

**Shri D. V. Rao (Nalgonda):** What about the Scheduled Castes and Scheduled Tribes Report?

**Shri Satya Narayan Sinha:** I told the House on the last occasion that it will be taken up in the next session because the 1956 report is not yet available.

I may inform the House that we have to bring a small piece of legislation. It is very urgent on account of the ruling of the Calcutta High Court on the seizure of rice. That is very important and a Bill will be introduced on Monday. I request the House, after this is finished, to take it up for an hour.

**An Hon. Member:** Today?

**Shri Satya Narayan Sinha:** It will be introduced on Monday. I have just informed the House that that important piece of legislation will also be added to the list which I have already announced.

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#### INTER-STATE CORPORATIONS BILL

**The Minister of Law (Shri A. K. Sen):** I beg to move:

"That the Bill to provide for the reorganisation of certain corporations functioning in two or more States by virtue of section 109 of the States Reorganisation Act, 1956, and for matters connected therewith, be taken into consideration."

This Bill has become necessary in view of the reorganisation of certain States under the States Reorganisation Act, specially the State of Bombay. Under several State laws, various statutory corporations were set up having their activities throughout the States, some of which have been reorganised. Hon. Members will see in the schedule annexed to the Bill a list of statutes of the old State of Bombay, Hyderabad and also Madhya Pradesh, under which various statutory authorities and corporations were

set up. As a result of the reorganisation, mainly the territorial reorganisation of these States, these statutory corporations, which were originally intra-State corporations became Inter-State corporations by reason of the reorganisation of these States by the States Reorganisation Act, 1956.

The consequence has been that a statutory corporation functioning in the old State of Bombay, let us take for example, under a statute of the old State of Bombay, will now continue to have its activities over territories which now form parts of other contiguous States, which have also undergone transformation. In order to enable these statutory corporations to continue, notwithstanding the territorial severance of their own States and consequentially their own territorial severance, section 109 of the States Reorganisation Act, 1956 provided that these statutory corporations should continue to function, notwithstanding the severance of the territories of their former States, until provisions in that behalf were made by the Central Government or Parliament.

This measure really seeks to provide for the permanent functioning of those statutory corporations under arrangements which may be arrived at by the local States and thereupon such arrangements will be forwarded to the Central Government and the Central Government will confirm the schemes under which those corporations will continue to function. This, hon. Members will appreciate, is highly necessary and really consequential upon the reorganisation of the former States, within which the statutory corporations were situated and within whose original boundaries these corporations were functioning.

Hon. Members will no doubt notice that the real provisions are sections 3 and 4. Section 3 reads as follows:

"If it appears to the Government of a State in any part of which an inter-State corporation is functioning that the inter-State

[Shri A. K. Sen]

corporation should be reconstituted and reorganised as one or more intra-State corporations or that it should be dissolved, the State Government may frame a scheme for such reconstitution and reorganisation or such dissolution, as the case may be, including proposals regarding the transfer of the assets, rights and liabilities of the inter-State corporation to any other corporations or State Governments and the transfer or re-employment of employees of the inter-State corporation and forward the scheme to the Central Government."

Section 4 provides:

"On receipt of a scheme forwarded to it under section 3, the Central Government may, after consulting the State Governments concerned, approve the scheme with or without modifications and give effect to the scheme so approved by making such order as it thinks fit."

Then, it provides what the order will provide for.

Therefore, hon. Members will now pass the Bill without much delay, because it is really of a very non-controversial nature, intended to meet the requirements of the States Reorganisation Act and the difficulties that the territorial reorganisation of some of the States have created in the functioning of these corporations, which were originally situate within the portions of one State, but now have become the subject-matter of several States, so far as their statutory activities are concerned.

With these words, I recommend that the motion be accepted by the House.

**Mr. Speaker:** I will now put the motion to the vote of the House. The question is:

"That the Bill to provide for the reorganisation of certain corporations functioning in two or

more States by virtue of section 109 of the States Reorganisation Act, 1956, and for matters connected therewith, be taken into consideration."

*The motion was adopted.*

*Clauses 2 and 3 were added to the Bill.*

**Clause 4.—** (Reorganisation of certain inter-State Corporations).

**Shri Shree Narayan Dass** (Darbhanga): I beg to move:

Page 2, line 40—

add at the end:

"and shall be subject to such modifications as Parliament may make during the session in which it is so laid or the session immediately following".

I have nothing to say about this amendment except that when we are going to make some changes with regard to the inter-State corporations, there may be some matters there in the order issued by the Government which may be controversial. Therefore, the Members of this House should be given an opportunity to scrutinise the order and if there is any discrepancy in that order issued by the Government, it may be removed. Usually in every such enactment, a provision like this is inserted. I think there is no harm if this is provided here also.

**Mr. Speaker:** Amendment moved:

Page 2, line 40—

add at the end:

"and shall be subject to such modifications as Parliament may make during the session in which it is so laid or the session immediately following".

**Shri Naushir Bharucha** (East Khandesh): I would like to point out to the hon. Minister that there appear to be two lacunae in clause 4. Clause 4 deals with dissolution of an inter-State corporation. At page 2, if you

look to clause (d), it refers to the transfer, in whole or in part, of the assets, rights and liabilities of the inter-State corporation to any other corporations or State Governments and the terms and conditions of such transfer.

It is obvious that, if there is a quarrel between two State Governments on the division of the assets and liabilities, there is no provision here to solve the dispute between the two Governments. Obviously some clause has to be incorporated providing for arbitration by the Central Government or by some body or other, because, take for instance, the State Road Transport Corporation of Bombay, part of which will go to Mysore. Questions will arise as to how many buses will go to Mysore, what will be the debt which will be borne by the Mysore State and so on. Obviously, there will not be agreement between the two States. Therefore, it is necessary that some sort of arbitration clause should be provided to resolve the dispute.

The second point is, if you turn to clause (f), it refers to the transfer or re-employment of any employees. "Re-employment" sounds as if there will be a break in the service of the employees. If as a result of the operation of the States Reorganisation Act, the employees have to be divided between two States, I do not see why it should be considered as a break of service. Perhaps that may affect the provident fund, pension or gratuity of the employees. I beg to submit that care should be taken with regard to the use of the word "re-employment". I think the Government by way of administrative direction might prescribe that "re-employment" used in this particular clause (f) does not mean any breach in the continuity of service.

I hope these two points will be taken care of by the Minister.

**Shri A. K. Sen:** I am sorry I cannot accept the amendment proposed by Shri Shree Narayan Das. It is not

really necessary, because we are dealing with corporations incorporated by virtue of State legislation. It is primarily for the States to frame schemes for the future constitution, organisation or functioning of these corporations and the Central Government would really exercise more or less a supervisory authority under the Bill. It is not really feasible or practicable to trouble Parliament with each and every scheme of each and every statutory corporation. I have not the least doubt that if any suggestion with regard to any particular corporation is accepted by the House in the form of a resolution, the Government will no doubt give effect to it. But, for that it is not necessary to adopt the amendment proposed. It will rather take a lot of time of the House on all the details and the House cannot be properly informed either.

Now, with regard to the suggestion of the hon. Member, Shri Bharucha, I don't think there is any necessity for providing any arbitration for the order contemplated under section 4 gives really the final seal for any scheme relating to such inter-State corporations and that order will be binding on every party concerned. Therefore, no other authority, either as arbitrator or otherwise, will be necessary to introduce finality for any scheme for these statutory corporations.

With regard to the question of re-employment, I certainly think that the hon. Member's suggestion deserves serious consideration. It is really a technical word—re-employed. And the Hon'ble Member will appreciate as a lawyer that you cannot transfer personal service from one to another. In fact, the authorities are clear on that point. Nobody can transfer 'personal service' in the sense one transfers assets and liabilities. Therefore, if as a result of the re-organisation of two corporations, the services of one are taken over by the other, it is really new employment by the new corporation. What should be the terms of service and whether

[Shri A. K. Sen]

there should be continuity of service or not are certainly matters for the consideration of the Central Government and, I have no doubt, the Central Government and the State Governments, while framing any scheme, will bear that in mind and will not deprive employees who are taken over by the re-organisation, the continuity of service and other conditions, to which they are normally entitled. That really is a matter for administration and is not a matter to be introduced in the legislation. Therefore, I submit, the clause, as framed, may be passed.

**Mr. Speaker:** Shall I put the amendment to the vote of the House?

**Shri Shree Narayan Das:** I am not pressing it.

*The amendment was, by leave, withdrawn.*

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

"That clause 4 stand part of the Bill".

*The motion was adopted.*

*Clause 4 was added to the Bill.*

*Clause 5 was added to the Bill.*

*The Schedule, Clause 1, the Enacting Formula and the Title were added to the Bill.*

**Shri A. K. Sen:** I beg to move:

"That the Bill be passed."

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

"That the Bill be passed".

*The motion was adopted.*

#### DHOTIES (ADDITIONAL EXCISE DUTY) AMENDMENT BILL

**The Minister of Commerce (Shri Kanungo):** Mr. Speaker, with your permission, I beg to move:\*

"That the Bill to amend the Dhoties (Additional Excise Duty) Act, 1953, be taken into consideration."

This is a very simple Bill, the principles of which have been extensively debated in the House and which, I beg to submit, has proved its worth in the course of the years. As a matter of fact, the very purpose of the provisions of the Bill were being operated under the Textile Control Order, 1948. But, as there has been some doubts about the absolute legality of it, in the form of ample precaution, this Bill has been introduced. There is nothing new in it. It is merely to legalise or rather to confirm the legalisation of certain steps, certain procedures which are already being followed. I move that the Bill be taken into consideration.

**Mr. Speaker:** Motion moved:

"That the Bill to amend the Dhoties (Additional Excise Duty) Act, 1953, be taken into consideration."

**Shri Naushir Bharucha (East Khandesh):** The Bill, which the hon. Minister has termed as simple, is going to benefit the mill-owners at the cost of the handloom industry. If we turn to clause 3 of the amendment, we find that "group of mills" has been defined as follows:

"'group of mills' means two or more mills under common ownership or management;"

So, if there is common management, which can be created by the imposition of a common management for a group of mills belonging to different owners, they will get a bigger quota and thus the provisions of this Bill can very well be circumvented. I fail to understand why 'management' has been included. The definition should have been 'a group of mills belonging to one individual'. That should have been sufficient. Now, it appears, a loophole is left to the mill-owners to create a common management for a group of mills, which will enable them to avail of this concession.

\*Moved with the recommendation of the President.