because it is the duty of the Central Government to be vigilant to a minimum extent and this vigilance is enforced. My hon. friend wants to take away this vigilance. I do not know if the other Members will agree; but I think it is very undesirable.

Shri A. C. Guha: I do not agree. On the other hand, I have another amendment for this clause which will go counter to this.

Shri Rajagopalachari: It may be pointed out that in clause 3, the initiative and formation of opinion in the whole matter lies with the Central Government; the wording is: "Where the Central Government is of opinion that a situation has arisen..." Unless that is withdrawn and amended, the powers under clause 3 cannot be delegated. In the inherent nature of things, it cannot be delegated. The Central Government has to form the opinion; then, the powers may be delegated.

Shri A. C. Guha: I beg to move:

In page 5, line 43, after "section 18" insert "or section 19".

Bill

My object in moving this amendment is this. The Government, under this clause, is practically giving over almost all the powers to the State Governments. The powers under clauses 7, 10, 13 and 19 are being handed over to the State Government. I do not like this practice of the House passing certain legislation and the powers being delegated to some other agency over which this House will not have any authority. I would like that the powers under clause 19 should also be reserved to the Central Government. The rule-making power also should be with the Central Government, so that the Central Government may make the appropriate rules. The same rules may be applicable for all the Railways that may be taken over by the Government in the future. At least certain rules should be common for all the Railways that may be taken over in future. I propose that the powers under clause 19 may not be delegated to the State Government, but may be reserved to the Central Government. I hope the hon. Minister will not have any objection to accept it.

Shri Santhanam: My hon. friend wants to go to the other extreme. The rules to be made will depend upon the particular circumstances of the case.

Shri A. C. Guha: The Central Government may consult the State Government. The State Government may send the draft here for their approval and final issue of the rules may be done by the Central Government.

Shri Santhanam: It will be very dilatory. In fact, with the accumulation of work in our Ministries, this thing cannot be attended to promptly. I do not think it is desirable to include clause 19 also. We have already got clauses 3, 12 and 18 and the powers are reserved to the Central Government. To reserve the powers under clause 19 also would obstruct the smooth working.

Shri A. C. Guha: Clauses 3 and 12 are the basic powers. Clause 18 will rarely come in.

Shri Santhanam: I do not agree to this.

Dr. M. M. Das: I do not understand what objection the hon. Minister can have. Here, the Government has taken no responsibility. They do not nationalise. They do not spend any money. All the responsibility for these railways entirely devolves upon the State Government.

Shri Santhanam: Mr. Guha wants that the provincial Government should not be allowed to make the rules.

Dr. M. M. Das: They should be only allowed to spend the money. That is the contention of my hon. friend.

Mr. Deputy-Speaker: Need I put these amendments to the House?

Shri A. C. Guha: If the hon. Minister does not accept, I do not press my amendment.

Dr. M. M. Das: I also do not press my amendment.

Mr. Deputy-Speaker: There are no amendments to clauses 17 and 18. I will put clauses 16, 17 and 18.

Shri Sonavane (Bombay): I want to oppose clause 16. As I submitted yesterday, clause 16 which authorises the Central Government to delegate its powers except under clauses 3, 12 and 18 to the State Governments, in my opinion, should not find a place in this Bill. My objections to this clause I stated yesterday and today, I would enlarge those points.

This clause would create a diarchical control, a dual system of control, both of the State Governments and the Central Government. If the powers are delegated to them the State Governments will have to manage the day to day affairs of these railways that fall within their jurisdiction. But they can exercise these powers only subject to such directions as the Central Government may issue from time to time. Now this is likely to lead to conflicts in the day to day working of the railways and their management by the State Governments. This dual control is not in the interest of the smooth and efficient working of these railways that are to be managed by the State Governments.

Another objection to clause 16 is this. The State Governments heretofore have had no experience of running the railways and the hands of the State Governments are already full with the work of nationalising the road services, wherever they have such nationalisation of road services. In addition to this work, if power is delegated to them for running and managing the day to day affairs of these light railways also, then these governments would not be able to discharge their duties properly. They will not be able to get the proper staff for this work and in no case can we expect them to manage them better than the Central Government. I fail to understand what advantage is gained by delegating these powers to the

State Governments when the Centre is there with its Railway Ministry and its vast experience to manage them.

Thirdly, with the limited resources that the States have, they will not find the money necessary to carry out even the repairs and replacements that these railways will require and therefore these lines will not be run efficiently.

Fourthly, whatever powers are delegated to the State Governments, they are not to be permanently delegated. That is only a temporary phase because ultimately if under clause 18, these railways have got to be acquired, then the Central Government will come in and all these delegated powers will go out of the picture. Then why at all create this temporary phase and bring in these States for running these concerns when they are not fit to do so? The House has not been told by the hon. Minister what advantages are expected to flow from this delegation of powers to the State Governments. One instance has been cited—that of the West Bengal Government. I do not understand why the hon. Minister should delegate the powers even to a limited extent to the West Bengal Government. Would it not be better if the Centre takes over all the powers and runs the Baraset-Basirhat line? It is a strange thing that the Centre with the position of the sole proprietor or monopolistic proprietor of the railways should hand over some portion of the railways to be managed by a State. That would be a very incongruous or a very inconsistent affair.

With these objections I would appeal to the hon. Minister not to burden the State Governments with this responsibility of running these lines and create something which will not lead to the smooth working of the railways. The diarchical or dual control envisaged under clause 16 will not lead to the smooth running of these lines. Therefore, with these observations, I oppose clause 16 of the Bill.

Shri Santhanam: I do not think any reply is needed. I explained the position yesterday and perhaps the hon. Member was not present then. I have little to add to what I said yesterday.

Mr. Deputy-Speaker: The question is:

"That clauses 16, 17 and 18 stand part... .."

Shri Sonavane: I request clause 16 may be put separately.

Mr. Deputy-Speaker: All right, but I take it that the hon. Minister has noticed the dissent of the hon. Member.

The question is:

"That clause 16 stand part of the Bill."

The motion was adopted.

Clause 16 was added to the Bill.

Clauses 17 and 18.

Mr. Deputy-Speaker: The question is:

"That clauses 17 and 18 stand part of the Bill."

The motion was adopted.

Clauses 17 and 18 were added to the Bill.

Clause 19.—(*Power to make rules.*)

Mr. Deputy-Speaker: Shri Sidhva.

Shri A. C. Guha: I have an amendment to clause 19.

Shri Sidhva: Sir, I beg to move:

In page 6, after line 26, insert:

"(d) the appointment of Railway Advisory Committee on the lines of major railways."

Shri J. R. Kapoor: But, Sir, Shri Guha's amendment is No. 16 in the list.

Shrimati Durgabai (Madras): Cannot all the amendments be moved first and then the debate allowed on them?

Mr. Deputy-Speaker: Mr. Sidhva's amendment relates to part (d) and that of Shri Guha to part (f). Just because Shri Guha gave his amendment in advance, am I to call it first in preference to the amendment to part (d)?

Shri Sidhva: I want to move this amendment because I attach the greatest possible importance to these Railway Advisory Committees. From what experience I have had of them, I feel that they are very useful and if it is the idea to provide for them in the rules to be made, the fact that in the rules such Advisory Committees will be provided for should be stated in the Bill itself. When the Advisory Committees are there even those concerns that are mismanaged will have a tendency to improve matters. If we do not provide for these Railway Ad-

visory Committees, we will not be doing justice to the public and especially to the travelling public. We know that the Shahdra-Saharanpur Railway was asked by the Government to appoint such an advisory committee, but they did not do so; they actually defied this decision of the Government. The members of the Committee were appointed, but no meeting was held in spite of the request of these members. Therefore I request that this provision must be inserted in the Bill itself instead of allowing it to be inserted in the rules. I hope the hon. Minister will have no objection to accept my amendment.

Shri Santhanam: I should have no objection, but the difficulty is that it is difficult to get together some persons interested in these small lines.

Shri Sidhva: What about the Shahdra-Saharanpur line? You appointed an Advisory Committee for that Railway.

Shri Santhanam: If my hon. friend agrees to omit the words "on the lines of major railways" from his amendment, I shall accept it.

Shri Sidhva: I have no objection to this omission.

Shri Santhanam: And the other clauses will have to be re-numbered.

Mr. Deputy-Speaker: And so the words will be "the appointment of Railway Advisory Committee"?

Shri J. R. Kapoor: It will be Local Railway Advisory Committee.

Mr. Deputy-Speaker: The question is:

In page 6, after line 26, insert:

"(d) the appointment of a Railway Local Advisory Committee"

The motion was adopted.

Shri A. C. Guha: I beg to move:

In page 6, after line 31, insert:

"(f) for the conduct of business of the directors appointed by notified order and for the recruitment and employment of officers and staff."

Shri Santhanam: I accept the amendment.

Mr. Deputy-Speaker: The question is:

In page 6, after line 31, insert:

"(f) for the conduct of business of the directors appointed by noti-

[Mr. Deputy-Speaker]

fied order and for the recruitment and employment of officers and staff."

The motion was adopted.

Mr. Deputy-Speaker: The question is:

"That clause 19, as amended, stand part of the Bill."

The motion was adopted.

Clause 19, as amended, was added to the Bill.

Clause 20 was added to the Bill.

Clause 1 was added to the Bill.

The Title and the Enacting Formula were added to the Bill.

Shri Santhanam: I beg to move:

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

I want to make a suggestion in the third reading. Yesterday I accepted an amendment to clause 3 moved by Mr. Guha. This was put as a separate part (d). To put it as a separate part (d) does not cohere with the wording of the section.

[SHRIMATI DURGABAI in the Chair]

Therefore I want it to be put as a separate sentence after sub-clause (c) and not as sub-clause (d).

Mr. Chairman: That can be left to the draftsman: he is authorised to do it.

Shri Santhanam: Then there is nothing more to be said. I am glad the House has accepted the Bill substantially as it had been introduced. I hope it will prove to be of great benefit to the provinces where the light railways are mismanaged and I hope the passing of the Bill will induce the companies in charge of the light railways to manage them more efficiently hereafter.

Mr. Chairman: Motion moved:

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

Shri A. C. Guha: I have been opposing many of the clauses of the Bill. The Minister will admit that I have been giving him trouble about the question of the Baraset-Basirhat and other light railways for over two years. However, I am glad that the Government has at last awakened to their responsibility and decided to take some steps, though I do not consider them to be adequate. I may add that on

this particular railway 29 lakh passengers travelled in 1949-50. Their comfort and conveniences should have been of some concern to the Government. I hope that the management that Government is going to set up will radically change the condition of this railway. The passengers in most of these railways are treated as sub-human beings. The employees are treated as a set of pack animals not being given any tolerable conditions of living. The reason why I am taking so much interest in this matter is that out of the sixteen light railways eight operate in West Bengal and three or four are in Bihar, i.e. in the areas adjoining West Bengal. So I have moved among the people who are concerned with these railways and are most vitally interested in the affairs of these light railways; and I hope the Minister will revise his opinion that it may take two or three decades to nationalise them...

Mr. Chairman: It was explained that it was only an illustrative period.

Shri A. C. Guha: I hope the Minister of Railways will consider the question of nationalising these railways within two or three years. With these words I support the Bill, though I am not quite satisfied with its provisions.

Shri Sidhva: When I first spoke on the first reading I welcomed the provisions of the Bill and congratulated the Government. Unfortunately my colleagues opposed my view and opposed the Government on the ground that the Bill should be withdrawn, because it did not seek to nationalise the railways. I am second to none in my zeal for nationalisation but I do not agree that at the present juncture it would be wise to purchase these ramshackle tramways and thus impose a heavy liability on the State.

(*Shri Sonavane:* It is a welfare State.) I am therefore very glad that my friends have realised that this was a better course. My friend Mr. Guha still insists that the Minister should immediately nationalise the light railways and not leave it for two or three decades. I would tell him that he should not have such a faddist view of nationalisation but judge each case on its merits. If you saw the working of some of the light railways you would shudder and I wonder if then you would ask the Government to invest public money in these concerns. You will have to pay 20 per cent. for goodwill on account of these wretched railways. (*Interruption.*) The Minister mentioned that they will demand goodwill.

Shri A. C. Guha: You can pass an Act for that.

Shri Sidhva: You can pass as many legislations as you like for not paying compensation. I know ours is a sovereign legislature. But at the present moment there is an agreement by which 20 per cent. has to be paid towards goodwill. I feel therefore that the provisions set out in the Bill are a very good remedy. No sooner the Bill becomes an Act the managing agents of the railway companies will become alert and see that they do not allow the travelling public to suffer as has been the case in the past. The Bill has been long overdue and I congratulate the Government for bringing such a nice Bill which will solve the problem and bring these managing agents to their senses.

Shri Sonavane: Only in the case of one light railway, Baraset-Basirhat Light Railway, was investigation carried out by the State Government. When this Bill becomes law I would request the hon. Minister of Railways to institute similar inquiries into the affairs of the other Railways in order to find out whether they are efficiently managed and they do afford facilities to the travelling public, or whether they are out to make the largest profit with the minimum of facilities to the public.

Shri Sidhva: Under the Bill they have taken the power—they will apply it if a particular railway is not working properly.

Shri Sonavane: Of course, Mr. Sidhva says that these ramshackle tramways should not be taken over. But I am definitely of the view that in order to improve these railways and to give better facilities to the travelling public in the rural areas these railways should be taken over as early as possible.

Shri Sidhva: At whose cost?

Shri Sonavane: At your and my cost, for the benefit of the public. Mr. Sidhva is not going to lose money from his own pocket.

Shri Sidhva: I am careful of others' money.

Shri Sonavane: We are equally careful for the welfare of the people. My friend, Mr. Sidhva stays in the city of Bombay and he cries for good facilities in the suburban railways, but he does not care a hoot for the

rural travelling public who are allowed to travel in the wagons, packed together. I hope it was not a light-hearted remark when he said.....

Shri Sidhva: You were schooling when I was taking interest in this matter. What are you talking?

Shri Sonavane: When he says this will be a waste of money, I certainly oppose him on that statement. Therefore, I would request the hon. Minister that a similar investigation should be instituted into the affairs of the other light railways. (*Interruption*).

Mr. Chairman: I do not like this kind of cross-conversation between the members across the benches.

Shri Sonavane: Full use of the power granted under this measure should be made in order to ensure better conduct of these railways. As and when the period of contract lapses or comes to an end these railways should be taken over. I would also request that minimum use of section 16 should be made in delegating the powers. Lastly, I would be glad if the Centre itself manages these railways if they are taken over on grounds of mismanagement.

I congratulate the hon. Minister in successfully piloting this Bill.

श्री भट्ट : माननीय सभानत्री जी, जो बिल हम पास करने जा रहे हैं और जो अब कानून बनेगा इस के विषय में हम ने पहले ही कह दिया है कि फिलहाल के लिए यह चीज ठीक है लेकिन यह आखिरी चीज नहीं है और शाश्वत उपाय नहीं है।

श्री कामत : शाश्वत तो कोई उपाय नहीं है।

श्री भट्ट : इसलिए रेलवे बोर्ड को चाहिये कि वह जितनी भी इस तरह की लाइट रेलवेज (Light railways) हैं उन का विवरण तैयार करे। हमारे भाई सिध्वा जी रेलवे की बहुत बड़ी जानकारी रखने वाले हैं। वे एक तरफ कह रहे हैं कि शहादरा सहारनपुर लाइट रेलवे की हालत बहुत खराब है और जितनी

[श्री भट्ट]

भी हिकारत से हो सकता है वह उस के विषय में कहते हैं। दूसरी तरफ मैं १९४९-५० की रिपोर्ट को जब देखता हूँ तो इस रेलवे को रेलवे बोर्ड की तरफ से और रेलवे इंस्पेक्टर की तरफ से अच्छे प्रमाणपत्र दिये जा रहे हैं। तो मैं जानना चाहता हूँ कि इस विषय में हमारे सिधवा जी ज्यादा जानते हैं या यह रेलवे के इंस्पेक्टर जो कि प्रमाणपत्र देते हैं वह ज्यादा जानते हैं। दूसरी तरफ बरसी लाइट रेलवे की बाबत श्री सोनावाने जी कहते हैं और तीसरी तरफ गुहा जी ने जो हालत बतलाई है वह हमारे सामने है। जो रिपोर्ट वैंस्ट बंगाल गवर्नमेंट की है वह भी हमारे सामने है। लेकिन वह पूरी रिपोर्ट नहीं है। उस में से कई कागजात हमारे सामने नहीं हैं। वह अधूरी रिपोर्ट है। मैं चाहता हूँ कि जो कोई रिपोर्ट हमारे सामने पेश की जाय वह पूरी पूरी पेश की जाय। यह मेरी पहली प्रार्थना है।

दूसरी प्रार्थना में रेलवे बोर्ड से यह है कि जो आँकड़े दिये जाय वह पुराने न हों। वह हमारे सामने अप टू डेट (up-to-date) दिये जाय। हम देखते हैं कि उन की रिपोर्ट में १९४७-४८ के आँकड़ों को बदल कर १९४८-४९ के कर दिये जाते हैं। तो हमें मालूम नहीं होता है कि सही बात क्या है। हम देखते हैं कि बंगाल प्रावि-शियल रेलवे के बारे में कहा जाता है कि तीन साल से घाटा हो रहा है लेकिन जो आँकड़े हम देखते हैं तो उस से इतना घाटा नहीं मालूम होता है जितना कि बतलाया जा रहा है। तीन साल से घाटा नहीं हो रहा है बल्कि एक साल घाटा रहा है। और जिस

रेलवे की हम बात कर रहे हैं उस में तो ८८ हजार रुपये का नफा हुआ है। तो मालूम नहीं होता है कि किस आधार पर क्या चीज हमारे सामने लाई जाती है। इसलिए मैं प्रार्थना करता हूँ कि इन लाइट रेलवेज के बारे में एक अलग विवरण हम को दिया जाय और सारी स्थिति ठीक बतलाई जाय और इस के लिए रेलवे बोर्ड की रिपोर्ट में भी एक अलग प्रकरण रखा जाय जिस से कि सारी चीज को हम ठीक तरह से देख सकें। मैं कहता हूँ कि यह जो बिल अभी लाया गया है वह एनेबलिंग बिल (enabling Bill) है। इस से आप चाहे कुछ कर सकते हो। दूसरे में यह नहीं समझता कि इन रेलवे लाइनों को जो चार मील या दस मील चलने वाली हैं इन को क्यों रखा जाता है। इसलिए रेलवे बोर्ड जब अगला बजट बनाये तब विचार करे कि इन में से कौन कौन सी रेलवे ऐसी हैं जो कि निक्कम्मी हो गई हैं लेकिन फिर भी चलानी चाहिये। जब तक कोई दूसरा रास्ता न हो जाय तब तक तो ऐसी रेलवेज को चलाना ही होगा। तो इन को रेलवे बोर्ड की तरफ से ही क्यों न चलाया जाय। इस के बारे में रेलवे बजट के समय विचार किया जायगा और रेलवे के दोनों माननीय मंत्री उस के बारे में सोचेंगे कि कौन कौन सी रेलवेज ऐसी हैं कि जिन को वह अपने अस्तित्व में लें। और इन को लेना चाहिये इस में सन्देह नहीं है, और इन को बिना लिए काम चलने वाला नहीं है। आज तो हालत यह है कि मंत्री जी ने कहा है कि इस में कुछ डिकेड्स (decades) लगेंगे

जिस के लिए अर्थ मंत्री जी ने कहा कि वह इलस्ट्रेटिव पीरियड (illustrative period) है। लेकिन मैं जानता हूँ कि इसमें बहुत से बहुत १२ या १५ करोड़ रुपये खर्च करने की जरूरत है। हमारे भाई सिधवा जी गुडविल (goodwill) की बात कहते हैं कि २० पर सेंट देना पड़ता है। अगर वह जरा हिसाब लगायें तो उन को मालूम हो जायगा कि कितने रुपये खर्च करना है और कितने करोड़ इस में लगेंगे।

यह कहते हुए मैं रेलवे बोर्ड से आशा करता हूँ कि जो कुछ मैं ने सुझाव दिये हैं उन पर वह जमल करेगा।

(English translation of the above speech)

Shri Bhatt: Madam, the Bill that we are going to enact is, as has already been said, alright for the time being but it is not the last word and is not a permanent remedy.

Shri Kamath: Nothing is permanent.

Shri Bhatt: So the Railway Board should prepare a complete statement with regard to all these light railways. Our friend Shri Sidhva possesses considerable knowledge of railways. He says, that the condition of the Shahdara-Saharanpur Light Railway is very miserable; he has voiced vehement criticism against it. On the other hand, however, when I look into the report of 1949-50, I find that encomiums have been showered on it by the Railway Board and the Inspector of Railways. I want to know, therefore, whether the statements of Shri Sidhva are more authentic or the encomiums of the Inspector of Railways. Then, the condition of the Barsi Light Railway has already been described to us by Shri Sonavane and Shri Guha. The Report of the West Bengal Government is also before us. But that is not a complete report. Several documents connected therewith have not come before us. It is an incomplete report. I, therefore, want to submit that all reports that are put before us should be complete. That is my first request.

Secondly, I appeal to the Railway Board that it should not supply us with stale figures. The figures supplied to us should be up-to-date. We

find in their report that the figures for the year 1947-48 are carried on to take the place of the figures for the year 1948-49 with the result that we cannot assess the true position. It is said about the Bengal Provincial Railway that it has been incurring a loss for the last three years. But the figures do not indicate much of a loss. Moreover, the loss has not been occurring for three years but has occurred in one year only. And the Railway we are talking of has actually earned a profit of Rs. 88,000. Thus we are unable to understand on what basis this information is supplied to us. Therefore, I request that a separate statement explaining the correct position of these light railways should be given to us and a separate chapter be devoted to it in the report of the Railway Board so that we may be able to consider the matter in the right manner. The Bill that has been brought before us is an enabling Bill. It, in effect, empowers Government to take any action they deem desirable. I am unable to understand why railways with such meagre mileage as four miles or ten miles are allowed to operate. When the Railway Board prepares the next budget, it must see which are the worthless ones of the railways which must, all the same, be operated at any rate, till an alternative is found out. But, why should they not be operated by the Railway Board itself? This would be considered at the time of the discussion on the Railway Budget and the two hon. Ministers for Railways would think out which of the railways should be taken over. There could indeed be little doubt about the desirability of taking over these Railways for things are not going to improve otherwise. But the position is that the hon. Minister said that it would take some decades which the hon. Minister of Finance was pleased to describe as an illustrative period. I know, however, that it would mean 12 or 15 crores of rupees at the most. Our friend Shri Sidhva talks of goodwill and says that 20 per cent. has to be given on that account. But only if he would just calculate, he would come to know the extent of expenditure that would be required to be incurred on that account.

I hope the Railway Board would work on the lines of the suggestions made by me.

Mr. Chairman: The question is:

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

The motion was adopted.

INDIAN COMPANIES (AMENDMENT) BILL

The Minister of Finance (Shri C. D. Deshmukh): I beg to move:

"That the Bill further to amend the Indian Companies Act, 1913, as reported by the Select Committee, be taken into consideration."

Members of this House will remember that a few days ago, when in my unavoidable absence my hon. colleague, Shri Mahavir Tyagi moved for the reference of the Bill to the Select Committee, he fully explained the circumstances in which the Ordinance which the present Bill is designed to replace was promulgated. For reasons which my hon. colleague mentioned, it was not possible at that time to consult either the Company Law Committee or any other body of opinion on the provisions of the Ordinance, and the Bill which was introduced in Parliament merely reproduced the Ordinance in a different form. My hon. colleague, however, made it clear in the course of his speech that it was our desire to review the provisions of the Ordinance in the light of the views which we had since received from the Company Law Committee as well as from others and that we would move necessary amendments to the Bill to give effect to such of these suggestions as appeared acceptable at the Select Committee stage. I am happy to inform the House that the Bill has been very carefully reviewed by the Select Committee and the amendments which it has suggested will, in our view, go far to meet the technical objections raised to some of the provisions of the Bill and also to increase its efficacy and to facilitate the achievement of those objects which underlie the measure.

I should like at this stage to express my deep appreciation of the thoroughness and ready perception of complex problems which was displayed by the Select Committee.

I shall now proceed to explain briefly the more important of these amendments. Beginning with clause 2, this clause as originally drafted did not prevent the directors or shareholders of the company when so empowered by its articles from increasing the number of directors even beyond the maximum number specified in the articles and thereby from getting round its provisions. Nor did the clause specifically prohibit an increase in the remuneration of a managing director or any other director, although at one time we thought

that the word 'appointment' covered this. Further, there was no provision in the clause to prevent unscrupulous persons who had cornered substantial blocks of shares in a company from putting on its Board their own nominees as directors in any vacancies that might occur from time to time and thereby from controlling the management of the company. The amendments proposed by the Select Committee are calculated to close these loopholes in the provisions of this clause. If the House accepts these amendments, it will not be possible in future for those who have cornered the majority of shares in a company to swamp the Board of Directors with their own nominees or to replace good and honest directors by men of their choice and who could be bent to their will or to impose onerous burdens on the company by directly or indirectly increasing the remuneration of a managing director or a director. I recognise that these measures involve a large extent of interference with the rights of those who at any particular time happen to hold a majority of shares in a company and that in particular the provision in this clause which prevents holders of majority shares from filling up vacancies in a Board without the prior approval of the Government may be criticised as an undue interference with the rights of shareholders. Hon. Members will appreciate that what *prima facie* looks like interference with the rights of shareholders is in reality very often little more than interference with the anti-social activities of a very small number of people who have somehow or other—largely with the help of their financial resources—succeeded in acquiring the majority holding in the shares of a company and whose object in attempting to acquire control over its management is more often than not only to further their own interests to the detriment of the company. So, in the context of these trends in company management, I am sure that the Members of the House will agree that if a specific complaint is received from any director, managing director or managing agent of a company that an attempt is being made by undesirable persons who corner the shares of the company to change the constitution of its Board and that as a result of such a change the interests of the company are likely to be seriously prejudiced, it should be open to Government to make an enquiry into the complaint and to direct that no such change in the Board shall take place until the approval of the Central Government has been obtained. I need hardly add that the amendment proposed by the Select Committee contains

-no absolute prohibition of any change, and all that it contemplates is the prior approval of the Central Government. Obviously, when the Central Government is satisfied that a change in the Board of Directors of a company is not likely to cause any damage to the affairs of that company it could be depended on readily to agree to such a change. The Select Committee has recommended that this clause should not apply to private companies unless they are subsidiaries of public companies, for there is no point in interfering with the rights of shareholders in a private company in which the public is hardly interested.

Coming to clause 3 of the Bill, this has been left unchanged except that the Select Committee has recommended, as in the previous clause and for the same reason, that it should not apply to a private company unless it is a subsidiary of a public company.

Clause 4, as amended, provides that the prior approval of the Central Government to any transfer of his office by a managing agent will be required in the case of a public company which is managed by a managing agent. In other words, the Select Committee did not consider it is necessary to require the prior approval of the Government to any transfer of his office by a managing agent who manages a private company.

Clause 5 inserts a new section 87BB in the Indian Companies Act and deals with the internal constitution of a managing agent which is a firm or a company. The House will remember that my hon. colleague Shri Mahavir Tyagi in the course of his speech a few days ago pointed out that this clause as originally drafted had come in for a great deal of criticism which he thought was legitimate. The Company law committee commented extensively on it and we received representations from several Chambers of Commerce and other Associations against the particular provision in this clause which seemed—although that was not intended—to require the prior approval of the Central Government to any change in the constitution of a managing agency company brought about by a change in the ownership of its shares, however small or inconsequential such a change might be. As I said, that was not the intention. What we really wished to prevent was a change in the controlling interests of a managing agency firm or company. If what constitutes a controlling interest in a firm or company could be easily and adequately defined in the statute, no

difficulty would have arisen, but a little reflection will show that in the circumstances in which shares are held and transferred in a company particularly in a public limited company with thousands of shareholders many of whom may be simultaneously engaged in buying or selling of shares, sometimes in their own names, sometimes in the names of others, and sometimes on blank transfers, it is almost impossible to find out at any particular time which among the many groups of shareholders may be said to hold the controlling interests of a company. After a good deal of anxious thought on this subject, the Select Committee was driven to the conclusion that the best way to deal with this difficult question was to indicate in an explanation what constitutes a change in the constitution of a managing agent and in another explanation to set out the circumstances which would not constitute such an explanation, so that the two explanations read together might provide a precise indication of what constitutes a change in the managing agents for the purposes of this clause. For the reasons which I have already mentioned, it would however have been extremely difficult if not impossible to administer the provisions of this clause in the case of a managing agency company which is a public company and the shares of which are quoted on the stock exchanges of this country. The Company Law Committee in their comments on this clause also expressed the view that it was undesirable to restrict *bona fide* dealings in the shares of public limited managing agency companies which are quoted on the stock exchanges and that to obviate the enormous difficulties that would be encountered in administering the clause in respect of such companies it was desirable to exempt them from its operation.

The Select Committee accepted this recommendation and the amendments proposed by it provide for such exemption. But power is conferred on the Central Government to intervene in specific cases where, in the opinion of the Central Government, a change in the constitution of a public managing agency company brought about by changes in the ownership of shares in it is of such a nature that it has affected, or is likely to affect, prejudicially the affairs of a company which is being managed by the managing agency company. I am free to admit that this solution may not give satisfaction to everybody and I can only assure any hon. Members who may still entertain some misgivings on this subject that we could find no better

[Shri C. D. Deshmukh]

way of dealing with the complicated problem implicit in the provisions of this clause, and I venture to think that the formula embodied in the amendments of the Sub-Committee represents the best practical approach towards it.

Next we come to clause 6 of the Bill. This clause deals with restrictions on the amendments of articles or any agreements relating to the appointment or remuneration of managing agents. The principal amendment suggested by the Select Committee required a prior approval of the Central Government, not merely to any change in the remuneration of the managing agent, etc., but also to the appointment of a managing agent for a company for the first time after the 21st July, 1951, or to the reappointment after the 21st July, 1951 of a managing agent holding office as such on that day and the appointment of a new managing agent in place of the managing agent holding office as such on that date or thereafter. As in the case of the other clauses, the Select Committee has recommended that this clause also should not apply to a private company which is not a subsidiary of a public company.

Now I come to clause 7 which confers some new and large powers on the courts as an alternative to the winding up of companies in case of gross mismanagement or oppression of the minority of the members of the company. The provisions of this clause closely follow those of section 210 of the English Companies Act, but its scope has been enlarged to include cases of gross mismanagement and in some particulars the provisions have been suitably modified to adapt them to the mechanics of company management in this country. The courts would be in a position to invoke these new powers whenever they find that the affairs of a company are conducted in a manner prejudicial to its interests or in a manner oppressive to some part of its shareholders and the facts would justify the making up of a winding-up order under the just and equitable clauses of 106(2) of the Indian Companies Act. As the sectional heading indicates this clause provides an alternative remedy to winding up in cases of gross mismanagement or oppression to a minority. Apart from procedural changes on which it is not necessary to dilate at this stage, the principal substantive amendments suggested by the Select Committee are as follows.

First a provision is made under the proposed new section 153C enabling

the Central Government to make an application to a court for an order under this section. I should like to point out that section 210 of the English Companies Act does confer such a power on the Board of Trade under certain conditions. In the original draft of this clause this power was not included, partly because Government had no comparable administrative organisation in this country for the exercise of this power and partly because we thought that it was not necessary in an interim measure such as this one to confer this power on Government. I should, however, mention that in its forwarding letter conveying its views on the ordinance the Company Law Committee observed that the absence of this power might impair the efficacy of this clause. We therefore, accepted the views of the Committee, and the members of the Select Committee thought that it is desirable to invest Government with these powers, although the extent to which Government could make use of them would necessarily depend not merely on the organisation that it has at its disposal, but also on the nature of the cases with which it may be called upon to deal under this clause. Secondly, a provision has been made in paragraph 4 of the original draft of this clause (now renumbered paragraph 5) for some additional powers to the court. These powers include the power to terminate or revise any agreement entered into between a company and any person other than a managing agent, managing director, manager or other director, or to set aside any transferred delivery of goods, payment, etc., which might be deemed to be a fraudulent preference in a case under the Insolvency Act. Thirdly, as corollary to the other powers a provision is made in the proposed new section 153D that no order passed by the court in the exercise of those powers should give rise to any claim on the part not only of the managing agent, managing director, manager or other director as the case may be, but also on the part of any other person for damages or for compensation for the termination or revision of any agreement. The general effect of these amendments is to enable the courts not merely to look into the agreement between a company and a managing agent, managing director, manager or other director as the case may be in cases where gross mismanagement or oppression to a minority of the shareholders is alleged, but also to look into other allied contracts or arrangements which may have been entered into by those persons with the company either in

their own name, or in the name of others and in which they may be directly or indirectly interested.

The other important amendments proposed by the Select Committee under this clause are a provision by which any managing agent, etc., can be impleaded as a respondent, to any application made under the new section 153C so that when a complaint is made against any of them by a body of shareholders their case may not go by default.

12 Noon

Then there is a definition of the expression "associate of a managing agent" given in the explanation to the new Section 153D. This amendment follows closely the recommendations of the Company Law Committee and is intended to tighten up the provisions of sub-section (1) (b) of the original draft now renumbered (1) (c) of the new Section 153D. I think I should inform the House that apprehensions have been expressed to Government that the powers conferred by the proposed new section on shareholders might be abused, by the making of frivolous or vexatious complaints to courts inspired by motives unrelated to the better management of the companies concerned. The Select Committee gave due consideration to this point but did not think it necessary to suggest any special measure to guard against this possible mis-use of the provisions of this section. It was generally of the view that the power conferred on the court to implead a managing agent as a respondent to any application made by any group of shareholders under this section should enable the former to present their case adequately to the court and that in any case the ordinary civil law of the land might be expected to provide reasonable safeguards against frivolous or vexatious applications.

The last clause of the Bill deals with the exercise of the powers conferred on the Central Government under the previous clauses of the Bill. Following the recommendations of the Company Law Committee the Select Committee has suggested that the Advisory Commission which has been constituted under the corresponding clause of the Ordinance should be consulted not only in respect of the specific provisions of clauses 2 to 6 but in respect of all matters which may arise out of the provisions of the Bill and which may be referred to it by the Central Government, that every company which requires the prior approval of the Central Government under any of the provisions of the Bill should before

making such an application publish a general notice to its shareholders indicating the nature of the approval sought, in the local newspapers, once in the principal language of the State in which the registered office of a company is situated and once in English. This requirement would not, however, apply to a private company which is not a managing agent of a public company. Again, the powers conferred on the Commission to examine on oath a managing director or any other officer of the company relating to any matter under its enquiry should be so extended as to enable it to obtain such information as it requires from any person connected with the management of the company as mentioned in sub-para (d) of para 5 of this clause as amended by the Select Committee.

From what I have said hon. Members will be able to appreciate readily how the provisions of the Bill have been amended by the Select Committee. Their general effect is not merely to tighten up some of these provisions but also to assist considerably in the efficient exercise of the powers conferred on the Central Government and the courts.

In the course of the debate on the motion for reference of the Bill to the Select Committee, moved by my hon. colleague Shri Mahavir Tyagi, some of the Members of the House emphasized the need for strengthening the organisation for the administration of the Bill. This subject, I can assure you, is already under my active consideration. Any organisation that may be set up for this purpose now, we realize must fit in with the larger organisation that is no less urgently necessary for the better administration of the Indian Companies Act. As far as I know, the Company Law Committee is paying special attention to this aspect of the question and it will be my endeavour to initiate steps, in consultation with the Committee, to establish an adequate organisation for the working of the Indian Companies Act as early as possible. In the interim period, and till such time a comprehensive organisation has been set up, the Advisory Commission which we have set up under the chairmanship of Shri C. H. Bhabha, the present Chairman of the Company Law Committee, will be provided with such staff and other assistance as it may require to enable it to carry out its duties under the Bill.

There is one more point to which I should like to refer before I close. On the last occasion several Members raised many important issues

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relating to the conduct and administration of joint stock companies in this country, issues which have a very close bearing on their economical and efficient management. I am not forgetful of those problems but while I have them very much in my mind it is clearly necessary that we should await the recommendations of the Company Law Committee before we could consider them. As was explained by my hon. colleague, the Bill before the House is essentially an interim measure intended to deal with some specific evils relating to trafficking in managing agency rights and cornering of shares. It is really in the nature of a first aid measure. It is neither desirable nor possible in a Bill with such limited scope to include reforms which could only constitute part of a much more comprehensive measure such as I anticipate Government will have to sponsor in due course after the recommendations of the Company Law Committee have been received and considered. I trust therefore that in the discussions that follow hon. Members will bear in mind this point so that the House may be in a position to concentrate thought on the specific provisions contained in the Bill and may not be led on to a survey of the wider fields of Company Law reform which, as I have already said, must necessarily await the consideration by the House in due course of the proposals contained in the report of the Company Law Committee.

Mr. Chairman: Motion moved:

"That the Bill further to amend the Indian Companies Act, 1913, as reported by the Select Committee, be taken into consideration."

Prof. Ranga (Madras): I am glad that at long last my hon. friend has brought forward this Bill with the recommendations of the Select Committee, as first aid—but I do not know to whom, to the shareholders or to the companies as such, or to the industries in this country.

Shri C. D. Deshmukh: To the community.

Prof. Ranga: I am glad that at long last they have begun to think of the community. Sixteen years ago when the Company Bill was brought before the then Central Assembly we on this side made a concerted move to see that the managing agency system was put an end to, and the then Government would not agree and they

thought that in India industrial development could not be assured unless this inevitable evil was given the longest possible rope. And it was given. During all the sixteen years Indian industrial development, according to us, has been thwarted by the operations of this system for which very few people have anything good to say. And yet my hon. friend comes now and says at long last they have thought of applying first aid. It should have come a long time ago. I do not know how long this Company Law Committee is going to take in order to make its recommendations to my hon. friend and his successors before the Government could possibly think of amending the Company Law.

Shri C. D. Deshmukh: In a couple of months more, according to my expectation.

Prof. Ranga: I am thankful to my hon. friend for his assurance that in a couple of months more, they will make their recommendation. How much longer would it take thereafter for the Government to bring forward their Bill and get it passed? Will it be in this Parliament or the next one?

Shri C. D. Deshmukh: 18 months.

Prof. Ranga: Every one is convinced that this managing agency system has not done much good to our country.

Shri C. D. Deshmukh: Question.

Prof. Ranga: Now my hon. friend the Minister himself is so convinced that he has brought forward this Bill. What is this Bill but a criminal law Bill or a Bill to make it a criminal law in order to prevent these criminals from playing too much mischief in this country? It is feared that these people are so powerful that they can play mischief with their directors, with their shareholders, that they can get round their directors and prevent them from knowing all that is happening and make more and more profits for themselves, corner the shares also and gain so much of control that whenever there are any vacancies, they can appoint whomsoever they like and in that way control the Board of Directors so well that they can keep the whole thing in their own palm and play mischief with the fortunes of the shareholders, not to speak of the fortunes of the people. If that is so, would it not have been very much better for my hon. friend, as well as the Select Committee, to have decided to put an end to this system and in that way help the

industrial and economic development of our country.....

Shri Sidhva (Madhya Pradesh): What is the alternative?

Prof. Ranga: Directors themselves to be elected by the shareholders.

Shri Sidhva: We tried the managing directorship.

Prof. Ranga: I do not wish to be side-tracked in this by the interruption of my hon. friend. If there is time, I would like to come to it later on. There are so many safeguards supposed to be taken against the evils of this managing agency system. What would be the result? I would like to pity the decision of a man or a group of people who want to become afresh a managing agent. He would be going to this administration. I do not know, how many times before he can possibly get the permission to float a company or a managing agency. Next he would be at the beck and call of this administration. He would be reduced to a much more slavish position than many of your own insurance offices who are today obliged to go before the Superintendent here and dance attendance. Why do you want to perpetuate an evil system like this and afterwards force these people to become slaves of another system, which may become more evil than the administration that you may be thinking of. I am rather surprised to hear my hon. friend that after all these 16 years of the management of the Indian companies Act, he is yet to provide for himself with an efficient administrative system to administer this Act. This administrative system is going to be strengthened by appointing some suitable people and so on. Where is the guarantee that this administration itself is not likely to go corrupt or inefficient or troublesome or incompetent? What guarantees does my hon. friend propose to take as between these managing agents on the one side who are supposed to be very bad and this administration which may possibly go bad?

Shri C. D. Deshmukh: Which administration?

Prof. Ranga: The administration of my hon. friend, the Central Government itself which has got to deal with all these various things. Whenever there is a complaint made by shareholders against any one of the managing agencies, whenever a complaint is made by one of the directors against the managing agencies, inquiries have got to be made by the adminis-

tration of my hon. friend and they have to satisfy themselves whether everything is all right or not, whether there is any substance in these petitions and so on. In regard to all these things, quasi-judicial decisions have got to be made by the Central Government and their administration. The House would like to have an assurance that in making their decisions, they are not likely to give consideration to extraneous elements, that they are not likely to play mischief with these managing agents themselves, that they are not going to get into alliance with these managing agencies and that they are likely to play into the hands of other people who may be out to play mischief as against even a very honest managing agency system of any one company. After all we have had very bad experience.

Shri Goenka (Madras): You are there to expose it.

Prof. Ranga: My hon. friend is such an expert in looking into the secrets of the administration, that sometimes he does come and help us lest there be a loud outburst, but I do not know how far he has been successful in putting right the many aspects of our own administration. Therefore, I would like my hon. friend, Mr. Deshmukh to take the earliest possible opportunity to place before this House the scheme for providing a quasi-judicial administrative system from which we can expect the best possible administration of this Act and also the least bit of unnecessary interference with the normal working of our industrial system as is being managed by these companies.

My hon. friend said that courts are being given powers and therefore it is not necessary to make any special provision to prevent frivolous complaints from shareholders. There I am in entire agreement with my hon. friend.

Coming to the question of remuneration and also appointment of managing agents and their reappointment, and the filling of the vacancies and various other items, in regard to which power is to be given to the Central Administration, the comment that I would like to make is this, that today a few people, maybe half a dozen or a dozen people, about whom some of my friends know much more than I can claim to, are able to gain control, not of one or two, but scores of companies in an indirect manner, through their relatives, through their friends, through their henchmen, not only through the means of the manag-

[Prof. Ranga]

ing agency system, but also particularly through the system of directors. It may not be so very easy to unravel these various machinations of these few people, but the result has come to this that in this country our investing public have come to have or are led to have confidence only in half a dozen or a dozen names, so far as the economic development of the country goes. So much so, that these few people are able to gain a stranglehold over our economic development and economic machinery. How are we going to prevent this? Are these steps enough? Will they be enough? My fear is that they will not be enough. Therefore, I am not ready just now to offer my own solution as to what steps should be taken in order to protect this growing monopoly, if not the existing monopoly of these few people. I would like my hon. friend to take the earliest possible opportunity of studying this matter and bringing forward the necessary legislation as well as the administrative suggestions to Parliament in order to promote a more healthy and more wholesome and more rapid economic development.

Lastly it is complained on every side that the industrial development of this country is not making as rapid a progress as is desired and so many people have already been complaining about the falling production and all the rest of it. It is a well-known fact that Government today stands for mixed economy and therefore leaves to private enterprise or private entrepreneurs almost the whole of the field of industrial development except for those limited spheres wherein the State has come to take direct interest and in spite of these things.....

An Hon. Member: You stand for mixed economy?

Prof. Ranga: I will not tell you what I stand for. I am only stating that Government itself stands for it and in spite of all these privileges that has been given to private enterprise today, the private enterprises in this country have not shown themselves to be enterprising. Is it because of the stranglehold that these dozen or half a dozen people have come to have through this managing agency system and all that goes with that or is it because of any other reason? If it is because of the managing agency system as well as for other reason, then, it behoves the Government to study the whole situation, even according to their present standard of mixed eco-

nomy, in order to see that proper steps are taken to enable our country to make a much more rapid progress than she is able to make.

My hon. friend has just now asked me whether I stand for private enterprise or for mixed economy. One thing is clear; we want a welfare State. In order to achieve our welfare State, we need mixed economy. We need this private enterprise also. We are not in a position to dispense with the co-operation of private enterprise for some time to come. That is a different matter as to how much scope the country could give for private enterprise and to what extent you are going to develop public economy, and in that public economy also, to what you are going to depend upon public corporations which will be independent from day to day interference of Parliament as well as the Ministry on the one side and to what extent you would like to have direct State management. All these are such complex matters in regard to which detailed consideration has got to be given and it would be futile for any one to make a sort of generalisation and say that he is in favour of complete nationalisation on the one hand or he is in favour of free enterprise on the other, or try to escape all responsibility by simply saying that he stands for mixed economy. It is clear that we all stand for a welfare State, whatever may be the political character of our parties. In achieving this welfare economy let us also be honest and say that we are not in favour of enabling private enterprise to make more and more money at the cost of the public, without rendering any ascertainable or justifiable service to the community as such.

Dr. Deshmukh (Madhya Pradesh): This Bill, as it has emerged from the Select Committee, has fattened itself rather than become lean. The original Ordinance and the original purpose with which this Bill was brought forward are mentioned in the Statement of Objects and Reasons, which reads as follows:

"Traffic in managing agency rights and cornering of shares in the open market with a view to acquiring control over the management of well-established and reputable companies for anti-social purposes have, since the war, reached such proportions as to make it necessary for the Government to take immediate steps to check the evils arising therefrom. The comprehensive amendment

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of the company law.....will take considerable time."

Therefore, the object of the present Bill was to prevent this trafficking in managing agency rights and cornering all shares. The Bill, as it has emerged from the Select Committee, as has had to be admitted by the hon. Finance Minister himself, has tightened up many of the provisions of the original Bill. Even after this tightening up, he has described it as a first aid. My hon. friend Prof. Ranga asked whom the first aid was meant for and the reply came that it was a first aid to the community. So far as companies and the establishment of various concerns are concerned, they may be useful or even harmful to the community. But, the community at large has only a small share in the whole affair. That alone really explains my friend Prof. Ranga's distrust of managing agencies and his suggesting the wholesale wiping out of the managing agency system. Otherwise, I am sure, if the community was really taking any share in the formation of companies, my hon. friend Prof. Ranga would have been better informed and would not have generalised in this way that all managing agencies are bad and that they have contributed nothing whatsoever.....

Prof. Ranga: I did not say that.

Dr. Deshmukh:to the progress of the community. He has been fighting a vain and fruitless battle for the last 16 years.....

Prof. Ranga: All of us.

Dr. Deshmukh:for the removal of managing agencies. But I am not prepared to agree fully with Prof. Ranga, who, I think, this morning, spoke more as a man in the street than as a professor.

My contention is that the managing agency system in spite of the defects and in spite of the many cunning tactics, many mischiefs and a lot of immoral things that they do, has contributed considerably to the progress of the nation. But for this incentive, it would have been impossible for many concerns to forge ahead. I am sorry my hon. friend Prof. Ranga was not with us when we went on an industrial tour of India. Had he been there with us, he would have seen that his contention is not correct, and that there is no lack of enterprising people in the country. The only trouble is that most of the enterprising people are a little unscrupulous. That is our trouble. There is no want

so far as enterprising people are concerned. There is no want so far as the spirit of enterprise is concerned. There is no want also of the necessary ability, skill and tact to make the enterprises successful. There are many things which these so-called bad people have done, which have contributed to the welfare and benefit of our people. From that point of view, I do not like anybody condemning this system wholesale and striving to get it wiped completely.

In fact, I do not like the way in which the Select Committee has clothed the Central Government with very wide powers. I tried to look into the British Company Law and I do not think—I am not an expert at the study of Company Law—anywhere in the British Company Law the British Government has retained in the hands of the administration itself so much power as has been given to the Central Government by this Bill. There is a talk in the country about some persons becoming dictators. If anybody could be called a dictator, I think, as a result of this Bill, my hon. friend, my namesake, is likely to be a greater dictator so far as companies are concerned.

Shri Kamath (Madhya Pradesh): He is not cast in that mould.

Dr. Deshmukh: That is probably true. Of course, we need not fear him, even if he is a dictator, his sphere of influence will not be great. (Interruption). Of course, so far as dictatorship is concerned, I am confident if the opportunity comes to me, I will discharge the functions much better than my hon. friend sitting opposite.

Shri Sidhva: Are you in favour of dictatorship?

Dr. Deshmukh: I am very much in favour of dictatorship provided I am that dictator and not some one else.

So far as the powers conferred on the Central Government by the Bill are concerned, they are very wide. Although I am prepared to give them a chance to experiment in the way the Select Committee has recommended, I would like really to wait and see how the experiment works.

There is one good thing which the Select Committee has done and that is to interpose an Advisory Commission in between the administration of the companies and the Central Government. That is certainly a sort of a shock absorber put in between, which I have no doubt is a very good

[Dr. Deshmukh]

safeguard, which may not only put the Government on proper lines, but also, in individual cases, supply very valuable advice. I really want to congratulate the Select Committee on this proposal with which, as the hon. Finance Minister has said, the Expert Committee which has been appointed, also agrees.

So I feel that this Bill as a whole does deserve to be supported. But I would like to utter a word of caution. Let this "first aid" not be the "last straw" so far as the companies are concerned and let it not work as a curb on enterprises which exist in the country. I say this because many a time although we intend all the best in passing a legislation or any Resolution, we know it can be worked both ways. The same thing can be utilised for good as well as for evil and we have very often shown that we are quite good at doing right things in a wrong way or of tackling a thing in a wrong way. So far as the restrictions that have been put in refer among others to the changes in the managing agency, extension of the term of office etc. and but for the provision for the Advisory Commission, I would have been inclined to oppose them. But with the assistance of the Advisory Commission all these powers and restrictions which would ultimately be in the hands of the Central Government would, I hope, be used only where they are absolutely necessary and I hope they will be used not for obstructing the progress of business in India, but for assisting them.

There have also been added certain provisions on the initiative of the Select Committee. Some of them at least, are necessary and follow as a sort of a consequence to the amendments accepted by the Select Committee. As a result of these recommendations the Bill has emerged in a far stricter form than was originally the case.

I do not wish to say anything more than this. But I hope that the provisions and the powers in the hands of the Government would be used to the minimum possible extent and the impression will not be created in the minds of the people that they are not free to act on their own and to form any new companies or have no latitude so far as the managing agencies are concerned. As I said in my speech when the Bill came before the House for the first time, this is a very delicate matter and so long as we are not in a position to

do away with private enterprise altogether, we should act with as much caution as possible. We know all about the complaints about the mismanagement of various concerns and of the various abuses so far as the managing agency system is concerned. But for all that we wanted a method of curbing them and not a method of stopping them from coming into existence.

With these words I support the motion.

Shri Sidhva: I must indeed congratulate the hon. Minister and the Select Committee for having made improvements—I must say very great improvements—in the original Bill. The managing agency system is a curse, undoubtedly. Prof. Ranga has an experience of 16 years. I have an experience of 30 years. And I have been clamouring for the abolition of the managing agency system for all these years. I have not only been clamouring, but I also took some active steps in that direction, for the purpose of abolishing this system. But I failed, because the investing public are very powerful. I may give some illustrations from my own experience of the managing agency system. I hold now the same views as I did in those days. But I have come to a different conclusion, because I have to face realities. I do feel that though the managing agency system is a curse, unless our Government adopts and adjusts its own economy for the benefit of the community, this system has to remain for the progress of our industrial expansion. That is my stand. So though reluctant, I have to accept, for the time being this managing agency system.

About 20 years ago I wanted to start a textile industry in Karachi with a capital of Rs. 25 lakhs and my idea was to run it on modern lines. Having had some experience of working as a director of industrial concerns, I prepared the articles and the memorandum of association and the first point I kept in it was the abolishing of managing agents. I kept only managing directors.

I took the memorandum to my industrialist friends. They approved and appreciated some of the new features in the memorandum. But the first question they put to me was "How long are you going to safeguard our interest since we are going to invest our money?" So there comes the question of managing agency. They said "Unless you guarantee 30 years managing agency

we are not going to under-write the amount." That was my first experience of my industrialist friends; they were not strangers to me.

I then went from place to place and to Bombay, which is an industrial city. Everybody encouraged me but nobody was prepared to accept the scheme unless the managing agency clause was inserted. I then thought that I must associate the common man in the scheme and started ten rupee shares. With a great deal of enthusiasm after seeing 40,000 persons either personally or through letters I was promised about Rs. five lakhs. I could not go further than that. That was my experience then and substantially it is so today. Unless I ask persons like Mr. Goenka to under-write and take up the managing agency I cannot proceed. The industrialist was not prepared to help a man like me although I had prepared articles of association which would be of benefit to the community at large and the State. In the alternative I have to look to people like Mr. Goenka if the scheme is to be implemented. I had to undergo certain amount of expense and waste my time and energy.....

Shri Goenka: We are sorry for you.

Shri Sidhva: If you are sorry for me I know that you are glad for yourself in your heart of hearts. Unless the Government finds the solution to curb these people I am sorry there will be no other alternative but to perpetuate the managing agency system. I do not want to say anything about individuals but the fact is that unless we get the money industries will not flourish. Whether the Government holds that view or anybody else I agree with that. If the Government takes a drastic step in this matter the money is not forthcoming for these industries. Government is not able to handle properly those who roll in money and there is no other alternative for the progress of industry as a whole, which we are anxious to see that they develop in all directions. So long as the country goes ahead with its industries, it is for the good. That was my feeling before independence and I hold the same view today. Government is confronted with many difficulties in this respect. Our Government made a scheme regarding nationalisation and they gave an assurance that they will not touch for ten years certain industries. They said that during this period only certain industries will be nationalised and the others will form the private sector. Even then the

industrialists did not come to the rescue of the State or the country. The Government had no other solution and they had to surrender. In the circumstances in which we have to function I feel that the managing agency has to remain. Today the system has become so vicious and bad that the small shareholders (the widows and other small people who invest their money for four or five per cent.) are absolutely in the hands of the managing agents, who control and conduct these industries. From that point of view I am very glad that Government has come forward to safeguard their interests in some direction or other. I do not know how far they will be successful. But if the measure is worked well with the best of intentions, I am confident that it will be able to avoid the mischief that has been continually going on through the system of managing agency. I am sure this will be very helpful.

In the case of the present Bill I really give credit to the Government and to the members of the Select Committee. Sometimes the Government Member in charge of the Bill is very adamant and would not listen to the advice of the members of the Select Committee. While I do not know what transpired in the Select Committee, I can gather from the new amendments and clauses proposed that the Government have been good enough to accept the wishes of the members of the Select Committee. I was very much gratified to see the new clause 5. Also, parts (e) and (f) of clause 7 give them ample power to check this evil of managing agency system.

The only point is that sometimes these laws appear good on paper but in actual working they prove a failure. I only hope that from all these points of view and from all our experience, Government having come to the conclusion that this system is bad and requires to be amended—they cannot eradicate it. I quite appreciate that difficulty—they should see that the interest of the shareholders, particularly the small shareholders would be safeguarded. And in this direction I hope Government would not mind spending whatever money is necessary if they have to open a separate department for the purpose of keeping a vigilant eye over the affairs of the various companies in order to see how the managing agents are behaving towards the shareholders. Although we have at present some department looking into management, I consider it is not sufficient to meet the purpose. I want that there should be separate organisation for this purpose. I do not

[Shri Sidhva]

want hon. Minister merely to pass the law and then wait for somebody to make a complaint before taking notice of any defects. I want him to take the initiative. All of us know that we had to amend the Reserve Bank Act thrice. We know that as it was through the Reserve Bank that all the Scheduled Banks were regulated and recognised, the public felt that all the Scheduled Banks were safe because the Reserve Bank had recognised it; they deposited their money in these banks without knowing whether they were sound or not; ultimately it was found the Scheduled Banks had no money and so many of them went into liquidation resulting in the loss of the poor depositors' money. There is already a provision in the Reserve Bank Act requiring the Reserve Bank to see that the Scheduled Banks function properly; the Reserve Bank gets reports from these Banks weekly and monthly. But that clause in the Reserve Bank Act is not functioning as it should be—it has merely remained on paper. If they had been vigilant one of the best Banks that have failed would not have failed. I have narrated in this House the failure of the Exchange Bank which was absolutely due to the Reserve Bank not keeping an eye over it. Not only did the public lose their deposits.....

Mr. Chairman: Are we on that subject now?

Shri Sidhva: I am legitimately on it because I am giving an illustration of the supervision that should be there. My point is that while we are incorporating these clauses in the present Bill they must be implemented; I gave the illustration to show that while there is a clause in the Reserve Bank Act it is not functioning properly. If only that clause in the Reserve Bank Act had functioned the Exchange Bank would not have failed and the depositors would not have lost about eighty lakhs. Therefore, while I entirely agree with the provisions of the Bill as it has emerged from the Select Committee, I do feel that they will be implemented in the manner in which the Select Committee desires and in the manner Government have placed them before the House.

I support the motion.

Shri Shiv Charan Lal (Uttar Pradesh): I welcome this Bill. It is certainly necessary that there ought to be sufficient checks on these managing agents.

Mr. Chairman: May I ask hon. Members whether we should pass this consideration motion today?

Shri Sidhva: Yes. There is still half-an-hour more.

Shri A. C. Guha (West Bengal): I do not think it will be proper for us if we say that we shall pass the consideration motion today. It may be necessary to prolong the discussion.

Mr. Chairman: But I do not think many hon. Members desire to speak.

Shri Sidhva: Anyhow, we shall try.

Shri Shiv Charan Lal: In the past also several amendments were made to the Indian Companies Act in order to put a check on the wide powers of the managing agents. This time also the Select Committee has proposed several useful provisions for the same purpose. But I do not agree with Prof. Ranga and Shri Sidhva that the managing agency system, as such, is an evil and should be exterminated. May I point out that it is due to this managing agency system that we have advanced so much in the industrial field. It is due to this managing agency system that we have so many banks and industries.

Shri Sondhi (Punjab): There are no managing agents in banks now.

Shri Shiv Charan Lal: But we must also see the condition of things in the absence of the managing agency system. There are industries where this managing agency system is not working. Those industries are run by directors. Do we not see that so many companies come to a sad end very soon under those conditions? There is quarrel among the people there and some directors want to snatch power while others are usurping it and the result is that they very soon go to the court and for years together they fight, spending the money of the company and the company goes to dogs. We see this in the case of so many companies. Therefore, for the sake of management it is very necessary that there should be stability and uniformity. This changing of directors or the managing agents every year will not do. This democratic spirit in respect of management is harmful. To keep the company stable and uniform, managing agents are absolutely necessary. They have done a lot of good in the past. They know how to start a thing; how to get the money; how to maintain uniformity. If you are afraid that they will play mischief, by all means, put checks on them. If the checks that you already have are not enough, put more checks. You have so many checks already in the company law and by this Bill you are adding fresh checks. If you like, put even

more checks so that these people may not be able to play mischief, and snatch away a major portion of the profits. But certainly you cannot expect me to agree that this managing agency system should be exterminated. I agree that the checks proposed by the Select Committee are not only necessary but they are desirable, but do not do away with the system. You must see the practical difficulties. In a country like ours, we do not have sufficient experienced technicians and engineers. Even the Government is afraid of taking up the management of big industries for want of experienced men in the line. At a time like this, when Government itself, although it is committed to complete nationalisation of industry, finds it difficult because of want of experienced men to manage things, will it be wise for us to exterminate the managing agents? I say it will not do. In the end I entirely agree with the checks proposed by the Select Committee and with the powers given to Government to keep an eye on the activities of these managing agents. With these remarks, I support the Bill.

Shri Goenka: I would not have intervened in this debate but for the fact that my hon. friend Mr. Sidhva in season and out of season—more out of season than in season—refers to the so-called capitalists and the so-called money bags, and speaks of them in a manner which I do not think a man of Sidhva's position should do.

Shri Sidhva: What did I say?

Shri Goenka: I will come to that. The cat is out of the bag now. The reason is obvious. The reason is that he wanted money twenty years back and when he went to the money bags the money bags would not give him the money. That is his grievance against the money bags.

Shri Sidhva: This is most unfair. I started something and lost some money on that. I gave a complete picture of it. For any hon. Member to attribute motives to me is most unfair.

Mr. Chairman: All these personal matters are not to be dragged into the debate. I expect hon. Members to speak only within the limited scope of the Bill.

Shri Goenka: Madam, I am grateful to you for the very good advice which you have just now given. But the fact remains that I borrow my information only from Mr. Sidhva.

Shri Sidhva: What information did I give to that effect? The hon. Member should withdraw...

Shri C. D. Deshmukh: He only said that Mr. Sidhva went to some capitalists to collect money for some enterprise.

Shri Goenka: While he went to about 20,000 people to collect some Rs. five lakhs for starting a textile mill—a very fine enterprise—the capitalists would not trust him with the funds which he required in spite of the fact that he had very great experience of textile industry behind him. That is his grievance.

My hon. friend says that he has to come to me for underwriting. Never in my life did I have any experience of managing agency or underwriting business. Let Mr. Sidhva know this for the first time.

Shri Sidhva: I then stand corrected.

Shri Goenka: I am one of those who feel that the managing agents in this country have done a great deal of good to the nation by promoting various industries. But for them, none of the industries which are flourishing in the different parts of the country would have grown up. I know it for a fact that many managing agents when they find themselves short of money for the enterprise which they have undertaken adopt various methods which may not technically be absolutely right. Because they are interested in the industries sponsored by them, they go to the extent of begging, borrowing and sometimes even stealing money for the purpose of putting it into the industry and making it a success.

Shri Sondhi: Stealing from whom?

Shri Goenka: You know and I know.

Shri Sidhva: Give it out.

Shri Goenka: I will tell you shortly; do not worry about it.

The managing agents adopt various methods to which legitimately exception can be taken. But they do it with one intention and one objective, namely that the enterprise which they have undertaken should be made an unqualified success.

I am one of those who have always condemned the various acts of the managing agents which are detrimental to the interests of the shareholders. In fact during the last four years, I do not think I have lost one opportunity of condemning those who have prospered at the expense of the poor shareholders and poor investors.

Shri Sidhva: For instance?

Shri Goenka: Every day you read my speeches in Parliament and you will know it.

Unfortunately Mr. Sidhva only thinks in terms of himself. He is just like a frog of the pond or well. He can see only things inside the well and not outside.

Shri Sidhva: I want those instances.

Shri Goenka: What is the instance you want? You read the proceedings of Parliament and then you will find how many times I have had the occasion to refer to the misdeeds of the managing agents.

Shri Sidhva: Why should I read? I hear you personally every time you speak.

Mr. Chairman: Will the hon. Members address the Chair?

Shri Goenka: This Bill as it was introduced in Parliament was a salutary measure and the Select Committee tried to tighten up the various provisions of the Bill. We are really grateful to the hon. the Finance Minister who always kept an absolutely open mind in regard to all the aspects of the question. When matters which went to widen the scope of the Bill—not in the technical sense—were brought, he agreed because he saw the justice in them. When a suggestion was made that the various shareholders cannot afford to put all the money that is required for getting justice from a court of law and that the Government should be clothed with powers to take *suo motu* action in regard to a company or managing agents about whom they are satisfied that they were not working in the interest of the shareholders, just as the Board of Trade have got the right under section 210 of the English Companies Act, it was a big responsibility which the Select Committee wanted the Government of India to undertake. He was naturally sceptical about his organisation, about the capacity of the Government of India to take that responsibility. But when the Select Committee impressed upon him that if that power is not taken by the Government of India it may not be possible for a set of shareholders to get their grievances redressed in a court of law, he immediately agreed. He also agreed to various other suggestions which were made to him.

The Bill as it has now emerged from the Select Committee envisages only this, if I may cite that *sloka*:

परित्राणाय साधूनाम् विनाशाय च
दुष्कृताम् [Paritrāṇaya sādhu-

nam vinashaya cha dushkri-tam.]

An Hon. Member: Cite the latter part of the *sloka* also.

Shri Goenka: Do not worry about the latter part of it. That is, those who are honest are saved and those who are dishonest are destroyed. This is exactly what this Bill envisages. An honest managing agent has nothing to fear. In fact, if there is a managing agent who does not hold any share in the company but who manages the company properly, he will get all protection at the hands of the Government. If there is a dishonest managing agent, not only the Government but also the courts will see that proper penalties are imposed upon him. Under the existing Companies Act all that a shareholder could do would be to ask for the winding up of a company on the ground of mismanagement by a managing agent. A first-class company which adds to the production of the country need not be wound up. Therefore, special powers have been given to the court under the provisions of this Bill that short of winding up they could take any action they like and the affected party will have no right of claiming any damages from even the third party, and all the wrong acts done by the managing agents could be put right at the discretion of the court. We have given complete and wide powers to the court of law. Certain objections are raised and certain apprehensions are mentioned that these wide powers may not be properly used. After all, if we cannot trust the tribunals, our judicial tribunals, whom are we going to trust?

1 P.M.

My hon. friend, Prof. Ranga pointed out that Government may misuse the powers and the Government officials administering this Law will become corrupt. Human ingenuity will always be there and if the Government becomes corrupt, here we are to change the Government. Here we are the watch-dogs of the interests of those oppressed and suppressed. Here we are who can bring all those grievances to the notice of this House and to the notice of the hon. Finance Minister. After all somebody must be trusted and whom else are we going to trust more than the Central Government or our law courts? Then various other lacunae in the Bill have been pointed out by various interested persons in the country. My only reply to them will be: No doubt no legislation can be absolutely castiron. There are a few who legislate but there are thousands who find out ways

and means of circumventing it. All that the Government can do is to legislate as much as they can, so that the loop-holes are not allowed to remain but in spite of that, there will be many loop-holes. The persons interested will create loop-holes and they will try to circumvent the laws. That has been our experience and human nature being what it is, you cannot prevent it. No law can prevent all the acts or all the ingenuity of these evaders of law. That is our experience and therefore, my reply to them will be that this is as good a Bill as can be conceived of in the circumstances in which we are placed and I do not want to take more time. You are looking at the clock, Madam. I would also like to see that this debate is over by 1-15 P.M. In the end I congratulate the hon. Finance Minister and thank him for the manner in which he has accommodated the wishes of the Select Committee and after the lucid explanation of the various provisions of this Bill, it is not necessary for me to go into them.

Shri A. C. Guha rose—

Mr. Chairman: There are eight more clauses and hon. Members can speak on the clauses. Hon. Finance Minister.

Shri C. D. Deshmukh: I am glad that the barrage bypassed me and that the Bill, as amended, has received general approbation and support. In the main, there were two matters of major importance that were referred to in this discussion: One is the utility or the use of the managing agency system and the other was the question of administration. On the first issue, I do not wish to go very deep into the pros and cons. As the last speaker so very pithily put it the object of this measure is to encourage and protect the good managing agent and to discourage or thwart, and not destroy exactly, the bad ones.

Dr. Deshmukh: Pādatrānāya.

Shri C. D. Deshmukh: So, in a sense, it is a prophylactic measure.

Shri Sondhi: But, you are exporting castor oil now.

Shri C. D. Deshmukh: When the law is amended in the light of the recommendations made by the Company Law Committee, it may be that some of the sections which we are passing today will be found to be unnecessary because all the major loop-holes would have been stopped perhaps by different means. That also furnishes the answer to the point

made by Prof. Ranga whether it is wise to depend on the administrative machinery or whether it would be better to utilise only the judicial machinery for the purpose of administering the provisions of this law.

Prof. Ranga: I said quasi-judicial.

Shri C. D. Deshmukh: As I said, when these amendments emerge in their final form, maybe a year hence, some of these improvised arrangements may be abandoned. Prof. Ranga seemed to be quite pessimistic about democracy. Because, otherwise, he would not raise the question, what would happen if the Government themselves did not administer the Act well. The answer is that the Government could be removed much quicker than any decision could be given even by an executive tribunal. That is the democratic system which we have provided.

Dr. Deshmukh wondered whether this Bill would tempt the Finance Minister to be a dictator. In the first place I am not made of the stuff dictators are made of.

Shri Sondhi: Who knows? Dictators often say that.

Shri Kamath: As our Prime Minister also says.

Shri C. D. Deshmukh: In the second place, this is only an interim measure and even if I become a dictator, I should be only a short time dictator.

Shri Sondhi: A short time dictator may be a permanent dictator later on.

Shri C. D. Deshmukh: Actually, I do not believe that this Bill furnishes the temptation to be a dictator.

Shri Sondhi: It does.

Dr. Deshmukh: Not in spite of provision for all prior sanctions etc. in the Bill.

Shri C. D. Deshmukh: As has been pointed out, all the decisions have to be taken in consultation with the Advisory Commission and the Advisory Commission consists of hard-headed business men who are not likely to give wrong advice. If the Government gets into the habit of overriding the advice of the Advisory Commission, then, as I said, there are remedies open to Parliament to ensure that that does not go on happening.

Now, as regards the general policy that is followed by the Government in regard to the future of industries and the place of managing agents in that scheme, it is very difficult to give a

[Shri C. D. Deshmukh]

short answer. But, I should like to refer to the efforts that are being made to amend the law in regard to Stock Exchanges. That, I think, ought to go a long way, if it is properly framed, towards protecting the small shareholders about whom we are all very rightly anxious. There are also measures of the type of Industries Regulation and Control Bill which ought to ensure that those who are in charge of management of industries are made conscious of their duties to the community. On other fronts, steps are being taken to see that capital formation improves and that confidence is restored for nourishing a system of private enterprise. At the same time, I think, in the public sector Government is building up its instruments and its resources for taking on any additional responsibilities, should circumstances prove that that is becoming increasingly necessary.

As regards the actual arrangements for administration, I am as conscious as hon. Members who have referred to the matter, of the importance of ensuring that although you devise a good machine, it is not ruined for lack of good men. And we realise that it is essential to build up a competent and adequate organisation from the very beginning, and while all due economy has to be observed, I know that the organisation must not be stinted of the essential staff that it may require. We are well aware that for the first time in the history of company law administration we have assumed or have been entrusted with new and large responsibilities and that it is incumbent on us to equip ourselves with such staff as may be able to evolve correct methods of enquiry and investigation—and maybe investigation on our own initiative as was suggested by one of the speakers, from the start—and to lay down adequate standards for the purpose, and also to ensure that whatever has to be disposed of is disposed of with the least possible delay.

I do not think that in the course of this debate any other point arose which required a reply and therefore I now commend my motion to the House.

Mr. Chairman: The question is:

"That the Bill further to amend the Indian Companies Act, 1913, as reported by the Select Committee, be taken into consideration."

The motion was adopted.

Shri Sidhva: There are no amendments. The whole of it may now be put.

Mr. Chairman: I was just going to do that as there are two more minutes.

Dr. Deshmukh: Madam, I think it was understood when this matter was given the priority it got on the Order Paper that Members who wanted to move amendments would be allowed a day for this purpose.

Several Hon. Members: No, it was not with reference to this.

Mr. Chairman: If so many speak at the same time, I am unable to hear what each one of them says. I could not follow what Dr. Deshmukh was saying. I do not want so many hon. Members to speak at the same time.

Dr. Deshmukh: When Mr. Deputy-Speaker was in the Chair, I think he gave us to understand that though there was no time for Members to give amendments to the Bill because of the place given to the Bill in the changed order paper, to-morrow being a non-official day, one day would be available to hon. Members who wanted to give amendments and the amendments would be taken up the day after to-morrow.

Mr. Chairman: I think this agenda was circulated on the 1st of September and so there was lot of time to hon. Members to give amendments if they so chose.

Shri C. D. Deshmukh: May I point out, Madam, that no assurance was given about this Bill but.....(Interruptions).

Mr. Chairman: I would request hon. Members not to speak all at the same time. I could not hear what the hon. Minister was saying.

Shri Sidhva: We are only helping you, Madam, to come to a decision.

Shri C. D. Deshmukh: I think no such assurance with regard to this Bill was given. The Deputy-Speaker only gave a guidance in regard to future changes in the agenda with a view to avoiding any ground for complaint.

Mr. Chairman: Therefore, I will now put all the clauses.

Shri A. C. Guha: But it was also pointed out, Madam, that to-day we may finish the first reading and the clauses may be taken up the day after to-morrow.

Shri Kamath: Madam, the friends who object to putting the clauses to vote are right. As there were certain changes in the order of business the Deputy-Speaker had observed that time should be given to Members for moving amendments to this Bill.

Shri Goenka: But this Bill has been on the agenda paper for more than 24 hours.

Mr. Chairman: Apart from the fact that the agenda was circulated to hon. Members on the 1st, I am told that there was no such assurance given with regard to this particular Bill.....

Shri Sidhva: What the Finance Minister said was absolutely correct.

Mr. Chairman: Then I should be justified in putting all the clauses to the House.

Shri R. K. Chaudhuri (Assam) rose—

Shri A. C. Guha: Each clause should be open for discussion. (*Interruptions*).

Mr. Chairman: The practice of the House as I know and as hon. Members are aware, is that when there are no amendments to the clauses, all the clauses are put together. If any hon. Member wishes to speak the opportunity is there in the third reading stage, when he can express his views. I will put the motion to the House now.

The question is:

"That clauses 1 to 9 stand part of the Bill."

I think the 'Ayes' have it.

Several Hon. Members: The 'Noes' have it.

Mr. Chairman: Is it the intention of the hon. Members that we should postpone the third reading of the Bill?

Shri Sidhva: The third reading may be held tomorrow.

Shri R. K. Chaudhuri: We want the Bill to be put to the House clause by clause.

Mr. Chairman: That is not the practice. All the clauses are put together

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when there are no amendments. It is one thing to say that hon. Members want to speak at the third reading stage and another thing to say that the practice is not to put all the clauses to the House, even when there are no amendments to the clauses.

Shri R. K. Chaudhuri: Do you mean to say that we cannot oppose the Bill clause by clause when the Bill is considered clause by clause? (*Interruptions*).

Shri Goenka: On a point of order, the clauses have now been put and a decision has been given. (*Interruptions*).

Mr. Chairman: I will put that motion also, namely the point raised by the hon. Member that the clauses should not be reopened.....(*Interruptions*).

Pandit Kunzru (Uttar Pradesh): When you put the motion 'that clauses 1 to 9 stand part of the Bill' will you give Members the right to speak against the motion or not?

Mr. Chairman: I have put the motion to the House. I asked the House whether it is in agreement that the clauses should be put together and it is with the consent of hon. Members that all the clauses have been put. If, however, it is the intention of hon. Members to reopen this matter, I am perfectly willing to have it reopened.

Dr. Deshmukh: Even if there is no amendment if any single clause or group of clauses is placed before the House we are entitled to speak on them.

Mr. Chairman: Very good. I am agreeable to that. That is why I put it to the House. There is no point in dispute. I am postponing the consideration if it is the intention of hon. Members. Therefore there will be a debate on the clauses tomorrow.

The House stands adjourned till 8-30 A.M. tomorrow.

The House then adjourned till Half Past Eight of the Clock on Thursday, the 6th September, 1951.