

15.07 hrs.

## UNIT TRUST OF INDIA BILL

**The Minister of Finance (Shri T. T. Krishnamachari):** I beg to move:

"That the Bill to provide for the establishment of a Corporation with a view to encouraging saving and investment and participation in the income, profits and gains accruing to the Corporation from the acquisition, holding, management and disposal of securities, be taken into consideration".

I do not think that it is necessary for me to make any long or elaborate speech as an attempt has been made in the notes on clauses to explain the provisions of the Bill as fully as possible.

Unit trusts or mutual funds are of comparatively recent origin. The first unit trust, as distinguished from an ordinary investment company, was established in the United Kingdom only in 1931. Until about 1953, there was some control over the amount of capital which could be raised through sale of units. Thereafter, with the removal of this control, the assets of these trusts have been rising rapidly. Units of these trusts have also been made available for purchase in ready and convenient forms even across the counters of some banks which function as agents of these trusts.

In the United States, the first investment trust is believed to have been established 70 years back, but it was only after the enactment of what was called the "blue sky laws" in the 1930s, and later on in 1940, for stopping unhealthy speculation, that trusts and mutual funds became popular. The number of accounts in the USA in such trusts exceeds 6 million.

The experience of the working of these organisations has greatly encouraged the formation of similar organisations in several other countries. The advantages and facilities which these

institutions are now in a position to offer to the public are becoming increasingly appreciated. The reasons why these trusts are popular are self-evident. The distinction between an investment company and a unit trust is important in this connection. Broadly, it is that an investment company has a great deal of freedom in the matter of distributing the available income, whereas in the case of unit trusts they are required to distribute the whole, or practically the whole, of their income every year.

In countries where the climate of opinion is in favour of the widespread distribution of ownership of industrial and other property, and where incomes and standards of living are also steadily rising, unit trusts enable many individuals, who do not have the ability or inclination to buy securities or to operate in the stock exchanges on their own, to become part owners in industry or other corporate sector bodies carrying on a variety of activities.

The unit trusts operate on the principle of spreading risks. The income or dividend which they declare is based on the average income on a balanced and well-distributed portfolio of investments. An ordinary investor, who does not have the resources for acquiring such a balanced portfolio, derives from a unit trust the advantage that many of the risks of investment are eliminated or reduced for him. The original investment is safe, because of prudent management. It is quite often increased, because of the appreciation resulting from the increased value of the industrial or other property represented by the investment. The ordinary investor is thus protected automatically against the erosion of the value of his investment because of the rise in the value of the base of these securities. These are significant advantages from the point of view of individuals who have some money to save and to invest.

So far as we are concerned, the objectives behind the desire to create unit trusts in India are somewhat more

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complex than those that operated in the Western countries. The changes that have affected, in the last decade, the ability of the classes that had in the past a propensity towards thrift, to save or invest any portion of their incomes, have created a problem. The classes that have a desire to save, as a security for the future, find it difficult to save any money out of their fixed incomes, largely by reason of the increases in the cost of living. The new classes, who are getting an increased income, do not have the same propensity to save because, amongst other reasons, they are less conscious of the need of security for the future. Whatever may be the causes for the slowing down of communal savings, the fact remains that we find it increasingly difficult to enable the middle and lower income groups save and invest.

Investment in securities, for a person who is not well-versed in the operations of the money and equity markets, is not easy. Amongst the middle-classes, there are only very few who watch the share market or watch for investment opportunities. For one thing, the man who knows something about these things has not got the money and for another, the man who knows nothing about this is afraid to invest in securities not knowing what will happen to his money. The share market while it does play an important role in promoting investment, reduces or drives away any desire on the part of persons in the middle and lower income groups to invest in securities because of the scares that are created owing to the operations by what are called bulls and bears.

It will be commonly recognised that with the very large investment programme that we have before us, the size of which increases with every new Plan, the question of mobilisation of savings and coupling it with the security aspect, is very necessary. We have taken some definite steps towards that end by providing for investment opportunities in various forms under the national savings schemes. I am happy to say that the position in regard

to national savings schemes in the current year is encouraging. In the first seven months of the year, our net receipts under small savings have been Rs. 52.31 crores as against the figure of Rs. 28.20 crores for the corresponding period last year; but what we are doing does not even touch the fringe of the problem. There is undoubtedly a much larger capacity for saving amongst the community, and to produce any results in the shape of sizable amounts as savings made available for investment, we have necessarily to approach the middle and lower income groups rather than the comparatively small number of affluent people. The problem has to be attacked from several angles and by several instruments of Government's savings policy. The Unit Trust provides one such. It provides an opportunity for the middle and lower income groups to acquire without much difficulty property in the form of shares, the base of which is something which will not erode, but will appreciate in value as years go by.

It is not that there is no interest amongst these groups to invest in the shares of industrial and other companies. The statistics that we have of the number of persons assessed to income-tax in respect of dividend income, or of persons with incomes below the income-tax exemption limit who obtain some income in the form of dividends, seem to support the conclusion that the number of investors of small means is growing. But this, while it is good so far as it goes, cannot be deemed to be entirely satisfactory. In short, the objectives of establishing the unit trusts are many and varied, but basically it is an attempt to mobilise the savings of the small investor.

The Unit Trust of India, as it is envisaged in this Bill, will be an organisation in the public sector, sponsored and supported mainly by the Reserve Bank, the Life Insurance Corporation and the State Bank of India and its subsidiaries. Although these organisations and the other contributors to

the initial fund of the trust will give to it such assistance as may be necessary in the first few years, the organisation will be run solely in the interests of the unit-holders, who will be entitled, every year, to not less than 90 per cent of the net income attributable to the amounts invested by them in the form of units in the trust.

It is not necessary for me to deal at any length with the provisions relating to the constitution, management and functions of the Trust. These are mostly self-explanatory and have also been summarised for the convenience of the Members in the relevant notes on clauses. I would, however, like to draw the attention of the House to two or three main points.

It will be open to any person or institution to purchase the units offered by the Trust, but this institution as we see it, is intended to cater mainly to the needs of the individual investors, and even among them, as far as possible, to those whose means are small. The maximum face value of a unit is limited by the Bill to Rs. 100. This, we hope, will make it possible for a large and growing number of persons to avail themselves of the facilities which the Trust is in a position to offer.

As it is our intention that the Trust should cater to the needs of individual investors, including those whose savings or resources are not very considerable, we have considered it desirable to give them certain exemptions from the normal provisions of income-tax law. These exemptions will not be available to investors, who are not individuals, or to the individuals themselves, if their holdings of units are in excess of certain reasonable limits. The objects, which we have primarily had in view in granting these exemptions, have been to provide an additional incentive in this form to persons in the middle and lower income groups to save some amounts for investment in the Trust, to make it easier for the Trust to receive and distribute its income, and to facilitate generally the dispersal and distribution

of corporate shares among various persons. Having regard to these objectives, the sacrifice of revenue possibilities, whatever its dimensions, will, I think, be worthwhile.

It has been represented by some people that we should follow the example of other countries and frame a general law on the lines of the legislation in force in those countries such as the Investment Company Act of the U.S.A. or the Prevention of Fraud (Investment) Act of the United Kingdom, and thereby permit unit trust to be incorporated by the private people. We have rejected these suggestions and have embarked on the proposal to establish a statutory organisation for this purpose because Government feel that this is the best method of achieving the objectives that we have in mind. It has to be recognised that the organisations in Western countries are larger and established and operate in much bigger and broad-based markets. They are governed by rules and regulations formulated by trade associations of these organisations themselves such as the Association of Unit Trusts in the United Kingdom and the National Securities Dealers' Association in the United States. In the conditions which now prevail in our country, when there may not be as much business for a number of competing organisations, and when it is also not clear that the operations of private unit trusts, if established, will not pass into the hands of managing agency houses and groups, I think, Government would be well advised in avoiding the risky and costly experiment of creating a number of weak organisations and in trying to exercise over them only such control as can be provided by any general law. Besides, it would be almost impossible to provide to any private organisation the tax concessions that have been incorporated in the measure that I have placed before you.

Certain refinements are possible in regard to the nature and constitution of the Trust Board, once the Unit Trust gets going and obtains sufficient response from the

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people. It has been represented that there should be an election of directors by the contributors. While it is not possible to provide for this at the present moment, I can assure the House that the authorities controlling it might at a later date get a more representative Trust Board than is contemplated now. The class of people to be represented will have to be determined by the classes who contribute to these Trusts. We shall watch the working of this organisation for some time and then take such action as is found necessary to associate on the management the types and classes of people who are to be trustees and the interests that will have to be represented thereon, for which provision has already been made in Clause 41. I can assure all people who have any doubts about the utility of this kind of organisation to achieve the purpose that we have in mind that the Reserve Bank is prepared at the appropriate time to take all steps necessary to popularise this method of investment. I have every hope that if an increasingly larger number of people are made conscious of the benefits of investment in these Trusts, we will be able to attract a sizable volume of funds for investment and also make the ownership of the units broad-based. I would christen the attempt as an adventure in small savings and I am confident that we are embarking on this adventure with every hope of its being successful. Sir, I move.

**Mr. Deputy Speaker:** Motion moved:

"That the Bill to provide for the establishment of a Corporation with a view to encouraging saving and investment and participation in the income, profits and gains accruing to the Corporation from the acquisition, holding, management and disposal of securities, be taken into consideration."

Is Mr. Masani moving his amendment?

**Shri M. R. Masani (Rajkot):** Sir, I beg to move:

"That the Bill be circulated for the purpose of eliciting opinion thereon by the 29th February, 1964."

**Mr. Deputy Speaker:** The motion and the amendment are before the House. Dr. Lohia is going away tomorrow. I hope Mr. Masani will have no objection if I call Dr. Lohia now.

**Shri Morarka (Jhunjhunu):** What is the allocation about time?

**Mr. Deputy-Speaker:** Time allotted is four hours 15 minutes each. Three hours for general discussion and one hour for clause-by-clause consideration.

**Shri U. M. Trivedi (Mandsaur):** Four hours for general discussion and one hour for clauses.

**Mr. Deputy-Speaker:** Total allotted hours are four.

**Shri Ranga (Chittoor):** There will be one speaker from our side and we would like a few more minutes than the fifteen minutes limit.

**Mr. Deputy Speaker:** We will see; we can adjust. Dr. Lohia.

डा० राम मोहन लोहिया (कच्छवा-  
वाद) : उपाध्यक्ष महोदय, यदि वित्त मंत्री जी ने अपने कम्पनी बिल के भाषण में वह बातें न कही होतीं जोकि उन्होंने कहीं तो मैं इस मसिवदे पर इतना ज्यादा विचार न करता और शायद बोलता भी नहीं। लेकिन उन के भाषण ने मेरे मन में, और वहुतों के मन में, बड़े शक पैदा कर दिये हैं। सब से पहले तो मैं उन से यह पूछना चाहूंगा कि वह जो प्राथमिक पूंजी इस निधि की होगी उस के अलावा यूनिट कैपिटल अर्थात् एकल पूंजी, के बारे में क्या अनुमान लगाते हैं। प्राथमिक पूंजी जो ५ करोड़ की है, मैं जानना चाहता हूँ कि यह यूनिट कैपिटल के बारे में क्या अनुमान लगाते हैं या सोच रहे हैं। अगर वह कुछ जवाब दे दें तो मैं अपना भाषण उसी हिसाब से चलाता जाऊँ।

**उपध्यक्ष महोदय :** वह आखिर में जवाब देंगे ।

**डा० राम मनोहर लोहिया :** तो हो सकता है कि मेरा तर्क सही न हो ।

**उपध्यक्ष महोदय :** आप के क्या क्या वाइंट्स है वह बतला दीजिये ।

**डा० राम मनोहर लोहिया :** मुझे मालूम नहीं कि वह यूनिट कैपिटल के बारे में क्या सोच रहे हैं । इनीशियल कैपिटल के बारे में तो उन्होंने ने बतला दिया कि वह ५ करोड़ का होगा । यूनिट कैपिटल के बारे में उन्होंने कुछ नहीं कहा है । अगर वह अपना अनुमान बतला तो मैं अपना तर्क दे सकूंगा ।

**Shri T. T. Krishnamachari:** My ambition is that we should get at least 100 crores a year.

**डा० राम मनोहर लोहिया :** तो वह १०० करोड़ के बारे में सोच रहे हैं । अब अगर १०० ६० का एक के हिसाब से देखा जाय तो, मैं मोटे तौर से हिसाब लगा रहा हूँ क्योंकि एकदम से लगाना पड़ रहा है ।

**श्री त्यागी :** एक करोड़ आदमी होंगे ।

**डा० राम मनोहर लोहिया :** एक करोड़ आदमी होंगे । अगर १०० ६० के एक के हिसाब से रक्बां जाय तो जहाँ तक मेरा पुराना अनुभव रहा है, एक आदमी १०० नहीं खरीदता है, एक आदमी हजार हजार, दो दो हजार खरीदता है, क्योंकि आखिर बिल में लिखा हुआ है कि १००० ६० का नफा होगा और उस के बाद इनकम टैक्स वगैरह लिया जायेगा । तो मेरा अन्दाज है कि १० और २० लाख के बीच में आप

के पूंजी देने वाले लोग होंगे । लेकिन आप ने अपने मस्विदे में लिखा है कि यह हिन्दुस्तान के छोटे लोगों के लिए बनाया गया है । यह देखते हुए कि हमारे देश की आबादी ४४ करोड़ है, अगर ४४ करोड़ में से ४० करोड़ निकाल दें तो १० या २० लाख लोगों के पूंजी इकट्ठा करने का तरीका ऐसा नहीं है कि कोई कह सके कि यह छोटे लोगों के लिए बनाया गया है, हाँ, प्रचार करने का शायद इस से मौका मिल जायेगा कि यह छोटे लोगों के लिए बनाया गया है । यह मेरा पहला तर्क आप के मस्विदे के बारे में है ।

दूसरी बात यह है कि इन मसविदों से हिन्दुस्तानी पूंजीवाद पर किसी तरह की रुकावट नहीं लग पाती है । वह अपना मुनाफा करता रहता है । इस ट्रस्ट का बिल पास हो जाने के बाद भी उसके मुनाफे में किसी तरह की कमी नहीं पड़ेगी । तो फिर क्या अन्तर हो जाता है । मैं वित्त मंत्री जी के भाषणों को सुन कर इस नतीजे पर पहुँचा हूँ कि उनके मन में कुछ भी हो, उनके काम का परिणाम यह होता है कि चाहे पूंजीपति लोग अपने देश में पूरी तरह से पनपते रहते हैं लेकिन वे मीजूदा कांग्रेस पार्टी के बन्दी बना दिये जाते हैं । तो आर्थिक ढंग से वे पनपते रहते हैं और राजकीय ढंग से वे बन्दी बना दिये जाते हैं । यही इन सब कानूनों का उद्देश्य मुझे मालूम पड़ता है । बन्दी तो वे पहले से हैं लेकिन जो थोड़ी बहुत स्वतन्त्रता छोटा मोटा आदमी दिखाये उसकी स्वतन्त्रता को दबा करके रखना, उसको कांग्रेस पार्टी का मातहत में लाना ताकि वह कभी चूँ न कर पाये, अगर चूँ करे तो उसके सारे मामले को बिखेर देना, यही मुझे इन मस्विदों का नतीजा मालूम होता है । मैं फिर से वित्त मंत्री साहब से कह देना चाहता हूँ कि वह कभी मेरी बात को गलत न समझें । पिछली दफे वह बहुत गलत समझ गये थे । मैं ऐसा आदमी नहीं हूँ कि उनके दिमाग में घुस कर

[डा० राम मोहर लोहिया]

और बैठ कर देखूँ कि उनकी नियत क्या है। उनकी नियत से मुझे मतलब नहीं है। उनके काम का परिणाम क्या निकलता है, वह मैं बतला रहा हूँ। क्या होगा इस ट्रस्ट के बनने के बाद कि जिस तरह से और बहुत से निगम हैं, जिनके पास पैसा है, सरकारी पूंजी है, जनता से इकट्ठा किया हुआ पैसा है, जिसे वह दिया करते हैं। किनको देते हैं। हिन्दुस्तान के इन पूंजीपतियों को देते हैं जो कांग्रेस पार्टी की मदद करते हैं, जो कांग्रेस पार्टी की मातहतनी में आ चुके हैं। और वह मदद दो तरह की होती है। एक मदद तो होती है चन्दे वगैरह दे कर के और दूसरी मदद होती है कांग्रेस पार्टी के बड़े लोगों के रिश्तेदारों को अच्छी अच्छी जगहें देकर के। तो जितनी निधियाँ वगैरह बनाई जाती हैं उन सब का एक बड़ा खतरनाक नतीजा यह होता है कि जो हिन्दुस्तान में कांग्रेस पार्टी का समर्थन करे उसकी बात चल जाती है। इसलिये निधियों के जो ट्रस्टीज वगैरह होते हैं उनके वारों में एक मलाह देना चाहता हूँ। यह सही है कि वित्त मंत्री शायद उसे नहीं मानेंगे लेकिन कम से कम गौर कर लें आज रात भर, घर में बैठ कर। और वह सलाह यह है कि जो ट्रस्टीजकेबोर्ड बनने वाले हैं उनमें वर्तमान कांग्रेस पार्टी के किसी नेता को, मंत्री को और उसके दो पीढ़ी तक के रिश्तेदारों को या वर्तमान नौकरशाहों और उनके दो पीढ़ी तक के रिश्तेदारों को न रखा जाय। अगर इतना वे कर लें तो सम्भव है कि जो सारी बातें हो रही हैं वह न हों।

इसका एक दूसरा तरीका भी है कि जो बोर्ड आफ ट्रस्टीज बनाया जाय उसमें आप फंसला कर लें कि सरकारी पक्ष के कोई लोग नहीं लिये जायेंगे, न नौकरशाह और न मंत्री। जो लिये जायेंगे वे विरोधी पक्ष के लिये जायेंगे। मैं जानता हूँ कि इसमें बड़ा खतरा हो जाता है क्योंकि सरकार का इरादा होगा कि इस ट्रस्ट को खत्म करे

क्योंकि उसमें विरोधी लोग आ गये, और विरोधी लोगों को फंसा दिया जायेगा। वे कोई काम नहीं कर पायेंगे। लेकिन फिर भी अगर सरकार की नियत ठीक है और वह कोई जांच करना चाहते हैं तो विरोधी लोगों को भी मौका मिल जायेगा कि वे भी साबित करें कि हम कोई चीज कर सकते हैं। तो बोर्ड आफ ट्रस्टीज के बारे में आप दो में से कोई फंसला मात्र लें, तो अच्छा होगा।

मैं अपने पुराने मित्र श्री मसानी के तक को पहले से तो नहीं जान सकता लेकिन मेरा कुछ अन्दाज है, और किमी हद तक वे ठीक भी कहेंगे, कि इस ट्रस्ट के मुकाबले में अगर कुछ पूंजीपतियों के ट्रस्ट्स भी बना दिये जायें तो दोनों में एक तरह की होड़ हो सकेगी और फिर पता लग सकेगा कि कौन ज्यादा अच्छा इन्तजाम करता है। यह उनके सोचने का ढंग है, लेकिन मेहरवानी करके वे मरा भी तक मुन लें कि इस वक्त चा पूंजीपतियों के निगम हों, चाहे सरकार के निगम हों, दोनों एक दूसरे की गलतियाँ सीख रहे हैं। इसलिये होड़ नहीं हो पाती। पूंजीपति लोग सरकार से सीख लेते हैं बदइन्तजामी और सरकार सीख लेती है पूंजीपतियों से लूट और लालच। तो दोनों का मिलजुल एक सा हो जाता है। खाली अलग अलग ट्रस्ट बना देने से यह कार्रवाई नहीं हो सकेगी। इस सम्बन्ध में मैं फिर आपसे अर्ज कहूँगा कि आर्थिक ढंग से पनपते हुए पूंजीवाद को आप फंसा रहे हैं इस देश में, राजनीतिक ढंग से बन्दी होने वाले पूंजीवाद को आप रखना चाहते हैं।

मैं श्री वित्त मंत्री को याद दिलाऊँगा जो उन्होंने २८ नवम्बर को अपने भाषण में कहा था। मैं अंग्रेजी नहीं जानता, इतनी अच्छी नहीं जानता, लेकिन श्री वित्त मंत्री की जितनी तो जानता ही हूँ, और इस लिए उन में का एक

सवाल पूछना चाहता हूँ कि जो उन्होंने यह वाक्य कहा था उसका क्या अर्थ है। उन्होंने कहा था,—कि मैं सचमुच हिस्से बाजार में कोई दिलचस्पी नहीं रखता जहाँ पर कोई हिस्से नहीं हैं। अगर वह हिन्दी ठीक से न समझें हों तो उनके लिए अंग्रेजी में पढ़े देता हूँ, हालांकि यह गलत काम होगा। लेकिन उनके लिए यह पाप किए देता है। आपने २८ नवम्बर को फरमाया था :

"I do not want to scare anybody. I am really not interested in the share market where there are no shares."

यह उनका वाक्य था। अध्यक्ष महोदय, मैं इस का कोई मतलब नहीं समझ पाया। इस का साफ मतलब है कि या तो वित्त मंत्री को अंग्रेजी आती नहीं इस लिये वह गलत बोल गये या कोई ऐसा पेंच था जिसको छिपाने के लिये वह वाक्य बोल गये। मैं रुका जाता हूँ, और वित्त मंत्री साहब चाहें तो इसका मतलब बतला दें।

**Shri T. T. Krishnamachari:** The hon. Member is quoting me, but I am afraid he is misquoting me and I do not understand his interpretation. I do not know where he got it from. I do not remember what I said. I might have said I am not interested in the share market where there are no shares; possibly, that is true. That is my view. While the hon. Member said that he knows as much English as I do or I know as much English as he does, let him clearly understand I am not stupid enough to say something which has no meaning; and his play upon words, I think, is hardly either polite to the House or justifiable to his own intelligence.

**डा० राम मनोहर लोहिया :** तो श्री वित्त मंत्री महाराज ईमानदारी और बुद्धिमानी के बारे में कम बात करें। मैं उनके रि-कार्ड से पढ़ कर आया हूँ। पुस्तकालय में उनका भाषण रखा हुआ है। मुझे भी याद है कि उन्होंने

अपने भाषण में कहा था "जहाँ मेरे हिस्से नहीं हैं"। लेकिन बाद में जब उनका भाषण लिखा गया तो उसमें ये शब्द आ गये हैं :

"Where there are no shares."

वह चाहें तो पुस्तकालय में जा कर देख सकते हैं। वहाँ पर यह लिखा हुआ है, और इससे बहुत दिक्कत हो जाया करती है। इसलिये जब वह बोलें तो समझ कर बोला करें, मजाक कम किया करें, गम्भीरता से बातें किया करें, क्योंकि जब रुपये पैसे और वित्त के मामलों पर बात कर रहे हों उस वक्त दर्शन की बातें कह देना, कि मुझे शक है कि मैं हूँ या नहीं हूँ, शोभा नहीं देता। असल-में तो हमें हिन्दुस्तान के धन, खेती, कारखानों से तकदीर को बनाना है। इस मामले में वित्त मंत्री मुझ से कुछ सबक लें। गम्भीरता से बोला करें और हंसी मजाक में वित्त की बात को न टाल दें। यह बात कि "मुझे हिस्सा बाजार में दिलचस्पी नहीं है" किसी वित्त मंत्री के मुँह से नहीं निकलनी चाहिये। वित्त मंत्री का काम है कि वह हिस्सा बाजार में पूरी तरह से दिलचस्पी लें।

फिर इसके बाद उन्होंने इसी भाषण में कहा है कि मुझे दामों में थोड़ी बहुत दिलचस्पी है। मेरा ख्याल है कि उनका मतलब चीजों के दामों से ही होगा, खास तौर से चीनी के दामों से जो कि बाहर बिकती है और जिस के द्वारा हम काफी विदेशी मुद्रा कमाते हैं। तो यह उनका पूरा भाषण था। इस सम्बन्ध में जब मैंने बिल्कुल साफ तौर पर कहा तो त्यागी जी ने मुझे टोका था। मैं उन्हें याद दिला दूँ। जब मैंने हिस्सा बाजार के बारे में कहा तो त्यागी जी बोले कि वह सट्टा है। तो मैंने जवाब दिया कि—त्यागी जी अगर आप और मैं सट्टा करें और हमारी कृष्णमाचारी जी से दोस्ती हो तब हमारी तकदीर खुल सकती है। यह मैंने अपने भाषण में साफ कर दिया था। उनको समझा दिया जाये।

[डा० राम मनोहर लोहिया]

अब मैं वित्त मंत्री साहब को एक घटना पेश करना चाहता हूँ और एक वाक्य नजर करना चाहता हूँ जो कि मुझे कुछ अमरीकी दोस्तों से मिला है। वे सरकारी आदमी नहीं हैं। वे लोग न किसी गद्दी पर बैठ और न बैठेंगे, साधारण लोग हैं। उन्होंने मुझे चिट्ठी में लिखा कि तुम्हारा रक्षा मंत्री माचारी यहां आया हुआ है। तो पहले तो मैं नहीं समझा कि यह माचारी कौन हैं। फिर मैंने सोचा कि शायद यह कांग्रेस के ज्यादा विख्यात आदमी श्री कृष्णमेनन के आधार पर 'कृष्ण' काटकर इन लोगों ने 'माचारी' लिख दिया है। तो यह इत्तिला मैं देता हूँ। उस खत में उन्होंने लिखा था कि कि माचारी साहब की अमरीका के बड़े बड़े लोगों के साथ एक दावत एक रात को हुई, जिसमें वह बोले और अच्छा बोले, लेकिन लोगों पर यह असर पड़ा कि वह चिकना बोल लेते हैं लेकिन दमदार नहीं बोलते हैं। यह जुमला मेरी चिट्ठी में लिखा हुआ था कि वह चिकना बोल लेते हैं लेकिन शक्तिशाली या दमदार नहीं बोलते। और उनकी जानकारी के लिये मैं यह बता दूँ कि उस दावत में अमरीका के रक्षा मंत्री श्री मैकनामारा भी उपस्थित थे। मैं समझता हूँ कि वह अभी बदले नहीं हैं और उस पद पर मौजूद हैं।

तो इन सब बातों को देखते हुए मैं वित्त मंत्री साहब से एक अर्ज करूँगा कि वह सारे वित्त के, हिस्से के और विन्यास के मामले पर शुरू से लेकर आखिर तक सोचें, और विचार करें, और इस पर ध्यान न दें कि मैं क्या हूँ और मैं बेलगाम बोलता हूँ या लगाम के साथ बोलता हूँ। उनको जानना चाहिये कि मैंने अपनी जिन्दगी के तीस चालीस वर्ष इस देश के काम में बिताए हैं, चाहे वह काम अच्छा हो या बुरा हो। बेलगाम तो कभी कभी वह खुद हो जाया करते हैं, उनको चाहिये कि लगाम के साथ बोला करें। हमारी तरफ से अगर कोई सख्त बात कही जाती है तो उनको याद रखना चाहिये

कि हन गद्दी पर नहीं बैठे हैं और वह गद्दी पर बैठे हैं, और हमारा काम जनता की तरफ से उनकी त्रुटि निकालना है। इसका यह मत लब नहीं है कि त्रुटि निकाल कर हम उनको बुरा कहना चाहते हैं। बहुत बातों में तो मैं उन को पसन्द करता हूँ। कुछ हाजिर जवाबी उनमें है, कुछ बढ़ि उनमें है। इस लिये उन से पैतरा करते हुए मजा भी आता है। लेकिन इतना मैं कहे देता हूँ कि वह हिन्दुस्तान में पूँजीवाद को खत्म करने के लिये एक भी पग नहीं उठा रहे हैं, पजीपतियों का मुनाफा कम करने के लिये एक भी पग नहीं उठा रहे हैं, केवल पूँजीपतियों को अपनी कांग्रेस की मातहतती में लाने के लिये विभिन्न पग उठाते चले जा रहे हैं। यह है मेरी बुनियादी आलोचना उनके ऊपर। और उन पूँजीपतियों में भी वह भेद करते हैं एक गिरोह और दूसरे गिरोह के बीच में। जो गिरोह उनकी हाँ में हाँ मिलाता है और सम्पूर्ण रूप से उनका पूरा काम करता है उसको मदद देने की कोशिश करते हैं। इसमें वह अगर कुछ परिवर्तन कर दें तो बड़ा अच्छा होगा। और गुस्सा मत करना वित्त मंत्री साहब।

**Shri Umanath (Pudukkottai):** Mr. Deputy-Speaker, Sir, on behalf of the Communist group, I rise to oppose this Bill and that too on a matter of important principle. First of all, I would like to clear one point. In the Statement of Objects and Reasons of this Bill, this trust is called the public sector project. Now, profits in the public sector project go to the State or to the community as a whole. Here, the profits of the trust will go to the individuals as unit-holders. To call this a public sector is a misnomer, and it cannot be accepted.

Ever since the introduction of this Bill, the Ministry has been inspiring a big fanfare throughout the country about this Bill. The Trust is supposed to afford the middle-classes and the



working classes an avenue of investment. The big business press also has been advertising this particular point through editorials saying that this is a big investment opportunity for middle-classes and working classes. It is tom-tommed also that Jaipur resolutions are unfolding themselves by shifting the emphasis on opportunities, in favour of the middle-classes and the working classes than in favour of monopolies.

Let us see whether it is true that this is for the middle-classes and the working classes. I read the Statement of Objects and Reasons. I went through the notes on clauses. I went through the clauses themselves. I do not find anywhere any exclusive guarantee to the middle-class investors in this Bill. I do not see any provision or explanation where this guarantee to the middle-class or working class is contained. On the other hand, on page 20 of the Bill, it is said in the Statement of Objects and Reasons that the Trust will give opportunities to "various classes of investors". Various classes means all classes of investors. Today we know that all classes of investors does include and the major part of them are mainly the big financial houses and monopoly houses. Secondly, on page 23, in the explanation on clauses, it is said:

"There will be no limit to the number of units which can be purchased and held by the unit holders."

So, it is very clear from this that the sponsors were more concerned about ensuring the entry of big business into this, other than anything else. All talk of middle-class and working class being helped is bosh!

Granting that the savings of middle-class and working class would be mopped up, what is the Trust going to do with these community savings? Is it going to use the community savings to further the country's development? Are these mopped up savings

going to be used for further industrialisation of the country or for further expansion of production or for strengthening the defence sector? Absolutely not. The purpose to which all this money will be put is explained on page 22, where it is said:

"Clause 19 deals with the business which the Trust is expected to transact. The trust will buy and sell securities, including bonds, shares or other stock of statutory corporations, companies or other bodies corporate."

Note the words "buy" and "sell", particularly "sell". This is the business for which the money will be used.

The implication of this is, suppose the book value of a share is Rs. 100. I sell it for Rs. 200. Does this additional Rs. 100 go to add to the capital of that particular company? Does it add to the production of that company or help to cheapen the goods which the company produces? Nothing of the kind. On the other hand, capital, production and price will all remain the same. Independently the price may go up also. But I make some money. That is all which this transaction is going to help. Generally the middle-class is careful about investing their savings in new projects, not knowing what will happen. If the Government comes forward to guarantee the middle-class against losses and some profits also and help them to use that mopped up money in new undertakings that it will go to strengthen the nation's economy and the plan targets that must be understandable. Then the mopped up money will be put to economic, productive use and not unproductive use. But here it is pure and simple speculation.

That is why we find that the stock exchanges have generally welcomed this Bill throughout the country, because they are quite convinced that their blood brother is going to be

[Shri Umanath]

born. All tom-tom about helping the middle-class and working class in this context is a smoke-screen to cover up this real aim. Purchasing and sale of shares play the same role as playing cards do in gambling. Let this Government do it. But don't call it socialism and slander the scientific term. That is my objection.

Let us see whether this Trust will help to break the grip of big business on stock exchanges. Today, stock exchanges are controlled by monopoly houses. Government is allowing the control of the monopoly houses to remain. They are allowing them power to hold shares and the power to bring down the price of shares. While allowing all these, the talk about influencing the stock exchange and preventing the unfair effect of stock exchange on the country's economy is meaningless. Government is going to dovetail itself into the stock exchange operations by this Bill.

Who will operate this trust fund? It is said that a Board will be constituted with 4 members from Reserve Bank, 1 from L.I.C., 1 from the State Bank and 2 from scheduled banks or other institutions. Some say that the Board will be dominated by Reserve Bank and other institutional directors and representatives. Two will be from scheduled banks, i.e., from private sector. About Reserve Bank nominees, on pages it is stated:

"4 trustees to be nominated by the Reserve Bank, of whom not less than three shall be persons having special knowledge of, or experience in, commerce, industry, banking, finance or investment."

Not less than 3; i.e., all the 4 can be such representatives. When the question of nomination to the National Industrial Development Corporation came up, a similar clause was applied. What happened? On the N.I.D.C., one of the directors nominated is Mr. Anantaramkrishnan, owner of 22

directorships in big business; then, Mr. D. P. Goenka, owner of 20 directorships in private companies; Sir A. Ramaswami Mudaliar, owner of 21 directorships in monopoly houses; Mr. R. A. Poddar, owner of 19 directorships in private companies. I can give a long list; I have taken it from the reports of the Company Law Administration. In this way, Government have nominated 44 directors in public sector companies, who own 334 directorships of their own. Thus here also, with the two from the private sector banks, three other experts of big business who will come in as experts in investment. We know that there is no single speculation expert in this country who is unconnected with monopoly houses. So, it will be dominated by friends of big business and cornerers of shares.

Even if some officials are going to be there by chance, they do not know much about the investment and share markets. We have seen it in the Mundhra enquiry. One officer, Mr. Patel, said that he understood the prevailing market referred to the rate prevailing on 21st June. Another officer, Mr. Vaidyanathan, said he understood to be the prevailing market rate on 24th June. The Chairman of the Corporation, Mr. Kamat, said that the closing market rate on 24th was the market rate of his understanding. So, all the three officers who dealt with the same operations had three different views. With such limited and shabby knowledge, definitely the officers on the Board will be relying mainly upon the so-called speculation experts, who are the friends of big business. So, the friends of big business will have full powers. After the withdrawal of the initial capital, even the Reserve Bank, L.I.C. and State Bank will have no power to nominate. Once the Board is constituted, the Central Government also will have no power to interfere. For 4 years, the directors cannot be removed. The result can be imagined.

Some may say that under the provisions, the Reserve Bank can give directions on policies. What could that clause mean? There is an equivalent clause in the L.I.C. Act—section 21—enabling the Central Government to give directions on matters of policy. This is what Justice Chagla says about the meaning of the provision in his report:

"In my opinion, section 21 embodies the ideal compromise between autonomy of a statutory corporation and the control which must be exercised by a welfare State over such a corporation. By leaving the Corporation completely independent to manage its own day-to-day administration, by leaving it free to invest its funds in the interests of the policyholders, Government could only control its discretion when a question of policy involving public interest arose. Government could not tell the Corporation that it should or should not invest in any particular shares. It could not tell the Corporation that it should help a particular industry, much less a particular individual."

There is just a similar clause here. So, enabling the Reserve Bank to give direction on matters of policy, does not prevent the Reserve Bank to guide the investment operations of the Board. Ultimately, what will happen is that the Trust Board will be an absolutely independent body transacting business connected with stock exchanges. This is going to be the net result. In the stock exchanges, artificial depressing of shares is going on; artificial boosting of share is going on. Cornering of shares and gaining control of various companies continues to be the rule of law. Mr. Chagla says that it is possible. On page 13, he says:

"The negotiations for this deal had been going on in Bombay since the 21st June and there is evidence that this fact was known in Calcutta a week before the

24th. If Mundhra was to get the price which was quoted on the Stock Exchange on the 24th, nothing was easier than for him to manipulate the market by raising the price of his scripts on the 24th. This manipulation neither requires much finance nor much ingenuity. A small transaction could be put through on the 24th at a higher rate, which would become the closing market rate for that day."

I am quoting it just to prove that manipulations are possible. This is from the finding of the Chagla Commission. So, with such transactions in operation in stock exchange and with the Board being open to control by big business, this Trust will be another instrument in their hands to corner shares and gain control of various companies.

Further, with the door open to big business to purchase unlimited units and with the provision for distribution of not less than 90 per cent. of the profits, minus the expenditure of the Trust to unit holders, this will be an instrument to corner maximum profits by big business people. Of course, they can have *benami* people as unit holders; it is very easy these days.

Much is talked of America, that in America such Trusts were there. Yes, in America such Trusts were there, because in America substantial savings of the middle class were there unlike in India and the big American monopolies had their eye on the middle class income for making speculative gains. That was the purpose of the Americans to have such Trusts. Since our Minister is quoting the American example with some modification, it means the object of the Unit Trust also in principle is the same as that of the Trust in America.

Finally, as we all know this country has a Plan. Our Plan has certain priorities, namely, capital formation, proper investment in the public sector, etc. The community savings

[Shri Umanath.]

must be channelised in furtherance of the nation's priorities, and if that is done it will further strengthen the nation and it will mean lesser taxation on the people. It will be the biggest crime for the Government to mop up community savings to further speculative gains. Perhaps it was because socialism—perhaps it is the redefined Jaipur socialism—is suited hundred per cent to the interests of big business in this country that a person declared. I am quoting from the *Times of India*, dated 28-11-1963:

"In his presidential address, he said that the industrial and trading community was one with the people in their aspirations to establish democratic socialism. In re-defining democratic socialism, he added, Mr. Nehru had confirmed his faith in the objectives embodied in the Constitution."

Then he said:

"It is only under these conditions that democracy can survive, as has been stressed in the Jaipur resolution."

Here is a gentleman who vouchsafes for the Jaipur resolution, for the re-definition of socialism. I do not think anybody will be surprised to know that that person is none other than Shri Shanti Prasad Jain. Under these circumstances, Sir, it is high time for the Government to give up this garb of a socialism and allow the country to go forward along the real path of scientific socialism.

**Shri Morarka:** Mr. Deputy-Speaker, Sir, as I sat here and heard the speeches of the two hon. Members from the Opposition, I must confess, I was not only surprised but also disappointed. Dr. Lohia who spoke first took this opportunity to criticise the Finance Minister. He said only one thing which is pertinent or relevant to this Bill. What he said was that in this institution whatever money is col-

lected would ultimately be invested in the concerns of monied people. As against that, Shri Umanath's feeling is that only moneyed people would buy the units. If you compare these two speeches....

**Shri Umanath:** I did not say 'monied moneyed people'.

**Shri Morarka:** He said that mostly moneyed people will buy and moneyed people will control this. If you put these two speeches together, what would be the net result? He says money would come from monied people and Dr. Lohia says money would be invested in the concerns of the monied people. If the moneyed people want to invest their money in their own concerns, I do not think there is any law which prevents them from doing it. If the speaker who preceded me had studied this Bill more carefully or at least as carefully as he studied the Chagla Report, perhaps he would have made a better contribution to this debate. He missed the main points in this Bill and concentrated only on Chagla Report.

At the present moment there is no opportunity for the middle class and the lower middle class people to invest their savings, whatever they may be—their savings may be small or meagre—in any industrial enterprise or commercial undertaking. In other words, they do not get any benefit from the increasing prosperity of the country. They could do that only if two conditions are satisfied, namely, that the value of the shares of the industrial unit is very low so that they can buy them with their meagre savings and, secondly, they are prepared to take risk about the fortunes of that individual unit. In order to diversify the risk, in order to reduce the risk to the minimum—the risk of investment—and also to give them a chance to invest any amount, even as small as Rs. 10, this Unit Trust is being set up.

The only criticism against this Unit Trust, which I have read in the Press as well as heard outside, is that instead of this Bill there should have been passed a general enabling law under which Unit Trusts could be created not only by the Government as a monopoly in the public sector, but by any person who wants to set up a Unit Trust. I do not agree with this criticism. So far as this particular type of institution is concerned, there are reasons, in my humble opinion—very valid reasons—why a Unit Trust should not be started, at least to begin with, in the private sector. The reasons are; firstly, till now there has been no control, no check at all on the establishment of, what is known, as the investment company. These investment companies have been started in this country ever since the year 1933 when the recommendation in the Minority Report of the Banking Enquiry Committee was first made. In accordance with its recommendations certain fiscal concessions were also given, namely, exemption from the super tax on the dividend income of these investment companies: Notwithstanding that and notwithstanding the fact that there are about 800 to 900 such companies in this country, they have not served the real purpose for which such companies were created. They have not mobilised the savings of this particular section. What they have done is, they have more or less affiliated themselves to one industrial house or the other and instead of playing the role of an investment company they have assumed the character of holding companies. They have held shares in most of the companies within that particular group.

Secondly there is another reason also why I say that at the present moment there is no need for a trust of this type to be created in the private sector. The savings of the people in this country are very low and the confidence of the people is more in the government than in the private individuals.

Thirdly, there is no room at the moment for many trusts of this type to exist side by side. After this movement gathers momentum and people develop confidence, then perhaps there may be some justification for starting more such trusts in the public sector or have some in the public sector and some in the private sector. To begin with, as an experiment, it must be done very carefully. The confidence of the people has to be developed in this type of Trusts.

Fourthly, Sir, you know that the life insurance business has been nationalised. One of the main reasons for nationalising it was that life insurance business mobilises the savings of the people, mostly the poorer sections of the people. Those savings were invested recklessly, with a certain amount of bias and not judiciously and that was the main reason why Government was compelled to nationalise life insurance business. When Government has nationalised life insurance business on those grounds, it would be absolutely inconsistent and understandable how it can allow such a trust to be incorporated in the private sector.

Firstly, there is a demand for nationalisation of banks. Though Government has not accepted that demand, it cannot remain oblivious to the feelings of the people. Though it may not nationalise banks for the present, the fact remains that there is a desire on the part of the people that the savings of the community must be controlled by the State and not by the individuals. When the savings of the community are controlled by the State, they are utilised in the interests of the society in general; on the other hand, if they are controlled by a few individuals, there will be an investment-bias.

16 hrs.

There is also another reason why at the present moment we should not have such a trust in the private sector.

[Shri Morarka]

The number of securities in our stock exchanges are few. There is no scope for many such trusts to function. I wonder whether there would be enough scope even for one trust of this size. As the hon. Finance Minister stated, we have got huge investment programmes and when these programmes are implemented no doubt we would have more of industrial securities but, just at the moment, it is very difficult to feed even one such Trust.

Then, for the initial capital that is required, Government has found Rs 2½ crores from the Reserve Bank, Rs 75 lakhs from the State Bank and Rs. 75 lakhs from the Life Insurance Corporation, making a total of Rs. 4 crores, and Rs. 1 crore from all other scheduled banks. If this facility is given to the private sector, can anybody seriously say that initial contributory capital of the magnitude of Rs. 5 crores could be found by any one of them? When even in schemes which are more lucrative, which are early-maturing, people do not find enough capital, it would be much more difficult to find capital for this purpose. Therefore, from this point of view also, to begin with at least, this institution must be in the public sector as is at present proposed.

The scheme which the Government has envisaged in the Bill is, in my opinion, a perfect one, where the control and direction of policy matters and other things reside with the Reserve Bank. The Reserve Bank is one institution against whose policy or impartiality nobody in this House or outside can say anything. When an institution like the Reserve Bank, which is the currency authority of this country, has been entrusted with the task of appointing suitable trustees, giving directions and looking after the management of the trust. I think no one should have any objection, in fact, no better agency could be found for this purpose in this country.

There are a few suggestions which deserve the attention of the hon. Minister. Firstly, coming to the tax concessions which the hon. Minister has given, so far as the Trust is concerned, the concession will apply to the entire income of the Trust from the dividends or from other sources. The Trust will not pay any income-tax, super-tax or super profits tax. But, so far as individuals are concerned, there is an exemption up to only Rs. 1,000, and that is only for the purpose of income-tax; not for the purpose of super-tax. In marginal cases, what may happen is that a person who was not attracting the provisions of super-tax hitherto, by getting this Rs. 1,000, would come under the bracket of super-tax in which case, even though he would be gaining in income-tax he would be losing by way of super-tax. I am sure, the hon. Finance Minister will give careful consideration to such marginal cases and give some relief.

Apart from the question of mobilising the resources of the people and giving an impetus to the industry, another useful purpose which this Trust is going to perform in times of crisis is to give support to the faltering stock exchange. Stock exchange is an index of the market position and unless it is supported in such times by some agency or the other, a crisis can be developed very fast.

Experienced people and experts who guide the investment and diversification of investment of this Trust will no doubt be a great advantage to the unwary and poor people. It was not long ago that the interests of the small investors was roused in the field of investment in industrial shares. They were mainly attracted by the quick profits that the others were making. Because, the shares, even before they were issued, were being quoted in the market at a premium. So, people who were not genuine investors bought the shares when the price was low and sold them when the price had gone up, even before the

shares were actually issued. This type of people the stags took advantage of the unwary and poor investor. But a contingency like that, a possibility or situation like that would not arise if we have a Trust of this type. Because, the investment of the Trust funds would be spread over and diversified in so many securities, that even if one security turns out to be bad or inferior, the profits in the other securities will more than make up for that and on the whole the investor, the unit-holder would stand to gain.

At the same time, the investors should also understand one thing. So far as this Unit Trust is concerned it cannot give them very quick profits or large speculative gains. They must look upon their investment or the purchases of this unit from a long-term point of view, because then only they would get the benefit of capital appreciation as well as a steady dividend income.

I am sure Government and Reserve Bank will take note of the fact that our people are not very much investment minded yet. Therefore, the target of Rs. 100 crores per year which the Finance Minister has in view would be achieved only if people are properly educated. Unless something is done so that the advantages and merits of this Trust scheme are brought to the notice of the small investors, I am afraid that at least in the initial period the targets may not be achieved.

Now I come to the few suggestions which I have to make in this connection. Firstly, since there would be two big investors one the Unit Trust which we are now incorporating and the other, the one which is already existing, the Life Insurance Corporation, there should be some sort of working understanding or arrangement between the two. Otherwise, they can easily compete with one another and, in the process, their interests may suffer. So, there must be some sort of understanding.

Secondly, the hon. Finance Minister must give some indication of the investment policy which this Corporation or Trust is going to pursue; and when I say the investment policy, I do not mean the details but the broad outline must be indicated. For example, what would be the maximum amount that this Trust will be permitted to invest in the securities or shares of any one company? Secondly, what would be the policy it will follow in under-writing shares of new companies? What would be the distribution of the investment between the shares, debentures, preference shares and Government securities? Would there be a qualification, that is, a minimum return on the shares before an investment can be made and also in what circumstances the investment could be liquidated or the holdings could be sold? These are the general things about the investment policy which at the time of incorporating this the hon. Finance Minister might indicate.

Then, this must have a research and statistics department. That is very vital. For any unit trust to be successful it must have a very elaborate research and statistics department. I am sure, though there is no provision in the Bill itself, the hon. Finance Minister will take note of it and ask the Reserve Bank to start one.

Then, as the hon. Finance Minister has also said, in due course the unit holders must get a right to elect their trustees. At present for practical difficulties this right is not being given, but in due course when the contributory capital is refunded and repaid, the only capital that would remain would be the capital of the unit holders only, the holders, must have a right to elect some of the trustees at least.

A portion of the provident fund savings must be diverted towards the purchase of these units. That means, the workers would automatically get the benefit of increasing industrialisation, growth and prosperity etc.

[Shri Morarka]

My final suggestion is that the value of the units concerned must be calculated as frequently as possible and must also be publicised every week for the information and knowledge of the people so that when the purchase and sale of these units take place people would know what their actual worth is.

I have got a few other points also but since my time is up, I hope to take them up at the time of the clause-by-clause consideration. But there is one point which strikes me as very obvious. Clause 23, sub-clause (1) provides that when profits become divisible among the contributaries they would be divisible according to the proportion of their contributory capital, but in sub-clause (2) the same phraseology is not used for profits becoming among the unit holders. In other words, it is not known how the profits would be divisible among the unit holders. I think, it is only an obvious omission and there also it should be in the same phraseology.

**Shri M. R. Masani:** Mr. Deputy-Speaker, Sir, I rise to speak in support of my amendment, namely,—

“That the Bill be circulated for the purpose of eliciting opinion thereon by the 29th February, 1964.”

Sir, when I saw the name of the Unit Trust of India Bill on the Order Paper a few days earlier I was delighted. I thought that my hon. friend, the Finance Minister, who is an imaginative person was going to perform a great service to the country by bringing in legislation that would enable the formation of unit trusts in our country by giving such trusts certain facilities and, maybe, some tax concessions. I was glad because, as the hon. Minister has pointed out, there are certain extremely beneficial aspects or features of a unit trust as it has been practised in Britain and America. The first is that it enables the mobilisation

of the small savings of the small man which otherwise might remain unutilised productively. The second benefit, as he himself has said, is that it fosters the creation of a property-owning democracy, an ideal that really is the highest form of socialism and of social welfare in any part of the world where the great bulk of the people participate in the process of production by seeking to invest their little savings and getting their share of the national dividend in that way.

Today, if there are countries where there is social justice and social advance, they are the countries where the unit trust, among other things, has made its contribution. Finally, the unit trust, as has been said by the hon. Minister, provides even the small man with the chance of avoiding putting all his eggs in one basket and of spreading his savings thin so that no disaster may overtake him. Even a man who puts in Rs. 10 does not put all the ten rupees in one enterprise; a rupee each goes to ten enterprises so that if one makes a loss he might be compensated by the gains and profits of the other nine. This diversified portfolio, which was beyond the reach of the small man with Rs. 50 or Rs 100, now comes within his reach. These are tremendous advantages.

The story of the unit is a success story. In America the total investments go into billions. Even in Britain there are £257 million investment in these small amounts. The essence of the Unit Trust is a voluntary coming together of small investors. The essence of it is that it is non-official and the Government has no role to play whatsoever except that of supervising the honest administration of these funds. The third and the most essential aspect of the Unit Trust is that it enters into free competition with other Unit Trusts and with other investment organisations in the country. Their healthy principle of competition is what has



developed Unit Trusts and made them what they are in these countries. It is for these reasons that I said I was delighted that we in our own country were going to facilitate such an institution coming into existence. But when we read this Bill, my hopes were dashed because I found that this Bill was something quite different—that a very good idea was being distorted and twisted to an unfortunate purpose.

There is nothing wrong with a Corporation being put up even under the aegies of Government. I believe in the mixed economy. If a governmental Unit Trust wants to compete with the other Unit Trusts, I have not the least objection. I wish it luck. But this is not what the Bill does. The Bill does not bring into existence one official Unit Trust and say that everyone can come into the field. I am very glad to say that my friend Mr. V. B. Gandhi of the Congress Party has tabled an amendment, List No. 2, where he wants that similar privileges and similar facilities should be given to other Trusts whether they may be in the State sector or the free sector. If the hon. Minister would give a categorical assurance that in the next session, he will introduce such an enabling Bill as Mr. Gandhi wants, by which other Unit Trusts will get the same tax advantages and the same facilities, any doubts that I may have on the subject I would be prepared to give up.

**Shri T. T. Krishnamachari:** I am sorry I have to allow the hon. Member to continue to have this doubts.

**Shri M. R. Masani:** Then I am sorry I am confined in my suspicions about the intentions and the effect of this Bill. This Bill creates another State Capitalist Monopoly. We are opposed to all monopolies, whether in the State sector or the private sector. But this Bill creates another obnoxious State capitalist monopoly. It will have very disastrous effects on the industrial future of our country. Let

there be no questions as to who will dominate the Corporation. It is the Government of the day. Eight out of the ten trustees are going to be the nominees of the Finance Minister. The Finance Minister says that the Central Government only occurs once in the clause about the dissolution. But that is not so because 8 out of the 10 institutions that will nominate the trustees are themselves the nominees of the Government. Therefore, this will be a Corporation dominated four-fifths by the Government of India and one-fifth by the spokesmen of the scheduled banks who are given a minor share.

I think it is a pity that this is so because it gives a false start to a good idea. And I say it is a pity because it is going to doom the idea to failure. I fear that this is going to be an unsuccessful effort, unsuccessful because of this bureaucratic domination of what should have been a free institution.

Contrary to my friend Mr. Morarka, my understanding is that people do not trust the Government to administer their funds because they know what a mess they have made of the administration of the State enterprises which give 0.5 per cent return on capital. If they think that the Unit Trust Corporation is going to give them  $\frac{1}{2}$  per cent on their capital, on their money, not even a man with Rs. 10 is going to sink his money into such a wasteful project. Therefore, with this unfortunate record of failure of State enterprises in our country, to ask the nominees of Government now to invest profitably the savings of the small people is to create difficulties in this investment. There are people in whom the small investor has confidence. This is shown by the fact that in public limited companies are thousands and thousands of small shareholders, some of them going to lakhs now. In America, the number of shareholders of Corporations goes into millions. If, in place of that, you put a few bureaucrats to administer your

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investments, then people are going to keep away from this experience. No doubt, some money will be found because of the tax exemption, because of this bribe or bait that you do not pay income-tax on these earnings. But that is not adequate because in the end it is confidence in the capacity, in the vision, in the imaginative qualities of the investors that will win. In Britain, Unit Trusts have succeeded because the men who run them are not only honest but are also captains of industry and finance, because they know how to make profits. They know what will make a profit—they have got good judgment. Now, the bureaucrats who are officials in State institutions are good people; they are honest people and they will do an honest job. But they are not fitted for the role of being entrepreneurs or judging entrepreneurs.

Then, as my hon. friend Dr. Lohia quite rightly pointed out, politics will enter into this. There is no question about it. Politics will enter into it as it has entered co-operative societies, land mortgage banks and other public institutions in our country. In the United Kingdom, investments are made by the trustees on merits. Their only anxiety is to know: 'Is it a safe investment? Will it give a good profit?' But, here there will be a third consideration, namely politics; and politics may take relatively desirable or relatively undesirable forms. The relatively desirable form is 'what is in the public interest'. The trustees like other Government institutions will say 'We think that the country needs more of this, and we think that the country needs less of this'. As soon as this kind of arbitrary subjective factor enters into the judgment of where the money of the investor should be invested, you are not going to make the maximum profit because doctrinaire considerations will enter. This is the lesser evil.

But the bigger evil, as Dr. Lohia pointed out, is the corruption that this

will bring in. Every licence and permit already is a source of corruption. Now, you will get a very big lollipop offered; if this Unit Trust invests in a company, it gets capital; if the Unit Trust does not invest in it, it does not get capital. Think, Sir, of the financial power of corruption that will be implicit in such an arrangement. Think also of the prejudice that can be exercised, because the Unit Trust of India will have prestige and its refusal to invest in a company would be considered to be a black spot on the credibility of that concern. Supposing a particular concern applies for a loan and it is refused, people will be frightened, and they will say The Unit Trust of India does not trust this concern; it is going down. In other words, it will be a kind of Damocles's Sword. The granting of credit will be a favour and the denial of credit will be punishment.

Then, judging by the light of what happens in connection with the funds of political parties during elections, which are tolerated by the Congress Party against the wishes of all the Opposition Parties,—when the Companies (Amendment) Bill was before the House, every single party, except the Congress Party, wanted to ban corporate contributions to political funds, excepting the majority party which carried it through the House, and they were the greatest beneficiaries of that provision in 1962—in such a situation it is quite clear that the danger will be that there will be a *quid pro quo*, that a firm that gets money from the unit trust will be expected to give back a part of it to the coffers of the Congress Party. This is a danger that we cannot ignore after the scandal involving Shri K. D. Malaviya and Shri Serajuddin. These are things that are bound to happen. Some Ministers may be honest; others may not be so scrupulous.

Therefore, it comes to this that to the already suffocating amount of corruption in the country we are going

to create and add a new instrument of corruption.

There is also another positive danger. Funds that would have gone to productive enterprise earning 6 per cent or 8 per cent or 10 per cent or 12 per cent as in the normal course, would now be drained away from productive enterprise because of this tax concession. The bribe or the temptation to avoid paying tax will be there, saying 'Why do I give it to a private company? Why do I not give it to the Unit Trust, because I would not pay tax?' As I said earlier, there is every likelihood that the investments made by the Unit Trust will be less productive than the investments made by those who are risking their own capital. Therefore, moneys will be diverted from more productive investment to less productive investment like the State enterprises which give their half per cent of return on capital. Is that a good thing for the country? Is it going to help our economic development?

So, there are the political dangers of corruption, political patronage, political victimisation on the one hand, and the economic dangers of diverting investment from more productive to less productive quarters on the other. These are the dangers of monopoly. As I said, we are opposed to all monopoly, whether in the State sector or in the free sector.

This is an unfortunate adaptation of a very valuable device. What should have been done would have been, as Shri V. B. Gandhi has suggested, to bring forward an enabling Bill to say that from now on a Unit Trust may be formed by any group of people who want to form it, and they will have such and such regulation and supervision from the side of Government and they will have such and such concessions or tax rebates. And then, let the field be open. Shri Morarka gave a very pathetic rationalisation of the reason for this mono-

poly. He said that nobody else would be in a position to find the capital. Well, if nobody else would be in a position to find the capital, why are you frightened of it? Why bar competition if you are prepared to face it? The answer is that there are sources in this country from which rival corporations would have come. Shri Morarka's plea that money is not available is a very good reason for throwing the door open to anyone. If Shri Morarka is so confident that nobody else can put across Rs. 5 crores, he should support me in saying, 'let there be an open door. Let anyone come with Rs. 5 crores. I do not believe he will'. It is precisely because competition would come in that, this tax rebate basis, a monopoly is being created. All monopolies are bad, and a State monopoly is the most vicious of the lot.

Therefore, since this measure is a distortion of a good idea, since the country has not had time to consider it—most people do not even know what it is about, including, if I may say so, many hon. Members of the House—it is necessary that some more thought was given to it to study the measure in its implications, and that is why I propose that this Bill be circulated for eliciting public opinion for a period of three months.

May I say in conclusion that this is not the only or isolated example of efforts to hustle the House into passing hasty, ill-digested legislation? Bills are flung at us by the half-dozen and we are told that within a fortnight or week three of them have to go through and become law. This is not worthy of this Parliament. If there is a new measure, let it go to a Select Committee, a group of 20 Members of this House, let them study it, turn it around. There is no reason for the ruling party to worry. It will have its majority. Why this indecent haste in wanting to create new institutions within one week? What is wrong if we wait till the 29th February? The heavens are not going to fall if the

[Shri M. R. Masani]

Unit Trust is not brought into existence for three months. Bureaucratic delays will take that much of time anyhow. It is much better that we properly digest these proposals and examine their implications, *pro and con*, and if after that the House is satisfied, let a Select Committee report on it. Let the Select Committee try to improve the measure and report to us. But this attempt to ram things down the throat of Parliament without giving sufficient time for discussion and assimilation is a bad practice. And our amendment is a protest against this attempt to hustle the House into passing a measure which most of us have not had time even to understand.

**Shri A. S. Alva** (Mangalore): Sir, I welcome this Bill. Shri M. R. Masani who spoke for circulation of the Bill is reading too much into the Bill, which is really not warranted by the provisions of the Bill itself.

This is an enabling measure which the Government are bringing forward to see that as far as possible the small investors, even wage-earners and middle class people, could invest their money in some enterprises so that they may get the best benefit out of it. As far as big business is concerned, there is absolutely nothing that prevents them from forming companies or from speculating or from doing any such thing. But unfortunately in this country, there are several investments which draw the money of the poor man, the middle class man, because he does not know what is best for him; sometimes he also finds it difficult to invest the amount in private banks and so on.

To help him out of this difficulty, this Bill has really come in very handy. As a matter of fact, here the units which range from Rs. 10 to Rs. 100, and one investor does not compete with any other investor. A rich man can invest any amount in

these units; so also can a poor man. The advantage offered to the poor man is that in respect of the income he gets out of it, upto Rs. 1,000 will be free of income-tax. Further the expenses of the management that will fall on the units will be only 5 per cent or less. That is to say, practically they will be getting almost the entire income.

It is said that Government is creating a monopoly, so that corruption may increase, so that they may invest this money in whatsoever concern they like, where they get only two per cent or half a per cent profit. That is not at all correct. Government is easily charged with corruption, but we know that in the private sector it is not only corruption, but the entire money also goes away from the investors. The Vivian Bose Report has been an eye-opener to us as to how two or three people can form a subsidiary company and draw away the entire money of the shareholders and deprive them of their investments.

Here, though the trustees will be nominated by Government, there is no harm in it. After all, people have elected them, and the majority party forms the Government. Corruption will be there as long as the nation itself is corrupt. That is the difficulty. People should realise their responsibilities. It is they who make others corrupt. If the consciousness of the ordinary man is roused that he should not offer bribe or do such things, corruption will become much less. So, there is no point in talking of corruption, or saying that Government will misuse people's money.

Shri Umanath talked about socialism and all that, but they are beside the point. Government only wants to see that the poor and ordinary people who have also got some money to invest, may have an opportunity to do so, and they will be safe if it is a Government institution. Otherwise, the

entire money of theirs will be spent and savings will not be done by them. That is the main purpose. Shri Umanath also said that the trustees will not know anything. Actually, they will include persons who know where to invest and how to manage the institution.

Another inducement to the ordinary investor is that whenever he wants back his money, he can transfer his unit. The Trust itself will buy it back at the price quoted on that day, so that not only is his money safe, he can also, get it back when he wants for other purposes.

I have to disagree with Shri Morarka on one point. He was speaking about marginal cases with respect to the exemption of super-profits tax. A person can always distribute his units among several persons, so that each comes within the margin, and thus save a lot by way of super profits tax. So, I support the present provision. There is nothing objectionable in this Bill. They say that this Bill must go for circulation. The principles are well known and there is no policy or anything involved. I do not support the amendment.

**Shrimati Sharda Mukherjee** (Itanagiri): Sir, I welcome this Bill. I congratulate the attempt of the Government of India to promote the Unit Trust of India. Despite what some hon. Members have said, in essence this is conceived for the benefit of the small investors from the more than Rs. 10 to buy a unit more than Rs. 10 to buy a unit while it also caters the man who can spare more and pay Rs. 100; each one according to his capacity can avail himself of the facility and put his savings in a safe investment. There is a growing need in our country for investment from the point of view of a person who may have a small amount of savings but who is unfamiliar with the intricate details of investment or who may live in a place where inadequate facilities or even

no facilities for investment exist. In addition to postal savings and savings certificates, he will have an extra avenue of investment. However the empirical fact before us is that the best conceived schemes have no guarantee of success unless they are executed with imagination and efficiency. Therefore, primarily the units must be easily purchasable and equally easily redeemable. A unit holder should be able to cash his unit across a bank counter of any scheduled bank as in the case of travellers' cheque, at the rate determined and announced by the Unit Trust of India. Transfers should be possible at bank counters as in England. The dividends on the units should be made payable through coupons which are easily cashable. Government may also consider following the pattern prevalent in England where thrift schemes exist whereby people make regular payments periodically which are later used for the purchase of units. Certainly this scheme can be tried out in factories where workers may find it easier to pay a rupee or two a month rather than a lumpsum of Rs. 10 upto the time when the requisite denomination is reached.

Taking into consideration the fact that there is lacking in our country the average standard of literacy pertaining in western countries where the unit trusts have been operating successfully for a number of years, unless the simplest methods are used for the purchase and redemption of units and collection of dividends, I doubt whether the scheme will have encouraging results.

I submit that if this prompt redemption is to be made possible from the time the Unit Trust of India comes into operation, an initial capital of Rs. 5 crores may prove inadequate. Although it is the intention of the Government to keep the management expenses at the barest minimum, it will be necessary for the Government to spend a considerable amount at least in the initial stages to popularise the scheme. Then there must be a reserve fund at least to pay off those

[Shrimati Sharda Mukherjee]

unit holders who wish to cash their units. This does not leave much out of Rs. 5 crores for the initial investment by the trust in the shape of securities. If the Government really wishes to make a success of this, it should consider having a larger initial amount. Despite what some hon. Members have said, the advantages are undoubtedly in favour of the small investor; there is the safety of the investment. There is guaranteed and reasonable rate of return; up to a thousand rupees the unit holder will be free of income-tax and even the small investor can be reasonably sure that his investments will be handled by experienced people. Moreover, the small investor will not be burdened with the handling of details concerned with the ownership of investment in the corporate sector, and as the units range from Rs. 10, to Rs. 100, no investor, however small, need be left out.

The one indisputable fact is that the traditional habits and the prevailing conditions in our country have produced a tendency to invest in property or in gold and silver rather than in securities. This is not an unusual tendency in under-industrialised countries where there is an absence of adequate number of sound securities in the security market and an equal lack of diversified investment opportunities.

But the disturbing fact is the phenomenal rate at which property values and gold and silver rates have appreciated in the past ten years, and further, the low percentage of the gross domestic capital and savings formation in relation to our gross national product. I quote the figures from the Finance Ministry's Pocket Book of Economic Information published in 1963. The percentage prevailing in India is 8.5 which is low even compared to the other developing countries like Burma and Ceylon. In Burma the percentage is 14 and in Ceylon it is 13, while in the West, the

percentage is about 22 to 23. Therefore it is essential that if we want to increase our national productivity, we must do all we can to increase savings and to channel such savings into industrial investment.

Sir, as an indication of the public response to the Government savings scheme, I may quote some of the figures which have been given by the Reserve Bank of India in its Report on Currency and Finance, which states that despite certain concessions in taxes given by the Government the net savings in the post office savings scheme have dropped. For instance, the post office savings scheme has shown a drop of Rs. 7 crores in 1961-62, compared to the year 1960-61. Although in the initial years it had increased—in 1958-59 it had increased by Rs. 2 crores, in 1959-60 by Rs. 8 crores, and in 1960-61 by Rs. 17 crores—it has now dropped by Rs. 7 crores in 1961-62.

Similarly, the small savings in 1961-62 show a substantial decline of Rs. 16 crores over the net receipts of 1960-61, and the net receipts also fell short of the annual average target of the Third Five Year Plan which is Rs. 120 crores. The net receipts have been only Rs. 106 crores in 1960-61. This only proves my point that there is an urgent need to provide safe and easy methods of investment to people and to induce people to save in securities rather than in property or gold and silver, the rates of which have shot up. It is just as necessary to establish confidence in the people that apart from yielding a good return these units will be easily transferable.

Now, I must point out certain built-in dangers which come to my notice in the possible operation of this

trust. It is true that the trust will be overburdened with an element of officialdom and may lack the imagination and drive necessary to take advantage of the prevailing market conditions for investment and to popularise the scheme. Secondly, there is a danger that the unfortunate system which sometimes influences the licensing of industrial undertakings may also creep into this, and thus the big industrial power groups may have an added advantage. If the unit trust helps the capital market instead of putting a curb on it, it will have rendered indeed a tremendous national service. Therefore, I think that there should be first of all a limitation of 10 per cent of the capital of the Trust being invested in any one concern. As the Trust gains momentum, it will have a considerable amount of capital at its disposal and will be in a very powerful position.

It will also be necessary to popularise this scheme, to explain to the people that this is not an investment which will have easy and quick appreciation, but it is a long-term investment. This, I add to my first condition, where I said that unless imagination is shown in the popularisation of the scheme and unless easy conditions are provided, it will not have the necessary response.

The Finance Minister has given the assurance that the representatives of the contributors will be on the Board or Trustees once the Trust gets going. According to the Bill, the Board will have 7 Government nominees and 2 trustees elected by the contributing institutions. I feel that there is a need to provide for at least two trustees to represent the unit holders.

As an incentive to investment in this, in clause 32, relief from income-tax is provided up to the extent of Rs. 1000 accruing to the holder as income from the unit. I suggest that there should be a total relief as in the case of postal savings, and the in-

come from the unit should not be computed with the total income of the unit holder. Otherwise, it will mean only a partial relief as in the case of rebate on insurance.

Finally, it is only right that this Trust should be a State undertaking and a responsibility of the Government. I agree with Mr. Morarka on this point. I have known only too well the number of cases where unwary investors have been defrauded by brokers. It is true that in the United States and U.K. the Unit Trust movement has been operated in the private sector and has shown remarkable results. Even in the West European countries and in U.K. these trusts are operated in the private sector. But till business traditions are more securely established and education is more widespread and also till other facilities are more easily available in the remoter parts of our country, it will be premature to allow Unit Trusts to be started in the private sector. I must mention here that in the Asian countries, this is indeed a new experiment. Japan has been the only country to try it out and I understand, successfully. I wish the Finance Minister and the Government success in this and I am sure later on, when conditions improve in our country, if the climate is ripe, Government will not object if some trusts are started in the private sector. I do not think under the conditions existing today, the Trust should be in the private sector. It is only right that it should be in the public sector, with the guarantee of the State and the Government to back its safety.

**Shri U. M. Trivedi:** Sir, when I read this Bill, I was feeling that now in this country we are either heading for State capitalism, that is national socialism, or we are heading for pure communism. At what particular place we will stop, we do not know. It creates various reflexes in the minds of one who wants to

[Shri U. M. Trivedi]

study this problem. After all, what is the Government after? It is trying to kill the goose which lays the golden eggs. The stock exchange merchants all over the various cities like Bombay, Madras and Calcutta, wherever they are, pay us huge sums by way of income-tax. By one stroke of the pen we are providing that that income tax will be wiped out and no super profits tax or income-tax will be payable by this "Stock Exchange Trading Corporation"—I do not call it the Union Trust. It will destroy this income which comes to us. We are further providing that if the income of those who will be given the benefits to be derived out of it is only about Rs. 1000, they will also be exempt from the payment of income-tax. In other words, a huge income that can be derived by way of income-tax will be taken away and a further investment will be made. That investment will result in loss of revenue with the net result that the next step would be to find out some other method of filling up the gap created by the loss suffered by us from this source.

Sir, I hate this monopoly system. I hate it in this manner that every time we are thinking in terms of having a corporation one ulterior motive appears always to be in sight. What is that ulterior motive? The present Government is run by dubious votes received from dubious sources. To increase the number of voters over whom it can have control it is trying to introduce this corporation. The intelligent mass does not want to vote for the Congress. The Life Insurance Corporation was created and a huge number of employees were brought into that category of semi-government employees. The net result was that they were all netted into the picture and had to vote for the Congress. Now they are repenting.

**Shri D. C. Sharma** (Gurdaspur).  
Most of them voted for Jan Sangh.

**Shri U. M. Trivedi:** Yes. You gave one show of your brain yesterday. Do not do it again.

**Shri D. C. Sharma:** My brain is much better than yours.

**Mr. Deputy-Speaker:** Order, order (Interruption).

**Shri U. M. Trivedi:** The point that arises in this case is very pertinent. We have already the State Trading Corporation—we call it the State Goods Trading Corporation. We have the State Stock Exchange Corporation. Then we have another corporation which deals with coal. We want another corporation to deal with minerals. We are having the Shipping Corporation. So, whatever trade is available we want to compete with the ordinary trader. The trade that ordinary public men, that a particular individual can run is to be run by the Government. We have got a saying in Gujarati which means that a Government will go to dogs the moment it becomes a bania. It is now becoming a bania. It wants to enter into every trade. The martial spirit which is the only spirit that is necessary for the healthy growth of a State, for a healthy Government, has disappeared. We send only protest notes. People come into our territory and occupy our territory. We are not able to send them back. We have no control over persons who enter our territory. Why is it so? It is because the real *kshatria* spirit, the real martial spirit necessary for preserving the country has become absent. We have become so commercialised that we are thinking in terms of only trading, and trading in such a manner as to deprive people of their means of livelihood and then do something to harm ourselves. Ultimately, we are not the gainers by this. Why is it that such a thing is being done? Is there any reason behind that, except that of taking that profit which others are now making and



thus depriving them of that profit? If that is the only method to be adopted by Government, it is very good. But is the Government prepared to give up its method of taxation then? No, it will not give it up. It will tax us more, run into loss and then reimburse the loss by taxing us more. This is a vicious circle which is being followed by the present Government.

There are various other methods or occupations for the treasury benches to be engaged in. For example, they can apply their minds to things which will lead to the progress of our country so that this country will flourish, than waste the energy of this House on such Bills as the one we have before us now. We have got a saying in Gujarati "*Nauro Baitho Nakhod Ghale*" meaning that when you have got no work to do, you always destroy something. This is what is happening. It means that there is enough time at the disposal of the Ministry and so they want to do something which destroys the very foundation on which it stands.

I would like to support the motion moved by my hon. friend, Shri Masani, that the Bill may be circulated for eliciting public opinion. But, there also, I feel from the bottom of my heart that this Bill must be opposed tooth and nail. There is no justification for this Bill being brought before the House. Let us examine what we are doing. Are we not going to have some governmental machinery for running this? Who will man this organisation? Who are going to manage it? Who will provide the money? We are going to order the Reserve Bank to invest Rs. 2½ crores. We are going to advise the LIC to invest another Rs. 75 lakhs and the State Bank a further Rs. 75 lakhs. Then we ask the scheduled banks also to invest so much of money. In other words, we are entering into the life of one and sundry for setting up this organisation.

It is a public concern, or a governmental machinery, which is going to be set up with the investment of public institutions so that some profits may flow into it. But what about the management? In whose hands will it be? Will it be public management or will it be a sort of shadow cabinet which is being created for the purpose of running this? If you look at clause 10, you will find that the Chairman is to be appointed by the Reserve Bank. Then, four trustees are to be nominated by the Reserve Bank, one trustee by the LIC, another Government body, and one trustee by the State Bank, yet another Government body. Then, one executive trustee is to be appointed by the Reserve Bank. So, out of the 10 trustees, 8 would be representatives of Government. Therefore, if they only wanted a governmental body, why could they not have created an ordinary corporation? Why do they want to give the name of Unit Trust to this? They could have said that they wanted a corporation and created one. Let there be public contribution to it let Government contribute 51 per cent and let it be run on proper and sound basis, leaving the door open to competition. It is only when there is rivalry and competition between the two units one would be able to judge whether a particular unit makes profit or not. But, then, Government do not want to give absolutely any chance to anybody else. They want a monopoly. Here is a monopoly. The hon. Finance Minister was very clear in his assertion. When Shri Masani puts a very pertinent question, he says again that the doubts of Shri Masani will remain where they are. In other words, the hon. Finance Minister is not willing to consider this proposition that any other man or any other unit or any other trust, any private trust, can come into the picture and stand in competition to it.

Now I come to the question of salaries to be provided. This Bill provides—it is not left in the hands of the Trust itself—what it will do

[Shri U. M. Trivedi]

and what it will not do. Again another control is put upon it by clause 14 which says:—

“The appointment of a Chairman or of an executive trustee may be either whole-time or part-time:”

and he shall—

“hold office for such term not exceeding five years as the Reserve Bank may specify;

receive such salary or allowances or both from the Trust and be governed by such terms and conditions of service as the Reserve Bank may determine;”

It is not that the Trust will determine them. Is it an autonomous body which is being created or is it merely a subsidiary of the Reserve Bank which is being created for the purpose of taking away the profits of the people who are investing? In other words, the whole machinery, as I see it, will be in the hands of the

Government for the purpose of running this trust.

17.00 hrs.

**Mr. Deputy-Speaker:** He has got three minutes more; he can take that much and finish his speech.

**Shri U. M. Trivedi:** I will take some time more. I have got eight more clauses to discuss.

**Mr. Deputy-Speaker:** He has got only three minutes at his disposal.

**Shri U. M. Trivedi:** Why only three minutes? I am the leader of a party. I will take a little more time.

**Mr. Deputy-Speaker:** Then he can take another five minutes and may continue tomorrow.

17.02 hrs.

*The Lok Sabha then adjourned till Eleven of the Clock on Thursday, December 5, 1963/Agrahayana 14, 1885 (Saka).*