

**JOINT /SELECT
COMMITTEE REPORTS OF
LEGISLATIVE ASSEMBLY -
1948**

**The Rehabilitation
Finance Administration
Bill**

List of Reports of Select Committees presented to
the Constituent Assembly of India (Legislative)
in 1948.

S. No.	Short title of the Bill.	Date of presen- tation.	Date of publica- tion.
1.	The Minimum Wages Bill./	28.1.48.	7.2.48.
2.	The Industrial Finance Cor- poration Bill.	28.1.48.	7.2.48.
3.	The Dock Workers (Regulation of Employment) Bill.	28.1.48.	7.2.48.
4.	The Pharmacy Bill.	28.1.48.	7.2.48.
5.	The Damodar Valley Corpora- tion Bill.	28.1.48.	7.2.48.
6.	The Indian Army and the Indian Air Force (Amendment) Bill.	28.1.48.	14.2.48.
7.	The Dentists Bill./	28.1.48.	14.2.48.
8.	The Rehabilitation Finance, Administration Bill.	9.2.48.	21.2.48.
9.	The Workmen's State Insurance, Bill.	11.2.48.	21.2.48.
10.	The Electricity (Supply) Bill./	4.3.48.	20.3.48.
11.	The Taxation on Income (Investi- gation Commission) (Amdt.) Bill,	8.3.48.	20.3.48.
12.	The Provincial Insolvency (Amendment) Bill.	16.3.48.	20.3.48.
13.	The Indian Finance Bill.	22.3.48.	27.3.48.
14.	The Delhi and Ajmer-Merwara Land Development Bill.	29.3.48.	3.4.48.
15.	The Estate Duty Bill. <u>(PRELIMINARY REPORT)</u>	9.8.48.	14.8.48.
	The Factories Bill./	9.8.48.	21.8.48.

S. No.	Short title of the Bill.	Date of presen- tation.	Date of publica- tion.
17.	The Hindu Code.	12.8.48.	21.8.48.
18.	The Income-tax and Business Profits Tax (Amdt.) Bill.	13.8.48.	21.8.48.
19.	The Indian Railways (Second Amendment) Bill.	24.8.48.	11.9.48.
20.	The Mines and Minerals (Regulation and Development) Bill.	25.8.48.	11.9.48.
21.	The Central Silk Board Bill.	26.8.48.	11.9.48.

CONSTITUENT ASSEMBLY OF INDIA (LEGISLATIVE)

REPORT OF THE SELECT COMMITTEE ON THE REHABILITATION FINANCE ADMINISTRATION BILL, 1948.

We, the undersigned members of the Select Committee to which the Bill to establish the Rehabilitation Finance Administration was referred, have considered the Bill and have now the honour to submit this our Report, with the Bill as amended by us annexed hereto. We have made certain amendments in the Bill and the important ones are as follows:

Clause 2.—Item (d) has been amplified to cover those persons in India who had their business, industry or property outside India but have lost wholly or partially such business, industry or property.

Clause 7.—We have added a new clause requiring a member of the Administration who has or acquires any interest in any business, industry or concern to which any loan is advanced to disclose such interest to the Administration and either to resign his membership or to dispose of such interest. A similar provision has been made for a member of the Advisory Board with the modification that instead of resigning he should not participate in the proceedings relating to the advance of any loan to a business, industry or concern in which he may be interested.

Clause 15 (as renumbered).—We have inserted a provision enabling the Administration to take charge of the business or industry of the person to whom the loan has been advanced.

Clause 18 (as renumbered).—A provision has been made requiring the reports to be placed before the Central Legislature.

Clause 23.—We have added a new clause to enable the Central Government to make rules to give effect to the provisions of this Act.

2. The Bill was published in Part V of the *Gazette of India*, dated 7th February, 1948.

8. We think that the Bill has not been so altered as to require circulation under Standing Order 41 (5) and we recommend that it be passed as now amended.

R. K. SHANMUKHAM CHETTY
BAKSHI TEK CHAND
DIWAN CHAMAN LALL
JASPAT RAI KAPOOR
SURENDRA MOHAN GHOSH
BIKRAMLAL SONDHI
B. PATTABHI SITARAMAYYA
R. K. SIDHWA
T. T. KRISHNAMACHARI
SUCHETA KRIPALANI
*KHURSHED LAL
THAKUR DAS BHARGAVA
*KAZI SYED KARIM UDDIN

NEW DELHI;
The 9th February, 1948.

* Subject to a minute of dissent.

MINUTES OF DISSENT

The Bill restricts assistance by the Administration to such persons as have lost their assets, or business outside India and intend to engage in any business or trade in India. During the course of Civil disturbances through which the country passed recently, a large number of persons had their houses, shops, and other property looted in India, and they have become destitute. Some of them have gone outside India and I am not concerned with them at the present moment. These are, however, a large number of such persons still in India, and they have no intention of going away. They are our nationals and it is our duty to rehabilitate them. I am of opinion that such persons should also be eligible to receive assistance from the Administration. It is obvious that if this is done, the scope of activities of the Administration would be enlarged considerably, and the limit of its operation would have to be increased from ten crore rupees to a higher figure.

KHURSHED LAL

NEW DELHI;
The 9th February, 1948.

I beg to append the following minute of dissent to the report of the Select Committee.

I am of opinion that relief should also be given to *bona fide* agriculturists to rehabilitate them as agriculturists and collective farms should be established.

The definition of the word displaced person is very narrow. It must include all sufferers from areas in or outside India (including States).

The amount of loan to be advanced to an individual other than a company, association or body of individuals, shall not exceed rupees 25,000. The Select Committee has not limited the extent of the loan in the case of an individual.

NEW DELHI;
The 9th February, 1948.

KAZI SYED KARIMUDDIN

(As Amended by the Select Committee).

(Words *sidelined* or *underlined* indicate the amendments suggested by the Committee; asterisks indicate the omissions).

A

BILL

to establish the Rehabilitation Finance Administration.

WHEREAS it is expedient to establish a Rehabilitation Finance Administration for the purpose of giving financial assistance on reasonable terms to displaced persons to enable them to settle in business and industry;

It is hereby enacted as follows:—

1. Short title, extent and commencement.—(1) This Act may be called the Rehabilitation Finance Administration Act, 1948.

(2) It extends to all the Provinces of India.

(3) It shall come into force on such date as the Central Government may, by notification in the official Gazette, appoint in this behalf.

2. Definitions.—In this Act, unless there is anything repugnant in the subject or context,—

(a) 'Act' means the Rehabilitation Finance Administration Act, 1948;

(b) 'Administration' means the Rehabilitation Finance Administration constituted under this Act;

(c) 'Borrower' means an individual, company, association or body of individuals, whether incorporated or not, to whom a loan has been advanced under this Act;

(d) "Displaced person" means—

(i) a person who is displaced from any area outside India, or

(ii) a person in India who, having had his business, industry or property, wholly or partially outside India, has, lost, wholly or partially, such business, industry, or property on account of civil disturbances or the fear of such disturbances, and who is engaged, or intends to engage in any business or industry in India;

(e) 'Loan' means a sum of money advanced by the Administration to a displaced person;

(f) "Prescribed" means prescribed by rules made under section 23 or regulations made under section 24.

3. Establishment and incorporation.—(1) The Central Government shall constitute a Corporation called the Rehabilitation Finance Administration for giving financial assistance on reasonable terms to displaced persons to enable them to settle in business and industry.

(2) The Corporation shall be a body corporate by the name of the Rehabilitation Finance Administration having perpetual succession and a common seal, with power, subject to the provisions of this Act, to acquire and hold property, both movable and immovable and shall by the said name sue and be sued.

4. Constitution of the Administration.—(1) The Administration shall consist of the following members, namely:—

(a) the Chairman to be appointed by the Central Government who shall be called the Chief Administrator;

(b) three officials appointed by the Central Government; and

(c) three non-officials nominated by the Central Government.

(2) No act done by the Administration shall be called in question on the ground merely of the existence of any vacancy or any defect in the constitution of the Administration.

5. Advisory Board.—(1) The Central Government shall constitute Advisory Board to advise the Administration on matters of policy.

(2) The Advisory Board shall consist of such members, not exceeding fifteen in number, as may be nominated by the Central Government.

6. Terms of office of the members of the Administration and the Advisory Board.—(1) A member appointed under clauses (a) and (b) of sub-section (1) section 4 shall hold office during the pleasure of the Central Government.

(2) A member nominated under clause (c) of sub-section (1) of section 4 or sub-section (2) of section 5 shall hold office for a term of two years from the date of his nomination and shall be eligible for re-nomination.

(3) A nominated member may resign his membership by writing under his hand addressed to the Chief Administrator and he shall thereupon cease to be a member.

(4) A casual vacancy created by resignation under sub-section (3) or by any other reason shall be filled by fresh nomination and the person nominated to fill the vacancy shall hold office only for the remainder of the term for which the member whose place he takes was nominated.

7. Disclosure of interest.—(1) No member of the Administration shall have any interest, direct or indirect, in any business, industry or concern to which any assistance under section 12 has been given or is to be given and if any such member acquires such interest at any time during the continuance of such assistance, he shall immediately disclose it to the Administration and shall either resign his membership or dispose of his interest in such manner and within such time as he may be directed by it.

(2) Any member of the Advisory Board who has any interest, direct or indirect, in any business, industry or concern to which any assistance under section 12 has been given or is to be given or acquires such interest at any time during the continuance of such assistance shall immediately disclose it to the Administration and shall not participate in the proceedings of the Advisory Board relating to such assistance.

8. Removal from membership.—Notwithstanding anything contained in section 6, the Central Government may, for any reason which may appear to it to be sufficient, remove any member at any time from the Administration or the Advisory Board.

9. The Chief Administrator.—The Chief Administrator shall devote his whole time to the affairs of the Administration and shall receive such salaries and allowances and shall be subject to such terms and conditions as may be determined by the Central Government.

10. Staff.—The Administration may, in the manner prescribed and with the prior sanction of the Central Government—

- (a) appoint a Deputy Chief Administrator * * * * * and such other officers and servants as may be required to enable it to carry out the functions under this Act;
- (b) fix the salary and allowances or other conditions of service of the Deputy Chief Administrator, other officers and servants;
- (c) fix the remuneration payable to the members of the Administration and of the Advisory Board.

11. Funds of the Administration.—(1) The Central Government may from time to time advance money for the business of the Administration, the aggregate amount of which shall not exceed ten crores.

(2) All monies belonging to the Administration shall be deposited in the Reserve Bank of India or any agents thereof or invested in such securities as may be approved by the Central Government.

(3) The Administration shall pay interest on the money so advanced at the rate of 8 per cent. per annum to the Central Government.

12. Business of the Administration.—The Administration may—

- (a) subject to the provisions of section 13 advance loans not exceeding an aggregate amount of seven crores;
- (b) re-discount bills of exchange and promissory notes in respect of loans advanced to a displaced person by a Scheduled Bank or a Syndicate of Banks up to an aggregate amount of one crore of rupees; and
- (c) guarantee part of the losses, not exceeding 50 per cent. of the loss in any case, which a Scheduled Bank or a Syndicate of Banks may suffer in respect of any loan advanced to a displaced person with the approval of the administration: provided that the maximum liability incurred under such guarantees shall not at any time, in the aggregate exceed two crores of rupees.

13. Loans.—(1) The Central Government may, from time to time, prescribe the limits as to amounts within which loans may be advanced by the Administration.

(2) For the purpose of advancing any loan under sub-section (1) the Administration may call for any report either through its own staff or through the District Officer of the district in which the borrower resides or carries on business or through any provincial or a State Government or through any Bank or any other appropriate agency.

(3) The Administration shall charge interest from the borrower at such rate not exceeding 6 per cent. per annum as may be specified by it.

(4) The period of the loan shall not exceed ten years.

(5) The loan may be advanced either for fixed capital or working capital or for both.

The assets * * * created from the loan shall, notwithstanding any law or usage to the contrary, be deemed to be mortgaged to the Administration for the repayment of the loan together with the interest thereon and the amount of the loan and the interest thereon shall be first charge on such assets.

(6) The Administration may also take such further security for any loan as it may consider necessary.

14. Power to call for repayment before agreed period.—Notwithstanding any agreement to the contrary, the Administration may, by notice, require any borrower forthwith to repay in full with interest thereon any loan borrowed from it,

- (a) if it appears to the Administration that false or misleading information in any material particular was given by the borrower for the loan.
- (b) if the borrower has failed to comply with the terms of the contract with the Administration in the matter of the loan,
- (c) if there is a reasonable apprehension that the borrower is unable to liquidation may be commenced against him, or pay his debts or that insolvency proceedings or proceedings ^{for}
- (d) if for any other reason it is necessary in the opinion of the Administration to protect the interests of the Administration.

15. Mode of recovery.—(1) If the amount of loan or any instalment thereof or interest thereon which is due, has not been repaid in accordance with the terms of the contract, the Administration may,—

(a) without prejudice to any other remedy provided by law, recover such loan, instalment or interests as arrears of land revenue, or

(b) take charge of the business or industry of the person to whom the loan has been advanced on such terms and conditions as it may deem fit.

16. Audit.—(1) The affairs of the Administration shall be audited by one or more auditors qualified under section 144 of the Indian Companies Act, 1913 (VII of 1913), to act as auditors of companies, who shall be appointed by the Central Government on such remuneration as may be specified by it.

(2) An auditor so appointed shall hold office for a period of one year and shall be eligible for reappointment:

Provided that any casual vacancy in the office of an auditor shall be filled by the Central Government.

(3) Every auditor shall be supplied with a copy of the annual balance-sheet of the Administration, and it shall be his duty to examine it together with the accounts and vouchers relating thereto; and every auditor shall have a list delivered to him of all books kept by the Administration, and shall at all reasonable times have access to the books, accounts and other documents of the Administration, and may in relation to such accounts examine any officer of the Administration.

(4) The auditors shall make a report to the Central Government upon the annual balance-sheet and accounts, and in every such report they shall state whether in their opinion the balance-sheet is a full and fair balance-sheet containing all necessary particulars and properly drawn up so as to exhibit a true and correct view of the state of * affairs of the Administration, and in case they have called for any explanation or information from the Administration whether it has been given and whether it is satisfactory.

17. Power of inspection.—(1) The Chief Administrator or any other officer authorised by him in writing in this behalf may by order require any borrower to furnish such information or to produce such books of accounts and other documents for inspection at such time and place as may be specified in the order and the borrower shall comply with such order.

(2) The Chief Administrator or such officer may inspect such books of accounts or documents produced and take extracts therefrom.

(3) The Chief Administrator or the officer making the inspection or any person working under his order shall not communicate or allow to be communicated to any person not legally entitled thereto any information relating to the affairs of the borrower.

(4) If any person contravenes the provisions of sub-sections (1) and (3) he shall be punishable with imprisonment which may extend to six months or with fine which may extend to five thousand rupees or with both.

18. Returns.—(1) The Administration shall furnish to the Central Government a half yearly report together with accounts and such other information within such time and in such manner as may be specified by the Central Government.

(2) The report shall be laid before the Central Legislature as soon as may be after it is prepared.

19. Power of Central Government to give direction.—For the purposes of this Act, the Central Government may, from time to time, give to the Adminis-

114

7

tration such general or special directions as it thinks fit, and the Administration shall, in the exercise of its functions under this Act, comply with any such directions.

20. Exemption from taxes.—Notwithstanding anything contained in the Indian Income-tax Act, 1922 (XI of 1922), or in any other enactment for the time being in force relating to income-tax, super-tax or business profits tax, the Administration shall not be liable to pay any income-tax, super-tax or business profits tax on any incomes, profits or gains.

21. Liquidation of the Administration.—(1) No provision of law relating to insolvency or to the winding up of Companies or Corporation shall apply to the Administration and the Administration shall not be placed in liquidation ~~save~~ by the order of the Central Government and in such manner as it may ~~direct~~.

(2) In the event of the Administration being placed in liquidation, the undistributed assets, after meeting the liabilities, if any, shall vest in the Central Government.

22. Delegation.—The Administration may, by notification in the official Gazette, direct that any power or duty which under any of the provisions of this Act is conferred or imposed upon the Administration shall, in such circumstances and under such conditions, if any, as may be specified in the direction, be exercised or discharged by the Chief Administrator, Deputy Chief Administrator or any other person subordinate to the Administration.

23. Power to make rules.—The Central Government may, by notification in the official Gazette, make rules for the purpose of giving effect to the provisions of this Act.

24. Power to make regulations.—(1) The Administration may, with the previous sanction of the Central Government make regulations, not inconsistent with this Act, to provide for all matters for which provision is necessary or expedient for the purpose of giving effect to the provisions of this Act.

(2) In particular and without prejudice to the generality of the foregoing power such regulation may provide for—

- (a) the conditions on which a person may be recognised as a displaced person,
- (b) the manner and the time of the general meetings of the Administration, or Advisory Board and the procedure to be followed thereat and the manner in which right of voting may be exercised,
- (c) the terms on which the corporation may grant loans,
- (d) forms of returns and statements required under this Act,
- (e) the duties and conduct, salaries, allowances and conditions of service of officers, servants and agents of the Administration,
- (f) manner and form of application for loans and contracts,
- (g) manner in which accounts of the Administration shall be kept and audited,
- (h) any other matter which has to be or may be specified under this Act.

(3) All regulations made under this section shall be published in the official Gazette and shall come into force on such date as may be specified therein.

THE CONSTITUENT ASSEMBLY OF INDIA (LEGISLATIVE)

**Report of the Select Committee on the Bill to establish the Rehabilitation
Finance Administration, with the Bill as amended.**

(As amended by the Select Committee)