

Monday, 28th November, 1949

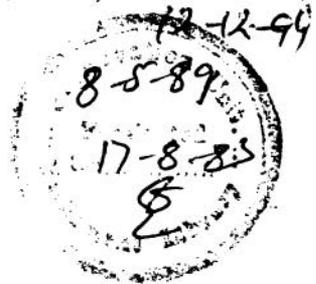
THE  
CONSTITUENT ASSEMBLY OF INDIA  
(LEGISLATIVE) DEBATES

(PART I—QUESTIONS AND ANSWERS)

OFFICIAL REPORT

VOLUME IV, 1949

*(28th November to 24th December, 1949)*



SIXTH SESSION  
OF THE  
CONSTITUENT ASSEMBLY OF INDIA  
(LEGISLATIVE)

1949

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**THE**  
**CONSTITUENT ASSEMBLY OF INDIA**  
**(LEGISLATIVE) DEBATES**  
**OFFICIAL REPORT OF THE SIXTH SESSION OF THE CONSTITUENT**  
**ASSEMBLY (LEGISLATIVE)**

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Volume IV—1949

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**CONSTITUENT ASSEMBLY OF INDIA (LEGISLATIVE)**  
**DEBATES**

(PART I—QUESTIONS AND ANSWERS)

*Monday, 28th November, 1949.*

The Assembly met in the Assembly Chamber of the Council House at New Delhi, at a Quarter to Eleven of the Clock, being the First day of the Sixth Session of the Constituent Assembly of India (Legislative), pursuant to sub-section (2) (a) of Section 19 of the Government of India Act, 1935, as adapted by the India (Provisional Constitution) Order, 1947. Mr. Speaker (The Honourable Mr. G. V. Mavalankar) was in the Chair.

STARRED QUESTIONS AND ANSWERS

(a) ORAL ANSWERS

**REMOVAL OF JEWELLERY BY GENERAL DELVOIE**

\*1. **Shri B. K. Sidhva:** (a) Will the Honourable the Prime Minister be pleased to state the result of the communication from the Government of India to the U.N.C.I.P. referred to in his statement in the House on the 5th October, 1949 in the matter of General Delvoie who removed jewellery boxes from the Lloyds Bank, Srinagar, for delivery to Sardar A. R. Effendi at Rawalpindi who is considered an evacuee and an enemy by the Jammu and Kashmir Government?

(b) Has General Delvoie been asked by the U.N. Commission to explain his conduct and if so, with what result?

**The Honourable Shri Jawaharlal Nehru:** (a) and (b). The report to the United Nations Commission was that Lt.-Gen. Delvoie removed from Srinagar to Rawalpindi seven boxes which had been deposited in a local Bank in the name of Begum Effendi, wife of Sardar Effendi who is an evacuee from Kashmir and was declared an enemy agent by the Government of that State. The Government of India have no direct knowledge of the contents of the removed boxes. It is understood that General Delvoie has returned to Belgium on expiry of his term.

**Shri B. K. Sidhva:** When was this gentleman declared an enemy agent? How was the bank able to hand over the jewellery to General Delvoie? Did he take the permission of the Government of Kashmir?

**The Honourable Shri Jawaharlal Nehru:** We have no information that there was any jewellery involved. They consisted of certain trunks and boxes. This is a matter in which no doubt the Kashmir Government will be enquiring. The boxes were deposited privately, I presume. As to how far the Bank is in error, I believe the Kashmir Government is enquiring into.

**Shri B. K. Sidhva:** May I know whether the Government of India lodged any protest with the U.N.O. and has any reply been received from them?

**The Honourable Shri Jawaharlal Nehru:** I have just read in my reply that we brought the facts to the notice of the United Nations Commission. Now that Gen. Delvoie has actually gone back to Belgium there is no particular matter involved, I believe in our pursuing this enquiry.

**Sardar Bhopinder Singh Man:** Is it a fact that prior to the removal of the jewellery Gen. Delvoie was regularly removing other household effects from Srinagar and handing them over to Begum Effendi at Rawalpindi? How long was he doing this?

**The Honourable Shri Jawaharlal Nehru:** I do not know anything about the jewellery referred to several times by Honourable Members. The Honourable Member said "prior to the removal of jewellery" as if that was taken for granted. All I know is that on two or three occasions bits of furniture were taken away and then these boxes, which according to him contained clothes were removed.

**Sardar Bhopinder Singh Man:** When was it brought to the notice of the Government that Sardar Effendi's household effects were being removed?

**Shri M. Trimala Rao:** Have Government got any information as to whether the Agents of the Lloyds Bank had entered into a conspiracy with Gen. Delvoie in removing these household effects?

**Dr. P. S. Deshmukh:** Does the General still continue to function as an officer of the United Nations Commission?

**The Honourable Shri Jawaharlal Nehru:** No, Sir. He has completed his term and has gone back to Belgium.

**Prof. N. G. Ranga:** Was any assurance given to the Government of India by the U.N. Commission that in future whoever might be sent to India by the Commission would not be allowed to behave in this manner?

**The Honourable Shri Jawaharlal Nehru:** The Honourable Member must realise that the Government of India does not demand any assurances from the U.N. Commission. When there is any difficulty or any such occurrence they bring it to the notice of the Commission or the authorities concerned, who give the fullest attention to it and thus the matter is settled. As to what happened in this case—I do not exactly know the details and the Kashmir Government no doubt are seized of it—it may have been an error on the part of Gen. Delvoie not knowing certain facts. It may have been an act of error on his part or something else. Anyhow the fact that Gen. Delvoie's term has expired and he has gone back to Belgium puts an end to the matter so far as we are concerned.

**Shri H. V. Kamath:** Did the Government of Jammu and Kashmir in their report to the Government of India inform them whether Sardar Effendi was an enemy agent or not or that they had declared him as such?

**The Honourable Shri Jawaharlal Nehru:** The Government of India got to know the facts after the incident, not before. We did not know anything about it before the event.

**Shri H. V. Kamath:** Did not the Government of Jammu and Kashmir make a report to that effect to the Government of India?

**The Honourable Shri Jawaharlal Nehru:** Yes, they did after the incident, not before.

## BUILDING FOR INDIAN EMBASSY IN LONDON

\*2. **Shri R. K. Sidhva:** (a) Will the Honourable the Prime Minister be pleased to state whether it is a fact that the Government of India have purchased a building for Indian embassy in London? If so, what is the cost of the building and for what purpose is it meant?

(b) Will the office of the High Commissioner be located in this building?

(c) Where is the High Commissioner residing at present, and if it is in a rented building, what is the rent thereof?

**The Honourable Shri Jawaharlal Nehru:** (a) Yes. The cost of the building, including cost of repairs, alterations and additions required for occupation is £60,000. The building is meant to be used as an Embassy.

(b) No.

(c) The High Commissioner is residing at present in a small room attached to his office in India House, where he intends staying on.

**Shri R. K. Sidhva:** May I know whether this building was actually purchased or leased for some period?

**The Honourable Shri Jawaharlal Nehru:** It has been leased for a period of forty-two years.

**Shri R. K. Sidhva:** Is this £60,000 an outright payment or is there any annual payment besides this?

**The Honourable Shri Jawaharlal Nehru:** Yes, there is an annual payment of £575, which is the ground rent.

**Shri R. K. Sidhva:** How much will the extension and the furnishing of the building cost?

**The Honourable Shri Jawaharlal Nehru:** No extension. I understand that the fixtures—carpets, accessories, etc.—are estimated to cost £12,000.

**Shri R. K. Sidhva:** And the furnishing?

**The Honourable Shri Jawaharlal Nehru:** That is all.

**Shri R. K. Sidhva:** Is it contemplated to extend the building?

**The Honourable Shri Jawaharlal Nehru:** No.

**Shri R. K. Sidhva:** Was this deal passed by the Standing Finance Committee of this House?

**The Honourable Shri Jawaharlal Nehru:** I presume it was. I cannot say from memory.

**Shri B. L. Sondhi:** I am here to contradict that statement. It was never passed.

**Mr. Speaker:** There is no occasion for any contradiction.

**Shri M. Tirumala Rao:** The Standing Committee of the External Affairs Ministry was appraised of the fact and they approved of the purchase.

**The Honourable Shri Jawaharlal Nehru:** There appears to be some misapprehension about this matter. There has been no better bargain on behalf of the External Affairs Ministry than this purchase of this building. I personally went into this matter in London. The Secretary-General went into it and rather over-ruled our High Commissioner—over-ruled in the sense that the latter insisted that so far as he was concerned it should not be intended for him. In all the great capitals we have embassies, not only for the ambassadors but

for eminent men who go from here and who have to spend a great deal of money by living in hotels, etc. So it was considered essential that we should buy this building. This particular building is in the diplomatic quarter, if I may say so: it is in Kensington Park Gardens and we have obtained it on extraordinarily favourable terms. It is a very fine building and is an investment which we can dispose of at any time at a much greater price.

**Prof. N. G. Ranga:** Is it not a fact that the High Commissioner has been staying in India House itself and therefore the Government of India was not put to any cost on account of his residence in the last two years?

**The Honourable Shri Jawaharlal Nehru:** Yes, of course, as I said, the High Commissioner is staying in a small room attached to his office, for which he is paying rent to the Government of India.

**Shri Mahavir Tyagi:** In view of the fact that the High Commissioner is not living in that building, may I know what use this building is going to be put to?

**The Honourable Shri Jawaharlal Nehru:** That quarter is meant for residential purposes of diplomats. There are various embassies, of countries great and small and one of the conditions is that no office should be opened there. But it was made clear that we can use it for any residential purpose. Apart from the High Commissioner other members of the staff or guests or people going from India can use it for residential or like purpose.

#### SHIP-BUILDING YARDS

\*3. **Shri B. K. Sidhva:** (a) Will the Honourable Minister of Industry and Supply be pleased to state whether it is a fact that certain ship-building experts have come from foreign countries to report on the development of shipbuilding yards in India?

(b) If so, have they submitted their report and have Government examined it?

**The Honourable Dr. Syama Prasad Mookerjee:** (a) and (b). Yes, Sir, a French firm of Naval Engineers was asked to advise Government on the possibility of establishing in India one or more new ship-building yards. Their report has been received and is being examined. The question of establishing new ship-building yards has been postponed for the time being.

**Shri B. K. Sidhva:** What are the recommendations of this Expert Committee?

**The Honourable Dr. Syama Prasad Mookerjee:** Their first recommendation is in relation to the future of the Ship-yard of Scindias and second with regard to the possibility of building other ship-yards in other parts of India.

**Shri B. K. Sidhva:** May I know what scheme the Government have dropped, or have they dropped the future expansion of the ports?

**The Honourable Dr. Syama Prasad Mookerjee:** It has been decided definitely that in view of the present financial difficulties we will not have any other ship-building yards under government control or management. So far as the question of helping Scindias is concerned, that matter is under examination now.

**Shri M. Tirumala Rao:** Have the experts visited the Vizagapatam Ship-building yard and reported on it, and if so, what is the nature of that report?

**The Honourable Dr. Syama Prasad Mookerjee:** They visited it a number of times and have submitted reports as regards the way it should be developed.

**Prof. N. G. Ranga:** Have Government considered the possibility of coming to a final decision in regard to the Vizagapatam Ship-building yard before the time expires for the building of the present steamer yard, or whatever it is, which is under construction?

**The Honourable Dr. Syama Prasad Mookerjee:** It has been decided that it will not be possible for Government to acquire the yard for the present. But we are considering how it may be possible to keep the work in the yard going on. That matter is now under discussion with Soindias.

**Shri S. V. Krishnamoorthy Rao:** May I know how many places the experts have examined and whether their report will be made available to the members of this House?

**The Honourable Dr. Syama Prasad Mookerjee:** I have no objection. I shall make it available to members of the House.

**Shri R. K. Sidhva:** What is the total cost of the Mission that has made its report?

**The Honourable Dr. Syama Prasad Mookerjee:** I have not got the figures here, but the total cost will not be more than a lakh of rupees.

**Shri R. K. Sidhva:** Sir, I would like to delete question No. 4 to enable me to put question No. 6.

**Mr. Speaker:** I am doubtful whether it will be permissible. We will go by the order.

**Shri R. K. Sidhva:** Last time you kindly allowed me.

**Mr. Speaker:** This time I may allow, without creating a precedent.

#### FOREIGN CAPITAL

\*5. **Shri R. K. Sidhva:** (a) Will the Honourable Minister of Industry and Supply be pleased to state the total number of applications received from foreign capitalists for starting industries in India after the announcement by the Prime Minister on investment of foreign capital?

(b) What is the total amount of foreign capital likely to be invested?

(c) How many of these applications have been admitted and how many rejected?

(d) What is the nature of the industries which are likely to be established through this capital?

(e) What are the conditions laid down for the establishment of these industries and when are they likely to be started?

(f) Have Government agreed to the establishment in India of a number of factories by British concerns for the production of consumer goods and if so, what are the details thereof?

**The Honourable Dr. Syama Prasad Mookerjee:** (a) Fifty-nine.

(b) Nearly Rs. 183 lakhs on schemes already sanctioned.

(c) Admitted—37, Pending—19, Rejected—3.

(d) and (f). Electrical (including Radios), Iron and Steel products, Vanaspati, Woollens, General Engineering, Automobiles, Paints and Varnishes, Printing and Finishing, Paper and Strawboard, Leather goods, Raw Films, Non-ferrous metals, Fine Chemicals, Footwear, Ivory Buttons. Sports goods. Foreign participants mostly belong to the U.K.

(e) Generally the conditions laid down are (i) majority of Indian capital, (ii) Indian management and (iii) Indian technicians to be trained by the foreign technicians so that the latter may be eventually replaced by the former. The schemes may take three to five years to materialise.

**Shri B. K. Sidhva:** May I know how many of these applications are from U.K. and U.S.A. and the other countries?

**The Honourable Dr. Syama Prasad Mookerjee:** Most of them are from U.K.—none from U.S.A.

**Shri B. K. Sidhva:** Is it a fact that the American Ambassador in Madras stated that there would be no rush of capital into India unless it is to the mutual interest of both? Has Government's attention been drawn to it?

**The Honourable Dr. Syama Prasad Mookerjee:** Well, obviously it must be to the mutual interest of both.

**Shri B. K. Sidhva:** Has any application been received from the industrialists in U.S.A.?

**The Honourable Dr. Syama Prasad Mookerjee:** Not in this list.

**Shri M. Tirumala Rao:** With regard to part (e) is it one of the conditions that these industries may be purchased by Indians at any time we choose?

**The Honourable Dr. Syama Prasad Mookerjee:** There cannot be a condition like that, but it is always open for Indians to purchase them by mutual agreement.

**Shri B. Das:** May I know how many of these applications are in the stage of actual negotiation and how many of them are in the stage of mere application only?

**The Honourable Dr. Syama Prasad Mookerjee:** All these cases are mature and sanction has been given after consideration of the different conditions.

**Shri Ajit Prasad Jain:** Apart from the statement of the Prime Minister in the House, what other attempts have been made to invite foreign capital to this country?

**The Honourable Dr. Syama Prasad Mookerjee:** We are receiving offers from individual firms. And our representatives abroad are also negotiating with firms which may possibly come here. There are private industrialists also who are in negotiation and we render every possible assistance.

**Shri Ajit Prasad Jain:** May I know the details about the negotiations carried on in U.S.A. in this regard?

**The Honourable Dr. Syama Prasad Mookerjee:** There have been no special negotiations with U.S.A. as such.

**Shri S. V. Krishnamoorthy Rao:** In sanctioning some of these applications did the Government consider this aspect that the sanctioned industries will not adversely affect the Indian industries that are already in existence?

**The Honourable Dr. Syama Prasad Mookerjee:** That is one of the considerations which is always kept in view by Government.

**Shri S. V. Krishnamoorthy Rao:** Is it not a fact that some out of the applications which have been sanctioned relate to industries which are already in existence in India?

**The Honourable Dr. Syama Prasad Mookerjee:** Well, obviously with regard to some of them the industries are already functioning in the country. But when new enterprise comes from foreign countries we see to it that the industries already functioning in India are not adversely affected.

**Sardar Hukam Singh:** Is it not a fact that certain licences have been granted to foreign firms in respect of industries that have been already developed here by indigenous firms and that Indians have grown apprehensive of this competition?

**The Honourable Dr. Syama Prasad Mookerjee:** Every such case is considered on its merits and we are in close touch with the industries already functioning in India.

**Shri Mahavir Tyagi:** Will the interest and ownership and effective control of the undertakings be in Indian hands?

**The Honourable Dr. Syama Prasad Mookerjee:** I have already answered it. In some cases they are. In regard to foreign concerns it is for a limited number of years.

**Shri Mahavir Tyagi:** May I know the period limit fixed for foreign concerns?

**The Honourable Dr. Syama Prasad Mookerjee:** It is difficult to give an answer to that question. Conditions are attached to each enterprise. But that is one factor which is borne in mind.

**Shri M. Ananthasayanam Ayyangar:** How many of these industries are expected to produce goods which we have been importing from U.S.A. and other hard currency areas?

**The Honourable Dr. Syama Prasad Mookerjee:** I believe there are some industries in respect of which we are getting the goods from hard currency areas, like automobiles. But it is very difficult to indicate as to how far the imports from the dollar areas will be affected, though some of the consumer goods that we are getting from the foreign dollar countries will necessarily be avoided in future.

**Shri M. Ananthasayanam Ayyangar:** Has no special attention been paid to the fact that in view of U.S.A. being a hard currency area, diversion or planting of such industries may be allowed for the U.K. so as to relieve the burden of importing from U.S.A. and other hard currency areas?

**The Honourable Dr. Syama Prasad Mookerjee:** It is very difficult to concentrate on that aspect though it is borne in mind. There is no article which comes exclusively from the dollar area. But if we produce more in this country, the demand on the dollar areas will be reduced to that extent.

**Shri Deshbandhu Gupta:** With regard to part (e) may I know whether it is bare majority of shares by Indians or whether a certain percentage is fixed and whether it is uniform in the case of all industries or whether it differs from industry to industry?

**The Honourable Dr. Syama Prasad Mookerjee:** It differs from unit to unit.

#### HYDRO-ELECTRIC MACHINERY

\*6. **Shri R. K. Sidhva:** (a) Will the Honourable Minister of Industry and Supply be pleased to state whether it is a fact that he has recommended a Delegation to proceed to Japan for negotiating the purchase of Hydro-Electric machinery?

(b) If so, when is this Delegation likely to proceed to Japan and what are the conditions laid down for the purchase of machinery?

(c) Have they been entrusted to place definite orders with Japanese firms?

(d) Which country produces the best type of Hydro-Electric machinery?

(e) Has any order been placed with any country so far for this article and if so, what are the details?

**The Honourable Dr. Syama Prasad Mookerjee:** (a) No.

(b) and (c). Question does not arise.

(d) No categorical statement can be made.

(e) The Central Government have not placed any orders abroad, but some Provincial Governments have done so. For example, the Madras Government

has ordered from America hydro-electric machinery worth about Rs. 50 lakhs for their Machkund Project. The East Punjab Government has also placed orders on that country for machinery worth about Rs. 6 crores for their Bhakra-Nangal Project. I am afraid full information regarding the orders placed by the various Provincial Governments is not immediately available, but it can be collected if the Honourable Member so desires.

**Shri R. K. Sidhva:** May I know whether any representation was made to the Government regarding the quality and the price of the Japanese hydro-electric machinery compared with the quality and price in other countries, and if so what is the result?

**The Honourable Dr. Syama Prasad Mookerjee:** We did receive an enquiry from Japan and we are pursuing it. In fact our representative has given a report after his recent visit to Japan and it has been suggested that we might send out an engineer for the purpose of testing the quality of the goods that he may possibly get from this country.

**Prof. N. G. Ranga:** What assistance has the Government of India given to the Government of Madras in obtaining the necessary equipment which they have ordered for this Machkund Project?

**The Honourable Dr. Syama Prasad Mookerjee:** We have secured the dollars for them.

**Prof. N. G. Ranga:** Is it not a fact that there has been inordinate delay in obtaining the machinery for which they have placed orders and that the Government of India has not been able to give them any other assistance except saying that they are obtaining dollars for them?

**The Honourable Dr. Syama Prasad Mookerjee:** Well, I believe the question of priorities had to be considered; there might have been some delay. I have not got the figures here, but I find permission has been given.

**Dr. P. S. Deshmukh:** Is there any effort to see that this machinery is manufactured in India in the near future?

**The Honourable Dr. Syama Prasad Mookerjee:** As you know, we have appointed some consultant to give us a report, but that also will be a fairly expensive affair. So, I do not know what the policy of the Government will be—it is too early to say that.

**Shri R. K. Sidhva:** Despite the expert opinion that the quality and price of Japanese machinery are superior and economic respectively compared with purchases from other countries, the Provincial Governments have purchased from other countries at higher prices. Have the Government of India drawn the attention of Provincial Governments.....

**Mr. Speaker:** It is more or less a question from the Provincial Government's point of view.

**Shri R. K. Sidhva:** The point is that the Government of India is always in touch with this matter and they have to guide the Provincial Governments. May I know.....

**Mr. Speaker:** I am afraid I cannot allow this question. It involves an expression of opinion also.

**Shri Jainarain Vyas:** May I know whether any order has been placed for machinery for the hydro-electric project, Jawai in Rajasthan?

**The Honourable Dr. Syama Prasad Mookerjee:** As I said, I have not got information from all Provincial Governments, but I suppose the Honourable Member knows it much better than I do.

**Shri R. K. Sidhva:** I would like to have information from the Honourable Minister as to what orders have been placed.

**Mr. Speaker:** He has promised it and the Honourable Member will get the information.

**SALT TO NEPAL**

\*7. **Shri Brajashwar Prasad:** (a) Will the Honourable Minister of Industry and Supply be pleased to state whether it is a fact that Government have authorised Indian Exporters to export salt to Nepal?

(b) How many exporters have been authorised to export salt to Nepal?

(c) How many wagons of salt have been exported daily to Nepal since the 24th November, 1948?

(d) Are Government aware that most of the wagons of salt have been taken over to North Bihar where it is sold at abnormally high prices?

(e) If so, what steps do Government propose to take to stop this practice?

(f) Is it a fact that this irregularity has been brought to the notice of:

(i) The Salt Controller for India, Industry and Supply Department, New Delhi;

(ii) The Chief Controller of Railway Priorities, Ministry of Transport, New Delhi;

(iii) The Secretary, Ministry of External Affairs, New Delhi; and

(iv) The Regional Controller of Railway Priorities, Fairlie Place, Calcutta?

**The Honourable Dr. Syama Prasad Mukherjee:** (a) Yes.

(b) Twenty-two.

(c) The number varied from day to day and month to month. The total number of wagons despatched during the period 24th November, 1948 to 31st October, 1949 from Sambhar, Kharagboda, Dharangbira and Calcutta are 1,070; 98; 858 and 364 respectively.

(d) and (e). Reports received to this effect are being investigated in consultation with the Nepal Government.

(f) (i) Yes; (ii) No; (iii) Yes; and (iv) I have no information.

**U. N. MEMBERSHIP (NEPAL)**

\*8. **Dr. Mono Mohon Das:** Will the Honourable the Prime Minister be pleased to state whether there was any consultation between India and Nepal before the latter's application for U.N. membership was made?

**The Honourable Shri Jawaharlal Nehru:** Nepal sought India's support for membership of the United Nations and the Government of India promised to give whatever support was possible.

**Dr. Mono Mohon Das:** May I know whether the Nepal Government feels the necessity of maintaining a close co-ordination with the India Government so far as external affairs are concerned?

**The Honourable Shri Jawaharlal Nehru:** What the Nepal Government feels I do not know, but naturally it is desirable for such close co-ordination to exist.

**Dr. Mono Mohon Das:** May I know whether there has been any consultation between the India Government and the Nepal Government about getting recognition to Communist China?

**The Honourable Shri Jawaharlal Nehru:** No, Sir, the Nepal Government's external relations thus far, to my knowledge, are limited to two or three countries, notably the U.K. and the U.S.A. They hardly deal with the rest of the world.

**Shri Brajeshwar Prasad:** Does any co-ordination exist between these two Governments on questions of foreign policy?

**The Honourable Shri Jawaharlal Nehru:** The Nepal Government has not got very much of a foreign policy.

#### DIESEL ENGINES

**\*9. Dr. Mono Mohon Das:** (a) Will the Honourable Minister of Industry and Supply be pleased to state whether the S.I.M.A.D. (Syndicate of Industry, Metallurgical Agricultural Development) have submitted their project report on the possibility of establishing a factory for the manufacture of complete Diesel Engines and accessories in India?

(b) If so, what are briefly the contents of the said report?

**The Honourable Dr. Syama Prasad Mookerjee:** (a) No, Sir, they were not asked to submit any such report.

(b) Does not arise.

**Shri S. Nijalingappa:** Is any diesel oil produced in India?

**The Honourable Dr. Syama Prasad Mookerjee:** Of course we are producing.

**Shri S. Nijalingappa:** May I know what quantity is produced?

**The Honourable Dr. Syama Prasad Mookerjee:** Our total installed capacity is 4,600 per year. We have produced between January and September, 1949, 1,380 engines and our target for next year is.....

**Several Honourable Members:** The question was about diesel oil. What is its quantity?

**The Honourable Dr. Syama Prasad Mookerjee:** Very little. We import the diesel oil that we require.

**Sjt. Kuladhar Chaliha:** What are the firms that are producing these diesel oil engines?

**The Honourable Dr. Syama Prasad Mookerjee:** The following are the names of those firms: Messrs Cooper Engineering Ltd., Poona; Ruston and Hornsby Ltd., Bombay; Kirloskar Oil Engines Ltd., Poona; Oriental Engineering Co. Ltd., Delhi-Shahdara; Saraswati Industries Ltd., Ghaziabad.

#### FILM INDUSTRY (MACHINERY)

**\*10. Dr. Mono Mohon Das:** Will the Honourable Minister of Commerce be pleased to state:

(a) the total cost of machineries imported into India for the cinema or the film industry of the country (both for production and exhibition of films) during the years 1947-48, 1948-49 and 1949-50 to date; and

(b) the total amount of import duty realised by Government therefrom?

**The Honourable Shri K. C. Neogy:** (a) Details of imports of machinery required for the cinema, or the film industry, are recorded separately in the sea-borne trade returns of India only under the following headings, viz. (i) cinema projecting apparatus and parts and accessories and (ii) sound recording apparatus and parts and accessories. A statement (No. 1) showing the required information under these heads is laid on the table of the House.

(b) A statement (No. II) showing duty collected on imports of (i) cinema projecting apparatus and (ii) sound recording apparatus during the five months ended August, 1949, is also laid on the table of the House.

As these two items came to be shown independently for the first time in the Tariff schedule under the Indian Tariff Amendment Act, 1949, the figures

of import duty on these items are available from the 1st April, 1949 only. Prior to this, these items were classified under the general heads (electrical apparatus, machinery, etc.) and no separate figures of import duty in respect of these items are therefore available.

**STATEMENT I**

*Value of (i) Cinema projecting apparatus and parts and accessories and (ii) sound recording apparatus and parts and accessories imported into India by sea from abroad, on private account, during the official years 1947-48, 1948-49 and the five months April to August 1949.*

Articles	1947-48		1948-49		Five months, April to August, 1949.	
	Quantity	Value	Quantity	Value	Quantity	Value
		Rs.		Rs.		Rs.
Instruments, etc.—						
Photographic—						
Cinema talkie apparatus and equipments—						
(i) Cinema Projecting apparatus and parts and accessories.		61,50,518	..	37,14,296	..	24,03,928
(ii) Sound recording apparatus and parts and accessories.	..	84,63,968		24,52,683	..	5,96,678

NOTE: The figures exclude the direct foreign sea-borne trade of the Pakistan provinces of Sind and East Bengal with effect from the 1st and the 15th August 1947, respectively. They also do not include India's sea-borne trade with Pakistan upto February 1948. From 1st April 1948 the figures relate to combined figures of trade on private and Government account. They also include the sea-borne trade of Kutch with effect from 1st June, 1948.

**STATEMENT II •**

*Import duty collected on the imports of (i) Cinema projecting apparatus, (ii) sound recording apparatus for the production of cinema films, during the five months April to August 1949.*

Articles	Five months, April to August, 1949.
	Rs.
(i) Cinema projecting apparatus	1,18,764
(ii) Sound recording apparatus for the production of cinema films	15,138

**Dr. Mono Mohon Das:** What percentage of the total imports come from hard currency areas?

**The Honourable Shri K. C. Neogy:** Most of these imports come from hard currency areas.

**Dr. Mono Mohon Das:** May I know whether due to financial considerations Government consider that it will be required to reduce the amount of imports?

**The Honourable Shri K. C. Neogy:** Oh, yes, as far as possible.

**Shri Mohan Lal Gautam:** What is the total amount that the country has spent on these imports during these three periods?

**The Honourable Shri K. C. Neogy:** I have given some detailed figures here in the statement, but I am afraid I have not got the totals here. If one year will do, the value of imports, as far as I can judge, for 1948-49 was over Ra. 60 lakhs.

**Dr. Mono Mohon Das:** May I know whether the Government considers this film industry essential for the development of the country?

**Mr. Speaker:** I could not follow the question.

**The Honourable Shri K. C. Neogy:** He asks for an expression of opinion.

#### INDIAN DELEGATIONS TO AUXILIARY BODIES OF U.N.O.

\*11. **Shri Arun Chandra Guha:** (a) Will the Honourable the Prime Minister be pleased to state how many delegations to the different auxiliary bodies of the U.N.O. have been sent by India during the last two years, i.e., from 15th August, 1947 and what are they?

(b) What have been the expenses on account of these delegations?

**Dr. B. V. Keskar** (Deputy Minister of External Affairs): (a) and (b). The information required by the Honourable Member so far as the period 15th August, 1947 to March, 1949 is concerned will be found in the answers given to and statements laid on the table of the House in reply to the following questions:

(i) Question No. 685, replied to on 11th March, 1949 regarding delegations sent abroad from September, 1946 to March, 1949.

(ii) Question No. 747 replied to on 2nd September, 1948 regarding delegations sent abroad from 1st January, 1948 to August, 1948.

(iii) Question No. 1693, replied to on 5th April, 1949 regarding delegations sent abroad from 1st April, 1948 to 31st March, 1949.

Information for the period from 1st April, 1949 to 14th August, 1949 will be placed on the table of the House as soon as the various items of expenditure connected with the delegations during this period have been finally adjusted by the Accountant General, Central Revenues.

**Shri Arun Chandra Guha:** I am not asking about all the delegations. I am only asking about those delegations to the auxiliary bodies connected with the U.N.

**Dr. B. V. Keskar:** I am saying with regard to the U.N. bodies.

**The Honourable Shri Jawaharlal Nehru:** May I say that the number of times we have placed statements giving these facts before the House will certainly run into two figures. We have placed long statements which have taken a large number of people to compile. Then a question was put which covers that statement about 95 per cent. but there is a 5 per cent. difference and so the whole procedure has to be gone through because of that 5 per cent. difference. We should like to help the House in having all information that are at our disposal, but I should like Honourable Members to realize that a simple variation by a question means half a dozen people working for a fortnight, but the cost involved is great and the information is already there.

**Shri H. V. Kamath:** Are any economies contemplated in this field of governmental activity as part of the general economy drive?

**The Honourable Shri Jawaharlal Nehru:** Yes, among them is the request to members not to put unnecessary questions.

**Shri H. V. Kamath:** Is that part of the economy drive?

**Mr. Speaker:** We are now entering into an argument. Next question.

**SINDRI FERTILISER FACTORY**

\*12. **Shri Arun Chandra Guha:** (a) Will the Honourable Minister of Industry and Supply be pleased to state what was the original estimate of capital investment in the Fertiliser Factory at Sindri?

(b) What is the amount so far spent and how much would be required to complete it?

(c) How far is the construction of the factory proceeding according to the original time scale?

(d) When is the factory expected to be completed and to produce fertilisers?

(e) What would be the interest and depreciation charges for the capital invested?

**The Honourable Dr. Syama Prasad Mookerjee:** (a) The estimate of capital investment furnished by the Fertilizer Mission in 1944 was Rs. 10.5 crores.

(b) The amount spent so far is Rs. 12.31 crores. To complete the work a further sum of about Rs. 9 crores will be required.

(c) It was originally expected that the construction of the factory would take about 2½ years from the time work was effectively begun. Arrangements with the American Consultants, namely, The Chemical Construction Corporation, and the Power Gas Corporation of the U.K., were concluded in August, 1945; but it was not until May, 1947 that Government obtained possession of the site. Since then the work has been progressing fairly well and of late construction is going on at a rapid pace.

(d) The construction of the factory is expected to be completed by August, 1950. It will take nine to twelve months from then to obtain full production.

(e) About 180 lakhs.

**Shri Arun Chandra Guha:** Part (e) has not been answered.

**The Honourable Dr. Syama Prasad Mookerjee:** I have said about 180 lakhs.

**Shri Mohan Lal Gautam:** Who is responsible for this extra expenditure of more than 100 per cent.?

**The Honourable Dr. Syama Prasad Mookerjee:** Well, I can give some figures. In 1944, before practically the estimate was completed, Rs. 50 lakhs had to be added to, I find, for expenses on site. Rs. 1.5 crores was added for, I think, plant. Practically in 1944-45 the figure increased from Rs. 10 crores to 12 crores and 79 lakhs. Then, later on, on account of increase in world cost of plant and machinery, there has been an increase of 75 per cent. to 80 per cent. on cost, which means an additional increase of about Rs. 6 crores. This explains about Rs. 8 crores, and so far as the rest is concerned, the cost of the factory buildings, housing sites and undertaking of some additional work accounts for it.

**Shri B. K. Sidhva:** May I know whether estimate was originally prepared and whether orders were placed in foreign countries on the basis of those estimates? If that was so, what is the reason for this additional cost?

**The Honourable Dr. Syama Prasad Mookerjee:** So far as the price of plant and machinery are concerned, they are dependant upon prices which fluctuated particularly at that time. The orders were originally placed at a time when the House is aware the prices were extremely uncertain. In 1944 when the contract was entered into, it was done on the basis of fluctuations which might arise during that period.

**Shri B. K. Sidhva:** May I know whether definite price was not settled at the time the contract was placed?

**Mr. Speaker:** I think it has been answered.

**Shri Arun Chandra Guha:** What is the value of the fertilizer produced every year?

**The Honourable Dr. Syama Prasad Mookerjee:** The total quantity will be 85,000 tons per year and the price which we are now estimating in view of the increase in the cost of production will be Rs. 200 per ton exclusive of profit.

**Sjt. Kuladhar Chaliha:** May I know what is the amount spent on machinery, buildings and raw materials up to date?

**The Honourable Dr. Syama Prasad Mookerjee:** Rs. 12 crores.

**Shri M. Tirumala Rao:** Does this extra expenditure involve the amount that has to be incurred in the purchase of machinery on account of the recent devaluation?

**The Honourable Dr. Syama Prasad Mookerjee:** Fortunately, almost the entire machinery has arrived. There is therefore no question of further increase in price.

**Sardar Bhopinder Singh Man:** Arising out of (c) of the Question, how much has been the delay so far as construction of the factory is concerned?

**The Honourable Dr. Syama Prasad Mookerjee:** The original idea was that it will take about 2½ years, but construction really started about July-August, 1947, so there has not been much delay, but we are trying to speed up as much as possible.

**Pandit Hriday Nath Kunzru:** May I know what will be the price per ton of the fertilizer produced at Sindri and the price of the imported fertilizer?

**The Honourable Dr. Syama Prasad Mookerjee:** It will be about Rs. 200 per ton without profit. The price of course will have to be fixed later on. We are now paying about Rs. 300 per ton for the imported fertilizer and the latest price is higher than Rs. 300.

**Shri T. A. Ramalingam Chettiar:** How does the cost and the time-table compare with that of the fertilizer factory in Travancore? Was it not started about the same time?

**The Honourable Dr. Syama Prasad Mookerjee:** As the Honourable Member is aware, the fertilizer factory in Travancore is about one-seventh the size of the Sindri factory, and its original estimated cost of Rs. 1.5 crores has now gone up to Rs. 4 crores. I do not think the Sindri factory compares very unfavourably with it.

**Shri Arun Chandra Guha:** Taking the interest charges, the depreciation costs and the working costs, would this factory be a paying concern to the Government?

**The Honourable Dr. Syama Prasad Mookerjee:** We have to import fertilizer at a price ranging between Rs. 300 and 350. If we can sell fertilizer in India somewhere between Rs. 200 and 250, I think it will be a paying concern.

**Shri B. P. Jhunjhunwala:** What was the original estimated cost of production per ton of fertilizer and what is it now? If there is any difference, what is the reason for the same?

**The Honourable Dr. Syama Prasad Mookerjee:** The original estimated cost was Rs. 119 per ton, but on account of the increases I have indicated, we expect it will be about Rs. 200.

#### DISPLACED PERSONS FROM EASTERN PAKISTAN.

\*13. **Shri Satis Chandra Samanta:** Will the Honourable Minister of Rehabilitation be pleased to state:

(a) the number of displaced persons who have come over to West Bengal from Eastern Pakistan up to July, 1949;

(b) how many of them have been rehabilitated (i) in West Bengal; and (ii) in other provinces and States; and

(c) how many are still in camps?

**The Honourable Shri Mohan Lal Saksena:** (a), (b) and (c). A statement is laid on the table of the House. (See Appendix III, annexure No. 1.)

**Shri H. V. Kamath:** Is it a fact that very recently the Government of Pakistan asked a well-established banking corporation in East Bengal to quit their premises within twenty-four hours?

**The Honourable Shri Mohan Lal Saksena:** May I know if it arises from this question?

**Mr. Speaker:** I do not think so.

**Shri Ram Chandra Upadhyaya:** May I know the number of persons who have gone from West Bengal to East Bengal?

**The Honourable Shri Mohan Lal Saksena:** I am afraid it does not arise from this question, but if the Honourable Member wants, the information will be supplied to him later.

**Shri Jaspal Roy Kapoor:** May I know whether it is one-way traffic or both-way traffic?

**The Honourable Shri Mohan Lal Saksena:** Mostly it is one-way traffic.

**Shri Satle Chandra Samanta:** How many camps were started and how many still remain?

**The Honourable Shri Mohan Lal Saksena:** I think about 26 camps were started in West Bengal. It has been the policy of the Government of India not to encourage free feeding in the camps and these camps have been converted into settlements.

**Shri Mthir Lal Chattopadhyay:** In view of the harassment of the Hindus that is going on in East Bengal, is the Government of India making arrangements for receiving the evacuees who flow from East Pakistan—if they are likely to come?

**The Honourable Shri Mohan Lal Saksena:** I do not think it arises from this question. But if displaced persons come, arrangements will have to be made to receive them.

**Shri Arun Chandra Guha:** Have the Government received any report of fresh exodus of evacuees from East Bengal?

**The Honourable Shri Mohan Lal Saksena:** Government have received reports; but it is not only of Hindus, but also of Muslims. It is due to economic causes in East Bengal.

**Dr. Mono Mohon Das:** May I know the total expenditure incurred by the Government of West Bengal on these refugees?

**The Honourable Shri Mohan Lal Saksena:** If the Honourable Member goes through the statement, he will find that under all the headings put together we have spent rupees about one crore and fifty-eight lakhs—I have, however, not got all the figures here.

The Rehabilitation Finance Administration has alone given Rs. 46,89,000 to eight hundred persons by way of loan.

**Dr. Mono Mohon Das:** Has the Central Government met any part of this expenditure?

**The Honourable Shri Mohan Lal Saksena:** The Central Government has paid for the whole of the expenditure.

**Shri Suresh Chandra Majumdar:** May I know what is the policy of the Government of India towards these Muslim emigrants who are flowing from East Bengal to West Bengal? Are they going to be rehabilitated like the Hindus?

**The Honourable Shri Mohan Lal Saksena:** There is no question of rehabilitating them.

**Dr. P. S. Deshmukh:** May I ask the Honourable Minister to read the statement, because there are only a few figures. The Honourable Minister could have easily obliged the House.

**Shri B. K. Sidhva:** Sir, all that we want to know is the total number of displaced persons who have come to West Bengal; how many have been rehabilitated and how many are in camps. There are only three items.

**The Honourable Shri Mohan Lal Saksena:** Honourable members will see that this is a long statement.

**Mr. Speaker:** If the statement is a long one, it may be studied and questions put later on. I am going to the next question.

#### SALT PRODUCTION

\*14. **Shri Satish Chandra Samanta:** Will the Honourable Minister of Industry and Supply be pleased to state:

(a) the amount of salt (i) produced in India; and (ii) imported from other countries in the years 1948 and 1949;

(b) how many production centres have been started since 1947;

(c) the number of private enterprises for salt production; and

(d) whether these private enterprises receive any help from the Government of India?

**The Honourable Dr. Syama Prasad Mookerjee:** (a). (i) Production in 1948 was 635 lakh maunds and in 1949 (up to October) 515 lakh maunds.

(ii) Imports during 1948 were 120 lakh maunds and during 1949 (up to October) 76 lakh maunds.

(b) Two factories in Kathiawar, one in Orissa and one in Madras.

(c) There are 106 private factories excluding the small state unlicensed manufacturers.

(d) Yes. The private factories receive assistance from Government in transport, technical advice and supply of controlled constructional materials.

**Shri Satish Chandra Samanta:** Will the Honourable Minister please say whether the Midnapur District produces any salt?

**The Honourable Dr. Syama Prasad Mookerjee:** There is very small production there.

**Shri M. Tirumala Rao:** Has the attention of the Honourable Minister been drawn to an item of news which appeared recently that India is today producing more salt to the extent of five lakh maunds?

**The Honourable Dr. Syama Prasad Mookerjee:** I believe that in 1948 we produced 635 lakh maunds, as I have said, and our consumption was 650 lakh maunds.

**Shri B. A. Khimji:** Are Government aware that there are many mineral salt deposits in India?

**The Honourable Dr. Syama Prasad Mookerjee:** That is true.

**Shri B. A. Khimji:** Will he make investigations of these deposits and start production?

**The Honourable Dr. Syama Prasad Mookerjee:** Not on Government account; but we will certainly encourage private enterprises which are interested in the production of salt.

**Shri Arun Chandra Guha:** Is it a fact that the West Bengal Government are in communication with a French company for salt manufacture in West Bengal?

**The Honourable Dr. Syama Prasad Mookerjee:** They have suggested that an expert belonging to a French company should be invited.

**Shri Jaspal Roy Kapoor:** Is the Government aware that there is considerable scope for the development of the salt industry in Bharatpur?

**Mr. Speaker:** I think it is a suggestion.

**Shri Kishorimohan Tripathi:** By when do the Government of India hope India will be self-sufficient in salt?

**The Honourable Dr. Syama Prasad Mookerjee:** By 1951

**Shri Kishorimohan Tripathi:** Has the Government of India taken any steps to reduce the retail price of salt in India?

**The Honourable Dr. Syama Prasad Mookerjee:** We have not imposed any control so far as prices are concerned. We have left it to the provinces to regulate the prices, in areas where prices may go up. Now they are more or less stabilised.

**Shrimati G. Durgabai:** Sir, is it a fact that Government had appointed a Salt Committee with Mr. Sidhva as its Chairman and has the Chairman taken any steps to bring out his report?

**Shri R. K. Sidhva:** It is not a Committee for writing a report; it is a Committee to do practical work.

**Shri Arun Chandra Guha:** Has the Government of India approved the West Bengal Government's scheme to give contract for the manufacture of salt to a French company?

**The Honourable Dr. Syama Prasad Mookerjee:** No French company has been given any contract. A French expert was invited to advise the West Bengal Government in regard to its scheme for the expansion of salt industry.

**Shri Arun Chandra Guha:** That may be only the thin end of the wedge.

**Mr. Speaker:** It may be the Honourable Member's inference about it.

**Shri M. Ananthasayanam Ayyangar:** The Honourable Minister said that India would be self-sufficient in regard to salt by 1951. May I know what would be the quantity that would be produced by 1951?

**The Honourable Dr. Syama Prasad Mookerjee:** That would depend on the population of India in 1951.

**Shri M. Ananthasayanam Ayyangar:** Is the Honourable Minister aware that the consumption of salt in India is only 14 to 15 pounds per head, while the consumption in some other countries is as high as 40 pounds?

**The Honourable Dr. Syama Prasad Mookerjee:** That is true.

**Shri M. Ananthasayanam Ayyangar:** Then, how does he estimate the quantity to be produced; at what rate? What is the quantity expected to be produced?

**The Honourable Dr. Syama Prasad Mookerjee:** We should at least be able to produce by 1951 what we would be consuming for the whole year plus at least three months' stocks, which means in place of 645 maunds now produced it would be at least 700 maunds.

**Shri M. Ananthasayanam Ayyangar:** How many pounds per head it works up to?

**The Honourable Dr. Syama Prasad Mookerjee:** That is the lowest in the world today. I do not know what exactly it will be.

**Shri M. Ananthasayanam Ayyangar:** Is it intended to keep India at the lowest level for always. How much does the Honourable Minister expect to increase the quantity?

**The Honourable Dr. Syama Prasad Mookerjee:** As the Honourable Member knows it is not human beings alone that consume salt. So far as India is concerned, cattle do not get any supply of salt; in other countries such supply is provided for.

**Shri Jaspal Roy Kapoor:** Do the Government propose to develop this industry in Bharatpur?

**Shri Jainarain Vyas:** Is the Honourable Minister aware that production of salt was stopped in many places in Rajputana by the order of the Government of India?

**The Honourable Dr. Syama Prasad Mookerjee:** Previously that was so. But now we are encouraging production there.

**Shri Jainarain Vyas:** Has the Government of India taken steps to reopen those production centres which were closed on account of the orders of the Government of India?

**The Honourable Dr. Syama Prasad Mookerjee:** We would like private enterprise to play its proper part in the opening of new factories. We would invite the cooperation of the small units to whom we will give all assistance and encouragement. We shall also give encouragement to big concerns according to the overall plan of the Government of India.

**Shri Jainarain Vyas:** Are the Government paying any compensation to the States now in Rajputana Union in lieu of stopping the production of salt in those States?

**The Honourable Dr. Syama Prasad Mookerjee:** That matter is under consideration.

**An Honourable Member:** May I know how many co-operative societies are there for salt production?

**The Honourable Dr. Syama Prasad Mookerjee:** The number would not be more than 50.

**Shri B. A. Khimji:** Are the Government aware that monopoly exists in Cutch so far as the production of salt is concerned?

**The Honourable Dr. Syama Prasad Mookerjee:** There are some very big concerns which are manufacturing salt.

**Shri B. A. Khimji:** Are the Government aware that monopoly exists in Cutch for the production of salt?

**The Honourable Dr. Syama Prasad Mookerjee:** Under the old Government that was so.

**Shri L. Krishnaswami Bharathi:** May I know whether the Travancore Government are proposing to nationalise the salt industry?

**The Honourable Dr. Syama Prasad Mookerjee:** We have asked them to postpone final decision and to consult us before taking final action.

**Shri P. T. Chacko:** May I know why final decision was asked to be postponed?

**Shri B. K. Sidhva:** May I know whether the Salt Advisory Committee decided that no salt should be purchased from the Pakistan Government this year and that steps should be taken by 1950 to raise the production of salt in India and whether the Government have taken any action on it?

**The Honourable Dr. Syama Prasad Mookerjee:** After devaluation no salt is coming from Pakistan.

**Shrimati G. Durgabai:** May I have an answer to my supplementary question from the Honourable Minister?

**Mr. Speaker:** I am proceeding to the next question now.

#### REFERENCE TO GITA

\*15. **Shri H. V. Kamath:** Will the Honourable the Prime Minister be pleased to state:

(a) whether it is a fact that India's Minister to the Vatican, while presenting his credentials to His Holiness the Pope, stated that "it did not much matter if all the copies of the Bhagavad Gita were burnt, so long as we had the Sermon on the Mount", passing it off as an utterance of Mahatma Gandhi; and

(b) if not, what was the exact reference to the Gita in his speech on the occasion?

**The Honourable Shri Jawaharlal Nehru:** The statement made by India's Minister to Vatican, on the occasion of presenting his credentials, was unfortunate and the Government did not approve of it and informed him so. It is clear however that the Minister meant no disrespect to the Gita, but was emphasizing that the essence of all religions was alike and truth was not a monopoly of any one religion.

**Shri H. V. Kamath:** Is a person who decries the Gita or the Hindu religion or, for the matter of that, any other religion, considered fit to represent India abroad?

**The Honourable Shri Jawaharlal Nehru:** The Minister is a person who is not only a Hindu, but is a person who is proud of being a Hindu. He has decried nothing. He has rather used unfortunate language.

**Shri H. V. Kamath:** Is it a fact that in spite of his having committed this *faux pas* before the Pontiff, his jurisdiction has been enlarged recently, and he has been appointed Minister to Austria as well?

**The Honourable Shri Jawaharlal Nehru:** As our Minister accredited to Switzerland, he was asked to represent us at the Vatican. He has done extraordinarily good work there and, every person who has been there and seen his work has appreciated it.

**Shri H. V. Kamath:** Have the Government enquired whether the Indian Minister to the Vatican, before he made a statement on the Gita, had read both the Gita and the Sermon on the Mount, or at least either of them or whether he was merely talking through his hat?

**Mr. Speaker:** Order, order.

**Shri H. V. Kamath:** What is the yardstick or criterion of an ambassador's fitness?

**Mr. Speaker:** I think the Honourable Member is now arguing. He has got the information he wanted.

**Shri H. V. Kamath:** I am only asking for a statement of fact. I am asking what are the criteria for the selection of ambassadors.

**Mr. Speaker:** Next question, No. 16.

~~RECOGNITION OF COMMUNIST CHINA~~

\*16. **Shri H. V. Kamath:** Will the Honourable the Prime Minister be pleased to state:

(a) whether it is a fact that the Government of Communist-controlled China has approached the Government of India for recognition of their State; and

(b) if so, at what stage the matter rests?

**Dr. B. V. Keskar** (Deputy Minister of External Affairs): (a) Yes; a communication from the new Government has been received through our ambassador in Nanking, acquainting us with the establishment of the Central People's Government of the Republic of China, stating that the new Government is the only legal Government of China and expressing the desire of the new Government to set up diplomatic relations with all Governments which will abide by the principles of equality, mutual interest, and mutual respect for territorial and sovereign rights.

(b) The Government of India have informed the Government of the People's Central Republic of China that they are studying the situation that has arisen and in this connection have summoned their Ambassador in Nanking for consultations. The Government of India have expressed the hope that informal contacts would meanwhile continue to be maintained between the newly formed Government and our Consular representatives.

**Shri H. V. Kamath:** What are the various criteria which are applied in the recognition of a new State?

**Mr. Speaker:** I am afraid I cannot permit that question.

**Shri H. V. Kamath:** How is it that the recognition of a State like Israel which has been established and which the Prime Minister said the other day 'has come to stay' been delayed so long?

**Mr. Speaker:** The question does not arise.

**Shri H. V. Kamath:** I want to know the criteria for the recognition of a State.

**Shri Brajeshwar Prasad:** May I ask whether the Government of India are likely to come to a decision on the question of recognition of this new State?

**The Honourable Shri Jawaharlal Nehru:** Soon, I hope Sir.

**Prof. Shibban Lal Saksena:** Will our recognition of China depend upon her recognition by Britain and the United States of America?

**The Honourable Shri Jawaharlal Nehru:** No, Sir. It will be decided by us when we think fit.

**Shri Mahavir Tyagi:** Is the Government in consultation with the United Kingdom and the other Commonwealth Nations with regard to the recognition of China?

**The Honourable Shri Jawaharlal Nehru:** The Government of India, like all other Governments, are in frequent consultation with each other about the happenings in various parts of the world. In regard to this too there have been communications addressed to each other frequently.

**Shri Mahavir Tyagi:** On this particular question, I want to know whether our Government are in consultation with the other Governments of the Commonwealth?

**Mr. Speaker:** It has been answered.

**Shri Ajit Prasad Jain:** May I know whether the Honourable the Prime Minister, in the course of his visit to the United States and the United Kingdom, discussed this question of the recognition of China?

**The Honourable Shri Jawaharlal Nehru:** It is a difficult question to answer unless I speak at great length. We discussed matters naturally. But when

I go to the United Nations and I meet representatives and hold talks with them, things are not discussed from the point of view of any particular action to be taken by this country or that. Matters like this are for each country to decide. But when people dealing with foreign affairs meet, they discuss almost all important matters in the world.

**Shri Ajit Prasad Jain:** What is the general impression of the Prime Minister about the United States of America and the United Kingdom regarding the recognition to be given to China?

**Mr. Speaker:** I cannot allow that question.

**Dr. Momo Mohon Das:** Is this an item on the agenda of the Foreign Ministers' Conference to be held in Colombo?

**The Honourable Shri Jawaharlal Nehru:** No, Sir. It is not.

**Babu Ramnarayan Singh:** What are the points to be considered by Government in regard to the grant of recognition to the Red China Government?

**Mr. Speaker:** Grant of recognition? What is the information the Honourable Member wants?

**Dr. P. S. Deshmukh:** What are the points that are to be considered? I think he means, what are the difficulties, Sir.

**Mr. Speaker:** The Question Hour is over.

## (b) WRITTEN ANSWERS

### COTTON IMPORT

\*17. **Shri B. L. Malviya:** Will the Honourable Minister of Commerce be pleased to state:

(a) the steps Government have taken to substitute Pakistan cotton in India;

(b) whether it is a fact that there have been consultations with the Egyptian Government for importing Egyptian cotton into India; and

(c) whether the rates of raw cotton from countries other than Pakistan will be more favourable in view of the Sterling devaluation and Pakistan's subsequent monetary stand?

**The Honourable Shri K. C. Neogy:** (a) The following steps have been taken to increase cotton production in the Indian Union with a view to reducing our dependence on Pakistan for cotton: (i) increase in the acreage under cotton; (ii) increase in yield per acre with the aid of fertilizers; (iii) mixed cropping of cotton with groundnut; and (iv) distribution of improved seeds.

Government will also consider the question of importing cotton of similar staples from abroad, to make up the deficiency, should such a step be considered necessary in the interests of the country.

(b) Yes. We have concluded a Trade Agreement with Egypt which provides *inter alia* for import of Egyptian cotton.

(c) As the cost of cotton in various countries including Pakistan fluctuates widely from time to time it is difficult to say whether the cost of comparable grades of cotton of any country is more favourable than that of another.

## PORTUGUESE POSSESSIONS IN INDIA

\*18. **Shri B. L. Malviya:** (a) Will the Honourable the Prime Minister be pleased to state what is the latest position as regards Portuguese possessions in India?

(b) Have the Government of India received specific news of harassments in these possessions?

(c) Has there been any Indo-Portuguese talk on the subject of Portuguese possessions in India?

**The Honourable Shri Jawaharlal Nehru:** (a) There have been no important developments recently.

(b) From time to time the Government of India have seen such reports in the Press.

(c) No formal conversations have yet taken place.

## APPROPRIATION OF MONEY TOWARDS JINNAH FUND

\*19. **Shri B. L. Malviya:** Will the Honourable Minister of Rehabilitation be pleased to state:

(a) whether Government are aware that in many cases the cash collected by the Pakistan Government towards the rent and sale of refugee property has been appropriated by them towards the Jinnah Fund without the sanction of the owner concerned; and

(b) if so, what steps Government contemplate to take in the matter?

**The Honourable Shri Mohan Lal Baksena:** (a) The Government of India have no information. Enquiries are, however, being made.

(b) Does not arise at this stage.

## ACCIDENTS IN MILLS AND FACTORIES

\*20. **Seth Govind Das:** Will the Honourable Minister of Labour be pleased to state the number of accidents resulting in death or injury to limbs which occurred in the various Mills and Factories employing labour in India and how many sufferers have been paid compensation under the Workmen's Compensation Act?

**The Honourable Shri Jagjivan Ram:** Two statements giving the latest available information are laid on the table of the House. (See Appendix III, annexure No. 2). The statement giving statistics of compensation paid under the Workmen's Compensation Act is wider in scope than the statement relating to accidents, as compensation under the Workmen's Compensation Act is payable not only to workmen in factories, but also to workmen in other employment, e.g., mines, railways and other transport service, ports construction works, etc. Separate figures of compensation paid for accidents in factories are not available.

## COTTAGE INDUSTRY EMPORIUM

\*21. **Shri Basanta Kumar Das:** (a) Will the Honourable Minister of Industry and Supply be pleased to state what the total amount of sale in the Cottage Industries Emporium since its inception has been?

(b) What item of article had the largest sale so far and what is the amount realised from such sale?

(c) What is the percentage of margin, if any, of the sale price over the purchase price?

(d) What is the monthly expense of running the Emporium?

**The Honourable Dr. Syama Prasad Mookerjee:** (a) Rs. 33,013 up to 30th September, 1949.

(b) Textiles and textile goods Rs. 15,606-1-8 up to 30th September, 1949.

(c) Up to 12½ per cent. on different consignments.

(d) Approximately Rs. 8,300-0-0.

**ECONOMY IN MINISTRY OF EXTERNAL AFFAIRS**

\*22. **Shri Kishorimohan Tripathi:** (a) Will the Honourable the Prime Minister be pleased to state what steps the Ministry of External Affairs, have taken to economise expenditure in the working of that Ministry?

(b) What will be the total saving during the year 1949-50 as a result of the steps taken, if any?

**Dr. B. V. Keskar** (Deputy Minister of External Affairs): (a) Several measures have been adopted to effect economy in expenditure including the postponement of the opening of a number of new posts and the abolition of representation at Songkhla. The other measures taken comprise mainly of keeping the vacant posts unfilled, combination of two or more posts into one, curtailment of expenditure on telegrams, rents for residences, furniture, travelling charges (both tour and transfer) and postponement of all new works' projects except those considered inescapable. The heads of Missions and posts abroad have also been asked to explore further possibilities of economy in the working of their offices.

(b) It is anticipated that the steps taken will reduce the expenditure during the year 1949-50 by Rs. 27.95 lakhs.

**AMERICAN AID FOR INDIAN INDUSTRIES**

\*23. **Shri Kishorimohan Tripathi:** (a) Will the Honourable the Prime Minister be pleased to state his views on the attitude of the Government of the United States of America and the people of the United States of America on the question of industrial development in India and the raising of the standard of living of the Indian people?

(b) Do the Government of the United States of America and the American people in general propose to offer practical help towards the industrial development of India?

**Dr. B. V. Keskar** (Deputy Minister of External Affairs):—(a) and (b). It is not for the Prime Minister to declare the policy or the attitude of the Government and the people of the United States of America. It was clear to him, however, during his visit to the United States that both the Government and the people of the United States of America were in favour of the industrial development of India and the raising of the standard of living of the Indian people. It was frequently stated that they would like to offer practical help to this end.

**SALT SHORTAGE**

\*24. **Shri Mihir Lal Ohattopadhyay:** (a) Will the Honourable Minister of Industry and Supply be pleased to state whether there is any actual shortage of salt in the country at present?

(b) What has been the increased production in the first nine months of this year?

(c) What is the reason for the occasional disappearance of salt from the open market in important places like Calcutta and Bombay in recent months?

**The Honourable Dr. Syama Prasad Mookerjee:** (a) Yes. Against our estimated total requirement of 648 lakh maunds, the estimated production in 1949 is 601 lakh maunds.

(b) There has been no increase due to unfavourable weather conditions. A comparative statement is laid on the table of the House.

(c) The disappearance was the result of a run on retail shops in Bombay and Calcutta due to the circulation of baseless rumours. There were no physical shortages of salt in Bombay or Calcutta at that or at any other time in recent months.

## STATEMENT

Comparative production of salt in India during nine months, January-September in 1948 and 1949

Sources	Production in Lakh Maunds				
	1948	January to September 1948	January to September 1949	%age of increase(+) decrease(-)	Estimated production in 1949
<i>Government Sources.</i>					
Rajputana . . . . .	1,18	1,13	99	-12%	113
Khareghoda . . . . .	37	37	51	+38%	45
<b>TOTAL OF GOVT. FACTORIES</b>	<b>1,55</b>	<b>1,50</b>	<b>1,50</b>	<b>..</b>	<b>158</b>
<i>Private Factories :</i>					
Bombay . . . . .	1,24	1,23	97	-21%	105
Madras . . . . .	2,22	2,13	1,31	-38%	178
Orissa . . . . .	6	6	10	+66%	14
Kathiawar . . . . .	1,12	98	1,06	+8%	127
Kutch . . . . .					
Mandi . . . . .					
Travancore . . . . .	16	14	14	..	18
<b>TOTAL OF PRIVATE FACTORIES</b>	<b>4,80</b>	<b>4,54</b>	<b>3,59</b>	<b>-21%</b>	<b>443</b>
<b>GRAND TOTAL OF INDIA</b>	<b>6,35</b>	<b>6,04</b>	<b>5,09</b>	<b>-16%</b>	<b>601</b>

## YARN AND CLOTH

\*25. **Shri C. Subramaniam:** (a) Will the Honourable Minister of Industry and Supply be pleased to state what were the quantities of yarn and cloth lying in textile mills as on 1st October, 1949?

(b) What steps have been taken to clear these stocks?

(c) Is there any proposal to review the position as to the necessity for continuing the controls on yarn and cloth?

**The Honourable Dr. Syama Prasad Mookerjee:** (a) The stocks on 1st October were as follows:

Cloth 347,180 bales.

Yarn 182,953 bales.

This includes 211,500 bales of cloth and 64,580 bales of yarn being the production for September.

(b) A statement is laid on the table.

(c) Government do not think that the present situation calls for any fundamental revision of the policy of textile control. The situation is however, being kept under constant watch.

Statement

(1) Mills which have closed down have been allowed to sell their entire existing stocks through licensed trade channels. If they reopen within a month, they will be allowed to sell their entire new production through licensed trade channels also for a period of three months for the present.

(2) All Mills have been allowed to sell to licensed buyers of their own choice goods produced in October or earlier months, which have not been purchased by the Provincial and State nominees.

(3) Mills can open their own shops on such conditions as may be approved by the Textile Commissioner in consultation with the local Governments.

(4) Mills are free to sell one-third of their production in each variety other than production for export or production against Government of India orders through licensed trade channels without prior reference to the Textile Commissioner. Provincial and State Governments have been instructed not to place any restrictions on the marketing of this cloth and yarn except that the same must not be sold at a price exceeding the controlled maximum retail price.

(5) The balance of the production will be available for Provincial and State Governments for purchase and distribution through agencies controlled or nominated by them till the 15th of the month following that in which the cloth or yarn is produced. If Provincial and State nominees fail to lift the quota within that period, the mills will be free to sell such quota to licensed buyers of their choice.

(6) Licences for export of cloth and yarn to all countries are freely issued.

ASSISTANCE TO TIBET

\*26. **Shri V. C. Kesava Rao:** (a) Will the Honourable the Prime Minister be pleased to state whether any representations have been received from Tibet for any sort of assistance, economic or financial?

(b) If so, what is the nature of the request of the Tibetan Government?

(c) What action do Government propose to take in the matter?

**Dr. B. V. Keskar** (Deputy Minister of External Affairs): (a) No.

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

MERCHANT NAVY OFFICERS TRAINING

\*27. **Shri V. C. Kesava Rao:** (a) Will the Honourable Minister of Commerce be pleased to state whether the Merchant Navy Officers Training Committee has submitted its final report?

(b) If so, what are its recommendations?

(c) What steps do Government propose to take for implementing them?

**The Honourable Shri K. C. Neogy:** (a) Yes.

(b) Copies of the report are available in the Library of the House. The Honourable Member's attention is drawn to the summary of the Committee's recommendations at pages 24-25 of the final report.

(c) Recommendations Nos. (1) to (12) concerning pre-Sea and post sea training have already been accepted and implemented by the Government. The remaining recommendations were made in the last two reports of the Committee, which were received by the Government only recently. These recommendations are under consideration and every endeavour will be made to reach early decisions on them.

W/COMDR. SMITH'S SRINAGAR VISIT

\*28. **Shri B. N. Munavalli:** Will the Honourable the Prime Minister be pleased to state:

(a) whether Government are aware of the account given by Wing Commander F. M. Smith of his entry into Kashmir, published in *The Sunday*

*Statesman*, dated 9th October 1949, under the heading W/Cmdr. Smith's story of his Srinagar visit;

(b) whether the facts stated in his account are correct;

(c) whether W/Cmdr. F. M. Smith is attached to the Royal Pakistan Air Force; and

(d) whether his *bona fides* as regards his entry into Kashmir were checked up by the Kashmir Police with the authorities in Delhi and if so, with what results?

**The Honourable Shri Jawaharlal Nehru:** (a) Yes.

(b) The facts stated in the report in *The Statesman* are substantially correct except that the Wing Commander's mistake was in making the journey to Srinagar after the period allowed in his permit.

(c) Wing Commander Smith is not attached to the Royal Pakistan Air Force; he is attached to Royal Air Force.

(d) Yes; and, as a result, a return permit was issued to him.

#### MISS JINNAH'S PROPERTIES IN INDIA

**\*29. Shri B. N. Munavall:** Will the Honourable Minister of Rehabilitation be pleased to state:

(a) whether it is a fact that Miss Fatima Jinnah, sister of the late Mr. M. A. Jinnah, had made a request to the Government of India, for the exchange of her property in India with the properties in Karachi of two prominent displaced persons; and

(b) if so, whether Miss Fatima's request was granted and if not, why not?

**The Honourable Shri Mohan Lal Saksena:** (a) The Government of India have received no direct request from Miss Fatima Jinnah, but certain parties in India, desirous of exchanging their property in Pakistan with the property of Miss Fatima Jinnah in India, approached the Government of India for allowing an exchange.

(b) No question of granting Miss Fatima Jinnah's request arises. The request of the parties who approached the Government of India was not acceded to as in view of the present attitude of Pakistan Government, the Government of India's policy, for the time being, is not to permit individual sales and exchanges.

#### EDUCATIONAL LOAN TO DISPLACED STUDENTS

**\*30. Shri B. N. Munavall:** (a) Will the Honourable Minister of Rehabilitation be pleased to state what is the number of displaced students and trainees respectively province-wise, to whom educational loans were granted by Government?

(b) What is the amount of educational loans so far advanced to displaced students and trainees?

(c) What is the period for repayment of such loans?

**The Honourable Shri Mohan Lal Saksena:** (a) Complete figures for all the Provinces and States are not available and are being collected.

(b) Over Rs. 35 lakhs have been advanced to displaced students upto September, 1949. A detailed statement is laid on the table of the House.

(c) The period of repayment is four years, but the Provincial Governments may extend the period by not more than two years in deserving cases.

STATEMENT.

Advances given to displaced students upto September, 1949

	Rs.
1. Ajmer-Merwara	5,090
2. Bombay	88,750
3. Delhi	3,87,471
4. East Punjab	22,76,576
5. Himachal Pradesh	465
6. Madras	42,225
7. Mysore State	356
8. Rajasthan Union	11,050
9. U.P.	54,407
10. West Bengal	6,52,634
	<hr/>
	35,19,624

Details from C.P. are not available. In Assam, Bihar, Orissa, Coorg, Bhopal, Bilaspur (State), Saurashtra, Vindhya Pradesh, Hyderabad, and the Union of Travancore and Cochin, no educational loans have been advanced so far.

EVICION OF REFUGEES

\*31. { Sjt. Kuladhar Chahiba:  
Shri Lakshminarayan Sahu:

(a) Will the Honourable Minister of Rehabilitation be pleased to state whether it is a fact that the House Building Controller of Delhi Province ordered the Refugees to vacate quarters in Pusa Road Colony and got them forcibly turned out with the assistance of the Police?

(b) Was any alternative accommodation provided for them?

**The Honourable Shri Mohan Lal Saxena:** (a) If the question refers to displaced persons who had taken unauthorised possession of the newly built houses the reply is in the affirmative.

(b) No.

TEA (EXPORT)

\*32. { Sardar Hukam Singh:  
Shri Lakshminarayan Sahu:

(a) Will the Honourable Minister of Commerce be pleased to state what is the quantity of tea exported to the United States of America, Canada and other dollar areas from India during the period from 1st April to 1st November, 1949, and what is the amount of dollar earned thereby?

(b) What are the different amounts of dollar earned by export of other commodities from India item by item during the same period?

**The Honourable Shri K. C. Neogy:** (a) According to the latest figures available, during the period from 1st April, 1949 to 30th September, 1949 a quantity of 13.3 million lbs. of tea valued at Rs. 220 lakhs has been exported to the U.S.A. and for the same period the quantity exported to Canada is 8.7 million lbs. valued at Rs. 136 lakhs.

Figures beyond September 1949 and separate figures for other countries in dollar areas are not at present available.

(b) I lay on the table a statement containing the required information.

## STATEMENT

Dollars expressed in rupee values earned by the export of other commodities for the period April-September 1949 to dollar area are as follows:—

	Rs. in lakhs.
(1) Jute Manufactures . . . . .	1,795
(2) Spices . . . . .	166
(3) Mica . . . . .	126
(4) Lac . . . . .	110
(5) Manganese Ores . . . . .	145
(6) Hides & Skins Raw . . . . .	92
(7) Hides & Skins Tanned . . . . .	15
(8) Jute Raw . . . . .	11
(9) Cotton Raw . . . . .	38
(10) Cotton Waste . . . . .	25
(11) Woollen Manufactures . . . . .	30
(12) Others . . . . .	381
<b>TOTAL</b>	<b>2,934</b>

## AID TO BURMA

\*33. **Shri Ajit Prasad Jain:** (a) Will the Honourable the Prime Minister be pleased to state as to what negotiations have been carried on with Burma for rendering assistance to her to establish peace and order?

(b) What material or financial aid or guarantees, if any, have been given to the Burmese Government?

(c) What was the number of Indians in Burma at the end of 1946 and how many of them have since migrated to India?

(d) What steps, if any, have Government taken to safeguard the interest of those Indians who still remain in Burma?

**The Honourable Shri Jawaharlal Nehru:** (a) and (b). Discussions have taken place, from time to time, between the Burmese Government and Governments of the Commonwealth countries about assisting Burma to enable her to establish law and order in the country. The Government of India have supplied the Burmese Government with limited quantities of stores and equipment for the purpose, on payment by that Government. No financial assistance has been given. No guarantees of any nature have been asked for by the Government of Burma, nor have any been given.

(c) The estimated Indian population in Burma at the end of 1946 was about 7 lakhs. The net migration from Burma to India from 1st January 1947 to date is about 50,000.

(d) The Indian Embassy in Rangoon look after the interests of Indians in Burma and give them such assistance as they require. The Embassy keeps in constant touch with the Government of Burma.

## BAN ON DISPOSAL OF VEHICLES

\*34. **Shri Ajit Prasad Jain:** Will the Honourable Minister of Industry and Supply be pleased to state:

(a) whether it is a fact that the disposal of vehicles at Dehu Road was banned by the Ministry of Rehabilitation and what is the number of vehicles affected by the ban;

(b) the reasons why ban on the said vehicles was imposed by the Ministry of Rehabilitation; and

(c) the depreciation in value of the vehicles caused by the imposition of ban?

**The Honourable Dr. Syama Prasad Mookerjee:** (a) Yes. 2,281 vehicles also at Dehu Road came under the ban.

(b) The ban on vehicles, as on other stores, was imposed under a Cabinet decision with a view to utilising them in connection with Relief and Rehabilitation of displaced persons.

(c) The Ministry of Rehabilitation took over some vehicles—in all they have taken 78 vehicles so far. The condition of the balance has certainly been affected by the lapse of time, but the exact extent of depreciation cannot be gauged until vehicles are re-examined individually.

#### SIKKIM AND BHUTAN (INTEGRATION)

**\*35. Lala Raj Kanwar:** Will the Honourable the Prime Minister be pleased to state what the position of (i) Sikkim and (ii) Bhutan is, with regard to their integration with the Indian Dominion?

**The Honourable Shri Jawaharlal Nehru:** The position of Sikkim and Bhutan is as follows:—

(i) *Sikkim*.—Sikkim has long been treated as an Indian State but with a special position in view of its geographical situation. Political relations between India and Sikkim date from about 1817 and, until the transfer of power in August 1947, were regulated by a Treaty signed in 1861. Since the transfer of power, these relations have been governed by a Standstill Agreement, which, broadly speaking, keeps the old arrangements alive until a new Treaty has been negotiated. Future Constitutional relations between India and Sikkim have not yet been settled and are under consideration.

(ii) *Bhutan*.—Bhutan does not belong to the category of Indian States in the usual sense of the term. Before the conclusion of the new treaty between the Governments of India and Bhutan, which was signed at Darjeeling on the 8th August 1949, the main instruments governing India's relations with Bhutan were the Sinchula Treaty of 1865 as amended by the treaty of 1910, between the former Government of India and Government of Bhutan. Under the new treaty of 8th August 1949 the Government of Bhutan continues to be guided by the Government of India in regard to its external relations, and the Government of India do not interfere in the internal administration of Bhutan.

#### TRADE COMMISSIONERS AND COMMERCIAL ADVISERS

**\*36. Lala Raj Kanwar:** Will the Honourable Minister of Commerce be pleased to state the names, qualifications, age and salaries (including allowances and other amenities, such as rent-free house, free conveyance, etc.) of Trade Commissioners, Assistant Trade Commissioners and Commercial Advisers for India in foreign countries?

**The Honourable Shri K. C. Neogy:** Sir, I lay on the table of the House a statement containing the required information. (See Appendix III annexure No. 3).

#### FRENCH MAHE ADMINISTRATION

**\*37. Shri P. Kuphraman:** Will the Honourable the Prime Minister be pleased to state:

(a) whether it is a fact that some officers of the Public Works and Police Departments of the French Mahe Administration trespassed on the territory of the Indian Union and effected certain improvements thereon and are still in possession of the plot of land;

(b) if so, what action, if any, was taken by the Government of India in this matter;

(c) whether it is a fact that the French Government in Mahe is claiming the said plot of land as their own; and

(d) what action, if any, has been taken by the Government of India in this regard?

**Dr. B. V. Keskar** (Deputy Minister of External Affairs): (a) to (d). Early in October, the French Public Works Department started repairs to a portion of the road inside Indian territory on the Mahe border on the northern bank of the Mahe river. The Madras Government, however, soon afterwards re-established possession over the road. The Government of India have handed a note of protest to the French Embassy in India.

#### FRENCH POSSESSIONS IN INDIA

\*38. **Shri P. Kunhiraman**: Will the Honourable the Prime Minister be pleased to state:

(a) whether the Government of India and the French Government have come to any agreement in regard to the referendum being taken in respect of French Possessions in India;

(b) if so, whether observers have been appointed;

(c) whether the list of observers submitted by the French Government, if any, has been approved by the Government of India or whether the list has been in any way modified; and

(d) if modified, how; and if not, why not?

**Dr. B. V. Keskar** (Deputy Minister of External Affairs): (a) In accordance with the declaration of June, 1948, by the French Government, which was made with the approval of the Government of India, the future of the French Establishments is to be decided by a free and fair referendum.

(b) to (d). The French Government have recently suggested the names of some persons to be appointed as neutral observers for the referendum and the Government of India have also suggested some names. The list has not yet been finalised.

#### EVAQUEE PROPERTY (EXCHANGE)

\*39. **Sardar Bhopinder Singh Man**: (a) Will the Honourable Minister of Rehabilitation be pleased to state the number of cases of exchange of properties between Pakistan and India up to date?

(b) What has led to the failure of that arrangement?

(c) What steps are Government now taking for the successful realisation of the property left behind by Indian nationals in Pakistan?

**The Honourable Shri Mohan Lal Saxena**: (a) The number of cases of exchange of properties between Pakistan and India upto 30th September, 1949, is 28, in the agreed areas specified in Part I of the January 1949 Agreement.

(b) From the experience of the working of the January, 1949, inter-Dominion Agreement the Government of India have felt that the various conditions precedent laid down for compliance before permission for sale or exchange of properties is given by the Custodians, have proved a definite bar to the speedy sale and exchange of properties. Apart from this various other difficulties have been put in the way of the working of the agreement by the Government of Pakistan and its Officers.

(c) In view of the experience gained by working the Karachi Agreement the Government of India are confirmed in their opinion that the only possible solution of the question lies in a settlement at governmental level, each Dominion assuming responsibility for the evacuee property within its territories, the valuation to be carried out by a joint Agency, and subsequent settlement between the two Dominions to be based on this valuation. I still hope that this procedure and solution will be acceptable to Pakistan.

#### AID TO TRUSTS FROM PAKISTAN

\*40. **Sardar Bhopinder Singh Man:** Will the Honourable Minister of Rehabilitation be pleased to state whether any land, building, property or financial aid has been given to any Trusts who have left behind their properties in Pakistan? If so, what are their names?

**The Honourable Shri Mohan Lal Saksena:** The institution for the Blind on Panchkuin Road was granted a non-recurring grant of Rs. 2,000 in July '49.

Sir Ganga Ram Trust Society is also being considered for the grant of land for starting a School and Hospital in the Northern Extension Area. Certain other applications are also under consideration.

#### EVACUEE PROPERTY

\*41. **Sardar Bhopinder Singh Man:** Will the Honourable Minister of Rehabilitation be pleased to state to what extent evacuee property has accrued to the Custodian-General of India after the promulgation of the recent Evacuee Property Ordinance?

**The Honourable Shri Mohan Lal Saksena:** Under the Evacuee Property Ordinance all property vests in the Custodians. The Custodian-General has only supervisory powers.

Detailed information regarding the evacuee property taken over by the Provincial Custodians is not available. A statement showing the property taken over upto 30th September, 1949, is being compiled. Thereafter a monthly report will be issued.

#### COTTAGE INDUSTRIES

\*42. **Dr. V. Subramaniam:** (a) Will the Honourable Minister of Industry and Supply be pleased to state the measures taken to introduce and encourage cottage industries in the country?

(b) Is it a fact that a non-official member of the Cottage Industries Board made an un-official Report on the Cottage Industries in Japan where he made more than twenty suggestions? If so, what are they?

(c) What was the action taken on the recommendations made, if any?

(d) What was the amount sanctioned to get the necessary machinery and what was the amount spent?

**The Honourable Dr. Syama Prasad Mookerjee:** (a) The encouragement and development of cottage industries is primarily the responsibility of Provincial and State Governments, the responsibility of the Government of India being confined to co-ordinating the measures taken by these Governments, in developing export markets, training technicians, and in making improved foreign technique and machinery suitable for cottage industries available to the Provinces and States. A note detailing the measures taken so far is placed on the table. (See Appendix III, annexure No. 4).

(b) and (c). A two-man delegation was sent to Japan by Government. The delegation have made certain recommendations in their report. A statement

summarising the recommendations and the action taken on them is placed on the table of the House. (See Appendix III, annexure No. 5).

(d) The amount sanctioned for the purchase of machinery from Japan is: (i) for the Ministry of Rehabilitation Rs. 72,000, (ii) for the Ministry of Industry and Supply Rs. 37,000. The amount actually spent will approximate to that figure.

#### COTTAGE INDUSTRY MUSEUM

\*43. **Dr. V. Sutrarnianam:** (a) Will the Honourable Minister of Industry and Supply be pleased to state whether there is any Museum of Cottage Industry articles at the Centre and in the provinces?

(b) What are the steps taken to manufacture in India the necessary machines for starting cottage industries and if none, why?

**The Honourable Dr. Syama Prasad Mookerjee:** (a) Yes, several Provinces and States have Museums as well as Sales Centres. The Central Government have no Museum but a Central Emporium for Cottage Industry Products.

(b) A variety of machines and equipment for cottage industries is already being manufactured in the country. The Government of India have, however, purchased a number of small machines from Japan, and efforts will be made to have them duplicated by indigenous manufacture.

#### DEPARTMENT OF SCIENTIFIC RESEARCH

\*44. **Dr. P. S. Deshmukh:** Will the Honourable the Prime Minister be pleased to state:

(a) the date on which the Department of Scientific Research was first established;

(b) what steps have been taken for the co-ordination of all scientific research in India;

(c) the strength and personnel of the body in charge of the development of scientific research; and

(d) what has been the expenditure both recurring and non-recurring in respect of the Department of Scientific Research in 1947-48 and 1948-49?

**The Honourable Shri Jawaharlal Nehru:** (a) The Department was established on the 1st June, 1948.

(b) Research in India is mainly financed by Government. It is conducted in Government Research Institutes or in Research Institutes and University Laboratories receiving substantial grants-in-aid from Government. Research is conducted on medical, agricultural, veterinary, defence, transport, scientific and industrial problems under the aegis of the appropriate Ministry. Each Ministry has set up special committees to deal with special subjects. On these committees, there are both official and non-official scientists. The co-ordination of research conducted under the aegis of the various Ministries is arranged by the Department of Scientific Research through an Expert Advisory Committee called the Advisory Committee for Co-ordinating Scientific Work. This Committee works under the Chairmanship of the Prime Minister. On it are the representatives of the various Ministries. Experts are co-opted to work with this committee as and when required. All problems which require co-ordination and in which more than one Ministry is concerned or in which more than one branch of science is concerned, are referred to this Committee.

(c) The body in charge of development of Scientific and Industrial Research is the Council of Scientific and Industrial Research. It is an autonomous body registered under the Registration of Societies Act XXI of 1860 and is administered by a Governing Body of which the Prime Minister is the President and

the Minister for Industry and Supply is the Vice-President. There are on this body representatives of the Ministry of Finance and non-officials representing Science and Industry and business. The Governing Body is advised in all technical matters by a Board of Scientific and Industrial Research which consists of 22 members of whom 10 are eminent scientists mainly non-officials. Four members represent some Government Departments interested in industrial research. The names of the personnel of the Governing Body of the Council of Scientific and Industrial Research and the Board of Scientific and Industrial Research are given in a statement which is placed on the Table of the House. (See Appendix III, annexure No. 6).

(d) The expenditure for 1947-48 and 1948-49 has been as under:—

Year	Particulars	Recurring	Non-recurring
1947-48	The Department was created on the 1st June, 1948.		
1948-49	Staff.	Rs. 1,08,927	
	Research.	Rs. 10,78,922	Rs. 9,93,087
	Council of Scientific & Industrial Research.	Rs. 43,98,100	Rs. 18,94,000
	Total.	Rs. 55,85,840	Rs. 28,87,087

#### MOB ATTACK FROM EAST PAKISTAN

\*46. **Sjt. Rohini Kumar Chaudhuri:** (a) Will the Honourable the Prime Minister be pleased to state whether it is a fact that on or about the 25th October, 1949 a mob armed with deadly weapons attacked peaceful citizens of Patharkandi, a village on the Pakistan Border of the District of Cachar in the Province of Assam and that on intervention by the police there was a free fight between the police party and the mob as a result of which a police sub-inspector and others were seriously injured?

(b) Is it a fact that the mob came from the neighbouring District of East Pakistan?

**The Honourable Shri N. Gopalswami Ayyangar** (Minister of Transport and Railways): (a) The information of the Honourable Member is substantially correct.

(b) The attack was organised by local communists and their supporters and not by persons from Pakistan.

#### DEMOLITION OF GURDWARA IN PAKISTAN

\*47. **Giadi Gurmukh Singh Musafir:** (a) Will the Honourable Minister of Rehabilitation be pleased to state whether it is a fact that Gurdwara Bawli Sahib, Lahore, a prominent historic Gurdwara of Sikhs, has been demolished or damaged in any way, in order to have an open ground before the Sunehri Masjid?

(b) If the answer to part (a) above be in the affirmative, what steps do the Government of India propose to take in this matter in the light of the agreement reached between India and Pakistan regarding the religious places of Hindus and Sikhs left in Pakistan?

**The Honourable Shri Mohan Lal Saxena:** (a) and (b). The Government of India have no information regarding the demolition of or damage to Gurdwara Bawli Sahib at Lahore. A report has been called for from the Deputy High Commissioner for India in Pakistan at Lahore and the necessary information will be laid on the table on receipt of his reply.

#### COTTAGE INDUSTRIES

**\*48. Pandit Mukut Bihari Lal Bhargava:** Will the Honourable Minister of Industry and Supply be pleased to state:

(a) whether the Government of India have decided to import any machinery from Japan for the development of cottage and small scale industries in India and if so, what will be the value of such machinery and which Province or Provinces have been selected for the establishment of such Industries;

(b) whether any Technicians are being imported from Japan to train up Indians in the use of these machines and if so, what their approximate number will be and on what terms they are being imported;

(c) whether Government propose to see that these Industries are not centralised in one particular Province, and are established in all the Provinces and particularly in those Provinces which are industrially backward;

(d) what the approximate outturn of such machinery is expected to be and what the nature of the articles manufactured therewith will be; and

(e) at which place a vocational training class, if any, is intended to be opened and whether trainees in Japanese crafts will be recruited from all the Provinces?

**The Honourable Dr. Syama Prasad Mookerjee:** (a) The Ministry of Industry and Supply are importing from Japan machinery worth about Rs. 37,000 which will be installed at the proposed Central Institute of Cottage Industries to be located at Harduaganj (11 miles from Aligarh).

(b) Seven Japanese technicians have been imported by the Ministry of Rehabilitation for periods ranging between three to six months—one of them on a monthly salary of \$420; two on \$225; one on \$200; and three on \$125; each of these technicians will be provided free board and lodging, free medical attendance, dental care and life insurance for an amount equivalent to \$3,000 for the period of stay in India. This Ministry also proposes to utilise their services.

(c) Yes, Sir.

(d) A copy of the report of the Delegation that was recently sent to Japan, which contains the information, is placed on the Table of the House. (A Copy placed in the Library. (See No. P—19/49).

(e) The proposed Central Institute of Cottage Industries to be located at Harduaganj will provide for the training of instructors and organisers and for specialised training of master-craftsmen. The Women's Wing of this Institute, which will be located at Delhi will provide training for women instructors in crafts and cottage industries. The trainees will be invited from all Provinces.

#### EASTERN BOUNDARY DISPUTES

**\*49. Pandit Mukut Bihari Lal Bhargava:** Will the Honourable the Prime Minister be pleased to state:

(a) whether any agreement has been arrived at between the Governments of India and Pakistan in respect of their disputes regarding the existing boundaries between the East and West Bengal on the one hand and East Bengal and

Assam on the other, arising out of the interpretation of the Radcliffe's Award; if so, on what lines;

(b) what the main points of difference existing between the two Governments are;

(c) whether both the Governments have agreed to the constitution of a Tribunal and on the personnel of such Tribunal;

(d) whether the Tribunal has been constituted and the case referred to the same for disposal; and

(e) if not, by which date the Tribunal is likely to be constituted and what time the Tribunal is expected to take in deciding the dispute?

**The Honourable Shri N. Gopaldaswami Ayyangar** (Minister of Transport and Railways): (a) and (b). Yes. At the inter-Dominion Conference held at New Delhi in December, 1948 it was agreed between the two Dominions that a Tribunal, consisting of one nominee each of the two Governments as member and a chairman acceptable to both Dominions, should be set up for the adjudication and final settlement of the following boundary disputes arising out of the interpretation of the Radcliffe Award and for demarcating the boundary accordingly;

(A) East-West Bengal disputes concerning:

(i) the boundary between the district of Murshidabad (West Bengal) and the district of Rajshahi (East Bengal) including the thanas of Nawabganj and Shibganj of pre-partition Maida District, and

(ii) that portion of the common boundary between the two Dominions which lies between the point on the River Ganges where the channel of the river Mathabhanga takes off according to Sir Cyril Radcliffe's Award and the northernmost point where the channel meets the boundary between the thanas of Daulatpur and Krimpur according to that Award.

(B) East Bengal-Assam disputes concerning:

(i) the Patharia Hill Reserve forest, and (ii) the course of the Kusiara river.

(c), (d) and (e). Yes. The Tribunal with Lord Justice Algot Bagge, a judge of the Supreme Court of Sweden as Chairman and Shri Chandrasekhara Iyar and Mr. Justice Shahbuddin nominated as members by India and Pakistan respectively is expected to begin its work about the beginning of December, 1949. It is hoped that the Tribunal will finish its work in about two months.

#### MICA WELFARE FUND

\*50. **Pandit Mukut Bihari Lal Bhargava:** Will the Honourable Minister of Labour be pleased to state:

(a) the total amount of Mica Welfare Fund in the various Mica producing Provinces of the Indian Union including the States and Unions of States;

(b) the purpose or purposes for which the said Fund is being utilised in various Provinces and the annual collection towards this Fund and the amount spent therefrom in each Province; and

(c) whether anything has been spent out of the Mica Welfare Fund for improving the conditions of labour, in relieving unemployment and making roads in Mica Producing areas in the Province of Ajmer-Merwara; if not, why not?

**The Honourable Shri Jaggivan Ram:** (a) The total amount of mica mines labour welfare cess collected from the various mica-producing areas of the Indian Union, including States, upto the 31st March, 1949, is Rs. 29,84,732.

(b) The Fund is utilised for providing to mine workers amenities like medical assistance, establishment of hospitals, schools, child welfare and maternity clinics, recreational facilities etc. Detailed reports showing activities financed from the Mica Mines Welfare Fund during the last 3 years have been published in the Gazette of India dated the 27th March, 1948, 11th September, 1948, and the 12th November, 1949, copies of which are available in the library of the House. A statement showing receipts and expenditure pertaining to the Fund during the last 3 years is placed on the table. (See Appendix III, annexure No. 7).

(c) No amount could be spent out of the Mica Mines Labour Welfare Fund in Ajmer-Merwara in view of the fact that the share of the mica mines labour welfare fund collected from this area was small and welfare measures worth the name could hardly be undertaken unless some joint administrative machinery was set up along with other States. This is now being done.

### SALT MANUFACTURE

\*51. **Shri Yndhishthir Mishra:** Will the Honourable Minister of Industry and Supply be pleased to state whether Government are aware of any public demand or have received any representation from Orissa for the manufacture of salt on co-operative basis and if so, whether Government have taken steps in pursuance of the demand?

**The Honourable Dr. Syams Prasad Mookerjee:** Yes. Two factories in Orissa have started production of salt on co-operative basis and the application of a third factory is under consideration of the Government. Two other applications for manufacture on a co-operative basis were rejected—one on the request of the Government of Orissa. The policy of Government is to give preference to co-operative societies over others in the allotment of salt lands and in the issue of licences.

### COPRA FROM CEYLON

\*52. **Shri P. T. Chacko:** Will the Honourable Minister of Commerce be pleased to state:

(a) whether Coconut (Copra) and Coconut products are now imported into India from Ceylon;

(b) whether Government consulted the representatives of coconut producers in India before permitting the import from Ceylon; and

(c) whether Government are aware that the import of coconut from Ceylon is causing competition in the Indian market, to the disadvantage of the coconut-grower in India?

**The Honourable Shri K. G. Neogy:** (a) Yes.

(b) No. The necessity for doing so does not arise as the total production in India is not sufficient for meeting the demand and imports have therefore to be allowed. I may add for the information of the Honourable Member that imports are allowed not only from Ceylon but also from other soft currency countries, like Malaya and the Seychelles Islands.

(c) The question of unhealthy competition does not arise as the total quantity of copra imported in the past or likely to be imported in the future forms but a very small proportion of the total production in the country.

## UNSTARRED QUESTIONS AND ANSWERS

### INDIA'S TRADE BALANCE

1. **Shri Mahavir Tyagi:** Will the Honourable Minister of Commerce be pleased to state the trade balance between India and various foreign countries estimated as at the end of October, 1949?

**The Honourable Shri K. C. Neogy:** I place on the table of the House a statement showing the balance of trade for the period April to August, 1949. Figures for the later period are not yet available. (See Appendix III, annexure No. 8).

### RAILWAYS COLLIERY CONTRACTORS' BILLS

2. **Shri E. L. Malviya:** Will the Honourable Minister of Industry and Supply be pleased to lay on the table of the House a statement showing the bills of the Railways Colliery Contractors, Suppliers and others pending on the 30th June, 1949 for payment in the Office of the Chief Mining Engineer, Calcutta for more than six months from the date of their presentation, showing the following particulars: (i) the date of presentation, (ii) the amount involved, (iii) the contents of the bills in brief and (iv) the causes of delay?

**The Honourable Dr. Syama Prasad Mookerjee:** No bills of railway colliery contractors and suppliers were pending for payment in the office of the Chief Mining Engineer, Calcutta for more than six months on the 30th June, 1949.

Bills amounting to Rs. 4,573-13-0 on account of payment of law charges to Shri R. L. Malviya for conducting a suit on behalf of the employees of the Government Railway collieries, Kurasia, were pending in the Chief Mining Engineer's office at Calcutta for more than 6 months. Government sanction for payment of this amount was applied for by the Coal Commissioner in September and was issued in October, 1949. But a sum of Rs. 2,000 had already been paid to Shri Malviya by the Controller of Coal Accounts pending Government sanction. The outstanding bills have since been passed for payment by the Chief Mining Engineer.

### STATEMENTS LAID ON THE TABLE

Information promised in reply to certain questions during the years 1947 and 1948 in the Constituent Assembly of India (Legislative)—Laid on the Table of the House on the 28th November, 1949.

(See Appendix I)

Monday, 28th November, 1949

**THE CONSTITUENT ASSEMBLY OF INDIA  
(LEGISLATIVE) DEBATES**

**(PART II—PROCEEDINGS OTHER THAN QUESTIONS  
AND ANSWERS)**

**Official Report**

**Volume VI, 1949**

*(28th November to 17th December, 1949)*

**Sixth Session  
of the  
CONSTITUENT ASSEMBLY OF INDIA (LEGISLATIVE)  
1949**



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THE  
**CONSTITUENT ASSEMBLY OF INDIA  
(LEGISLATIVE) DEBATES**

**OFFICIAL REPORT OF THE SIXTH SESSION OF THE CONSTITUENT  
ASSEMBLY (LEGISLATIVE)**

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**VOLUME VI—1949**

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**CONSTITUENT ASSEMBLY OF INDIA (LEGISLATIVE)  
DEBATES**

**(PART II—PROCEEDINGS OTHER THAN QUESTIONS AND ANSWERS)**

*Monday, 28th November, 1949.*

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The Assembly met in the Assembly Chamber of the Council House at New Delhi, at a Quarter to Eleven of the Clock, being the First Day of the Sixth Session of the Constituent Assembly of India (Legislative), pursuant to sub-section (2) (a) of Section 19 of the Government of India Act, 1935, as adapted by the India (Provisional Constitution) Order, 1947. Mr. Speaker (The Honourable Mr. G. V. Mavelankar) was in the Chair.

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**QUESTIONS AND ANSWERS**

[See Part I]

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**11-45 A.M.**

**DEATH OF MR. ARDESHIR DALAL SYED MD. MURTUZA SAHIB,  
HAJI JAMAL MD. SAHEB AND MR. AZIZ AHMED KHAN**

**Mr. Speaker:** Before we proceed with the normal business of the House, I have to make a few obituary references to three persons who were Members of this House or its predecessor.

The House knows well the late Mr. Ardeshir Dalal. He was qualified for the Indian Civil Service. Later he became one of the greatest industrial magnates in Western India. He was a close associate of Dr. Sapru during the Non-Party Conference in 1941 and he made a substantial contribution to politics when in May 1948 he issued a pamphlet under the caption "An Alternative to Pakistan". He was appointed a Member of the Viceroy's Executive Council in 1944 and was in charge of Planning and Development till the end of 1945. He died in Bombay rather prematurely.

[Mr. Speaker]

The other person to whom I would refer is Syed Mohd. Murtuza Sahib. He was a prominent member of the Muslim community in Madras. He was a member of the Haj Committee and was elected to the Central Legislative Assembly four times. He was also a member of the Legislative Council in Madras. He died at the very ripe age of 95 at Trichy.

The third person is Haji Jamal Mohammed Saheb. He was elected to the Central Legislative Assembly in 1930 and was also President of the Federation of Indian Chambers of Commerce in 1931. He was a close associate of Mahatma Gandhi and was leader of the Nationalist Muslims of South India. He attended the Round Table Conference. He died at Madras rather prematurely at the age of 61.

I am sure the House will join with me.....

**Begum Aizaz Rasul** ((U.P.: Muslim): You have omitted to mention Aziz Ahmed Khan.

**Mr. Speaker:** I may mention his name also. I was not aware of his demise. The House will join with me, I am sure, in expressing our deep sorrow at the demise of these persons and offer our condolences to their families. The House will now stand, as a mark of respect to the deceased

## MOTIONS FOR ADJOURNMENT

### SHORTAGE OF SUGAR.

**Mr. Speaker:** The next business is certain adjournment motions of which I have received notice. The members who have sent notices are Mr. Ajit Prasad Jain, Sardar Hukam Singh, Mr. Lakshminarayan Sabu and Mr. Chacko. I should like to know if they are keen on moving their motions before I place them before the House and give my ruling.

**Shri Ajit Prasad Jain** (U.P.: General): So far as I am concerned I understand that the Government is prepared to allot some time for the discussion of the subject matter of my adjournment motion. If that be so, I am not eager to move my motion. On the contrary, if my information is not correct I would like.....

**Mr. Speaker:** I take it that the information is correct. Then I need not take up the time of the House. The same thing will then apply to the adjournment motion of Sardar Hukam Singh. The motion relates to the shortage of sugar in the country as a consequence of the abnormal rise in prices.

**Sardar Hukam Singh** (East Punjab: Sikh): I was not aware that the other adjournment motion also related to the same subject matter.

**Mr. Speaker:** It is on the same subject, shortage of sugar. Therefore these two motions are disposed of.

**Shri Mahavir Tyagi** (U.P.: General): May I know as to when the Government would arrange for a discussion on this?

**Mr. Speaker:** In due course before the session ends.

### IMPORT OF COCOANUT AND ITS PRODUCTS FROM CEYLON

**Mr. Speaker:** The other thing is the adjournment motion of Mr. Chacko. Is the hon. Member present here? Does he propose to move that motion? The motion is "to discuss a definite matter of urgent public importance, viz., the difficulties caused to the cocoanut producers in India, by the permission

recently given by the authorities concerned for the import of cocoanut (copra) and its products from Ceylon."

**The Honourable Shri K. C. Neogy** (Minister of Commerce): Sir, I am in charge of this subject. I should like to point out that the last question on today's question list which was going to be asked by my hon. Friend himself, raises this very issue, and the answer, I think, will be placed on the Table in the usual course. The motion, I may add, is based on a misapprehension. There is no question of any permission recently given in regard to this matter. There was no prohibition of the importation of cocoanut at any time. That is what I have got to say.

**Shri P. T. Chacko** (United State of Travancore and Cochin): I do not press the motion nor the other motion which also stands in my name.

**Mr. Speaker:** Which other motion? There is only one motion by the hon. Member. The other motion is by Mr. Lakshminarayan Sahu. In any case, he does not want to press it.

#### BAN ON THE NATIONALIST.

**Mr. Speaker:** The other motion is by Mr. Lakshminarayan Sahu "for the purpose of discussing a definite matter of urgent public importance, viz., the banning of English weekly newspaper *Nationalist* of Delhi, by the Chief Commissioner of Delhi, for three months without even consulting the Central Press Advisory Committee appointed by the All-India Newspaper Editors' Conference, for publishing some article therein relating to the Kashmir affair criticising the policy of the present Government of India in that behalf, thereby infringing the very elementary fundamental right of the liberty of the press to criticise actions of the executive government in a democratic country."

**The Honourable Sardar Vallabhbhai Patel** (Minister of Home Affairs and the States): The facts of the banning of the paper called *Nationalist* are as follows. The Editor of the paper is one Mr. Horilal Saksena. It seems that this is an extremely nationalist paper. It wrote a series of articles of a scurrilous and libellous character on Kashmir and the Governor-General. They were calculated to promote class hatred. The matter was discussed by the Press Advisory Committee before whom it was placed, and the Press Advisory Committee asked for his explanation. The Editor submitted a long-winded and elaborate explanation which was characterised by the Committee as provocative and intemperate. The Committee, after considering the whole matter, came to the conclusion that the writings were objectionable and actionable. It therefore decided that the paper should be warned. This warning was conveyed to the Editor. Rather than submit to the warning, the Editor published his explanation to which objection had already been taken by the Committee. The paper followed this by publishing an article from another paper to which the Press Advisory Committee had taken objection. In view of the defiant and persistently objectionable attitude that it continued by publishing scurrilous and objectionable articles, the Commissioner took action against this paper in anticipation of discussion by the Press Advisory Committee. His action was therefore justifiable. The matter has been placed before the Press Advisory Committee and it is under discussion by that Committee.

**Mr. Speaker:** I do not think any further explanation is now needed on the part of the hon. Member. In fact the sub-stratum of the reasoning given in his motion is not there, inasmuch as the Press Advisory Committee has expressed its opinion. I do not think that this matter is fit for an adjournment motion and so we proceed to the next item.

## STATEMENT *RE* LEGISLATIVE BUSINESS AND CERTAIN OTHER MATTERS

**The Honourable Shri Jawaharlal Nehru** (Prime Minister): By your permission, I should like to make a statement in regard to the work before the House and certain other matters. This session is intended to last till I believe the 23rd December, that is about 3½ weeks from now and during this session a great deal of work has to be done, as hon. Members are aware from the papers supplied to them. We are not taking, if I may say so, any matter which takes a great deal of time, any very complicated Bill which might take a long time, nevertheless we have to deal with.....

**Pandit Lakshmi Kanta Maitra** (West Bengal: General): Except the Hindu Code.

**The Honourable Shri Jawaharlal Nehru**: I was coming to that specifically as I am particularly interested and I think it need not take much time before we get through a simple and essential measure but during the next session. First of all in the Budget session we shall have to deal with very important matters no doubt. But in this session we have first, if the House so wills, to replace the ordinances that have been passed by enactments. We have also to pass a number of Bills which are small and simple but which remove certain defects and difficulties which have come in our way, for instance, even in today's Order Paper there are a number of Bills for consideration and passage today. They are very simple and I think, probably the House will agree to them. There are a few other matters which are rather important and which do not offer any grave difficulty or require, I think, any long consideration. There is a Merged States Extension of Laws Bill; there is a Bill to amend the Indian Insurance Act and certain other Bills, which the House has got before it in the papers supplied. Now a certain number of small Bills will be placed before the House and I find that there are certain motions for the appointment of a Select Committee to consider them. I would submit to the House that those details are so simple that reference to a Select Committee is hardly necessary, but it is for the House to decide.

Now an hon. Member just referred to the Hindu Code that is before us. Nobody thinks of course of finally passing that Bill in this Session; that is not intended. We have arrived at the stage in that Bill when it is a purely preliminary stage, although we have taken some years to reach it. Even this stage has been considered for, I believe, five or six or seven days; this may be called the first stage of the second reading before we go on to the clause by clause consideration of the Bill. This House will remember certain marathon performances in the last session in regard to this Bill, which no doubt were permitted by the law. I would beg this House to consider that this does not add to the credit of this House, because we want.....

**Pandit Lakshmi Kanta Maitra**: How could you say that it did not give credit to the House? It is a reflection on the House.

**The Honourable Shri Jawaharlal Nehru**: The hon. Member will permit me to continue. I will explain what I mean. What I mean is this that any important measure in this House should be fully considered; any measure which gives rise to difference of opinion, on which there is considerable strength of opinion must be considered fully and full time should be given, but when a tactic is adopted which is not of consideration but of pure and absolute delay, that is improper.

**Pandit Lakshmi Kanta Maitra**: That does arise out of it. I do protest against this observation.

**The Honourable Shri Jawaharlal Nehru:** The hon. Member is needlessly objecting to what I say. I am laying down a principle and I would like him or any other hon. Member to object to that principle; I am not referring to any particular thing, and I do say that if this principle is not followed, it does not lead to the credit of the House being enhanced.

**Shri H. V. Kamath (C.P. and Berar: General):** Is it not for the Speaker to regulate the proceedings of the House?

**Mr. Speaker:** Yes, and therefore the hon. Members should not interrupt now.

**Shri H. V. Kamath:** I bow to your ruling, but such rulings apply to all including the Ministers.

**The Honourable Shri Jawaharlal Nehru:** This measure has been before this House in the present stage for some time; it has come up again. Now it is clear that there is a variety of opinion in regard to this measure, that there are, one may say, at least two sets of opinions, one strongly in favour of it and the other opposed to it or opposed to some parts of it rather. It is clear also that one must not deal with a measure of this kind either by trying to sweep away one opinion or the other in a hurry; we must give it the fullest consideration at the same time and further it is also clear that measures affecting large numbers of human beings, their social customs, etc. have to be given the fullest consideration. I would submit for the consideration of the House that our proceeding with this Hindu Code merely in a spirit of sheer opposition to each other, well naturally, may lead to certain ultimate results certain decisions, but will not be very helpful either now or later—and I am speaking for the moment for myself and I think the Government—it would be desirable for us, for the House as soon as a detailed consideration comes or a little before it to approach this matter, that is for representatives of different viewpoints to approach this matter in a more constructive way, to see how we can expedite the passage of this Bill, with what might be considered a large measure of consent. It is very difficult to aim at universal consent to anything, but with as large a measure of consent as possible. So, if I may suggest to the House.....

**Pandit Lakshmi Kanta Maitra:** A constructive suggestion in respect of a destructive measure.

**The Honourable Shri Jawaharlal Nehru:** The hon. Member is one of those persons who holds apparently rather strong opinion on this subject. Now even though I express myself in mild language, I hold even stronger opinion than he does on this subject.

**Shri Mahavir Tyagi (U.P.: General):** That is the real trouble.

**The Honourable Shri Jawaharlal Nehru:** What is more, the Government is committed to this thing. It is going through with it. (*Hear, hear.*) On behalf of the Government I offer a *via media*; I offer a mid approach and if the House accepts it, we shall welcome it and if not we shall proceed with the Bill as it is. I am speaking of the viewpoint of the Government but we are anxious.....

**Pandit Lakshmi Kanta Maitra:** In a social measure will you force it?

**The Honourable Shri Jawaharlal Nehru:** If the Government puts forward a measure it is for the House to accept it or reject it. The Government cannot do it by force.

**Pandit Lakshmi Kanta Maitra:** You said that.

**The Honourable Shri Jawaharlal Nehru:** I said that Government would proceed with that. It is for this House to accept a measure, but if a Government takes an important measure and the House rejects it, the House rejects that Government and the Government goes and another Government comes in its place. It should be clearly understood that this is one of the important measures to which the Government attaches importance and on which it will stand or fall.

**An Honourable Member:** It won't exist.

**The Honourable Shri Jawaharlal Nehru:** That is the basis and because I do not wish to put it in that extreme way, I suggested to the House that this might be taken in an accommodating way so that it might be passed by general consent. If hon. Members do not like that course, then automatically the other course comes into operation. Now, so that, if I may suggest it, in the course of this session this first stage of the second reading might be considered, might be, I hope, passed and then before the next stage of detailed consideration comes formally or informally or in both ways the different view-points might be represented in a Committee and might see how this general consent can be arrived at in regard to this Bill, even though it might lead to certain alterations or variations in the present Bill.

Now, Sir, in regard to other matters before the country and the House, obviously the most important matter facing us might be called in general terms, the economic issue. It is most important and basic. I do not propose to say anything about that at this stage, because it is too big a subject. Parts of it at any rate will be dealt with by my colleague, the Finance Minister, at a later stage by various statements which he will make to this House and I have no doubt that this House itself will consider the matter in various forms and shapes during this session or more fully during the next session. I will not say much except that obviously it is of the most vital importance that we should frame a policy and give effect to that so as to get over our economic difficulties as rapidly as possible.

The House knows that the greatest stress has been laid by us on the question of food, because we have thought that so long as we are dependent upon other countries for food our whole economic structure is weak. So we have decided to give this priority No. 1. I should like to say that on the whole satisfactory progress is reported on the food front. I say this because I have noticed in some newspapers references to the fear that things were not going well. Of course things are not going well everywhere. There have been natural disasters such as floods and in some places cyclones as in Andhra, which have done a lot of damage not only to human beings but to food expectation from that area. Still, generally speaking, I would say and I do say it on the authority of the Commissioner for Food Production that we are making good progress and I have no doubt in my mind—let it be perfectly clear to the country—that after 1951 no food will be imported. In fact, if I may state it, this period is likely to be shortened, even though it may cause inconvenience. If the necessities of the situation demanded that period will be shortened. Even now we are, on the whole, lessening our import of food, specially rice. In fact we are trying to put an end to the import of rice completely, gradually.

Reference was just made to the sugar position in certain areas in a motion for the adjournment of the House. The sugar position is a very vital one. Sugar is important, but not so important as people imagine. It is gur perhaps which is more important than sugar. However, sugar is a vital matter and we must give consideration to it. But what is very disturbing is not the fact that some of us have got sugar and others have not been able to get it but the fact that the sugar position should deteriorate so rapidly and should not be controlled quickly. That is a fact which is very important and we should find out who is particularly responsible for it or guilty of it. There are several factors about

which I am not for the moment prepared to say much but I am sure my hon. colleague the Food Minister will deal with the situation in a statement before the House on some other day.

May I mention, there has been a lot of talk and sometimes enquiries as to whether there was some kind of a wheat deal when I was in the U.S.A. All this proceeds from a wrong impression as to what I was supposed to do. What we normally do in foreign countries is that our representatives who are there deal with the representatives of the other governments or the trade in other countries. They try to purchase cheaply, whether it is wheat or rice or other goods. That is going on. When I went there I spoke in general terms of our need for wheat and other things. That is all. I did not discuss in detail with anybody. Our representatives were there and are there to continue talks about any purchase, if it is on favourable terms. There is no question of a particular or special deal. One of our representatives who was there, Mr. Deshmukh, will soon be here to report to us the result of his talks. We buy wheat or anything else in the best market on the most favourable terms. If we can get them, if I may say so, on very special terms elsewhere we shall accept them. It is entirely a business deal as to where we can get them most advantageously.

In connection with the economic question I may point out that it raises so many issues and our Government and this House will have to consider them separately or perhaps together later. We have to consider how to co-ordinate our activities more and more and as a Government we are going to give a great deal of thought to this. Of course one of the main problems we have to face is the extremely low productivity in India of various things and till we raise that, it will be difficult for us to have enough wealth to go round for productive purposes.

I should like to say a few words in regard to our relations with Pakistan and foreign affairs generally. I am sorry to say that these relations continue to be strained and with all the efforts that we have made to improve them we have not succeeded in doing so in any large measure. Recently of course since devaluation came and Pakistan followed a different policy other points of strain and conflict have arisen. They have arisen not because we chose to raise them but simply because of the facts of the situation. Pakistan has accused us of deliberately trying to bring pressure upon them, to affect their economy or force them to do this or that in regard to devaluation of their rupee. This charge has been made, more especially I believe in regard to the jute situation. As a matter of fact the facts are quite simple. The price of jute rose so much that those who are buying it in India could not afford to buy it. They simply could not afford it. It was not an economic price for them to buy. This was pointed out to the Pakistan Government, that we could not buy it at their rate and they have to make some other arrangements. The Pakistan Government apparently thinks that this is a deliberate move to coerce them in regard to their economic policy. We do not wish to coerce anybody nor do we wish to be coerced by anybody. They can go their own way but it is quite impossible for us to accept prices in regard to certain commodities if they are too high. This is the simple proposition. I believe my colleague the Finance Minister repeatedly approached Pakistan and suggested that the whole matter should be reviewed and talks should take place but thus far no conference has definitely been arranged.

There are other matters of importance, matters in regard to which there has been a continuing dispute with Pakistan. One very important matter is evacuee property. I need not say much about it except that as far as I can see the only right way to settle it, apart of course from coming to a settlement ourselves, if there is no settlement, there can be discussion and consideration by experts on both sides and further if there is no agreement there may be a reference, if you

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like to some high judicial authority. The only other way seems to me to be to carry on this dispute shouting at each other without any settlement at all. Whether it is the question of evacuee property or the canal water dispute the matter can be examined technically by experts on both sides and thus the area of dispute should be limited. Then that can be considered in a normal way.

Then, finally there is the question of Kashmir. The House knows that this matter is going to be considered by the Security Council in the course of the next few weeks. I do not know when it will be considered because the United Nations Commission has been writing its report in Geneva and they are supposed to go to Lake Success some time in the second week of December. After that they will present their report. It may be considered soon after that, that is in the month of December. Or, if it is delayed, it may be considered early in January. Since the 1st of January last Cease-Fire has subsisted in Kashmir. There have been a number of 'incidents', but generally speaking there has been no resumption of operations. We hope, of course, there will be no such resumption. We have repeatedly made it quite clear that we want this problem of Kashmir, as all problems, settled by peaceful methods without recourse to warfare because we are convinced that warfare leads to disastrous consequences and should be avoided as far as possible. Nevertheless, it cannot be avoided if another party starts it, or if there is aggression one has to meet that. That is why originally we had to go to Kashmir; that is why we have stayed on—that is, our armed forces have stayed on—and we have given assurances not only to the people of Kashmir but to our own people that we will not withdraw our forces from there till there is any danger left of aggression from outside. Now, that is the position in Kashmir. We propose to stay where we are and to protect Kashmir in accordance with our pledged word, to give every help to the people of Kashmir and at the same time to seek ways of solving this problem by peaceful methods. But on the other side, in Pakistan, I regret to say, passions are continually roused on religious grounds, there is a continual talk of *jehad*, etc., and it is even said by people—responsible leaders—that there is bound to be war and they will have war. Well, I suppose all this talk is perhaps partly due to a feeling of frustration on the other side. I am sorry for that. But so far as we are concerned as a government we do not propose to move this way or that way, either to be moved to anger by the hysteria on the other side or to be moved to any weakness by any threats on the other side. We shall proceed on our even course, always trying for a peaceful settlement of this, trying to help the United Nations which has been in charge of it to find a peaceful settlement and at the same time not surrendering to anything that we consider wrong. That is the position in Kashmir. We shall have to send a deputation, or delegation rather, to Lake Success when this matter is considered by the Security Council.

I should like to inform the House in regard to the question of Indians in South Africa. When I say 'Indians' I should like to make it clear that I am not referring to Indian nationals but Indians by descent who are really South African nationals. We have been for some time past in communication with the Government of South Africa about the holding of a conference to consider these questions. That was the recommendation of the United Nations to us and to all the parties concerned, and immediately after that we suggested the holding of this conference. But there has been great delay in this correspondence. Ultimately the South African Government suggested that before we held the conference itself there should be a preliminary conference to consider what the conference is about and how the conference should proceed. We agreed to that also. Again there has been delay, but now finally a date has been fixed, that is February 6th, when this preliminary conference can take place in Cape Town, and representatives will go to it from India—and Pakistan I presume—to consider these matters.

The House may have also noticed in the press the announcement that the Conference of the Foreign Ministers of the Commonwealth countries is going to be held in Colombo early in January. I believe the 9th has been fixed as the date for it. Now, this Conference was fixed long ago, about a year ago, in fact a little over a year ago. In October 1948 it was decided to hold a conference of Foreign Ministers of the Commonwealth countries sometime in 1949, and Colombo was suggested then. But other things have happened since then and there was an emergent meeting in London in April last of Prime Ministers and so it was decided not to hold another conference too soon. I mention this fact because people think that the Colombo meeting of Foreign Ministers has been suddenly called to meet a new emergency in South East Asia or in China or elsewhere. In fact it has nothing to do with it. It is the normal conference that was decided to be held over a year ago. Of course it will consider the general situation as it is today. An hon. Member asked me if the question of the recognition of China is on the agenda of that conference and I told him that it was not. We discuss matters—each government deals with such questions independently as it chooses.

Now, may I say a few words in regard to my visit to America and Canada and the United Kingdom? I need not say very much because a great deal of publicity has been given to it in this country. But I would like to say this, that is, the objective which I had in going to America—both the United States and Canada—was achieved to my complete satisfaction. I did not go there for deals and for bargains and for intrigues. I did go there to create a friendly impression if I may say so a friendly interest in our problems, and generally to create an atmosphere of goodwill between the two countries. I believe we succeeded in doing that, and I believe that the responsible people in the United States thoroughly appreciated, if I may say so, the frank way in which I explained our position in world affairs. They appreciated it. Some of them may have liked it to be somewhat different, perhaps. But they appreciated in the end that that was the only right position that India could have and should have. That is a position in which India pursues her foreign policy without any commitments to other countries, without any binding ties, but in friendly co-operation with all the countries that co-operate with her. Indeed, it was largely in consonance, to give a historical parallel, with the policy which the great founder of their own nation had pursued in the early days of the American Republic. Reading history, past events may seem to us quite not so important as the events that surround us today—wars and revolutions—but what happened in the early days after the American Republic came to be founded was big enough in the context of that world, and soon after came the revolutionary wars in Europe and then the Napoleonic wars. Big revolutions and big changes were taking place all over the world. Washington and the other founders of the Republic definitely and deliberately tried to keep away from alignments in these struggles for world mastery as they were considered then. So, it is not difficult for an American bred up in that tradition to understand that this new Republic of India should not commit itself or align itself with any particular country or policy but should keep on friendly terms with all countries and decide each question on the merits as it arises. Naturally, we have our viewpoint, naturally apart from any particular viewpoint in regard to a particular question, we have a certain approach to questions. That approach is conditioned by the geographical fact of where we are, by our historical background, by the background of our struggle for freedom during the last thirty years or so—it is very much conditioned by that and by various other factors. For us, and I think personally for the world, the most important factor today is not what is happening in Europe, important as it may be, but what is happening in Asia and various parts of Asia. I think it is undoubted that when history comes to be written about this period, these enormous changes that are taking place in Asia will probably be the most important part of that narrative.

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So, our whole perspective necessarily is different from that of a person possibly in Europe or possibly in America. That does not mean that we see things differently or that we necessarily must differ, but that our approach is somewhat different, the emphasis that we lay might be different and possibly sometimes our judgment of a situation would be different. Nevertheless, I am convinced that it is necessary for us to seek the largest measure of co-operation and not to live in isolation. When we say that we shall try to follow our own policy, it does not mean a policy of isolation, it does not mean, as I made it clear, just a barren neutrality or a passivity. We think in active terms of how we can help in such measure as we can the maintenance of world peace. I am not conceited enough to imagine that we can control the fortunes of the world or prevent something happening that otherwise would happen. But there can be little doubt that we can occasionally at least make a difference. Well, I hope that this country will make that difference whenever it has the chance, and that difference will be in favour of peace.

So, this is the general line that I adopted in other countries in regard to our foreign policy, and I laid special stress, of course, on Asia as she is emerging after several hundred years of colonial domination because that is the most important problem of the age. There has been a great deal of talk about the possibility of war—world war I mean. So far as I can judge, such possibilities as there were have receded. I don't think there is any great chance of any war on a big scale, on a world scale in the near future. Certainly the position in Europe is much quieter from that point of view although very serious problems remain. In Asia, in spite of the big changes that have taken place, I don't see any probability of military conflict, apart from the local conflicts that are going on, on a world scale. Therefore, I think on the whole it may be said that in spite of the various crises and upheavals and difficulties, there is more chance of avoidance of any great world struggle than there was during the past year or two, and India and other countries if they try hard enough can perhaps help still further in avoiding war.

This House must have followed with interest and with a certain degree of satisfaction the progress that was made in the settlement of the conflict in Indonesia. It is a little difficult to say anything now finally as to what will emerge, but I think one may say with a certain measure of certainty that a very big step forward has been taken in the way of that settlement and in Indonesia becoming a completely free country. I should like, on behalf of this House, to congratulate the great leaders of the Indonesian Republic, the President of the Republic, the Prime Minister and others, on the part they have played which has been a part not only of remarkable courage but of remarkable wisdom and restraint. During these two or three years, Indonesia and India have come very close to each other. The public may know something of this by occasional messages, *etc.*, but as a matter of fact the measure of mutual understanding and friendship that has arisen between us has been far greater than even perhaps this House realises. It has been a very great pleasure to me to deal on an official basis and sometimes even on a personal basis with these leaders of the Indonesian Republic, and may I say that some of those leaders, especially the President, know more about the culture and the history of India and even the recent history of our struggle for freedom than perhaps many of our politicians in India itself.

May I also refer to Africa, rather East Africa. Now, if Asia is dynamic today and turbulent and changing, there is little doubt that Africa also is on the eve of great changes. It is a matter of great distress that some parties in Africa should add to the racial problem there instead of trying to solve it, and to make it worse because nothing can be so bad and so dangerous in the future as a big eruption in Africa on the racial basis. So far as we are concerned, it has been our policy and it was the Congress policy long before we came into the Government, that Indians in Africa should develop close contacts and should try to serve

the people of Africa and we had always made it clear that we want no privileges, no interests in Africa which come in the way of the indigenous inhabitants of Africa. At the present moment, apart from the South African problem which is a different one, we have to deal chiefly with the African races in East Africa where there are a considerable number of Indians in business or in some professions. I am happy to say that our relations there have progressively improved and our representative there has done extraordinarily good work in this behalf. One gesture of ours has been to give some scholarships to African students to come to India. It was greatly appreciated there and helped in bringing those Africans nearer to the Indians.

Questions are asked very often about the Foreign Service and about our Ambassadors abroad and criticisms are made. Those criticisms may be justified. Sometimes they are. We have had to build up this Foreign Service from scratch. Foreign Services, more than any other Service, require a tradition and experience. You may send the best of your officers with experience of domestic service and he may not necessarily be good in a Foreign Service at all. In fact, there are very few countries who have a long experience and tradition in their foreign work behind them. It takes a long time to develop it. Normally speaking, a country like India, one which is newly free, might take a number of years to develop foreign contacts. We were not eager to develop them, I can assure this House. But circumstances were such that we had no choice. We cannot function as an independent country without having those contacts. Indians, fortunately, are spread out in all parts of the earth's surface. In some places, they are progressing and advancing. In some places, their presence has created problems with which we have to deal. We can either deal with them through some foreign agency or through our own representatives. If we deal with them through a foreign agency, then we are dependent on that foreign agency; we are not looked upon as an independent nation. So gradually we have been forced to develop these foreign contacts by virtue of the fact that we are independent and by virtue of our growing importance in international affairs. Other countries seek contacts with us; they send representatives to us. We cannot deny them; we welcome them. Once they do that, it is very difficult for this to be a unilateral affair—that they go on sending people here and we do not send our representatives to their country. So, our hands have been really forced—forced by circumstances and by the fundamental fact that India is important in the world. We cannot get away from the fact that India is important and we cannot shrink. Once we become free, simply we step in to a certain position of relative importance in the world.

All these foreign establishments have been expensive. I have no doubt that if we try hard enough we can save money. We are trying as hard as we can. No doubt, in our inexperience we have wasted money. But I should like to tell this House—and this is from personal experience, having gone abroad repeatedly during the past year and having met our representatives in Europe and America (and they came to see me even when I could not go to that particular capital)—that most of our people in Foreign Service abroad are living in exceedingly difficult conditions. It is not their fault or perhaps our fault. It may be the fault of this devaluation and exchange rates which are continually changing—we cannot keep pace with them. Apart from the top people who may be paid adequately, the other people find it very difficult to subsist. While to begin with there were many people who wanted to go abroad, now, those who have gone abroad, nearly all want to come back, because they say they cannot carry on there. Somebody pointed out that they could not buy a pair of shoes or boots and that he had not got them. So, we have to face this difficult problem.

We are reducing our staffs in various offices for reasons of economy, but we cannot possibly allow our people to remain there in a shattered condition in which they cannot afford to live a normal, decent life.

[Shri Jawaharlal Nehru]

Another fact which I should like to bring to the notice of the House is this. It is our desire—and the House has repeatedly reminded us—to Indianise all our services abroad. (*Hear, hear.*)

**Shri B. Das** (Orissa: General): And Indianise their lives too.

**The Honourable Shri Jawaharlal Nehru**: The hon. Member said something I could not hear properly.

**Shri B. Das**: I said Indianise their lives too.

**The Honourable Shri Jawaharlal Nehru**: Oh, I am sorry. I thought he was referring to their wives!

So, now, we have tried to do this but we have had to face certain difficulties—the difficulties being, first of all, that this process means the increasing the cost roughly by three times: certainly doubling the cost of the post and normally three times, taking everything into consideration, because the cost covers not only the question of salary, it means also the families etc. going and the cost of passage is heavy especially when large families have to go. Secondly, efficiency has suffered greatly—not because Indians are inefficient; not that—but efficiency in a foreign country has to be judged from other standards, including the standard of knowing the language of that country. A person may be thoroughly efficient in his job here, and when he is suddenly transported to a foreign country in some relatively minor, junior capacity as a clerk or something like that, he is helpless there. Instead of helping the office, he has to be looked after; his family has to be looked after, because they are complete strangers there; they do not know the language; they do not know the customs, with the result that it takes months and sometimes a year before he gets into it and some other arrangements have to be made for the work to be done. These are the difficulties—heavier cost, lowering of efficiency and sometimes the work having to be done by somebody else all the same. It is an extraordinary situation and inevitably, the only thing we can do is to go slow. I am for the moment talking about the lower ranks, not about the top ranks. I am talking about clerks, Superintendents and such like persons who are sent from here.

**Shri Mohan Lal Gantam** (U.P.: General): I suppose you will not include *chaprasis* and chauffeurs in this category?

**The Honourable Shri Jawaharlal Nehru**: Yes, as a matter of fact, we have sent *chaprasis* and chauffeurs too from India and *chaprasis* and chauffeurs get on better than clerks and others. I should therefore like this House to remember in regard to this question of Indianisation the consequences which too rapid Indianisation brings in its train.

Then, a question was put about the house that we have purchased in London for our Embassy there. To be quite frank with this House, there was no immediate urgency for us to purchase this house in London. We need not have purchased it for a year or two, but we purchased it because it was a tremendous bargain and because it was quite essential, if not now, a year later or two years later to have a house in London for our Embassy for the various functions in regard to an Embassy. We want a house like that in Washington and in one or two other places, because otherwise it is an exceedingly costly business. We have found that the annual expenditure in rent is so great that it is far cheaper to buy a house and reduce our monthly and annual expenditure, apart from the fact that an Embassy usually possesses its own house and does not remain in rented houses on the sweet will and pleasure of the owner of that building. We calculated that in New York we were spending a vast sum of money over numerous offices spread out all over the place. We have bought a

building there or taken it on lease—I forget—where all our offices will be located. If you see that big sum which we have paid for that place, it is a very big sum. If you compare the amount that we have spent over the purchase of the house, with the sums that we have paid annually by way of rent for a number of years, you will find that we would be saving money by this transaction. We have followed this practice of buying property, if we could get cheap, at the principal centres. London was obviously one of the places; Paris was another; New York was a third one where this could be done. Today of course we would not have thought of spending any money. It was done last year and it is there.

I was talking about the Foreign Service. May I remind the House of the death of two of our Ambassadors on service abroad? One was our Ambassador in Cairo, Dr. Syed Hussain, who died many months ago. Another recent death was that of Diwan Ram Lal in Rome where he went recently. Of course, the cause of their death was not necessarily connected with their work. But the fact is that in many cases the work of our Embassies has been fairly heavy and the conditions of living have been not so good in some places. In some places they are of course good, but that is not so in the case of some others and that has affected the health of many members of our staff.

May I also mention a very sad case that occurred yesterday,—the death of a very gallant and brave soldier Brigadier Kanbaiyalal Atal, who died suddenly yesterday. Perhaps one of the most spectacular actions of our campaign in Kashmir was the action just about a year ago when our forces forced the Zojila, a pass at eleven thousand feet. It was an extraordinary feat which may go down in military manuals. Brigadier Atal was in command of our forces and his name will be always remembered in that connection. It was a great sorrow to me and I am sure the House will agree with me that the death of this very gallant and young soldier with so much promise just when he was on leave for a day or two was a very sad event.

**Shri E. K. Sidhva** (C.P. and Berar: General): May I know whether the House will have an opportunity to discuss the devaluation, food problem and other matters arising out of the hon. the Prime Minister's statement?

**Mr. Speaker:** Not for the present.

**Pandit Lakshmi Kanta Mahtre:** May I have your permission to bring a very important matter connected with East Bengal to the notice of the hon. Prime Minister. It arises out of this statement.

**Mr. Speaker:** As I have stated to hon. Members, the best course is that, if they want to bring any question to the attention of the House they should first inform me, so that I may consider the matter and then decide.

Here, I do not know what matter the hon. Member is going to raise. I have no idea as to whether it really deserves being permitted to be raised or not and by the time he has said, he has said: that is all. I do not get any opportunity on the question of grant of permission, to raise the point. That is my difficulty. The hon. Member can meet me in my room and if necessary he can raise the matter tomorrow.

**Shri H. V. Kamath:** May we put questions arising out of the hon. the Prime Minister's statement?

**Mr. Speaker:** As the hon. Member knows that is not the practice here.

## H. E. THE GOVERNOR GENERAL'S ASSENT TO BILLS.

**Secretary of the Assembly:** Sir, I lay on the Table a statement showing the Bills which were passed by the Dominion Legislature (Constituent Assembly of India—Legislative) during the Budget Session, 1949, and which have been assented to by His Excellency the Governor General.

## STATEMENT.

- (1) The Indian Tariff (Amendment) Act, 1948
- (2) The Mangrol and Manavadar (Administration of Property) Act, 1949
- (3) The Indian Emigration (Amendment) Act, 1949
- (4) The United Provinces Provincial Armed Constabulary (Extension of Laws) Act, 1949
- (5) The Protective Duties (Amendment) Act, 1949
- (6) The Public Debt (Central Government) Amendment Act, 1949
- (7) The Scheduled Securities (Hyderabad) Act, 1949
- (8) The Seaward Artillery Practice Act, 1949
- (9) The Code of Criminal Procedure (Amendment) Act, 1949
- (10) The Banking Companies Act, 1949
- (11) The Railways (Transport of Goods) Amendment Act, 1949
- (12) The Protective Duties (Miscellaneous Provisions) Act, 1949
- (13) The Central Tea Board Act, 1949
- (14) The Indian Finance Act, 1949
- (15) The Code of Criminal Procedure (Second Amendment) Act, 1949
- (16) The Governor-General's Salary (Exemption from Taxation) Act, 1949
- (17) The Criminal Law (Removal of Racial Discrimination) Act, 1949
- (18) The Merchant Shipping Laws (Extension to Accessing States and Amendment) Act, 1949
- (19) The Essential Supplies (Temporary Powers) Amendment Act, 1949
- (20) The West Godavari District (Assimilation of Laws on Federal Subjects) Act, 1949
- (21) The Hindu Marriage Validity Act, 1949
- (22) The Payment of Taxes (Transfer of Property) Act, 1949
- (23) The Influx from Pakistan (Control) Act, 1949
- (24) The Delhi Hotels (Control of Accommodation) Act, 1949
- (25) The Displaced Persons (Legal Proceedings) Act, 1949
- (26) The Indian Tea Control (Amendment) Act, 1949
- (27) The Bombay Port Trust (Amendment) Act, 1949
- (28) The Coal Mines Labour Welfare Fund (Amendment) Act, 1949
- (29) The Dock Workers (Regulation of Employment) Amendment Act, 1949
- (30) The Public Companies (Limitation of Dividends) Act, 1949
- (31) The Indian Wireless Telegraphy (Amendment) Act, 1949
- (32) The Code of Civil Procedure (Amendment) Act, 1949
- (33) The Rubber (Production and Marketing) Amendment Act, 1949
- (34) The Coffee Market Expansion (Amendment) Act, 1949
- (35) The Indian Succession (Amendment) Act, 1949
- (36) The Indian Passport (Amendment) Act, 1949
- (37) The Registration of Foreigners (Amendment) Act, 1949
- (38) The Chartered Accountants Act, 1949
- (39) The Cinematograph (Amendment) Act, 1949
- (40) The Repealing and Amending Act, 1949
- (41) The Child Marriage Restraint (Amendment) Act, 1949
- (42) The Indian Penal Code and the Code of Criminal Procedure (Amendment) Act, 1949

## PAPERS LAID ON THE TABLE

### REPORT OF INDIAN GOVERNMENT DELEGATION TO 31ST SESSION OF INTERNATIONAL LABOUR CONFERENCE, SAN FRANCISCO, 1948

**The Honourable Shri Jagjivan Ram** (Minister of Labour): Sir, I lay on the Table a copy of the Report of the Indian Government Delegation to the thirty-first session of the International Labour Conference held in San Francisco in 1948. [Copy placed in the Library. See No. IV R 01(189)/1].

### AMENDMENTS TO INSURANCE RULES, 1939

**The Honourable Shri K. C. Neogy** (Minister of Commerce): Sir, I lay on the Table a copy each of certain further amendments to the Insurance Rules, 1939, published in Notification No. Ins. Misc. E-102(1)/49, dated the 7th May 1949, under sub-section (3) of Section 114 of the Insurance Act, 1938.

### NOTIFICATION

No. Ins.Misc.E.102(1)/49.—In exercise of the powers conferred by subsections (1) and (8) of section 114 of the Insurance Act, 1938 (IV of 1938), the Central Government is pleased to direct that the following further amendments shall be made in the Insurance Rules, 1939, the same having been previously published as required by sub-section (1) of the said section, namely:—

#### A. In the said Rules—

1. To subrule (1) of rule 13 the following proviso shall be added, namely:—

“Provided that the Central Government may, in respect of any insurer after taking into account the maximum sum assured permissible according to its constitution or rules and regulations and other conditions, modify the above qualifications by fixing (i) for the sum insured or annuity, an amount lower than the corresponding amount mentioned in clause (a) or (ii) for the period, a period shorter than the one mentioned in clause (b) or (iii) both.”

2. In sub-rule (1) of rule 14 after the words “is situated” the following shall be inserted, namely:—

“or, with the prior consent and approval in writing of the Superintendent of Insurance, at any other place”.

B. In the Notes appended to Form VI-D of the Forms set forth in the Schedule to the said Rules, after the words “maximum and minimum of the sum insured should be stated”, the following shall be added, namely:—

“Where a policy has been made paid-up, necessary correction shall be made to the sum assured by showing the paid-up amount and the date of making it paid-up shall also be indicated”.

S. RANGANATHAN, Joint Secy.

[At this stage Mr. Speaker (the Honourable Mr. G. V. Mavalankar) vacated the Chair, which was then occupied by Mr. Deputy-Speaker, Shri M. Ananthasayanam Ayyangar.]

### ORDINANCES ISSUED BY H. E. THE GOVERNOR GENERAL AFTER BUDGET SESSION, 1949

**The Honourable Shri Satyanarayan Sinha** (Minister of State for Parliamentary Affairs): Sir, I lay on the Table a statement showing the Ordinances issued by the Governor General after the Budget Session 1949 of the Constituent Assembly of India (Legislative).

## STATEMENT

S. No.	Subject	Ministry	Whether it is the intention of the Government to replace it by an Act and if so, when	Remarks
1	The Abducted Persons (Recovery & Restoration) Ordinance, 1949 (XVIII of 1949).	External Affairs.	Yes. In the current session of the Legislature.	
2	The Durgah Khawaja Sahab (Emergency Provisions) Ordinance, 1949 (XXIV of 1949).	Home Affairs	No.	
3	The Transfer of Detained Persons Ordinance, 1949 (XVI of 1949).	Do.	Yes. In the current session of the Legislature.	
4	The Nawab Salar Jung Bahadur (Administration of Assets) Ordinance, 1949 (XXIX of 1949).	States	No.	
5	The Taxation Laws Amendment Ordinance, 1949 (IX of 1949).	Finance	Yes. In the current session of the Legislature.	
6	The Foreign Exchange Regulation (Amendment) Ordinance, 1949 (X of 1949).	Do.	Do.	
7	The Industrial Tribunals Payment of Bonus (National Savings Certificates) Ordinance, 1949 (XI of 1949).	Do.	Under consideration in consultation with Provincial Governments.	
8	The Industrial Tribunals Payment of Bonus (National Savings Certificates) Amendment Ordinance, 1949 (XIII 1949).	Do.	Do.	
9	The Professions Tax Limitation (Amendment and Validation) Ordinance 1949 (XVII of 1949).	Do.	Under consideration in consultation with the Ministry of Law.	
10	The Reserve Bank of India (Amendment) Ordinance, 1949 (XIX of 1949).	Do.	Yes. In the current session of the Legislature.	
11	The Taxation Laws (Extension to merged States) Ordinance, 1949 (XXI of 1949).	Do.	Do.	
12	The Banking Companies (Amendment) Ordinance, 1949 (XXIII of 1949).	Do.	Do.	
13	The Export Duties (Emergency Provisions) Ordinance, 1949 (XXV of 1949).	Do.	No.	
14	The Export Duties (Emergency Provisions) Amendment Ordinance, 1949 (XXXI of 1949).	Do.	No. The Ordinance relates to the inclusion of cotton and pepper to the schedule of the previous Ordinance.	
15	The Requisitioned Land (Apportionment of Compensation) Ordinance, 1949 (XXII of 1949).	Defence	Yes. In the current session of the Legislature.	
16	The Industrial Disputes (Banking & Insurance Companies) Ordinance, 1949 (VI of 1949).	Labour	Do.	

S.No.	Subject	Ministry	Whether it is the intention of the Government to replace it by an act and if so, when	Remarks
17	The Industrial Disputes (Banking & Insurance Companies) Second Ordinance, 1949 (XXVIII of 1949).	Labour	Yes. In the current session of the Legislature.	This was a re-issue of the previous Ordinance.
18	The Delhi Water Supply (Emergency Provisions) Ordinance, 1949 (VII of 1949).	Health	No.	
19	The Essential Supplies Temporary Powers) Amendment Ordinance, 1949 (XIV of 1949).	Industry & Supply.	Yes. In the current session of the Legislature.	
20	The Drugs (Control) Ordinance, 1949 (XXVI of 1949).	Do.	Under consideration in consultation with Ministry of Health.	
21	The Chartered Accountants (Amendment) Ordinance, 1949 (XV of 1949).	Commerce	No.	
22	The Ajmer-Merwara Agrarian Relief Ordinance 1949 (VIII of 1949).	Agriculture	Yes. In the current session of the Legislature.	
23	The Ajmer-Merwara Agrarian Relief (Second) Ordinance, 1949 (XXX of 1949).	Do.	Do.	This was a re-issue of the previous Ordinance.
24	The Administration of Evacuee Property (Chief Commissioners' Provinces) Ordinance, 1949 (XII of 1949).	Rehabilitation.	Do.	The Provisions contained in these two Ordinances have been embodied in the Ordinance shown against S. No. 26.
25	The Administration of Evacuee Property (Chief Commissioners' Provinces) Amendment Ordinance 1949 (XX of 1949).	Do.	Do.	
	The Administration of Evacuee Property Ordinance, 1949 (XXVII of 1949).	Do.	Do.	Embodies all the Provisions contained in S. No. 24 and 25.

**Shri E. K. Sidhya** (C.P. and Berar: General): Sir, may we have a copy of these ordinances?

**Mr. Deputy-Speaker:** They are in the Library.

**Shri E. K. Sidhya:** They are not available in the Library.

**Mr. Deputy-Speaker:** I am informed that they are available in the Library.

**Prof. N. G. Ranga** (Madras: General): May we suggest that they may be circulated to Members?

**Mr. Deputy-Speaker:** The ordinances are published in the *Gazette of India*. Hon. Members are supplied with copies of the Gazette.

**Honourable Members:** No, Sir; no copy of the Gazette is supplied to us.

**Mr. Deputy-Speaker:** I am personally aware of a circular which said that whichever hon. Member wished to have a copy would be supplied with a copy of the Gazette.

**Shri E. K. Sidhya:** Sir, this matter will come up for discussion and it would be of immense help to us if we had copies of these ordinances.

**Mr. Deputy-Speaker:** There are a number of copies of these ordinances available in the Library of the House.

**ACTION TAKEN BY GOVERNMENT ON ASSURANCES, PROMISES AND UNDERTAKINGS  
GIVEN DURING BUDGET SESSION 1949**

**The Honourable Shri Satyanarayan Sinha** (Minister of State for Parliamentary Affairs): Sir, I lay on the Table a statement showing the action taken by the Government on various assurances, promises and undertakings given during the Budget Session, 1949, of the Constituent Assembly of India (Legislative). (See *Appendix II*).

**Prof. N. G. Ranga** (Madras: General): May I suggest that this statement may also be circulated among the Members of the House?

**Mr. Deputy Speaker:** The statement is a long one and will have to be printed. It will be circulated to hon. Members as soon as possible.

**ELECTION TO STANDING COMMITTEE FOR MINISTRY OF  
REHABILITATION**

**The Honourable Shri Mohan Lal Saksena** (Minister of State for Rehabilitation): Sir, I beg to move:

"That this Assembly do proceed to elect in such manner as the Honourable the Speaker may direct, one member to serve, until the end of the current financial year, 1949-50, on the Standing Committee to advise on subjects with which the Ministry of Rehabilitation is concerned, *vice* Shri Z. H. Lari, resigned."

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

"That this Assembly do proceed to elect in such manner as the Honourable the Speaker may direct, one member to serve, until the end of the current financial year, 1949-50, on the Standing Committee to advise on subjects with which the Ministry of Rehabilitation is concerned, *vice* Shri Z. H. Lari, resigned."

*The motion was adopted.*

**Mr. Deputy-Speaker:** I have to inform Hon. Members that for the purpose of election by means of the single transferable vote of a Member to the Standing Committee for the Ministry of Rehabilitation the programme of dates will be as follows:

Nomination to be filed in the Notice Office up to 12 Noon on Wednesday, the 30th November.

Election, if necessary, will be held on Friday, the 2nd December, in the Assistant Secretary's room (No. 31) in the Council House between the hours of 10.30 a.m. and 1 p.m.

**RESERVE BANK OF INDIA (AMENDMENT) BILL**

**The Honourable Dr. John Mathai** (Minister of Finance): I introduce the Bill further to amend the Reserve Bank of India Act, 1934.

**Mr. Deputy-Speaker:** Unlike the previous practice these Bills have been published in the Gazette and circulated to Members. Therefore, no particular motions will be moved at this stage.

**ESSENTIAL SUPPLIES (TEMPORARY POWERS) SECOND AMEND-  
MENT BILL**

**The Honourable Dr. Gyama Prasad Mookerjee** (Minister of Industry and Supply): I introduce the Bill further to amend the Essential Supplies (Temporary Powers) Act, 1946.

### **RUBBER (PRODUCTION AND MARKETING) BILL**

**The Honourable Mr. Syama Prasad Mookerjee** (Minister of Industry and Supply): I introduce the Bill further to amend the Rubber (Production and Marketing) Act, 1947.

### **REQUISITIONED LAND (APPORTIONMENT OF COMPENSATION) BILL**

**The Honourable Sardar Baldev Singh** (Minister of Defence): I introduce the Bill to provide for the apportionment of compensation payable in respect of requisitioned land.

### **TRANSFER OF DETAINED PERSONS BILL**

**The Honourable Sardar Vallabhbhai Patel** (Minister of Home Affairs and the States): I introduce the Bill to provide for the removal from one unit to another unit of persons subjected to preventive detention for reasons connected with the maintenance of public order.

### **INDIAN ARMS (AMENDMENT) BILL**

**The Honourable Sardar Vallabhbhai Patel** (Minister of Home Affairs and the States): I introduce the Bill further to amend the Indian Arms Act, 1878.

### **INSURANCE (AMENDMENT) BILL**

**The Honourable Shri K. C. Neogy** (Minister of Commerce): I introduce the Bill further to amend the Insurance Act, 1938.

### **INDIAN MERCHANT SHIPPING (AMENDMENT) BILL**

**The Honourable Shri K. C. Neogy** (Minister of Commerce): I introduce the Bill further to amend the Indian Merchant Shipping Act, 1923.

### **INDIAN TARIFF (SECOND AMENDMENT) BILL**

**The Honourable Shri K. C. Neogy** (Minister of Commerce): I beg to introduce the Bill further to amend the Indian Tariff Act, 1934.

### **INDIAN RAILWAYS (AMENDMENT) BILL**

#### **PRESENTATION OF REPORT OF SELECT COMMITTEE**

**The Honourable Shri K. Sasthamam** (Minister of State for Transport and Railways): Sir, I present the report of the Select Committee on the Bill further to amend the Indian Railways Act, 1930.

### **INDIAN JUDICIAL PROCEDURE BILL**

#### **PRESENTATION OF REPORT OF SELECT COMMITTEE**

**Pandit Thakur Das Bhargava** (East Punjab: General): Sir, I present the Report of the Select Committee on the Bill to clarify and modify the law in practice hitherto followed in Criminal applications for special leave to appeal to His Majesty in Council for Criminal cases decided by the Indian Courts.

## INDUSTRIES (DEVELOPMENT AND CONTROL) BILL

### EXTENSION OF TIME FOR PRESENTATION OF REPORT OF SELECT COMMITTEE

**The Honourable Dr. Syama Prasad Mookerjee** (Minister of Industry and Supply): I move:

"That the time appointed for the presentation of the Report of the Select Committee on the Bill to provide for the development, regulation and control of certain industries, be further extended upto the last day of the first week of the next session."

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

"That the time appointed for the presentation of the Report of the Select Committee on the Bill to provide for the development, regulation and control of certain industries, be further extended upto the last day of the first week of the next session."

*The motion was adopted.*

## TAXATION LAWS AMENDMENT BILL

**The Honourable Dr. John Matthai** (Minister of Finance): Sir, I move:

"That the Bill further to amend the Indian Income-tax Act, 1922, the Indian Finance Act, 1942, the Excess Profits Tax Ordinance, 1943, the Indian Finance Act, 1946, the Business Profits Tax Act, 1947 and the Taxation on Income (Investigation Commission) Act, 1947, be withdrawn."

Sir, I would like, with your permission, to make a brief statement regarding the circumstances which have necessitated the proposal to withdraw this measure. This particular Bill was introduced in the House sometime last April during the Budget Session and there was no time for the House to deal with it. The matter had to stand over.

The Bill really consists of two groups of measures: one of them, more or less of a routine character, deals with procedural matters and the other consists of matters of principle and is of a somewhat contentious character. Since the time before the House during this session is also limited, I think it will help expeditious disposal of business if I take the routine matters out of the Bill and put them in a separate Bill which I propose, if the House agrees, to introduce in the course of this session so that it may be got out of the way.

As regards matters of principle of a contentious character included in the Bill, my idea is to introduce during the Budget Session a comprehensive Bill on all these taxation matters and also certain other proposals of Government based upon the recommendations of the Taxation Investigation Commission so that the House may have some time to give to these matters. Thus, what I am doing is not to drop any matter which is already before the House, but to put through a procedure which will help the House to more conveniently and expeditiously dispose of this matter.

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

"That the Bill further to amend the Indian Income-tax Act, 1922, the Indian Finance Act, 1942, the Excess Profits Tax Ordinance, 1943, the Indian Finance Act, 1946, the Business Profits Tax Act, 1947 and the Taxation on Income (Investigation Commission) Act, 1947, be withdrawn."

*The motion was adopted.*

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

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

## BANKING COMPANIES (LEGAL PRACTITIONERS' CLIENTS' ACCOUNTS) BILL

**The Honourable Dr. John Matthai** (Minister of Finance): Sir, I move:

"That the Bill to restrict the liability of banking companies in connection with certain transactions by legal practitioners, be taken into consideration."

Sir, the necessity for this Bill has arisen from certain rules framed by the Bombay High Court for the protection of clients' interests in the matter of moneys which they have entrusted to Attorneys for professional business. What these rules do in the first place is to provide that moneys of this kind should be deposited by Attorneys in banking accounts which are held in the name of Attorneys but to be designated clients' accounts, and the rules provide for them that moneys cannot be withdrawn from these accounts except for purposes of meeting expenditure properly required in connection with professional business by or on behalf of clients. Now, competent legal opinion has held the view that the effect of these rules is to use the language of lawyers, to fix a notice of trust on the banking companies concerned. In other words, the effect of these rules, as far as the banking companies are concerned, is that when a cheque is drawn on a client's account, then there is an obligation on the bank to make enquiries as to the purpose for which the money is being withdrawn to see whether the purposes are in accordance with the rules framed by the High Court. Now, it has been claimed on behalf of the banking companies—and in my opinion quite rightly—that these rules place an undue degree of responsibility upon banks because for enquiries of this kind banks have neither the organisation nor the time required and it has an effect upon not merely the particular banks concerned but generally on the credit system of the country, it has the effect of impairing the free convertibility of cheques which is, as the House will realise, an essential feature of the banking credit system. The same problem has arisen in the United Kingdom. The same kind of rules as the Bombay High Court has framed have been in force in the United Kingdom and the same legal problem with reference to which this Bill is placed before the House, has arisen in the United Kingdom and in order to meet which there is a legal enactment there which is exactly on the lines of the provisions contained in this Bill. Therefore I suggest to the House that in the interests of the banks and the clients in this matter it is necessary that the House should give its approval to this Bill. There has been a very considerable demand for a measure of this kind and it is really in response to the recommendations which have been made to the Government on this matter that we have thought it necessary to put this Bill before the House. There are various amendments of which notice has been given, one I think by my Honourable friend, Dr. P. S. Deshmukh and also Prof. Shibban Lal Sakeena, asking that this matter be referred to a Select Committee. Now I would point out to the House that this Bill was introduced in the Budget Session early in April. It has been there for several months before the House and before the country and I do not remember having received a single objection from any individual or public body, nor so much as a single representation during all this period, since the Bill was placed before the House. I would therefore respectfully submit to the House that in view of the fact that this Bill has provoked no controversy whatsoever and the matter is a matter merely more or less of a routine character, there is really no need for holding it up by reference to a Select Committee or by circulating it for eliciting public opinion.

[Dr. John Matthai]

There is one point to which I would like to refer if I may anticipate some of the amendments of which notice has been given. There are some amendments both by my Honourable friend, Dr. Deshmukh, and also by Sardar Hukam Singh that there should be a specific reference to Unions of States. I have discussed this matter with the Law Ministry and I am advised that the words "acceding States" would also cover Unions of States and therefore it is unnecessary to insert the words "Unions of States" in it. I submit, Sir, that the House should give its ready approval to the Bill.

**Mr. Speaker:** Motion moved:

"That the Bill to restrict the liability of banking companies in connection with certain transactions by legal practitioners, be taken into consideration."

**Dr. P. S. Deshmukh** (C.P. and Berar; General): Mr. Speaker, Sir, before I move my amendment, I wish to say that I do not wish to move my amendment for circulation. I shall however move the other amendment which is for reference to a Select Committee. Sir, I move:

"That the Bill be referred to a Select Committee consisting of Prof. Shibban Lal Saksena, Shri Avantihayyanam Ayyaagar, Dr. Bakshi Tek Chand, Shri I. T. Krishnaswami, Mr. Nazirudin Ahmad, Mr. Frank Anthony, Mr. Jaspal Roy Kapoor, Mr. Jaipal Singh, Mr. H. V. Pataskar, Mr. Rohini Kumar Chaudhari, Mr. Mahavir Tyagi, The Hon. Dr. Ambedkar, The Hon. Dr. Jahu Matthai, Mr. Krishnamoorthy Rao, and the mover."

**Mr. Speaker:** Prof. Shibban Lal Saksena's motion also is for reference to Select Committee. There is therefore a question of names only.

**Prof. Shibban Lal Saksena** (U.P.; General): I will accept the names suggested by Dr. Deshmukh.

Sir, the Honourable Minister for Finance has justified his motion for consideration on the ground that there has been no complaint, no protest. My first point with regard to this Bill is that in any case we have allowed as long a period as 16 years to elapse before we followed the United Kingdom in amending the rules framed by the Bombay High Court. There should therefore be no hurry in passing this Bill today only. Then he suggested that there has been not even a single complaint. I would like to submit to the House that people in this country are not very careful about the legislation which is rapidly going through this House. If I am not exaggerating, I make bold to say that many of the Hon. Members of this House would not always be able to say what a particular Bill amounts to and when it has been passed and in what particular form. That is not the mistake of the Hon. Members of the House; it is the rapidity of the legislation that we are undertaking.

**Sbri B. L. Soodhi** (East Punjab; General): Oh yes; exactly.

**Dr. P. S. Deshmukh:** So far as not having a complaint, I will point out a very fine instance of how many things pass muster and how people are not careful to take the opportunity of complaining or lodging a protest. It is an instance that occurred in the C.P. and Berar. It is a very apt illustration of what happens with regard to the way in which the public in general try to maintain and protect their rights or fight for them. There are not many people who take the trouble of bringing forward the grievances of the people in every particular respect. In the Province of C.P. and Berar there was a rule issued by the Education Department that after a boy has completed six years of age he will not be permitted to keep out of a school from a compulsory area. It is nearly nine years ago that this rule was issued; in fact the rule was there wherever compulsory education was in vogue and this rule of the Education Department was interpreted to mean that no boy shall be admitted to any school unless he has

completed six years of age and for ten years this interpretation passed muster, and there was not a single individual to protest against this, although their sons were refused admission in the primary schools because they had not completed six years of age. This continued for ten years. On the one hand we are trying to educate people as fast as we can and we want to bring people who are reluctant to go to school and here was a rule which was absolutely misinterpreted and this sort of misinterpretation existed for such a long time. So it is not surprising that peoples attention has not been drawn to this and if this amendment Sir, is really necessary, then there would be no harm, I think if some more time is taken in passing it. It must also be remembered that the Bill is sought to be made applicable only to the area which is under the jurisdiction of the Bombay High Court for the present. I am sure there is no pressing necessity so that this may be passed in the course of a few minutes and there would be no danger nor any serious difficulty if the passing of the Bill were postponed till the first week of the next session. Secondly, this is a question between the Banks and the clients and the solicitors and pleaders. As we know the only people who really take any notice of legislation are the lawyers' class and here are the lawyers' class dealing with the clients' money by way of cheques. So it is impossible to expect that any lawyer will come forward and increase the difficulties of withdrawing the money by cheque as it exists at present. I would like to point out that the way in which the legal profession in India behaves or even the solicitors behave is far different from how they behave in the U.K. and in making it so easily available by way of issue of a cheque by the solicitor or the lawyer, I think a little attention ought to be paid to the circumstances that exist in India and from that point of view also I would urge that a reference to the Select Committee will do no harm and in the meantime, I would also request that opinion should be called for. I can point out cases where copies of questionnaires and bills are sent to people and we get no reply and no opinion is given. Thus to expect that without our asking for any opinion somebody will come forward with it is to expect the impossible. This is also bound to be a case where the number of persons who are directly interested is limited. There are not a large number of people concerned with the matter and the ordinary public is not certainly interested in seeing that there ought to be some objection recorded. The individuals affected are limited and in view of this fact also, I think it is all the more necessary that public opinion in the meantime as the Select Committee meets, should also be invited and I suppose that the Hon. Minister will probably find his way to accept my motion. It is quite harmless; it is not likely to put the Bombay High Court or any of the banks under any very great difficulty. They have worked under these difficulties for the last 16 years and in spite of the fact that the Bill was before the country for eight months and so long as no particular attention was drawn to it, it is natural to expect that the attention of the people who are associated with it has not been pointedly drawn. I, therefore, submit that this should now be done and the Bill referred to the Select Committee.

**Prof. Shivan Lal Saxena:** Sir, I support the motion which my hon. friend, Dr. Deshmukh has moved, although I wish that the time for submitting the report must be quicker. I do not think it is absolutely important that it should be taken to the next session. I do feel that the Bill should be laid before the House and particularly the Statement of Objects and Reasons strikes as something which requires some consideration. It says that henceforth the banks shall have the advantage of verifying whether the money of the clients is properly used or not, whether the cheques issued upon their account are for proper purposes or not and it will be left to the lawyers to do what they liked with that money. I personally feel that there is something which strikes as rather surprising. I can understand the difficulty of the banks and that they should be relieved in some way of their difficulties, but the Bill does not take sufficient care to protect the clients' money and it was therefore that I suggested that

[Prof. Shibban Lal Saksena]

the matter should be considered by some Members of this House so that they might probably scrutinise the clauses of the Bill and provide proper safeguards for the money of the clients. It was with that intention I submitted my amendment. I hope, Sir, that the motion of Dr. Deshmukh with my amendment that it should be in this session and the report should come before this House, should be accepted.

**Shri B. K. Sidhva** (C.P. and Berar: General): Mr. Speaker, Sir, I welcome the provision of this Bill. I am rather surprised at the motion moved by my hon. friend, Dr. Deshmukh that this Bill should be sent to the Select Committee. He has also given notice to send the Bill for 'public opinion'. He has of course not moved that. But his intention is very clear. I have tried to listen to his speech with patience and I do not find a single ground beyond stating that this House has been rapidly enacting acts and very few people take notice of it. He quoted an instance of a rule made by the C. P. Government. It is not certainly germane but, however, he was quite justified in mentioning that interesting instance. Neither my hon. friend Prof. Shibban Lal Saksena has stated anything. I welcome the suggestion that he made that in the interest of the clients something more should be inserted in this Bill to protect their interests. I agree with him, but what are those interests that he wants to be inserted. I would be prepared to go with him if he could give any illustration. I want to know what he knows about it. He must be able to make out a case as to why he wants the Bill to be sent to the Select Committee. One instance at least should be given to the House and the House should be prepared to consider that point whether that is right or wrong. The point is that neither of them has made out a case. On the contrary I do feel that this Bill has come too late. I know of a case where the lawyer had misappropriated the money of the client and it is high time that a Bill of this nature is brought in. I do not know why the previous government did not think about it. I am glad the Bombay High Court took note of it and put enthusiasm into our Finance Minister. It is also good that the Bill says that it shall be applicable to all parts of the country. I can give many instances from my experience and I do not want to do that. Money given for payment of a decree.....

**An Honourable Member:** How does this Bill prevent that?

**Dr. P. S. Deshmukh:** The hon. Member has not understood the Bill.

**Shri B. K. Sidhva:** You have not made out a case and probably you have not understood the Bill yourself, and hence you are saying that I have not understood it. You have no legs to stand on.....

**Mr. Speaker:** The hon. Member should address the Chair and not the honourable member.

**Shri B. K. Sidhva:** The Bill definitely wants to impose a responsibility upon the bank. To avoid any trouble there should be a separate account to be opened in the bank. I fail to understand what is wrong with it. This Bill should have been disposed of in ten minutes. The objectives are clear and the provisions are clear. They are in the interest of the bank and the client. I support this Bill and I feel that it should be passed in ten minutes.

**Shri Chimanlal Chakrabhai Shah** (Saurashtra): Sir, I support the Bill. I am sorry I am unable to support the motion for reference of the Bill to Select Committee. Probably as the only solicitor from Bombay I may be permitted to make a few observations on this because I have some personal experience of this matter which the Bill deals with.

The Bombay High Court sometime back made rules which make it compulsory for solicitors to keep the client's moneys entirely separate from their own. Till then some of the solicitors used to keep only one account into

which their own money as well as the client's money was deposited. Instances were brought to the notice of the court in which client's moneys had been utilised by solicitors contrary to the specific purpose for which those moneys had been entrusted to them. In consultation with the Bombay Incorporated Law Society the High Court made rules which make it compulsory for solicitors to maintain separate accounts in which all the moneys received from clients for specific purposes are to be kept and the solicitors are debarred from making any use of that money except for the purpose for which the money was entrusted to them. The High Court has assumed powers under these rules to examine the accounts of the solicitors and the solicitors have to satisfy the High Court whenever called upon to do so that the money entrusted to them has been used for the specific purpose for which it was intended. After the rules came into force, the solicitors found it somewhat difficult to operate these accounts, because it is well known that the banks usually take no notice of any trust and therefore from my personal experience of banks with whom my firm has account, I know that operating on the account of the client's money requires a special certificate every time a cheque is drawn, saying that this was money specially deposited and is being drawn upon for the specific purpose for which it was entrusted. Therefore it was extremely difficult to operate upon the accounts in this manner.

As regards the protection of the bank this Bill is absolutely necessary. It does not directly deal with the protection of the client's money, which I believe was the concern of my friend Mr. Shibbanal Saksena. For that you need another Bill. This Bill merely concerns the bank and the solicitors and as regards the protection of the client's money, another Bill will be necessary and I submit that the House may consider taking separate action in that direction. So far as this Bill is concerned it may be passed because without the protection given by this Bill, it is difficult to open and operate upon accounts dealing with clients' moneys.

**Shri M. Ananthasayanam Ayyangar** (Madras: General): Sir, my friend Prof. Saksena has misunderstood the scope of the Bill. I welcome his enthusiasm in supporting the clients. Even in Madras a rule has been framed by the High Court that a client's money is to be kept separately from the moneys of the vakil or advocate. Therefore every lawyer in the district headquarters has had to open separate accounts in the bank. This, however, imposed a heavy responsibility on the bank, namely to find out, though there may be a separate account as opposed to the personal account of the lawyer, whether the money drawn is appropriated for the client's benefit or not. The lawyer may operate on the account and appropriate the money for his own use. That imposed a heavy responsibility on the bank which is not its responsibility in the usual course. What is the agency by which in a particular case the bank could find out whether the money has been drawn for the benefit of the client or has been appropriated for the benefit of the lawyer? It is a personal account of the lawyer so far as the bank is concerned. This was not contemplated originally and since the difficulty has arisen it is necessary that the Bank should be relieved of the responsibility, which ordinarily it will not undertake.

So far as the client's money is concerned this Bill does not mean that the High Court could withdraw the rule or obligation upon a lawyer to open a separate account in a bank. So far as the client and the lawyer are concerned the lawyer's obligation to keep a separate account of the client's money and not confuse it with his own personal account is still there. The High Court need not withdraw that rule. There is therefore no purpose in sending this Bill to the Select Committee. The clause is a simple one and there is not even a grammatical mistake. The object of the Bill is clear and we cannot improve upon it nor in the language. I would request my hon. friend to withdraw his motion for reference to the Select Committee.

**Pandit Thakur Das Bhargava** (East Punjab: General): Sir, the Bill is very simple. I do not doubt the utility of the Bill so far as Bombay is concerned. As a matter of fact the High Courts make these rules in the interest of the poor clients. They want that the lawyer should not mix his money with the money of his clients, so that when the occasion arises it could be found out if the money is rightly appropriated. This is the object of the Bombay High Court. I understand from Mr. Ayyangar that the Madras High Court has also made a rule in this respect. What the Bombay and Madras High Courts mean to do to protect the interests of the clients, this Bill to that extent takes away the protection from the clients. I do not know if there is any such rule in all High Courts but in the Punjab High Court there is no such rule. There is no such practice by which the client deposits money with the lawyers who in their turn deposit it somewhere else. The moneys are directly deposited by the party in the treasury or the courts. As a matter of fact there are no solicitors in the rest of the country except in two or three places.

3 P. M. My submission is that this Bill should not be so broad-based. If difficulties are faced and if there is need for it in Bombay City let it apply to Bombay. It is not fair to assume a contingency and then make the law. All canons of legislation require that you make new laws to meet the actual situation which may be found to exist in a particular province. In the rest of India there is no such rule by any other High Court and the practice of opening such accounts is not there.

**Shri C. Subramaniam** (Madras: General): But banking is a Central subject.

**Pandit Thakur Das Bhargava**: I am not saying that the Central Government cannot do this. I am saying that this may be limited to Bombay or Madras where there is necessity for it.

**Shri M. Ananthasayanam Ayyangar**: May I ask one question of my honourable friend? If perchance the other High Courts also follow suit and make rules that the client's money ought to be kept in a bank separately, should we bring in another piece of legislation?

**Pandit Thakur Das Bhargava**: If that situation arises, certainly it will be open to the House to make a law. But first of all creating a situation and making a law is not fair. After all, the Bill says that "where, under any law or rule having the force of law, a legal practitioner keeping an account in a banking company for client's moneys, may only operate on such account for specified purposes...". Suppose a certain sum of money is deposited in a client's account by a solicitor. Then the lawyer who operates on that account has to mention in the cheque the purpose of the withdrawal. The bank has only got to look to the apparent tenor of the cheque. That is enough. Suppose there is an agent and a principal and a bank accepts an account from an agent on the specific condition that the money is to be used only for the principal, then the agent has to specify that the cheque is going to be drawn for a specified purpose. And the bank has no special responsibility as long as the purpose is given. As I have already said, the apparent tenor of the purpose is enough and the bank need not go into the details as to whether it is overdrawn on that account or not. As between a solicitor and a bank I can quite see that there is some responsibility on the part of the bank, but it is not a very great responsibility or a responsibility which the bank cannot discharge. They have been discharging it for a very long period. As such I cannot see how the bank will be protected a very great deal or relieved of any special responsibility. The responsibility is only nominal. The bank has to see the purpose and the apparent tenor of the authority. But if the House thinks or the hon. mover thinks that a certain purpose will be served, I have no objection if the Bill is limited to the City of Bombay to start with and power is taken to extend it to the rest of the Province of Bombay later.

**Some Honourable Members:** That is so.

**Pandit Thakur Das Bhargava:** It goes much further. The Bill applies to the whole of India and shall so apply from such date as is indicated in the notification. I want that it may be limited to the Province of Bombay. That is all I have to say.

**Shri H. V. Patakar** (Bombay: General): The Bill is simple enough, but to my mind there is some misapprehension because the High Court has framed certain rules laying down that with respect to the moneys of the clients, the solicitor—which is a rather peculiar institution prevailing only in Bombay City—shall keep in a separate account and he can operate on it only for the purposes specified in the rules. Where, for instance, the solicitor under these rules keeps an account in the bank marked as "client's account", naturally that account can be operated upon under those rules only for certain specified purposes to which it is limited. Therefore, when there is no complaint, I do not understand how there will be any difficulty in the way. But if we pass this legislation what I am afraid of is that the client's interests which are proposed to be safeguarded are likely to suffer because the rules provide that the account shall be operated in a particular way and if you pass a Bill here like this you will thereby remove all the responsibility of the bank and the client will be at the sweet mercy of the solicitor. I do not agree with the view of some of my friends who supported it under the plea that the solicitors will misappropriate the moneys. The High Court has made rules in this regard and the account can be operated only for specified purposes. That is sufficient notice. Under the law as it stands, when it is marked as "client's account" the solicitor is in the nature of a trustee. The bank treats him as a trustee. What is proposed to be done is to remove the liability of the bank. But so far as the clients, in whose interests the High Court framed the rules, are concerned I do not know whether their interests would be safeguarded. It is a matter for the House to consider. I do not know whether the opinion of the High Court was taken in this matter.

**The Honourable Dr. John Matthai:** Yes.

**Shri H. V. Patakar:** Otherwise the intention of their rules will be nullified. I do not know what special responsibility is thrown on the bank because it is always known that the account can be operated only for particular purposes. In these matters I think—if it has not been done—the High Court of Bombay should be consulted first. Otherwise it will be nullifying their intentions.

**Prof. N. G. Ranga:** (Madras: General): The hon. Finance Minister says that the High Court has agreed to it.

**Shri H. V. Patakar:** If the High Court has agreed to it I have nothing further to say.

**Shri T. T. Krishnamachari** (Madras: General): Sir, I am afraid there is a considerable amount of misapprehension in regard to this Bill because I think hon. Members who are opposed to it or who want further examination of this Bill in a Select Committee have not understood the fact that it is essentially a Banking Companies Bill or a Banking Companies Act. It does not refer so much to the legal practitioners except incidentally. This is a matter which concerns banks. If the rules framed by the Bombay High Court have to be conformed with by banks, by allowing accounts to be opened by lawyers earmarking these accounts as dealing with "client's moneys", Mr. Chakubhai Shah has very clearly explained the difficulties that are experienced in this regard and the only result of the House rejecting the Bill—if it ultimately turns out to be so—will be that banks will refuse to open accounts in the manner the Bombay High Court wanted them to be opened.

**Dr. P. S. Deshmukh:** Have they done so far?

**Shri T. T. Krishnamachari:** If every transaction in respect of these accounts has to be covered by a document and all the difficulties that have to be gone through are perpetuated, naturally the only result of it is that the bank will say, "we will not have anything to do with this by or of accounts; let the High Court impose its ruling; we won't open such accounts; let the accounts be in the name of the practitioner and let it be a matter between the practitioner and the client and the High Court". As the hon. the Mover of the Bill has very clearly explained, the Bombay High Court merely followed the practice that exists in England. In England the banks are adequately covered by a similar provision in their enactments referring to Banking companies.

**Dr. P. S. Deshmukh:** Is not the Bombay High Court competent to withdraw the Rules?

**Shri T. T. Krishnamachari:** I am sorry my hon. friend does not understand. It is not a matter between the High Court and the legal practitioner. It is a matter between the bank and a constituent who happens to be a legal practitioner and who puts the money for some other purpose than his own.

**Dr. P. S. Deshmukh:** But under the rules made by the High Court.....

**Mr. Speaker:** Order, order.

**Shri T. T. Krishnamachari:** The High Court rules are only incidental. They create a situation in which a legal practitioner has to open a certain type of account. If the bank feels that it is not covered unless there is a document, to cover every transaction in respect of this account naturally the banks are not going to continue to allow accounts of this nature to be opened and submit themselves to all the details that are involved in it. And actually it might happen that that authorisation covering transactions in respect of such accounts might be something which is not valid in one case or the other and the bank will find itself ultimately liable for a transaction to which it is not ordinarily liable. To facilitate a particular procedure which the High Court has named and to enable a bank to open a legal practitioner's account for "client's money" the Bill has been brought forward. My hon. friend Pandit Thakur Das Bhargava says limit it to Bombay. It is limited to Bombay in the first instance. If other High Courts are civilised enough to copy the rules of the Bombay High Court then this will apply to other areas as well. (*Some Honourable Members:* Civilized?) If they are not, they won't apply. It is up to Pandit Thakur Das Bhargava not to permit the Punjab High Court to adopt a similar procedure in which case his clients in Punjab might still be exposed to the risk of not having a separate account in the bank in respect of their moneys and the legal practitioners being free to mix up their own money with the clients' money.

**Pandit Thakur Das Bhargava:** Which High Court in future is going to make these rules when this Bill is passed? No High Court will make them.

**Shri T. T. Krishnamachari:** The real position is that this is a measure which enables a bank to open an account of this nature. This is primarily a bankers' affair. The mistake that my honourable friends who are lawyers make is that they presume it covers a lawyer's vs. his clients' affair. It is primarily a bankers' affair and if you want banking facilities in order to keep clients' moneys separately you have to conform to the rules of the bank and also give them adequate protection. The clients' interests do not suffer any more than at present; on the other hand it makes it possible for a practitioner to separate his own and the client's money and conform to the rules of the Bombay High Court which I think is wise for every High Court to copy. Therefore, I feel their further examination would not reveal anything new nor is it going to lead

to the improvement of this Bill. My hon. friend the Deputy-Speaker pointed out that there is not even a grammatical error in this Bill, so the Select Committee cannot improve on this Bill. Either the House accepts the Bill or rejects it. I feel a motion for a Select Committee is out of place and a permissive Bill of this nature ought to be passed by this House so that the position of Bombay would be covered. Also, in future if other High Courts choose to follow the example of Bombay High Court the position would be adequately safeguarded so far as the banks are concerned.

Sir, I support the motion.

**Mr. Speaker:** I think we need not repeat the same argument. The problem here seems to be not only to protect the interests of the banks but also simultaneously to protect the interests of the clients. How it is done is the only question. Otherwise we have had sufficient arguments on this. If there is any other point, Members may speak.

**Shri C. Subramaniam:** Mr. Speaker. Sir, in my view the rule made by the Bombay High Court does not become infructuous if we pass this Bill. When the lawyer opens a separate account for the client's money, then it will be known for what purpose the moneys are drawn from the banks. If a separate account is not kept by the lawyer then it would be open to him to say, "I had other money belonging to me and I had kept the client's money separately in my house", and plead that there was no misappropriation. But if a separate account is kept, the responsibility of the lawyer being always there—it is not taken away by this Bill—he is liable to account for any money which he draws from that account and if there is any misappropriation it can be easily detected. But if the account is mixed up then it won't be possible. If the responsibility is not there to open a separate account and put the client's money in the bank, then the lawyer can always say even though he has misappropriated it temporarily that he had the money kept in his own house or elsewhere. But when the rule exists and when the money is deposited in the bank, such a plea will not be open to him. Therefore, in my view the passing of this Bill will not make the rule infructuous. On the other hand the responsibility and the liability on the lawyer is always there. Only the bank's responsibility to see to the proper appropriation of the money is extinguished by this Bill. Thus the client's position is always secured because of a separate account as there is always the responsibility of the lawyer. It should be noted that when he misappropriates he is committing a criminal offence and is liable for prosecution and will therefore be careful in keeping the client's money separately.

Therefore, I feel this Bill does not in any way take away the effect of the rule made by the Bombay High Court.

**Mr. Naziruddin Ahmad** (West Bengal; Muslim): Sir, as you have clearly pointed out, two questions have got to be looked into, namely the interests of the clients and the safety of the bank. We cannot sacrifice any. The Bombay High Court has passed a very good rule. The danger of mixing the client's money with one's own money is that unconsciously sometimes we may overdraw and it is for this reason that the Bombay High Court has passed this rule that the client's money should be kept absolutely separate, that is that money which is deposited with him for a particular purpose should be kept separate.

The question is whether by this Bill we are going to endanger the safety of that client, which has been the objective of the Bombay rule. I submit that the object of the Bombay rule in marking the account as a client's account is to secure against the rather promiscuous withdrawal from that account by ensuring the attention of the bank to the fact that it is a client's account.

[Mr. Naziruddin Ahmad]

That forces to a certain extent a lawyer to keep his own account and the client's account absolutely separate and not to draw any money from the client's account for his own purposes. But if we pass this rule it will frustrate the very object which the High Court has in view, namely if we make it easy for the lawyer to draw money then the object of the rule, that is the protection of the client, would be absolutely gone. The very facility and ease with which the cheques would be drawable under this Bill would be to frustrate the first object. I submit that that object can be secured, securing at the same time the interests of the bank also, by further consideration of the Bill, namely by providing that the bank's safety should be secured by a certificate. My hon. friend the Attorney from Bombay has explained certain difficulties in having a certificate in every case. I submit it would not be a difficulty at all. Certificates may be printed and attached very easily to any cheque and that would make it obligatory on the part of the Attorney to ensure in every case that he uses the cheque for the purpose for which the client has kept the money.

**Shri L. Krishnaswami Bharathi** (Madras: General): Is there not the presumption that always when he draws his client's money, he must do it?

**Mr. Naziruddin Ahmad**: If that was so then the rule by the High Court becomes absolutely useless. If there is the presumption that the client's money is never withdrawn by the lawyer for his own purposes then that renders the rule made by the High Court absolutely useless. I proceed on the basis that the object of the High Court, namely the protection of the client's interests, is good. We have started with the theory that the client's interests as well as the bank's interests must be kept in view in passing this law. I submit that in order to make it impossible to frustrate the object of the High Court rule, the Bill would require some amendment or modification. A little trouble or formality of giving a special certificate does not seem to be formidable enough to accept the Bill. It is from this point of view that the Bill requires careful consideration. It need not be opposed but its provisions may be re-cast and re-shaped to serve both the purposes, to make the client's interests safe, at the same time give some amount of safety to the banks.

**Mr. Mahboob Ali Baig Sahib Bahadur** (Madras: Muslim): Sir, the object of the High Court in framing the rule that the lawyer should keep the money of the client in a separate account is to deduct easily whether he has misappropriated it even though the misappropriation may be temporary.

**Mr. Speaker**: I was just considering whether the object was not to place the relationship between the lawyer and the client on the basis of a trusteeship rather than that of a mere creditor-debtor.

**Mr. Mahboob Ali Baig Sahib Bahadur**: My view is that if there is an obligation on the part of the lawyer to keep the money of the client in a separate account in a bank, he cannot misappropriate it even temporarily. If he did it, he could easily be detected. He will not be able to say that the money is there in his account or in his house or in his treasury and so on and so on. It will be easy for the court to detect whether any misappropriation has taken place. Generally, misappropriation of the client's money begins with temporary misappropriation. The expectation is that he will be able to reimburse it within a short time, but subsequently he may be unable to do it, and the client loses the money. So the rule is a healthy one and prevents a lawyer from misappropriating the client's money even temporarily.

But the difficulty is that he may not be easily able to operate upon the bank account. This Bill is intended to facilitate the withdrawal of the money without detriment to the interests of the bank. In occasions where another

man's money is placed by a person, the relationship of trust arises as you, Sir, have pointed out. There is a proviso to clause 3 which says:

"Provided nothing in this sub-section shall apply in the case of an account kept by a legal practitioner as trustee for a special beneficiary."

Clause 3 does not apply in a case of that kind where a special beneficiary is contemplated. The question is whether a client may not be considered to be special beneficiary or whether you are going to give a different meaning to the words "special beneficiary".

**Shri A. Karunakara Menon** (Madras: General): The Bombay rule requires that all the money of the client should be kept separately; it does not specify any categories.

**Mr. Mahboob Ali Baig Sahib Bahadur**: So where you mention that the money is kept for a special purpose and the client becomes a special beneficiary, Clause 3 does not apply at all. What the rule contemplates is, supposing a client goes to an attorney and places with him Rs. 1,000 for meeting the expenditures that might arise from time to time such as court fees and so on, the lawyer has to withdraw money for the expenses he has to incur on behalf of the client and the difficulty is that every time he must satisfy the bank that he is withdrawing the amount for the benefit of the client. That obviously is not possible and if under law you fix notice of trust on a bank, then I am sure no bank will accept any such deposit on behalf of the client. So, I submit that while the rule made by the Bombay High Court is sound, healthy and necessary, if you want to give effect to it in a practical manner, then, this Bill becomes necessary.

Another question that arises is this. Supposing he withdraws money for the purpose of spending on behalf of his client, supposing the certificate is given by the court that the money is required for court fees and so on, but after withdrawing the money he pockets it: this is a other issue. So let us not confuse these two issues.

The rule is necessary. It prevents the lawyer from misappropriating the money on the excuse that he has it elsewhere with him. Even if he did misappropriate it, you can detect him easily taking into consideration the account he has kept and the expenditure he has incurred on behalf of his client. This rule would prevent the lawyer from misappropriating even temporarily. But in order that it might be made practicable and the banks may not be under an undue obligation, this Bill is necessary. It is a very simple matter. Its need is clear. Therefore, my submission is that it need not go to the Select Committee.

**The Honourable Dr. John Matthai**: It is obvious from the discussion which has taken place that those hon. Members who have had direct experience of the particular problem to which this Bill relates are satisfied that the measure is necessary and that its passing is an urgent matter. I was particularly interested to hear what my hon. friend from Bombay said about it. I may point out that we did consult the Bombay High Court regarding the provisions of this measure before we introduced it here and the Bombay High Court agreed to it. I may also say that the initiation of a legal measure of this kind arose in the first instance from representations made to us by the Indian Banks Association, who felt very great difficulty in regard to the operation of these accounts under the rules framed by the Bombay High Court.

As my hon. friend Shri T. T. Krishnamachari pointed out, if we do not give this relief to the banks, the necessary result would be that banks would not be in a position to operate an account which would place upon them a

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difficult responsibility. To the extent that the operation of a separate account is a measure of protection for clients, that element of protection would necessarily disappear if banks are unable, under the circumstances as set out in the rule, to operate an account of this kind. Therefore, it seems to me that what little measure of protection the client gets would be withdrawn if this measure were dropped. The matter is an urgent one, because I think the way banks are experiencing difficulty in this matter is putting a certain amount of restriction upon solicitors who want to have sufficient freedom to operate these accounts and, as I said in my opening remarks, it raises an issue of a general character, namely, that this kind of responsibility that you place upon banks is going to impair the free transferability of cheques, which I think is an important point.

I submit that in view of the general trend of the discussion and the urgency and importance of this measure which has been testified to over and over again, there is no case for remitting this Bill to the Select Committee and that the House should agree to it straightaway.

**Dr. P. S. Dashmukh:** I do not press my motion. I beg leave to withdraw it.

**Mr. Speaker:** What about Mr. Saksena?

**Prof. Shibban Lal Saksena:** I also the same, Sir.

**Mr. Speaker:** I have not yet put it to the House. So there is no question of the motion being withdrawn.

The question is:

"That the Bill to restrict the liability of banking companies in connection with certain transactions by legal practitioners be taken into consideration."

*The motion was adopted.*

**Mr. Speaker:** We shall now take the Bill clause by clause.

The question is:

"That clause 2 stand part of the Bill."

*The motion was adopted.*

*Clause 2 was added to the Bill.*

**Sardar Hukam Singh (East Punjab: Sikh):** Sir, I move:

"That part (ii) of the Proviso to sub-clause (1) of clause 3 of the Bill, be omitted."

Sir, I fail to understand the necessity of this sub-clause. It says "that nothing in this sub-section shall relieve a banking company from any liability or obligation which it would incur or be under, apart from this Act." In my humble opinion it is very clear, so far as clause 3 is concerned, that the Bill will only relieve the banks of their liability to the extent that it is laid down there and there would be no ambiguity or misunderstanding. In my opinion, this sub-clause means that this Act would not relieve a banking company of any liability beyond the extent that it does relieve and to me this sub-clause appears to be redundant or superfluous and does not serve any useful purpose. Therefore, I request that it should be omitted.

**Mr. Speaker:** Amendment moved:

"That part (ii) of the Proviso to sub-clause (1) of clause 3 of the Bill, be omitted."

**The Honourable Dr. John Matthai:** Sir, I regret I am unable to accept this amendment, because I am advised by my legal advisers that although

this provision may from a certain point of view be regarded as superfluous, it is necessary to put it in order to make the sense absolutely clear.

**Sardar Hukam Singh:** Then, I wish to withdraw my amendment, Sir.

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

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

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

"That clause 3 stand part of the Bill."

*The motion was adopted.*

*Clause 8 was added to the Bill.*

**Mr. Speaker:** There are a number of amendments to clause 1.

**Dr. P. S. Deshmukh:** I do not wish to move my amendment, Sir.

**Sardar Hukam Singh:** Sir, I move:

"That in sub-clause (2) of clause 1 of the Bill, after the words "to every Acceding State" the words "or union of States" be inserted."

Sir, it has been explained by the hon. Minister that, as he has been advised the words "Union of States" would be covered by the words "Acceding State". As the law stands at present, there is no such definition or any interpretation as such that the term "Union of States" will be covered by the words "Acceding State". I, therefore, feel that there should be a specific mention of the Union of States.

**Sri T. T. Krishnamachari:** May I mention, Sir, that my hon. friend is wrong in his presumption that the Union of States does imply any sort of federal authority. These Unions of States are really a unitary corporate bodies for all practical purposes. Therefore, they are treated as single units. For instance, the Union of Travancore and Cochin is treated as a single unit and the question of a different nomenclature does not, therefore, arise. When you say "Union of States" it only applies to that corporate authority which controls what were formerly a number of states which have now become one state.

**Mr. Speaker:** If the hon. Member wishes I shall put his amendment to the House. Does he wish me to put it to the House?

**Sardar Hukam Singh:** Yes, Sir.

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

"That in sub-clause (2) of clause 1 of the Bill, after the words "to every Acceding State" the words "or union of States" be inserted."

*The motion was negatived.*

**Mr. Speaker:** The other amendments are almost on the same lines. Does the hon. Member wish to move his amendment?

**Dr. P. S. Deshmukh:** I do not wish to move my amendment, Sir.

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

"That clause 1 stand part of the Bill."

*The motion was adopted.*

*Clause 1 was added to the Bill.*

*The Title and the Preamble were added to the Bill.*

**The Honourable Dr. John Mathai:** Sir, I move:

"That the Bill be passed."

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

"That the Bill be passed."

*The motion was adopted.*

## INDUSTRIAL FINANCE CORPORATION (AMENDMENT) BILL

**The Honourable Dr. John Matthai** (Minister of Finance): Sir, I move:

"That the Bill to amend the Industrial Finance Corporation Act, 1948, be taken into consideration."

Sir, the purpose of this Bill is a very simple one. It is to enable institutional investors to invest money in the share capital of the Corporation.

As hon. Members are, no doubt, aware important classes of institutional investors are required to confine investment of their moneys to approved securities. In order that institutional investors may be enabled to invest their moneys in the share capital of the Industrial Finance Corporation, it is necessary to enact that the shares of the Corporation would be approved securities in the sense in which that term is used for the purpose of various Acts. In the Bill there is a reference to the Trusts Act and the Insurance Act, but, as hon. Members will have noticed from the amendments which I propose to move, we want also to include the Banking Companies Act in this context, because at the time this Bill was framed the Banking Companies Act had not come into operation and therefore we did not take into account the question of approved securities as set out in the Banking Companies Act. I propose to remedy that omission by the amendment I propose to move.

There is just one point to which I would like to invite the attention of the House. Institutional investors have already invested moneys in the share capital of the Corporation and it is necessary therefore to regularise this position and that is why the provision in the Bill is made to have retrospective effect from the time the Corporation came into existence.

There is another matter also to which the Bill refers and that is the question of setting up a provident fund for the officers and servants of the Corporation. It is necessary, in the case of a public institution that is rapidly expanding, that provision should be made for that purpose. The Bill, therefore, proposes that the Industrial Finance Corporation should be enabled to make regulations for the purpose of instituting a provident fund. I commend the Bill to the House.

**Mr. Speaker:** Motion moved:

"That the Bill to amend the Industrial Finance Corporation Act, 1948, be taken into consideration."

**Prof. Shibban Lal Saksena** (U. P.: General): Sir, I am not moving my amendment for referring the Bill to a Select Committee.

**Mr. Speaker:** Then, I will put the motion to the vote of the House.

The question is:

"That the Bill to amend the Industrial Finance Corporation Act, 1948, be taken into consideration."

*The motion was adopted.*

**Mr. Speaker:** The House will now take up the Bill clause by clause.

**Prof. Shibban Lal Saksena:** I am not moving my amendment to clause 2.

**Mr. Naziruddin Ahmad** (West Bengal: Muslim): Sir, I move:

"That in clause 2 of the Bill, in the proposed new section 5A of the Industrial Finance Corporation Act, 1948, the word 'contained' be omitted."

I submit this is a purely drafting amendment. In considering the draft Constitution of India which we passed three days ago, we have adopted a new phraseology. Hitherto, whenever we used the expression 'notwithstanding anything contained in this Act or in any other Act', the word 'contained' was freely used in the previous enactments. This, according to the latest

method of drafting seems to be quite unnecessary. Therefore, the word 'contained', at my suggestion, though without acknowledgement, was carefully deleted by the Drafting Committee. I therefore submit that in view of the new Constitution which has set up a new and better drafting, the word 'contained' no longer seems necessary. This word used freely in the Draft Constitution has been removed by the Drafting Committee in the revision stage of the Constitution. After all we have passed the Constitution and we should swear by it in every breath that we take.

**The Honourable Dr. John Matthai:** As far as I know, this word 'contained' is sometimes used and sometimes not used. I am inclined to think that it is really a matter of taste. If it is a question of personal taste, I must confess, I have a strong fancy for the word and I would keep it.

**Mr. Naziruddin Ahmad:** The motion may be put to vote, Sir.

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

"That in clause 2 of the Bill, in the proposed new section 5A of the Industrial Finance Corporation Act, 1948, the word 'contained' be omitted."

*The motion was negatived.*

**The Honourable Dr. John Matthai:** Sir, with your permission, I will move both my amendments to clause 2 together.

Sir, I move:

"That in clause 2 of the Bill, in the proposed new section 5A of the Industrial Finance Corporation Act, 1948, for the words, figures and brackets 'the Indian Trusts Act, 1882 (II of 1882) or the Insurance Act, 1938 (IV of 1938)', the words 'the Acts hereinafter mentioned' be substituted."

With your permission I would like to add the words 'in this section' after the words 'the Acts hereinafter mentioned'.

Sir, I also move my second amendment, *viz.*,

"That in clause 2 of the Bill, in the proposed new section 5A of the Industrial Finance Corporation Act, 1948, after the figures '1938' occurring at the end, the words and figures 'and the Banking Companies Act, 1949' be inserted."

**Mr. Speaker:** I am putting both the amendments together:

"That in clause 2 of the Bill, in the proposed new section 5A of the Industrial Finance Corporation Act, 1948, for the words, figures and brackets 'the Indian Trusts Act, 1882 (II of 1882) or the Insurance Act, 1938 (IV of 1938)', the words 'the Acts hereinafter mentioned in this section' be substituted."

"That in clause 2 of the Bill, in the proposed new section 5A of the Industrial Finance Corporation Act, 1948, after the figures '1938' occurring at the end, the words and figures 'and the Banking Companies Act, 1949' be inserted."

**Mr. Naziruddin Ahmad:** I submit that the words 'in this section' which have been newly added by the Honourable Minister have been taken from my amendment No. 3. I am very glad that this has been accepted. If we say 'hereinafter mentioned' the result will be that the reader would think of some other part of the enactment, though it is mentioned in the very same section. The addition of these words would direct the attention of the reader to this section itself. Sir, my amendments would, if accepted, have made the language simpler though I do not wish to move some of them. I shall move my amendment No. 3 in List I if it is acceptable. You know, Sir, sometimes when serving food, though one might not accept it when offered for the first time, he might accept the second time it is offered.

**Shri B. L. Sondhi (East Punjab: General):** You are hoping against hope.

**Mr. Naziruddin Ahmad:** I do not mind hoping against hope. I think the reference to the Act should come in the section earlier as it was originally conceived. Instead of that the Act begins with the expression 'Notwithstanding anything contained hereinafter in the section' and later we mention the

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Act. To my mind, the Act should first be mentioned and, at a later stage, reference should be inserted. There will then be proper sequence. This is after all a drafting amendment and may be left to the Hon. Minister to accept or reject.

**The Honourable Dr. John Matthai:** My own feeling in this matter is that the moment I accepted the valuable suggestion of my hon. friend Mr. Naziruddin Ahmad that the words 'in this section' should be added all the other points were more or less met. It is not necessary now to reverse the order, because the addition of the words 'in this section' has made the section perfectly all right.

**Prof. Shibban Lal Saksena:** I am not moving any of my amendments except the one to clause 3.

**Mr. Naziruddin Ahmad:** In the amendment I suggested I have combined my next amendment also.

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

"That in clause 2 of the Bill, in the proposed new section 5A of the Industrial Finance Corporation Act, 1948, for the words, figures and brackets 'the Indian Trusts Act, 1882 (II of 1882) or the Insurance Act, 1938 (IV of 1938)', the words 'the Acts hereinafter mentioned in this section' be substituted." and

"That in clause 2 of the Bill, in the proposed new section 5A of the Industrial Finance Corporation Act, 1948, after the figures '1938' occurring at the end, the words and figures 'and the Banking Companies Act, 1949' be inserted."

*The motion was adopted.*

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

"That clause 2, as amended, stand part of the Bill."

*The motion was adopted.*

*Clause 2, as amended, was added to the Bill.*

**Prof. Shibban Lal Saksena:** Sir, I beg to move:

"That in clause 3 of the Bill, in the proposed new clause (kk) of sub-section (2) of section 43 of the Industrial Finance Corporation Act, 1948, for the words 'officers and servants' the word 'employees' be substituted."

Sir, clause (kk) says "the establishment and maintenance of provident or other benefit funds for officers and servants of the Corporation." Instead of the words "officers and servants", I have suggested a better word "employees", which means officers, servants, all. All are employees.

**Shri R. K. Sidhva** (C. P. and Berar: General): I think Prof. Saksena's amendment is a very good amendment. Why officers and servants? Officers also are servants. An officer is not a master. The word "employees" will mean everybody. It is a question of provident fund and should apply to all the servants of the Government. I therefore feel that the word "employees" is a better word and I hope the hon. Minister will accept it. Otherwise it will mean officers and servants only. What about clerks? They are there. Sir, I support the amendment.

**The Honourable Dr. John Matthai:** Sir, I accept the amendment.

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

"That in clause 3 of the Bill, in the proposed new clause (kk) of sub-section (2) of section 43 of the Industrial Finance Corporation Act, 1948, for the words 'officers and servants' the word 'employees' be substituted."

*The motion was adopted.*

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

"That clause 3, as amended, stand part of the Bill."

*The motion was adopted.*

*Clause 3, as amended, was added to the Bill.*

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

"That clause 1 stand part of the Bill."

*The motion was adopted.*

*Clause 1 was added to the Bill.*

*The Title and the Preamble were added to the Bill.*

**The Honourable Dr. John Matthai:** Sir, I move:

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

**Prof. Shibban Lal Saxena:** I want that Dr. Matthai should tell us something about the working of the Corporation. He has placed a Bill and he has got what he wanted. We have provided that the shares of the Corporation shall be valid securities for the purposes of the Insurance Act, 1938. We would like to know how far the Corporation has progressed in the last two years.

**The Honourable Dr. John Matthai:** I would refer the hon. Member to the annual report of the Industrial Finance Corporation. If there is any matter regarding which he would like to have any additional information, I should be very glad to supply it to him. In fact there are certain questions coming up during the question hour during the next few days relating to the Industrial Finance Corporation and I should be very glad to answer any question then.

**An Honourable Member:** We have not received a copy of the annual report.

**The Honourable Dr. John Matthai:** I will see to it that copies of the report are made available.

**Shri Mahavir Tyagi (U.P., General):** I want to know whether this Industrial Finance Corporation is also liable to liquidation and whether there is any chance of its incurring heavy losses. If there are any such possibilities of this Corporation incurring heavy losses or its being unable to realise its amounts or some other such mishap, do you think it is wise that its shares should be considered as security or is there any guarantee that it will never get into liquidation?

**The Honourable Dr. John Matthai:** The Corporation have been doing quite well and I do not share the pessimistic prognostications of my hon. friend.

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

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

*The motion was adopted.*

## RESERVE BANK OF INDIA (AMENDMENT) BILL

**The Honourable Dr. John Matthai** (Minister of Finance): Sir, I move:

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

The purpose of this Bill, Sir, is simply to authorise the Reserve Bank to undertake the issue and management of loans on behalf of the Industrial Finance Corporation.

[At this stage Mr. Speaker vacated the Chair which was then occupied by Mr. Deputy-Speaker (Shri M. Ananthasayanam Ayyangar).]

I may say that the Industrial Finance Corporation issued debentures sometime in June or July, this year, and on the suggestion of the Reserve Bank we issued an Ordinance for the purpose of enabling the Reserve Bank to undertake the issue and management of those debentures and bonds and practically what I am asking the House to do is to give its approval for translating that Ordinance into a legislative enactment. Now the real reason why we want to authorise the Reserve Bank to do this work for the Industrial Finance Corporation is that, as the House would doubtless realise, the issue of debentures, bonds and so on is rather a technical business—I should say a highly technical business—and the Reserve Bank is therefore the proper organisation for doing this particular work. The Industrial Finance Corporation is a statutory corporation and Government guarantees a minimum return on its shares. Therefore it is in the fitness of things that the Industrial Finance Corporation should be placed on the same footing as the Central Government, the Provincial Governments and the States in the matter of having its loans managed for it by the Reserve Bank. That is all what I have got to say about this, and I hope the House will find no difficulty in accepting this very simple proposal.

**Mr. Deputy-Speaker:** Motion moved:

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

**Prof. Shibban Lal Saksena** (U.P.: General): Sir, I had given notice of an amendment that the Bill be referred to a Select Committee because I was not aware of the progress so far made by the Industrial Finance Corporation. This also explains my amendments to the other Acts, the Banking Act and so on. Since the hon. Minister has told us that a copy of the Annual Report will be sent to us, I do not propose to move this motion.

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

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

*The motion was adopted.*

**Mr. Naziruddin Ahmad** (West Bengal: Muslim): Sir, I beg to move:

"That in clause 2 of the Bill, before the existing part (a) the following new part (a) be inserted and the existing parts be relettered accordingly:

(a) for the words "Central Government", the words "Dominion Government" be substituted."

With regard to this expression, there has been considerable amount of acrimonious debate in the Constituent Assembly. So far as I understand the position of the Drafting Committee was this and I am accepting this phraseology simply in obedience to the dictates of the Drafting Committee of the Constitution. Though the Drafting Committee has gone, their memory remains. I submit that the constitutional position in the Constituent Assembly was this. When the Government of India Act of 1935 came into force with effect from the first of April 1937, the Government of India was called the Central Government but since the Indian Independence Act came into operation, the Central Government was gone and the Dominion Government came into existence. It will die a natural death on the 26th of January and then we will have the Union Government or some equivalent

expression. But so far as those articles of the Constitution are concerned which deal with the present state of affairs, they have always described the Central Government as the Dominion Government. There were protests against this expression that a sense of the past slavery is being perpetuated in the Constitution, but the reply has been that so long as the Constitution does not come into effect on the 26th of January, we shall describe, and fittingly, as the Dominion Government and from the 26th of January, there will be the adaptation Order by the President and from that date the Dominion Government will cease to be so and will automatically be called the Union Government or some other equivalent name. I therefore submit that also in obedience to the wisdom of the Drafting Committee, which is dead, but their wisdom has not died, I submit that this expression should be accepted as being more accurate.

**Shri T. T. Krishnamachari** (Madras: General): The Drafting Committee has nothing to do with it. Actually the analogy of the Constitution Act does not apply here. The Constitution Act refers to a Government that exists prior to its coming into force and that Government has to be described in terms which are technically correct. We have in this House ever since we have been functioning under the new Government of India Act been using the word 'Central Government'. Of course as my hon. friend pointed out all this will be done away with and after the 26th of January one uniform expression should be used, probably the Union Government where the executive action of the Government is indicated and the Government of India where its general powers are indicated, but at the present moment I think it would be safer for us to follow the old practice, notwithstanding the fact that my hon. friend Mr. Naziruddin Ahmad has in his added wisdom after enacting the Constitution for us, felt otherwise.

**Mr. Naziruddin Ahmad:** But we opposed the expression in the Constitution.

**The Honourable Dr. John Matthai:** I agree with my hon. friend Mr. T. T. Krishnamachari.

**Mr. Deputy-Speaker:** I suppose the hon. Member is not serious in pressing his amendment.

**Mr. Naziruddin Ahmad:** I do not press it.

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

"That clause 2 stand part of the Bill."

*The motion was adopted.*

*Clause 2 was added to the Bill.*

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

"That in sub-clause (2) of clause 3 of the Bill, after the words 'action taken', occurring in line 1, the words 'or omitted to be done or taken' be inserted."

Sir, I submit that acts taken in law implies also acts omitted to be taken. In order to make the thing self-complete, we should say 'anything done or any action taken or omitted to be taken' in order to make it complete and in order to include omissions or commissions. The next amendment is merely consequential to this. I submit that this would make the sense complete.

**The Honourable Dr. John Matthai:** Ordinarily, Sir, my honourable friend whenever he makes a suggestion for an amendment, although it may appear rather odd, generally there is a certain core of real significance in it, but as regards this particular amendment that he has moved, I think it is entirely without significance, because all that the ordinance does is to authorize the Reserve Bank to undertake the management and the issue of debentures. It is open to the Reserve Bank to say: Yes, and it is open to them to say: No, and there is no question of omission at all. The amendment makes no sense.

**Mr. Nasiruddin Ahmad:** Sir, I do not press this amendment either.

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

"That clause 3 stand part of the Bill."

*The motion was adopted.*

*Clause 3 was added to the Bill.*

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

"That clause 1 stand part of the Bill."

*The motion was adopted.*

*Clause 1 was added to the Bill.*

*The Title and the Preamble were added to the Bill.*

**The Honourable Dr. John Matthai:** I move:

"That the Bill be passed."

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

"That the Bill be passed."

*The motion was adopted.*

#### DELHI ROAD TRANSPORT AUTHORITY BILL.

**The Honourable Shri K. Sastry:** (Minister of State for Transport and Railways): Sir, I move:

"That the Bill to provide for the establishment and regulation of a Road Transport Authority for the promotion of a co-ordinated system of road transport in the Province of Delhi, be referred to a Select Committee consisting of Shri Satis Chandra Samanta, Ch. Ranbir Singh, Shri Yudhishtir Misra, Dr. P. S. Deshmukh, Prof. Shibban Lal Saksena, Shri R. K. Sidha, Shri Ram Chandra Upadhyaya, Shri Krishna Chandra Sharma, Mr. T. J. M. Wilson, Sardar Hukam Singh, Shri Mohan Lal Gautam, Sardar Suchet Singh, Shri Deshbandhu Gupta and the Mover, with instructions to report on or before the 12th December, 1949 and that the number of Members whose presence shall be necessary to constitute a meeting of the Committee shall be five."

Sir, the Delhi Transport Service was taken over by the Government of India from the old G.N.I.T. on 14th May 1948, and it was at the instance of an insistent public demand that this step was taken. The Standing Finance Committee considered this proposal on the 31st March 1948 and then the Committee while approving in principle the scheme made the following observations:

"The Transport Ministry might go ahead with the negotiations for the transfer of the G.N.I.T. company. The service may be run departmentally for some time, no long term commitments being made with the existing staff."

The Committee was not in favour of the permanent running of the service by the Department and desired that the Transport Ministry should come back with an alternative scheme and with a complete memorandum on the subject within a period not exceeding six months.

Sir, opening this new service under the aegis of the Government of India Dr. Matthai said:

"The Government had taken over because I feel that the Transport system of Delhi requires to be developed in a manner and on lines which should be worthy of the capital of the country. I dare say that it is our desire to promote the interests of the Transport Service in Delhi to the greater advantage of Delhi public."

Some at least of the members present here well know how the old G.N.I.T. was running. Probably they might be inclined to forget it while they are inclined to criticize the present Delhi Transport Service. Sir, I would therefore—it is not strictly relevant to the motion—give a few figures as to what has happened to the Delhi Transport Service.

**An Honourable Member:** Cut out the irrelevant part.

**The Honourable Shri K. Santhanam:** Well, it is not strictly relevant, but not irrelevant. Hon. Members would like to know the position after it was taken over. I am giving figures for the whole year 1947-48 under GNIT and for the 10½ months up to April 1949 after it was taken over by the Government of India.

The daily schedule mileage was 14,205 under GNIT, which increased to 20,278 under the Government of India. The daily operate mileage under GNIT was 13,002 which increased to 19,993 under departmental management. The number of passengers carried daily by the GNIT was 62,388, which increased to 90,268 under Government. The monthly gross earning under GNIT was 4.04,190 and it increased to 5,79,150.

**Shri Ajit Prasad Jain (U.P.: General):** What is the corresponding expenditure?

**The Honourable Shri K. Santhanam:** I will give the profits, because it is often stated that under state management things are managed uneconomically. The total profit for the whole year under GNIT was Rs. 2,12,994. Under departmental management it increased to 10,60,120.

**Shri L. Krishnaswami Bharathi (Madras: General):** What is the capital outlay?

**Sjt. Kuladhar Chaliba (Assam: General):** You did not pay any income-tax.

**The Honourable Shri K. Santhanam:** The figure of 2 lakhs made by the GNIT was the gross sum before tax was paid.

**An Honourable Member:** What about depreciation?

**The Honourable Shri K. Santhanam:** I do not think there was any depreciation account in the old GNIT. We are maintaining a fat depreciation account.

**Shri B. L. Sondhi (East Punjab: General):** Have you paid any bonus so far to the workers which was paid by the old GNIT?

**The Honourable Shri K. Santhanam:** As soon as the Government of India took over the wages were increased and the increase amounted to much more than what would have been paid as bonus.

**Mr. Deputy-Speaker:** Does the figure given by the hon. Minister cover even the strike period?

**The Honourable Shri K. Santhanam:** It is for the 10½ months up to the 31st March, 1949.

**Sjt. Kuladhar Chaliba:** What is the capital investment?

**The Honourable Shri K. Santhanam:** I am quite willing to give any facts that hon. members want. But these have no direct connection with the actual motion. The motion is for the appointment of a select committee to consider a bill for the establishment of a Delhi Road Transport Authority. I

[Shri K. Santhanam.]

wanted to make these preliminary remarks to show that we have not brought this motion simply to shelve a responsibility which we are not able to fulfil. When we undertook the transfer, the Standing Finance Committee laid on the Government of India the specific obligation to bring in a Bill of this kind. We also found that this step was necessary because it was not possible for a big Ministry of the Government of India to conduct the day to day affairs of a purely local service. Sometimes the local service becomes a headache and takes too much of our time. At other times there is a tendency on the part of the Ministry to forget its existence and let it go as it likes. Therefore an authority is necessary which will be present on the spot and deal with matters day to day and arrive at quick decisions.

The House also knows that in the case of the Government of India the procedure of financial scrutiny and sanction has to be necessarily elaborate but it is not suitable for a concern like the Delhi Transport Service, which requires urgent renewal of parts, or buying of engines or other plants which cannot wait for three or six months for the scrutiny and the going through of the procedure of the Government of India. It is for this purpose that this motion has been brought forward. I do not think there can be any objection to the principle of the motion. Therefore I wish merely to point out some of the salient features of the Bill, because all the provisions are bound to be scrutinised by the Select Committee and the House itself will have an opportunity to discuss the details when the Bill emerges from the Select Committee. It would therefore be a waste of time to go into details at the present stage.

The main points are very few. The Government of India will be providing all the capital and it will be treated as a loan on which interest will be payable to the Government of India.

**Shri M. Tirumala Rao** (Madras: General): What will be the probable amount of the capital?

**The Honourable Shri K. Santhanam:** Up to date we have invested over 60 lakhs and we will have to go up to a crore of rupees.

The management will be entrusted to a Delhi Road Transport Authority consisting of seven persons, all nominated by the Central Government—three being officials, 3 non-officials and one being the Chief Commissioner or any official nominated by him. It is essential that the Central Government should be the authority to nominate. In appointing non-officials care will be taken to see that members of the Delhi Municipal Committee or local institutions who will have day to day intimate contact with the service will be appointed.

While the Delhi Road Transport authority will have a considerable measure of autonomy, the financial responsibilities of the Government of India will remain intact. The Government of India will have the power to give directives on most of the important matters including even labour conditions. For large expenditure the sanction of the Government of India will have to be obtained.

I wish to mention two more points. There is wide scope given to the Authority to expand its activities. While it is mainly concerned with running the road transport service in Delhi, it will be entitled to expand the service to neighbouring areas with the consent of the neighbouring governments. It could set up plants for the building of motor bodies or for the manufacture of some of the essential parts. It depends upon the manner in which the Transport Authority will work. It will also have the right to run lorry service. We have given the Transport Authority as wide a scope as we possibly could. The annual reports will be placed before Parliament for scrutiny and for such discussion during the budget or other times as may be found necessary.

The other provisions are as usual and I do not want to waste the time of the House in going through them. I hope, Sir, my motion will meet with the unanimous acceptance of the House.

**Shri Mahavir Tyagi** (U.P.: General): Will ठेलस (*thelas*) also be used for transport of goods?

The **Honourable Shri K. Santhanam**: The power of the Authority is limited to using mechanically propelled vehicles.

**Shri Gokulbhai Daulatram Bhatt** (Bombay States): What about the use of motordriven rikshas?

The **Honourable Shri K. Santhanam**: If the Transport Authority thinks it is worthwhile.

**Mr. Deputy-Speaker**: Motion moved:

"That the Bill to provide for the establishment and regulation of a Road Transport Authority for the promotion of a co-ordinated system of road transport in the Province of Delhi, be referred to a Select Committee consisting of Shri Satis Chandra Samanta, Ch. Ranbir Singh, Shri Yudhishtir Misra, Dr. P. S. Deshmukh, Prof. Shibban Lal Saksena, Shri R. K. Sidhva, Shri Ram Chandra Upadhyaya, Shri Krishna Chandra Sharma, Mr. T. J. M. Wilson, Sardar Hukam Singh, Shri Mohan Lal Gautam, Sardar Sachet Singh, Shri Deshbandhu Gupta and the Mover, with instructions to report on or before the 12th December, 1948 and that the number of Members whose presence shall be necessary to constitute a meeting of the Committee shall be five."

Professor Saksena.

**Shri O. V. Alagesan** (Madras: General): There is a convention that members who are on the Select Committee shall not speak.

**Shri R. K. Sidhva** (C.P. and Berar: General): Not necessarily, Sir. You yourself have spoken.

**Mr. Deputy-Speaker**: Prof. Saksena has given notice of an amendment to this motion. Therefore I have called upon him to speak. I shall reserve my judgment with respect to the others.

**Shri R. K. Sidhva**: Even otherwise there is no binding ruling.

**Mr. Deputy-Speaker**: I do not accept it is binding, but I shall give preference to those whose names have not been included in the Select Committee.

**Prof. Shibban Lal Saksena** (U.P.: General): Sir, I would only suggest that the date for submitting the report should be changed to the 8th because we have the meetings of a Conference on the 9th, 10th and 11th and if the Select Committee meetings are kept on for the day end probably we shall not be able to attend.

The **Honourable Shri K. Santhanam**: 12th December does not mean that the meetings will be held on the 9th, 10th and 11th. I am quite prepared to hold the meetings earlier.

**Prof. Shibban Lal Saksena**: My hon. friend Mr. Santhanam has given us some idea of the working of the Delhi Transport Service during the last one year. I am very glad that he has given us these figures. I have carefully read this Bill and I want to draw the attention of the House to this.....

**Mr. Deputy-Speaker**: Probably the Honourable Member does not intend to move his amendment. If that is so he may sit with the hon. mover for discussing if any more names are to be added.

**Shri M. Tirumala Rao**: Is he called upon to speak only on his amendment?

**Mr. Deputy-Speaker**: No. But if he is moving the amendment it has to be moved before he speaks.

**Prof. Shibban Lal Saksena:** Sir, the Delhi Transport Service is probably an experiment in nationalisation which our Government has undertaken after coming into power. I had therefore expected that the working of the D.T.S. during the last eighteen months would be something of which we could be proud. The figures given by the Honourable Mr. Santhanam, I am afraid, do not give the correct picture and it is therefore my intention to bring to the notice of the House some aspects of the working of this system.

**Shri L. Krishnaswami Bharathi:** Is that the question before the House?

**Prof. Shibban Lal Saksena:** The question is about the establishment and regulation of a Road Transport Authority for the promotion of a co-ordinated system of road transport in the Province of Delhi and a Bill is presented for the purpose. What I want to say is this, namely, that the Delhi Transport Service was taken over by the Government on the 14th of May, 1948. The first question I want to put is this. When this transport service was taken over I think it was not proper that the matter should not have been brought before the Assembly. In fact I was studying the British Transport Act which has been passed in Great Britain and which nationalised all transports there. I find that when they took over all the transports and nationalised them they first passed a Bill in which they provided how all the various companies running the transport there will be taken over. They laid down principles on a commercial basis and laid down how all of them will be acquired. But here this was done without any reference to the House. The D.T.S. was acquired for about twenty lakhs of rupees, and it comprised of about 190 vehicles and about sixteen jeeps and other such vehicles. The actual net cost price of these 190 and odd vehicles was about Rs. 28 lakhs. For these Rs. 28 lakhs worth of vehicles Government paid Rs. 20 lakhs and many of these vehicles were as new as 1948; some were 1947, some 1946, some 1945 and some 1944. In fact I have given in my brochure to all my colleagues the various vehicles and the year in which the vehicles had been purchased. I have found that during the eighteen months of the operation of the D.T.S. by the Government the life of the buses, which normally was five years, has been reduced to hardly one year and in some cases even less.

**Shri L. Krishnaswami Bharathi:** Who is responsible? Is it the workers?

**Prof. Shibban Lal Saksena:** What I am saying is that when the service was taken over by Government, reference should have been made to this House so that the principles might have been laid down. In fact in the British Act they have laid down the compensation for road vehicles also. They said that one-fifth of the cost of the vehicle should be deducted for every year of operation. That is the way in which they calculated the cost of the vehicles. They took five years as the normal life of a vehicle. Here for Rs. 28 lakhs worth of vehicles a sum of Rs. 20 lakhs was paid which means 75 per cent. And if that be so that means that the life of a vehicle also was taken as five years. But actually, out of 190 buses that were plying on the 7th of September only thirty-six were left on the road. That shows that about 160 buses were out of use. That can be due to this reason: When the buses were taken over, they were taken over without proper supervision and the public money was wasted upon that scrap. If anybody goes to the D.T.S. workshop he will find about 150 buses lying as a heap of scrap. I therefore think that it was a grave mistake on the part of the Ministry to have taken over those buses without having brought the Bill here and taken the consent of the House to the principles on which they would be taken over.

My friend Mr. Bharathi enquired how it was that the life of the buses has gone down. In fact if he has read the pamphlet which I have circulated he would have found that it was due particularly to the mismanagement of the

whole thing. I am glad that on my complaints the Government appointed an Enquiry Committee of Experts and those experts reported as a result of which the Manager who was put in charge was removed. I am thankful to the Government for what they did, but I do wish that when such ventures are taken over proper care should be taken because the mere removal of a manager will not bring back to the exchequer the money spent upon it and the loss that Government has sustained. My only intention in drawing the attention of the hon. Minister at the very first instance to this was that this loss which is going on should be stopped. I am only sorry that all that should have continued right through for several months, and that probably increased the loss.

Then I come to the question of labour. Well, this is a nationalized service. My hon. friend told us that the profit made now was about Rs. 10 lakhs whereas formerly it used to be Rs. 22 lakhs. That only shows that in private hands the main aim was more profits without seeing how the labour employed were working. It must also be remembered that the total investment of the G. N. I. T. was those 190 buses for which the Government paid Rs. 20 lakhs. But the Government's capital included, in addition to this, Rs. 25 lakhs for purchasing 125 new buses. Therefore, the profit of Rs. 10 lakhs is on the new buses and the old ones. There is really no comparison between the old rate of profit and the new rate. You will have to compare on the total investment originally made. The number of buses also has really increased. Formerly they were only half the number of what exists now.

**The Honourable Shri K. Santhanam:** That is exactly the point I want to make, that the service has improved.

**Prof. Shibban Lal Saksena:** Sir, I was going to tell my friend that in a public service the condition of labour should be ideal, but I was shocked to see otherwise when I visited the depot as President of the Labour Union. I had occasion to meet the workers and to know their grievances. I found the Factories Act was not at all applied in the workshops. It was extraordinary that this being a concern of the Government of India, the Factories Act should not be enforced in the workshop which under the law it should have done long ago. The hours of work of the workers sometimes are as much as 11 hrs. 15 minutes per day. I have in my hand certain routes on which workers have to work about 11 hrs. per day. Route No. 16 starts at 6.15 in the morning, runs till about 11.55, then starts at 5.0 P.M. and goes on till about.....

**Mr. Deputy-Speaker:** May I ask whether all these details are relevant for the purpose of the motion? The principle of the Bill is that the management should be entrusted to a statutory authority. If the hon. Member is trying to make out that it must be given away to private agencies, I can understand it. He cannot say one thing and mean another and blow hot and cold. On the one hand there is State management; but when the profits are due to additional buses then he says the hours of work are more and so on. We are not discussing an administration report relating to the company. The question is whether a statutory authority is desirable or the State management should continue.

**Prof. Shibban Lal Saksena:** I am comparing this Bill with the British Transport Bill. I am pointing out that that Bill makes provisions for labour and ensures adequate representation to them. But the conditions in our D.T.S for the last two years have been different. I suggest that this Bill should be so amended in the Select Committee that all these things now become possible. I am sorry this Bill does not make any provision for labour. The present conditions for labour are not at all satisfactory. Also, treatment of labour in a nationalized management like this should have been

[Prof. Shibban Lal Saksena.]

ideal. But we have here work for 11 hrs. 15 minutes a day and if we add the time the man spends to and fro the depot it would mean the whole day is spent by him. The man comes at 9.15 in the morning and goes away at about 21.15 hrs. in the evening. That shows the whole day he is on work. The spreadover also is for about 15 hrs. All this is against the very Factories Act which we passed ourselves. In the British Transport Act there are provisions about labour also. In fact, if my hon. friend Mr. Santbanam will look into it he will find there is a separate chapter about conditions of employment in which all these things have been laid down, but in the Bill before the House there is no such chapter and no mention of labour—even if there is any mention it is by the way and in a very perfunctory manner.

Sir, this Bill should be completely re-cast and should be made a sort of a model for all nationalized concerns. The constitution of the authority under this Bill will be as follows: three non-officials nominated by the Central Government, 3 officials nominated by the Central Government to represent Ministries of Transport, Finance and Industry and Supply and the Chief Commissioner of Delhi or his nominee. Let me compare this constitution with that of the British Transport Commission. There they have got one Commissioner and five executives.

**Shri B. Das** (Orissa: General): Why British? Let us have our own.

**Prof. Shibban Lal Saksena**: I don't mind you having your own.

**Shri T. T. Krishnamachari** (Madras: General): But the British Transport Act covers the entire transport system of England. The present Bill is very restrictive in scope.

**Prof. Shibban Lal Saksena**: I quite know, but I want that it must be modelled on that. The Commission which we have proposed should have the same power as the Road Executive in England and it should function in the same manner. The three members from Government Departments and the three non-officials, all of them cannot be held responsible for the entire transport system. They can be merely advisers. I would suggest that instead of having this Commission of seven, it should consist of a Chairman, a General Manager and an Accountant. The Bill should be so overhauled.....

**Shri C. Subramaniam** (Madras: General): The hon. Member can make all these valuable suggestions before the Select Committee. After all, he is a member of that Committee.

**Mr. Deputy-Speaker**: What I find is that very often Members of the Select Committee make suggestions here and if they are wholly unnecessary or out of place they may refute those allegations.

**Prof. Shibban Lal Saksena**: What I wanted to say was that this Delhi Road Transport Authority should become a model nationalised industry and should be an example to other concerns. We should make an experiment by having the General Manager, the Chief Accountant and one representative of the unions. They should be the persons who should run the whole thing. There should be an advisory council consisting mostly of members of the public who use the transport system. They may give advice in the manner in which the Transport Users Committee does in England. The biggest defect of the present system is that nobody is held responsible. The three members of the Industries, Finance and Transport Ministries are not and cannot be there all the time. The Chief Commissioner also will not be there. Yet they will be the men who will formulate the policy. This is a cumbersome system and is of no use. The men who are in charge of running the system should be the men who should be held responsible for running it.

Hence my suggestion to have the General Manager, the Chief Accountant and one representative of labour, who will be wholetime men and shall from his Authority and they should be advised by an advisory council consisting of members of the travelling public, and with the joint efforts of these two, the whole thing should be run.

I have carefully examined the provisions of this Bill. They are not very happy. I wish they were more comprehensive and exact. I do not want to tire the House with my suggestions. I wish merely to say that the hon. Shri Santhanam will remodel the Bill, on the basis of the London Transport Act. I suggest that the labour portion in that Act should be incorporated here. It has not been a very happy experience either for me or for the Delhi people that they experienced a strike forced upon them in spite of ten months of negotiations. Even now, there are 140 workers out of job. I do feel that the nationalised transport should be an ideal industry and should be the pride of all. I can only say that this House shall watch with great interest the experiment which has been launched. I only wish that Mr. Santhanam were more responsive to our suggestions and carry them out for the welfare of the whole country.

**Shri C. Subramaniam:** Mr. Deputy-Speaker, the mover of this Bill deserves congratulation, not for the Bill but for having taken over the whole bus transport system in Delhi and for having re-organised it. The service when it was being run under the old G.N.I.T. management was a disgrace to the capital. It used to be said that G.N.I.T. meant "Goes Never In Time". Now we find very good buses and I hope they are keeping time.

**Shri R. K. Sidha:** Have you travelled?

**Shri C. Subramaniam:** Oh, yes.

**Shri R. K. Sidha:** How long have you had to wait in queue?

**Shri C. Subramaniam:** I am glad that this transport system has been taken over by Government and is going to be entrusted to a statutory corporation. That is as it should be. I feel that nationalisation of any industry or undertaking should be on the basis of statutory corporations. It should not be run departmentally, because we find ever so many defects in departmental running. As the hon. Minister himself admitted, at times they are unable to go into details and at many others they find it a headache. Therefore, it is good that a statutory corporation is being set up for running the Delhi transport system.

There is one other thing which I want to mention in this connection. It is this. When we nationalise a transport system, it is necessary that we should take over the existing vehicles. It should not be viewed merely from the Governmental point, that they would be able to put new buses on the road. If the existing vehicles are allowed to remain idle, it would be a tremendous national waste.

**The Honourable Shri K. Santhanam:** They have all been taken over.

**Shri C. Subramaniam:** I know that and I am glad. But in Madras, when they nationalised the transport system there, all the existing carriages were left in the lurch. One operator alone had 150 buses and many of them, I understand, still remain idle. It is all right for the Government to say that they would be able to import new buses, but at what cost to the nation? They should realise that.

There are a few salient features of the Bill to which I wish to refer and offer my own criticism, so that necessary changes might be made in the Select Committee stage. You will find that subclause (2) (c) of clause 20 gives the Authority

[Shri C. Subramaniam.]

power to compulsorily acquire either wholly or in part any undertaking. We have just now passed the Constitution Act. There is section 31 which says that whenever a law is passed for compulsory acquisition of any property, the manner in which and the principles on which compensation should be paid should be provided in the very law itself.

**Mr. Deputy-Speaker:** There is clause 47.

**Shri C. Subramaniam:** I am aware of clause 47. What does it say? It says:

"compensation the amount of which shall be determined in the manner and in accordance with the principles hereinafter set out, that is to say—

(a) where the amount of compensation can be fixed by agreement, it shall be paid in accordance with such agreement;

(b) where no such agreement can be reached, the amount shall be determined by an arbitral tribunal consisting of one nominee of the Authority, one nominee of the person to be compensated and one nominee of the Central Government who shall be the Chairman of the tribunal;

(c) an appeal shall lie to the District Judge against the decision of the tribunal."

Now this clause provides the manner in which it should be determined, but what is the principle? Is it market value? Is it 20 times the profits earned during a particular period? Or is it the book value minus depreciation? These would be principles involved. It is no use saying there shall be an arbitral tribunal and appeal shall lie to the District Judge. On what basis will the District Judge decide whether the compensation given is fair, adequate or just? There is absolutely no material on that point. You will see that section 31 of the Constitution provides that the law should also lay down the principles on which compensation should be determined. You might know that the Electricity Nationalisation Act in Madras is being discussed in the Madras Legislature now. I know it was returned three or four times by the Central Government on the ground that the principle of compensation should be embodied there. Now, when the Central Government itself is bringing forward a Bill, they should take more care to conform to the requirements of section 31 and the principles and not merely the manner in which the compensation shall be paid should be incorporated in their proposed legislation. This Bill does not lay down the principle on which compensation will be paid. I think the Select Committee will go into this matter and see that proper provisions in regard to compulsory acquisition are incorporated in the Bill.

Then, Sir, I come to clause 50 which deals with the 'Power of Entry'. After all this is a statutory authority for the purpose of running a transport service. Should that authority be given the power of entering upon any land or premises and there do such things as may be reasonably necessary for the purpose of carrying out survey, examination, or investigation etc.? After all this Authority is just like any other limited company running transport services. Simply because the authority is set up by the Government it does not mean that its servants and officers should be given power to enter into any premises. The power of entry should, therefore, not be given to the officers of the Authority.

I would like to point out one other feature of the Bill. It relates to the last clause, clause 55. Sub-clause (3) says:

"In making any regulation under this section the Authority may, with the previous sanction of the Central Government, provide that the breach thereof shall be punishable with imprisonment which may extend to three months or with fine which may extend to five hundred rupees, or with both, and when the breach is a continuing one, with a further fine not exceeding twenty rupees for every day after the date of the first conviction during which the offender is proved to have persisted in the offence."

Even under rule making powers we have been objecting to the creation of offences and providing for the punishments thereof. But by a regulation to be made by a statutory authority created only for the purpose of running transport services power is to be given to create offences and provide for punishments therefor, Sir, this is going too far. That is my respectful submission.

Another matter to which I would like to refer is clause 52 regarding immunity from legal action. Clause 52 runs:

"(1) No suit, prosecution or legal proceeding shall lie against any person in the employment of the Authority for anything which is in good faith done or purported to be done under this Act.

(2) Save as otherwise expressly provided in this Act, no suit or other legal proceeding shall lie against the Authority or the Central Government for any damage caused or likely to be caused by anything in good faith done or purported to be done under this Act."

After all this is not a Government by itself. It is merely an authority for the purpose of running buses and as such it should be liable for damages caused to anybody else and should also be liable to be sued. I do not see any reason why this authority should be exempt from all legal proceedings. Suppose a person is run over. Is he not entitled to damages? Suppose compensation is not given to him. Is he not entitled to go to a court of law and sue the authorities? So, I fail to understand why this all-embracing sub-clause (2) "Save as otherwise expressly provided in this Act, no suit or other legal proceeding shall lie against the Authority or the Central Government for any damage caused or likely to be caused by anything in good faith done or purported to be done under this Act" should be incorporated in the Act. This is a matter which I hope will be gone into by the Select Committee.

Sir, I have gone through this Bill a bit carefully. I find the drafting is too bad. There is a provision in the Civil Procedure Code giving appellate courts the power of sending back cases for judgments to be properly written. If you have the power, I would suggest sending back this Bill for being properly drafted. For example, I would read out certain clauses so that hon. Members of this House may understand how the drafting has been done. For instance clause 20 (1) (k) reads:

"(k) to purchase or otherwise secure by agreement vehicles, garages, sheds, office buildings, depots, land, workshops, equipment, tools, accessories to and spare parts for vehicles, or any other article owned or possessed by the owner of any other undertaking for use thereof by the Authority for the purpose of its undertaking;"

I am unable to understand the grammar of it, the sense of it, or what they mean by it.

Then again sub-clause (i) reads:

"to do anything for the purpose of advancing the skill of persons employed by the Authority or the efficiency of the equipment of the Authority or of the manner in which that equipment is operated, including the provision by the Authority, and the assistance of the provision by others, of facilities for training, education and research."

I do not know what it means. I do not know whether the person who drafted it knows English or not. (An Honourable Member: Because Hindi is going to be the national language.) But that is no reason why you should use bad English.

I have marked at least twenty points wherein the drafting is very bad, and all these will have to be redrafted. Further we should realise that this is only just like a limited company running some transport services within a certain area. It may have a capital of Rs. 60 lakhs. But is it necessary to come forward with a Bill of 55 clauses and waste the time of the House? For

the purpose of setting up an authority of this sort, all that is wanted is an enabling Act. An enabling Act may be passed and the other matters like how the authority should be set up, how it should work, and such other things may be done under the rule making powers. That is what we have done in the Road Transport Corporation Act, of 1948. Instead of going into all the details, they could have come up with a short Bill with at the most twenty clauses and be done with it. I hope the Select Committee will scrutinise the Bill and make it a model one for others to copy. I am sure Mr. Santhanam, if he scrutinises the Bill with the same critical eye as he used to do when he was not a Minister, will be able to find out the mistakes and be able to rectify them.

*The Assembly then adjourned till a Quarter to Eleven of the Clock on Tuesday, the 29th November, 1949.*