

Mr. Speaker: Order, order. The substance is to be taken into consideration. When he said he had no information, all that that meant reasonably was, no complete information.

Dr. Katju: I think I said so.

Mr. Speaker: He used the word 'complete'. Now, it is no use discussing that point.

PAPERS LAID ON THE TABLE

AIR CORPORATION RULES

The Deputy Minister of Communications (Shri Raj Bahadur): I beg to lay on the Table, under sub-section (3) of section 44 of the Air Corporation Act, 1953, a copy of the Air Corporation Rules, 1954, published in the Ministry of Communications Notification No. 14-CAG(15)/53, dated the 26th November 1954. [Placed in Library. See No. S-452/54]

AUDIT REPORT ON INDUSTRIAL FINANCE CORPORATION

The Minister of Revenue and Defence Expenditure (Shri A. C. Guha): I beg to lay on the Table a copy of the Audit Report on the accounts of the Industrial Finance Corporation of India for the year 1953-54, under sub-section (7) of section 34 of the Industrial Finance Corporation Act, 1948. [Placed in Library. See No. S-472/54]

DEMANDS FOR SUPPLEMENTARY GRANTS FOR 1954-55

The Minister of Revenue and Civil Expenditure (Shri M. C. Shah): I beg to lay on the Table a statement showing Supplementary Demands for Grants for expenditure of the Central Government (excluding Railways) in 1954-55. [Placed in Library. See No. S-479/54]

DEMANDS FOR SUPPLEMENTARY GRANTS (FOR ANDHRA) 1954-55—

The Minister of Revenue and Civil Expenditure (Shri M. C. Shah): I beg to lay on the Table a statement showing Supplementary Demands for Grants for expenditure of the Andhra State in 1954-55. [Placed in Library. See No. S-480/54]

ALLEGED ASSOCIATION OF MINISTER WITH A BANK

Shri H. N. Mukerjee (Calcutta-North-East): On August 30, 1954, this House discussed, on a motion, the decision of Government modifying the Bank award given by the Labour Appellate Tribunal in the dispute between banks and their employees. In the course of that discussion, I suggested that the total exemption granted by Government, from operation even of the modified award, to the United Bank of India Ltd., could be accounted for by different factors, including the circumstance that a Deputy Finance Minister of the Central Government, Shri Arun Chandra Guha, had connections with the said bank and had been a guarantor of a large loan from the Bank to a concern in which he was interested. This was repudiated, in the first instance in general terms, by the Finance Minister and then by Shri Guha in the following words—p. 1707 of the cyclostyled official report of the proceedings of the House:

"I can say on my behalf that I have never been a guarantor of any loan on any bank, not to speak of the United Bank. Nobody would give any loan on my guarantee".

Subsequently, I was asked by the Speaker either to substantiate my allegation or withdraw it with an appropriate expression of regret in the House. On my representation that I should be permitted some time to secure verification of my allegation from my informants who, I thought, were reliable people, Mr. Speaker has

[Shri H. N. Mukherjee]

very kindly agreed. It was not, however, till the last day of the last session that I could secure such verification. It has come in the shape of a photostatic copy of a page of the said Bank's Register of Securities, which, along with a typed copy of its contents, I shall presently lay on the Table of the House.

The copy shows, on the face of it, that Shri Arun Chandra Guha, as one of the directors of Sree Saraswati Press Ltd., (a public limited company with an authorised capital of Rs. 2,50,000/-) had given to the bank a letter of guarantee dated 4th March 1947, replaced by a subsequent letter of guarantee dated 6th June 1950 for the sum of Rs. 5,00,000. It appears also that the letter of guarantee has not been revoked by Shri Guha, and that, in view of the signature of some competent officer of the bank dated 18th February 1954, it was certainly current at least as late as that date. It should be added here that the loan account was opened by Shri Guha and others with the Comilla Banking Corporation, Ltd., which was one of the four banks amalgamating into the United Bank of India, Ltd., and that the said loan account is continuing in the books of the United Bank of India Ltd.

It was never my point that Shri Guha had guaranteed a large loan from a particular bank during his tenure of office as Deputy Minister. My only point was his relation with a particular bank—whether past or present, it is not relevant to ask—which has got what seems to be spectacular exemption from the operation of an award even as modified by Government. It is a pity that Shri Guha chose, in sweeping terms, to deny categorically that he had ever been a guarantor of a loan on any bank, "not to speak" to quote his own words, "of the United Bank". The House will appreciate that I owe it to the House to state the real position as far as I have been enabled to and out.

The Minister of Revenue and Defence Expenditure (Shri A. C. Guha): I am sorry Shri H. N. Mukherjee has preferred in his statement to put a garbled version of what he said on 30th August. The words used by him on that occasion may just be quoted to refresh the memory of the Members—"There is a Deputy Finance Minister, there is a Chief Minister of West Bengal who are personal guarantees for enormous sums of money lent out under the auspices of the United Bank of India". Subsequently he again said—"A Deputy Finance Minister and the Chief Minister of West Bengal are personal guarantees for extra large sums of money which are drawn as overdraft from this particular bank by methods which appear on the face of it to be very dubious".

In the present statement he has mentioned me as a guarantor of a large loan—instead of very wide and sweeping language he used then. He has also mentioned that his point was that I have some obligation to the United Bank of India Ltd., "whether past or present". But on the previous occasion he used twice the verb 'are' in the present tense. I do not know what he meant then by such phrases as "extra large sums of money", and "methods which appear on the face of it dubious". A commercial firm of good financial reputation arranging an overdraft account with a bank against its stocks and assets, is just an usual commercial practice. Then I do not know whether signing some overdraft guarantee papers as a director of single loanee company along with other directors should be taken at par with "personal guarantees for enormous" or "extra large sums of money", which Shri Mukherjee took delight to rub in repeatedly on 30th August, and that also by "dubious methods".

The Lok Sabha may just compare the difference. He has secured a photostatic copy of a page of an account

book of the Comilla Banking Corporation, Ltd., and not of the United Bank of India, Ltd. He need not have taken the trouble of securing this—by methods, to use his words—which must be “dubious”. In fact the very next day in a private conversation in the lobby I told Shri Mukerjee that as a director in 1947 I signed certain papers in connection with the overdraft account of Sree Saraswaty Press, Ltd. with the Comilla Banking Corporation, Ltd., and not with the United Bank of India, Ltd., and that from July, 1951, I had ceased to be a director of that concern.

I think I should here state the facts of the case. Along with some other directors, I signed some papers in connection with that overdraft account which Sree Saraswaty Press, Ltd., opened with the Comilla Banking Corporation, Ltd. This was renewed on 6th June 1950, also with the same bank and not with the United Bank of India, Ltd., which was formed later than this. The photostatic copy Shri Mukerjee has produced is also from the Register of the Comilla Banking Corporation, Ltd., In July, 1951, i.e., almost immediately after the passing of the Peoples Representation Act, I resigned from the Board of the loanee concern. The overdraft account was again renewed in August, 1952. And no papers were signed by me on this occasion—as I had resigned from the directorship of the concern 13 months before that. By that time the account was transferred to the newly formed United Bank of India, Ltd.

Then he has referred to a signature of some bank official dated 18th February 1954 on a page of the Register of the United Bank of India, Ltd. Thereby he has tried to conclude that “it (my responsibility) was certainly current at least as late as that date”. But he has simply ignored to see that the signature on that date is only in verification of the fire insurance papers deposited by the loanee company with the bank. Shri Mukerjee has also conveniently ignored another entry on that page which clearly

indicates that the letter of guarantee signed by me was replaced by a letter of guarantee signed by another director on 19th August 1952.

Shri Mukerjee has tried to make out a point that my guarantee letter has not been revoked. I should state here that validity of such papers—even if not revoked—runs only for three years; and so on 6th June 1953 all papers signed by me ceased to be valid, i.e. three years after my signature on 6th June 1950. This has been confirmed by the letter of the bank. Whatever papers I signed on the two occasions in 1947 and 1950, I signed then not with the United Bank of India, Ltd., but with another bank, Comilla Banking Corporation, Ltd. So, whatever responsibility I might have taken regarding a particular overdraft account as a director of a loanee company, that was with a different bank with a different Board and Management.

Thus, even now I repudiate the insinuation made by Shri Mukerjee on 30th August and I assert that I had no obligation—present or past—with the United Bank of India, Ltd., and I have no reason to oblige them.

Herewith I am placing a copy of a letter from Sree Saraswaty Press, Ltd., which will indicate that I resigned from the directorship of that company on 4th July, 1951, and a copy of another letter from the United Bank of India, Ltd., which will clearly indicate that I have no financial obligation to the United Bank of India, Ltd.

Shall I read the letters, Sir?

Mr. Speaker: He may place them on the Table. Are they long?

Shri A. C. Guba: They are short ones.

Mr. Speaker: Then he may read them.

Shri A. C. Guba: This is the letter from the loanee company to the bank:

“We are surprised to learn from a newspaper report that you have even recently cited the name of

[Shri A. C. Guha]

Shri Arun Chandra Guha to the Reserve Bank of India as one of the guarantors of our overdraft account with you.

We like to point out that though the loan was sufficiently secured by tangible assets of the company, Shri Guha signed the guarantee bond only in his capacity as a director of this company at that time, along with some other directors as you stated that it was customary to obtain such guarantees.

Shri Guha ceased to be a director of this company on 4th July, 1951, and he ceased to be guarantor from that date. This will be borne out from the fact that when the Guarantee Bonds of the other directors were renewed in 1952, he was not a signatory to them.

Under the circumstances, we fail to understand how you could cite his name as a guarantor of our loan from you. Please confirm that Shri Guha is not a guarantor to our loan from you."

This is the other letter—that is, the letter from the United Bank of India, Ltd:

"With reference to your letter dated the 22nd November 1954, we like to state that your overdraft account with the Comilla Banking Corporation Ltd., was secured by hypothecation of your stocks and machineries. Shri A. C. Guha and some other directors were requested by that bank to sign the guarantee bond with respect to that overdraft account, which he and others did on 4th March 1947. This account was renewed with the same bank in 1950 wherein also Shri Guha along with some other directors, signed those papers on 6th June 1950. This is in conformity with the usual banking formalities.

This overdraft account was last renewed on 19th August, 1952, with the United Bank of India, Ltd. No paper was signed by Shri A. C. Guha then as he was not a director of your company. The validity of such documents automatically lapses after three years from the date of the signature. So Shri Guha's responsibility as regards that overdraft account automatically lapsed on 6th June 1953. In usual returns to the Reserve Bank, Shri A. C. Guha's name was never cited as a guarantor and he has no responsibility or liability about your overdraft account. Even when he signed the papers in 1947 and 1950—that was with the Comilla Banking Corporation Ltd. and he did not sign any paper with the United Bank of India Ltd."

Shri H. N. Mukerjee: May I be permitted to say something in relation to certain observations made by the Minister?

Mr. Speaker: I think no argument is open to the hon. Member. He wished to make a statement; he has made it. Shri Guha has made a statement in reply.

Shri H. N. Mukerjee: In reply to certain statements made by Shri Guha, I must have a right to make the position clear.

Mr. Speaker: This House is not the forum to decide who is right and who is wrong. The House will come to a conclusion about the facts from the statements and documents read here.

PREVENTIVE DETENTION (AMENDMENT) BILL—concl'd.

Mr. Speaker: The House will now resume further discussion on the motion moved by Dr. Katju that the Bill further to amend the Preventive Detention Act, 1950, be taken into consideration, along with the amendments