

[Shri Abid Ali]

the Government of India on those Conventions and Recommendations. [Placed in Library. See No. S-200/53.]

**RESERVE BANK OF INDIA  
(AMENDMENT AND MISCELLANEOUS PROVISIONS) BILL—concl'd.**

**Mr. Speaker:** The House will now proceed with further consideration of the Bill further to amend the Reserve Bank of India Act, 1934 and to make special provisions in respect of certain high denomination bank notes.

Clause 3 was under consideration and there were certain amendments to that. Now, I am putting first the amendments to the vote of the House.

**Clause 3.—(Amendment of Section 17)**  
—cont'd.

**The Deputy Minister of Finance (Shri A. C. Guha):** There are two official amendments.

**Mr. Speaker:** Yes, I am putting them one by one. The question is:

In page 2, line 16, after "advances" insert "for agricultural purposes".

*The motion was adopted.*

**Mr. Speaker:** Then the amendment by Mr. N. B. Chowdhury. The question is:

In page 2, line 27, for "five" substitute "twenty-five".

*The motion was negatived.*

**Mr. Speaker:** Then Mr. V. B. Gandhi's amendment. The question is:

In page 2, line 27, after "aggregate" add—

"and that it shall not be utilised for other than agricultural purposes".

*The motion was negatived.*

**Mr. Speaker:** The next amendment is by Mr. Guha.

The question is:

In page 2, for lines 31 to 39, substitute—

"(a) repayable on demand or on the expiry of fixed periods not exceeding ninety days from the date of such loan or advance, against securities of the Central Government or of any State Government; or

(b) repayable on the expiry of fixed periods not exceeding eighteen months from the date of such loan or advance, against securities of the Central Government of any maturity or against bonds and debentures issued by the said Corporation and guaranteed by the Central Government and maturing within a period not exceeding eighteen months from the date of such loan or advance."

*The motion was adopted.*

**Mr. Speaker:** Mr. V. B. Gandhi's amendment. It is an amendment to the amendment. I should have put it first but Mr. Gandhi is not here. So I do not put it now.

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

"That clause 3, as amended, stand part of the Bill."

*The motion was adopted.*

*Clause 3, as amended, was added to the Bill.*

*Clauses 4 and 5 were added to the Bill.*

**Clause 6.—(Amendment of Section 42)**

**Shri K. K. Basu (Diamond Harbour):** I beg to move:

In page 3, line 7, after "other than" insert "with".

Sir, this amendment is of a very technical nature. I want to add the word 'with' in between 'other than' and 'the Imperial Bank of India', because I

feel, Sir, that as it is drafted, it is not proper. Because the liabilities may be considered in a particular place, but it must be with a particular institution. So I think the word 'with' should be there. It is only a technical amendment.

**Mr. Speaker:** He means it is a verbal amendment.

**Shri A. C. Guha:** No, Sir. I do not know how he can propose this amendment. It does not carry any sense at all. The wording of the clause is: "the amount of its demand and time liabilities and the amount of its borrowings from banks in India" and then the words "other than the Imperial Bank of India" are to be added. I do not know how he can put 'with' before 'the Imperial Bank of India'. It won't carry any sense.

**Mr. Speaker:** Does the hon. Member press it?

**Shri K. K. Basu:** The amount of the demand and time liabilities may be in a particular place within India, but if you compare with an individual institution, it may not be that. That is why I am suggesting the addition of the word 'with'.

**Shri A. C. Guha:** If you kindly permit me, the intention of the Bill is this. Now, the scheduled banks have to submit a return showing all their liabilities with any bank. Any loan from the Imperial Bank will not be shown in that return.

**Mr. Speaker:** Does he press it?

**Shri K. K. Basu:** No. I do not press it.

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

"That clause 6 stand part of the Bill."

*The motion was adopted.*

*Clause 6 was added to the Bill.*

*Clauses 7 and 8 were added to the Bill.*

*Clause 9.—(Ordinance III)*

**Mr. Speaker:** I do not know whether Mr. Kasliwal wants to move his amendment to clause 9.

**Shri Kasliwal (Kotah-Jhalawar):** Not moving, Sir.

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

"That clause 9 stand part of the Bill."

*The motion was adopted.*

*Clause 9 was added to the Bill.*

*Clause 1.—(Short Title)*

**Shri A. C. Guha:** If you kindly permit me, I would like to make a change in the Short title. Instead of '1952' at the end of "The Reserve Bank of India (Amendment and Miscellaneous Provisions) Act," it may be made '1953'.

**Mr. Speaker:** Yes. I think the draftsman will do it without a formal amendment. But as he has put it, I will put it to the House.

*Amendment made:*

In page 1, line 3, for "1952" substitute "1953".

—[Shri A. C. Guha]

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

"That clause 1, as amended, stand part of the Bill."

*The motion was adopted.*

*Clause 1, as amended, was added to the Bill.*

*The Title and the Enacting Formula were added to the Bill.*

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

"That the Bill, as amended, be passed."

Sir, I do not like to make any speech on this occasion. I only like to point out that most of the Members have received the Bill with good grace and I hope their expectation about rural credit will, to some extent, be fulfilled. It may not go as far as the House might have wished the Bill to go. I can very well appreciate their anxiety about furnishing rural credit.

[Shri A. C. Guha]

[MR. DEPUTY-SPEAKER in the Chair.]

I can only assure the Members that the Planning Commission has given first priority to agriculture and so the Government cannot be indifferent to the needs of agricultural credit, and we have been taking various measures to provide agricultural credit. This is one of the measures. Besides this, the Reserve Bank has already undertaken an all-India survey of rural credit. As soon as their report will be available, it may be that the Government and the Reserve Bank will formulate an over-all policy about rural credit, and I hope that the Bill, as amended, will now be passed by the House.

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

"That the Bill, as amended, be passed."

**Shri S. S. More (Sholapur):** I must say specifically that Government's efforts to make necessary arrangements for giving rural credit as enacted in this particular Bill are sufficiently disheartening. May I say, Sir, that the Government, by this particular measure, seem to be not paying prompt attention to the directions of the Planning Commission itself. They have provided in this particular measure that the Reserve Bank shall make a provision of Rs. 5 crores for meeting the needs of medium term credit. Now, what are the requirements, that will be the first question, in the light of which we can consider this provision made by the Government. May I point out to you, Sir, that some previous Committees had directed their attention to these matters and had made specific recommendations. I may refer here to the report of the Grow More Food Enquiry Committee in which they assess that the total capital requirements of this country will be to the tune of Rs. 500 crores. They came to the conclusion, Sir, that most of our peasants are small peasants having no capital with them for the purpose of financing their needs with the result that agriculture is going down and we are suffering from more and more shortage of food. They took

into consideration the survey made by the Reserve Bank of India and they came to the conclusion that the total medium term capital required was to the tune of Rs. 500 crores. I am not talking about long term credit; I am not talking about short term credit; I am talking about medium term credit for which this Bill is supposed to make a provision. The Reserve Bank itself have stated that the capital need for meeting such medium term requirements would be Rs. 500 crores. And, here is a Bill, Sir, in which a pitifully low amount—to repeat the expression used by my friend Shri Raghavachari—of Rs. 5 crores is being provided for this purpose. In this provision, Sir, the directions of the Planning Commission have been flouted. They have stated that Government must take the responsibility—and by Government they also meant the Reserve Bank of India—for supplying sufficient credit and at fair rates of interest. I may, with your permission, Sir, quote a short passage.

"Agricultural production in this country depends upon millions of small farmers. It is the intensity of their effort and the efficiency of their technique that will help in raising yield per acre. Because of inadequate financial resources and absence of timely credit facilities at reasonable rates, many of the farmers, even though otherwise willing, are unable to go in for improved seeds and manures or to introduce better methods or techniques."

My submission, Sir, is that the Planning Commission, after a very thorough enquiry into this problem, came to the conclusion that this 5 crores, which even then the Reserve Bank was contemplating to allot for the purpose of meeting this medium term credit requirements, was not sufficient, and they opined in a very definite form that at least Rs. 25 crores per annum will have to be provided for.

Now, it was argued by the Minister, when he was piloting this Bill that

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Government alone is not the only financing agency; there were private agencies, there were co-operative societies and there were other agencies to which he referred. Sir, as far as private agencies are concerned, formerly the landlords were the agencies which were giving them some capital. As we are progressively liquidating the landlords, and there are so many legislations giving protection to the tenants, the landlords have no longer any enduring interest in financing the needs of the tenants. Then, there are the private money-lenders. They are also going out of their avocation, because many States have passed controlling legislation. Therefore, with these private agencies knocked out of the field, Government and the co-operative societies, which are some sort of semi-government bodies, are only in the field and therefore my submission is, that the Government will have to take the responsibility, the urgent and categorical responsibility of financing the small farmers. If we do not finance them, if we do not supply them with the money with which they can purchase seeds and other manures, the result will be that fertility of the land will go down. The small farmer is in a way helping the Government itself. Supposing some small aid is given to the farmer for the purpose of purchasing manure, he will automatically go to the government depots where chemical fertilisers are sold or to depots where fertilisers are sold by government agencies. We have heard in reply to many questions on the floor of the House that the stocks of government fertiliser factories are accumulating, there is no sufficient demand for them because the purchasing power of the small farmer has gone down. If we inject some blood into the small farmers who are suffering from a sort of financial anæmia, they will be in a position to purchase the manures or fertilisers that are being manufactured in government factories or factories which are aided by government. But, unfortunately, this provision of 5 crores is not enough. I can say that as far as Bombay State

is concerned, where the co-operative movement has expanded to a very large extent, even there the amount that is made available is not sufficient.

Sir, I will quote some figures from the report of the Bombay Grow More Food Policy Committee of 1951. In 1946-47 as much as 162 lakhs of rupees were advanced; in 1947-48, 223 lakhs; in 1949-50, 539 lakhs were advanced. And, yet, Sir, the Bombay peasants have been complaining that all these advances made by Government are not sufficient to meet even a fraction of their demands. It may possibly be argued by the Minister in charge that Governments have been supplying taccavi loans. But, as regards the supply of taccavi loans, I need not quote anybody's authority. The Planning Commission have admitted that there are so many complaints about the way in which these loans are provided. Whenever a person goes with an application to the tahsildar that he wants some aid for the purpose of digging a well, then the government officers reply, 'your financial position is rather satisfactory; therefore you do not stand in need of aid from government'. Whenever a poor man goes asking for some aid for the purchase of a pair of bullocks, he is informed, 'you have no credit and therefore no aid can be given to you'. I have got so many instances, but I do not want to take the time of the House. I believe that if the Plan is to be integrated, if the Plan is to be taken to completion according to schedule, then financing the small peasants becomes an integral part of the final plan. But, I am sorry to say, Sir, that Government themselves are sabotaging what has been told by the Planning Commission.

**Mr. Deputy-Speaker:** Let there be less noise and less talk inside the House.

**Shri S. S. More:** The talk is due to the fact that many Members are not interested in the fate of this small Bill, whereas we are much more interested.

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**Mr. Deputy-Speaker:** No reflection can be cast by one Member on any other Member of the House.

**Shri S. S. More:** One may hold views different from what others hold and I am only giving expression to my views, Sir.

**Mr. Deputy-Speaker:** It is wrong to cast any reflection on any other Member.

**Shri S. S. More:** One may hold views which are different from the views held by others and that is no reflection, Sir. My submission is that this measure is a half-hearted one. It only carries out or implements half-heartedly the recommendations of the Planning Commission. There will be no private agencies as they will be knocked out of the field and the public agencies will not be sufficient to finance the small peasants and the peasants will suffer; the fertility will not be sufficiently achieved and the land will lose its fertility. The peasant is living in a half-starved condition and the result will be that our shortage of food, which is a chronic ailment with us, will go on all over the country because the Government is not trying to implement the promises which they have been profusely giving. The Planning Commission have stated that the total value of aid to the peasants will have to be to the tune of Rs. 25 crores per annum. As far as this measure is concerned, this particular clause is not sufficiently clear to me—I am referring to the proviso which reads—

“Provided further that the amount of loans and advances granted by the Bank under this clause shall not at any time exceed five crores of rupees in the aggregate.”

I do not know, Sir, what is meant by “at any time”. Does it mean that the limit of Rs. 5 crores is the ceiling limit? Does it mean “at any particular year”? As far as I can understand, it does not add to any clarity and it does not enable us to have any clear interpretation of this particular clause so far as these words “at any

time” are concerned. Therefore, my submission is that this measure is something, which is better than nothing, but it is not enough. The amendment which was moved by one of the Members that the limit of Rs. 5 crores should be raised to Rs. 25 crores was in complete accord with the recommendations of the Planning Commission, but unfortunately that amendment came from the Opposition side and therefore it appears to have been defeated. If Government were serious in implementing the recommendations of the Planning Commission—because the Planning Commission have very categorically stated that financing the small agriculturists is an integral part of our Plan—they must come out with larger and larger amounts of money in order to satisfy the needs of the starving peasants. With these words Sir, I offer my half-hearted support to this Bill.

**Shri Joachim Alva (Kanara):** This is an incomplete Bill. This Bill should not have come before the House in its present shape. As it is, it is only trying to propitiate the vicious propensities of the blackmarketeers who want to dangle Rs. 10,000 notes in their pockets. The Reserve Bank of India Act is sought to be amended in respect of high denomination notes, but the contents of the Bill, the Statement of Objects and Reasons state that it is for extending the facilities provided by the Bank to meet the needs of rural credit. This Bill has not given effect to the 128 recommendations or conclusions of the Rural Banking Enquiry Committee—a very important committee set up by Government to enquire into rural indebtedness and to suggest what facilities should be extended unto the rural areas. That Committee was presided over by a leading businessman, Shri Purshottamdas Thakurdas and one of its members was an ex-Cabinet Member Shri Bhaba. That Committee examined 227 witnesses and came to 128 conclusions and I see that the hon. Minister has not given effect to more than five or half-a-dozen recommendations or conclu-

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sions of that Committee. Government must lay themselves open to any charge in connection with the working of the Reserve Bank Act. The Reserve Bank is the fulcrum of our national economy and it is the be all and end all of our economy and credit. If the working of the Reserve Bank goes to pieces, then the whole structure of our banking system goes to pieces. We have 15 exchange banks—everyone of them is a foreign bank—and they are established in Bombay, Calcutta and Madras and they operate from London, Amsterdam and New York. These Exchange Banks have all sought to muzzle the Indian business by not giving them enough credit. I see a grave danger in the fact that one of the branches of the Netherlands Bank that is being operated in India is going to close down its doors and give place to a British Bank which was wound up in Teheran. We have had enough of these foreign exchange banks in this country. Now, the Reserve Bank should not allow any other foreign bank, to come here. The Reserve Bank did perform a splendid piece of work when it banged the doors on the Portuguese National Bank and did not permit its nefarious activities through their various agents in India. Information has however now come that a British Bank from Teheran, which had to be closed after the British quit from that place, is trying to come back and take over the operations of the Netherlands Bank in Bombay and if the Minister were elastic enough to allow them to operate in India, there would be real danger to our banking activities.

3 P.M.

There are about 6,401 Rural Post Office Savings Banks, 1,000 urban co-operative banks and 83 scheduled banks or so-called commercial banks, with 3,000 branches in India. The Rural Banking Enquiry Committee was presided over by a very eminent man who hailed from the upper classes and who did not know much about the middle classes or the villagers. I dare say that this Reserve Bank

(Amendment) Bill, which is intended to give safety and security to the rural man, does not help him in any way. It does not take into account the seven lakhs of villages that are in this land. The hon. Deputy Finance Minister proudly said yesterday that we have extended the operation of the Imperial Bank, but where are the branches established? Are they established in towns or in the big cities? Can the officers of the Bank go down into rural areas? I dare say that the present Governor of the Reserve Bank, who is a man of great authority and knowledge in this matter, hails from a place in Mangalore (South Canara Distt.) and, so far as I know, he has never visited the place of his birth for the last 50 years. If that is the case with the Governor of the Reserve Bank, how do you expect him to look after rural credit and economy? Sir, we have no right to be in the House unless we judge every question through the eye-glass of the poor villager. This Bill has not been devised for the use of the average man in the village and the Reserve Bank has failed in its duty to implement the recommendations of the Rural Banking Enquiry Committee, presided over, as I said, by a man representing the vested interests. Today, by this amending Bill we are trying to give power to the officers of the Bank. Every officer must take naturally the consequences of his actions. If a Minister does bad acts, he must resign. Unless our democratic state develops a system by which we are able to compel a Minister to resign if he commits a bad act, we shall not develop the spirit of democracy in India. Here the Reserve Bank takes so many powers and it presides over the fate of 83 scheduled banks and 15 exchange banks, and if the Reserve Bank just gives a sum of Rs. 5 crores for rural credit, how are the villages to progress in their activities? By doing so, the whole set up of land tenure in the future will be reversed. How is the Reserve Bank to tackle it? I regret the absence of the distinguished Finance Minister from this House. He should have been present in this

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House to give the benefit of his wisdom to the discussions in this House, and not permitted my distinguished friend and patriot, Mr. Guha to be here, on his behalf. I mean no disrespect to my friend Mr. Guha, but what I mean is that the Finance Minister himself should have been physically present in this House and taken charge of the Bill and given us the benefit of his experience. It was he who started the agricultural marketing branch of the Reserve Bank. He started the agricultural credit branch of the Reserve Bank, though it still remains, I regret, on the blue-book or only as a paper branch. All we have now is to spend Rs. 5 crores instead of say, 25 crores. What is it going to do for the seven lakhs villagers of our country? How is the poor villager to transport his goods under this scheme? For instance, you get the best fruits in Agra at hardly Rs. 5 a basket, while the same basket costs about Rs. 20/- or Rs. 30/- here. How is such an article going to be made available to people elsewhere without the full-fledged scheme of agricultural credit? The Banking Enquiry Committee specifically stated that the needs of the villagers in regard to transportation should be catered to. Unless their needs in respect of transportation of grains and fruits are met, our rural banking system is not going to prosper. Here we are right in the heart of Delhi. But the poor man cannot get his fruit while fruit is plentiful in nearby. How is it being transported and what facilities are going to be given by the Reserve Bank through the urban banks and co operative societies. I may point out that, in this connection; poultry is not included in the definition of the clauses in this Bill. In the amendment to Section 17, the expression "agricultural operations" does not include the word "poultry". It does not come in. By the words, "agricultural operations", crops, cream, butter and such other things are included. I want that the word "poultry" or poultry-farming—which is vital food for the villager and the townsman should also

be included. Under poultry will come fowls, ducks and all such two legged creatures. You know that if, for one day, the townsman goes without his poultry and its products, he feels himself starved. So, I feel that item—poultry—should have been included in the explanation. The clause, as it embraces, at present, is not enough.

I now come to the most tender spot—the Imperial Bank. I find that the hon. Minister is very very sensitive about it. He said yesterday that in 1952, there were 11 Europeans, and 12 Indians and there were 101 Europeans in 1946 in the senior grade only. Now, it has been reduced to the glorious sum of 29 officers, who draw not less than perhaps Rs. 2,000 or Rs. 2,500 per month, as salary with free bungalows right on the top of the Bank! Now, we are doing away with the British Commander-in-Chief of our Air Forces at the end of this year. Thus we shall be having an Indian Commander-in-Chief for the Air Forces shortly; though our Air Force is yet small and tender and we have not got the most powerful and speedy jet planes the other Powers possess. Still we are getting an Indian Commander-in-Chief to head our Air Force. Why then is number of European officers in the Imperial Bank not wiped off at all! Now, it is also my painful duty to point out that the present and the first Indian Managing Director of the Imperial Bank is no less than the brother-in-law of the Governor of the Reserve Bank of India. How is that? We must not allow nepotism to come into the field of our national banks. If we are going to Indianize the Imperial Bank, let us have Indians of character, ability and integrity. It is not in terms of the nearest relationship that such jobs are filled. Let them give the job to the best man, and if the nearest relations are people of character, patriotism; and ability, by all means instal them in office. But the Governor of the Reserve Bank of India shall not have his brother-in-law as the first

managing director of the Imperial Bank! I may be wrong, but I want to be corrected by the hon. Minister on this most important fact.

**Shri B. Das:** It may be an accident of circumstances.

**Shri Joachim Alva:** But accidents are sometimes deliberate. Now, when the hon. Finance Minister returned from England, he promptly acceded to the demands of this House for the establishment of an Enquiry Committee as to how the Industrial Finance Corporation is functioning. Again, the Industrial Finance Corporation have advanced loans to the tune of lakhs and lakhs of rupees to industrialists, when the ordinary man with small business needs help urgently? Is it not impertinence and impudence to throw away the money on industries and big businessmen quite many of whom are not worthy of such loans? These very same individuals to whom these loans are advanced up to Rs. 30 lakhs or 50 lakhs will not countenance an advance of a three-figure. Loans to ordinary individuals on the ground that they do not deserve them. Such unscrupulous men should be put in jail who wish the poor and the deserving in need of loans, to be refused such assistance. Every citizen of India is entitled to uniform treatment and protection of the State. Therefore, if the Industrial Finance Corporation is to function in the manner in which it is functioning, and if our urban co-operative banks and co-operative societies are going to function on those lines, then there will be an end of our credit system. This process will finally affect our present banking structure. There will thus be no relief to the man in the countryside. If, as I said, the Finance Minister had been present, had been physically present, as I made a demand even yesterday,—I have no disrespect for Mr. Guha—it would have been well. What I say is, the affairs of the urban banks through the Reserve Bank and through the co-operative societies should reach down to the meanest man in the villages so that he may not be put to difficulties.

Ignoring the case of the poorest individuals and giving lakhs and lakhs of rupees to the big undertakings of industrialists is scandalous. It will not stand any rational test. A few words more.

**Mr. Deputy-Speaker:** It is not a third reading speech.

**Shri Joachim Alva:** Everybody was given 30 minutes, and I want only five minutes more.

**Mr. Deputy-Speaker:** It is not every hon. Member that can catch the eye of the Chair, and take part in every debate. Therefore, if some hon. Members have had no opportunity of speaking during the second reading, they get an opportunity of speaking in the third reading. Anyway, one cannot make a 'second reading' speech in the third reading. You will have only a few minutes more.

**Shri Joachim Alva:** I will finish. In regard to section 24, of the Reserve Bank Act, that provision is being sought to be amended in the sense as if one were going to cater to the black-marketer. Now, the black-marketer will have opportunities to play with notes of Rs. 1,000, Rs. 5000 and Rs. 10,000. I may frankly say that I shall never have and be able to carry a note of Rs. 5,000 or Rs. 10,000, and these powers to make high denomination notes will give the black-marketer the freedom to deal wrongly with such high-denomination notes, and doors will thus be kept open to these black-marketers to extend their nefarious gains. I want to know what inconvenience is caused with the existing state of affairs by not having high denominational notes? Are the banks unable to carry on with their business without Rs. 5,000 notes? The banks today are full of the low denomination notes up to Rs. 100; it may be a volume of work; they have to get through it. Anyway, I am, Sir, against the whole principle of the notes of the high denomination category, being now produced and put in the hands of the wrong people. Whatever inconvenience may be caused to the banks in



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their transactions to get through mountains of notes of smaller denomination, there is no justification to put notes of higher denomination in the hands of the black-marketers. In Section 25, the Reserve Bank has the authority to look after the design, from and material of the notes, but what about the signature? I once said in this House that the notes should bear the signature of only one officer. There have been sometimes notes bearing the signature of the Secretary to the Finance Department of the Union Government. Other times appear bear the signature of the Governor of the Reserve Bank. This is altogether wrong and confusing. Let the public be familiar with the signature of only one officer, either the Secretary to the Finance Department or better still, the Governor of the Reserve Bank. Unless we have some sort of uniformity in this signature by having the signature of one officer only, so that the men in the countryside may be able to know who the officer is, who is responsible to the Government of India, in these matters, confusion may spring out of this business. Sir I have almost done. The Reserve Bank, in allowing people to come by the back door are not for people coming by the front door. The Reserve Bank asked for sufficient powers, and yet, it gave away Rs. 80 lakhs to the Exchange Bank of India and Africa. We cannot forget that episode. We have the instance of the Travancore National and Quilon Bank which paid fifteen out of sixteen annas when it was liquidated. Why was the Bank wound up? Because of the political pressure of the Dewan, who now graces the Indian Press Commission, I mean Shri C. P. Ramaswami Iyer. Why did he do so, when the Bank could pay fifteen out of sixteen annas? The Reserve Bank also had a share in the winding up of that banking firm. The point for us to bear in mind in the future is that the Reserve Bank shall not use any kind of political pressure or prejudice, or economic pressure or prejudice. The Travancore National and Quilon Bank, if alive would have

been one of the big six leading banks of India. Its office-bearers had to suffer very much. One of the gentlemen is now an esteemed member of this House—Shri Matthen. He had to go to jail, because ex-Dewan Ramaswami Iyer did not like him and carried on a repression which was even condemned by Mahatma Gandhi. The Dewan allowed his political prejudices, in conjunction with the Maharani of Travancore so as to result in the closing of the doors of the bank, although the grateful public of that part of the country has performed its duty by electing the aggrieved managing director of that bank as a member of this House.

We have to be watchful and see that in future whenever the Reserve Bank's powers come up for examination before us they should be examined with the closest attention. We beg of the Reserve Bank that it should bear in mind its duties and obligations. It should function efficiently, without looking to this side or that side. It should serve every Government faithfully and should not act in a spirit of nepotism, corruption or criminal negligence.

I would have liked to oppose this Bill, but as a member of the Congress Party I cannot do so, but I feel that this Bill could have been postponed and brought forward in a more perfect form.

**Mr. Deputy-Speaker:** I might remind hon. Members about the scope of the debate during the third reading. They can only support or oppose the Bill generally.

**Shri Bogawat** (Ahmednagar South): Mr. Deputy-Speaker, I shall be very short. I humbly submit that this is not an adequate measure. So far as agriculturists are concerned, Government have an idea of their needs and requirements. For the good of the agricultural population, several enactments have been passed by the State Governments. For instance, the Bombay Government has

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passed the Tenancy Act, the Money-lenders Act, the Marketing Act and other Acts. The result is that whenever there is no provision for a particular thing, some evils come about. So many difficulties creep in and agricultural economy is affected. Agriculturists do not get money from the moneylenders, because they do not want to get into the clutches of the law. Another class of people has sprung up, charging interest at the rate of 36 per cent. to 150 per cent. per annum. Needy people have to borrow money, because they have no bullocks, no money to buy seeds etc. These people are exploited from day to day and they suffer. Not only that. Some lands are lying fallow, because the poor agriculturists cannot buy bullocks or the necessary implements. In this way, small scale industries like shoe-making, pottery, oil extraction etc. are also suffering because moneylenders do not help. The result is that people sell their houses for a nominal sum or take money by agreement of sale. In this context, the sum of Rs. 5 crores is not sufficient. There ought to have been a provision of at least Rs. 25 crores. That is the minimum that ought to have been allowed for helping the agriculturists. Agricultural Finance Corporations ought to be started. Otherwise, agriculturists would not be benefited and they would go down. In the rural areas, even though there is rain, agriculturists are not in a position to cultivate their lands properly because they do not get money in time. Some *taccavi* is given but there are a hundred difficulties. Out of several hundreds, some thirty or forty people get it and that too by going to the *cutchery* five or ten times and satisfying the circle inspector etc. Money lenders do not advance money nowadays on the pledge of the land, because there is the Tenancy Act. There are thus many difficulties as far as the rural population is concerned, and it is such a big population. The number of agriculturists is very great and adequate provision

ought to be made. For agriculture and small industries, at least Rs. 25 crores ought to be set apart by the Deputy Finance Minister.

Something was said about the Imperial Bank. No doubt, there are some more Indians in the Imperial Bank, but who are the shareholders who get the benefit of their shares? These things must be looked into and then the reply would have been proper.

Without saying more, I conclude with the remark that this is not an adequate provision. It is only a small beginning. Although I do not oppose the Bill, I think some adequate provision ought to be made in future measures.

**Shri Sarangadhar Das** (Dhenkanal—West Cuttack): Mr. Deputy-Speaker. I do not see anything in this Bill to sing the praise of the Finance Minister. I am glad nobody has sung his praise. There is only one point which I wish to dwell upon. I do not wish to go into the details of the requirements of the peasantry. They are numerous. But they need money and money has dried up after the abolition of the zamindari. Also, in various States Moneylenders Acts have been passed which require moneylenders to be registered. The interest has been brought down to 12½ per cent. or 9 per cent. So, in the countryside credit has practically dried up.

Governments, both here as well as in the States, want that we should be self-sufficient in everything and our standard of living should go up by 50 per cent. or 100 per cent. within the next few years. These are pious words which come out of the mouths of the members of the party that is ruling this country. If you want to be self-sufficient, you must act. A former Agriculture Minister, some years ago, went about the country telling people to grow more cotton and more jute and gave them inducements in the shape of good seeds,

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fertilizers and so on. Publicists were appointed and propaganda was carried on in the countryside. I can speak only of jute, not of cotton. In jute, the acreage went up immediately. Within two years the acreage went up by about 50 per cent. All kinds of land were planted with jute. People were enthusiastic when the Government carried on propaganda saying, "More jute should be grown because Pakistan has let us down. We do not get as much jute as we used to get during the first two years after partition." In this way, people were induced to grow more jute. But what happened? The price went down. Whatever the reason may be—the stoppage of the Korean war, or something in the world market, whatever it is—the price went down to such an extent that it was Rs. 10 to Rs. 12 below the cost of production. How could you expect the growers to sell it at Rs. 13 or Rs. 14 a maund? So, they carried it over to the next year in the expectation that the price would go up and they may profitably sell at a higher price. But even then nothing was done. I have been pleading in this House with the Ministers, through questions, that there must be price support. If you want the country to be self-sufficient, if you want the poor agriculturists to be enthused by your propaganda that they must grow more rice, more jute, more wheat, everything more, more and more if you want that, then you must give price support. May I, Sir, remind you.....

**Mr. Deputy-Speaker:** How does it arise under the Reserve Bank (Amendment) Bill?

**Shri Sarangadhar Das:** Yes, Sir, it does. For price support there must be money-credit.

**Mr. Deputy-Speaker:** For everything credit is necessary. I am afraid we are trying to enlarge the scope of the Bill.

**Shri Sarangadhar Das:** Without credit, how can you grow anything and store it for some time in expectation of a better market?

**Mr. Deputy-Speaker:** Then the hon. Member may talk on credit and not on price.

**Shri Sarangadhar Das:** I am not going into details—I am not just mentioning certain points. These things require hundreds of crores of rupees. The provision of Rs. 5 crores is only an eye-wash to lull the people to sleep that you are doing something. That is what the Congress Government is doing all the time. That is what you are doing all the time—trying to fool the people. Five crores will not do. Some hon. Member suggested Rs. 25 crores. I say even a hundred crores won't do.

My contention is that until and unless proper credit facilities are provided for, what is this Bill for? Five crores is nothing. The real object of this Bill.....

**Shri Mohiuddin (Hyderabad City):** On a point of order: may I remind the hon. Member through you that five crores is provided for medium credit, not for short term credit, which is required for price support.

**Shri Sarangadhar Das:** I am not going into the question of medium, short term or long term credit. It is not necessary for my purpose. The real object of this Bill is to reintroduce Rs. 1,000, Rs. 5,000 and Rs. 10,000 notes and the provision of Rs. 5 crores for the development of agriculture or cottage or small scale industries is just incidental. It is in vogue now to talk about village industries and cottage industries, without doing anything.

Therefore, I oppose this Bill and oppose it very strongly.

**Shri A. C. Guha:** Mr. Deputy-Speaker, Sir, I think the points raised today were more or less the same as

the ones raised yesterday. The Imperial Bank and the entire field of agricultural credit and the agricultural policy of the Government have again come up for discussion. I was surprised at Mr. Alva mentioning that everytime we bring the Imperial Bank through the back door and not through the front door. Some other hon. Members also mentioned yesterday that we are giving some more facilities to the Imperial Bank through this Bill.

Sir, the only reference to the Imperial Bank in this Bill is that the scheduled banks will get more money available with them for investment and that only has something to do with the Imperial Bank. No particular facility or privilege is being given to the Imperial Bank by this Bill. If the reference to the Imperial Bank in this Bill means anything it means that some more facilities are to be given to the scheduled banks. They will get some more money for investment in banking business.

Then, Sir, Mr. Alva was saying something about the Managing Director of the Imperial Bank. The Managing Director who was appointed very recently is an Imperial Bank man. His entire career has been in the Imperial Bank and till his appointment as Managing Director he was Deputy Managing Director of the Imperial Bank. The Governor of the Reserve Bank has nothing to do with his appointment. If somebody happens to be a relative of somebody else, we cannot help that. He was in the Imperial Bank long before the present Governor of the Reserve Bank became the Governor of the Bank.

Another hon. Member mentioned something about the shareholders of the Imperial Bank. I think he was not present in the House yesterday when I mentioned that the majority of the shareholders are now Indians. I do not like to venture any figure, but I may safely say that about 70% of the shareholders are now Indians, if not more.

**Shri S. S. More:** Will he be able to give the break-up of the volume?

**Shri A. C. Guha:** The majority of the shares are in Indian hands.

**Dr. Lanka Sundaram (Visakhapatnam):** What about the capital?

**Shri A. C. Guha:** Share means share capital.

Mr. Sarangadhar Das mentioned about the case of the jute growers and the price at which they are selling jute. I may say that in this House, I as a private member on more than one occasion have mentioned this matter and I have some direct knowledge about the jute-growers' plight.

**An Hon. Member:** You have forgotten it!

**Shri A. C. Guha:** I have not forgotten it. I can only remind Mr. Das that just now there is a Committee set up by Government enquiring into the price structure of raw jute. I can assure hon. Members that when Government asked the jute growers to grow more jute, they will also see that the jute-growers get fair price. I know that in many cases and very often jute-growers have not got fair price, but that does not mean that Government is not cognizant of the matter, or indifferent to this question. Just now an enquiry committee has been set up and is enquiring into this matter.

Then, Mr. More referred to the Grow More Food, the Planning Commission and all sorts of things. The Planning Commission has set a target of Rs. 25 crores for the Plan period for medium term loan.

**Shri S. S. More:** Per annum.

**Shri A. C. Guha:** For the Plan period, I am speaking subject to correction. Five crores cannot be equivalent to twenty-five crores—that much of mathematics I know. But my point is that this is not the only machinery, or only agency through

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which rural credit for agricultural purposes can be or is likely to be provided. I mentioned yesterday that the total amount available with the Reserve Bank for medium term and long term credit is Rs. 10 crores. Out of this share capital and reserve fund of Rs. 10 crores how can the Reserve Bank set aside Rs. 25 crores or Rs. 500 crores for medium or long term credit? That passes my mathematical intelligence.

I can of course appreciate the impatience of hon. Members for provision of more agricultural credit and I have every sympathy with them on this matter. The House will realise that the Planning Commission has given first priority to agriculture.

The other criticism that was voiced was about high denomination notes. I do not know how high denominational notes can be necessarily connected with black-marketing. There was a stage when there was some connection and the Government took effective steps. Out of Rs. 138 crores of high denomination notes, all excepting Rs. 1.25 crores have come back to the Government and have been cancelled. Even now we are not repealing the Ordinance which demonetised high denominational notes in 1946. Those notes which were circulated before the passing of this Bill will stand cancelled and be invalid. Only those high denominational notes which will be circulated after the passing of this Bill will be legal tender. So there should not be any anxiety in the minds of hon. Members about the notes which were demonetised in 1946. They stand cancelled. There should not be any doubt about that.

**Shri N. B. Chowdhury (Ghatal):** But innocent people may be duped by those old notes.

**Shri A. C. Guha:** It is not so easy. Innocent people won't take one thousand rupee notes; they will take

one rupee, ten rupee or at most hundred rupee notes.

Another point about the Imperial Bank was mentioned yesterday. In the last two years the Imperial Bank has opened so many branches. Mr. Alva, after giving his wisdom to the House, has I find left.

**Shri Joachim Alva:** I am here.

**Shri A. C. Guha:** It was asked where the Imperial Bank has opened its branches. I can only say that it has opened branches according to the advice of the Reserve Bank and where proper banking facilities were not available. So the Imperial Bank has been used for the purpose of giving proper banking facilities to our people.

**Shri Gadgil (Poona Central):** They have opened one here also, on the first floor.

**Shri A. C. Guha:** Shri Alva mentioned something about poultry. He is so eager. I think it may be covered by animal husbandry. That is our interpretation of the term.

Sir, I think I have covered all the points made and I hope that the House will be pleased to pass the Bill.

**Shri S. S. More rose—**

**Mr. Deputy-Speaker:** He has spoken already. I am not going to allow this. He had his chance. He has got a knack of standing after everything is over.

**Shri S. S. More:** On a point of order. Suppose the Minister in his reply makes certain mis-statements. Cannot an hon. Member who has spoken before him raise a point of order and bring that mis-statement to the notice of the House?

**Mr. Deputy-Speaker:** He will make another mis-statement and there will be another correction. Another mis-statement and another correction.

Where is the end? I do not think there is anything in this point of order.

The question is:

"That the Bill, as amended, be passed."

*The motion was adopted.*

TRAVANCORE-COCHIN HIGH  
COURT (AMENDMENT) BILL

The Minister of Home Affairs and States (Dr Katju): I beg to move:

"That the Bill further to amend the Travancore-Cochin High Court Act, 1125, as passed by the Council of States, be taken into consideration."

It is a short Bill and is intended to remove a slight inconvenience. The House would recollect that when Travancore and Cochin were integrated there was an arrangement that the executive capital of the integrated State should be at Trivandrum and the judicial capital, that is the seat of the High Court, should be at Ernakulam. I may mention here that both the States had High Courts of their own. As the House knows, Travancore is a much bigger State while Cochin is a smaller State. It has importance of its own because of the port which is now being built there.

Now, this understanding was carried out by statute, and the Act of which the present Bill is intended to be an amendment was passed in the year 1949. It declared that the High Court of Judicature of the United State of Travancore-Cochin shall be at Ernakulam.

I imagine that some of the Members not coming from that part of the country have visited that area. If you look at the map, it is rather a curious position. The width is small but the State runs from north to the south; south means right up to Cape Comorin, the southernmost tip of India. The whole of this United State

comprises four districts. One of these districts is the old Cochin State with, I imagine, one taluk added to it from the Travancore State and the remaining three districts are parts of the old Travancore State. As you climb from the south, the first district is Trivandrum. Most of the district area lies to the south of Trivandrum, a small portion lies to the north of Trivandrum, and Trivandrum City itself is 175 miles from Ernakulam.

Shri A. M. Thomas (Ernakulam): No, 133 miles.

Shri C. R. Iyyunni (Trichur): 146 miles.

Kumari Annie Mascarene (Trivandrum): Opinions differ.

Dr. Katju: Very well, I stand corrected. 133 miles. I was misled by Nagercoil. That is 175 miles probably.

Shri A. M. Thomas: That is right.

Dr. Katju: Nagercoil is one of the important subdivisions of Trivandrum. So, going up from the south you come to Nagercoil, and then you come to Trivandrum, and then after some distance the Trivandrum district ceases. Then the next district northwards is Quilon. And from Quilon you go on to Kottayam. And from Kottayam you then come to Ernakulam.

After this Act was passed we thought that it had been passed after an agreement and would be accepted as such. But I can quite imagine that the people living in the extreme south thought it rather remarkable that for the purpose of getting justice done in their High Court they should have to go beginning from Cape Comorin to Nagercoil and pass through Trivandrum and then go to Ernakulam. An agitation sprang up saying that there should be a bench or that there should be a bifurcation of the High Court. Anyhow, what was said was that the people of Trivandrum should have an opportunity of getting justice, so far as the High Court was concerned, nearer their homes.