

[Shri Biswas]

With regard to the first term of reference, the Commission's inquiry into the system of judicial administration will be comprehensive and thorough, including in its scope—(a) the operation and effect of laws, substantive as well as procedural, with a view to eliminating unnecessary litigation, speeding up the disposal of cases and making justice less expensive; (b) the organisation of courts, both civil and criminal; (c) recruitment of the judiciary; and (d) level of the bar and of legal education.

With regard to the second term of reference, the Commission's principal objectives in the revision of existing legislation will be—(a) to simplify the laws in general, and the procedural laws in particular; (b) to ascertain if any provisions are inconsistent with the Constitution and suggest the necessary alterations or omissions; (c) to remove anomalies and ambiguities brought to light by conflicting decisions of High Courts or otherwise; (d) to consider local variations introduced by State legislation in the concurrent field, with a view to reintroducing and maintaining uniformity; (e) to consolidate Acts pertaining to the same subject with such technical revision as may be found necessary; and (f) to suggest modifications wherever necessary for implementing the directive principles of State policy laid down in the Constitution.

In order to perform its task expeditiously and efficiently, the Commission will function in two sections. The first section consisting of the Chairman and the first three members will deal mainly with the question of the reform of judicial administration, while the second section consisting of the other seven members will be mainly concerned with statute law revision on the lines indicated above. The two sections, however, will work in close co-operation with each other under the direction of the Chairman.

The Chairman of the Commission may at his discretion co-opt as members one or two practising lawyers of

a State in order to assist the Commission's inquiries in that State.

The Commission is appointed in the first instance up to the end of the year 1956. Its headquarters will be at New Delhi.

STATE BANK OF INDIA (AMENDMENT) BILL

Mr. Speaker: We will now proceed with the clause-by-clause consideration of the State Bank of India (Amendment) Bill. There is no amendment to clause 2 and I will put it to the Vote of the House.

The question is:

"That clause 2 stand part of the Bill."

The motion was adopted.

Clause 2 was added to the Bill.

Clause 3.—(Amendment of section 6, etc.)

The Minister of Revenue and Defence Expenditure (Shri A. C. Guha): I beg to move:

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after "may be enforced" insert "or acted upon".

This is just a verbal amendment to provide for certain contingencies. These words will cover cases when the Bank actually acts upon the basis of grant and does not seek to enforce it as against any other person. It makes no material difference in the purpose of the clause. It is only to provide for certain contingencies that this amendment is sought to be made.

Mr. Speaker: The question is:

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after "may be enforced" insert "or acted upon".

The motion was adopted.

Mr. Speaker: The question is:

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

The motion was adopted

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

Clauses 4 to 9 were added to the Bill.

Clauses, the Enacting Formula and the Title were added to the Bill.

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

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

Mr. Speaker: Motion moved:

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

Shri Bansal (Jhajjar-Rewari): By this Bill we are attempting to remove a small lacuna that remained, may be inadvertently, while the State Bank of India Bill was being enacted in this House. I am glad that loop-hole is being plugged and the activities of the branches of the Imperial Bank in foreign countries are being brought within the scope of this Act that this House passed a few months ago. While we are on this important question of the regulation of the activities of the branches of the Imperial Bank in foreign countries, it is quite relevant to ask as to what steps are being taken by the Government of India to see that the foreign exchange banking business which has been conducted in this country is gradually taken over by the State Bank and by the various private banks of this country.

[Mr. DEPUTY-SPEAKER in the Chair]

As you know, our export and import trade runs into a colossal figure of Rs. 800 crores to Rs. 1,000 crores per year. I do not have the exact figures. Actually they are not available, but I believe that about 70 to 80 per cent of all these transactions pass through the foreign exchange banks which are operating in this country. There have been some attempts in the recent past, on behalf

of the Indian banks, to enter the foreign exchange banking business, but those attempts have not made much of a headway. In spite of the fact that one or two banks are devoting more and more of their energies to take over exchange banking business, this solid phalanx of foreign banks which have been operating in this country for centuries, refuses to yield with the result that even now, after so many years of independence, a bulk of the foreign exchange business is in the hands of foreign banks. As you know, the cream of any banking is in foreign exchange banking, and I think the Government of India must pay greater attention to see that as much of foreign exchange banking as possible comes into the hands of indigenous banks and the State Bank. I would like to know from the hon. Finance Minister who is piloting this Bill as to whether the Government of India have issued any directives to the Reserve Bank of India that they should facilitate this process. It is my information that for one reason or the other, the Reserve Bank of India do not find it very convenient to either ask or bring pressure on the Indian banks and even the State Bank to take up more and more of the exchange banking business. I should have thought that now that the Reserve Bank is completely nationalised, now that the biggest bank in the country is nationalised, more and more exchange banking business will come in the hands of the purely indigenous banks.

There is another side to this question. The Government of India themselves are the single largest importers of commodities and articles from foreign countries. The Ministry of Works, Housing and Supply purchased goods from foreign countries to the tune of Rs. 60 crores to Rs. 80 crores. In the post-war period we were importing foodstuffs to the tune of crores of rupees. In fact, in one year, we imported as much as Rs. 250 crores worth of foodgrains. Although happily the import of foodgrains has stopped, the import of other vital materials, machinery, etc., that the Government of India need for their developmental

[Shri Bansal]

work is still being carried on by Government.

Mr. Deputy-Speaker: All this is very interesting, but do they arise out of this short Bill which only wants to say that wherever in the foreign countries they do not recognise the State Bank as different from the Imperial Bank, some steps had to be taken? So, we are not going into the general discussion of the whole thing.

Shri Bansal: I am only restricting myself to one point, namely, the indigenous banking system should also have a fair share of the foreign exchange banking. That is my short point.

Mr. Deputy-Speaker: We are on a general principle as to what the bank ought to do and that is in respect of the State Bank of India Bill. The only amendment now made is, wherever they do not recognise the State Bank, some transactions will have to be carried on in the name of the State Bank and gradually the State Bank will come into existence and the Imperial Bank will disappear.

Shri Bansal: I thought this was the proper opportunity to refer to the points that I made.

Mr. Deputy-Speaker: This is only an amending Bill. I now call upon the hon. Minister.

Pandit Thakur Das Bhargava (Gurgaon): May I put one question to the hon. Minister? So far as the foreign exchange and foreign investments are concerned, there was a complaint that the Imperial Bank's working was inefficient and that it was not quite up to the mark. I would like to know from the hon. Minister what are the prospects for foreign exchange and foreign investment business so far as the State Bank is concerned. Now, there has been some delay also, in respect of the starting of branches. We thought that from the 1st July, 1955, all the branches would be working. I do not know how this delay and this change from Imperial Bank to State

Bank will affect the business of foreign exchange, etc. I would rather like to know what are the prospects of foreign investment and deposits and also exchange for the State Bank of India.

Shri A. C. Gaha: I think the Chair has ruled that those questions are not quite relevant to this Bill. I need not go into them and give any elaborate reply, but still, on some other occasions this question has come up, namely, that the Indian banks should take more part in the foreign exchange work of India. The Government also fully shares this view and we are trying to help the Indian banks, but it depends on the capacity of the Indian banks also to compete with the exchange banks, that is, the foreign banks, operating in India. It should be remembered that the material resources of the Indian banks, compared to the exchange banks operating in India are almost negligible. The Lloyds Bank, I think, has deposits of about Rs. 1,600 crores, whereas the biggest of the Indian commercial banks, the Imperial Bank, had a deposit of only a little above Rs. 200 crores. Other commercial banks have very much less by way of deposit amounts. The foreign exchange banks have got branches all over the world, whereas the Indian banks have very few branches outside India. There are some other conditions also which are putting some handicap for the Indian banks in the way of taking larger shares in the foreign exchange business.

One relevant question was raised by Shri Bansal, as to why the Government transactions in foreign exchange should not be handled by the Indian banks. A major portion of these are already done by Indian banks. As for the rest, I can say that we are examining this question. If there is no practical handicap in this matter, i.e., no handicap due to the capacity or otherwise of the Indian banks handling this thing, there could not be any objection on the part of the Government of India to transfer the government transactions to the Indian banks. But the

same difficulty would arise, namely, if the Indian banks would be able to handle this kind of work, what would be the cost for the Government of India *vis a vis* the commission that is now incurred by them on the work which is now being carried on through the foreign banks. So, I think it would involve some more expenditure for the Government of India. Anyhow, this question is still under examination.

My friend Pandit Thakur Das Bhargava has raised the question of the assets and liabilities and the deposits of the Imperial Bank and the State Bank in foreign countries. I think I had given some figures yesterday. I can tell him now that the Imperial Bank has been earning some profits from foreign business through its branches in foreign countries. During the half-year ending 30th June, 1955, it earned a profit of Rs. 06 lakhs in the United Kingdom, Rs. 6.39 lakhs in Pakistan, Rs. 1.04 lakhs in Ceylon and Rs. 1.46 lakhs in Burma. The total earning of the Imperial Bank during the last half-year was Rs. 8.95 lakhs. Yesterday I gave figures regarding advances and deposits and how these have been transferred to the State Bank. I do not know what other information the hon. Member requires.

Mr. Deputy-Speaker: Have there been any large withdrawals since?

Shri A. C. Guha: No; only the Imperial Bank accounts are being transferred to the State Bank. The Imperial Bank account on the 1st July was Rs. 13.62 crores and on 22nd July that amount has come down to Rs. 13.35 crores. Now that there is nothing further about this matter, I think that the Bill may be passed as amended.

Shri Mohiuddin (Hyderabad City): In foreign countries, are the accounts of the Imperial Bank transferred to the State Bank with the consent of the respective Governments?

Shri A. C. Guha: Here of course the accounts and everything are transferred automatically. In foreign countries we shall have to follow the

laws operating in those countries and in some cases it should be with the consent of the borrowers. Some of them may say, we do not want to transfer our accounts to the State Bank; rather we would get it transferred to some other Bank. Anyhow, I think according to the laws operating in most of the countries, it must be with the consent of the parties concerned.

Shri Mohiuddin: Yesterday the hon. Minister mentioned that the assets were reduced in a month's time from Rs. 14 crores to Rs. 7 crores. Is that due to the reduction of assets in foreign countries?

Shri A. C. Guha: What I stated was about advances and deposits. If the hon. Member is referring to fixed assets, they have remained the same. This is a separate feature. The fixed assets would be Rs. 51.84 lakhs.

Shri Mohiuddin: What would be the procedure by which the fixed assets—building, furniture etc.—would be transferred from the Imperial Bank to the State Bank?

Shri A. C. Guha: I think in different countries we have to follow different methods. I think that a considerable amount of stamp duty also may be involved; but I cannot give any definite formula. We are trying to follow different methods in different countries and we shall also have to see that we do not incur a large amount of expenditure for simply transferring the assets from the Imperial Bank to the State Bank.

Shri Mohiuddin: One point has not been clarified. The point is whether the foreign governments concerned have given permission for the establishment of the branches of the State Bank in those countries.

Shri A. C. Guha: Surety. I have mentioned it yesterday. Any bank wishing to open a branch in any foreign country must obtain the permission of that Government. Even in India, any foreign bank wishing to open a branch will have to take the permission of this Government.

Shri Mohiuddin: I want to know whether the permission has been granted by those Governments.

Shri A. C. Guha: Yes; the branches of the State Bank have already been opened in those countries.

Mr. Deputy-Speaker: The question is:

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

The motion was adopted.

CITIZENSHIP BILL

The Minister of Home Affairs (Pandit G. B. Pant): I beg to move:

"That the Bill to provide for the acquisition and termination of Indian citizenship, be referred to a Joint Committee of the Houses consisting of 45 Members, 30 from this House, namely,—I shall give the names presently and 15 Members from Rajya Sabha;

that in order to constitute a sitting of the Joint Committee the quorum shall be one-third of the total number of Members of the Joint Committee;

that the Committee shall make a report to this House by the 16th November 1955;

that in other respects the Rules of Procedure of this House relating to Parliamentary Committees will apply with such variations and modifications as the Speaker may make; and

that this House recommends to Rajya Sabha that Rajya Sabha do join the said Joint Committee and communicate to this House the names of Members to be appointed by Rajya Sabha to the Joint Committee".

The Bill to which this motion relates is of an important character. The subject not only relates to citizenship, but it has also wider bearings. While the citizens of this land will be acquiring all the rights and privileges which flow from this status which is cherish-

ed highly everywhere, the Bill also allows others, in special circumstances, to acquire a similar status. All rights in the State flow from citizenship, and it has far-reaching consequences. So, the Bill which prescribes the methods of acquisition and renunciation, termination and deprivation of citizenship rights deserves very careful consideration. I would appeal to the House to give it a very serious thought, so that if there are any defects in it, they may be removed and the Bill may be as perfect as it can possibly be.

The right of citizenship so far as we are concerned, has started only with the advent of independence. In the olden days when we were under foreign rule, we had virtually no such right; we were governed nominally and ostensibly by the British Citizenship and Alien Rights Act of 1914. That Act was modified later and it was repealed in 1948. But under that Act we could only be the subjects of a foreign Crown, with the result that we were subject to all liabilities which are associated with subjection, but enjoyed hardly any privilege. That continued to be the position, as I said, till 1947.

In our own country we had no law of citizenship. Only an insignificant Act relating to naturalisation was passed in 1928 which was meant more for the benefit of persons coming here from abroad than for our own. Apart from that, no law relating to registration or naturalisation or otherwise was ever adopted in our own country. So, when we started with a clean slate on the accomplishment of independence, we had no law of citizenship. The Constituent Assembly looked into this matter and for days and days the question was considered by the authors of the Constitution very carefully and very closely. As a result of such consideration, Part II of the Constitution which consists of clauses 5 to 11 was enacted. Under those clauses a person could acquire the right of citizenship if he was born in India, if either of his parents was born in India or if that person had resided in India for five