

Thursday, November 24, 1960  
Agrahayana 3, 1882 (Saka)

# LOK SABHA DEBATES

Second Series

Volume XLVII, 1960/1882 (Saka)

[November 14 to 25, 1960/Kartika 23 to Agrahayana 4, 1882 (Saka)]



**TWELFTH SESSION, 1960/1882 (Saka)**

(Vol. XLVII contains Nos. 1 to 10)

LOK SABHA SECRETARIAT  
NEW DELHI

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N.B.—The sign + above a name of a member on questions, which were orally answered, indicates that the Question was actually asked on the floor of the House by that Member.

## LOK SABHA DEBATES

1973

1974

### LOK SABHA

Thursday, November 24, 1960/Agrahayana 3, 1882 (Saka)

The Lok Sabha met at Eleven of the Clock.

[MR. SPEAKER in the Chair]

### ORAL ANSWERS TO QUESTIONS

#### Memorandum from Shri Grewal

+

Shri Ram Krishan Gupta:  
•405. { Shri Arjun Singh Bhadauria:  
Shri S. A. Mehdi:

Will the Minister of Home Affairs be pleased to state:

(a) whether Government have considered the memorandum submitted by Mr. D. S. Grewal who was acquitted in Karnal murder case; and

(b) if so, the nature of action taken in this regard?

The Minister of Home Affairs (Shri G. B. Pant): (a) and (b). An Advance copy of a memorial submitted by Shri D. S. Grewal in March, 1960 to the State Government has been received by the Government of India. The State Government have not yet forwarded the original memorial with their comments. Consideration of the memorial was deferred till the Karnal Murder Case was finally disposed of as it referred to a number of matters dealt with in the judgment of the Sessions Court in that case. The memorial will be considered when the original is forwarded by the Punjab Government, together with a statement of facts material to, and an expression of opinion on it as required under the All India Services (Discipline and Appeal) Rules.

1364 (Ai) LS.—1

Shri Ram Krishan Gupta: May I know whether it is a fact that Shri D. S. Grewal in his memorial has drawn the attention of the Central Government to the strictures passed against the Punjab Government and various other officers of I.A.S. and I.P.S. cadre; and, if so, what action Government propose to take against them?

Shri G. B. Pant: Shri Grewal's representation is meant to secure relief for Shri Grewal. That is the purpose of the representation, which has been submitted under the prescribed rules, and we have to wait for the comments and necessary documents before we can dispose of the matter.

Mr. Speaker: The hon. Member only wants to know, what about the other officers?

Shri G. B. Pant: So far as the representation goes, it is submitted by him against the action taken by the Punjab Government against him. It is not meant to indict other officers. It is a representation made by an officer who has himself suffered, according to him, and who has sought relief. That is the purpose of the representation.

Mr. Speaker: But he wants to know, what about the other officers? Whether a representation has been made by him or not, the judgment refers to all of them also as having taken part in that. That is what he wants to know.

Shri G. B. Pant: There could be two ways of dealing with them. Either the court itself could have started proceedings against them for perjury or for anything, if it thought proper; or departmental proceedings have to be taken. The departmental proceedings have in any case to be initiated by the State Government

itself. If any officers belonging to the Central Service are involved, then they submit their case to the Central Government. But the initiative in any case rests with the State Government itself. That is the legal position. And in fact, this was made very clear in a matter which was taken to the Supreme Court by Shri Grewal himself, where the Supreme Court said that the initiative rests with the State Government.

**Shri Ansar Harvani:** In view of the fact that the Supreme Court has passed strong strictures against the Chief Minister of Punjab and in view of the fact that this memorandum was submitted to the State Government in March and more than six months have elapsed, has the Government any intention of asking the State Government to forward this memorandum to them immediately?

**Shri G. B. Pant:** Well, so far as I am aware the Supreme Court has not passed any very serious strictures against the Chief Minister. In fact, the court which tried the case has said that he was not directly or indirectly responsible for the evidence that has been given. But so far as the Central Government is concerned, it cannot deal directly with these matters so far as the officers against whom strictures have been made are concerned; and, as I have just now explained the position, the initiative rests with the Punjab Government. And I understand from some reports that I have seen in the papers that they do propose to take some action.

**श्री प्रकाश बौर शास्त्री :** उच्च न्यायालय ने और उच्चतम न्यायालय ने सेशन जज के उस निर्णय को यथावत कायम रखा है जिसमें उन्होंने कहा था कि पंजाब पुलिस ने श्री ग्रेवाल के संबंध में तथ्यों को छिपाया है, न केवल छिपाया है बल्कि पुलिस के रोजनामचे से वह कागजात फाड़ दिये गये हैं जिनमें वे तथ्य अंकित थे। क्या मैं जान सकता हूँ कि

ऐसी स्थिति में डिपार्टमेंटल इन्वेस्टिगेशन से क्या कोई सही स्थिति सामने आ सकती है?

**श्री गो० ब० पन्त :** जब डिपार्टमेंटल इन्वेस्टिगेशन हो जायेगी और उसको रिपोर्ट और कागजात सामने आवेंगे तो सेंट्रल गवर्नरमेंट उनको देखेगी।

**Shri Braj Raj Singh:** In view of Shri Grewal having been acquitted by the court, is it now proper under the rules to have instituted a departmental enquiry in respect of the same action for which he was prosecuted in the courts; and may I also know, as eight months have passed since the memorial was submitted to Government, whether Government propose now to intervene in the matter and get the matter expedited?

**Shri G. B. Pant:** The representation was submitted to the Punjab Government; a copy of the representation was sent to the Central Government. The Punjab Government had been awaiting the decision of the Supreme Court which was given only, I think, a few weeks ago; and they will hold an enquiry and then submit a report, if they propose to impose a penalty or punishment on Shri Grewal, to the Central Government.

**Shri Braj Raj Singh:** The previous part has not been answered.

**श्री अर्जुन सिंह भद्रेश्या :** क्या मिस्टर ग्रेवाल को सरकार उसी प्रकार से कुछ सहायता देने जा रही है जिस तरह से कि डिफेंस मिनिस्ट्री ने कमांडर नानावती को १० हजार रुपये की सहायता दी थी? क्या यह बात सही है?

**श्री गो० ब० पन्त :** अब कोई फौजदारी मुकदमा तो श्री ग्रेवाल के खिलाफ है नहीं।

**Shri Tangamani:** In view of the fact that Shri Grewal has been acquitted by the highest court in the country, may I know whether information has been received that he has been reinstated in his post?

**Shri G. B. Pant:** There are other departmental proceedings going on against Shri Grewal and those departmental proceedings have been initiated some time ago. It is with regard to those departmental proceedings that I think the questions have been put.

**Shri Ram Krishan Gupta:** May I know whether it is a fact that departmental proceedings were instituted against Shri Grewal after one month of the death of Shri Hazara Singh and others?

**Shri G. B. Pant:** Maybe; I do not keep a diary of the deaths of various persons.

**Shri S. M. Banerjee:** The hon. Minister stated that a copy of the memorial addressed to the State Government has been received by the Centre, but the original memorial has not yet been received by the Centre from the State Government. Since the Punjab Government, especially the Chief Minister, is prejudiced against this particular officer, may I know whether the Central Government will decide this case dispassionately?

**Shri G. B. Pant:** Will he repeat the question?

**Mr. Speaker:** He wants to know, in view of the fact that the State Government is prejudiced against Shri Grewal, whether the Centre will intervene, call for the papers and dispose of the case?

**Shri G. B. Pant:** That we cannot do, but we have asked the Punjab Government to expedite matters.

**श्री प्रकाश बीर शास्त्री :** क्या मैं जान सकता हूँ कि जब सेशन जज के निर्णय के अनुकूल उच्च न्यायालय और उच्चतम न्यायालय ने श्री ग्रेवाल को निर्दोष सिद्ध किया है और श्री ग्रेवाल ने अपने समृतिपत्र में यह कहा है कि मुझे पंजाब से हटा कर हिमाचल प्रदेश और दिल्ली का जो नया कैडर बना है उसमें

मेज दिया जाये और यदि हां तो उस संबंध में सरकार क्या निर्णय लेने जा रही है?

**श्री गो० ब० पन्त :** जो आफिसर किसी एक स्टेट का होता है उस अहलकार को किसी दूसरी स्टेट को बगेर दोनों की राजामन्दी के मेज नहीं सकते।

**श्री हेम राज :** क्या मैं जान सकता हूँ कि श्री ग्रेवाल के बरखिलाफ बहुत सारे मुकद्दमात और डिपार्टमेंटल इनक्वायरीज पंजाब गवर्नरेंट के पास चल रही हैं और जिस वक्त तक कि उनका फैसला न हो जाय उस वक्त तक इसका कोई फैसला नहीं किया जायगा?

**श्री गो० ब० पन्त :** केसेज का मुझे कोई इलम नहीं है लेकिन डिपार्टमेंटल इनक्वायरी चल रही है यह मैं जानता हूँ। डिपार्टमेंटल इनक्वायरी के बारे में मैंने अभी साफ किया है कि जब वहां से रिपोर्ट आयेगी तब यहां की गवर्नरेंट उस पर अपनी जांच बगेरह कर सकती है और उसे देख सकती है और उसके फलस्वरूप अगर कोई वहां की गवर्नरेंट को हूँकर देना होगा तो दे सकती है। सेंट्रल गवर्नरेंट का ताल्लुक तभी होता है जब डिसमिसल या रिस्क्युल वर्गीकरण की तात हो। जहां तक छोटी पेनालटीज का ताल्लुक है उनमें सेंट्रल गवर्नरेंट का कोई दखल नहीं है।

**श्री भक्त दर्शन :** श्रीमन्, क्योंकि श्री ग्रेवाल के मामले ने केवल पंजाब का ही नहीं सारे देश का ध्यान आकर्षित किया है तो क्या केंद्रीय सरकार पंजाब सरकार से अनुरोध करेगी कि इस मामले में जल्दी से जल्दी निर्णय किया जाय और श्री ग्रेवाल के प्रति अधिक से अधिक न्याय करने का प्रयत्न किया जाय?

**श्री गो० ब० पन्त :** पंजाब गवर्नरेंट का ध्यान इस और आकर्षित किया गया है।

## Transport of Cambay Oil

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\*407. { Shri Indrajit Gupta:  
 Shri P. K. Deo:  
 Shrimati Mafida Ahmed:  
 Dr. Ram Subhag Singh:  
 Shri Wodeyar:  
 Shri Hem Barua:  
 Shri P. R. Patel:  
 Shri M. M. Gandhi:

Will the Minister of Steel, Mines and Fuel be pleased to state:

(a) whether Cambay oil is going to be transported to the Bombay refineries by rail, sea, or pipe lines; and

(b) the relative advantages of these methods?

**The Minister of Mines and Oil (Shri K. D. Malaviya):** (a) and (b). The matter is under examination.

**Shri Indrajit Gupta:** May I know whether it is a fact that transport of oil from Cambay to Bombay would be most advantageous if it was done by rail? May I also know whether it is a fact that the railways have demanded Rs. 58 per ton for carrying this oil, which is a very exorbitant rate?

**Shri K. D. Malaviya:** Regarding the first part, rail is not the most economic method of transport. There are alternative cheaper methods. Regarding the second part, it is a fact that this question is being examined between the Railway Ministry and our Ministry. It is also a fact that the Railway Ministry are *prima facie* indicating a higher charge than what we can bear so far as price of crude oil is concerned. The question is under examination.

**Shri Khimji:** In view of the fact that the Government have already taken a decision to establish an oil refinery at Cambay, may I know why it is considered necessary to put up a pipeline to Bombay?

**Shri K. D. Malaviya:** This question has been very frequently posed by

our Gujarati friends. I have answered it many times and I will repeat it. Both the things have got to go on—transportation of crude oil from Cambay to Bombay for supply to the refineries and also to instal a refinery in Gujarat. The whole question is still under examination as to what quantity of oil is to be transported to Bombay to save the spending in foreign exchange.

**Shri Khimji:** May I know what quantity is expected to be transported to Cambay and its value in rupees?

**Shri K. D. Malaviya:** For the first six months, we are proposing to send for transport about 1500 tons of crude oil daily in order to establish the quantity of oil that is to flow from Cambay and Ankleshwar and to test the capacity of the oil field. Later on, we cannot say as yet how much we will transport.

**Shri Jaganatha Rao:** It is stated that Cambay oil is very thick and its paraffin content is very high. So, it is difficult to carry it though the pipelines. May I know whether Government will consider that aspect?

**Shri K. D. Malaviya:** That aspect is being examined.

**Shri Hem Barua:** May I know whether the Bombay Chamber of Commerce has suggested that the Commission should lay pipelines between the oil fields and the Bohri rocks, where ships of deep draft can easily come in, and if so, whether the Minister is deeply impressed with this proposal?

**Shri K. D. Malaviya:** I do not remember to have received any proposal from the Bombay Chamber of Commerce. There are various proposals which are being examined by our technicians and those who are interested in it.

**Shri Hem Barua:** May I know whether the Chief Minister of Gujarat has made a counter-proposal that there should be pipelines between the oil fields and Dahej, 70 miles away, because there is a minor port in that

area and from there oil should be transported by tankers?

**Shri K. D. Malaviya:** This was primarily proposed by us to our technicians whether oil can be transported to an appointed place near about Dahej and thereafter transported by sea. All these questions are still under examination; we are still in a liquid state in regard to that.

**Some Hon. Members rose—**

**Mr. Speaker:** I have allowed a number of questions. At this stage what more is needed? Next question.

**'People's Car'**

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Shri S. M. Banerjee:  
Shri M. R. Krishna:  
Shri Harish Chandra Mathur:  
Shri Tangamani:  
\*408.

Will the Minister of Defence be pleased to state:

(a) whether the Ministry of Defence propose to undertake the manufacture of a small "people's car";

(b) if so, whether this will be done in collaboration with any foreign country; and

(c) the year from which production is likely to start?

**The Deputy Minister of Defence (Shri Raghuramaiah):** (a) No, Sir. The project of manufacturing a low priced vehicle is under consideration by a Committee appointed by the Ministry of Commerce and Industry.

(b) and (c). Do not arise.

**Shri S. M. Banerjee:** May I know whether it is a fact that two cars said to be manufactured in Ahmednagar and Hindustan Aircraft Limited were exhibited in Delhi? May I also know whether similar baby cars are to be undertaken for manufacture by the defence establishment and if so, when?

**The Minister of Defence (Shri Krishna Menon):** Those two vehicles

are developmental projects. As for the rest, the matter is in the hands of the committee.

**Shri Mahanty:** Is it a fact that an Admiral of the Indian Defence Forces had discussions with the Commerce and Industry Ministry officials regarding the production of the people's car?

**Shri Krishna Menon:** He is a member of the Committee. He is the Controller General of Defence Production.

**Shri Mahanty:** Then the question arises.....

**Mr. Speaker:** If he is a member of the Committee, he will know what is happening there.

**Shri Mahanty:** I wanted to know whether it was a discussion in the committee or it was a private discussion across the table.

**Mr. Speaker:** The hon. Minister has categorically stated that the proposal is under consideration by the Commerce Ministry and there is no other proposal. What more does he want?

**Shri Tangamani:** May I know whether it is a fact that Mr. Reddy, formerly of Praga Tools and now of HAL, designed one of the cars which was exhibited here and, if so, whether his services will also be made available to the sub-committee which is going in for the mass production of such cars?

**Shri Krishna Menon:** That is a matter for the committee. I do not deal with it.

**Shri Tangamani:** Here is a man who has some knowledge on the subject. I want to know whether the Ministry of Defence has made some suggestions about this particular gentleman who has designed the car which has proved to be successful, because it was exhibited?

**Mr. Speaker:** Why does the hon. Member think that the hon. Defence Minister and the hon. Commerce Minister do not know about this?

**Shri Tangamani:** I want to know whether this has been done.

**Mr. Speaker:** I will not allow this question. I will allow up to a particular point. These are details. As to further details whether a particular gentleman has been taken into confidence or not, it is for them to decide.

**Shri S. M. Banerjee:** The hon. Minister has stated that a Committee has been appointed in which the Controller General of Defence Production is a member. What are the terms of reference to this Committee? Has a decision been taken by this Committee that a small peoples' car should be manufactured by the Defence Ministry?

**Shri Krishna Menon:** If that question is put to the Ministry of Commerce and Industry, I have no doubt that they will answer it fully.

**Mr. Speaker:** Evidently, he wants to know whether it is open to the Committee to say that the Defence Ministry should take it up.

**Shri Krishna Menon:** That is for the committee to decide. All that we have done is to nominate a member to the committee. No doubt they will discuss the various projects in the committee. That is all we can say about it. Once a committee is appointed, how can we say what the committee is considering?

**Seth Govind Das:** Sometimes there is a rumour that Defence Ministry is going to appoint some committee in this respect; sometimes it is said that the Commerce Ministry is going to do that. May we know whether, after all, this question of the peoples' car has been decided by the Government and by what time the country can expect this car in the market?

**Shri Krishna Menon:** All that I can say is that it is for the Ministry of Commerce and Industry to say. They have appointed a committee and they are investigating it.

**Shri Birendra Bahadur Singhji:** When the Controller-General of Defence Production had been to Japan, did he have any talks with a Japanese firm for collaboration in the production of a car like Datsun?

**Shri Krishna Menon:** I cannot say whether that particular matter is being investigated.

**Dr. M. S. Aney:** May I know whether the appointment of a committee will absolve the Minister from the duty or responsibility of getting data or inside information as to what is taking place?

**Shri Krishna Menon:** I am in touch with the information, but there is a certain amount of propriety to be observed when a committee is appointed. That is all what I wanted to point out.

उत्तर प्रदेश के नये जिलों में निर्वाचन

\*४०६. श्री भवत दर्शन : क्या विधि मंत्री यह बताने की कृपा करेंगे :

(क) क्या भारत सरकार को यह सुझाव दिया गया है कि उत्तर प्रदेश के तिब्बत सीमावर्ती क्षेत्र में हाल में बनाये गये उत्तर-काशी, चमोली और पियोरागढ़ के नये जिलों में १९६२ के आगामी सामान्य निर्वाचन नहीं होने चाहिये ताकि निर्माण कार्य की गति धीमी न हो और निर्वाचनों के कारण अनावश्यक लिंचाव पैदा न हो ; और

(ल) यदि हां, तो इस पर क्या निर्णय किया गया है ?

**The Minister of Law (Shri A. K. Sen):** (a) Neither the Election Commission nor the Government of India is aware of any proposal for not holding the next general elections in 1962 in the Uttar Kashi, Chamoli and Pithoragarh districts of Uttar Pradesh.

(b) Does not arise.

**श्री भक्त दशन :** क्या माननीय विधि मंत्री महोदय ने इस तरह के समाचार पढ़े हैं कि पिछले दिनों लखनऊ में उत्तर प्रदेश के सीम वर्ती जिलों के डिस्ट्रिक्ट मैजिस्ट्रेटों की जो कांफेस चीफ सेक्रेटरी के सभापतित्व में हुई थी, उसमें इस तरह का सुझाव दिया गया था ? क्या इस तरह का सुझाव उन्हें प्राप्त हुआ है और क्या कभी उस पर विचार किया गया है ?

**Shri A. K. Sen:** Government has received no information of any such conference or any such statement being made by any responsible officer up till now.

**Shri B. K. Gaikwad:** What has happened to framing single member constituencies, as announced by the hon. President in his last opening speech?

**Shri A. K. Sen:** That question is not related to this at all.

**Appointment of Delimitation Commission**

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\*410. { **Shri Radha Raman:**  
**Shri Shree Narayan Das:**  
**Shri Hem Raj:**

Will the Minister of Law be pleased to state:

(a) whether as a result of census operation being completed in 1961, any Delimitation Commission will be appointed to adjust existing Constituencies for the election of members of the Lok Sabha and State Legislatures for the next general elections; and

(b) if so, when that Commission is likely to be appointed?

**The Minister of Law Shri A. K. Sen:** (a) and (b). In view of the provisions of articles 82 and 170(3) of the Constitution, the question of appointment of a Delimitation Commission for readjusting all Parliamentary and Assembly constituencies can arise only upon the completion of the 1961 census. Since the process for the next general elections will in any case commence by December, 1961, by

which time the 1961 census figures will not be available, readjustment of the constituencies on the basis of these figures for the next general elections will not be possible.

**Shri Radha Raman:** In view of the 1961 census, has Government given serious thought as to the manner in which the new delimitation of constituencies will be taken in hand after the census?

**Shri A. K. Sen:** It is a constitutional obligation to re-adjust the constituencies after each census operation and I have no doubt it will be done in the same manner as was done after the census report of 1951 was published.

**Shri Radha Raman:** May I know whether it is in the contemplation of Government to appoint a commission after the census report is available for the re-adjustment of constituencies?

**Shri A. K. Sen:** It is legally obligatory to appoint a delimitation commission.

**Shri Hem Raj:** In view of the fact that Government have given an assurance on the floor of this House that in the snow-bound and inaccessible areas elections will take place earlier, may I know what steps have been taken to hold these elections in the inaccessible areas of Uttar Pradesh and Punjab?

**Shri A. K. Sen:** This question, of course, is not at all related to the present question, but I do not mind answering it, since this question is being repeated every now and then. Government does not propose to defer elections in any area in India, whether it is an inaccessible area or in the frontier, or not. The previous question too was related to this. This Government and this country believes in preserving all the constitutional apparatuses and structures, whether there is an emergency or not. Therefore, the process of elections will be gone through whether there is any emergency or whether there is any threat or not.

श्री म० ला० द्विवेदी : मैं यह जानना चाहता हूँ कि क्या मंत्री महोदय को यह पता है कि पिछले डीलिमिटेशन कमीशन के आस्तीनी आंडर—फाइनल आंडर— के निकलने के समय कुछ ऐसे रिप्रेजेंटेशन किये गये थे, जिन पर उसमें विचार नहीं किया जा सका और बहुत सी कांस्टीन्यूएन्सीज में इस तरह का डीलिमिटेशन हो गया कि जो गलत था और जो सुधारा जाना चाहिये था ? क्या मंत्री महोदय बतायेंगे कि क्या इस सुधार के लिये डीलिमिटेशन कमीशन बिठाया जायगा, या क्या किया जायगा ?

Shri A. K. Sen: That is an entirely different question, and if that question is put, I have no doubt we shall answer it.

Shri Surendranath Dwivedy: Is any special consideration being given to such constituencies which are reserved for tribals or Scheduled Castes but which, on account of the growth of industrial cities, have a change in the percentage of population and which can be now converted into general constituencies?

Shri A. K. Sen: The Delimitation Commission will, no doubt, bear in mind all the necessary factors.

Shri Surendranath Dwivedy: That will come only after the 1962 elections as the hon. Minister has stated. But there are constituencies in which, because of the coming up of the industrial cities, the percentage of tribal population has changed and which can now be considered as general constituencies. Has this been brought to the notice of the Election Commission?

Shri A. K. Sen: The constituencies cannot be adjusted on any hypothetical considerations. That is why the Constitution provides that after each census report is out the constituencies will have to be adjusted. So, we will have to wait till the report of the census is out.

Shri Hem Raj: May I know whether the elections in the inaccessible areas

will be held at least before the election of the President takes place?

Shri A. K. Sen: The details will be worked out by the Election Commission. We cannot say at which time in what place the election is going to take place.

सेठ गोविन्द दास : जहां तक सैनसस रिपोर्ट का संबंध है, क्या वह १९६१ के घन्त में निकल आयगी और क्या यह बात सही है कि नये चुनाव मार्च में होने वाले हैं, ऐसी हालत में इतना बहुत मिलत है कि नहीं कि डीलिमिटेशन हो सके ?

Shri A. K. Sen: Well, even if the results come now there will not be enough time to allow the constituencies to be delimited immediately. As you know, the Delimitation Commission has to go to each area, take evidence, hear objections and then finally make a report. Even if the reports are out today, it will not be possible. The hon. Member will remember that even last time, after the 1951 census report was out, the work was undertaken only after the elections of 1952.

Shri Vidya Charan Shukla: May I know if the Minister's statement implies that there would be no bifurcation of the double-member constituencies before the next general elections?

Shri A. K. Sen: That is a different question altogether.

श्री पत्राडिया : मैं जानना चाहता हूँ कि अगर सिंगल मैम्बर कांस्टीन्यूएन्सीज का निर्माण हुआ तो उसे अभी जो डबल मैम्बर कांस्टिट्यूएन्सीज हैं उनको बांट करके किया जायेगा या कोई दूसरा तरीका अस्तित्वार किया जायेगा ।

Shri A. K. Sen: That question does not arise here.

श्री म० ला० द्विवेदी : क्या मंत्री महोदय को पता है कि १९६०—६१ में जो मर्दमशुमरी हो रही है उसमें ऐसी मशीनरी बन ई गई है कि बल्दी से बल्दी कान पूरा हो जाये ? क्या इसी

उत्तर की मशीनरी डिलिमिटेशन और इनक्षन कमिशन नहीं बना सकते हैं कि वे प्रपत्ता काम अन्ती जन्ती पूरा कर ने और डिलिमिटेशन हो जाये ?

**Shri A. K. Sen:** The hon. Member is an experienced parliamentarian. He knows what procedures are to be followed in the matter of delimiting constituencies. Utmost care has to be taken when constituencies are delimitated, unless we want to rob from our election machinery the reputation that it has built up for itself.

**Shri D. C. Sharma:** Is it not a fact that the Delimitation Commission is in the habit of redrawing the constituency map of India without taking into consideration geography, population and past practices?

**Shri A. K. Sen:** No, Sir.

**Shri B. K. Gaikwad:** A considerable number of Scheduled Castes people have accepted Buddha's faith. Will this situation have any effect on the reserved seats which have been allotted on population basis?

**Shri A. K. Sen:** I am aware of the keenness which the hon. Member always brings to bear on the question of reserved seats. Unfortunately, it is a subject-matter which is not related to the present one.

**Shri Achar:** By what time are the 1961 Census figures expected?

**Shri A. K. Sen:** This is a matter which should be addressed to the hon. Home Minister.

**Shri Tyagi:** As was done last time, is it the intention of the Government to appoint a non-official advisory committee for each State to sit along with the Delimitation Commission for advice?

**Shri A. K. Sen:** I should think so without committing anything on behalf of the Election Commission. But that is a procedure which has borne fruits.

**Raja Mahendra Pratap:** May I know whether the Government has taken the advice of the highest legal advisers, our opinions do not count with the Government?

**Mr. Speaker:** The hon. Minister is himself a lawyer. What more legal advice is desired?

**Shri Braj Raj Singh:** Under the electoral law yearly revision of electoral rolls takes place and up-to-date electoral rolls are there to show what number of electors are situated in a particular constituency. In view of this fact, may I know whether the Government proposes to have the Delimitation Commission appointed, even before the next Census reports are available?

**Shri A. K. Sen:** For making electoral rolls absolutely up-to-date before an election there is an annual revision of electoral rolls of each constituency. After the revision is done, a preliminary list is published in important public places of which notice is given to the public. Objections are invited and after objections the list is finally published. The final list is supplied to a recognised party so that the recognised party is at liberty to scrutinise the list and correct it when the next annual revision comes. Therefore there is no question of an electoral roll not being up-to-date before the next general election.

**Shri Braj Raj Singh:** I have never said that.

**Mr. Speaker:** All that the hon. Member wants to know is this. The hon. Minister has said that the Delimitation Commission cannot be appointed before the next elections though the Census operations will be complete by the end of 1961. The hon. Member has drawn the attention of the hon. Minister to the fact that yearly all electoral rolls are being revised. The hon. Law Minister has just now admitted that. In view of the fact that these electoral rolls are being revised from year to year, why should the Delimitation Commission

not be appointed on the basis of this without waiting for the Census figures?

**Shri A. K. Sen:** The hon. Member is not aware of the provisions of the law on this subject—I am very sorry to say—because the Delimitation Commission can only be appointed after the Census figures have been published.

**Shri Braj Raj Singh:** Another question arises out of this.

**Mr. Speaker:** The hon. Member is a lawyer and the hon. Minister is the Law Minister. Both of them will settle this matter amongst themselves. What is the meaning of all this when his interpretation of the law is that?

**Shri Braj Raj Singh:** Could the law be not changed in view of the electoral rolls having been brought up-to-date?

**Mr. Speaker:** Why does the hon. Member not bring forward a Bill?

#### Small Pig Iron Plants

**\*411. Shri Chintamoni Panigrahi:** Will the Minister of Steel, Mines and Fuel be pleased to state:

(a) whether the six small pig iron plants which were licensed have started working;

(b) the reasons why the Madras Unit has ceased production; and

(c) the cost of production of per ton of pig iron in the small pig iron plants?

**The Minister of Steel, Mines and Fuel (Sardar Swaran Singh):** (a) One unit in Orissa is in regular production. Another in Madras has been working intermittently.

(b) The unit in Madras (Coimbatore) stopped working for effecting adjustments in the plant and for relining with refractories of proper quality.

(c) It is difficult to work out the cost of production based on a few

months' initial operation of the plants. Indications are that the cost of pig iron produced in these furnaces is likely to be somewhat higher than that of pig iron produced in large conventional blast furnaces.

**Shri Chintamoni Panigrahi:** May I know whether Government has formulated any programme for allotting more small pig iron plants to the different States where low grade iron ore is available in plenty?

**Sardar Swaran Singh:** Yes, Sir, Government have agreed in principle to allow setting-up of pig iron plants upto an annual capacity of one lakh tons in the private sector. So it is for the private entrepreneurs to come forward with concrete proposals. One or two such proposals have already been approved. One relates to the State from which the hon. Member, Shri Panigrahi, comes. This is about the expansion of the Barbil plant. Another is for the establishment of a plant in Maharashtra State, most probably in Chanda District.

**Shri Chintamoni Panigrahi:** The pig iron plant at Barbil in Orissa has been in production for the last ten months. Is it not possible for the Government to know the exact cost of production of pig iron per ton so that Government can encourage such plants in different States?

**Sardar Swaran Singh:** If the economics are encouraging, surely the private parties will not hesitate to take advantage of that. There is nothing that Government could do except to enable people to set up the plants. We will leave the economics of it to be looked into by the parties who set up such plants.

**सेठ गोविन्द दास :** अब तक इस तरह की कितनी पार्टियों के सरकार के पास आवेदन आये हैं और क्या उन में से कुछ नामंजूर भी हुए हैं और कुछ विचाराधीन भी हैं ? या अब और कोई इस सम्बन्ध में आवेदन सरकार के सामने नहीं हैं ?

सरदार स्वर्ण सिंह : ऐसी आठ दर-स्वास्त्रों आई थीं और सभी मंजूर कर ली गई थीं। उन में से सब चालू नहीं हुईं। जैसा मैं ने पहले कहा सिर्फ दो जगह ऐसी भट्टियां चालू हुईं, एक उड़ीसा में और एक मद्रास स्टेट में। मेरा रुचाल है कि ग्वालियर में भी एक छोटे स्केल पर चालू हुई है। इस के अलावा मैंने कहा कि चान्दा में एक और के लिए इजाजत दी गई है। और भी जिस स्टेट से दरस्वास्त्रों आयेंगी, अगर वे ठीक होंगी तो उन पर भी गौर किया जायगा।

**Mr. Speaker:** It has been brought to my notice that an honorary Doctorate has been conferred upon our hon. friend, Seth Govind Das. Therefore since day before yesterday I have been calling him as Dr. Govind Das.

**Shri S. M. Banerjee:** From which University?

**Mr. Speaker:** From the Jabalpur University. It is rather difficult to get honours from one's own place!.... Next question. Mr. Sharma.

**Shri D. C. Sharma:** Why not you give a ruling that everybody will be called Shri So-and So? You gave a ruling last time that everybody would be called by the word Shri and not Dr.

**Mr. Speaker:** I will again call him Mr. Sharma. Or, is he also a Dr.?

**An Hon. Member:** No, he is a professor.

**Mr. Speaker:** Very well, Professor Sharma then.

**Shri D. C. Sharma:** When I first came I used to be called Professor D. C. Sharma. Then you said that everybody would be called Shri So-and-so. Now are you going to change that practice?

**Mr. Speaker:** All right, if hon. Members are particular about their titles.

#### Reduction in Election Expenses

\*412. { **Shri D. C. Sharma:**  
**Shri Bhakt Darshan:**  
**Shri Rameshwar Tantia:**  
**Shri Tangamani:**

Will the Minister of Law be pleased to refer to the reply given to Starred Question No. 226 on the 8th August, 1960 and state:

(a) the progress made in consideration of the suggestions made by the political parties in India for the reduction of election expenses by the Election Commission; and

(b) what decision has been taken in this regard?

**The Minister of Law (Shri A. K. Sen):** (a) and (b). The various suggestions made by the political parties for the reduction of election expenses have been carefully considered by the Election Commission and the Commission is of the view that the practical suggestions for reducing election expenses are few and their adoption is not likely to produce any appreciable effect. The Commission agrees with the suggestion that the holding of large public meetings with loud speakers is an expensive item and is of the view that restricting the number of such meetings that any candidate or party may hold should be feasible. The Government is now considering how best to give effect to this suggestion.

**Shri D. C. Sharma:** When this question was put last time, it was said that the views of certain political parties had not been received. May I know if all the political parties have expressed their views and if so, if there is any agreement on some of the points about these views?

**Shri A. K. Sen:** There is hardly any agreement excepting possibly with regard to the holding of very expensive meetings and so on. Each party had given certain suggestions. But, most of them are so difficult to

implement in practice that the Election Commission found it absolutely impossible to give effect to them. The only possible suggestion which the Election Commission thinks it may implement is this question of restricting the number of expensive public meetings held for each election. They are exploring the possibilities of implementing it.

**श्री म० सा० द्विवेदी :** क्या मंत्री महोदय को पता है कि चुनाव जित्रों में कोई कोई उम्मीदवार इतना ज्यादा खर्च करते हैं जिस का ठिकाना नहीं है। कहीं कहीं तो १००, १०० और २००, २०० जीप जानते हैं परंतु चुनाव बढ़ा मुश्किल हो जाता है, जैसाकि मोदहा में हुआ था। मैं जानना चाहता हूँ कि उम्मीदवार जो इतना बढ़ा चढ़ा कर खर्च करते हैं, जेकिन दिल्लीलाते कम हैं, उस को कम करने के लिये सरकार कोई आत सोच रही है।

**Shri A. K. Sen:** What the hon. Member says has been the complaint on behalf of many persons. Using hundreds of jeeps is punishable, as the hon. Member knows under the Representation of the People Act. If notwithstanding that it is employed and it is not brought to book, the hon. Member knows the difficulty himself of implementing any restriction.

**Shri Tyagi:** The hon. Minister has just now stated that the Commission is considering a proposal to restrict the number of meetings. I wonder if the hon. Minister would be able to take non-officials into confidence....

**Shri A. K. Sen:** Yes.

**Shri Tyagi:** Because, my fears are that the most popular party would suffer in that case. Because, the most popular meetings are of the party which is most popular in the country.

**Shri A. K. Sen:** I have personally that in mind. Naturally people know that the great leaders of this country go about during election time and address the biggest meetings. I have that very much in mind. This consideration must be borne in mind, namely, that the parties which could secure the largest meetings may not suffer unnecessarily. Therefore, it is necessary that all sides of public opinion should be associated before coming to any final decision.

**Mr. Speaker:** May I suggest that the Law Minister may advise the Election Commissioner to meet the hon. Members or leaders of various groups or at any rate their spokesmen in the Central Hall—I will allow that—and have a discussion.

**Shri A. K. Sen:** Certainly. I think they have had a discussion.

**Mr. Speaker:** With regard to this?

**Shri A. K. Sen:** In this matter of election expenses. If he has not done it, I shall certainly communicate the views of this House that they should be associated.

**Mr. Speaker:** Hon. Members may make all the suggestions when there is a meeting. Even I would advise hon. Members to make in advance the suggestions in this regard to the hon. Minister. If it is possible, a small memo on the lines on which the hon. Minister and the Election are thinking may be circulated to hon. Members. They will come prepared to discuss that matter. If after all this there is still difference of opinion, I will allow a discussion in this House regarding this matter. Nothing more. Next question.

**Some Hon. Members:** Four Hours should be allowed.

**Mr. Speaker:** I will allow four hours.

विज्ञान की पुस्तकों

श्री नरदेव स्नातक :  
पृ० १३. श्री पुष्पस :

क्या शिक्षा मंत्री यह बताने की कृपा करेंगे कि :

(क) क्या यह सच है कि पाठ्य पुस्तकों में, विशेष कर विज्ञान की पुस्तकों में छपाई की अनेक पद्धतियाँ होती हैं ;

(ख) यदि हाँ, तो इन अशुद्धियों को दूर करने के लिये सरकार क्या उपाय अपना रही है ; और

(ग) क्या इस कार्य के लिये एक समिति नियुक्त की गई है ?

मुचना और प्रसारण मंत्री (डा० केस-कर) : (क) से (ग). इस प्रश्न का विषय राज्य सरकारों, केन्द्रीय प्रशासनों और विश्वविद्यालयों से सम्बन्धित है। जहाँ तक केन्द्र प्रशासित क्षेत्रों का सम्बन्ध है प्राथमिक और मिडिल विभाग की पाठ्य पुस्तकों की जो कुछ गलतियाँ मालूम हुईं, शिक्षा विभाग, दिल्ली के ध्यान में लाई गई हैं जिसने पाठ्य पुस्तकों की पूर्ण रूप से जांच करने के लिये शिक्षा विशेषज्ञों की एक समिति बनाई है।

(a) to (c). The subject matter of the question concerns the State Governments, Universities and centrally administered Territories. In so far as Union territories are concerned, some mistakes in text books for Middle and Primary Departments were brought to the notice of Education Department of Delhi, which has constituted a Committee of educational experts for scrutinising the course books thoroughly.

श्री नरदेव स्नातक : स्कूलों में पढ़ाई जाने वाली पाठ्य पुस्तकों, खास कर साइंस की पुस्तकों, को प्रिट और प्रेस्ट्राइब होने से पहले क्या सम्बन्धित अधिकारी को दिखला दिया जाता है ?

डा० केस-कर : जैसा यहाँ पर कहा गया, यह प्रश्न अधिकांशतः राज्य सरकारों और यूनिवर्सिटीज से सम्बन्धित है। जहाँ तक केन्द्रीय टेरिटरीज का सम्बन्ध है, जो राज्यों के शिक्षा विभाग है उन को पुस्तकें दिखलाना आवश्यक नहीं है। लेकिन जब पुस्तक पास की जाती है, या यूनिवर्सिटी अथवा शिक्षा विभाग उस को मानता है, तब उसे देखा जाता है।

श्री नरदेव स्नातक : जो विशेषज्ञ समिति बनाई गई है, क्या उन के नाम में जान सकता हूँ ?

डा० केस-कर : दिल्ली में जो कमेटी बनी है, उस में ५ मेम्बर हैं और उस के मुख्य हैं श्री हरिश्चन्द्र।

श्री मा० ला० द्विवेशी : क्या मंत्री जी को पता है कि पाठ्य पुस्तकों का चयन करने में मर्जी, पात्र, मेहरबानी और कई ऐसी और बातों पर गौर किया जाता है, जिस की वजह से प्राइवेट पब्लिशर्स और शिक्षा विभाग गलतियों को दुर्लक्ष नहीं करते हैं। मैं जानना चाहता हूँ कि क्या केन्द्र प्रशासित क्षेत्रों में सरकार पाठ्य पुस्तकों को नेशनलाइज करेगी, जिस से कि कम से कम साइंस की किताबों में गलतियाँ न हो सकें ?

डा० केस-कर : जिन गलतियों का यहाँ जिक्र किया गया है, वह छोटी गलतियाँ हैं। वे कोई ऐसी बड़ी भारी चीजें नहीं हैं जिन से कि किताब त्याज्य मानी जाये। मैं समझता हूँ कि आगे से खास कर जहाँ तक केन्द्रीय टेरिटरीज का सम्बन्ध है, शासन का ध्यान इस तरफ खींचा गया है कि वह किताबों को ज्यादा गौर से देखे ताकि उन में इस प्रकार की गलतियाँ न रहें।

श्री मा० ला० द्विवेशी : राष्ट्रीयकरण के मेरे प्रश्न के बारे में मुझे कोई उत्तर नहीं मिला है। मैं जानना चाहता हूँ कि क्या इस समय पुस्तकों के राष्ट्रीयकरण का कोई विचार है ?

डा० केसकर : मैं [इस सम्बन्ध में कुछ नहीं कह सकता क्योंकि ऐसा कोई प्रपोजल इस समय नहीं है।

**Shri C. R. Pattabhi Raman:** Are instructions being given to preserve the accepted technical terms without being translated?

**Dr. Keskar:** The question and also the answer refer to mistakes found in text books. The question posed by hon. Member is important. But, it is not related to this particular question.

श्री भक्त दशन : जो हिदायतें संघीय क्षेत्रों के अधिकारियों को, विशेष कर दिल्ली राज्य के शिक्षा विभाग के अधिकारियों को, दी गई हैं कि विज्ञान की पुस्तकों में उचित संशोधन किया जाये और उन में गलतियां न रहने दी जायें, इस आदेश के बाद क्या कोई सुधार हुआ है और क्या उन पुस्तकों में गलतियां कम हो गई हैं?

डा० केपकर : मैं ने उत्तर में कहा था कि दिल्ली एडमिनिस्ट्रेशन ने एक एक्स्प्ट्रॅस की कमेटी बनाई है, वह इन सब पुस्तकों की जांच कर रही है, और यह भी बतलाया था कि उन में कोई बड़ी गलतियां नहीं हैं। छोटी गलतियां हैं, जिस से पुस्तक का जो मुख्य महत्व है, वह कम नहीं होता।

सेठ गोविन्द दास : जहां तक इन पुस्तकों का सम्बन्ध है, क्या यह अंग्रेजी की पुस्तकों में हैं या कि हिन्दी अथवा दूसरी भाषाओं की पुस्तकों में भी हैं? और यह पुस्तकें हिन्दी और दूसरी भाषाओं में भी निकाली जाती हैं या वे केवल अंग्रेजी में ही निकाली जाती हैं?

डा० केसकर : इस सम्बन्ध में मैं इस समय कोई जवाब नहीं दे सकता क्योंकि पुस्तकों की तकसील मेरे पास नहीं है। लेकिन इस कमेटी की रिपोर्ट होने के बाद कुछ मालूम हो सकेगा। तब अगर आनंदेबल मेस्टर चाहें तो वह मालूम किया जा सकता है।

**Shri Tyagi:** Has care been taken to see that in the translation of technical and scientific words in these textbooks, common phraseology is used and they are not allowed to vary from one another?

**Dr. Keskar:** I cannot say anything as far as these particular books that are mentioned in reply are concerned, but the hon. Member is aware that Government is trying to evolve common technical terms in such a way that there is no variation and the same standard and easily understandable translations are accepted everywhere.

**Shri Tyagi:** Do I take it that any book which does not follow the same technical words will not be permitted to be used as a text-book?

**Dr. Keskar:** That question can arise only when the translation of technical terms is complete. The work is being done at present. It is not yet complete.

**Shrimati Ila Palchoudhuri:** Apart from the mistakes, the pictures and diagrams in these scientific books are so unclear that they lead to the student not getting a clear idea of what is sought to be explained.

**Dr. Keskar:** It is difficult to generalise regarding this question because it will differ from State to State, as the same text-books are not accepted in every State. I can only answer questions regarding the Union Territories here, and that is what I indicated originally in the answer.

**Dr. Sushila Nayar:** May I know what steps are being taken to standardise the science textbooks, at any rate, for all the States, and whether it will not be better to translate some standard textbooks into the regional languages so that there is uniformity in the teaching of science?

**Dr. Keskar:** The proposal of the hon. Member is desirable, but it has to be remembered also that in certain higher types of science textbooks, for example, the universities are independent and tend to prescribe the book

that they consider proper, but it will be our endeavour to see that there is greater uniformity in this matter than there has been before.

**Dr. Sushila Nayar:** At the university level all students know English, so there is not much difficulty, they can refer to other textbooks. But in the regional languages, up to the high school standard, at any rate, has the Ministry any proposal to provide standard good tex.books for the teaching of science?

**Dr. Keskar:** If the hon. Member refers to science books in Hindi and other regional languages, the question cannot be finally decided until the relevant technological or technical terms have been translated, and that work is at present being carried on.

**Dr. M. S. Aney:** If the scope of this question is not confined to textbooks published in the Union Territory of Delhi but covers the whole of India, will the hon. Minister take care to see whether there are really printing mistakes of the kind mentioned in all the other scientific textbooks that have been published before he gives an answer?

**Dr. Keskar:** The hon. Member did not listen to my reply. I said that the question referred to matters which were within the province mainly of the State Governments and the universities, and I could answer questions with regard to Union Territories. Union Territories do not mean only Delhi, but other Union Territories also throughout the country. Regarding the States and universities, it is not possible for me to answer.

**श्री दलचील चिह्न:** इन किताबों में संस्कृत के बड़े बड़े मुश्किल अल्फाज लिखे जाते हैं। क्या मैं जान सकता हूँ कि इस संवंच में कोई ऐसी हिदायत की जा रही है कि हिन्दूस्तानी लफज लिखे जायें जिनको सब समझ सकें?

**Dr. Keskar:** The question has no connection with the present question here.

### Sibpore Botanical Gardens

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\*414. { Shri S. C. Samanta:  
Shri Subodh Hansda:

Will the Minister of Scientific Research and Cultural Affairs be pleased to state:

(a) whether the lands in the Sibpore Botanical Gardens have been handed over by the West Bengal Government for the construction of a building of the Botanical Survey of India; and

(b) if not, the reasons for this inordinate delay in handing over the lands to the Central Government?

**The Deputy Minister of Scientific Research and Cultural Affairs (Dr. M. M. Das):** (a) Yes, Sir; on the 21st November, 1960.

(b) Does not arise.

**Shri S. C. Samanta:** May I know whether the headquarters of the Botanical Survey of India, which is at present situated in Calcutta, will be shifted to these buildings?

**Dr. M. M. Das:** Yes, Sir, when the new building is constructed.

**Shri S. C. Samanta:** May I know whether any provision for the construction of the building has already been made; if so, what is the amount?

**Dr. M. M. Das:** Speaking from memory, about Rs. 8½ lakhs have been provided for the construction of this building in the Second Plan period, but I am not prepared to commit myself on this point.

**Shrimati Ila Palchoudhuri:** May I know whether the West Bengal Government will also share in the expense of this project, or only the Central Government will bear the expense?

**Dr. M. M. Das:** The Central Government will meet the whole expenditure.

### Oil Survey in Godavari Basin

\*416. **Shri T. B. Vittal Rao:** Will the Minister of Steel, Mines and Fuel be pleased to state:

(a) when the seismic survey in connection with the exploration of oil in the Godavari Basin, Andhra Pradesh will be undertaken; and

(b) what is the amount allotted for this purpose during 1960-61?

**The Parliamentary Secretary to the Minister of Steel, Mines and Fuel (Shri Gajendra Prasad Sinha):** (a) The geological mapping and other surveys preliminary to seismic surveys are expected to be completed sometimes in the third period of 1961. Thereafter, immediately seismic surveys will be undertaken.

(b) The all-India programme of surveys includes the preliminary survey of Godavari basin. Therefore, no specific allotment is made for this.

**Shri T. B. Vittal Rao:** May I know whether this geological mapping includes geophysical investigations?

**Shri Gajendra Prasad Sinha:** In the beginning we have to complete geological mapping, and after that, the second stage will be geophysical mapping.

**Shri T. B. Vittal Rao:** When was geological mapping undertaken in this area?

**Shri Gajendra Prasad Sinha:** I cannot give the definite date on which it was started, but at present we are engaged in geological mapping.

**Shri Mahanty:** May I know whether the surveys are being undertaken by the department or any private party has been entrusted with the task?

**Shri Gajendra Prasad Sinha:** I have said that the geological mapping has been undertaken by the Geological Survey of India and ONGS.

**Shri T. B. Vittal Rao:** It is stated in the last annual report that there are 12 parties undertaking these Seismic surveys. May I know where these 12 parties are functioning at the moment?

**The Minister of Mines and Oil (Shri K. D. Malaviya):** The geological parties of the Oil and Natural Gas

Commission and the Geological Survey of India are spread over the whole country. So far as the Godavari basin is concerned, we started a rapid survey in a preliminary way about a year back, and now we are not very sure as to the subsequent programme of this because we have still to make a technical assessment of the data that we have already obtained. As soon as some encouraging results are available to us as a result of this geological survey, we will start seismic surveys, but this cannot be done before the end of the next year.

**Shri T. B. Vittal Rao:** May I know whether, along with the seismic survey, gravity-cum-magnetic survey will also be undertaken?

**Shri K. D. Malaviya:** The geophysical survey includes gravity-cum-magnetic survey. All this will be taken up. The seismic survey is the ultimate survey before drilling is resorted to.

**Unauthorised withdrawal of Hyderabad State Money in Pakistan**

\*417. **Shri Vidya Charan Shukla:** Will the Minister of Home Affairs be pleased to refer to the reply given to Starred Question No. 447 on the 17th August, 1960 and state:

(a) what further efforts have been made to recover the sum of Rs. 235 lakhs from Pakistan; and

(b) the nature of these efforts?

**The Minister of Home Affairs (Shri G. B. Pant):** (a) No.

(b) Does not arise.

**Shri Vidya Charan Shukla:** What were the particulars of the requests made by the Andhra Government to the Central Government, and what action did the Central Government take over the request of the Andhra Government?

**Shri G. B. Pant:** The Andhra Government had suggested to the Central Government that it should take some steps to recover this amount.

**Shri Vidya Charan Shukla:** May I know if the Indian Minister of Finance will take up this matter with the Finance Minister of Pakistan who is currently on a visit to New Delhi?

**Shri G. B. Pant:** I think not.

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### WRITTEN ANSWERS TO QUESTIONS

#### Census Questionnaire

\*406. **Shri Goray:** Will the Minister of Home Affairs be pleased to state:

(a) whether it is a fact that certain questions in Assam's 1951 Census Questionnaire have been omitted in the new Census Questionnaire;

(b) what led to omit those questions;

(c) whether there has been any controversy about this omission; and

(d) if so, what steps have been taken to satisfy those affected?

**The Minister of Home Affairs (Shri G. B. Pant):** (a) and (b). In the 1951 Census, each State Government was permitted to add one question to the Census Questionnaire. The Assam Government added a question on indigenous persons. It has been decided that the State Governments need not add any questions to the Census Questionnaire of 1961.

(c) and (d). There has been no controversy but a suggestion was received recently which could not be accepted.

#### I.A.F. Station, Poona

\*415. **Shri A. K. Gopalan:** Will the Minister of Defence be pleased to state:

(a) whether Government have received complaints from civilian workers of I.A.F. station, Poona about the illegal and barbarous methods of torture and physical assaults resorted to by certain officers of the station against the workers;

(b) if so, whether Government have investigated into these complaints; and

(c) the results thereof?

**The Minister of Defence (Shri Krishna Menon):** (a) One civilian worker sent a letter making a number of complaints and allegations against certain I.A.F. personnel. No I.A.F. officers are involved.

(b) and (c). The case was investigated by the Civil Police. As a result of the investigation, four airmen have been charged for offences under Sections 343, 330, 331 and 34 of the Indian Penal Code. The trial will be conducted by an Air Force Court Martial after a summary of evidence has been completed by the Air Force authorities.

#### Export of Mica

\*418. 

Shri Harish Chandra Mathur: Shri Rajendra Singh: Shri Aurobindo Ghoseal:
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Will the Minister of Steel, Mines and Fuel be pleased to state:

(a) to what extent the export of mica has declined during the years 1959-60 and 1960-61 so far;

(b) what are the prospects for future export; and

(c) whether the State Trading Corporation is taking any interest in stepping up the export of Mica?

**The Minister of Mines and Oil (Shri K. D. Malaviya):** (a) to (c). The question will be replied by the Minister of Commerce and Industry at a later date.

#### Excise Duty on Assam Tea

\*419. **Shrimati Mafida Ahmed:** Will the Minister of Finance be pleased to state:

(a) whether the Government of Assam has requested the Central Government to make suitable re-adjustment of Excise Duty on Assam tea; and

(b) if so, the reactions of the Government of India?

**The Deputy Minister of Finance (Shri B. R. Bhagat):** (a). The Government of Assam requested that the Assam Road Carriage tax and the West Bengal Entry tax on tea be replaced by a Central tax to be distributed to the producing States in proportion to their production.

(b) The matter is under consideration.

**Integration of Nagarjunsagar Project and Srisailam Project**

\*420. { Shri Rami Reddy:  
Shri Ram Krishan Gupta:  
Shri Agadi:  
Shri Sugandhi:

Will the Minister of Finance be pleased to state:

(a) whether the Committee on Plan Projects has examined the feasibility of integrating the scope of Nagarjunsagar Project with the proposed Srisailam Project and submitted its report;

(b) whether the report has been considered by Government; and

(c) if so, with what result?

**The Deputy Minister of Finance (Shri B. R. Bhagat):** (a) Yes.

(b) and (c). The comments of the State Government are awaited.

**Famine in Andhra**

\*421. { Shri Kodian:  
Shri Rami Reddy:  
Shri Ramakrishna Reddy:

Will the Minister of Finance be pleased to state:

(a) the nature and extent of Central assistance asked for by the Andhra Pradesh Government for relief work in the famine affected areas of Rayalaseema District in the State;

(b) the nature and extent of assistance so far rendered in this connection;

(c) whether the State Government have submitted any scheme for long term measures to solve the recurrence of famine in Rayalaseema; and

(d) if so, the broad features of the scheme?

**The Deputy Minister of Finance (Shri B. R. Bhagat):** (a) and (b). No financial assistance has been given to Andhra Pradesh Government for scarcity relief as no such request has so far been received from them. In consideration of famine conditions in Rayalaseema, however, their monthly quota of wheat has been raised from 6,000 tons to 8,000 tons, and their quota of rice has been increased from 25,000 tons to 50,000 tons. A quantity of 35,500 tons of rice has so far been allotted to them.

(c) No.

(d) Does not arise.

**Central Government Employees**

\*422. { Dr. Ram Subba Singh:  
Shrimati Ila Palchoudhuri:

Will the Minister of Home Affairs be pleased to state:

(a) whether any study of the conditions of work of Central Government employees in Delhi, Calcutta, Bombay and Madras is proposed to be undertaken by the Government;

(b) if so, whether a beginning in this work has been made in any one of these cities; and

(c) by what time this study is likely to be completed?

**The Minister of Home Affairs (Shri G. B. Pant):** (a) to (c). In pursuance of the recommendation of the Pay Commission, an inter-departmental committee has been set up to review the existing staff welfare arrangements and make recommendations for their improvement. The committee has so far visited Calcutta and Bombay and is expected to submit a report by the end of March, 1961.

**Income-Tax on Road Transport Organisations**

\*423. **Shri N. R. Muniswamy:** Will the Minister of Finance be pleased to state:

(a) whether Income-Tax is collected from the State Transport Organisations run—

(i) departmentally; and

(ii) through Corporations set up by State Governments; and

(b) if so, the tax so far collected from such Departments or Corporations separately from each State in the year 1956-57, 1957-58, 1958-59 and 1959-60?

**The Minister of Revenue and Civil Expenditure (Dr. B. Gopala Reddi):**

(a) (i) No, Sir.

(ii) Yes, Sir. Corporations set up by State Governments for running transport services are subject to tax under the Indian Income-tax Act.

(b) In view of the reply to part (a) (i) of the question, the Query as to the tax so far collected from State Transport Organisations run Departmentally does not arise. As regards the amount of tax collected from the State Transport services run through Corporations set up by State Governments, the required information is being collected and will be laid on the Table of the House in due course.

**Tin Plates**

\*424. **Shri A. M. Tariq:** Will the Minister of Steel, Mines and Fuel be pleased to state:

(a) whether it is a fact that there is likely to be an acute shortage of tin plates and tin bars in the country in the next 2 years; and

(b) if so, how Government propose to meet the shortage?

**The Minister of Steel, Mines and Fuel (Sardar Swaran Singh):** (a) No, Sir.

(b) There is no danger of any set back of the tinplates consuming industry during the next two years.

**Pay Scales of Officers**

\*425. 

Shri Supakar:	Shri Ram Krishan Gupta: Shri S. M. Banerjee: Shri Ajit Singh Sarhadi:
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Will the Minister of Defence be pleased to refer to the reply given to Short Notice Question No. 1 on the 4th August, 1960 and state:

(a) whether the remaining recommendations of the Raghuramaiah Committee in respect of revised pay scales of Defence Services Officers have been examined by Government; and

(b) if so, the decisions taken thereon?

**The Deputy Minister of Defence (Shri Raghuramaiah):** (a) Yes, Sir. The examination is continuing.

(b) A Statement is laid on the Table of the Lok Sabha. [See Appendix II, annexure No. 1].

**Grants to Anglo-Indian Educational Institutions**

\*426. 

Shri Radha Raman:	Shri Shree Narayan Das:
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Will the Minister of Home Affairs be pleased to state:

(a) whether the delegation of Anglo-Indian legislators and representatives of that community led by Shri Frank Anthony having met the Prime Minister and Home Minister was assured of continued Educational grants to institutions run by the community and discontinuation of employment quotas reserved for Anglo Indian community;

(b) whether any specified demands were placed by the delegation before the Prime Minister and the Home Minister; and

(c) if so, what was their nature and Government's subsequent decision thereon?

**The Minister of Home Affairs (Shri G. B. Pant):** (a) to (c). The delegation requested that Articles 336 and 337 of the Constitution may be revived and in any case the grants for Anglo-Indian educational institutions and the employment opportunities formerly open to them may be continued. While the revival of the Articles seemed to me to be not feasible, I expressed my sympathy with their request. I told them that I had already advised the State Governments to continue the grants and assistance to these institutions and the Railway Ministry had also agreed to consider the question of their employment sympathetically.

#### Hard Coke Supply to Madras

\*427. **Shri Narasimhan:** Will the Minister of Steel, Mines and Fuel be pleased to state:

(a) whether there is acute shortage of hard coke required by the Foundry Industry in Madras;

(b) whether Madras Government have requested the Centre for permission to set up a coke oven plant; and

(c) whether Government will place broad details of the proposals on the Table?

**The Minister of Steel, Mines and Fuel (Sardar Swaran Singh):** (a) There has been a short supply because of difficulties of movement from Bengal/Bihar.

(b) and (c). The Madras Government have a proposal for setting up a coke oven plant, but the details of the scheme have not been worked out so far.

#### National Book Trust

\*428. **Dr. Vijaya Ananda:** Will the Minister of Education be pleased to state:

(a) whether the National Book Trust has presented any Annual Reports since 1st August, 1958;

(b) if so, whether copies thereof will be laid on the Table; and

(c) if not, why these Reports have not so far been submitted?

**The Minister of Information and Broadcasting (Dr. Keskar):** (a) to (c). The Trust has prepared a consolidated report on the first three years of its activities from 1st August, 1957 to 1st September, 1960. This report has been circulated among the Trustees for comments. On receipt of the comments, it will be finalised and printed. Copies will thereafter be placed in the Parliament Library.

#### Violation of Foreign Exchange Regulations

\*429. { **Shrimati Renu Chakravarty:**  
**Shri S. M. Banerjee:**  
**Shri P. G. Deb:**

Will the Minister of Finance be pleased to state:

(a) whether it is a fact that one of the Directors of State Bank of India is involved in foreign exchange regulation violation case;

(b) if so, the details thereof;

(c) whether prosecution has been launched against him; and

(d) whether he is also a member of the Life Insurance Corporation Board?

**The Deputy Minister of Finance (Shri B. R. Bhagat):** (a) Yes, Sir.

(b) The matter is under investigation by the Director of Enforcement, Foreign Exchange Regulations and as such, it is not advisable to disclose details at this stage. Any such premature disclosure might hamper investigation.

(c) No; the action to be taken will be decided by the Director of Enforcement after the investigation is completed.

(d) Yes, Sir.

**Departmental Proceedings against Government Employees**

\*430. { Shri Tangamani:  
Shri S. M. Banerjee:  
Smt. Parvathi Krishnan:  
Shri Yajnik:

Will the Minister of Home Affairs be pleased to state:

(a) whether departmental proceedings are going on against the same Government employees whose cases have been withdrawn from the courts under Government orders; and

(b) if so, the number of such cases?

**The Minister of Home Affairs (Shri G. B. Pant):** (a) and (b). There might be such cases but we have no definite information.

**Red Fort Wall Collapse**

\*431. { Pandit D. N. Tiwary:  
Shri S. M. Banerjee:  
Shri Ram Krishan Gupta:  
Shrimati Mafida Ahmed:

Will the Minister of Defence be pleased to state:

(a) the circumstances under which 3 persons were killed and 3 injured in the collapse of wall of Red Fort in the first week of November, 1960;

(b) whether any enquiry was made into the accident; and

(c) if so, with what results?

**The Deputy Minister of Defence (Sardar Majithia):** (a) to (c). The wall which collapsed was the wall of a pistol firing range inside the Red Fort. The matter is under investigation. A Staff Court of Inquiry has been held and its findings are still under examination by the appropriate military authorities.

**Oil Operation**

\*432. { Shri S. A. Mehdil:  
Shri P. G. Deb:

Will the Minister of Steel, Mines and Fuel be pleased to state:

(a) whether there is any proposal to have a High Power Board of management to supervise entire oil operations; and

(b) if so, the need for this new arrangement.

**The Minister of Mines and Oil (Shri K. D. Malaviya):** (a) There is no proposal as such under consideration of the Government.

(b) Question does not arise.

**Management Councils in Ordnance Factories**

\*433. **Shri Kunhan:** Will the Minister of Defence be pleased to state whether it is proposed to initiate the scheme of Joint Management Councils for workers' participation in the management in Ordnance Factories?

**The Minister of Defence (Shri Krishna Menon):** No, Sir.

**Central Government Employees Strike**

\*434. { Shri S. M. Banerjee:  
Shri Tangamani:  
Shrimati Ila Palchoudhuri:  
Shri Harish Chandra  
Mathur:  
Shri Amjad Ali:  
Shri Ajit Singh Sarhadi:  
Shri R. C. Sharma:  
Shri Yajnik:

Will the Minister of Home Affairs be pleased to state:

(a) whether all the employees who participated in strike of July, 1960 have since been taken back on duty;

(b) if not, the number of those who are still out; and

(c) the reasons for the same?

**The Minister of Home Affairs (Shri G. B. Pant): (a) No.**

(b): (i) Number under suspension	1564
(ii) Number dismissed or removed	379
(iii) Number of temporary employees discharged	191

(c) Employees not taken back comprise those who are suspected to be or found to have been guilty of gross misbehaviour, intimidation, violence or sabotage during the strike.

उत्तर प्रदेश में तेल सर्वेक्षण

\*४३५. { श्री भक्त दर्शन :  
श्री सुबोध हंसदा :  
श्री राहू च० माझी :

क्या इस्पात, खान और इंधन भंडी २२ अप्रैल, १९६० के तारांकित प्रश्न संस्था १६३६ के उत्तर के मंबद्ध में यह वाताने की कृपा करेंगे कि :

(क) उत्तर प्रदेश में हिमालय की तलहटी के प्रदेशों में कुन्द वर्ष पूर्व जो तेल सर्वेक्षण कार्यक्रम आरम्भ किया गया था उस के अन्तर्गत किन-किन स्थानों का सर्वेक्षण किया गया ;

(ख) उक्त प्रत्येक प्रदेश के बारे में क्या फल निकला और उन से क्या निष्कर्ष निकाला गया; और

(ग) उन के बारे में क्या भावी कार्यक्रम बनाया गया है?

खान और तेल भंडी (श्री के० दे० मालवीय) : (क) उत्तर प्रदेश में हिमालय की तलहटी के समस्त भाग का प्राथमिक सर्वेक्षण हो चुका है। व्यान योग्य स्थानों के विस्तृत भूगर्भीय मानचित्रन का कार्य चल रहा है।

(ख) दो व्यान योग्य स्थानों का पता चला है: (१) सहारनपुर और देहरादून जिलों में मोहन्द भंजचाप (anticline), (२) गढ़वाल और नैनीताल जिलों में

कालागढ़-पौवलगढ़ भंजचाप (anticline)। इन स्थानों की भूभौतिकीय तथा अन्य तरीकों से आगामी जांच आवश्यक समझना मंभव हो सकता है।

(ग) इन दो स्थानों का विस्तृत भूगर्भीय मानचित्रण पूर्ण होने पर आगामी कार्यक्रम को अन्तिम रूप दिया जाएगा।

**Russian Credit for Third Plan**

\*436. **Shri Ram Krishan Gupta:** Will the Minister of Finance be pleased to refer to the reply given to Short Notice Question No. 5 on the 30th August, 1960 and state:

(a) whether Government have considered the manner and the purposes for the utilisation of Rs. 60 crores credit given by Russia for Third Five Year Plan; and

(b) if so, the result thereof?

**The Deputy Minister of Finance (Shri B. R. Bhagat):** (a) and (b). The manner in which and the purposes for which the credit will be utilised is being considered by the Government. It is intended to discuss this matter with a Soviet Government Delegation which is expected to arrive in New Delhi next month.

**Barsua Mines**

\*437. **Shri Chintamoni Panigrahi:** Will the Minister of Steel, Mines and Fuel be pleased to state:

(a) whether the Barsua mines have started supplying iron ore to Rourkela Steel Plant by now; and

(b) if not, by what time Government expect to get the supply from Barsua mines?

**The Minister of Steel, Mines and Fuel (Sardar Swaran Singh):** (a) and (b). Yes, Sir. Trial runs have begun with the mechanised mines in Barsua and regular supplies will commence in a few days.

**Oil Drilling at Jawalamukhi**

\*438. { Shri D. C. Sharma:  
Shri Hem Raj:

Will the Minister of Steel, Mines and Fuel be pleased to refer to the reply given to Starred Question No. 229 on the 8th August, 1960 and state:

- (a) the further progress made in drilling for oil at Jawalamukhi;
- (b) the results thereof;
- (c) whether any further assessment of the natural gas found in the areas has since been made; and
- (d) what further programme has been drawn for drilling more wells?

**The Minister of Mines and Oil (Shri K. D. Malaviya):** (a) Jawalamukhi deep well No. 2 has been drilled to a depth of 902 meters upto 18-11-1960.

(b) Drilling is still in progress. Nothing important has yet been observed.

(c) No, Sir.

(d) Further drilling programme on the Jawalamukhi structure will depend on results of Jawalamukhi well No. 2.

**Muslim League**

\*439. { Shri A. K. Gopalan:  
Shri Tangamani:  
Shri Assar:

Will the Minister of Home Affairs be pleased to state:

(a) whether the Indian Union Muslim League recently held a Conference in Madras;

(b) whether the League has demanded separate communal electoral

rolls and reservation of seats for Muslims and reservation of jobs in Services; and

(c) if so, what is the attitude of the Government of India to these demands?

**The Minister of Home Affairs (Shri G. B. Pant):** (a) The Tamilnad Muslim League held a Conference at Madras on the 17th and 18th September, 1960.

(b) Resolutions were adopted urging for a revision of the Electoral System in such a manner as to ensure representation in Parliament and the State Legislatures to Muslims and requesting that other systems such as multi-member constituencies with cumulative voting and proportional representation by single transferable vote, be considered. By another Resolution the Conference urged the Government of India and the Government of Madras to give adequate representation to Muslims in all public services.

(c) Government do not propose to consider any changes in the methods of elections as suggested in the resolution or to make any reservation on a communal basis in the public services.

**Census in Assam**

\*440. { Shri Indrajit Gupta:  
Shrimati Renu Chakravarty:

Will the Minister of Home Affairs be pleased to state:

(a) what steps have been taken to ensure that the census in Assam is carried out efficiently and correctly;

(b) whether those temporarily displaced due to riots will be enumerated and whether any arrangements have been made to do this;

(c) whether the language groups are to be separately recorded; and

(d) what are the language groups to be recorded?

**The Minister of Home Affairs (Shri G. B. Pant):** (a) Intensive training will be given to enumeration staff during November, December, 1960 and January, 1961. The State Government's cooperation in lending its administrative machinery and for ensuring conditions for taking efficient and correct census has been sought.

(b) The enumeration will take place in the last week of February and it is hoped that by that time persons who have been displaced will have returned to their homes.

(c) and (d). In respect of each person his mother tongue as stated by him will be recorded. So will be any other language in addition which he speaks and understands.

#### Common Reserve Police Force

\*441. { Shri N. R. Muniswamy:  
Shri Viswanatha Reddy:

Will the Minister of Home Affairs be pleased to refer to the reply given to Starred Question No. 475 on the 17th August, 1960 and state:

(a) whether the States have joined in the common reserve police force for Southern Zone;

(b) if so, how the expenditure is to be apportioned; and

(c) where the headquarters will be located for such common police force?

**The Minister of Home Affairs (Shri G. B. Pant):** (a) Yes.

(b) The scheme provides for the pooling of the agreed quota from the existing reserves of the States of the Zone to form a common force which would be available when required in an emergency anywhere in the Zone. The expenditure on the Force would be borne by the member-States.

(c) The scheme does not provide for location of headquarters of the force. The units earmarked by the member-States would continue to be located in the respective States.

#### Loss of Research Papers

\*442. { Shri Goray:  
Dr. Ram Subhag Singh:  
Shri S. M. Banerjee:  
Shri Raghunath Singh:  
Shri Hem Raj:

Will the Minister of Defence be pleased to state:

(a) whether it is a fact that one officer of the Defence Ministry has left India with some important papers belonging to the Research Department of the Defence Ministry in connection with the research of new type of rifles;

(b) if so, when did he leave India;

(c) whether it is also a fact that he is in Pakistan; and

(d) what steps have been taken by the Government to recover the research papers and to arrest the officer concerned?

**The Minister of Defence (Shri Krishna Menon):** (a) We have no such information.

(b) to (d). Do not arise.

#### National Consciousness in Youth

\*443. Shri Radha Raman: Will the Minister of Education be pleased to state:

(a) whether Government have prepared any programme which is to be followed on a nation-wide scale to develop "national consciousness among the country's youth", particularly its school going population;

(b) if so, the details thereof; and

(c) how this programme is going to be popularised and implemented?

**The Minister of Information and Broadcasting (Dr. Keskar):** (a) to (c). The matter is under consideration.

#### UNESCO Conference in Paris

\*444. Shri Tangamani: Will the Minister of Education be pleased to state:

(a) whether the Indian delegation to UNESCO General Conference in Paris has moved for the establishment of Asian Institute for Journalists;

(b) if so, what will be the nature and functions of the said Institute; and

(c) what will be the location of such an Institute?

**The Minister of Information and Broadcasting (Dr. Keskar):** (a) The Indian delegation has been asked to make a request at the UNESCO General Conference for the establishment of an Institute of Journalism in Asia.

(b) It is proposed that the Institute should provide training to teachers in journalism and refresher courses for journalists and public relations officers and serve as a forum for the exchange of ideas and experience among the professional journalists; and

(c) If the proposal is accepted, UNESCO will decide about its location after consultations with its agencies.

#### Steel Plants

\*445. **Shri Kunhan:** Will the Minister of Steel, Mines and Fuel be pleased to state:

(a) whether Government propose to lay down uniform scales of pay and service conditions for workers employed in all steel plants in the State Sector; and

(b) if so, whether any adjudication machinery will be set up for the purpose?

**The Minister of Steel, Mines and Fuel (Sardar Swaran Singh):** (a) The scales of pay and service conditions of workers employed in the three Steel projects in the Public Sector have already been put by Hindustan Steel on uniform basis except in a very few cases where minor differences exist due to special type of work varying from one project to another and the different circumstances under which the three projects were set up.

(b) Does not arise.

#### Linguistic Minorities

\*446. **Shri S. M. Banerjee:**  
Shri Aurobindo Ghosal:

Will the Minister of Home Affairs be pleased to state:

(a) whether the Home Minister had any discussion with the Chief Ministers of various States in September 1960 regarding the problems of linguistic minorities in various States;

(b) if so, what decisions were taken; and

(c) whether some Central direction has been issued?

**The Minister of Home Affairs (Shri G. B. Pant):** (a) and (b). The discussion related mainly to the position of the Linguistic Minorities Commissioner in relation to the State Governments. The State Ministers present agreed generally that more attention should be paid to the suggestions of the Commissioner.

(c) The record of the proceedings has been sent to the Chief Ministers.

सशस्त्र सेनाओं के सैनिकों के बच्चों के लिए शिक्षा

\*447. **Shri Bhupinder Singh:**  
Shri D. C. Sharma :  
Shri Ram Chandra Gupta :  
Shri Hem Raj :

क्या प्रतिरक्षा मंत्री ११ अगस्त, १९६० के तारांकित प्रश्न संस्था ३२० के उत्तर के सम्बन्ध में यह बताने की कृपा करेंगे कि :

(क) क्या सशस्त्र सेनाओं के सैनिकों के बच्चों को शिक्षा सम्बन्धी सुविधायें देने के प्रश्न के बारे में, जिस पर विचार किया जा रहा था, कोई निश्चय किया गया है; और

(ख) यदि हां, तो क्या स्वीकृत योजना के सम्बन्ध में एक विवरण पटल पर रखा जायेगा?

**प्रतिरक्षा मंत्री (श्री कृष्ण मेनन) :**  
(क) जी नहीं। एक योजना सेवाओं के मुख्य

कार्यालय में निरीक्षणाधीन है। चूंकि इस मामले में शासन-सम्बन्धी, आर्थिक और दूसरे कई प्रश्न उलझे हुए हैं, और उनके परिणाम स्वरूप उनकी प्रतिक्रियाएं भी, इस में कुछ समय लगेगा। परन्तु सरकार, इस के महत्व का पूरा पूरा ध्यान करते हुए, किसी उपयुक्त योजना को शीघ्र, अन्तिमरूप देने में हर यत्न करेगी।

(ख) यह प्रश्न इस समय नहीं उठता।

#### Petroleum Institute

\*448. { Shri Ram Krishan Gupta:  
Shri Shree Narayan Das:  
Shri Radha Raman:  
Shri Bhakt Darshan:  
Shri Hem Barua:

Will the Minister of Scientific Research and Cultural Affairs be pleased to refer to the reply given to Starred Question No. 1090 on the 6th September, 1960 and state:

- (a) the nature of progress made so far in setting up the Petroleum Institute;
- (b) the estimated recurring and non-recurring expenditure on the Institute; and
- (c) what portion thereof would be borne by the French Institute of Petroleum?

**The Minister of Scientific Research and Cultural Affairs (Shri Humayun Kabir):** (a) Negotiations are under way with the Uttar Pradesh Government for acquiring land for the Institute at Dehra Dun. Tests on availability of water at the site considered suitable are also in progress. Architects for planning and construction of the Laboratory buildings have been appointed. Meanwhile, a start has been made with immediate work, such as training of staff, statistical studies, preliminary scientific investigations. Accommodation for this purpose has been temporarily provided at the Central Road Research Institute, New Delhi. Two of the French ex-

perts to head the Divisions of Refining and Petrochemistry, and Utilisation have already joined the Institute.

(b) The recurring and non-recurring expenditure for the next five years is estimated to be Rs. 85.25 and Rs. 183.30 lakhs respectively.

(c) The French Institute of Petroleum will bear an expenditure of Rs. 10.40 lakhs on the deputation of French experts to India and approximately Rs. 8 lakhs on the deputation of trainees from India to France.

#### Production cost of iron ore

\*449. Shri Chintamoni Panigrahi: Will the Minister of Steel, Mines and Fuel be pleased to state:

(a) whether Government are aware that the f.o.r. price of iron ore produced by the Orissa Mining Corporation is Rs. 17.50 per ton as against the cost of production of Rs. 10.50 per ton by other mine owners;

(b) whether any enquiry has been made as to the high cost of production of ore produced by the Orissa Mining Corporation; and

(c) if so, the results thereof?

**The Minister of Mines and Oil (Shri K. D. Malaviya):** (a) The f.o.r. cost of iron ore differs from mine to mine depending on the lead and therefore does not permit comparison for determining the efficiency of the Corporation. The average pit's mouth cost of production during 1959-60 was Rs. 10.31 which compares favourably with the cost of production in privately owned mines.

(b) and (c). Do not arise.

#### Participation of students in political demonstrations

\*450. { Shri D. C. Sharma:  
Shri Ram Krishan Gupta:  
Shri Ajit Singh Sarhadi:  
Shri Hem Raj:

Will the Minister of Education be pleased to refer to the reply given to

Starred Question No. 331 on the 11th August, 1960 and state:

(a) the progress made in the examination of the recommendation made at the conference of the State Inspectors-General of Police that the practice of employing students and other youths for political demonstrations should be prohibited by law; and

(b) if so, the action proposed to be taken?

**The Minister of Information and Broadcasting (Dr. Keskar):** (a) The recommendation is still under consideration.

(b) Does not arise.

#### Polish Assistance for Copper Mining

\*451. { Shri Indrajit Gupta:  
Shri Ram Krishan Gupta:  
Shri Vidya Charan Shukla:

Will the Minister of Steel, Mines and Fuel be pleased to refer to the reply given to Unstarred Question No. 1131 on the 20th August, 1960 and state:

(a) whether negotiations with the Polish Government regarding assistance in the development of copper mining in India have since been completed; and

(b) if so, the result thereof?

**The Minister of Mines and Oil (Shri K. D. Malaviya):** (a) No, Sir.

(b) Does not arise.

#### Examination system in Higher Education

\*452. Shri Tangamani: Will the Minister of Education be pleased to refer to the reply given to Starred Question No. 694 on the 24th August, 1960 and state:

(a) whether Government have considered the recommendations of the team of American consultants on Examinations in Indian Higher Education;

(b) if so, how many States are adopting these;

(c) whether the recommendations about evaluation unit for reorientation in each University have been accepted and adopted; and

(d) if so, which are the universities?

**The Minister of Information and Broadcasting (Dr. Keskar):** (a) Yes, Sir; These recommendations have been brought to the notice of the Universities and the University Grants Commission who are concerned with their implementation.

(b) As the recommendations relate to higher education which is the realm of the Universities, the State Governments are not directly concerned with their adoption.

(c) and (d). Although the whole matter is under a comprehensive examination of the University Grants Commission, yet the initiative taken already by the Universities of Aligarh, Baroda, Punjab, Sardar Vallabhbhai Vidyapeeth and Shri Venkateshwara to set up examination reform units with them, have been or are likely to be assisted.

#### Social Welfare Extension Projects in Kashmir

674. **Shri D. C. Sharma:** Will the Minister of Education be pleased to state the amount of Central assistance given to Jammu and Kashmir State in 1959-60 for social welfare extension projects and for social and moral hygiene and after-care programme?

**The Minister of Information and Broadcasting (Dr. Keskar):**

Welfare Extension Projects Rs. 78,000

Social and Moral Hygiene and After-Care Programme Rs. 29,000.

#### Expenditure Tax

675. **Shri D. C. Sharma:** Will the Minister of Finance be pleased to state:

(a) the total amount of expenditure-tax assessments, collections and arrears from 1st April, 1960 to-date (State-wise); and

(b) what steps have been taken to realise the arrears?

**The Minister of Finance (Shri Morarji Desai):** (a) and (b). The information is being collected from the Commissioners of Expenditure-tax and will be placed on the Table of the House when ready.

#### Ordnance Factory, Bhandara

**676. Shri D. C. Sharma:** Will the Minister of Defence be pleased to refer to the reply given to Unstarred Question No. 1835 on the 7th April, 1960 and state the up-to-date progress made in the matter of setting up an Ordnance Factory at Bhandara?

**The Minister of Defence (Shri Krishna Menon):** Progress on the implementation of the Explosives Project at Bhandara is being maintained as planned.

2. Preliminary land notification under Section 4 of the Land Acquisition Act, 1894, has been issued. Action is already in hand to acquire 3,000 acres of land at Bhandara under Urgency Clause and this will be followed by action for acquiring a further 2,000 acres shortly.

3. Location survey of the Railway Siding from Bhandara Road Railway Station to the Project site has been completed and the estimates received from the Railway Authorities are under scrutiny for sanctioning the work.

4. Indents have been placed on the DGISD, London and the ISM, Washington for the procurement of all process plants and machinery required for the project on the basis of the Government sanction which exists already.

5. A Siting Board has met twice for the purpose of locating buildings, roads, services, etc. and working out details etc.

6. Arrangements have been finalised with the Maharashtra Government for obtaining our requirements of water from the river Wainganga and power from the State Grid.

#### Hobby Workshops in Universities

**677. Shri D. C. Sharma:** Will the Minister of Education be pleased to refer to the reply given to Unstarred Question No. 1836 on the 7th April, 1960 and state the further progress made to implement the proposal to establish hobby workshops in universities and colleges?

**The Minister of Information and Broadcasting (Dr. Keskar):** A statement is laid on the Table. [See Appendix II, annexure No. 2].

#### Naga Hostiles

**678. Shri D. C. Sharma:** Will the Minister of Home Affairs be pleased to state:

(a) the number of encounters that took place from the 1st of April, 1960 to 31st October, 1960 in Manipur between the Naga hostiles and the Manipur police;

(b) the number of Naga hostiles arrested and detained during this period; and \*

(c) the number of Naga hostiles who surrendered to the police during the above period?

**The Minister of Home Affairs (Shri G. B. Pant):** (a) 7.

(b) 18.

(c) one.

#### Writ petitions in Punjab High Court

**679. Shri D. C. Sharma:** Will the Minister of Home Affairs be pleased to state:

(a) the number and nature of writ petitions disposed of in the High Court of Punjab from 1st April, 1959 upto 1st April, 1960; and

(b) how many petitions are pending now?

**The Minister of State in the Ministry of Home Affairs (Shri Datar):** (a) and (b). The information is being obtained and will be laid on the Table of the Lok Sabha.

### Copper ore in Bastar

**680. Shri Vidya Charan Shukla:** Will the Minister of Steel, Mines and Fuel be pleased to refer to the reply given to Unstarred Question No. 1200 on the 20th August, 1960 and state:

(a) whether investigations of copper ore deposits in Bastar district have since been completed;

(b) if so, what are the results obtained from this investigation; and

(c) if the reply to part (a) above be in the negative, by what time detailed examination is likely to be completed?

**The Minister of Mines and Oil (Shri K. D. Malaviya):** (a) No, Sir. The work is still continuing.

(b) Three bore-holes that have been put down so far to find out the nature of mineralisation have shown the presence of several zones of sulphide mineralization bearing mostly pyrite. Sparse disseminations of copper sulphides have been noted but no lode of copper ore of any economic significance has been located so far.

(c) The investigation is likely to be completed by April, 1962.

### Rock Phosphate

**681. Shri Vidya Charan Shukla:** Will the Minister of Steel, Mines and Fuel be pleased to state:

(a) what efforts, if any, have been made by the Indian Bureau of Mines and Geological Survey of India to discover and prove the deposit of rock phosphate in the country;

(b) what is the present annual production of rock phosphate;

(c) what are the likely and estimated deposits of the rock-phosphate in the country; and

(d) whether there are any plans for intensifying the exploration and exploitation of rock phosphate in the country?

**The Minister of Mines and Oil (Shri K. D. Malaviya):** (a) Deposits of

phosphate in Singhbhum district have been mapped in detail by the Geological Survey of India. Some prospecting was carried out by pitting and trenching in connection with the mineral survey of the Damodar Valley basin. Detailed proving of the apatite deposits of Singhbhum copper belt has been taken in hand by the Indian Bureau of Mines.

The occurrence of phosphatic nodules at Tiruchirapally district, Madras was investigated by the Geological Survey of India some years back. A preliminary survey of the reported apatite deposits in Sitarampuram area, Vishakhapatnam district, Andhra Pradesh has also been made.

(b) At present no rock phosphate is produced in the country. The production of apatite during the years 1958 and 1959 was 14,806 tonnes and 14,030 tonnes respectively.

(c) The estimated reserves of phosphate deposits are as follows:

Singhbhum District,	
Bihar	.. 700,000 tons.

Tiruchirapalli District, Madras	.. 8,000,000 tons.
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Vishakhapatnam District, Andhra Pradesh	.. 170,000 tons.
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(d) Yes Sir. The investigation of phosphate deposits in Mussoorie (Uttar Pradesh); Tiruchirapalli, South Arcot, Pondicherry (Madras); and promising areas in Orissa and Bihar has been taken up by the Geological Survey of India.

Efforts are also being made to increase the present production in existing mines by adoption of proper mining methods.

### Tribal Students of Tripura

**682. Shri Dasaratha Deb:** Will the Minister of Home Affairs be pleased to state:

(a) the number of non-Government High Schools of Agartala, which received grant-in-aid from Government so far during the course of the Second

Five Year Plan for extending educational facilities to Tribal students of Tripura;

- (b) the names of those schools; and
- (c) the amount received by each school?

**The Deputy Minister of Home Affairs (Shrimati Alva):** (a) to (c). No grant-in-aid was given by the Tripura Administration to any non-Government school in Agartala for extending educational facilities to tribal students. However the Administration have spent money as shown below on the construction, for tribal students, of boarding-houses attached to some non-Government schools:—

Name of School to which the boarding house is attached	Amount spent
1. Bardwali Higher Secondary School ..	Rs. 10,000
2. Netaji Subhas Vidyaniketan Higher Secondary School ..	Rs. 5,000
3. Pragati Vidyabhavan Higher Secondary School ..	Rs. 15,000

#### Tribal Welfare Fund in Tripura

**683. Shri Dasaratha Deb:** Will the Minister of Home Affairs be pleased to state:

- (a) whether any amount has been provided to any non-official Organisation out of the Tribal Welfare Fund so far in Tripura;
- (b) if so, the names of the Organisations to which the money was given;
- (c) the purpose of the money given; and
- (d) the progress of the works of those organisations, if any?

**The Deputy Minister of Home Affairs (Shrimati Alva):** (a) No, Sir.

(b) to (d). Do not arise.

#### Grants to Educational Institutions in Maharashtra

**684. Shri Pangarkar:** Will the Minister of Education be pleased to state:

(a) the number of educational institutions of Maharashtra, which applied for non-recurring grants during 1960-61 so far; and

(b) the grant sanctioned to each of these institutions?

**The Minister of Information and Broadcasting (Dr. Keskar):** (a) 102.

(b) A statement is laid on the Table of the Lok Sabha. [See Appendix II, annexure No. 3].

#### Bombay and Poona Universities

**685. Shri Pangarkar:** Will the Minister of Education be pleased to state the nature of facilities given to Bombay University and Poona University in Maharashtra during the last four years for scientific research and study?

**The Minister of Information and Broadcasting (Dr. Keskar):** A Statement giving the requisite information is laid on the Table [See Appendix II, annexure No. 4].

#### Commerce Education

**686. Shri D. C. Sharma:** Will the Minister of Scientific Research and Cultural Affairs be pleased to refer to the reply given to Unstarred Question No. 160 on the 3rd August, 1960 and state:

(a) whether any progress has been made by the Sub-Committee appointed for formulating detailed proposals regarding commerce education at the secondary education level; and

(b) if so, the details thereof?

**The Minister for Scientific Research and Cultural Affairs (Shri Humayun Kabir):** (a) and (b). The Sub-Committee has recommended that Commerce should be introduced only in the last two years of the Higher Secondary Course. The Secondary

Commerce Course should be either terminal or preparatory for Diploma Course in the field at the post-Secondary stage, and not for entry to university degree course. It should ensure a sound general education in addition to vocational training.

#### Income Tax Assessee in Gurdaspur

687. **Shri D. C. Sharma:** Will the Minister of Finance be pleased to state the number of persons in Gurdaspur District of Punjab who have been assessed during 1959-60 for income-tax on an annual income over fifty thousand rupees?

**The Minister of Finance (Shri Morarji Desai):** The number of persons in Gurdaspur District of Punjab who have been assessed during 1959-60 for income-tax on an annual income over fifty thousand rupees, is 23.

#### Monuments in Gurdaspur District

688. **Shri D. C. Sharma:** Will the Minister of Scientific Research and Cultural Affairs be pleased to state the total amount allotted for the maintenance and special repairs of each of the protected monuments in Gurdaspur District (Punjab) for 1959-60 and 1960-61?

**The Deputy Minister of Scientific Research and Cultural Affairs (Dr. M. M. Das):** (i) 1959-60.

No allotment was made.

(ii) 1960-61.

A sum of Rs. 450/- has been earmarked for the annual maintenance and upkeep of Shamsher Khan Tomb at Batala.

#### Untouchability (Offences) Act, 1955

689. **Shri D. C. Sharma:** Will the Minister of Home Affairs be pleased to state the number of persons who had been prosecuted in Punjab during 1959-60 and 1960-61 so far under the Untouchability (Offences) Act, 1955?

**The Minister of State in the Ministry of Home Affairs (Shri Datar):** Information is being collected and will be laid on the Table of the House in due course.

#### Propagation of Sanskrit in Delhi

690. **Shri D. C. Sharma:** Will the Minister of Education be pleased to state:

(a) whether any grants have been given by the Centre to Delhi during the last ten years for propagation of Sanskrit; and

(b) if so, the amount thereof (year-wise)?

**The Minister of Information and Broadcasting (Dr. Keskar):** (a) and (b). The Government of India have given financial assistance to organisations and individuals in Delhi amounting to Rs. 1,17,013/- during the last ten years commencing from 1951-52 for the promotion and propagation of Sanskrit. The year-wise break up is as follows:—

Year	Amount
1951-52	Rs.
1952-53	Nil
1953-54	Nil
1954-55	3,540
1955-56	11,074
1956-57	16,217
1957-58	6,813
1958-59	11,013
1959-60	21,387
1960-61	22,073
	14,896

**"Peking Review" and "China Reconstructs"**

691. { Shri P. G. Deb:  
 Shri S. A. Mehdi:  
 Shri D. C. Sharma:  
 Shri Ajit Singh Sarhadi:

Will the Minister of Home Affairs be pleased to state:

(a) whether any advertisements of "Peking Review" and "China Reconstructs" were published in the Indian Newspapers during the last three months; and

(b) if so, the action taken in the matter?

**The Minister of Home Affairs (Shri G. B. Pant):** (a) The Government of India are not aware of any such advertisements having been published in India Newspapers during the last three months.

(b) Does not arise.

**Tube-wells in Tripura**

692. **Shri Dasaratha Deb:** Will the Minister of Home Affairs be pleased to state:

(a) the number of Tube-wells and their locations sunk in Tripura so far out of the Tribal Welfare Fund; and

(b) the total expenditure incurred on them?

**The Deputy Minister of Home Affairs (Shrimati Alva):** (a) 138 tube-wells and 198 RCC/brick-lined wells were constructed during the years 1951-52 to 1959-60. The information regarding the locations of these wells is being collected and will be laid on the Table of the House as soon as it is received.

(b) Rs. 2,50,740/-.

**Indian Team in Rome Olympics**

693. **Shri A. M. Tariq:** Will the Minister of Education be pleased to refer to the reply given to Starred

Question No. 1122 on the 6th September, 1960 and state:

(a) whether it is a fact that an Olympic player was left behind when the Indian Olympic Contingent left for Rome;

(b) whether it is also a fact that he was afterwards allowed to go to Rome; and

(c) whether the said player took part in any of the Olympic Games?

**The Minister of Information and Broadcasting (Dr. Keskar):** (a) Yes.

(b) He went to Rome on his own.

(c) No.

**Goondas in Kingsway Camp, Delhi**

694. { Shri P. G. Deb:  
 Shri S. A. Mehdi:

Will the Minister of Home Affairs be pleased to state:

(a) whether there was a fight between two factions of goondas in Kingsway Camp on the 18th September, 1960 resulting in the death of one person; and

(b) if so, whether it is a fact that the police did not arrest the goondas?

**The Minister of Home Affairs (Shri G. B. Pant):** (a) and (b). On the night of the 11th September 1960, a fight took place between two groups of people in Nirankari Colony resulting in the death of one person. The police took prompt action and arrested two of the accused persons within a few hours of the occurrence. One more person was arrested some days later. 4 persons are still absconding. The case is under investigation.

प्रलीगड़ मुस्लिम विश्वविद्यालय जांच समिति

प्रकाशवीर शास्त्री :  
 ६६५. { भवत दर्शन :  
 राम कृष्ण गुप्त :

क्या शिक्षा मंत्री २४ अगस्त, १९६० के तारंकित प्रश्न मंस्या ६८७ के उत्तर के

सम्बन्ध में यह बताने की कृपा करेंगे कि :

(क) अलीगढ़ मुस्लिम विश्वविद्यालय जांच समिति के कार्य में अब तक क्या प्रगति हुई है; और

(ख) अब तक समिति की कितनी बैठकें हो चुकी हैं?

सूचना और प्रसारण मंत्री (डा० केसकर) : (क) और (ख). अलीगढ़ मुस्लिम विश्वविद्यालय जांच समिति की अब तक कुल ६ बैठकें हुई हैं और अब यह समिति अपने निष्णव पर पहुंचने ही वाली है। पूरी सम्भावना है कि समिति अपनी रिपोर्ट अलीगढ़ विश्वविद्यालय की कार्यकारी समिति को सन् १९६० के अन्त तक दे देगी।

#### देवनागरी लिपि

६६५. { श्री भक्त दर्शन :  
श्री दी० च० शर्मा :

क्या शिक्षा मंत्री २० अगस्त १९६० के ताराकित प्रश्न संख्या ६०८ के उत्तर के संबंध में यह बताने की कृपा करेंगे कि :

(क) संशोधित देवनागरी लिपि अपनाने के लिए उन के मंत्रालय और भारत सरकार के अन्य मंत्रालयों ने क्या ठोस कदम उठाये हैं;

(ख) किन-किन राज्यों ने संशोधित देवनागरी लिपि को आवारित रूप से स्वीकार कर लिया है; और

(ग) इन राज्य सरकारों ने उस लिपि का प्रयोग करने में क्या प्रगति की है?

सूचना और प्रसारण मंत्री (डा० केसकर) : (क) संशोधित देवनागरी लिपि को प्रचलित करने के लिए निम्नलिखित कदम उठाये गये हैं:—

(१) अन्तिम रूप से स्वीकृत देवनागरी लिपि की वर्णमाला के चार्ट की एक एः प्रति अवाक्यात्मक टिप्पणी के सभी राज्य

सरकारों और भारत सरकार के मंत्रालयों को भेज दी गई है तथा उनसे प्रार्थना की गई है कि राजकीय कार्यकलापों के उन सभी क्षेत्रों में, जहां आजकल देवनागरी लिपि का प्रयोग किया जाता है, अन्तिम रूप से स्वीकृत की गई लिपि को अपनायें।

(२) संशोधित देवनागरी लिपि को व्यापार में रखने हुए हिन्दी टाइपराइटर के की-बोर्ड में भी संशोधन कर दिया गया है तथा वाणिज्य और उद्योग मंत्रालय से प्रार्थना की गई है कि वे इसी की-बोर्ड के आवार पर हिन्दी टाइपराइटरों के उत्पादन के बारे में उपादकों से बात रीत करें।

(३) निर्माण, आवास और संभरण मंत्रालय में यह प्रार्थना की गई है कि वे भारत सरकार के सभी मुद्रणालयों को संशोधित लिपि पर आधारित टायप सुसंलिङ्गित कर दें।

(ख) और (ग). केरल, हिमाचल प्रदेश प्रशासन, दिल्ली प्रशासन और अंडमान तथा निकोबार प्रशासन की सरकारों ने सूचना दी है कि उन्होंने अपने अधीन सभी सम्बद्ध तथा अधीनस्थ कार्यालयों को संशोधित देवनागरी लिपि की वर्णमाला की प्रति भेज दी है तथा उन्हें सलाह दी है कि वे संशोधित लिपि को, जहां तक सम्भव हो, अधिक से अधिक अपनायें।

#### विज्ञान मंदिर

६६७. { श्री भक्त दर्शन :  
श्री हेम राज :  
श्री बै० च० मलिक :

क्या ईंजीनियर अनु रंजन अरोः सांस्कृतिक-कार्य मंत्री ६ सितम्बर, १९६० के अताराकित प्रान संख्या २५०३ के उत्तर के सम्बन्ध में यह बताने की कृपा करेंगे कि :

(क) विज्ञान मन्दिरों की स्थापना के लिये जो २४ स्थान विचाराधीन थे उन में से अन्तिम रूप से कौन-कौन से स्थान चुने गये हैं; और

(ख) उक्त स्थानों में से प्रत्येक स्थान पर विज्ञान मन्दिर स्थापित करने की दिशा में क्या प्रगति हुई है?

**वैज्ञानिक अनुसंधान और सांस्कृतिक-कार्य उपर्याक्ति (डा० म० म० दास):** (क) अब तक तीन जगहें—ग्राम्यता० (आनन्द प्रदेश) कुडप्पा जिले में कोडूर, (केरल) कोझीकोडे जिले में तिरुर और (पश्चिम बंगाल) मुशिदाबाद जिले में बहारा—चनी गई हैं। अब और प्रस्तावों के बारे में राज्य सरकारों से परामर्श किया जा रहा है।

(ख) विज्ञान मन्दिरों के लिये कर्मचारियों और उपस्कर आदि प्राप्त करने की कार्यवाही की जा रही है।

#### Chini-ka-Rouza

698. *ʃ* **Shri Bahadur Singh:**  
*ʃ* **Shri Inder J. Malhotra:**

Will the Minister of Scientific Research and Cultural Affairs be pleased to state:

(a) whether the entire face of the tomb the Chini-ka-Rouza of Mirza Shahrulla Khan Shirazi was scrubbed some time ago;

(b) whether the Archaeological Department is going to undertake renovation of the paintings inside the mortuary chamber of the Chini-ka-Rouza; and

(c) when is this work going to start?

**The Deputy Minister of Scientific Research and Cultural Affairs (Dr. M. M. Das):** (a) No, Sir.

(b) The paintings are to be cleaned chemically for restoration and preservation; but no renovation work will be undertaken, as this is against archaeological principles.

(c) The work has already started and is in progress.

#### Admission in State Technical Institutes

699. *ʃ* **Shri Shree Narayan Das:**  
*ʃ* **Shri Radha Raman:**

Will the Minister of Scientific Research and Cultural Affairs be pleased to state:

(a) whether the reactions of the various State Governments to the suggestion of the Centre that about one-fourth of the seats in a State technical institute should be reserved for students from outside the State have been received; and

(b) if so, what are they?

**The Minister of Scientific Research and Cultural Affairs (Shri Humayun Kabir):** (a) and (b). Rajasthan has accepted the suggestion. Assam, Uttar Pradesh, Kerala, West Bengal, Punjab, Madhya Pradesh, Andhra Pradesh, Madras and Mysore have informed that the matter is under consideration. Replies from the rest are awaited.

#### Punjab National Bank

700. **Shri Ram Krishan Gupta:** Will the Minister of Finance be pleased to refer to the reply given to Short Notice Question No. 4 on the 29th August, 1960 and state:

(a) whether Government have ascertained the causes of heavy run on the branches of Punjab National Bank in Delhi; and

(b) if so, the result thereof?

**The Deputy Minister of Finance (Shri B. R. Bhagat):** (a) and (b). Such enquiries as Government have been able to make do not indicate that any definite conclusions can be drawn as to the origin of the rumours which led to the run on the Punjab National Bank in August, 1960.

#### Amendment of Banking Law

701. **Shri Ram Krishan Gupta:** Will the Minister of Finance be pleased to refer to his statement made in Lok Sabha on the 20th August, 1960 and

state at what stage is the proposal to amend the existing Banking Law with a view to give "greater protection" to the interests of depositors and securing them "quicker initial relief" in case banks went into liquidation?

**The Minister of Finance (Shri Morarji Desai):** The Banking Companies Act, 1949 has since been amended with effect from the 19th September, 1960. The new section 41A and section 43A as amended, simplify in certain respects the procedure of liquidation and prescribe that within a period of three months from the date of the winding-up order, every depositor should be paid, on a preferential basis, up to maximum of Rs. 250/-.

**National Theatre in Delhi**

702. { **Shri Ram Krishan Gupta:**  
**Shri D. C. Sharma:**

Will the Minister of Scientific Research and Cultural Affairs be pleased to refer to the reply given to Unstarred Question No. 2163 on the 6th September, 1960 and state the nature of progress made so far in the completion of the National Theatre in Delhi?

**The Minister for Scientific Research and Cultural Affairs (Shri Humayun Kabir):** Preliminary work is still continuing.

**Purchase of Spare Parts of Transport Vehicles From Canada**

703. { **Shri Ram Krishan Gupta:**  
**Shri Rajeshwar Patel:**  
**Shri Morarka:**  
**Shri Supakar:**

Will the Minister of Defence be pleased to refer to the reply given to Starred Question No. 87 on the 3rd August, 1960 and state:

(a) whether Government has received the report of the Inquiry Committee headed by Shri Vishnu Sahai, Cabinet Secretary, to inquire into the deal with a Canadian firm for the

supply of spare parts for army mechanical transport vehicles; and

(b) if so, the details thereof?

**The Minister of Defence (Shri Krishna Menon):** (a) No, Sir.

(b) Does not arise.

**Archaeological Survey in Orissa**

704. **Shri Chintamoni Panigrahi:** Will the Minister of Scientific Research and Cultural Affairs be pleased to state:

(a) whether the archaeological surveys undertaken in Orissa regarding the ancient temples and other historical monuments have been completed by now;

(b) if so, the detailed results thereof;

(c) what are the places in the District of Puri in Orissa that have been surveyed; and

(d) the results thereof?

**. The Deputy Minister of Scientific Research and Cultural Affairs (Dr. M. M. Das):** (a) No, Sir.

(b) Does not arise.

(c) The District of Puri has not yet been surveyed.

(d) Does not arise.

**Revision of Lists of Scheduled Castes and Scheduled Tribes in Orissa**

705. { **Shri Chintamoni Panigrahi:**  
**Shri Sanganna:**

Will the Minister of Home Affairs be pleased to state the nature of proposals received from the State Government of Orissa regarding the revision of lists of Scheduled Castes and Scheduled Tribes in Orissa and the decisions taken thereon?

**The Deputy Minister of Home Affairs (Shrimati Alva):** No decision has yet been taken on these suggestions. At the present stage it would

not be in the public interest to make public the nature of the proposals.

**Educated Unemployment in Orissa**

**706. Shri Chintamoni Panigrahi:** Will the Minister of Education be pleased to state:

(a) the number of new teachers allotted to the Orissa Government during 1960-61 so far under the scheme of relief of educated unemployment and expansion of primary education; and

(b) what amount was allocated to the Orissa Government during 1959-60 and 1960-61 for this purpose?

**The Minister of Information and Broadcasting (Dr. Keskar):** (a) 3,000 teachers.

(b) Rs. 16.92 lakhs during 1959-60 and Rs. 35.44 lakhs during 1960-61.

**Hostels for Utkal University Students**

**707. Shri Chintamoni Panigrahi:** Will the Minister of Education be pleased to state:

(a) whether any request has been received from the Utkal University or the Government of Orissa for any grant or loan for construction of hostels for students of colleges affiliated to Utkal University; and

(b) if so, the action taken thereon?

**The Minister of Information and Broadcasting (Dr. Keskar):** (a) and (b). A statement giving the requisite information is laid on the Table. [See Appendix II, annexure No. 5].

**Polytechnics in Punjab**

**708. Shri D. C. Sharma:**  
**Shri Ajit Singh Sarhadi:**

Will the Minister of Scientific Research and Cultural Affairs be pleased to refer to the reply given to Starred Question No. 236 on the 8th August, 1960 and state the further progress since made in opening the Centrally sponsored Polytechnics in Punjab?

**The Minister of Scientific Research and Cultural Affairs (Shri Humayun Kabir):** 1. It has since been decided that the third polytechnic should be located at Guru Tegh Bahadur Garh in Ferozepur District. The Guru Nanak Education Trust has offered 25 acres of land for the establishment of the institute. Detailed estimates are being prepared.

2. For the Polytechnics to be located at Sirsa and Batala, sites have been selected and administrative approval for the construction of buildings has been given.

**Backward Classes**

**709.** { **Shri D. C. Sharma:**  
**Shri Ram Krishan Gupta:**  
**Shri Ajit Singh Sarhadi:**  
**Shri N. R. Muniswamy:**

Will the Minister of Home Affairs be pleased to refer to the reply given to Starred Question No. 319 on the 11th August, 1960 and state up-to-date position in regard to fixing the criteria for the determination of backward classes?

**The Deputy Minister of Home Affairs (Shrimati Alva):** There has been no change in the position stated in the reply to the question referred to.

**हिन्दी अनुवादक**

**710. श्री नरदेव स्नातक :** क्या गृह-कार्य मंत्री यह बताने की कृपा करेंगे कि क्या केन्द्रीय सचिवालय में हिन्दी अनुवादकों का काम करने वाले स्थायी असिस्टेंटों की हिन्दी के काम के आधार पर भविष्य में पद-वृद्धि करने की सरकार की कोई योजना है ?

**गृह-कार्य मंत्री (श्री गो० ब० पन्त) :** यूंसी कोई विशेष योजना सरकार के सामने नहीं है। असिस्टेंटों के ग्रेड से अनुभाग अधिकारी के ग्रेड / (जोकि असिस्टेंटों से ऊपर बाला ग्रेड है) में पदोन्नति (Promotion), प्रवरता (Seniority) तथा योग्यता या फिर विभागीय परीक्षा के आधार पर होती

है। जहां तक काम के रिकाड़ का सम्बन्ध है, जिस किसी मद पर भी असिस्टेंट नियुक्त हों (जिस में हिन्दी अनुवादक का पद भी शामिल है) उस में उन के लिये हुए काम को पदोन्नति के समय ध्यान में रखा जायेगा।

### अपराधों का पता लगाना

७११. श्री रघु नाय सिहः क्या गृह-कार्य मंत्री यह बताने की कृपा करेंगे कि :

(क) क्या यह सच है कि केन्द्रीय अपराध जांच प्रयोगशाला में कीड़े-मकोड़ों की सहायता से अपराधों का पता लगाने के लिये सफल जांच की गई है; और

(ख) यदि हां, तो क्या इस का प्रयोग किया जायेगा?

गृह-कार्य मंत्री (श्री गो० ब० पन्त) :  
 (क) और (ख). अपराध-स्थल पर इकट्ठा किये गये पदार्थों पर पाये जाने वाले कीड़ों का अपराधों को सावित करने में प्रयोग हो सकता है या नहीं इस बारे में केन्द्रीय फोरेंसिक —Forensic— (अपराध अनुसंधान) विज्ञान प्रयोगशाला में जांच की जा रही है। अभी कोई निश्चित परिणाम नहीं निकला है।

### Naval Craft

712. { Shri Rajendra Singh:  
 Shri Raghunath Singh:  
 Shri Sadhan Gupta:  
 Shri Aurobindo Ghosal:  
 Shri B. Das Gupta:

Will the Minister of Defence be pleased to state:

(a) whether it is a fact that a naval craft built in India was launched in Calcutta;

(b) if so, the builder and manufacturer of this craft; and

(c) the worth of foreign components in the manufacture of such crafts?

**The Deputy Minister of Defence (Shri Raghu Ramaiah):** (a) Yes, Sir. INS AJAY, a Seaward Defence Boat was launched in Calcutta on 21st September, 1960.

(b) M/s. Garden Reach Workshops Ltd., Calcutta.

(c) The cost of the foreign components is roughly 50% the cost of the craft.

### National Register of Sanskrit Pandits

713. { Shri Warior:  
 Shri Vasudevan Nair :  
 Shri N. R. Muniswamy:  
 Shri Achar:

Will the Minister of Education be pleased to state:

(a) whether Government have decided to compile a National Register of Sanskrit Pandits; and

(b) if so, what steps have been taken in that direction?

**The Minister of Information and Broadcasting (Dr. Keskar):** (a) Yes, Sir.

(b) A press note has been issued in October, 1960, asking the Pandits (who wish to have their names included) to send full details regarding themselves on a prescribed proforma: the Register will be compiled after the information thus received has been examined.

### Physical Culture Organisations in Kerala

714. { Shri Warior:  
 Shri Vasudevan Nair:

Will the Minister of Education be pleased to state:

(a) the names of physical culture organisations in Kerala which are receiving financial aid from the Union Government and the respective amounts; and

(b) the names of the organisations which have applied for financial assistance and not given the assistance?

**The Minister of Information and Broadcasting (Dr. Keskar):** (a) None.

(b) (i) Applications for financial assistance received from the following two institutions under the Scheme of Strengthening Physical Education Training Institutions, are still under consideration:—

1. Government College of Physical Education, Trivandrum.
2. Government College of Physical Education, Kozhikode.

(ii) Applications for financial assistance received from the following institutions under the Scheme of Grants to *Vyayamshalas, Akharas* etc. have been returned to the State Government for want of complete information with the request that these may be resubmitted with complete information:

1. Aikya Kerala Kalari Sangham Cannanore.
2. C.S.S. Gymkhana Club, Perumthani, Trivandrum.
3. Sea-View Gymnastic Arena, Ernakulam.
4. Kerala Gymnasium and Vyayamshala, Bharanikkavu, Alleppey.
5. Universal Gymkhana, Kottayam.

#### Aid for Students' Tours

715. { **Shri Warior:**  
        { **Shri Vasudevan Nair:**

Will the Minister of Education be pleased to state:

(a) the names of the institutes in Kerala which were given financial aid for students' tours, with amounts to each during 1958-59; and

(b) the details of the tours conducted (places visited) with the aid given?

**The Minister of Information and Broadcasting (Dr. Keskar):** (a) and (b). A statement is laid on the table

of the House. [See Appendix II, annexure No. 6].

#### 'Oil Survey in West Bengal

716. { **Shri Subodh Hansda:**  
        { **Shri R. C. Majhi:**

Will the Minister of Steel, Mines and Fuel be pleased to state:

- (a) whether any search for oil was made in Sunderbans area; and
- (b) if not, the reasons therefor?

**The Minister of Mines and Oil (Shri K. D. Malaviya):** (a) No, Sir.

(b) This was outside the limits of the licensed exploration area covered by the Indo-Stanvac Petroleum Project agreement.

#### Surplus Vehicles

717. { **Shri Rajeshwar Patel:**  
        { **Shri Morarka:**

Will the Minister of Defence be pleased to state:

(a) whether vehicles (3 ton 15 cwt 4x2) lying surplus for the army requirements have been sold out in the civilian market; and

(b) if so, what is the number sold out and the prices fetched?

**The Deputy Minister of Defence (Shri Raghu Ramaiah):** (a) Yes, Sir. Sir.

(b) Two separate statements showing the number of 3 ton 4x2 vehicles and 15 cwt 4x2 vehicles disposed of during the past 5 years and the prices fetched thereon are laid on the Table. [See Appendix II, annexure No. 7].

#### Trucks and Tractors

718. { **Shri Rajeshwar Patel:**  
        { **Shri Morarka:**

Will the Minister of Defence be pleased to state:

(a) how many trucks and tractors assembled in Ordnance Factories were

issued to Services and others upto 1st November, 1960; and

(b) the extent of the foreign exchange saved on the above?

(i) *Shiktiman Trucks*

all issued to the Army. . . . . 990 Nos.

(ii) *Hathi Tractors*

issued as under:— . . . . . 206 Nos.

Army: . . . . .

128 Nos.

Dandakaranya Development Authority . . . . .

58 Nos.

Rajasthan Canal Board . . . . .

20 Nos.

(b) Approximately Rs. 83 lakhs.

#### Seizure of Gold

**719. Shri Morarka:** Will the Minister of Finance be pleased to state:

(a) the total quantity and value of gold seized during the Second Five Year Plan period;

(b) the penalty imposed on people found guilty of smuggling goods or currency or bullion in India during this period; and

(c) the number of ship or ships forfeited because of the smuggling activities?

**The Minister of Finance (Shri Morarji Desai):** (a) About 5,90,825 tolas of gold and 1847 sovereigns valued at Rs. 6,21 lakhs approximately were seized during the Second Five Year Plan period from the year 1956-57 to 1960-61 (upto the 30th September, 1960).

(b) The penalty of Rs. 2,03,71,000 approximately was imposed during the same period.

(c) 54 vessels.

#### Pending Income-tax Appeals

**720. Shri Morarka:** Will the Minister of Finance be pleased to state:

(a) the total number of income-tax appeals pending before the Appellate Assistant Commissioner; and

(b) the number of years since the same are pending?

**The Deputy Minister of Defence (Shri Raghuramaiah):** (a) The number of trucks and tractors issued upto the 1st November, 1960 is as under:—

990 Nos.

206 Nos.

128 Nos.

58 Nos.

20 Nos.

**The Minister of Finance (Shri Morarji Desai):** (a) and (b). The information is being collected and will be laid on the Table of the House.

#### Demonstrators of Forward Bloc

**721. Shri Subiman Ghose:** Will the Minister of Home Affairs be pleased to state how many demonstrators of Forward Bloc (West Bengal State recognised Party) were arrested in Delhi at the time of Assam debate in the Lok Sabha on the 1st September, 1960?

**The Minister of Home Affairs (Shri G. B. Pant):** 50.

#### Theft of Vehicle

**722. Shri Subiman Ghose:** Will the Minister of Education be pleased to refer to the reply given to Unstarred Question No. 4187 on the 7th May, 1959 and state:

(a) the date of beginning and the date of completion of the investigation in regard to the theft of a vehicle belonging to Central Social Welfare Board and given to Burdwan District Project Implementing Committee; and

(b) whether final report or charge-sheet has been submitted?

**The Minister of Information and Broadcasting (Dr. Keskar):** (a) The date of beginning and the date of completion of investigation into the case are 17th October, 1957 and 11th November, 1959 respectively.

(b) A 'Final Report True' has been submitted.

### Wind Power in Ladakh Area

723. **Shrimati Ila Palchoudhuri:** Will the Minister of Scientific Research and Cultural Affairs be pleased to state:

(a) whether it is a fact that a proposal to lift water by harnessing wind power in the Ladakh area (over 11,000 ft. high from the sea level) is under the consideration of the Government of India;

(b) if so, the details of the proposal; and

(c) the nature of progress made in connection therewith?

**The Minister of Scientific Research and Cultural Affairs (Shri Humayun Kabir):** (a) Yes, Sir.

(b) and (c). A proposal for the installation of wind mills at Cheshul was received in June, 1960 from the Trade Commissioner of Jammu and Kashmir. The National Aeronautical Laboratory deputed an officer recently to Cheshul and Leh in order to examine the feasibility of using wind power available over the area. This officer visited Kargil also. In his preliminary survey report the officer has stated that spot measurements of wind velocity for at least one full calendar year are essential before satisfactory conclusions can be drawn.

### आजाद हिन्द फौज

724. **श्री पद्म देव :** क्या गृह-कार्य मंत्री यह बताने की कृपा करेंगे कि :

(क) क्या यह सच है कि सरकार ने आजाद हिन्द फौज के भूतपूर्व सैनिकों को राजनीतिक पीड़ितों की सूची में शामिल करने का, जो निश्चय किया है इस से उन को साम हुआ है;

(ख) क्या यह भी सच है कि हिमाचल प्रदेश में आजाद हिन्द फौज के भूतपूर्व सैनिकों को इस लाभ से बंचित रखा गया है; और

(ग) यदि ऊपर के भाग (क) और (ख) के उत्तर स्वीकारात्मक हों, तो क्या सरकार हिमाचल प्रदेश में आजाद हिन्द फौज के भूतपूर्व सैनिकों के बारे में विचार कर रही है?

**गृह-कार्य मंत्री (श्री गो० ब० ए०त) :**  
(क) जी हां। आजाद हिन्द फौज के भूतपूर्व सैनिक राजनीतिक पीड़ितों को मिलने वाले लाभों के अधिकारी हैं।

(ख) और (ग). हिमाचल प्रदेश के राजनीतिक पीड़ितों को जिन में आजाद हिन्द फौज के भूतपूर्व सैनिक भी शामिल हैं, आर्थिक सहायता देने के मामले हिमाचल प्रदेश राजनीतिक पीड़ित समिति के विचारधीन हैं।

### Council for Income-Tax Advice

725. **Shri Amjad Ali:** Will the Minister of Finance be pleased to state:

(a) whether it is a fact that Government propose to constitute a Council as recommended by the Direct Taxes Administration Enquiry Committee to advise the Government on matters relating to income-tax;

(b) if so, has the Committee's suggestion been implemented by Government; and

(c) what is the personnel of the Council and what are the different bodies that have been given representation on the Council?

**The Minister of Finance (Shri Morarji Desai):** (a) This recommendation of the Direct Taxes Administration Enquiry Committee has been accepted by the Government and it is proposed, as a first step, to constitute a Direct Taxes Advisory Committee at the Centre to advise the Administration on measures for developing and encouraging mutual understanding between the tax-payers and the Department.

(b) and (c). The Central Committee will be set up as early as possible.

**Ajanta and Ellora Caves**

**726. Shri B. K. Gaikwad:** Will the Minister of Scientific Research and Cultural Affairs be pleased to state:

(a) whether it is a fact that the Buddhists residing roundabout the Ajanta and Ellora Caves in Aurangabad District (Maharashtra State) are prohibited to enter the said caves and have *Darshan* of the Statue of Buddha on full moon (Poornima) day of each month;

(b) whether Government are aware that there are statues of some Hindu Gods such as Shankar or Mahadeo and on their festival days, Hindus are allowed to go and worship and have their *puja* inside these caves; and

(c) if so, why Buddhists are prohibited to go into the caves and have *Darshan* of Lord Buddha?

**The Deputy Minister of Scientific Research and Cultural Affairs (Dr. M. M. Das):** (a) No one is refused entrance into the caves and have *Darshan*. Only congregational prayers and offering of mass worship etc. are prohibited.

(b) Ajanta is purely a Buddhist site, but at Ellora there are Brahmanical Caves. None of them is used for worship.

(c) Does not arise.

**Tracking of Artificial Satellites**

**727. Shri Kalika Singh:** Will the Minister of Scientific Research and Cultural Affairs be pleased to state:

(a) whether it is a fact that the Director, U.P. State Observatory, Nainital, has been tracking the U.S. artificial Satellite ECHO I which was put into orbit on the 12th August, 1960;

(b) if so, the details of the satellite including the distance of the orbit from the earth;

(c) how many other satellites and artificial bodies have been observed so far by the Nainital Observatory

and how many of them are still passing regularly through Indian skies; and

(d) whether it is a fact that the Nainital Observatory is one of the twelve stations of the world for optical tracking of artificial satellites?

**The Minister of Scientific Research and Cultural Affairs (Shri Humayun Kabir):** (a) Yes, Sir.

(b) ECHO I is a 100 foot diameter inflatable polyester film sphere coated with vapour deposited aluminium used as a reflector for a series of passive communications experiments, placed in a near circular 1,000 miles orbit. Presently, it is taking 118 minutes to orbit around the earth.

(c) A total number of 1,192 observations have been made up to date of the following satellites and artificial bodies:—

- (i) Explorer I.
- (ii) Explorer IV.
- (iii) Explorer VII.
- (iv) Explorer VIII.
- (v) Vanguard I and Rocket.
- (vi) Vanguard II and Rocket.
- (vii) Vanguard III.
- (viii) Discoverer V.
- (ix) Sputnik III and Rocket.
- (x) Sputnik IV and Rocket.
- (xi) Atlas.
- (xii) Tiros I and Rocket.
- (xiii) Echo I and Rocket.
- (xiv) Transit IB.
- (xv) Midas II.

Some three dozen (including seven U.S.S.R. objects) are still orbiting the earth. Some one or the other of these satellites make favourable passes through our skies to total an average of eight transits per night (during morning and evening twilight).

(d) Yes, Sir.

**Student-Teacher Ratio**

**728. Shri Kalika Singh:** Will the Minister of Education be pleased to state:

(a) the student-teacher ratio in States and Union territories in Basic

Primary schools, Junior High Schools, Higher Secondary Schools, Degree Colleges and Universities;

(b) the standard of student-teacher ratio fixed or desired by the Ministry; and

(c) the steps Government are taking to introduce their own standard

to bring uniformity in all the States and territories?

**The Minister of Information and Broadcasting (Dr. Keskar):** (a) As far as information is available the following student-teacher ratio obtains in the States and Union Territories at various levels of education:

Stage of Education	Ratio in States	Ratio in Union Territories
Basic Primary Stage	It ranges between 29 : 1 in Rajasthan to 39 : 1 in Assam, Punjab, Uttar Pradesh & Kerala.	It ranges between 26 : 1 in Himachal Pradesh & Tripura to 49 : 1 in the Laccadive, Minicoy & Andaman and Delhi.
Middle Schools	It ranges between 19 : 1 in Orissa and West Bengal to 36 : 1 in Bombay & Punjab.	It ranges between 22 : 1 in Himachal Pradesh to 31 : 1 in Delhi.
Higher Secondary Schools	Information is not available.	It ranges between 18 : 1 in Tripura to 40 : 1 in Delhi.
Universities & Colleges	Approximately 18 : 1	30 : 1 in Delhi.

(b) and (c). This is mainly the concern of States and the Universities and depends on local conditions in the respective areas. All-India uniformity in this respect is not possible.

In so far as education at primary and middle school level is concerned, in the opinion of the Government of India, the teacher-pupil ratio should, on the average, be 1:40 and 1:25 respectively.

#### Withdrawal of Coins

**729. Shri Kalika Singh:** Will the Minister of Finance be pleased to state:

(a) what old coins have been withdrawn from circulation up till now;

(b) whether total replacement of old coins by new coins is likely in the near future;

(c) if so, when;

(d) whether designs and shapes of new coins are also likely to change; and

(e) if so, what changes are being considered?

coins in the anna-pie series have ceased, for purposes of general circulation, to be legal tender:

- (i) Nickel-brass two-anna, one-anna and half-anna coins;
- (ii) Cupro-nickel two-anna and half-anna coins; and
- (iii) Half-pice and pie coins.

(b) and (c). The question of demonetising the remaining coins in the anna-pie series will be taken up in due course, after adequate stocks of the nearest denominations of decimal coins are built up.

(d) and (e). No change is under consideration at this stage.

#### Steel Plants

**730. Shri Kalika Singh:** Will the Minister of Steel, Mines and Fuel be pleased to state:

(a) why the iron and steel projects at Durgapur, Bhilai and Rourkela were not completed by 1957-58 according to the target fixed in the Plan;

(b) whether new or additional capacity of production, as targeted for the aforesaid projects, has been achieved in the years 1957-58, 1958-59 and 1969-60;

**The Minister of Finance (Shri Morarji Desai):** (a) The following

(c) if not, the shortfall for each of the years with full reasons;

(d) whether working of three units under the management of Hindustan Steel Ltd. has been found to be the main cause for the mal-administration and shortfall in production;

(e) if not, what advantages are there in combining the projects into one; and

(f) whether it is a fact that the three projects are not running on a competitive basis and are not competing with the projects in the private sector to the advantage of the latter?

**The Minister of Steel, Mines and Fuel (Sardar Swaran Singh):** (a) The steel projects at Durgapur, Bhilai and Rourkela were not expected to be completed by 1957-58.

(b) Each of the three steel plants was designed to produce 1 million tons of steel ingots on completion and the question of new or additional capacity of production does not arise.

(c) Does not arise.

(d) No, Sir.

(e) Placing the three steel projects under one organisation has been advantageous for better coordination and particularly for pooling the limited technical personnel available.

(f) It is not clear what the hon. Member has in mind. In the sense that the steel industry as a whole is controlled, there is, at present, no question of competition, or of the competitive advantage of one sector over another.

#### Commonwealth Education Conference

**731. Shri Kalika Singh:** Will the Minister of Education be pleased to state:

(a) the nature of the six-point plan of the Ministry of Education in the United Kingdom to encourage British teachers to serve overseas, which is the outcome of the last Commonwealth Education Conference;

(b) how many British teachers are coming to India under the scheme;

(c) whether Dr. V. S. Jha, Director,

Commonwealth Education Liaison Unit in London at his press conference in Glasgow on the 14th September, 1960 commended the six-point scheme;

(d) whether he is on a world tour; and

(e) if so, the purpose of his tour and who is meeting this expenditure?

**The Minister of Information and Broadcasting (Dr. Keskar):** (a) to (e). A statement is laid on the table of the House.

#### STATEMENT

(a) A Commonwealth Education Conference was held at Oxford in July, 1959 at which plans were drawn up *inter alia* for schemes for the exchange of services of teachers and experts etc. in an endeavour to make for closer cooperation and the sharing of benefits for the mutual advantage of various Commonwealth Countries.

2. With a view to encourage teachers to go overseas to serve for a time in the developing countries of the Commonwealth and elsewhere, the Minister of Education, U.K., in the course of his letter to the U.K. local education authorities announced a six-point plan which consists of:

- (i) A national council for the supply of teachers overseas;
- (ii) A code of secondment, including a guarantee to teachers about the salary they will receive on returning home;
- (iii) A code for terms of oversea appointments for the guidance of both teacher and oversea employer;
- (iv) Special allowances to augment, where necessary, the salary paid by the oversea employer;
- (v) Terminal grants at the end of contracts to provide a lump sum on return to Britain; and
- (vi) An interview fund to assist teachers to return to the U.K. for an interview in those cases where they have been short-listed for very senior

posts due to fall vacant about the time of completion of their contracts.

3. The plan will provide a flexible system of help for teachers in a wide variety of circumstances, and make clear the terms on which the British education authorities could reasonably be expected to release teachers and employ them on their return.

(b) Nothing can be said at this stage about the number of British teachers who will come to India.

(c) Yes, Sir.

(d) and (e). Dr. Jha is not on a world tour but Commonwealth tour in furtherance of the Commonwealth Education Plan. The purpose is to make proper contact with the leaders in each country, to become acquainted with their problems and to act as a medium for conveying the new needs and available assistance between country to country. All expenses incurred during the tour will be borne by the Commonwealth Education Liaison Unit.

#### Nepali People of Darjeeling

732. *Shri Indrajit Gupta: Shrimati Renu Chakravarty:*

Will the Minister of Home Affairs be pleased to state:

(a) whether the complaint that some castes and sub-castes of the Nepali people of Darjeeling and hill district of West Bengal were not correctly shown as Nepali-speaking is being taken note of in the present census operations; and

(b) what instructions have been issued to guard against this?

**The Minister of Home Affairs (Shri G. B. Pant):** (a) As indicated in answer given to unstarred question No. 1632 on 27th August 1959, the complaint was not found to be justified.

(b) The following general instructions have been issued for recording

the mother-tongue at the 1961 Census:—

"Write the mother-tongue in full including dialect as returned by the person enumerated. Mother-tongue is language spoken in childhood by the person's mother to the person or mainly spoken in the household".

#### Diplomas of Rural Institutes

**733. Shri Halder:** Will the Minister of Education be pleased to refer to the reply given to Starred Question No. 1268 on the 9th September, 1960 and state whether the final report has been received from the Inter-University Board of India about the recognition of the Diplomas of Rural Institutes by the Universities?

**The Minister of Information and Broadcasting (Dr. Keskar):** No, Sir.

#### Lubricating Oil Plant

**734. Shri Kodiyan:** Will the Minister of Steel, Mines and Fuel be pleased to state:

(a) whether the Kerala Government have submitted any proposal to the Centre to start a refinery in the State for lubricating oil in the private sector;

(b) if so, the main features of the proposal; and

(c) the reaction of Government in this respect?

**The Minister of Mines and Oil (Shri K. D. Malaviya):** (a) No, Sir.

(b) and (c). Do not arise.

#### পদিচ্চম বাংলার সীমাবদ্ধ জিলে

৭৩৫. ডাঃ রাম সুভগ সিংহ : ক্যা গৃহ-কার্য মন্ত্রী যহ বলানো কৃত্য করেন কি :

(ক) ক্যা সরকার নে ক্ষস বাত কা পতা লগাবা হৈ কি পদিচ্চম বাংলার উত্তৰী

सीमावर्ती जिलों में ११ जनवरी, १९५८ से अब तक विदेशियों को कितनी अचल सम्पत्ति बेची गई ; और

(ल) यदि हाँ, तो जिन विदेशियों ने उक्त सम्पत्ति खरीदी थी क्या उन में से किसी को अब भारत से निकाल दिया गया है ?

गृह-कार्य मंत्रालय में राज्य-मंत्री (श्री दातार) : (क) और (ल). सूचना एकवित की जा रही है और सभा-पटल पर रख दी जायगी ।

#### Ex-Servicemen of Jammu and Kashmir

736. **Shri M. R. Krishna:** Will the Minister of Defence be pleased to state:

(a) whether the Government of India have any definite scheme to rehabilitate the ex-servicemen of Jammu and Kashmir;

(b) what is the present number of ex-servicemen to be rehabilitated in this area; and

(c) what is the amount so far spent on the rehabilitation schemes in Jammu and Kashmir?

**The Minister of Defence (Shri Krishna Menon):** (a) No scheme is under consideration of the Government of India exclusively for the rehabilitation of the ex-servicemen of Jammu and Kashmir. The following facilities for rehabilitation are available to the ex-servicemen in general including the ex-servicemen of Jammu and Kashmir:—

(i) Preference in the matter of employment in Government service.

(ii) Settlement in Land Colonies.

(iii) Training in Vocational|Technical trades.

(iv) Assistance in the formation of Co-operative Societies.

(b) It is not possible to indicate the exact number of ex-servicemen of Jammu and Kashmir to be rehabilitated. However, according to the statistics maintained by the Employment Exchanges there are at present 126 ex-servicemen on the Live Registers of the Employment Exchanges in Jammu and Kashmir requiring employment assistance.

(c) Nil.

#### Entries regarding Castes of Government Servants

737. **Shri B. C. Kamble:** Will the Minister of Home Affairs be pleased to state:

(a) whether it is a fact that Government have issued instruction to the various Departments asking Officers concerned not to mention Castes of the Government Employees;

(b) if answer to part (a) above be in the affirmative, whether Government will be pleased to place on the Table a copy of instructions or Memorandum; and

(c) the reasons which have led to the issue of the instruction or Memorandum?

**The Minister of Home Affairs (Shri G. B. Pant):** (a) to (c). The State Governments have been requested to delete references to caste or sect for various official purposes (e.g., in the forms and registers used in jail, police, education, services and other departments and also in judicial proceedings) except where the recording of caste or sect is necessary for administrative purposes or to meet constitutional or statutory requirements. This measure was taken to discourage caste and communal consciousness.

#### Scheduled Castes and Scheduled Tribes

738. **Shri B. C. Kamble:** Will the Minister of Home Affairs be pleased to refer to the reply given to Starred Question No. 1271 on the 9th September, 1960 and state:

(a) the total number of (i) Scheduled Castes, and (ii) Scheduled Tribes persons appointed to Class I, II

and Class III posts as a result of the implementation of each of the seven steps mentioned in the said answer; and

(b) the total number of vacancies which were advertised as reserved for Scheduled Castes and Scheduled Tribes in Class I, II and III posts but which later on were treated as unreserved since the initiation of these seven steps?

**The Minister of State in the Ministry of Home Affairs (Shri Datar):** (a) A statement showing the progress achieved in the representation of Scheduled Castes and Scheduled Tribes during the years 1951 to 1956 is given in Appendix XXXIII to the Report of the Commissioner for Scheduled Castes and Scheduled Tribes for the year 1956-57. Appendix LV of the Commissioner's Report for the year 1958-59 gives the figures for the years 1957 and 1958. A statement showing the position as on 1st January, 1959 and 1st January, 1960 is laid on the Table. [See Appendix II, annexure No. 8]. It is not possible to state how many Scheduled Caste or Scheduled Tribe candidates were appointed as a result of each of the seven steps referred to in the question.

(b) As stated in reply to Unstarred Question No. 2334 dated 6th September 1960, the information is not available and it will not be practicable to collect all this detailed information.

#### L.I.C. Business in U.K.

739. { Shri Ram Krishan Gupta:  
Dr. Ram Subhag Singh:  
Shri Aurobindo Ghosal:  
Shri Hem Barua:

Will the Minister of Finance be pleased to state:

(a) whether the scheme to start Life Insurance Corporation business in U.K. has been finalised; and

(b) if so, the details thereof?

**The Minister of Finance (Shri Morarji Desai):** (a) Yes, Sir.

(b) The main features of the scheme to write business in the United Kingdom are:

- (i) **Sterling and Rupee Policies:** Both Sterling and Indian rupee policies are to be issued in the United Kingdom to suit the needs of Indian nationals residing in the United Kingdom as well as of the other Commonwealth citizens.
- (ii) **Policies under most of the existing Schemes in India:** Policies under most of the existing schemes in India will be offered in U.K. However, (a) Joint Life Assurance and (b) Two Year Temporary Insurance will not be offered.
- (iii) **Slightly reduced rates of premiums in U.K.:** It has been decided to offer slightly reduced rates of premium for people insuring in the U.K. These reduced rates are on par with the Corporation offers in British East Africa.

#### Legislation re: Hire-Purchase

**740. Shri Ram Krishan Gupta:** Will the Minister of Law be pleased to refer to the reply given to Unstarred Question No. 2153 on the 6th September, 1960 and state at what stage the question of undertaking legislation relating to hire-purchase in India has reached?

**The Minister of Law (Shri A. K. Sen):** The Law Commission circulated a tentative draft Report on hire-purchase to State Governments and interested bodies some time ago and some comments were received on the draft Report. Oral evidence was also recorded. The Law Commission, however, felt that a further opportunity should be given to persons interested to send their comments or make oral representations, the period fixed for this purpose being the 30th November, 1960. The comments and evidence will thereafter be considered by the

Commission and the draft Report finalised. The question of undertaking legislation will arise only after the Report of the Law Commission is received by the Government.

**Reduction in Litigation Expenses by States**

**741. Shri Achar:** Will the Minister of Law be pleased to state:

(a) whether the Central Government has set up or is going to set up Committees to review all pending Government cases with a view to reducing litigation expenses; and

(b) whether the Central Government has also decided to consider the cases pending in the courts at Delhi?

**The Minister of Law (Shri A. K. Sen):** (a) and (b). Government have not set up Committees to review all pending Government cases. However, cases pending in the Delhi Courts are being individually reviewed at appropriate stages. The question of reviewing other pending cases and the best method of doing them in engaging the attention of the Government.

**Technical Personnel in Tripura**

**742. Shri Bangshi Thakur:** Will the Minister of Home Affairs be pleased to state:

(a) whether Government are in a position to say how many technical personnel will be required for the implementation of the Third Five Year Plan in Tripura; and

(b) if so, what will be the number and what are the works for which they are required?

**The Minister of Home Affairs (Shri G. B. Pant):** (a) and (b). The approximate number of technical personnel required for the implementation of the various schemes under the Third Five Year Plan in Tripura is estimated at 3640. Such personnel is required for all development Departments of the Administration.

**Iron Ore Deposits in Andhra Pradesh**

**743. Shri Viswanatha Reddy:** Will the Minister of Steel, Mines and Fuel be pleased to state:

(a) whether it is a fact that a large deposit of iron ore has recently been discovered near the Singareni Collieries; and

(b) if so, what is the extent of the deposit and the quality of the ore?

**The Minister of Mines and Oil (Shri K. D. Malaviya):** (a) and (b). No deposits of iron ore have recently been discovered near the Singareni Collieries. However, iron ore deposits are known to occur near Singareni coalfields. The band of iron stone occurs just to the south of the Singareni Coalfields in Warangal district. It consists of magnetite-quartz-schists with 40% iron. The quantity of the ore down to ground level has been estimated at about 5.5 million tons, but the deposits may continue below ground level.

अनुसूचित जातियों और अनुसूचित आदिम जातियों के आयुक्त

७४४. श्री डामर : क्या गृह-कार्य मंत्री यह बताने की कृता करेंगे कि :

(क) अनुसूचित जातियों और अनुसूचित आदिम जातियों के आयुक्त ने अपने कार्यालय के खुलने से अब तक मध्य प्रदेश के मध्य भारत क्षेत्र के कितने दौरे किये हैं ;

(ख) उन्होंने अपने दौरे में आदिम वासी थेत्र में चलाई जा रही कौन-कौन सी योजनाओं का निरीक्षण किया ; और

(ग) क्या आयुक्त ने मंत्री महोदय को अपने प्रत्येक दौरे के अनुभवों के बारे में प्रतिवेदन दिया ?

गृह-कार्य उपमंत्री (श्रीमती आत्मा) :

(क) द्व: बार ।

(ख) इनका उल्लेख आयुक्त (कमिशनर) की वार्षिक रिपोर्ट १९५१-५२, १९५६-५७,

१६५७-५८ तथा १६५८-५९ में किया गया है।

(ग) जी, हां।

राज्यों को छण और सहायता

७४५. श्री डामर : क्या वित्त मंत्री यह बताने की कृपा करेंगे कि योजनाओं के प्रारम्भ से लेकर अब तक केन्द्र द्वारा प्रत्येक राज्य को छण और सहायता के तौर पर कितनी-कितनी राशि दी गई?

वित्त मंत्री (श्री मोरारजी देसाई) : श्री पाणिपत्ती के अताराकित प्रश्न, संस्था १४६ का अन्तिम उत्तर देते हुये ११ अगस्त, १६५८ को लोक-सभा की मेज पर एक विवरण रखा गया था जिसमें पहली पंचवर्षीय योजना के दौरान राज्य सरकारों को दिये गये सहायक अनुदानों की रकमें दी गयी थीं : इन प्रश्न का अन्तरिम उत्तर १३ नवम्बर, १६५७ को दिया गया था।

योजनाओं के शुरू होने के समय से राज्यों के लिये मंजूर किये गये कर्जों और दूनरी पंचवर्षीय योजना के आरम्भ से दिये गये सहायक अनुदानों के संबंध में सूचना इकट्ठी की जा रही है और उसे सभा की मेज पर रख दिया जायगा।

#### Suppression of Immoral Traffic in Women and Girls Act

746. Shrimati Ila Paichoudhuri: Will the Minister of Home Affairs be pleased to state:

(a) whether it is a fact that the Government of West Bengal have made a representation to the Government of India against the working of the Suppression of Immoral Traffic in Women and Girls Act;

(b) whether any other State Government have also sent similar representations; and

(c) if so, the reaction of the Government of India thereto?

The Deputy Minister of Home Affairs (Shrimati Alva): (a) and (b). No representation has been made to the Government of India by the Government of West Bengal or any other State Government against the working of the Suppression of Immoral Traffic in Women and Girls Act.

(c) Does not arise.

#### भारतीय अफीम का निर्यात

७४७. श्री डामर : क्या वित्त मंत्री यह बताने की कृपा करेंगे कि :

(क) कौन-सा देश भारतीय अफीम की अधिकतम मात्रा आयात करता है; और

(ख) क्या भारतीय अफीम का आयात करने वाले देश उसका नकद दाम देते हैं अथवा उसके बदले में कुछ वस्तुयें वहां से आयात की जाती हैं?

वित्त मंत्री (श्री मोरारजी देसाई) : (क) ब्रिटेन

(ख) अफीम का दाम नकद लिया जाता है।

#### List of Scheduled Castes and Scheduled Tribes

748. Shri Jinachandran: Will the Minister of Home Affairs be pleased to state whether a new list of Scheduled Castes and Scheduled Tribes has been made for adoption during the forthcoming census?

The Deputy Minister of Home Affairs (Shrimati Alva): No, Sir.

#### Lignite Deposits in Kutch

749. Shri Koratkar: Will the Minister of Steel, Mines and Fuel be pleased to state:

(a) whether it is a fact that large deposits of lignite have been discovered in the area of Kutch; and

(b) if so, whether Government have prepared any scheme to exploit these deposits?

**The Minister of Steel, Mines and Fuel (Sardar Swaran Singh):** (a) The Government of India are not aware of any large deposits of lignite having been discovered recently in Kutch.

(b) Does not arise.

**Customs Duties on Presentation Parcels**

**750. Shri Koratkar:** Will the Minister of Finance be pleased to state the total amount collected by way of customs duties on the presentation parcels from abroad?

**The Minister of Finance (Shri Morarji Desai):** Statistics regarding amount of customs duty collected on presentation parcels are not maintained separately. Accordingly the information is not available.

**Gale in Tripura**

**751. Shri Dasaratha Deb:** Will the Minister of Home Affairs be pleased to state:

(a) whether any attempt has been made by the Tripura Administration to assess the loss of property caused by the recent gale in Tripura on the 10th October, 1960;

(b) if so, the quantum of loss; and

(c) whether any steps have been taken to issue free permit to the affected people to collect timber, bamboos and 'chhan' (hay thatch for covering roofs) from the forests?

**The Minister of Home Affairs (Shri G. B. Pant):** (a) and (b). The Southern Sub-divisions of Belonia, Sabroom, Amarapur and Sonamura in Tripura were swept by a gale on the 11th and again on the 31st October,

1960. The extent of the resultant loss is being assessed.

(c) Each affected family has been granted a free permit to extract the following forest produce from the Reserve Forest area:—

(i) Bamboos	..	350
(ii) Sun grass	..	20 bundles.
(iii) House posts	..	15

**Prize Bonds**

**752.** { **Shri P. R. Patel:**  
**Shri P. G. Deb:**  
**Shri S. A. Mehdi:**

Will the Minister of Finance be pleased to state:

(a) the value of prize bonds of Rs. 5 and Rs. 100 sold and put in draws;

(b) whether unsold bonds were put in draws; and

(c) the value of sold and unsold bonds put in draws?

**The Minister of Finance (Shri Morarji Desai):** (a) to (c). According to the terms of the Notification regulating the issue of the Prize Bonds, all Bonds pertaining to a series from which any Bonds have been sold are eligible to participate in the draws but in the event of an unsold Bond or a Bond sold within the two calendar months, immediately preceding the month of the draw, winning a prize that prize is not to be awarded. The details of sold and unsold Bonds included in the first draw on 1st September, 1960 are as follows:

Denomination	Total value of the Prize Bonds of the series eligible for participation in the draw	Value of Prize Bonds sold upto the prescribed date i.e. 30th June, 1960	Value of Prize Bonds unsold on 30th June, 1960
Rs. 5.00	8 crores	4.26 crores	3.74 crores
Rs. 100.00	14 crores	4.65 crores	9.35 crores

जन्मू और काश्मीर से इमारती लकड़ी  
की खरीद

७५३. श्रीमती कृष्ण मेहता : क्या प्रतिरक्षा मंत्री यह बताने की कृपा करेंगे कि

(क) क्या यह सच है कि प्रतिरक्षा स्थापना विभाग राइफलों के हृत्ये बनाने के लिये ५० लाख रुपये की इमारती लकड़ी खरीदने के लिये जन्मू और काश्मीर के बन विभाग से बातचीत कर रहा है; और

(ख) यदि हां, तो इस बातचीत का क्या परिणाम निकला?

प्रतिरक्षा उपमंत्री (श्री रघुरमेया) : (क) जी नहीं।

(ख) प्रश्न नहीं उठता।

Indians in Congo

७५४. Dr. Samantsinhra: Will the Minister of Defence be pleased to state:

(a) the total number of Indians serving in the Congo;

(b) whether Government have received any complaints from our men serving there;

(c) if so, what is the nature of their complaints;

(d) what is the minimum monthly pay of an Indian and how do they get their rations;

(e) whether any assessment has been made about their pay being proportionate to the high prices of the commodities prevailing there;

(f) whether they get their mails regularly and what are the provisions for their entertainment;

(g) how long one is expected to serve there; and

(h) whether they are now keeping good health and how is their general spirit?

The Minister of Defence (Shri Krishna Menon): (a) A total of 779 Armed Forces personnel have so far been deputed to Congo at the request of U.N. to serve with the United Nations Force in that country.

(b) and (c). Some minor complaints like non-receipt of mail regularly, had been received and necessary corrective action was taken, but, by and large, no complaint of a serious nature has been brought to the notice of Government.

(d) The Armed Forces personnel deputed to Congo draw their normal pay and allowances as well as an expatriation allowance for service outside the country. The United Nations have intimated that they would provide rations and accommodation and subsistence allowance. Where the U.N. is unable to provide rations and accommodation for our Armed Forces personnel, they pay them a subsistence allowance at a higher rate. The rate of subsistence allowance is subject to variation depending on U.N.'s estimation of the cost of living in Congo.

The UN is responsible for providing rations to our personnel in Congo as they do for those from other countries serving with the United Nations Force in that country. Items of ration, specially required by Indian personnel, such as, atta, dal, condiments etc., are supplied by this country at the cost of UN.

(e) No, Sir.

(f) By and large they have been receiving their mail regularly. Indian newspapers and periodicals are also sent to them. The amenities provided by the UN to other troops, serving with the UN Force in Congo, are also available to our troops.

(g) This has not yet been fixed. The first batch of Indian personnel reached Congo in August 1960.

(h) Our troops in Congo are reported to be in good health and their morale is high.

### Harijan Welfare

**755. Shri B. C. Mullick:** Will the Minister of Home Affairs be pleased to refer to the reply given to Unstarred Question No. 632 on the 11th August, 1960 regarding grants to State for Harijan Welfare and state whether the information with regard to parts (b), (c) and (d) of the said question has since been received?

**The Deputy Minister of Home Affairs (Shrimati Alva):** The required information has been received from all the States except Jammu and Kashmir. The Jammu and Kashmir State Government has been asked to expedite the supply of the information.

### Coaching Classes for Scheduled Castes and Scheduled Tribes

**756. Shri B. C. Mullick:** Will the Minister of Home Affairs be pleased to refer to the reply given to Starred Question No. 706 on the 24th August, 1960 and state the progress made so far in introducing coaching classes for Scheduled Castes and Scheduled Tribes students in the different universities of India?

**The Deputy Minister of Home Affairs (Shrimati Alva):** Since the previous answer referred to, the proposals of one more State Government viz. Kerala have been received. The matter is under examination.

### Withdrawal of Coins

**757. Dr. Samantsinhar:** Will the Minister of Finance be pleased to state:

(a) whether it has come to the notice of Government that old two anna and two pice nickel coins are exchanged at half their value in some places of Orissa after their withdrawal; and

(b) whether this is due to insufficient release of new coins for circulation?

**The Minister of Finance (Shri Morarji Desai):** (a) Reports of such exchanges have been received from

only one Taluk of Koraput District in the State of Orissa.

(b) This is not due to any shortage or insufficient release of new coins. The tribal people, in order to avoid the trouble of going to the sub-treasuries and post offices which are far flung in the district of Koraput, are reported to be exchanging white two-anna and half anna coins at half their value. The Collector, Koraput and other authorities are being directed by the State Government to arrange for easy exchange facilities.

### Delhi Schools in Tents

**758. { Shri Ram Krishan Gupta:**  
**Shri Radha Raman:**

Will the Minister of Education be pleased to state:

(a) whether it is a fact that the Delhi Education Directorate's programme to replace tented accommodation with prefabricated structures in 15 schools have been held up;

(b) if so, the reasons therefor; and

(c) the steps proposed to be taken in the matter?

**The Minister of Information and Broadcasting (Dr. Keskar):** (a) to (c). The programme of construction of prefabricated school buildings is progressing according to schedule except in one case where the construction had to be abandoned as the Delhi Municipal Corporation objected to it on the plea that the plot of land on which the structure was being raised was earmarked for a children's park. As the Corporation did not agree to release the plot in question, an alternative site has been selected for the purpose.

### Rehabilitation of Vagrant Children

**759. Shri Hem Barua:** Will the Minister of Home Affairs be pleased to state:

(a) whether it is a fact the Government propose to take steps towards

the rehabilitation of vagrant children in the country particularly in Delhi; and

(b) if so, what are the steps and whether any progress is made in this direction?

**The Deputy Minister of Home Affairs (Shrimati Alva):** (a) No such proposal is under consideration of the Government of India at present.

(b) Does not arise.

#### **Oil Drilling at Jwalamukhi**

**760. Shri Hem Raj:** Will the Minister of Steel, Mines and Fuel be pleased to state:

(a) the number of foreign experts who worked at Jwalamukhi in 1957 and those working in 1960;

(b) the number of drillers who have been trained so far by the foreign experts;

(c) the number of working hours lost during drilling in first well and during the drilling in second well due to breakage of pipes; and

(d) the total cost of drilling of the first deep well at Jwalamukhi?

**The Minister of Mines and Oil (Shri K. D. Malaviya):** (a) 21 in 1957 and 6 at present.

(b) 40 Drillers and Assistant Drillers.

(c) About 1,000 hours were lost during drilling in first well, and about 13 hours during drilling in second well so far.

(d) Accurate figures of cost of drilling of the first well have not been worked out.

#### **National Theatres**

**761. Shri Tangamani:** Will the Minister of Scientific Research and Cultural Affairs be pleased to state:

(a) whether sites and locations have been chosen in each State for National

Theatres in connection with Tagore Centenary Celebrations;

(b) if so, what are the cities;

(c) whether Madras City is chosen from Madras State; and

(d) if so, the amount allotted for the said theatre in Madras and the probable date of its completion?

**The Minister of Scientific Research and Cultural Affairs (Shri Humayun Kabir):** (a) Yes, Sir.

(b) All State Capitals except Assam and Gujarat where theatres will be built at Gauhati and Ahmedabad respectively.

(c) Yes, Sir.

(d) The Central Government's share in the expenditure will be 50% of the first two lakhs and 25% on the excess over Rs. 2 lakhs subject to an absolute maximum of Rs. 2.5 lakhs. The exact quantum of Central assistance to Madras will be known only when we receive the final estimates from the State Government. No precise date can be indicated as yet but attempts are being made to get it ready for the Centenary Celebrations.

#### **Allotment of Iron and Steel to Small Scale Industries**

**762. Shri Tangamani:** Will the Minister of Steel, Mines and Fuel be pleased to refer to the reply given to Starred Question No. 743 on the 24th August, 1960 and state:

(a) whether allotment of iron and steel for small scale industries in 1960-61 is more than the allotment in the year 1959-60;

(b) if so, what is the quantity allotted in 1960-61; and

(c) what is the quantity allotted to each State and how much has been supplied to the respective States?

**The Minister of Steel, Mines and Fuel (Sardar Swaran Singh):** (a) to (c). The procedure for allotment of steel has been liberalised during 1960-61. All users can now indent

for their requirements without any quota certificates except for thinner gauges of sheets and wire, the allotment of which is still made under quota certificates/permits. The total quantity that may be indented during 1960-61 would, therefore, be more than the allotment during 1959-60.

A total quantity of 157,728 tons of plates, sheets and wire has, however, been allotted to the Development Commissioner for Small Scale Industries for distribution to the States for allocation to the Small Scale Industries during 1960-61. The actual allocation to various States for the whole year is not yet known. The figures of despatches for the current year in respect of each State are also not yet available. It may be mentioned that there is no separate quota of pig iron for small scale industries.

#### Teachers in Education Department in the Andamans

**763. Shri Raghunath Singh:** Will the Minister of Education be pleased to state:

(a) the number of temporary teachers retired during the last five years from the Education Department in the Andaman Islands and the length of their service at the time of their retirement;

(b) whether any pension benefits were allowed to these retired teachers; and

(c) if not, the reasons therefor?

**The Minister of Information and Broadcasting (Dr. Keskar):** (a) to (c). The information is being collected from the Andamans Administration and will be laid on the Table of the Lok Sabha in due course.

#### Rocketry

**764. Shri Goray:** Will the Minister of Defence be pleased to state:

(a) whether any progress has been made in the field of rocketry in India;

(b) whether Government have tried to secure the necessary know how from any country; and

(c) if so, with what results?

**The Minister of Defence (Shri Krishna Menon):** (a) to (c). It is not in the public interest to attempt to answer this Question. It may however, be stated that our country is not in the field of armaments to which the epithet "rocketry" is now used—namely long range missiles and of nuclear warheads.

#### जामा मस्जिद, दिल्ली

**765. श्री प्रकाशबीर शास्त्री :** क्या वैज्ञानिक अनुसंधान और सांस्कृतिक कार्य मंत्री यह बताने की कृपा करेंगे कि :

(क) क्या यह सच है कि जब विदेशी पर्यटक दिल्ली की ऐतिहासिक जामा मस्जिद को देखने आते हैं तो व्यापारियों के कई दलाल जामा मस्जिद के भीतर आ जाते हैं और पर्यटकों को तंग करते हैं जिस से उन्हें बहुत असुविधा होती है ;

(ख) क्या यह भी सच है कि मस्जिद के प्रबन्धक ठेके पर व्यापारी दलालों को पर्यटकों से बातचीत करने के लिये बुलाते हैं ; और

(ग) यदि हां, तो ऐसे ठेके किस मूल्य पर दिये जाते हैं, किस अवधि के लिये दिये जाते हैं और कब दिये जाते हैं ?

**वैज्ञानिक अनुसंधान और सांस्कृतिक कार्य उपमंत्री (डा० म० मो० वास) :** (क) से (ग) व्यावेक दिल्ली की जामा मस्जिद एक संरक्षित स्मारक नहीं है, सरकार को ऐसी कोई सूचना नहीं है।

#### Lower Division Clerks

**766. Shri A. M. Tariq:** Will the Minister of Home Affairs be pleased to state:

(a) whether it is a fact that the selection grade to Lower Division Clerks has been sanctioned in the subordinate offices of the Central Government;

(b) whether this selection grade does not exist in the Secretariat and Attached Offices of the Government of India;

(c) whether it is also a fact that a large number of Lower Division Clerks have reached the maximum of the pay scale and have lost their annual increments for a number of years for want of promotion to higher grades; and

(d) what steps the Government of India are taking to do justice to such persons?

**The Minister of Home Affairs (Shri G. B. Pant):** (a) Yes.

(b) No. It does not exist in the Secretariat and Attached Offices.

(c) There may be some cases of the type referred to but the exact number is not readily available.

(d) The prospects of promotion of Lower Division Clerks have since been improved by stopping direct recruitment to the grade of Upper Division Clerk.

#### **Anomaly in fixation of pay of Lower Division Clerks**

**767. Shri A. M. Tariq:** Will the Minister of Home Affairs be pleased to state:

(a) whether there is an anomaly in fixing the pay of Lower Division Clerks which exists since revision of pay scale with effect from 1st April, 1956;

(b) if so, whether a number of Lower Division Clerks stand to incur a recurring loss of one increment;

(c) whether it is also a fact that from the revision of pay scale junior people are getting more pay than their senior colleagues;

(d) whether Lower Division Clerks represented regarding some anomaly which exists in fixing their pay at the time of revision of pay scale from 1st April 1956; and

(e) if so, what steps Government are taking to put the things right?

**The Minister of State in the Ministry of Home Affairs (Shri Datar):** (a) to (c). Certain anomalies in fixation of pay of Lower Division Clerks as a result of revision of the scale in 1956, have been brought to the notice of Government and they are being looked into.

(d) Yes.

(e) The matter is under consideration of Government.

#### **Lower Division Clerks**

**768. Shri A. M. Tariq:** Will the Minister of Home Affairs be pleased to state:

(a) whether it is a fact that the unconfirmed Lower Division Clerks in the Secretariat and Attached Offices are working as Upper Division Clerks;

(b) whether the confirmed Lower Division Clerks who are senior to the officiating Upper Division Clerks are still working as Lower Division Clerks and have not been promoted to the post of Upper Division Clerks; and

(c) what steps Government are going to take to rectify the above anomaly?

**The Minister of State in the Ministry of Home Affairs (Shri Datar):** (a) to (c). Some Lower Division Clerks were promoted to the Upper Division before the initial constitution of the Central Secretariat Clerical Service was finalised, and they continue in the Upper Division. At the time of such promotion, they were the seniormost Clerks eligible for confirmation in the Lower Division of this Service. Later, some persons who were junior to them in the provisional seniority list, were given preference over them in the matter of confirmation in the Lower Division, because they had passed the type-writing test whilst their seniors had not. Some of these persons who went up in seniority in this manner, have not been promoted as Upper Division Clerks. Future promotions will, however, be made according to the final seniority lists and these persons will be promoted in their turn as and when vacancies become available.

**Supreme Court Bench in Deccan**

769. { Shri Agadi:  
Shri Wodeyar:

Will the Minister of Home Affairs be pleased to state:

(a) whether any representations are received for a Supreme Court Bench in Deccan;

(b) if so, the names of the States from which such proposals are received;

(c) whether any decision is taken in this regard; and

(d) if so, the details thereof?

**The Minister of State in the Ministry of Home Affairs (Shri Datar):** (a) No.

(b) to (d). Do not arise.

**Salarjung Museum, Hyderabad**

770. { Shri Agadi:  
Shri Wodeyar:

Will the Minister of Scientific Research and Cultural Affairs be pleased to state:

(a) whether all the articles of the Salarjung Museum, Hyderabad, Andhra Pradesh have been insured;

(b) if so, the total amount for which insured and the premium payable; and

(c) the names of the insurance companies and the amounts of risk covered by each company?

**The Minister of Scientific Research and Cultural Affairs (Shri Humayun Kabir):** (a) No, Sir.

(b) and (c) Do not arise.

**Manipur Journalists Association**

771. **Shri L. Achaw Singh:** Will the Minister of Home Affairs be pleased to state:

(a) whether it is a fact that the Manipur Journalists Association made a representation to the Union Home Minister against withdrawal of Government advertisements from NGASI AND ANOWBA SAMAJ DAILIES and denial of advertisement to an English Weekly EASTERN EXPRESS; and

(b) if so, the action taken by the Government of India?

**The Minister of Home Affairs (Shri G. B. Pant):** (a) Yes; but the representation did not mention the ANOWBA SAMAJ.

(b) The Manipur Administration removed the name of NGASI from the list of approved newspapers for Government advertisements because it exhorted the people to commit acts of lawlessness and incited class hatred. The EASTERN EXPRESS was never on the approved list for Government advertisements.

The Government of India have not taken any action in the matter.

**Relief work in Manipur**

772. **Shri L. Achaw Singh:** Will the Minister of Home Affairs be pleased to state:

(a) whether it is a fact that not a single rupee was spent on account of test relief works done by the tribal people of Manipur during the year 1959-60 although the Government of India sanctioned Rs. 4 lacs for such purposes during the year 1959-60;

(b) if so, the reasons therefor; and

(c) the payments made to the tribal people for the test relief works after the financial year of 1959-60 for the works executed in the year 1959-60?

**The Minister of Home Affairs (Shri G. B. Pant):** (a) to (c). The information is being collected and will be laid on the Table.

**Violation of Foreign Exchange Rules by Journalists**

773. { Shri S. A. Mehdi:  
Shri P. G. Deb:

Will the Minister of Finance be pleased to state:

(a) the number of journalists interrogated at Palam for the last six months for violation of Foreign Exchange Rules; and

(b) the action taken in the matter?

**The Minister of Finance (Shri Morarji Desai):** (a) None.

(b) Does not arise.

**Coal Supply to Steel Plants**

774. *Shri S. A. Mehdī:*  
*Shri P. G. Deb:*

Will the Minister of Steel, Mines and Fuel be pleased to state:

(a) how much coal was supplied to all the steel plants weekly from 9th September, 1960 to 14th November, 1960; and

(b) if so, whether this was sufficient for their purposes?

**The Minister of Steel, Mines and Fuel (Sardar Swaran Singh):** (a) and (b). A statement is laid on the Table. [See Appendix I, annexure No. 9].

**Lands acquired in Nasik**

775. **Shri Yadav Narayan Jadhav:** Will the Minister of Defence be pleased to state:

(a) whether it is a fact that there is inordinate delay in the payment of rent of the land of different villages taken on lease for military purposes in the district of Nasik in Maharashtra State;

(b) what is the rent due to the different villages with a break up of each village upto the 30th April, 1960; and

(c) what steps are being taken to expedite the payment of rent?

**The Minister of Defence (Shri Krishna Menon):** (a) to (c). The information is not readily available and is being collected. It will be laid on the Table of Lok Sabha, as soon as possible.

**Cultural Delegations visiting India**

776. **Shri Assar:** Will the Minister of Scientific Research and Cultural Affairs be pleased to state:

(a) how many foreign cultural delegations visited our country in the year 1958-59 and 1959-60 and from which countries; and

(b) the total amount spent on these delegations?

**The Minister of Scientific Research and Cultural Affairs (Shri Humayun Kabir):** Information in so far as the

Ministry of Scientific Research and Cultural Affairs is concerned is given below:

(a) Twelve delegations visited India during 1958-59 and twelve during 1959-60. The countries from which they came are Australia, Canada, Ceylon, China, Czechoslovakia, Democratic Republic of Germany, Democratic Republic of Viet-Nam, Japan, Laos, Mongolia, Nepal, Poland, Republic of Viet-Nam, Rumania, Sweden, U.K., U.S.S.R., Yugoslavia;

(b) The amount spent so far on these delegations is Rs. 4,12,284.51 n.p.

Information, in so far as Indian Council for Cultural Relations and other Ministries are concerned, is being collected.

**Cultural Delegations sent abroad**

777. **Shri Assar:** Will the Minister of Scientific Research and Cultural Affairs be pleased to state:

(a) how many Cultural Delegations were sent to foreign countries for the year 1958-59 and 1959-60, and which countries they visited; and

(b) how much amount was spent on them.

**The Minister of Scientific Research and Cultural Affairs (Shri Humayun Kabir):** (a) and (b). So far as Ministry of Scientific Research and Cultural Affairs is concerned the information is given in a statement laid on the Table. [See Appendix I, annexure No. 10]. Information from other Ministries is being collected.

**University Education by Post**

778. **Shri Assar:** Will the Minister of Education be pleased to state:

(a) Whether there is any scheme to give university education by post due to shortage of accommodation in colleges and universities; and

(b) if so, the details thereof?

**The Minister of Information and Broadcasting (Dr. Keskar):** (a) Yes, Sir.

(b) The details have not yet been finalised.

12 hrs.

## MOTIONS FOR ADJOURNMENT

ASSAULT BY CONGOLESE SOLDIERS ON  
INDIAN OFFICERS SERVING WITH THE U.N.  
AT LEOPOLDVILLE

**Mr. Speaker:** I have received a number of adjournment motions on one matter. The earliest is from Shri Arjun Singh Bhaduria, and it reads thus:

"Beating of Indian Army officers and soldiers now working in Congo with United Nations, and threat to their lives. Cutting from today's papers is attached for ready reference."

The same thing, in some form or the other, is the subject-matter of all the other adjournment motions also.

Does the hon. Prime Minister want to make any statement?

Some Hon. Members rose—

**Shri Braj Raj Singh (Ferozabad):** Could we make a submission before the Prime Minister makes his statement?....

**Mr. Speaker:** I shall hear hon. Members who have received directly telegrams or wireless communications or have their own agencies, independent of the Government. I am willing to hear them. If all these motions are based upon newspaper reports, every one has read them. Hon. Members must not merely state the newspaper reports and make their own comments here, but also elicit information from Government and find out whether they have more information; after all, they may have an agency there. When even Government may or may not have an agency there, there is no purpose in spending away the time of the House in this manner. Let us hear the hon. Prime Minister.

**Shri Hem Barua (Gauhati):** May I make a humble submission? I want to make only a suggestion.....

**Mr. Speaker:** The hon. Member is in the habit of interrupting. I shall call him, if necessary. He is indispensable. I know that. Now, the hon. Prime Minister.

**The Prime Minister and Minister of External Affairs (Shri Jawaharlal Nehru):** I am not surprised at the spate of motions, notice of which has been given to you, although, perhaps, the question does not fit in with an adjournment motion as such.

**Shri Arjun Singh Bhaduria (Etawah):** Why?

**Mr. Speaker:** Apart from that, I am not going to accept an adjournment motion merely because it is tabled. But it is a serious matter. We should hear the hon. Prime Minister.

वे अर्जन सिंह भदौरिया : भरतीय सेना के अधिकार्यों को पीटा जाये (Interruptions).

**Mr. Speaker:** Why should all the hon. Members be anxious to speak now? Let us hear the facts first.

**Shri Jawaharlal Nehru:** This is, as you have been pleased to say, a very serious matter. When I first heard of it last night at about 10 P.M. or, in fact, nearer 11 P.M. I was deeply shocked and exercised over this matter. I saw at that time the press messages from Leopoldville. We had no special direct message from our own representative there, nor indeed have we received any direct message yet. Immediately, last night, on receipt of this, I sent telegrams to our representative in Leopoldville, our Ambassador there, and one to our permanent representative at the United Nations. As for our representative in Leopoldville, I merely drew his attention to the press messages that had come, and I wanted him to send me immediately an authentic account, because Governments normally function not merely on press accounts but after authentication. So, I have sent that message to him. I drew the

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attention of our permanent representative in the United Nations to this and told him that we had asked our representative to send him also a more authentic account, and I expressed our grave concern. Indeed, in our telegram, we pointed out, and we have mentioned that, you can well imagine what the reaction of this news is going to be tomorrow morning on Parliament and indeed on the nation generally. We have asked him to see immediately the Secretary-General of the United Nations and the President of the General Assembly, and to convey to them not only our deep concern, but the enquiry as to what is going to be done about this matter, and what steps they are going to take, because, apart from the personal sense of injury and indignation that we have received on this news, the wider questions connected with it are also of deep significance.

I did not expect this kind of thing, of course, but certainly, I had a sense of foreboding of which perhaps I gave some indication in what I said about the Congo yesterday or the day before, in the course of the debate here. I felt that things were moving in that direction, because we have to deal with in the Congo, apart from every other thing, mob rule, and mob rule not of the mob but of the so-called Army turned into a mob. And that is the most dangerous situation of all. We have drawn attention to this fact, and I ventured to say yesterday or the day before about the way these Armed Forces have been functioning there, the Armed Forces which are supposed to be in the command of Col. Mobutu; either they are under his command or even he cannot control them; if they are under his command and they function as they do, then, Col. Mobutu is responsible; if they are only ostensibly under his command and they do what they like, even then, Col. Mobutu and whoever he takes his orders from—if any person—are responsible.

It has been our feeling, and this is brought out in Mr. Rajeshwar Dayal's report, that this Congolese Army as it is, is a dangerous element in the situation there. The House may remember that it indulged in a great deal of looting and beating and shooting in Leopoldville, that is, in the African quarter of Leopoldville, and it was with some difficulty that the United Nations Organisation there managed to draw them out there and send them outside the city, outside Leopoldville. But for some reason that I am unable to understand, on the United Nations Day, which was celebrated some little time ago, they were allowed, asked, invited or allowed to come back to the city, to take part in the United Nations Day parade there, in which the United Nations Forces took part, and they also took part. Apparently, since then, they have stayed there, with the result that we see. I am afraid that the suggestion that we have made, and we have been making all this time, in regard to this Army being put under some kind of control, or disarmed, have not been acted upon, and we see the result of it.

So far as our officers and men there are concerned, I should repeat what I said previously. We have not sent any combatant troops; they are not combatants; the others are combatants; I mean the troops from the other countries that have sent them; but our troops are non-combatant troops; they are used for supplies, for signalling and for hospital work. I do not know the exact number, but, broadly speaking, they are about 770 or 780 in number, at the present moment there, including some women nurses. That is the position.

I have received no further news. I can assure the House that we take the gravest view of the situation. We can only function in this matter, broadly speaking, naturally, through the United Nations Organisation in New York, that is, through the Secretary-General, through the President

of the Assembly, and if necessary, through the General Assembly there, and we propose to function. But, for the moment, as I said, the action that we have taken is to ask our permanent representative immediately to see the Secretary-General and the President of the General Assembly. As soon as any further news comes to me, I shall place it before the House.

**Shri Hem Barua:** In view of the fact that a virtual war of aggression against the United Nations troops is waged by Col. Mobutu's Forces, may I know whether any assurance was sought and received by our Government that there would be no insecurity to the life and property of our people working there under the auspices of the United Nations?

**Shri Naushir Bharucha (East Khandesh):** We are now on the question of the admissibility of the adjournment motion. This is not the proper occasion to go into other matters.

**Shri Hem Barua:** The Prime Minister has admitted that he had forebodings. May I know whether he was posted with facts from time to time by our representative there? If he was, what action did he take prior to this outbreak to protect our men there?

**Shri Mahanty (Dhenkanal):** At this stage, what you have to consider is only the admissibility of the motion. The Prime Minister has largely covered the ground, the issues at stake and their merits. First, you have to consider whether it is not a matter of urgent public importance. We consider that it is a matter of urgent public importance. Here we are not speaking across the floor. It is not a partisan issue. It is a national issue, as the Prime Minister pointed out. It has agitated the nation considerably. If it is not a matter of urgent public importance, then certainly you can rule it out. But the pertinent question, to which I should like to draw pointed attention is whether there is any significance in the spurt of violence that we have seen in Congo

synchronising with the seating of the Kasavabu delegation in the UNO. If there is any significance, it is the bounden duty of Government to tell the House and the nation about it. We cannot send our officers to the Congo to be beaten there mercilessly and to be subjected to humiliating treatment.

I plead with you not to take a very technical view of this matter, and with the Leader of the House not to take a very narrow technical view of the matter. This House should be provided with the earliest opportunity to discuss this matter so that we can convey our feeling to the UNO, how we feel about it and how the nation reacts to it.

**Raja Mahendra Pratap (Mathura):** I have also submitted an adjournment motion. I beg to say that our Minister of External Affairs has failed entirely. He should resign as Minister of External Affairs. As Prime Minister, we all adore him, but not as Minister of External Affairs. Some words which come out of the mouth of the External Affairs Minister create this difficulty. He said just now that the army there is a rebel army. When you say that, the army becomes against us.....

**Mr. Speaker:** Order. order. The hon. Member is anticipating my ruling. If I admit the adjournment motion, then possibly he might make a remark like that after it is passed, whether the hon. Minister of External Affairs should continue in his office or not. I am not going to allow it now.

**Shri Naushir Bharucha:** In my adjournment motion, I have definitely mentioned that there has been a failure of the Union Government to take effective measures through the UN Organisation, to prevent outrages by Congolese soldiers on Indian personnel operating in Leopoldville. May I point out that just now the hon. Prime Minister himself confessed that he had already forebodings as to what was going to come? In spite of these forebodings, knowing what

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the situation was going to be, no prompt action was taken through the UN Organisation for effective protection of our personnel. The matter is not merely one of humiliation which the nation which sends the personnel suffers. It is really a question of the entire future of the UNO being in the melting pot. Unless an effective way is found and suggested to the UN as to how this situation is to be dealt with, I am afraid that the hon. Prime Minister will one day come to us and report that a further deterioration has taken place in the situation and probably he will withdraw our armed personnel. The point I am making is that the Government have failed to take effective action in time through the UN Organisation, knowing full well or having forebodings, as the Prime Minister says, that these things were going to come about. The Government have failed in their duty.

**Shri Braj Raj Singh:** I have to submit that this has happened in the Congo since President Kasavubu's nominees were allowed to sit in the UN. It seems that whatever has happened there may involve us not only in the cold war but even in a hot war. So the matter is very important and requires discussion in this House. As the Prime Minister has himself said, there is great indignation in the country over the incident. If Parliament does not express itself, the world may conclude that the country was not concerned about it.

**Shri Parulekar (Thana):** I had given notice of an adjournment motion.

**Shri Nath Pai (Rajapur):** Mr. Speaker, I had sought to write to you because I was not convinced in my mind that this incident could be the subject of an adjournment motion. I am not convinced of the responsibility of the Government of India for what Col. Mobutu is responsible in Leopoldville. I can only say on behalf of us that we share the concern and anxiety

which the Prime Minister has expressed on behalf of most of us, if not perhaps all of us. Of course, I would like that the matter is as energetically pursued as he has indicated the Government of India want to. But I cannot associate myself with a motion wanting to censure the Government of India for the folly of Col. Mobutu. (Interruptions). I am speaking on my behalf.

On the contrary, I think we have been following a very correct policy. We would like to have an opportunity for discussion not to censure Government but to express the anxiety and indignation of this country....

**An Hon. Member:** Col. Mobutu has done it. (Interruptions).

**Shri Nath Pai:** But the Government of India cannot be held responsible for that.

We would like to have an opportunity to express our concern and anxiety at the way the authority of the United Nations is being sought to be circumvented by subterfuge by some people and at the way the Indian personnel are being handled there.

**Shri S. V. Parulekar:** The Prime Minister has narrated the steps he has taken in connection with the events which have taken place in the Congo. What we feel is that these steps are not enough to safeguard the security of Indian nationals, nor sufficient to deal with the other issues which are involved in the developments in the Congo.

Therefore, it is necessary that this matter should be thoroughly discussed as we feel that the implications of the crisis in the Congo have not been yet quite clearly understood by the Government. Apart from Col. Mobutu, there are Imperialist Powers headed by the USA which are responsible for the happenings in the Congo. Unless this is taken notice of and steps are taken, the UNO will be able

neither to function effectively nor to safeguard the security of our nationals. Therefore, this adjournment motion should be admitted and a discussion allowed because this is a matter which involved grave issues.

**Shri H. N. Mukerjee** (Calcutta-Central): I do not feel that while we should have a discussion on matters which have cropped up, it ought to be by way of an adjournment motion. I say this because only yesterday we concluded a discussion on foreign affairs. . . .

**Shri Naushir Bharucha:** This is a new development.

**Shri H. N. Mukerjee:**.....and the House heard what Government has done in the United Nations General Assembly. The question of our being in the Congo and one of our nationals being deputed as an international civil servant to be in charge of operations there also had come into the picture. I do not feel that a discussion by way of even a remotely-implied censure of the activities of the Government of India in relation to the Congo should be there. But I do feel that there should be a discussion because I want to find out from Government more facts when they are available in regard to how this posture of affairs has come about in the Congo.

I am sure that steps would be taken to stop the rot, but I should like very much to know how it is that this kind of thing has come to take place. We have seen reports in the papers how the representatives of certain Powers have been trying to sabotage the work of Shri Rajeshwar Dayal and the United Nations Organisation. We have seen also how behind Belgium, which has been the villain of the piece, there are certain other Powers which are pulling strings in diverse directions.

I know the Prime Minister might be inhibited, to a certain extent because of his official position, from

giving expression to certain feelings which are uppermost in the minds of many people in this country. But we should like to know more about those facts. We should like to know how it is that the situation has been permitted to degenerate in the way it has happened. That is why when Government gets to know more facts about the matter, the Prime Minister will, I hope, present those facts before us. On the basis of those facts, we should have a discussion so that our policy in the United Nations in regard to the Congo and allied matters might be properly formulated after discussion in Parliament. In the meantime, I am sure all sides of the House have every confidence in the way the Prime Minister conducted himself and his country's foreign policy in the United Nations. \*

So I repeat that I do not wish an even remotely-implied censure of Government in relation to the Congo, but I do want that there should be a discussion in this House on the basis of such information as, I fear, have not been divulged to us, because of the Government's sensitivity in regard to certain powers which are behind Belgium in pulling strings in a most pernicious way in order to bring about the state of things which have come about in the Congo.

**Shri Khadiikar** (Ahmednagar): Sir, it is not a matter for an adjournment motion. I entirely agree with what my hon. friend Shri Mukerjee said. But the question is that a certain decision taken at the U.N. Headquarters yesterday according recognition to Kasavubu has directed reper- cussion in the Congo; and the time has come to make known not only the simple concern of this House, as my hon. friend stated, but also where we stand in that conflict and let the UNO know that all the world over people are concerned over the position. It has a direct bearing on the prestige of the United Nations—whether it survives or fails. This must be discussed in a different way and not as an adjournment motion.

**श्री ग्रासर (रत्नागिरि) :** अध्यक्ष महोदय, कल ही वाद विवाद के समय माननीय सदस्य, श्री त्यागी ने प्रधान मंत्री जी से प्रश्न पूछा था कि जो लोग वहां काम कर रहे हैं, उनकी सुरक्षा की वहां क्या व्यवस्था है। प्रधान मंत्री जी ने बताया था कि ये लोग अपनी रक्षा करने में समर्थ हैं। लेकिन अनुभव से देखा गया है कि हमारी सरकार ने उन लोगों की सुरक्षा के बारे में कोई विचार नहीं किया है और हम लोगों ने देखा है कि बहुत से हमारे लोग वहां पीटे गये हैं। इस लिए मैं समझता हूँ कि यह प्रस्ताव बहुत महत्वपूर्ण है और इस पर विचार करने की आज्ञा दी जानी चाहिये।

**श्री अर्जुन तिह भद्रीया :** अध्यक्ष महोदय, मैं समझता हूँ कि यह बताना बहुत जरूरी है कि कांगोई सैनिक .....

**Mr. Speaker:** Order, order. It is entering into a regular debate on the adjournment motion. I will not allow it. I think the hon. Prime Minister has to say something.

**Shri Jawaharlal Nehru:** I should like to make it clear that not only have I no objection to a discussion of this issue, but, indeed, at a slightly more appropriate time, I would welcome it. But, I do think that a motion for adjournment is not the proper way to approach this. Secondly, just at present, we are really not in possession of much more information than what has appeared in the Press. I have no doubt that some more information would be coming to us in the course of a day or two. Further we shall be in some better position to know what action, if any, the United Nations Organisation that is in New York intends to take about it. And that may be a more appropriate time for a discussion in this House. I do not wish any long-term postponement of this discussion; but I think we should at least wait two or three days—maybe 3 days.

**Shri Naushir Bharucha:** What about Monday next?

**Shri Jawaharlal Nehru:** I cannot fix any time; I wish to see what the position is. Because, as I said right at the beginning, this is a matter which affects the dignity not only of India but of the United Nations also.

Hon. Members have asked me what we have done or will do to give protection. Shri Hem Barua said something about guarantees, what guarantees did we take. Well, surely, when we function in this way, we do not go about asking guarantees—how you protect us? I still repeat we are well able to protect ourselves anywhere at any time. We do not want nurses to look after us, wherever we go. But, it is not a question of protection. If a number of hooligans come into your bed-room and stab you, it is mob rule. They come with bayonets and when a person is shaving—you have seen it in the newspapers—and threaten him with a bayonet. This simply means a breakdown of any kind of law and order. But the most unfortunate aspect of it is that the persons who are indulging in this are called an Army, with arms and weapons. Really, it is little short of scandalous that this kind of thing should happen. And, we are repeatedly asked, 'What did you do about it?'.

Shri Bharucha said about my mentioning that I had a sense of foreboding. I said so then; not a foreboding that people would come and attack our officers. That particular thing, naturally, I did not think. But the whole structure is collapsing there because of the mob of an Army which does what it chooses apparently. Therefore, we cannot deal with the situation except through the United Nations. Or else, of course, if we feel that we can serve no purpose we withdraw our people. Maybe. But, I do not propose to do that. I know that is rather a weak attitude, to run away from a situation. I do not propose to do that. But, we do propose

to pursue this matter in the United Nations, not as others feel. There are many people who feel that way too.

But, unfortunately, this has got entangled with other pulls. And, as I ventured to say, I think, yesterday, that the question of Kasavubu's nominees being seated in the General Assembly and recognised—I do not connect the two at all, this and that—it is a part of the picture of these pulls in various directions. I think it would have been wiser if this matter had been postponed a little there, and, in the normal course, this Delegation from the United Nations had gone there and reported; and then the matter could have been taken up. It would have done no harm. But, as often happens, even small matters become questions of prestige and most people think that this should be done or this should not be done. And so, it was dealt with in that way.

Nobody denies the legality of President Kasavubu's position; at any rate, we do not do so. But there are many things which have been done there which do not seem to be legal at all or constitutional. It is not quite clear to me how far Col. Mobutu has been encouraged by President Kasavubu—I cannot definitely say to—but it would appear that, to some extent, he has received this encouragement. I cannot connect these two.

Even in this matter, in the United Nations we voted again the seating of the Congolese representatives at this stage. I lay stress on 'stage'. Because that itself became an issue, a major issue; but it need not have been. There was no point in this because it had previously been decided to postpone the discussion of the Congolese issue till this Delegation of the U.N. had been there and reported. It is a question of a fortnight; and it would not have made any difference. This was pushed in and it was passed. And, these gentlemen, presumably, are now seated in the General Assembly.

Therefore, another development arises because they are seated there. The Congolese Government is represented in the General Assembly because they are seated there; and it becomes even more, from another point of view, the function of the United Nations to deal with this situation.

I do not quite know myself whether Mr. Kasavubu is still in New York. Presumably he is. I am not quite sure. (Interruptions). As for Mr. Rajeshwar Dayal I do not fully know. He was to have gone back yesterday. I am not sure if he has reached there; possibly he may reach there today.

So, I suggest, subject to your wishes in this matter, that after two or three days we might set aside some time of the House for me to report to it further developments and discuss them.

**Mr. Speaker:** So far as the adjournment motion is concerned, it was only yesterday that we had a full-dress debate..... (Interruptions).

Order, order. Why is the hon. Member impatient.

We had a full-dress debate for a couple of days and, ultimately, this House approved the Foreign policy of the Prime Minister and the Government of India. The Prime Minister made clear our position so far as the sending of some contingent—though not a regular fighting contingent—for the purpose of assisting the United Nations, was concerned. It has also been accepted by this House that whatever assistance was given to the UNO or whatever contingent was sent from here was right. I am not going to allow a reversal of that. If per chance there are other circumstances it may require a different action. But having already taken part in the UN assistance and having sent our troops to Congo, let it be definitely understood that the Government is not in the wrong. That cannot form the subject matter of an adjournment

[Mr. Speaker]

motion either today or on some other day. But the problem is serious; our people ought not to be harassed or ill-treated and our officers ought not to suffer like this. Certainly, the House would like to know the steps to be taken to avoid any recurrence of such things in future.

The hon. Prime Minister says that he will supply the details. There is no harm; we will watch the situation and the progress of the developments there. Next week—not necessarily on Monday—we shall certainly have a debate on this matter. That will be only with respect to what ought to be done to safeguard the interests of our people, having regard to the fact that what we have done to assist the UN by sending our contingents is all right. The hon. Prime Minister says that, consistent with the security of our men, we may also suggest or consider whether it is necessary to withdraw. That is a serious matter to consider.

I do not give my consent to this adjournment motion. We will have the details after we hear the Prime Minister and we will fix up some time in consultation with the Government and the Leaders of various Groups.

**Shri S. M. Banerjee (Kanpur):** Whatever information is received by the Prime Minister may be placed on the Table of the House.

**Mr. Speaker:** Hon. Members are aware that the Prime Minister has never withheld any information from this House. As soon as he gets some information, he will place it on the Table of the House whatever information can be placed.

#### **SETTING UP OF ROCKET BASES AND LAUNCHING OF ROCKETS IN TIBET**

**Mr. Speaker:** There is another adjournment motion which reads as follows:

"Serious situation arising from Rocket bases being set up and

rockets being launched in Tibet and thereby endangering the security and defence of India."

Has he anything to say about it?

**Shri Jawaharlal Nehru:** I am totally unaware of it.

**Mr. Speaker:** We had a debate only yesterday and the day before about our Borders.

**Shri Mahanty (Dhenkanal):** An article appeared in the *Statesman* by Desmond Young wherein he had mentioned that while they went in search of Yeti across the Himalayas, they found some rockets being launched. It is a serious matter . . . (Interruptions.)

**Mr. Speaker:** The whole of yesterday was spent on this discussion • • • (Interruptions.) Order, order. Have these things taken place there after yesterday's discussion? I ask the hon. Member: what do you suggest to the hon. Prime Minister with regard to this matter? The hon. Member is entitled to write to the hon. Prime Minister as to how he can prevent the rocket. There is no meaning in taking up the time of the House in discussing matters which cannot be disposed of easily. This motion is also disallowed.

12.34 hrs.

#### **PAPERS LAID ON THE TABLE**

##### **AMENDMENTS TO THE COAL MINES (CONSERVATION AND SAFETY) RULES**

**The Minister of Steel, Mines and Fuel (Sardar Swaran Singh):** I beg to lay on the Table a copy of each of the following Notifications under sub-section (4) of Section 17 of the Coal Mines (Conservation and Safety) Act, 1952, making certain further amend-

ments to the Coal Mines (Conservation and Safety) Rules, 1954:—

- (i) G.S.R. 1275 dated the 29th October, 1960.
- (ii) G.S.R. 1330 dated the 12th November, 1960. [Placed in Library, See No. LT-2457/60].

**NOTIFICATIONS ISSUED UNDER COMMISSIONS OF INQUIRY ACT**

**The Minister of Law (Shri A. K. Sen):** I beg to lay on the Table a copy each of the following Notifications issued under Section 3 of the Commissions of Inquiry Act, 1952:—

- (i) G.S.R. 512 dated the 7th May, 1960.
- (ii) G.S.R. 1061 dated the 17th September, 1960. [Placed in Library, See No. LT-2458/60].

**MINERALS CONSERVATION AND DEVELOPMENT (AMENDMENT) RULES**

**The Parliamentary Secretary to the Minister of Steel, Mines and Fuel (Shri Gajendra Prasad Sinha):** On behalf of Shri Keshava Deva Malviya I beg to lay on the Table a copy of the Minerals Conservation and Development (Amendment) Rules, 1960 published in Notification No. G.S.R. 1329 dated the 12th November, 1960, under sub-section (1) of Section 28 of the Mines and Minerals (Regulation and Development) Act, 1957. [Placed in Library, See No. LT-2459/60].

**ALL-INDIA SERVICES (CONDITIONS OF SERVICE-RESIDUARY MATTERS) RULES**

**The Minister of State in the Ministry of Home Affairs (Shri Datar):** I beg to re-lay on the Table a copy of the All India Services (Conditions of Service-Residuary Matters) Rules, 1960, published in Notification No. G.S.R. 925 dated the 13th August, 1960, under sub-section (2) of Section 3 of the All India Services Act, 1951. [Placed in Library, See No. LT-2323/60].

**NOTIFICATIONS ISSUED UNDER CENTRAL EXCISES AND SALT ACT, SEA CUSTOMS ACT AND MEDICINAL AND TOILET PREPARATIONS (EXCISE DUTIES) ACT**

**The Minister of Revenue and Civil Expenditure (Dr. B. Gopala Reddi):** I beg to lay on the Table:—

(1) A copy of each of the following Notifications making certain further amendments to the Customs and Central Excise Duties Export Drawback (General) Rules, 1960, under sub-section (4) of Section 43B of the Sea Customs Act, 1878 and Section 38 of the Central Excises and Salt Act, 1944:—

- (i) G.S.R. 1234 dated the 22nd October, 1960.
- (ii) G.S.R. 1258 dated the 29th October, 1960.
- (iii) G.S.R. 1259 dated the 29th October, 1960.
- (iv) G.S.R. 1260 dated the 29th October, 1960.
- (v) G.S.R. 1261 dated the 29th October, 1960.
- (vi) G.S.R. 1262 dated the 29th October, 1960.
- (vii) G.S.R. 1289 dated the 5th November, 1960.
- (viii) G.S.R. 1290 dated the 5th November, 1960.
- (ix) G.S.R. 1322 dated the 12th November, 1960.
- (x) G.S.R. 1323 dated the 12th November, 1960. [Placed in Library, See No. LT-2460/60].

(2) A copy of each of the following Notifications under sub-section (4) of Section 43B of the Sea Customs Act, 1878:—

- (i) G.S.R. 1263 dated the 29th October, 1960.
- (ii) G.S.R. 1264 dated the 29th October, 1960.

[Shri B. Gopala Reddi]

- (iii) G.S.R. 1265 dated the 29th October, 1960.
- (iv) G.S.R. 1266 dated the 29th October, 1960.
- (v) G.S.R. 1325 dated the 12th November, 1960. [Placed in Library, See No. LT-2461/60].

(3) A copy of Notification No. G.S.R. 1324 dated the 12th November, 1960, under sub-section (4) of Section 43B of the Sea Customs Act, 1878 and Section 38 of the Central Excises and Salt Act, 1944. [Placed in Library, See No. LT-2462/60].

(4) A copy of Notification No. G.S.R. 1321 dated the 12th November, 1960 making certain further amendments to the Central Excise Rules, 1944, under Section 38 of the Central Excises and Salt Act, 1944. [Placed in Library, See No. LT-2463/60].

(5) A copy of Notification No. G.S.R. 1257 dated the 29th October, 1960 making certain further amendment to the Medicinal and Toilet Preparations (Excise Duties) Rules, 1956, under sub-section (4) of Section 19 of the Medicinal and Toilet Preparations (Excise Duties) Act, 1955. [Placed in Library, See No. LT-2464/60].

STATEMENT RE: MADHYA PRADESH FOOD ZONE

**The Minister of Food and Agriculture (Shri S. K. Patil):** The House is aware that we had been pursuing for some time the question of linking Madhya Pradesh with Maharashtra and Gujarat States, so that the surplus wheat and rice of Madhya Pradesh could move freely to the other two States. I am glad to announce that an agreement has now been reached.

The Madhya Pradesh Government are issuing an order under which the wholesale dealers of Madhya Pradesh, Maharashtra and Gujarat States who

want to undertake export of wheat and rice from Madhya Pradesh will be granted licences freely for this purpose. Such licensed dealers will have the authority to export wheat and rice from Madhya Pradesh to Maharashtra or Gujarat State without any export permit.

Since Madhya Pradesh, Maharashtra and Gujarat States taken together are surplus in rice, it has been decided that a levy of 25 per cent should be imposed by the Central Government on the licensed mills and dealers in the main rice producing districts.

So far as wheat is concerned, the Government of India have adequate stocks and there is, therefore, at present no need for any procurement of wheat by or for the Central Government. The Madhya Pradesh Government also hold at present a large stock of wheat and therefore do not propose to impose any levy. They may, however, impose a levy on wheat later if they find it necessary. We hope that this new arrangement will work to the best advantage of all the three States.

**Shri Braj Raj Singh (Firozabad):** The Food Minister has said that he is thinking on the lines of abolishing these zones. What has happened to that proposal? In view of the surplus stocks, is he going to abolish the zones with regard to wheat at least?

**Shri S. K. Patil:** That is a step in that direction.

**Shri Radhelal Vyas (Ujjain):** May I know whether a copy of the agreement that has been entered into will be placed on the Table of the House? Only the substance has been given. We would like to know the details.

**Shri S. K. Patil:** If that is the desire of the House, I have no objection in doing so.

**Shri Chintamoni Panigrahi (Puri):** What are the main terms and conditions on which the M.P. Government

had agreed to this proposal? What is the price at which the M.P. Government is fixing for the sale of rice and wheat?

**Mr. Speaker:** Is the price also part of the agreement?

**Shri S. K. Patil:** The price is part of the agreement. These licensed dealers cannot pay greater; nor can they pay less than the price fixed so that we have protected the farmers. Nor will the Government sell at a price higher than what the Maharashtra and the Gujarat Governments fix in that connection.

**Shri Vidya Charan Shukla** (Baloda Bazar): I want to know whether any precautions have been taken so that the farmers in the rice-growing districts do not get less than what they are getting and if any provision has been made so that they can get a little more? The M.P. Government has been requesting the Central Government to take measures so that the rice growers get a little more than what they are getting. I want to know also whether the Government have devised any means of keeping the prices in check because the prices are likely to rise because of the bigger food zone.

**Shri S. K. Patil:** This step has been taken in order to protect the farmer, particularly because the prices were falling to an extent where we thought that it would be a disincentive to the farmers. Therefore, what we have done is this. The licensed dealers cannot pay to the farmer anything less than the procurement price that has been fixed. In fact the farmers will get more than what they are getting today.

**Shri Birendra Bahadur Singhji** (Raiapur): What is the procurement price for Madhya Pradesh here vis-a-vis Bombay and Maharashtra?

**Shri S. K. Patil:** That is a question of detail and if the hon. Member gives me notice, I will answer.

12.29 hrs.

COMPANIES (AMENDMENT) BILL  
—contd.

**Mr. Speaker:** The House will now take up clause-by-clause consideration of the Bill further to amend the Companies Act, 1956, as reported by the Joint Committee.

The other day the Business Advisory Committee appointed a sub-committee to group the various clauses and allot the time for them. I thought that this matter should be put in the Bulletin and I think it must have appeared. We shall proceed on that basis, making here and there some small adjustments. A few minutes this way or that way does not matter.

The House will now take up clauses 2 to 16. Hon. Members will pass on to the Table in about 15 minutes the numbers of amendments which they would like to move to these clauses. I am only suggesting that this is the method we have been adopting with respect to such Bills and we shall adopt it here also subject to any other representation that may be made.

Some hon. Members rose—

**Mr. Speaker:** Let them first hear me. So far as clauses 2 to 16 are concerned they would be taken up together. If there is any objection or if they want any particular clause to be taken up separately they may inform me. So far as the different groups of clauses are concerned, hon. Members may immediately send chits to the Table giving the numbers of amendments which they want to press. After their chits are received here I shall declare in a concise manner the list of amendments that hon. Members want to move so that the House may know what exactly are the amendments that are being pressed.

So far as discussion on these different groups of clauses is concerned, each hon. Member who wants to participate in the discussion will have only one opportunity to speak on all or any

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one of the matters included in a particular group of clauses. He will not be allowed to speak again on the same matter subject to the conditions that I have already mentioned.

**Shri M. R. Masani** (Ranchi-East): May I just make an observation? I think this idea of grouping clauses for the purpose of allocation of time is a good one and I hope it will work satisfactorily. I do not think it would however follow that all the clauses can be discussed together. I think the clauses should be discussed one by one, otherwise it will be very difficult. It was never contemplated that the right to discuss one clause at a time would thus be abrogated. Therefore, Sir, I would request you to follow the normal procedure of putting each clause separately because they deserve separate consideration.

**Mr. Speaker:** He has not understood me properly. It does not mean that I will put all the clauses from 2 to 16 together for vote of the House. So far as the discussion is concerned, I even said that I shall allow the group of 2 to 16 to be split up into as many groups as is necessary. If any hon. Member says that clause 2 may be taken up separately I have no objection; otherwise I will treat clauses 2 to 16 together. For the purpose of putting to the vote of the House I will call clause by clause and whichever amendment hon. Members want to press at that stage I will put that also separately to the vote of the House.

**Shri Naushir Bharucha** (East Khandesh): That will be all right.

**Shri Tangamani** (Madurai): Sir, in this group of clauses from 2 to 16 I find that amendments have been tabled only to four clauses—clauses 5A, 9, 11 and 14. So my submission is that on these clauses a speaker may be allowed to speak even twice.

**Shri M. R. Masani:** Clause 13 also.

**Shri Tangamani:** There is no amendment to clause 13.

**Shri M. R. Masani:** I am going to oppose it.

**Mr. Speaker:** I shall include clause 13 also. Does any other hon. Member want to lay stress on any other clause in this group? Shri Masani has mentioned clause 13. I take it that the other clauses are non-controversial. I will put them to the vote of the House immediately and then concentrate upon clauses 5A, 9, 11, 13 and 14. Is it all right?

**Shri M. R. Masani:** Yes, Sir.

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

"That clauses 2, 3, 4, 5, 6, 7, 8, 10, 12, 15 and 16 stand part of the Bill."

*The motion was adopted.*

Clauses 2, 3, 4, 5, 6, 7, 8, 10, 12, 15 and 16 were added to the Bill.

**Mr. Speaker:** We shall now proceed with the discussion on clauses 5A, 9, 11, 13 and 14.

**Shri M. R. Masani:** Sir, I want to move my amendment No. 1 to clause 5A, but I understand that the hon. Minister would like to make a suggestion with a regard to the time when this clause should be taken up.

**The Minister of Commerce (Shri Kanungo):** Sir, I suggest that this clause may be taken up along with clause 98.

**Shri M. R. Masani:** I have no objection, Sir, because the subject matter is common.

**Shri Kanungo:** All that I am suggesting is that the substantial matter will be discussed in clause 98 and, therefore, there is no point in moving it now.

**Mr. Speaker:** Clause 5A is a new clause. I shall treat it as a clause coming after clause 98.

**Shri M. R. Masani:** It should be taken along with clause 98, Sir, because the subject matter is common.

**Mr. Speaker:** Very well. We will put off clause 5A for discussion along with clause 98. Clause 5A will stand over. Let us proceed with the other clauses.

**Shri Tangamani:** Sir, I beg to move:

Page 6, lines 12 to 16,—

omit "and, unless its articles otherwise provide, such body shall, if the Central Government by general or special order so directs and to the extent specified in the direction, be exempt from such of the provisions of this Act as may be specified therein." (103).

**Mr. Speaker:** That is to clause 9. There are no amendments to clause 13. What are the amendments to clause 14?

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

Page 7, line 35,—

for "twenty-five per cent". substitute "forty per cent". (2).

Page 9, lines 22.—

for "or" substitute "and/or". (3).

**Shri Naushir Bharucha:** Sir, I beg to move:

Page 9.—

after line 39, add—

"(c) to any private company the paid-up share capital of which is five lakhs of rupees or less". (58).

**Shri Tangamani:** Sir, I beg to move:

Page 9,—

omit lines 20 to 39. (40).

104. Page 8,—

omit lines 9 to 36. (104).

**Shri Nathwani (Sorath):** Sir, I would like to move amendment No. 108 which stands in the name of Shri Morarka and myself.

**Shri Tangamani:** It has not been circulated to us.

**Mr. Speaker:** The hon. Member may read it out.

**Shri Nathwani:** Sir, I beg to move:

108. Page 7, line 35,—

after "share capital" insert—

"or debentures". (108).

**Mr. Speaker:** I take it that the other amendments are not moved. We shall now proceed with the discussion.

**Shri Tangamani:** Sir, my amendment No. 103 is for the deletion of the lines 12 to 16 on page 6. They read like this:

"and, unless its articles otherwise provide, such body shall, if the Central Government by general or special order so directs and to the extent specified in the direction, be exempt from such of the provisions of this Act as may be specified therein."

Sir, this clause deals with amendment to section 25 of the principal Act, where some powers are now sought to be taken by the Government to exempt certain companies from the provisions of this Act. Originally when the amending Bill was placed before this House that amending Bill stated that certain sections of the original Act need not be applied whenever exemption is granted. These sections were also specified. They are: sections 53, 147, 159, 160, 161, 166, 171, 173, 176, 188, 190, 259, 269, 280, 282, 285, 287 and 303. In the course of the discussions, certain other sections also were sought to be included like sections 206 and 257. As the House is aware, in

[Mr. Speaker]

the principal Act, the original section that has been exempted is section 303. I can very well understand the powers that are being taken by the Government under sub-section (5) of section 25, when companies for promoting culture and other things are given exemption from certain procedural liabilities. The main point that is made is that the name 'limited' may be taken away. This amending clause as it has emerged from the Joint Committee goes much further. I would like to submit that if the original section, namely, section 25(6), alone is retained, it will meet the ends of justice.

I would now refer to the note on which this particular clause was brought in at the beginning. The Sastri Committee report deals with it exhaustively in paragraph 32 which is contained in pages 27 to 29. I shall not read the entire paragraph, but the essence of it is, even where an exemption has been given by the Government under the original section 25, it is likely to be abused, and if such an abuse takes place, immediately the licence will have to be revoked. That is the first part of the Sastri Committee report. In the second part, of course, they do say that some exemption is necessary for such companies and that the exemption is contemplated in the principal Act itself, namely, exemption from the operation of sections like section 303. They also go further and say that certain procedural restrictions may be taken away in the case of such companies which are meant for promoting commerce or science or religion or which run schools or art galleries or sports clubs and which may run as limited liability companies.

Ultimately, they also specified certain sections from which the companies may be given the exemption. Even in the original Bill, when it came before the House, I believe certain more sections were included. But as it has emerged from the Joint

Committee, it goes much further than what has been contemplated in the Sastri Committee report, and that is why I submit that the Government has got the powers under sub-section (5) for issuing a licence. When they actually take this power for issuing a licence, they can also specify that certain procedural liabilities will not lie. If we include sub-section (6), that will go much further, and it is likely to be abused. I am not criticising the company law administration, because the company law administration, in future, may consider this, because, it is not specified as to the form of the companies which are to be exempted so that it is likely to be abused. So, I submit that along with sub-section (5) which authorises the giving of licence, sub-section (6), without blanket powers, may be included, and if that is done, it will meet the ends of justice. This is the limited purpose for which I have brought in this amendment to the clause which gives so much power to the company law administration or to the Government to exempt certain companies from the operation of any section in this Act.

I can understand the position where some sections are specified. We can even say that, as and when it is necessary, they can even extend it, but instead, to give such blanket powers is really to abuse the powers. That is the purpose of my amendment.

**Mr. Speaker:** I may remind hon. Members that they will have the opportunity to speak on all these clauses which have now been mentioned. They would not have another opportunity to speak on individual clauses again.

**Shri Tangamani:** Clause 14 may be taken up separately.

**Shri M. R. Masani:** That is what I was trying to bring to your notice. If you ask us to speak on disconnected topics at one stretch, it may be difficult. So, I recommend that the Minister may reply now to the particular

amendment that has been moved, and then we may take up the next item, clause by clause, and so on.

**Mr. Speaker:** Hon. Members have not understood me. I do not want them to take up a thing which is absolutely disconnected with the other. If the hon. Member Shri Masani wants a separate discussion on clause 13, it is open to him to say so, many, that he wants a separate discussion on clause 13.

**Shri M. R. Masani:** I had said so.

**Shri Tangamani:** I want to say a few words on clause 14 to which I have tabled an amendment.

**Mr. Speaker:** Clause 5A stands over. We are taking up clauses 9, 11, 13 and 14.

**Shri M. R. Masani:** They may be discussed one by one.

**Mr. Speaker:** I never objected to that procedure, in which case I would have taken up only clause 5A in the first instance. We have allowed 2 hours for this group of clauses. Otherwise, I can ask hon. Members regarding the time for each clause.

**Shri M. R. Masani:** You will find that we shall finish long before two hours.

**Mr. Speaker:** I thought we could proceed in this particular manner: that we assume there are, say, 15 clauses, in the first instance. Then, we will apportion time and we will ask the hon. Members what time they would like to have for each clause,—clause 9, 11, and so on.

**Shri Tangamani:** I am not speaking on clause 11.

**Shri M. R. Masani:** We would like to speak on clauses 9, 11, 13 and 14 separately.

**Shri Tangamani:** I am may be permitted to speak on clause 14 when it comes.

**Mr. Speaker:** So, clauses 9, 11, 13 and 14 are taken separately, one after the other.

**Dr. M. S. Aney (Nagpur):** Are we going by the serial numbers of the amendments?

**Mr. Speaker:** I mentioned the clauses.

**Shri Kanungo:** The amendment moved by Shri Tangamani relates to clause 9, to the original section 25. As Shri Tangamani has mentioned, this matter was discussed in the Joint Committee exhaustively. In fact, the Bill, as it was introduced, made mention of a number of sections and the clause in question, as was introduced, was as recommended by the Sastri Committee. But, after discussion, it was found that there might be contingencies, because these groups of companies who form themselves into companies, will have various objectives, various methods of election and various methods of control and also various methods of membership. Therefore, unless all possible contingencies can be foreseen and enumerated, in which case it will be almost like writing up most of the sections of the Act again, it will be impossible to draft, as it has also been originally considered by the Sastri Committee.

I may also mention that the original sub-section (5) has been there and it is still there. In spite of that, this operative clause, sub-clause 6, has been amended, and for a breach of these conditions under this section, the penalty has been described later on. Therefore, I am not prepared to accept the amendment, and I request that the clause, as reported by the Joint Committee, be accepted.

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

Page 6, lines 12 to 16, omit

"and, unless its articles otherwise provide, such body shall, if the Central Government by general or special order so directs

[Mr. Speaker]

and to the extent specified in the direction, be exempt from such of the provisions of this Act as may be specified therein." (103).

*The motion was negatived.*

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

"That clause 9 stand part of the Bill."

*The motion was adopted.*

**Clause 9 was added to the Bill.**

**Mr. Speaker:** We take up clause 11.

**Shri Kanungo:** What about clause 10, Sir?

**Mr. Speaker:** It has been carried. We proceed to clause 11.

**Clause 11- (Amendment of section 31).**

**Mr. Speaker:** There are no amendments to clause 11.

**13 hrs.**

**Shri M. R. Masani:** No. Clause 11 of the Bill seeks to make an alteration of section 31 of the Companies Act. I am opposing the clause. This clause stipulates that no alteration can be made in the articles of a company, which has the effect of converting a public company into a private company, without that alteration getting the approval of the Government. This amendment is altogether objectionable. Already the law has made very difficult the conditions under which a private company remains a private company. All kinds of limitations and restrictions have been placed to see that any company that can possibly be squeezed out of the category of private companies does not get the benefit of being a private company.

One should have thought that Shylock having got his pound of flesh would be satisfied. But now Government want to go one step further and they say, "Even if you satisfy all the

tests and demands to qualify as a private company, you must not become a private company. You must come to us and say, 'May we have your permission to become a private company?'" This seems to me to be highly inequitable.

**Mr. Speaker:** The hon. Member wants that if a public company is to be converted into a private company, this must be done by themselves, without the intervention of the Government. Is it so?

**Shri M. R. Masani:** Yes, because they can satisfy the requirements under the present law, which says that no company shall be a private company unless it satisfies certain tests; if it violates any of the conditions, whether it is called a public company or a private company, we shall deem it to be a public company. That is the tenor of the present law. For various reasons of policy, we have made it difficult for a private company to remain or become a private company. Therefore, if a public company is prepared to satisfy all the tests, difficult as they are as laid down by law, then it must be allowed to become a private company without the permission of Government being sought.

**Mr. Speaker:** If the share-holders make up their mind to convert it into a private company from a public company....

**Shri M. R. Masani:** It is their business.

**Mr. Speaker:** The hon. Member does not want the interference of the Government. If, however, when they make their resolve and try to convert it, thereafter Government can interfere under the law, is it not desirable that Government should be asked in advance, so that after it is settled, the Government may not disturb it?

**Shri M. R. Masani:** With all respect, Sir, it is a very ingenious argument you have provided to my hon. friend.

**Mr. Speaker:** No; I am here holding the scales even.

**Shri M. R. Masani:** There is this difference that Government can interfere afterwards if they find that the company is violating any provisions of the law.

**Mr. Speaker:** And then say, "I am not going to treat you as a private company, but just as a public company."

**Shri M. R. Masani:** I do not think the Government will be able by their *obiter dictum* to convert it into a public company. They have to point out where the law demands that it should be treated as a public company.

**Mr. Speaker:** Why don't you commit them in advance?

**Shri M. R. Masani:** You may commit them in advance; nobody stops anyone from showing the memorandum to the company law administration and getting their blessings. My point is, that the law does not say that Government shall give that permission if the company satisfies the requirements of the law. As the clause stands at present, it means that if Government does not approve of the change, notwithstanding your satisfying all the requirements of law, they may exercise a Veto and say "We don't like the idea of your becoming a private company". Then there is no remedy, no court of law to which you can go and say, "This is zulum. We have every quality of a private company, but Government for reasons best known to itself does not agree."

I am told that Government would not be unreasonable. But that is not the basis on which laws are made. If we give to a department of Government a discretion, they would like to use that discretion and we cannot assume that that discretion will always be used in a fair and common-sense manner.

Since the law has prescribed what is a private company and what is a

public company, the law must stand. To add a further veto is objectionable. The clause says the alteration is subject to the approval of the Government. This means that it is a completely unfettered discretion.

**Mr. Speaker:** There is no right of appeal.

**Shri M. R. Masani:** No; there is no right of appeal. This clause is altogether unnecessary and redundant. Having now got the definition accepted as to what is a private company and what is a public company, the law must be allowed to take its course. There should be no arbitrary discretion with the Government to say 'yes' or 'no' according to its whims and fancies. So I oppose the whole of this clause as being unnecessary and objectionable.

**Shri Morarka (Jhunjhunu):** On a point of clarification, Sir, may I know what would happen if the number falls below the requisite number? The requisite of a public company is that there should be a minimum of 7 shareholders. For a private company, the minimum is 2 shareholders. Suppose in a company, the membership falls below 7. Then, if Government does not approve its conversion into a private company, what will happen?

I can understand where the management deliberately want to convert a public company into a private company, then it must come before Government. But supposing by sale or transfer of shares, the total number of shareholders in a company falls below 7 which is the minimum required for a public company, what is the safeguard?

**Mr. Speaker:** Does it automatically become a private company?

**Shri Morarka:** Yes; the moment it falls below 7, it ceases to be a public company; it becomes a private company.

**Mr. Speaker:** So, this clause is only subject to the other.

**Shri Morarka:** Is it so? That is the clarification I want.

**Mr. Speaker:** Otherwise, how can they re-establish? It ceases to be a public company. I think it may be made clear.

**Shri M. R. Masani:** As the clause stands, Government may force a private company to behave as if it is a public company and thereby violate the law. The company will be committing an offence.

**Shri C. R. Pattabhi Raman** (Kumbakonam): Where the number falls below 7, the department cannot say, "we will not recognise", so far as the legal status is concerned. Even if they say so, the courts would not keep quiet in a matter of that kind.

**Mr. Speaker:** This is a later clause in the Bill. An earlier clause states that if the number of shareholders is below 7, it ceases to be a public company and it becomes a private company. This clause says, no alteration made in the articles shall have effect unless such alteration has been approved by the Central Government. Possibly on account of the fall in number, an alteration will have to be made in the articles. If for some reason the officer refuses to recognise that alteration, what is the effect? We may assume that in 99 per cent. of cases, the officer would not refuse. But suppose, he says 'no'?

**Shri C. R. Pattabhi Raman:** He is not acting judicially; he is acting contrary to the statute.

**Mr. Speaker:** If everybody acts judicially, why should there be all these courts? There are courts because people do not act judicially.

**Shri Kanungo:** There are provisions in the Act as it is by which by the operation of law, a public company can be reduced to a private company. But there is also a provision that a public company can by resolution convert itself into a private company.

**Mr. Speaker:** Does this clause apply only to such cases and not to cases

where by operation of law, a company becomes a private company?

**Shri Kanungo:** No; if it becomes a private company by operation of law, none can stop it. But apart from the operation of law, by the volition of the shareholders, a public company can convert itself into a private company.

**Mr. Speaker:** If the minimum number required for a public company goes down does it become a private company automatically? Or, is it necessary that the shareholders should convert it into a private company by a resolution?

**Shri Kanungo:** I am not able to answer that question categorically now, but I believe a company has to alter its articles of association and also its memorandum to convert itself into a private company. The mere reduction of the number at a given time may make it illegal for it to function as a public company, but it does not necessarily convert itself into a private company.

**Mr. Speaker:** There may be the other contingency. Notwithstanding the fall in number, if they continue to act as a public company, they are liable to a penalty. That is a deterrent against the shareholders and directors. So, in pursuance of that, to avoid that contingency, they modify the articles, because automatically it does not become a private company. Take the other case. Notwithstanding their efforts to modify it and avoid illegality, if the officer sits tight and refuses to recognise it, because it does not automatically become a private company, what happens?

**Shri Kanungo:** Take the imaginary case where the number of shareholders in a public company has been reduced to less than 7. The company comes before the Government to convert itself into a private company. It has got to come if this clause 11 is passed. Therefore, at that stage, Government will have to decide what attitude they

should take. But that is an extreme case which is not likely to occur. The mere reduction in the number of shareholders will not automatically make a public company a private company; it has got to go through other processes.

**Mr. Speaker:** Therefore, it is necessary to make a provision to avoid that contingency in case an officer, for various reasons, refuses to do so.

**Shri C. R. Pattabhi Raman:** There is a provision in the Act itself, section 45, with the heading "Members severally liable for debts where business carried on with fewer than seven, or in the case of a private company, two members".

**Mr. Speaker:** What is the object of it?

**Shri C. R. Pattabhi Raman:** Shri Morarka asked: if the number of shareholders in a public company is less than seven, or less than two in the case of a private company, what happens? Section 45 of the Act deals with that situation. Then there is section 433, which deals with the winding up of a company.

**Shri M. R. Masani:** But it supports his point.

**Shri C. R. Pattabhi Raman:** When an officer is acting in this matter, he is acting judicially. If he is not acting judicially, his decision will be struck down by the courts.

**Mr. Speaker:** Here the consequences will fall upon the head of the shareholders who still continue in that company....

**Shri M. R. Masani:** And not upon the officer.

**Shri C. R. Pattabhi Raman:** Suppose by the death of a shareholder, the company has only less than seven members.

**Mr. Speaker:** There are two parties to this. Stringent provisions have

been made, so far as the shareholders are concerned. Therefore, the shareholders are alert and they pass a resolution and bring it up before the Government. One officer of the Government, for various reasons, may say, "I am not going to recognize it". Now whatever he says, unless the Minister or some superior officer interferes, is binding on the company, because there is no appeal.

**Shri C. R. Pattabhi Raman:** The Supreme Court has ruled in many cases....

**Mr. Speaker:** All the same, he is liable for punishment if he carries on the business in the same manner. If he has not modified it, he cannot carry on and he has to close down. It all depends upon the sweet will of the officer and there is no appeal. Then what happens?

**Shri C. R. Pattabhi Raman:** The Supreme Court has held on more than three occasions that in all these matters where a penalty or disability is involved, the officer is acting judicially and he must give his reasons. His decision will be struck down by the judiciary if the reasons are not given or are not convincing.

**Shri Kanungo:** Apart from what the courts have said, this clause provides that the Central Government has....

**Mr. Speaker:** If you want to stick to this, why don't you say "except where the number has gone down to less than seven"?

**Shri Kanungo:** The officers are bound to follow the law everywhere. In the case mentioned by Shri Morarka, where the number has been reduced below the limit, obviously, the officer has got to agree to it. If he does not, then he is violating the law.

**Mr. Speaker:** If the director of a company violates a provision you impose a penalty. You make him liable

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for all that happens to the company. But suppose an officer does not act, then his increment does not stop, unless the party goes to the court of law. Why should there be a one-sided traffic like that?

**Shri Kanungo:** If I have to argue with you....

**Mr. Speaker:** It is not arguing with me. I am speaking on behalf of the whole House, and I am entitled to say that this will lead to unnecessary consequences. It cannot be passed by a snap vote.

**Shri Kanungo:** No, it is not a snap vote.

**Mr. Speaker:** There is no meaning in making this remark. I am always entitled to ask questions.

**Shri Kanungo:** I am sorry, if I have been misunderstood. I never meant it.

**Mr. Speaker:** Order, order. Hon. Members must know what I am a member of this House as any other member and in case of voting I can exercise my right one way or the other. Therefore, as an ordinary member I am entitled to know thoroughly and satisfactorily any proposition that is placed before this House. That is No. 1. I am also entitled, under the rules, to explain an amendment before it is placed before the House, so that hon. Members may understand what exactly is happening. On that ground also, I am entitled to ask the Minister to clarify these issues until I am thoroughly satisfied, and no Minister should get impatient so far as this matter is concerned and say "you may do this or that". It is wrong.

**Shri Kanungo:** I am very sorry if I have been misunderstood. What I meant was that it is very embarrassing to reply to the remarks from the Chair. It is easier for me, as you will understand, to meet the point of Shri Masani and hit him back.

**Mr. Speaker:** I am also only trying to get clarification on some points. There is no question of embarrassment. The hon. Minister can very well meet my arguments.

**Shri Kanungo:** If you will give me that privilege....

**Mr. Speaker:** Absolutely. When I put him a question I ought not to be thick-skinned. I am bound to hear it, when an argument is made or my argument is met with another argument. One should not take it amiss.

**Shri Kanungo:** It is very generous of you.

**Mr. Speaker:** I hope that is all that he has got to say.

**Shri Kanungo:** All those factors were considered in that Joint Committee and we came to the conclusion that there are certain tendencies among public companies to convert themselves into private companies to avoid the penal provisions of the law. There have been instances where, because the managing agency was not permitted in the case of some companies, they converted themselves into private companies.

**Mr. Speaker:** What is the harm if you, without prejudice to the power that is being vested in the Government, make it impossible for any officer to refuse to recognize a company in case the number goes down?

**Shri Kanungo:** The officer has got to follow the Act and act legally. He cannot act illegally. When he is asked to consider, under clause 11, any proposition, then he has to observe all the provisions of law.

**Shri C. R. Pattabhi Raman:** Section 45 of the Act is very clear. I should have read it earlier. It refers to a situation where the number goes below seven in the case of a public company and below two in the case of a private company. It says:

"If at any time the number of members of a company is reduced, in the case of a public company, below seven, or in the case of a private company, below two, and the company carries on business for more than six months while the number is so reduced, every person who is a member of the company during the time that it so carries on business after those six months and is cognisant of the fact that it is carrying on business with fewer than seven members or two members, as the case may be, shall be severally liable for the payment of the whole debts of the Company contracted during that time, and may be severally sued therefor."

Then section 433 refers to winding up of a company.

**Mr. Speaker:** Then the position is worse. Under this clause, if the number is reduced, the company cannot carry on. If it does, it is liable to penalties. So, it has to close down. To avoid that, it wants to convert itself into a private company. If the company passes a resolution to that effect and the Government does not accept it, it cannot carry on the business. It has to close down.

**Shri C. R. Pattabhi Raman:** Section 433 refers to the winding up of a company, where also the number of members or shareholders have been mentioned. So, if an application is made by the company to the Government, there is no discretionary power to the officer. The officer has no discretion where the number goes down, because there is a specific clause about the reduction in number. Actually, a shareholder may die and there may be trouble about his heirs. Till the question of his successor is decided, the number may be six.

**Mr. Speaker:** The hon. Member is a good advocate. He knows that the Privy Council has said that judges can decide rightly and wrongly—more so the executive. If they decide wrongly and refuse to give, there is

no penalty imposed upon them under the law.

**Shri Kanungo:** It is imposed on the Government. If the Government violates the law, it is liable to be pulled up by the courts.

**Mr. Speaker:** I have heard enough. Shall I put the clause to the vote of the House or is there anything more to say for the hon. Minister?

**Shri Kanungo:** No, Sir. I was only mentioning that there have been cases where there have been deliberate attempts at converting public companies into private companies.

**Mr. Speaker:** I shall put clause 11 to the vote of the House.... There is no amendment to it.

The question is:

"That clause 11 stand part of the Bill."

*The motion was adopted.*

*Clause 11 was added to the Bill.*

**Clause 13—(Amendment of section 41).**

**Shri M. R. Masani:** I do not oppose the clause but I think it is a defective one, like clause 11, which has been hastily passed just now. I hope a little more attention will be given to the difficulties that are pointed out.

The proposed amendment to section 41 requires that a person must agree in writing to become a member of a company, but the amendment does not say what form that writing should take. An alteration of section 110, sub-section (1), appears to be necessary because an application for transfer of shares may be made either by a transferor or a transferee under that sub-section. The point I want to ask the hon. Minister is this. Suppose this option is exercised by an application being made by the transferor. In that case, how will there be any agreement or contract between the transferee and the company which

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establishes his membership? I suggest, therefore, that this clause is defective and it should specify what the form of agreement in writing should be and by whom; otherwise, there is a lacuna which you will leave uncovered.

**Shri Kanungo:** The types of these associations will be varied and it is presumed that their articles of association will provide for the forms of transfer and all that. At the time of registration when a man comes to become a member, he looks into the articles of association where these things are provided for. If they are not provided for there, you have got the omnibus power whereby under the rules prescriptions can be made.

**Mr. Speaker:** Here the words are "agrees in writing".

**Shri Kanungo:** What will be the form of writing and what will be the type? That is what Shri Masani says. I say that it must be provided for normally in the articles of association. If it is not done, it can be provided for under the rules.

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

"That clause 13 stand part of the Bill."

*The motion was adopted.*

*Clause 13 was added to the Bill.*

**Clause 14** —(Insertion of new section 43A.)

**Shri M. R. Masani:** I have amendments Nos. 2 and 3 which I would like to place before the House. Amendment No. 2 to clause 14 suggests that in place of 25 per cent in line 35 on page 7, 40 per cent be substituted. The clause as at present reads like this:

"Save as otherwise provided in this section, where not less than twenty-five per cent of the paid-up share capital of a private company having a share capital, is held by

one or more bodies corporate, the private company shall,—"

Now the point is this. The purpose of this whole clause is to assure that where substantial public money is invested in a company directly or indirectly, that company should not be allowed to behave as a private company or get the benefits of being a private company, because the moneys, according to the Shastri Committee, are public moneys. The clause as at present, however, would allow the mischief of the section to apply to a company in which another private company owns 25 per cent of the share capital. By no stretch of language or imagination, can it be argued that where one private company owns 25 per cent of the share capital of another private company, public monies are involved to a considerable extent! This is a travesty of language to try and smuggle into this clause something which never formed part of the intention with which we started, which was that wherever considerable public monies are involved in a private company it should not be allowed to function as a private company. The clause as at present says that if any public company has only one-fourth of the share capital of another private company, even then the second company cannot become a private company. Therefore, if this is to stand, I suggest that 40 per cent would be a slightly more substantial proportion than 25 per cent. If you must have this limitation then let it be a little more reasonable.

So far as the other amendment is concerned, it is a small one. It arises in sub-clause (6). I think it would make the position easier where companies incorporated abroad are participating in joint stock enterprise in this country.

**Shri Morarka:** I do not think your amendment fits in very well. Will you kindly read your amendment?

**Shri M. R. Masani:** It says that in place of "or", the words "and/or" be substituted.

**Shri Morarka:** Kindly read the clause after putting "and/or" in place of "or".

**Shri M. R. Masani:** "to a private company of which the entire paid-up share capital is held by another single private company and/or by one or more bodies corporate incorporated outside India;"

**Shri Morarka:** If the entire paid-up capital is held by a single company, where is the question of putting 'and'? There can only be 'or'. There cannot be 'and/or'.

**Mr. Speaker:** He is willing to omit 'and'.

**Shri M. R. Masani:** Sir, I do not press it.

**Mr. Speaker:** Hereafter, I shall ask the hon. Minister immediately an amendment is moved whether he agrees or does not agree to it.

**Shri Kanungo:** I do not agree to this.

**Mr. Speaker:** If he agrees, no more discussion is necessary.

**Shri Tangamani:** My amendments are Nos. 40 and 104. By amendment No. 40, I want lines 20 to 39 on page 9 to be deleted and by my amendment No. 104 I want lines 9 to 36 on page 8 to be deleted, that is, in the first portion I want this proviso to the original clause which has come in to be deleted as also sub-clause (6) which is really the exemption clause.

My hon. friend, Shri Masani, has explained to us the reason why the Shastri Committee went into the question of treating certain so-called private companies as public companies. He has rightly pointed out, as was explained when the original Bill was before the House, that the intention that was stated is as follows:

"This amendment is for those companies which employ public money to an appreciable extent and that they should be submitted to restrictions and limitations as to the disclosure or otherwise as will apply to public companies. It is proposed to exempt a private company which is wholly owned either by another private company registered in India or by one or more foreign companies from the operation of the new requirement."

This is how the intention of bringing in this new section 43A was mentioned. But I would like to correct my hon. friend, Shri Masani. The Shastri Committee, when they dealt with it in great detail, have also suggested that the proper amendment to this would be defining when a private company is to be treated as a public company. In my opinion that is a very good way of amending it. They took the definition clause, namely section 3 and said that section 3(1) (iv) may be recast as follows. Original section 3(1)(iv) says:

"'Public company' means a company which is not a private company."

They define what a private company is in the earlier portion and then say "Public company means a company which is not a private company". The amendment which has been suggested by the Shastri Committee is this:

"Provided, however, that any private company in which shares to the extent of twenty-five per cent. or more of the paid-up capital are held by one or more companies, public or private, shall be deemed to be a public company."

Here, what the Shastri Committee suggests in a concise manner is a new type of public companies which will arise. They do not mention anything about dealing with public funds.

**Shri M. R. Masani:** They were absent minded.

**Shri Tangamani:** You said that the intention which was mentioned to this House was for public monies, but the Shastri Committee have suggested that. So it will not be correct to say that the Shastri Committee did not want to apply this.

I believe when the Government brought forward this Bill here, they did not want to adopt the Shastri Committee's recommendation as it is by merely incorporating it in the definition clause, because they felt that there may also be other companies which may be patently private companies but which may come as public companies and there may be public companies which will come as private companies. That is why this new original clause 15 had to be introduced. That was section 43A. As Members of the Joint Committee are aware, this is a clause on which there has been discussion for several days. As a result of all this, the new clause 14 has emerged.

My submission, as I have already mentioned in the note of dissent is, if we had been left with the original clause, namely clause 15, it would have substantially met the ends of justice. But, with these provisos and with these exemptions which have been given—I do not want to take the time of the House by reading the provisos and exemptions—it has been watered down to a considerable extent. While speaking on the First reading of the Bill, I have already read in extenso the original clause 15. I shall now briefly mention the reason why the original clause would have been the proper thing. The original clause, as the amendment puts it, will read as follows:

"Save as otherwise provided in this section where not less than twenty-five percent of the paid-up share capital of a private company having a share capital, is held

by one or more bodies corporate, the private company shall,—

These are exactly the words which have been suggested by the Shastri Committee report.

"(a) on and from the date on which the aforesaid percentage is first held by such body or bodies corporate, or

(b) where the aforesaid percentage has been first so held before the commencement of the Companies (Amendment) Act, 1960, on and from the expiry of the period of three months from the date of such commencement unless within that period, the aforesaid percentage is reduced below twenty-five percent of the paid-up share capital of the private company,"

become, by virtue of this section a public company. This is really elaborating and expanding what the Shastri Committee has said. The intention of the Shastri Committee has been made abundantly clear if we stopped with this. The proviso, without any reflection on the Government or the Administration, is likely to be used in such a way that companies which have been dealing with public moneys, or companies which come under this definition as a public company, are likely to be exempted and made into private companies. As you are aware, this is exactly what the Shastri Committee says. The Shastri Committee says:

"It is, however, well known that there are many private companies with large capital doing extensive business and controlling a number of public companies. This is made possible because funds of other companies, public or private, are invested in such companies. As public money is invested in such companies, there is no reason for treating such companies as private companies."

This is one of the reasons given.

"The problem of private companies has always been somewhat difficult. On the one hand, there are genuine private companies which are nothing but glorified partnerships and, on the other, there are private companies whose operations, financial and industrial are far wider than those of many public companies.

Instances are many. Many instances were given to us in the Joint Committee itself. There are private companies—not private companies which are private companies of the Government—which come under the strict definition of private companies under the Companies Act and they are controlling enormous finances.

"To meet this problem, the Cohen Committee created the category of exempted private companies...."

At the same time, there is no doubt that

"private companies, which employ public money directly or indirectly to a considerable extent should be subject to the same restrictions and limitations as to disclosure and otherwise as apply to public companies. We, therefore, recommend that a proviso be added to section 3(1)(iv) in these terms:—

'Provided, however, that any private company in which shares to the extent of twenty-five percent or more of the paid-up capital are held by one or more companies, public or private, shall be deemed to be a public company.'

He also states in another place how the distinction between a private company and a public company should go and ultimately there should be one company. There are two views: one wanting that all the companies should be private companies and the other wanting that all the companies should

be public companies. The attempt must be to make most of the companies into public companies. Ultimately, companies are dealing with public moneys, whether it is money which has been advanced by the Government or advanced by the public at large, it is public money. It is at stake. That is why the intention is that ultimately we must have only one form of company, that is the public company. Here, there are certain restrictions. It is only in such cases where 25 per cent of the paid-up share capital are held by one or more private companies, these companies are made public companies. That is the intention.

I fully agree with the original clause as it has been introduced here. I fully endorse the purpose for which the original clause was brought here. It has been very ably put forward by the Shastri Committee itself. I submit that the proviso is of such a nature that it will very easily lead to misinterpretation. In the same way are the exemptions. I would read one or two exemptions.

"Nothing in this section shall apply—

to a private company of which the entire paid-up share capital is held by another single private company or by one or more bodies corporate incorporated outside India;

This is a thing which generally takes away the spirit of that. If the entire paid-up share capital is held by a single private company which is registered outside India, it will not constitute a public company.

"or to any other private company if, but only if, each of the following conditions is satisfied, namely:—

- (i) that the body corporate or each of the bodies corporate holding shares in the private company is itself a private company,

[Shri Tangamani]

- (ii) that no body corporate is the holder of any shares in any such shareholding company,
- (iii) that the total number of share holders.... etc.

There are two or three exemptions. These exemptions really take away the spirit. It is only taking us to where we were before the Amending Bill came in. About the new private company which is sought to be introduced by section 43A, there have been comments in the press. When the subject was discussed before the Joint Committee and immediately after the Bill was introduced here, this was one of the clauses which came up for very serious comments. We find when we go through the evidence which has been recorded, certain interests have always been stating that the creation of a new kind of private company is not in the interests of justice, etc. Ultimately, this has come. My fear is that all these provisos and exemptions have come more to accommodate pressures from one end and the effect of this clause 14, namely, the new section 43A will not be what it was intended by the Shastri Committee.

I believe I have said enough. The original intention of the Shastri Committee was very well revealed in the original Amending Bill. The re-drafting has been very well done. If this re-drafted section without these provisos and exemptions is taken in, it will be what it was and as was expressed by many Members of the Joint Committee also. With these remarks, I submit that these two amendments, Nos. 40 and 104 may be accepted by the House.

**Shri Nathwani:** I rise to support amendment No. 108. It seeks to add only two words.

**Shri M. R. Masani:** It has not been circulated. Please read it.

**Shri Nathwani:** By inadvertance, it may not have been circulated.

After "share capital" insert "or debentures". The condition of shareholding is sought to be enlarged by saying that if another company owns even 25 per cent of the debentures issued by that particular private company, that private company would be considered as a public limited company. That is the effect of my amendment.

While I want to support my amendment, I also want to oppose the amendments moved by my hon. friends Shri M. R. Masani and Shri Tangamani. I shall try to trace the genesis of this idea. There are very highly praised privileges accorded to private limited companies. For instance, under the existing Act, they are exempt from the necessity of filling their accounts and making it available to public. Secondly, they are not subject to the remuneration regarding over-all management. Further, there are provisions which require the approval of the Central Government regarding the appointment of managers, managing directors and their remuneration, from which they are exempt. So, in several important matters these private limited companies are exempt, and, as was just now pointed out by the hon. Minister, there is a tendency for some of the public limited companies to convert themselves into private limited companies with the sole object of circumventing these wholesome provisions of the law.

But the whole idea of recognising private companies is to give exemption to genuine small concerns. May be there are family members, may be there are some friends, who want to start a business on a small scale. This was the original idea with which this special category of private companies was created, and it has been a recent product. But from time to time it was observed that these provisions were being abused. In the guise of

private companies, even business on a very large scale was being done, and that is why it became necessary to restrict the operations of private companies. That is how the idea of subsidiaries of public limited companies came to be recognised. That is why subsidiaries of public limited companies were not and are not exempted under the present law, from these provisions.

Now we have gone a step further. It became necessary to consider then the criterion which should apply in demarcating the line between public limited companies and private limited companies. It has been admitted that only genuine small partnerships or only family concerns should be exempted. In England, the Cohen Committee devoted considerable attention to this matter and tried to take into account various tests—the test of capital employed, the test of the number of employees, the test of turnover and so on. It considered whether one or more such tests could be applied, and came to the conclusion that none of these tests was satisfactory. The Shastri Committee also naturally applied its mind to this question, but I am sorry to say that in doing so, it only paid attention to it in a rather cavalier or summary manner. They accepted one test and one test only, namely how far public moneys were invested in the private company concerned. Having said so, they hastened to provide a short formula which was referred to by the previous speaker. He was satisfied with that, but it does not contain the logical consequences of the test laid down by the Shastri Committee itself, namely seeing whether and how far public moneys have flowed into the private company or not. That is why it became necessary for the Joint Committee to insert a new provision, namely sub-section (6).

For instance, a private company invests in another private company. Each of these private companies may have two members each. In all, there are four persons who bring their moneys together. How can you say that the second private company has become a public limited company?

The test being utilisation or employment of public funds, can you say that investment by a private company which has a limited number of shareholders in another private company would make the latter a public limited company? That is why the Joint Committee went to the logical conclusion and inserted sub-section (6) wherein they took into consideration the shareholding of private limited companies and said that if the total number of shareholders of the shareholding company or companies together with the individual shareholders, of the private company in which shares were held by private companies did not exceed 50, the latter private limited company would continue to remain a private limited company. That was the logical conclusion and that is why it became necessary to incorporate it. Therefore, Shri Tangamani's amendment seeking to delete it is not based on logical grounds at all.

But my complaint is that the Joint Committee did not improve upon it in other respects. Whereas they took into consideration whether the real persons who owned shares in a private limited company were 50 or more, they did not take into consideration how far public moneys were invested in the private limited company.

It is well known that a private limited company depends not only on its share capital, but also on capital raised by issuing debentures. By restricting this definition only to the investment in the equity share capital, we have excluded investment by way of debentures by either private or public limited companies.

13.47 hrs.

[MR. DEPUTY-SPEAKER in the Chair.]

This idea of capital consisting of equity capital and debentures in part is not an uncommon thing. When we look at the definition of a private company, we find the restriction that not only its share capital should be subscribed to by only a limited number of persons, but also that the debentures issued by it should not be issued to

[Shri Nathwani.]

public generally. It is not open to the private limited company to invite subscriptions for its debentures from the public at large. If it invites subscriptions to its debentures from the public, public money flows, and it sheds its character as a private limited company. Therefore, the logical thing to do it to include not merely the share in the equity capital but also the share in the debenture capital owned by the public companies.

Again, when we come to section 372, which section is also being substituted by a new one in Clause 136, we find the provisions which control the purchase by one company of shares of any other company or companies, but there you will find that the restriction applies to debentures also. A company cannot buy shares of another company beyond a certain limit. Likewise, it cannot buy debentures also beyond a certain limit. Otherwise, there is inter-investment, and there is concentration of wealth. For this reason, the principle of capital consisting partly of share capital and partly of debenture capital is very well recognised and has also been acted upon in several parts of this Act, and I fail to see why it has not been given effect to in this clause. In the English Act also, which contains a similar provision, the holding is not confined merely to share capital but it covers the purchase of debentures also.

Objection has been raised saying that, after all, debenture-holders are in the position of creditors, they are secured creditors, and they have nothing to do with the management of the company, whereas a share-holding company by being a shareholder is entitled to take part in the management of that company, and, therefore, we are restricting this provision only to shareholding. This is the line of argument. When moneys are raised by debentures generally, and I say generally but invariably when the amount raised is large, the debenture-

holders are given a right to appoint their nominees, at least, two, on the board of directors. I ask with emphasis whether any instance can be cited where any company has raised a very large amount by way of issuing debentures, when the debenture trust deed did not provide at least for the appointment of two directors on the board of the company. Therefore, the argument that because they are in the position of creditors or outsiders and they do not take part, therefore, we should exclude debenture-holding of another company does not at all appear to me.

Therefore, I commend my amendment seeking to incorporate the words 'or debentures' after the words 'share capital.'

**Shri Morarka:** I wish to commend our amendment No. 108 which has been so ably moved by my colleague Shri Nathwani.

The Shastri Committee laid down, in fact, only one criterion for treating private companies as public companies, and that criterion is whether public moneys are involved or not. Whether public monies are involved in the form of share capital or in the form of debenture capital is, according to us, immaterial. As long as public money is involved—and that is the criterion which the Shastri Committee has laid down, and it has been accepted—there is ample justification, according to me, to include the word 'debentures' after the word 'shares'. Irrespective of whether 25 per cent of the share capital of a company is owned by another body-corporate or whether 25 per cent of the debenture capital is owned by another body-corporate, that company whose capital is ~~so~~ owned should become a public company.

I wish to say a few more words in this connection. My hon. friend Shri Nathwani referred to the Cohen Committee and the practice in England. But there is one distinction between

the private companies in England and the private companies here. All these precautions such as publicity, giving of information, filing of documents with the registrar etc. are taken in order to inform the public of the affairs of a company in which public money is invested. In the English Companies Act, there is no provision at all that a private company should bear the word 'private' after its name, whereas, in India, after the Act of 1956, we have by statute provided that every private company should mention the word 'private' as a part of its name. In other words, here, any person who is dealing with a company will know whether he is dealing with a private company or a public company. And if a person deals with a private company, knowing fully well that he is dealing with a private company, he certainly knows what his rights and duties are in respect of that company. Therefore, the Cathen Committee's example, does not support our contention, so far as converting private companies into public companies is concerned. There is a small distinction, and I think that distinction has to be borne in mind.

A good deal of apprehension has been expressed about converting public companies into private companies, and steps are, therefore, being taken to safeguard against that danger. But what I personally feel is that there is an equal danger of converting these so-called private companies into public companies, because our tax laws, and our revenue measures provide a certain definite advantage in favour of a public company. Sir, you are quite familiar with section 23-A of the Income-tax Act. Those companies are called section 23-A companies, and under that section, if there is a public company, the majority shares of which or 60 per cent—I do not remember the exact percentage—are controlled and owned by less than six persons, then that company would be deemed to be a private company for the purpose of the Income-tax Act. But if there is a public company, the

majority shares of which are owned by less than six persons, then it cannot be deemed to be a private company within the meaning of the Income-tax Act. Now, the tendency would be that a company may be formed with seven or eight members, because the minimum qualifications necessary for a public company are that it should have seven members at least; thus, a public company may be formed with seven or eight members, and not less than six persons would then control the majority shares of that company, and that company, as compared to any other company, would tend to benefit financially, because it will not be compelled under section 23A of the Income-tax Act to declare dividends or to distribute its reserves or undergo the other consequences. Therefore, according to me, the House has given a lot of weight to the problem of converting public companies into private companies, but they have completely overlooked the danger, which, according to me, is more practical and more poignant, namely the conversion of the so-called private companies into public companies.

I have got here the latest report of the Company Law Administration, which at least does not disclose any alarming figures in regard to the conversion of public companies into private companies. With your permission, I shall just read one or two sentences from para 39 of that report. It says:

"The number of public companies converted into private companies has more or less remained stationary at the last year's level. During 1958-59 there were 57 cases of conversion of public companies into private companies as against 54 such cases during 1957-58 and 227 in 1956-57."

So, what is the tendency? As against 277 in 1956-57, the number has fallen to 57 in 1958-59. So, the contention of hon. Members and the impression that they have sought to create namely that there is a growing tendency on

[Shri Morarka]

the part of people to convert their public companies into private companies merely to get certain benefits or to escape certain publicity etc. do not, according to me, seem to be very well founded.

14 hrs.

The amendment of Shri Tangamani suggests that if the shares are held by a bank even on behalf of its clients, then the bank should be counted as one of the holders of the shares. In other words, if a bank holds on behalf of an individual certain shares in a private company and that percentage is, say, 25, even though the shares are not held in reality by any corporate body and are held only by an individual, still, according to Shri Tangamani's amendment, it should be deemed to be a public company. I think the Shastri Committee's Report, on which Shri Tangamani relies so much, clearly lays down the principle, and that is whether public money is involved or not. It goes a step further. Public money must not only be involved but it must be involved to a considerable extent, and that considerable extent, according to it, is 25 per cent. It has defined that. Now, our only amendment to that is whether it is in the form of a share capital or debenture capital, it makes no difference. As long as it is public money involved or invested in a private company, the affairs of that private company must be subject to the same scrutiny, the same publicity or the same control as that of a public company. I therefore feel that there is merit in our amendment and I would request the hon. Minister to consider whether it is possible for him to accept it.

Before I sit down, I have only one more word to say, and that is, again, for the information of Shri Tangamani who seems to be a little worried about these private companies. In one of the other clauses, we have provided that

even those private companies which will not come under the mischief of this clause, that in any other private company hereafter would be required to file with the Registrar not only the balance sheet, as it was hitherto required, but also the profit and loss account. So that, to that extent even an ordinary private company is subject to a little more restriction and control; to that extent, there would be more publicity.

On the whole, this clause is a very fair compromise and it embodies the recommendations of the Shastri Committee. If the hon. Minister can accept our amendment, I think it would meet the intention of the Shastri Committee to the full extent. I hope the Minister would give due consideration to this.

**Shri Kanungo:** My hon. friends, Shri Nathwani and Shri Morarka, have explained the position very clearly. I particularly emphasise the closing remark of Shri Merarka's that this clause is in fact the result of a compromise after long deliberations. It could have been more rigid, it could have been less rigid, but we arrived at this. The conception that there should not be any private companies was discussed and has been discussed in this legislature, in the Press, in public and also in Committees. There are countries where this distinction does not exist, that is, there is just one type of corporation only, not two. In the UK, on the laws of which our original Act of 1913 was framed, they have altered their law and they have this distinction but based on different principles. Therefore, we thought that considering the background of history, considering the existing circumstances and considering the tendencies, this particular provision would meet the demands of the times. If in future there are other developments, it will be time then to consider a change of law. But too violent a change of law, as it stands at present, will not be conducive to the best social interests of the country. Therefore, we have in the Joint Committee

adopted this particular provision. The quantum of control which is envisaged would come into effect if there is not less than 25 per cent paid up share capital held by one or more bodies corporate. It could have been 50 per cent, 45 per cent or 20 per cent. We came to the conclusion that 25 per cent was the reasonable figure for the time being.

As regards Shri Nathwani's proposition for considering loans—not all loans, but I believe only loans in the form of debentures to be classified as equity capital—the point was also considered and we deliberately decided that we should not include the same. As a matter of fact, in clause 136 which changes section 372, the word 'debentures' was there in another context of course, but the Joint Committee thought that it would not be useful to keep it there. Therefore, at the present moment, it has been decided for the time being that equity capital which actually controls the company should be taken into consideration. The exemptions provided, to which my hon. friend, Shri Tangamani, objected, are necessary in the existing circumstances. One of the amendments of Shri M. R. Masani suggests that where there is collaboration between a foreign company and an Indian company, it should be relaxed, but we have not deliberately done so because we do not know what is the nature of companies in different countries; also they change their laws. Therefore, the only concessions we have made is where the entire capital is subscribed by the foreign corporation. We do not go behind that. In certain quarters, in the Press and in public, the restriction has been considered as too rigid; else where it has been considered as not so rigid. Therefore, considering the present circumstances, I suggest that the clause as adopted by the Joint Committee may be accepted. I do not accept any of the amendments.

**Mr. Deputy-Speaker:** I shall now put amendment No. 2 to vote.

*Amendment No. 2 was put and negatived.*

**Mr. Deputy-Speaker:** Now I shall put amendment No. 3 to the vote of the House.

*Amendment No. 3 was put and negatived.*

**Mr. Deputy-Speaker:** What about other amendments?

**Shri Tangamani:** Amendments Nos. 104 and 40 may be put separately?

**Mr. Deputy-Speaker:** I shall now put amendment No. 104 to vote.

*Amendment No. 104 was put and negatived.*

**Mr. Deputy-Speaker:** Now I shall put amendment No. 40 to vote.

*Amendment No. 58 was put and negatived.*

**Mr. Deputy-Speaker:** The other amendments that are left are Nos. 58 and 108. I will put them to the vote; first No. 58.

*Amendment No. 40 was put and negatived.*

**Mr. Deputy-Speaker:** I will now put amendment No. 108.

*Amendment No. 108 was put and negatived.*

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

"That clause 14 stand part of the Bill."

*The motion was adopted.*

*Clause 14 was added to the Bill.*

**Mr. Deputy-Speaker:** Clauses 15 and 16 have already been voted. I will now put clauses 17 to 24 to vote.

**Shri Jagannatha Rao (Koraput):** Sir, I have 3 amendments to clause 24.

**Mr. Deputy-Speaker:** Then, I will put clauses 17 to 23 to vote. The question is:

"That clauses 17 to 23 stand part of the Bill."

*The motion was adopted.*

Clauses 17 to 23 were added to the Bill

**Shri Jaganatha Rao:** Sir, only this morning I gave notice of 3 amendments to clause 24.

**Mr. Deputy-Speaker:** I can waive notice only if the amendments are acceptable to Government.

**Shri M. R. Masani:** Sir, it would be easier if we adopt the same procedure as we adopted last time. Then, we would know which clauses would be moved separately.

**Mr. Deputy-Speaker:** Then, clause 25 will be taken up separately. There are no amendments to clauses 26 and 27. I am putting them to the House.

The question is:

"That clauses 26 and 27 stand part of the Bill."

*The motion was adopted.*

Clauses 26 and 27 were added to the Bill

**Mr. Deputy-Speaker:** There are no amendments to clauses 28 to 35.

The question is:

"That clauses 28 to 35 stand part of the Bill."

*The motion was adopted.*

Clauses 28 to 35 were added to the Bill

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

"That clauses 36 to 40 stand part of the Bill."

*The motion was adopted.*

Clauses 36 to 40 were added to the Bill

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

"That clauses 41, 43, 46 to 53 and 54 stand part of the Bill."

*The motion was adopted.*

Clauses 41, 43, 46 to 53 and 54 were added to the Bill

**Mr. Deputy-Speaker:** Now, I think these are the clauses to be taken up separately, 24, 25, 27A, 35A, 40A, 42, 44, 45, 53A, 55 and 56. We will take up clause 24.

**Clause 24.—(Amendment of section 81)**

**Shri Jaganatha Rao:** Sir, I have given notice of 3 amendments to clause 24.

**Mr. Deputy-Speaker:** I already enquired whether they are acceptable to Government.

**Shri Kanungo:** Yes, Sir.

**Shri Jaganatha Rao:** Sir, I move:

Page 12, line 27

for "the Board of directors decides" substitute "it is proposed". (109).

My object in moving this amendment is this, Amendment to sub-section (1) of section 81 has been moved to clarify the position that the provisions of sub-section are applicable whenever there is a proposal to increase the subscribed capital of the company irrespective of whether such a proposal is made by the Board of directors or by the company in a general body meeting. This amendment is of a verbal nature and may be accepted by the House.

The second amendment is No. 110.  
I move:

Page 13,—

for lines 21 to 28, substitute—

"(b) to the increase of the subscribed capital of a public company caused by the exercise of an option attached to debentures issued or loans raised by the company—

- (i) to convert such debentures or loans into shares in the company, or
- (ii) to subscribe for shares in the company:

Provided that the terms of issue of such debentures or the terms of such loans included a term providing for such option and such term." (110)

Sir, the option which has been proposed by my amendment to subsection (3) of section 81 is to enable the company to confer an option on a lender of money or a debenture-holder to subscribe for the shares of the company, to a specified extent within a specified date in future as may be fixed. Sub-section (3) as it stands in the amended Bill does not give this option. It only recognises an option to the lender of a loan or to a debenture-holder to convert any unpaid part of the loan or debenture into shares.

It is desirable to allow a company to confer cash options of the type now proposed provided they are approved by the Government. Sub-clauses (1) and (1a) as they stand at present authorise the company to enable the lender to do so by complying with the procedure laid down in those two sub-clauses. In that case, such options should be conferred with the safeguard of government approval. In these circumstances, this amendment is necessary and I commend it to the House.

The third amendment is a small verbal one. I move:

Page 13, lines 29 and 30—

for "of the company" substitute—

"passed by the company in general meeting". (111)

I commend this to the acceptance of the House.

**Shri Kanungo:** I accept these amendments, Sir.

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

Page 12, line 27,

for "the Board of directors decides" substitute "it is proposed" (109)

*The motion was adopted.*

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

Page 13,—

for lines 21 to 28, substitute—

"(b) to the increase of the subscribed capital of a public company caused by the exercise of an option attached to debentures issued or loans raised by the company—

- (i) to convert such debentures or loans into shares in the company, or
- (ii) to subscribe for shares in the company:

Provided that the terms of issue of such debentures or the terms of such loans included a term providing for such option and such term." (110)

*The motion was adopted.*

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

Page 13, lines 29 and 30—

for "of the company" substitute "passed by the company in general meeting" (111)

*The motion was adopted.*

**Mr. Deputy-Speaker:** Now, I will put clause 24, as amended, to the vote.

The question is:

"That clause 24, as amended, stand part of the Bill."

*The motion was adopted.*

*Clause 24, as amended, was added to the Bill.*

**Clause 25—(Amendment of section 84)**

**Mr. Deputy-Speaker:** There is an amendment given notice of by Shri Naushir Bharucha. He has given intimation that he moves it. But he is not present himself. I am told that the hon. Speaker announced that those who wanted to move certain amendments might give intimation. The intimation is all right. But that alone cannot enable it to be treated as having been moved.

**Shri Kanungo:** When the hon. Speaker mentioned about intimation, he meant that the intimation should be passed on to the Table within half an hour.

**Mr. Deputy-Speaker:** That was done. But, now, he ought to have been here. I cannot take it up. I will put the clause to the House. The question is:

"That clause 25 stand part of the Bill."

*The motion was adopted.*

*Clause 25 was added to the Bill.*

**New Clause 27-A**

**Dr. M. S. Aney:** I beg to move:

Page 15,—

after line 31, insert—

*27A. Insertion of new section 111A.—After section 111 of the principal Act, the following section shall be inserted, namely:*

*111A. (1) If the Company or its Board of Directors intimates in writing its decision not to register the transfer or transmission of a share, or in the case of an appeal, if the Central Government informs the applicant of the dismissal of the appeal against the Company's decision of refusal to register or if the result of a proceeding, if launched by the aggrieved transferor or the transferee under section 155 of this Act, has the consequence of the dismissal of the application to register the transfer or transmission of a share purchased by the transferee, the transfer or transmission of the members charge shall be deemed to be void or inoperative from the date of the intimation either by the Company or by its Board of Directors or by the Central Government, as the case may be.*

*(2) Such intimation either by the Company or its Board of Directors or by the Central Government shall be despatched to the buyer as well as to the seller within two months from the date of refusal to recognise and register the transfer or transmission of a share and in the case of the Central Government within two months from the date of the judgment in appeal.*

*(3) Where either the Company or its Board of Directors or the Central Government omits to intimate either the buyer or the seller, either, of them may intimate in writing the Company or Board of*

Directors of that Company or the Central Government, as the case may be, and shall additionally inform the other party to the transaction in writing that the transfer or transmission of share has become void or inoperative and that status quo ante be restored by placing the parties respectively in the same position as if the transaction had not taken place.

(4) In respect of such intimation in writing under sub-section (3), the party other than the party sending written intimation shall, within one month from the date of receipt of such intimation, perform all acts necessary to restore status quo ante the date of transfer or transmission of the share sold.

(5) Where the other party omits to comply with the provision of such section (4), the seller if aggrieved may institute a civil suit in proper civil court against the other party to the transaction to get back the charge certificates on offering refund of money value of shares received by him and if the aggrieved party be the buyer, to get a refund of the consideration paid to the seller on surrendering the share certificates together with other connected documents and on offering restoration of any dividends or other benefits received subsequent to transfer:

Provided that such suit shall be instituted within a period of 3 years from the date of service of intimation mentioned in sub-section (1) and provided further that such suit shall be filed within a period of 3 years from the date of receipt of intimation under sub-section (2), as the case may be.

(6) In suits instituted by virtue of provisions of sub-section (5), the company may be made a party by the court *suo motu* or on application by any party to the suit."

(88)

Sir, this amendment arises out of the feeling of oppression to which selling holders of their shares in the Brihan Maharashtra Sugar Syndicate Ltd., Poona have been called on to submit vis-a-vis the buyers whose transfers were not approved or registered by the Board of Directors of the Syndicate and who also failed in their appeal filed under section 111(4) of the Act. Some of these transferees filed against the Syndicate in the Bombay High Court an application under section 155 of the Act for rectification of the Syndicate's register of members by registering their transfers repudiated by the Board of the Syndicate's directors. This information can be had on page 2 of the annual report of the syndicate for the year ended 30-6-1958. Thus, there was no registration of transfers of the Syndicate's shares of the face value of about Rs. 5,44,705 and the disgruntled buyers' reaction involves injury or oppression to thousands of the Syndicate's selling share-holders. These are sought to be had in trap by the speculating buyers as stated below.

The buyers filed a test case before the City Civil Court, Bombay in the form of C.S. No. 1746 of 1958. This was decided on 17-1-1959 in favour of the plaintiffs (the speculating buyers) and the decision that was passed against the contesting defendant—a selling member was that the latter was to figure as a constructive and honorary trustee for the buyer till an indefinite time when the company would re-decide to register the transfer of the shares and place the plaintiff as a member in the place of the selling share-holders in the register of the Syndicate's members. Various kinds of oppressive reliefs were granted against the selling members. The duties cast on him will have to be performed by him practically throughout his life without remuneration and irrespective of his convenience. The selling share holders had agreed by an undertaking to make all efforts to complete the title of the buyer.

[Dr. M. S. Aney]

A.I.R. 1943 Mad. III contains a view that the contract to sell a limited company's share contemplates that the transferer would exert to get the transferee on the register of the company's members. How this could be hoped for in the face of the sweet and absolute choice of the board of directors as per articles of association of the Syndicate passes all understanding and comprehension. But such is the nature of the contract. However, the fact remains that the transaction of the sale of the share as contemplated by both the sides gets frustrated when the board of directors refuses to register. Frustration owing to failure of a contingency arising out of Section 32 of the Contract Act is similar to the frustration created by the failure of the board of directors of the Syndicate to recognise the transfer of shares.

What should be the natural result of such frustration is now the question. The answer should be that the legal result of such failure or frustration is to treat the transaction of the sale as inoperative and to make the buyers liable to reverse the sale and to render the vendor liable to return the price or other benefit received by the vendor. For this view, I rely on the principles of sections 64 and 65 of the Contract Act and also the observations of the distinguished author, Shri Ramaiya, in the top paragraph in page 3 of his book *Guide to the Indian Companies Act, 1956*.

This aspect of the state of things between the selling shareholders and the buyers in view of the working of the Indian Companies Act remained unconsidered in the judgment obtained by the speculating plaintiff buyers in their test case C.S. No. 1746/1958 which held in the buyers' favour one sided equity making the vendor to play always the role of constructive trustee or of an unremunerated servant to make available to the buyer all the benefits, rights and privileges which the buyer would have got if his transfer had been registered by taking all kinds of tedious steps and

spending money over lawyers. Many of the sellers are not literate enough to undertake such work.

The above plaintiffs have served all selling share-holders with a notice to express their readiness to work throughout their life as constructive trustees for the lucky and speculative buyers in view of the judgement passed by the City Civil Court purporting to follow the view conceded in 1954 S.C.R. on 117th page—AIR 1953, S.C. 385. It can be urged that the view of the Supreme Court in paras 20 and 21 of AIR 1953 S.C. 385 was not followed by the Bombay City Civil Court. The corollaries of the equity affirmed in 45 Bombay L.R. 46 have been exploited in the City Court's judgement. This is not fair. In these cases, what is equitable from the point of view of the vendors was not considered. Indeed there is no statutory provision in the point as to the protection required by the vendor against the buyer's claim to treat the vendor as his unpaid constructive trustee or agent. Hence the need for some protective legislation to keep the seller unharmed and unoppressed by the 'speculator' buyer in case the latter's application for registration is rejected by the company or by some other competent authority. Again the selling share-holders reside in differently situated places in India. The speculator can take advantage of any breach and drag them in courts in Bombay where they reside or in Poona where the head office of the company lies.

To appreciate the nature of the oppression which the unwary seller would feel, one has to study the several relief and injunctions granted by the Bombay Court on the last two pages of its judgement. To be at peace one share-holder has, to my knowledge, ordered, as per section 206 of the Act, the company to pay the dividend if declared to the speculator or to his benamidar whoever may be considered as the real transferee. The share-holders have sold the share to a sharebroker and it was the latter who

seems to have sold the shares in turn to these speculators. The speculators, though informed of the above arrangement as to dividend payment, are not content. By their notice they want the selling share-holders to be the watch dogs for the buyers and to be alert to do various duties to the buyer free of cost and with due diligence, practically throughout the life time.

Such possible enforcement of the so-called rights of the buyer on the vendor has caused consternation to thousands of share-holders. All of them must be willing to pay back the consideration and take back the shares. Plenty of instances can be cited showing how legislature has intervened to curb wagering or speculation through forward contracts. The policy of section 408 of the Company Act is to adopt remedies to nullify oppressing measures which caused harassment to a company's members. It is quite fair at a certain stage mentioned in the amendment, the purchase in the hands of the speculating buyers should be considered inoperative with an equity in favour of the seller to back the share on refunding the price or advantage for which the shares were sold by the vendor without the slightest suspicion that by the mere fact of the sale, a continuous and life-long oppression will have to be suffered by the seller as virtual slave or unpaid servant and dummy of the speculative buyer. Necessity for relief as per amendment is thus obvious. Again, it is undesirable that a register of members mentioned as per section 150 should contain members who have no rights at all. I recommend the amendment for acceptance of the House.

**Shri Kanungo:** I am sorry I am not in a position to accept the amendment for the broad reason that it cuts across the very fundamentals of the conceptions of Company Law. The restrictions on shares changing hands should be as little as possible. Now, there are provisions in the law which restricts transferability in certain circumstances, provided that transferability is ensured under other circum-

stances. I may, in this connection, particularly draw the attention of the House to section 111 of the Companies Act 1956. Normally, companies in their Articles of Association provide any procedure, restrictions or conditions under which their shares can be transferred. Also, the very purpose of a stock exchange is that the transferability of the shares with the least possible hindrance and least possible delay should be ensured. In fact, if I remember aright, one of the conditions under which a company's shares can be listed in the stock exchanges is its transferability within the quickest possible time.

I can fully realise the circumstances of the solitary case which the hon. the Mover of the amendment has mentioned. I would like to see the judgement of the High Court if it has been brought to the High Court. In the original civil court, the court, I understand, decided that there was an obvious injustice to the transferer and, therefore, it went out of its way and permitted the transferer to sign proxies as a trustee of the transferee and on behalf of the transferee. This is rather a peculiar case, but the amendment as has been worded cannot be accepted at this stage because it cuts at the very root of the transferability of the shares. This particular instance is one of the out-of-the-way cases and if we find that the provisions of the law are not adequate, then we shall have to consider it at that stage, but at present we should not.

**Mr. Deputy-Speaker:** I shall now put the amendment to the vote of the House.

*Amendment No. 88 was put and negatived.*

#### New Clause 35A

**Shri Tangamani:** I beg to move:

Page 17,—

after line 25, insert—

*'35A. Amendment of section 154.—In section 154 of the principal Act,—*

[Shri Tangamani]

(a) in sub-section (1), the following proviso shall be added at the end, namely:—

"Provided that a company shall not close the register of members for a period of fifteen days next on which dividends are due."

(b) in sub-section (2), after the words "specified in that sub-section", the following words, brackets and figure shall be inserted, namely:—

"or if a register of members is closed before the expiry of period of fifteen days referred to in the proviso to sub-section (1)." (72)

This is virtually clause No. 38 in the original amending Bill, except that I would like the word "due" to be substituted for the word "declared". The reasons which were advanced when clause 38 was introduced will apply to my observations. When it was introduced we were told that this provision was intended to prevent any *mala fide* action on the part of the companies calculated to deprive the transferees of shares of the benefits of the dividends falling due. The amendment which I have tabled will bring it in line with section 27 of the Securities Contracts (Regulation) Act of 1956, which requires the transferee to lodge the security and all other documents relating to the transfer with the company within fifteen days of the date on which the dividend becomes due.

I believe this matter was also discussed by the Shastri Committee, which says:

"In view of section 27 of the Securities Contracts (Regulation) Act, 1956, requiring a transferee to lodge the security and all other documents relating to the transfer which may be required by the company for being registered in

his name within 15 days of the date on which the dividend becomes due, it might be desirable to amend this section. Normally books are closed by a company for a period antecedent to and ending with the date fixed for a general meeting but there is no binding rule to that effect. When books are closed share transfers are not accepted for registration. Dividends are declared payable to those members whose names stand on the register as on a particular date. In order to prevent any *mala fide* action on the part of a company calculated to deprive transferee of shares of the dividends legitimately due to them by keeping the books closed after the declaration of dividend, it might be provided by means of a proviso to section 154 that a company should not close its books for a period of 15 days after the dividend becomes due."

With this amendment the original section 154 will read as follows:

"(1) A company may, after giving not less than seven days' previous notice by advertisement in some newspaper circulating in the district in which the registered office of the company is situate, close the register of members or the register of debenture holders for any period or periods not exceeding in the whole forty-five days in each year, but not exceeding thirty days at any one time:

Provided that a company shall not close the register of members for a period of fifteen days next on which dividends are due."

I do not know how this omission has taken place, or what alternative provisions, if any, have been made to ratify the suggestions made by the Sastri Committee. I submit that this amendment may be accepted by the House.

**Shri Kanungo:** I am sorry I cannot accept the amendment moved by my hon. friend Shri Tangamani. My hon. friend mentioned that in the original Bill as introduced in the House there was a provision like that. But after discussion in the Select Committee we thought that we should drop it, because there is some conflict between section 27 of the Securities Contracts (Regulation) Act and the provision in the Companies Act.

Therefore, I am not in a position to accept this amendment.

**Mr. Deputy-Speaker:** I shall now put amendment No. 72 to the vote of the House.

**Amendment No. 72 was put and negatived.**

#### New Clause 40A

**Shri C. R. Pattabhi Ramam:** Sir, I beg to move:

Page 19.—

after line 26, insert—

**'40A. Amendment of section 163.—**  
In section 163 of the principal Act,—

(a) in sub-section (1), the following proviso shall be added at the end, namely:—

"Provided that such registers, indexes, returns and copies of certificates and documents or any or more of them may, instead of being kept at the registered office of the company, be kept at any other place within the city, town or village in which the registered office is situate, if—

(i) such other place has been approved for this purpose by a special resolution passed by the company in general meeting.

(ii) the purport of the proposed special resolution has been advertised in advance for

three consecutive days in at least two newspapers circulating in the neighbourhood of the registered office of the company, and

(iii) the Registrar has been given in advance a copy of the proposed special resolution.";

(b) after sub-section (1), the following sub-section shall be inserted, namely:—

"(1A) Notwithstanding anything contained in sub-section (1), the Central Government may make rules for the preservation and for the disposal, whether by destruction or otherwise, of the registers, indexes, returns, and copies of certificates and other documents referred to in sub-section (1)." (80).

Sir, by virtue of section 163(1) of the Companies Act, 1956 the register of members commencing from the date of the registration of the company, the index of members, the register and index of debenture holders and copies of all annual returns prepared under sections 159 and 160 together with the copies of certificates and documents annexed thereto are required to be kept at the registered office of the company. That was the provision in vogue.

It was represented to the Sastri Committee that in cities like Calcutta, Bombay and Madras on account of shortage of space in the registered office and in order to facilitate the proper compilation and maintenance of these registers, a company may be permitted to keep these documents at any place within the city other than the registered office of the company. The Sastri Committee accepted the suggestion. Para 67 of its report is relevant so far as this aspect is concerned. The Sastri Committee's recommendation was not, however, accepted by the Government at that time on the ground that it would enable companies to make it difficult for

[Shri C. R. Pattabhi Raman]

members to inspect the relevant records. Recently urgent representations have again been received from certain trade associations and other bodies that an amendment of the Act should be made permitting the keeping of the registers etc., within the city but at a place other than the registered office.

At present, the registered offices of most of the important companies are located in the crowded business areas of the principal industrial towns, where the problems of office accommodation and storage space has become extremely acute. The bigger companies whose registers and returns run into many bulky volumes, therefore, consider it necessary that the law should authorise them to keep and maintain the registers and returns, now kept in their registered offices, at any other place in the town, so that the office accommodation in the registered offices of those companies might be utilised to better purposes. The present amendment which is designed to facilitate the keeping of books at a place other than the registered office contains adequate safeguards for members and against *mala fide* actions of companies to make inspection of the records difficult.

The purpose of the amendment in clause (b) of this amendment is obvious. It will facilitate disposal of records that are not considered worth preserving any longer. They lumber record rooms and permission is sought to destroy them as per the rules.

Sir, I move my amendment.

**Shri Kanungo:** Sir, I accept the amendment.

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

Page 19,—

after line 26, insert—

'40A. Amendment of section 163.—  
In section 163 of the principal Act,—

(a) in sub-section (1), the following proviso shall be added at the end, namely:—

"Provided that such registers, indexes, returns and copies of certificates and documents or any or more of them may, instead of being kept at the registered office of the company, be kept at any other place within the city, town or village in which the registered office is situate, if—

(i) such other place has been approved for this purpose by a special resolution passed by the company in general meeting,

(ii) the purport of the proposed special resolution has been advertised in advance for three consecutive days in at least two newspapers circulating in the neighbourhood of the registered office of the company, and

(iii) the Registrar has been given in advance a copy of the proposed special resolution."

(b) after sub-section (1), the following sub-section shall be inserted, namely:—

"(1A) Notwithstanding anything contained in sub-section (1), the Central Government may make rules for the preservation and for the disposal, whether by destruction or otherwise, of the registers, indexes, returns, and, copies of certificates and other documents referred to in sub-section (1)." (80).

The motion was adopted.

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

"That clause 40-A be added to the Bill."

The motion was adopted.

Clause 40-A was added to the Bill.

Clause 42 was added to the Bill.

Clause 44 was added to the Bill.

**Clause 45—(Amendment of Section 173).**

**Mr. Deputy-Speaker:** Is there any amendment to clause 45?

**Shri C. R. Pattabhi Raman:** Sir, I beg to move:

Page 21,—

for lines 16 to 22, substitute—

"Provided that where any item of special business as aforesaid to be transacted at a meeting of the company relates to, or affects; any other company, the extent of shareholding interest in that other company of every director, the managing agent, if any, the secretaries and treasurers, if any, and the manager, if any, of the first-mentioned company shall also be set out in the statement if the extent of such shareholding interest is not less than twenty per cent of the paid-up share capital of that other company." (81).

Sir, the words "the extent of shareholding interest in the company" occurring in the proviso proposed to be inserted by item (b) of clause 45 seem to be misleading in the context in which they occur, because the words "in the company" would be read to mean the company which has prepared the explanatory statement for circulation to the members. This is not the intention. What is meant to be referred to is the shareholding interest in any company (other than the company circulating the explanatory statement) which is involved in the item of business which is the subject of the explanatory statement. This amendment therefore makes a necessary drafting change of a clarificatory nature.

**Shri Kanungo:** I accept the amendment.

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

Page 21,—

for lines 16 to 22, substitute—

"Provided that where any item of special business as aforesaid to be transacted at a meeting of the company relates to, or affects, any any other company, the extent of shareholding interest in that other company of every director, the managing agent, if any, the secretaries and treasurers, if any, and the manager, if any, of the first-mentioned company shall also be set out in the statement if the extent of such shareholding interest is not less than twenty per cent. of the paid-up share capital of that other company." (81).

*The motion was adopted.*

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

"That clause 45, as amended, stand part of the Bill."

*The motion was adopted.*

**Clause 45, as amended, was added to the Bill.**

**New Clause 53A.—(Amendment of section 197)**

**Shri Tangamani:** Sir, I beg to move:

Page 24,—

after line 5, insert

"53A. Amendment of section 197.—In section 197 of the principal Act, for sub-section (1), the following sub-section shall be substituted, namely:—

"(1) No document purporting to be a report, or forming a part, of the proceedings of a general meeting of the company shall be circulated or advertised at the expense of the company unless the summary of the proceedings of such meetings is also circulated or advertised." (41).

[Shri Tangamani]

In the beginning itself, Sir, I would like to make a submission, that this clause virtually is original clause 58 of the amending Bill which was introduced in this House. When this was introduced the reasons for the same were given by the hon. Minister. The notes on clauses also referred to the point why this particular clause will have a salutary effect. It was said that this particular amendment as contained in the original clause was meant and it was designed to discourage the practice of giving publicity to Chairman's speeches alone without indicating the trends of discussions at the meeting on the agenda.

Now, there are two points. One is, imposing unnecessary expenditure on the company, and the second one is, not educating the shareholders fully as to what happened in that meeting. It will not be fair to ask the shareholders to bear the burden of advertising and giving publicity to the Chairman's speech. It can be argued that so long as the shareholders know what has happened at the meeting no publicity need be given. I am not arguing that way. Possibly, it is necessary that people should know and the shareholders also should know what has happened at a particular meeting. Deletion of the original clause 58, in my humble opinion, is, therefore, a very incorrect procedure. The clause provides that publication of the Chairman's speech at the company meeting at company's cost is undesirable. The committee then felt—actually in the Joint Committee also it was felt—that the Chairman's speech was useful and the obligation to publish a summary of the proceedings of the meeting would entail unnecessary expenditure. The shareholders are now distributed all over the country. So it will be better to let the shareholders know what has actually happened at a particular meeting. That will give them an intelligent and informed position about what actually happened in that meeting.

So, Sir, the matter is not as if it was introduced all of a sudden. The Sastri Committee also, I believe, went into this matter. In paragraph 82 of its report this is what the Sastri Committee says:

In paragraph 82, the Sastri Committee had something very comprehensive to say:

"It has been pointed out that in the case of many large companies the speech of the chairman at the annual general meeting is alone printed *in extenso* and published in newspapers at the expense of the company. It has been suggested that the entire proceedings of the meeting should be published in a regional newspaper. The present section does not make it incumbent on the company to circulate or advertise the report of the proceedings."

The existing section 197 says:

"No document purporting to be a report of the proceedings of any general meeting of a company be circulated or advertised at the expense of the company, unless it includes the matters required by section 193 to be contained in the minutes of the proceedings of such meeting.

If any report is circulated or advertised in contravention of sub-section (1), the company and every officer of the company who is in default, shall be punishable." etc.

Sub-section (1) of section 193 says:

"Every company shall cause minutes of all proceedings of general meetings, and of all proceedings at meetings of its Board of directors or of committees of the Board, to be entered in books kept for that purpose."

Now, the section as it stands, provides for the publication of the chairman's speech at the expense of the company. It has been suggested that the proceedings of the meeting should be published in regional newspapers. This section does not make it incumbent on the companies to circulate or advertise the report of the proceedings. The present practice is to publish only the speech of the chairman. In order to avoid giving an inaccurate impression of the proceedings of the meeting or the state of the company's affairs and the standing of the management to the shareholders, it is desirable that this practice should be discontinued.

The Sastri Committee also has suggested in what form the amended clause should be. They say:

"No document forming part of the proceedings of the general meetings of a company shall be circulated or advertised at the expense of the company unless the matters required under section 193 to be contained in the minutes of such meetings are also circulated and advertised".

In other words, what they say is that the present practice of merely giving publicity to the chairman's speech must stop, or, if that is not stopped, it must also include proceedings as has been mentioned under section 193 of the original Act.

I have also made pointed reference to this at the Joint Committee and I tried to win over the Joint Committee on this important point. But I was in a minority. But I have made pointed reference to it in my Minute of Dissent, and I distinctly remember that the general trend of the notes of the evidence, which has also been laid on the Table and copies of which have been given to hon. Members, shows that they—I am referring to the employers' witnesses—want only the chairman's speech to be published. If the chairman's speech is going to be published, it can be done, and the

shareholders need not be made to bear the burden of meeting the cost of it. On that point, there was no direct reply. Some people would say that the chairman's speech is more in the nature of a statement of policy, indicating how far the company is carrying out the terms and conditions which have been laid down in the articles of association and the memorandum. If that was the purpose, I say that that purpose has been amply met by the memorandum and articles of association.

If that is the position, and if the purpose of giving the chairman's speech is to indicate to the people, according to the Sastri Committee, what has happened in that particular meeting, section 193 provides that only reference to a particular meeting is to be made, and that particular meeting is given publicity. But, in practice, what has happened is, they give publicity to the chairman's speech alone. In the original Act, it is not said that they must give publicity to the chairman's speech alone. However, the present practice is that the chairman's speech is given publicity and the company is made to pay the expenses thereof.

Now, we had clearly provided that if they are going to give publicity to the chairman's speech, then not the entire proceedings but at least the summary of the proceedings visualised under section 193 should also be included. I consider that this was a very useful clause which was first introduced. I cannot put it more forcibly than what is contained in paragraph 82 of the Sastri Committee report where they have indicated that it would be an undesirable thing to give publicity only to a part of the statement, and by giving publicity to a part of the statement, one does not get the actual trend.

When the Bill was introduced, we were forcibly told that this clause was only designed to discourage completely the practice of giving publicity to the chairman's speech alone, without

[Shri Tangamani]

really caring to give the trend of discussion to the public. That being the purpose, I do not know what has happened now to change the purpose for which that amendment was brought in.

So, I submit that although the Joint Committee has not accepted this view, I commend it to the House and I submit that this is one of the clauses which should be accepted by this House as the House had also expressed its views and the Government also expressed their view in forcible terms when the Bill was first discussed here before it was referred to the Joint Committee.

**Shri Kanungo:** I am sorry I am not in a position to accept the amendment. As the hon. Member has mentioned, following the Sastri Committee's recommendations, in the original Bill, a provision almost like the one proposed by my hon. friend was included. But in the course of the discussion in the Joint Committee and the reasons given there, with which I now agree, it was made clear, and the main reason was that the funds of the company should not be spent unnecessarily.

**Shri Tangamani:** Then, will the hon. Minister state that the companies will not publish the chairmen's speeches and the funds of the companies will not be spent for this?

**Shri Kanungo:** Let the hon. Member wait. About the veracity of this provision, there may be two opinions and considerable conflict, and in view of those aspects, the Joint Committee thought it wise to drop that provision. So, I am not in a position to accept the amendment of the hon. Member.

**Mr. Deputy-Speaker:** I shall put the amendment to the vote.

**Amendment No. 41 was put and negatived.**

**Mr. Deputy-Speaker:** We shall now take up clause 55.

**Clause 55.—(Substitution of new section for Section 198)**

**Shri M. R. Masani:** I beg to move:

Page 24,—

after line 32, add—

"Provided further that the aforesaid limitation of eleven per cent. of the net profits shall not apply in the case of a company which becomes a public company by virtue of section 43A or to the remuneration of managing or whole-time directors of a company under sub-sections (1) and (3) of section 309 if such remuneration has been approved by the Central Government under section 311 of the Act." (4)

Page 25,—

after line 19, add—

"Provided further that the minimum remuneration of fifty thousand rupees per annum shall not apply in the case of any company which becomes a public company by virtue of section 43A or to the remuneration of two or more managing or whole-time directors of a company if their remuneration has been approved by the Central Government under section 311 of the Act." (5)

**Mr. Deputy-Speaker:** Sir, I wish to draw the attention of the House to these amendments—two amendments—the purpose of which is the same. It is this. In the case of companies which are deemed to be public companies by virtue of section 43A, the limits that are set in this clause to the total managerial remuneration and to the minimum remuneration of the directors should not become applicable. Now, as we know in trading companies, profits are not uniform or steady. They vary from year to year, and 11 per cent. of a good year is very different from 11 per cent. of a bad year. When there are large profits, the salaries would normally not touch 11 per cent, but in a

bad year, when the profits are low, the same salaries which will be reasonable or modest would exceed 11 per cent. And salaries are not a thing that should be hitched on to the profits of a particular year. Good management would become difficult if remuneration of people involved in the management was to oscillate with the profits of the enterprise, which may be high or low, and in either event not due to their hard work or incompetence, but for completely extraneous factors of the world market, scarcity and so on, which have nothing to do with them at all. So, this whole principle of linking it with a percentage of profit is not a very suitable one.

This applies with particular force to companies which are really private companies but which are officially deemed, by virtue of section 43A, to be public companies. In this particular case, where at least those companies are managing agencies which earn no other remuneration, this clause fixing 11 per cent, would act as a hardship. I suggest, therefore, that another look should be given to this matter. Otherwise, the 43A companies will become automatically subject to these restrictions.

#### 15 hrs.

So the proposal made in these two amendments is that two categories should be excluded from the purview of this clause. One is section 43A companies and the other is those whose remuneration has already been approved by the Central Government under section 309 of the Act, *viz.*, where special sanction of the Government has been obtained, these limitation should not automatically apply. This is the purpose of the two amendments and I hope the hon. Minister will accept them.

**Shri Naushir Bharucha:** I beg to move:

Page 25,—

after line 36, add—

"Provided that any expenditure referred to in clauses (a), (b) and

(c) above shall not be included in 'remuneration' if such expenditure has been incurred solely or substantially for facilitating the business of the company or for its benefit." (59)

My amendment No. 59 deals with a point which requires the attention of Government. Clause 55 amends section 198 of the Act which provides the over-all maximum managerial remuneration. It provides that the total managerial remuneration shall not exceed 11 per cent. Sub-clause (2) says that this 11 per cent shall be exclusive of any fees payable to directors under section 309(2). The word 'remuneration' is defined in an explanation on page 25. The explanation says that remuneration shall include any expenditure incurred by the company in providing any rent free accommodation or any other benefit or amenity in respect of accommodation free of charge to any of the persons specified in sub-section (1). Those persons are managing agents, secretaries and treasurers.

My amendment is, after the 'Explanation', there should be a proviso to this effect:

"Provided that any expenditure referred to in clauses (a), (b) and (c) above shall not be included in 'remuneration' if such expenditure has been incurred solely or substantially for facilitating the business of the company or for its benefit."

I feel that it is quite possible that a company might provide rent-free accommodation because it wants certain managerial personnel on the spot, say the factory site or for some other reason and it is equally possible that the rent-free accommodation may ordinarily fetch very high rent. Take, for instance, the flats which are provided to Members of Parliament. Ordinarily some of the flats may fetch a rent which is more than the M.P.'s salary. But surely we do not regard that as being part of the remuneration paid to the M.P., for the simple reason that we understand that this is

[Shri Naushir Bharucha], given only for substantially facilitating the work of this House.

Similarly, in private enterprises, there may be not only rent-free quarters, but various other amenities which may be provided for facilitating the business of the company, even though the manager or director does not want them for his personal benefit. Therefore, my amendment provides that where such amenities have been provided substantially for facilitating the business of the company, that expenditure has to be excluded from 'remuneration'. Otherwise, Government should give us an explanation as to what is going to happen in such bona fide cases.

Shri Tangamani: I beg to move:

Page 24.—Omit lines 31 and 32(105).

Page 25, lines 8 and 9,—

omit "[exclusive of any fees payable to directors under sub-section (2) of section 309]". (106)

The main purpose of my amendment is that when managerial remuneration has been fixed on a percentage basis, it should include all the other amenities, benefits and emoluments which they are likely to get. When we are fixing the ceiling at 11 per cent, it should not exclude certain things. Section 309(2) provides for certain remuneration for attending the company meetings and also some monthly payments to the directors. My submission is, when are providing that the total remuneration to the managing directors is 11 per cent which is high enough—I have not gone into that—that is inclusive of all the other benefits they are going to get. It should exclude the other remunerations provided for them, particularly in section 309 of the Act. That is my submission.

Shri Somani (Dausa): I beg to move:

Page 24, line 25, after "its directors" insert—

"other than technical directors".  
(92)

Mine is a simple amendment that any remuneration paid to a technical director should be excluded from the managerial remuneration. The reason is quite obvious. The remuneration that is paid to technical directors of any company is for technical services that the directors render to the company. That cannot be regarded as part of managerial remuneration. So, I suggest that any remuneration paid by the company to the technical directors should be specifically excluded from the calculation of managerial remuneration.

Shri Kanungo: It is not possible to accept any of the amendments for the very simple reason that the other provisions of the law can take care of any hard cases that have been suggested. As Shri Masani has suggested, it is possible that a trading company or even a manufacturing company may run into losses for reasons beyond its control, in spite of the best of management. If in a particular year there is no profit, is it proper that the managerial personnel who have managed the company to their ability should be deprived of their remuneration?

That is exactly the reason why there are provisions that even where the maximum is prescribed in the articles of association, which according to the law cannot exceed Rs. 50,000, Government can make provision about the remuneration of the managerial personnel for any reasonable amount. As a matter of fact, there have been cases in the course of the last three or four years where these considerations have prevailed on the Government and remunerations have been provided above the maximum of Rs. 50,000 provided in the law.

As for exempting particular companies which by operation of the present law after it is passed will become public companies, obviously you cannot enact a law where you can have the advantages of both types. The very fact that by operation of the law a company moves from one category to another shows that it must take the privileges and the liabilities of the category into which it moves. But, regarding the ensuring of the managerial remuneration, it can be taken care of, as I have explained already. So, there is not going to be any difficulty. If hon. Members will read the reports of past years, they will find that Government have taken a very liberal view and have tried to ensure that even where the profits are less, reasonable remuneration is paid to managerial personnel.

So far as the amendment of my esteemed friend, Shri Somani, is concerned, it is very difficult to define the word "technical". In fact, there is a section—I do not exactly remember the number—in which there is provision for salaries and all that. But to write into the law "technical", which cannot be defined, will be opening the flood-gates to this sort of things which are happening and for which the law is being tightened, as was done in 1956. Shri Somani knows that there have been cases which have come to the notice of Government, at least to my personal notice, where odd persons have been inducted as employees, technical employees, without their having even a vestige of background of technical knowledge. So, I oppose all the amendments.

**Mr. Deputy-Speaker:** I shall now put amendment Nos. 92, 105, 4, 106, 5 and 59 to the vote of the House.

*Amendments Nos. 92, 105, 4, 106, 5 and 59 were put and negatived.*

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

"That clause 55 stand part of the Bill".

*The motion was adopted.*

*Clause 55 was added to the Bill.*

**Clause 56— (Amendment of section 204)**

**Shri M. R. Masani:** I beg to move:

Page 26.—

*after line 12. add—*

"(c) after sub-section (5), the following sub-section shall be inserted, namely:—

"(5A) A selling agent of a company shall not be deemed to be an office or place of profit under this section or any other provisions of the Act." (6).

This deals with the position of selling agents as to whether or not the term "selling agent" constitutes an office or place of profit under this Companies Bill. This is a slightly technical matter and I shall be obliged if the Minister will follow this, because there is no point of substance but there is a point of ambiguity of law. It seems that the provisions of sections 204, 294, 314 and 356 of the Act conflict and it is not clear how they can be reconciled. If section 294 alone is applicable, as it seems to be, to the appointment of a selling agent, he can be appointed for a term extending beyond five years. But if section 204 also applies, then the appointment will be bad, in so far as the period for which the appointment operates is more than four years. So, there seems to be a conflict between sections 294 and 204 in regard to the term of five years.

Section 204, that is, the present clause 56 which we are discussing, provides that no firm or body corporate shall be appointed to any office or place of profit under a company for a term exceeding five years at a time, provided that with Government's approval it may be increased in the case of initial appointment to a term not

[Shri M. R. Masani]

exceeding ten years. Sub-section 3 of section 204 provides that appointments existing at the time of the coming into force of the 1956 Act will terminate not later than five years from the date of appointment, and there is provision for renewal for special purposes not exceeding five years further at a time.

Sections 294 and 356 deal specifically with the appointment of selling agents. Under section 294 a sole selling agent can only be appointed with the approval of the company in general meeting. Sub-section 3 of that section provides that in the case of a sole selling agent existing at the time of the coming into force of the 1956 Act, the shareholders given an opportunity in general meeting, if the appointment is for a period not less than five years, to terminate the appointment, if desired, provided the termination would be effective after the expiry of at least five years from the date of the original appointment. The power given under sub-section (3) is optional to the company in general meeting, who presumably would be in a position, even if the appointment was for a much longer period than five years, to allow the appointment to continue for the full period. Section 356, on the other hand, deals with the case of a managing agent acting as a selling agent of a principal company outside India, and expressly limits the appointment of such selling agent to five years.

Now, I think the Minister will have to agree that certain consequences follow from this. If you read these three or four sections together, then the consequence that follows is that the selling agency is not to be considered, and should not be considered, as an office or profit falling under section 204. My amendment says that this should be made clear, because otherwise there will be ambiguity and endless litigation. As I understand it, my reading of the result of these three or four sections is that section 204 should not be deemed to make a selling agent's job an office of profit under the

company. If I am right, then an amendment like this, which says so in terms, should be accepted.

If that were not the position, then under section 204 the appointment can be only for a maximum period of five years and there will be no need for such a limitation under sub-section 3 of section 356. Also sub-section 3 of 294, dealing with the existing selling agents, would conflict with sub-section 3 of section 204 to the extent that it contains a provision which gives the company in a general meeting the option to allow the existing agent to continue for another five years.

As we know, the general principle of construing of statutes says that when a section deals with a general subject matter, which is section 204 (present clause 56) and another provision of the law—sections 294 and 356 deals with a specific matter the selling agent, the specific provision would override and exclude the general provisions applied under section 204. Thus the proper interpretation would be, in my view, to treat sections 294 and 356 as overriding this section, in which case the appointment of selling agent will fall outside the purview of section 294. So, whichever way one looks at the question, it will be desirable to make it clear that the appointment of selling agent in this respect does not come within the purview of clause 56, which is at present under discussion.

This view is further supported by a reference to section 314, which deals with the appointment of a firm or a private company to an office of profit in which the director of a company is interested. That section requires that no such appointment should be made except with the previous consent of the company in general meeting by special resolution. Therefore, if the sole selling agency is an office of profit, the provisions of sections 294 and 314 again directly come into conflict. The former requires a company's specific approval within a period of six months and terminates the appoint-

ment if not approved by the company's resolution, whereas the latter section requires an appointment, if any director is interested, to be sanctioned by a previous special resolution.

These various provisions, if left un-construed, will cause considerable confusion and it seems that the amendment of the Act at this point offers a very good opportunity to my hon. friend to clarify this matter and put it beyond doubt. If a time-limit is to be fixed for the appointment of the selling agent, other than in the case of managing agent and associates, it should be done in this Bill by section 294. Appointment of selling agents, which have already been made before this amending Act, should be allowed to continue for the full period since they were made in the belief and with the justification that no limit of time was provided by the law in regard to the appointment of selling agents except in the case where there was identity between the selling agent and the managing agent. Therefore, I would request that this amendment, which is clarificatory of the position as it today obtains in law, should be accepted to put this matter beyond doubt and prevent confusion and litigation.

**Shri Kanungo:** As this and subsequent clauses have provided that sole-selling agency is an office of profit, that is the premise on which we have gone.

**Shri M. R. Masani:** What about the other sections?

**Shri Kanungo:** Where it is a question of a particular category of men going into certain particular categories of contracts it will be governed by certain considerations. I am advised that there will be no conflict. The provisions regarding sole-selling agency as such will not conflict with those provisions. Shri Masani is right when he says that there might be some amount of ambiguity. Maybe, there might be some amount of doubt. But I am advised that that doubt is not

sustainable. Therefore I am not prepared to accept this amendment.

**Mr. Deputy-Speaker:** I shall now put amendment No. 6 to the vote of the House.

*Amendment No. 6 was put and negatived.*

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

"That clause 56 stand part of the Bill."

*The motion was adopted.*

*Clause 56 was added to the Bill.*

**Mr. Deputy-Speaker:** We shall now take up the next group of clauses, that is, clauses 57 to 79.

**Shri M. R. Masani:** I have got an amendment to clause 57. I would like this clause to be discussed.

**Mr. Deputy-Speaker:** I shall first put clauses 58, 60 to 64, 67 to 69, 71, 73 and 76 to 78 to the vote of the House together.

**Shri Somani (Dausa):** What about clause 77?

**Shri Tangamani:** Shri Somani wants clause 77 to be discussed separately.

**Mr. Deputy-Speaker:** Then I will take out clause 77 and put the other clauses together.

The question is:

"That clauses 58, 60 to 64, 67 to 69, 71, 73, 76 and 78 stand part of the Bill."

*The motion was adopted.*

*Clauses 58, 60 to 64, 67 to 69, 71, 73, 76 and 78 were added to the Bill.*

**Clause 57.—(Substitution of new section for section 205)**

**Shdi M. R. Masani:** Sir, I have an amendment (No. 7) to this clause which suggests that certain lines be deleted. I move:

Pages 26 and 27.—

omit lines 26 to 41 and 1 to 4 respectively. (7)

By this clause it is provided that the payment of dividend should be subject to certain limitations and there are two provisos whose deletion I am suggesting. The provisos are that if a company has not provided for depreciation for any previous year, the depreciation for the previous year has to be made up before a dividend can be declared and, similarly, losses for previous years have to be met before a dividend can be declared after the coming into force of this Act of 1960.

This may be a reasonable restriction in the case of a normally functioning company, but I think it will be admitted that where a new company or where a company which is making a drastic expansion of its operations is concerned, to expect these provisos and provisions to be complied with would create great hardship. If we are serious about wanting new entrepreneurs to come up in this country and are wanting expansion of our joint stock enterprise, it seems to me that this is a very queer way of going about it. In the interest of new enterprise and of expansion, I think these fetters which are sought to be put by this clause are bad. From that point of view I am suggesting that these limitations be removed in so far as new companies and expansion projects are concerned.

**Shri Naushir Bharucha:** Sir, I beg to move:

Page 27, line 6.—

for "necessary so to do in the public interest" substitute "fit" (60).

Clause 57 deals with section 205 which relates to dividend being paid only out of the profits of the company.

So far as the fundamental principle underlying this clause is concerned, one has absolutely no doubt about its soundness. In fact, I think this will ultimately make for very salutary and healthy finances of companies. But I agree in a measure with my hon. friend, Shri Masani, who said that some exceptions should be made in the case of those companies which, while they function normally, would be able to carry out the provisions of this clause but which the case of very big expansion may not be able to fulfil the conditions required here. It would be very unfair to the shareholders of such a company because the company is functioning healthily, just because it has taken to expansion programmes it should not be allowed to pay dividends for perhaps a number of years.

Very probably the hon. Minister in charge of the Bill will give the answer to that by saying that there is a provision contained in sub-clause (c) on page 27 where it says:

"The Central Government may, if it thinks necessary so to do in the public interest, allow any company to declare or pay dividend for any financial year out of the profits of the company for that year for any previous financial year or years without providing for depreciation."

The hon. Minister may say that this is a complete answer to Shri Masani's objection. But I am afraid it is not a complete answer. My amendment seeks to provide a more or less complete answer to that and it is this.

Sub-clause (c) refers to the Central Government's power to permit companies to declare dividends where it thinks necessary so to do in the public interest. In other words, if public interest is not involved then the Central Government even has no power. Normally, it is very difficult to see how public interest comes in where a particular corporation carries on its activities and requires dividends to be declared without providing fully for

that. It is mainly a matter between the company and its shareholders. Public interest can only come in, if at all indirectly. For instance, if it is an enterprise like the steel industry or something, one can understand an element of public interest in it. But in the case of most of the companies you will appreciate that there is no question of public interest being involved. It is a question of internal finance of that particular company. Therefore I am suggesting that instead of saying 'the Central Government may, if it thinks necessary so to do in the public interest', we should say 'the Central Government may, if it thinks fit'. It leaves a very wide latitude to the Central Government, whether public interest is involved or not, to permit a company to declare dividend without fully satisfying this provision. This is a very necessary clause and I do not think the hon. Minister should take a rigid attitude or regard it as a question of prestige and think that any amendment moved by the Opposition, if it is accepted, tends to lower the prestige of the Government.

I think that where the basic principles of a clause are sound, the pin pricks ought to be eliminated. Once the Government has got the basic principle in its favour. I do not think it ought to fight shy of accepting such an amendment. This amendment does not in any way impair the strength of sub-clause (c) as it stands. On the contrary, it gives the Government a wider latitude. I want the Government to have a wider latitude in its own interest so that at a particular time it may not feel helpless even while desiring to give a company permission, on the ground that it is not in the public interest. Therefore I appeal to the hon. Minister in charge of the Bill to consider this.

**Shri Somani:** I beg to move:

Pages 26 and 27,—

for lines 25 to 41 and 1 to 16 respectively, substitute—

"Provided that it shall not be necessary for a company to provide

for depreciation as aforesaid where dividend for any financial year does not exceed a rate of six per cent on the paid-up capital or where dividend for any financial year is declared or paid out of profits of any previous financial year or years which falls or fall before the commencement of the Companies (Amendment) Act, 1960." (93).

I feel that the policy proposed to be adopted under this clause may have certain consequences and it is very desirable that the Government should seriously consider the implications of this policy on the climate of investment. Fortunately, the climate at present for investment in new companies is very favourable. I am really very much afraid that this restriction as suggested in this clause, may adversely affect that climate. There cannot be any difference of opinion in regard to the desirability of doing everything possible to promote investment in productive enterprises. I do not think, therefore, that it is the policy of the Government to do anything to discourage that investment. We have, therefore, to analyse the implications of this clause so that the results that may arise out of the application of these restrictions can be properly kept in view.

It is quite obvious that for any enterprise, it takes three years or longer to go into production after the company is floated and money is realised from the investors. After having gone into production, it should also be remembered that under the Income-tax Act, new projects are eligible to the benefit of development rebate. It is compulsory for all companies to provide at least 75 per cent. of the development rebate before any profits can be utilised for paying any dividend. In the initial period 75 per cent. of the 25 per cent development rebate to which new projects are eligible is a very substantial amount. That it-self lengthens the period of payment of dividend and over and above that, it is sought to be provided that not

[Shri Somani]

only depreciation for the year in which the profits have accrued, but also all the arrears of depreciation of previous years have got to be provided before a company can declare any dividend. In practice, this means only one thing. That is, no new company or existing company with a substantial programme of expansion will be able to pay any dividend to its shareholders for quite a number of years, unless, of course, specifically approved by the Government. I do not think there is any such situation or any circumstances which warrant the imposition of the drastic restrictions involved in this clause. As a matter of fact, every company management is quite aware of the need to provide adequate amount so far as depreciation is concerned. I do not think there is any justification for coming to general conclusions to be drawn as if any companies have acted hastily in declaring any liberal dividends before making any provision for depreciation. It is better that, so far as this question of dividends is concerned, it is left to the Board and the shareholders in their general meeting. They are the best judges of the nature of the policy which the company should adopt so far as dividend is concerned.

In my amendment, I have only suggested that the companies should be given the discretion to declare dividend up to 6 per cent before making adequate provision or necessary provision for depreciation. I do not think the declaration of 6 per cent dividend to the investors after a period of 4 years or 5 years, which is the minimum period in the light of the requirements of development rebate, is something to which any objection could be taken. I, therefore, suggest that the Government should seriously consider the desirability of not putting any restriction which may have an adverse effect on the climate of investment. Because, I have no doubt that if this Bill is strictly enforced, naturally, any investor would fight shy of investing in a company from which he cannot

expect any return for a number of years, 7 or 8 years. I submit, with all earnestness, that some relaxation of policy is called for. That is all that I have suggested in the amendment.

**Shri Nathwani:** Fears have been expressed that the existing provisions will operate harshly, particularly in the case of new companies. It is said that there is at present a very favourable climate for investment in new companies and that if the existing provisions are to be implemented, it will act as a deterrent to the new investors who are not likely to get anything by way of yield for a considerable period of time to come. In this connection, I wish to draw attention to the existing provisions of section 208. I will read it out because it will allay the fears or apprehensions of those who think that for some time, for even as long as a period of 7 years, they may not get anything out of the company. Section 208(1) says:

"Where any shares in a company are issued for the purpose of raising money to defray the expenses of the construction of any work or building, or the provision of any plant, which cannot be made profitable for a lengthy period, the company may—  
(a) pay interest on so much of that share capital as is for the time being paid up...."

In the case which is visualised by my hon. friend Shri Somani and by my other friends, there is provision in this Section 208. The concern is sound; but it is expected that it will take a considerable time before it can meet its due liabilities, whether by way of development rebate or by way of other liabilities and nothing would be left to enable the company to pay dividends. In that case, there is an existing provision whereunder the company can pay a reasonable rate of interest on the share capital.

Secondly, it is said that it would act as a deterrent. Those who are now

going for investment in new companies are doing so, not with a view to get dividends in the near future or immediately. As every one of us, who is watching the present trend in the share market, knows, there is immediately considerable appreciation in the value of the shares. Even before the capital is subscribed, even before the land and machinery are purchased, there is considerable appreciation of the shares. Therefore, the fear that the provision would act as a damper on investment is, according to me, misconceived. That is all I have to say in this connection. I think this provision would ensure a greater amount of financial stability and to that extent; from the long range point of view, it is to be welcomed.

**Shri Morarka:** Sir, I support clause 57 because I think it contains a very salutary provision. The main principle in company organisation or in the philosophy of corporate enterprises is that dividend should not be paid out of capital. Nobody can dispute this salutary principle. That is, the capital of the company should remain intact. If you do not provide real depreciation according to the real value of an asset, that is if you provide less depreciation, or if you do not provide for depreciation at all out of your profits and if you pay dividend, to that extent, you are paying dividend out of capital. Let me illustrate this point. Suppose there is a company with Rs. 10 lakhs as paid up capital. This sum of Rs. 10 lakhs is invested in purchasing plant and machinery. You know that the life of this plant and machinery is 10 years. At the end of the tenth year, the value of this plant and machinery would be zero. That means, every year, you must provide at least Rs. 1 lakh by way of depreciation on the plant and machinery. Otherwise, your profit figures to that extent would be unrealistic. In preparing the profit and loss account, if you do not provide Rs. 1 lakh for depreciation but provide less, or you do not provide at all, that means, the figure of profit that you have deter-

mined is not the real figure of profit, but that is only an inflated, artificial figure which is arrived at only to enable you to make payment of dividend. In other words the dividends which you are paying are not paid out of real profits. You are paying dividends only out of capital. It is like this. Suppose there are unpaid wages, unpaid salaries or certain other bills which are unpaid and you have not taken those bills into consideration, naturally your profit figure would be more. Can you pay dividend out of that profit? All that I say is that depreciation must be provided, and provided fully according to the real life of the asset. Clause 57, according to me, makes ample provision for such contingencies.

I cannot understand the amendment of Shri Masani seeking to delete this proviso. He wants the proviso to be dropped because it requires that if you want to pay dividend even out of your accumulated past profits, before you do so you must ensure that depreciation has been provided for those past years, the years to which those profits relate. If the accumulated profit is a profit without providing for depreciation, the same infirmity in the argument would exist. Those profits also would be unrealistic inasmuch as they have not taken care of depreciation.

But there is a proviso which I think would meet the requirements of Shri Masani to some extent. The proviso on page 27 says:

"Provided further that it shall not be necessary for a company to provide for depreciation as aforesaid where dividend for any financial year is declared or paid out of the profits of any previous financial year or years which falls or fall before the commencement of the Companies (Amendment) Act, 1960."

**Shri M. R. Masani:** I said "after".

**Shri Morarka:** The proviso which he wants to delete refers to years after

[Shri Morarka]

the commencement of this Act, that is the Bill under consideration. What I mean is that even this Clause 57 has no retrospective applicability, it is only prospective. Surely, the shareholders would know that dividend would be paid only after making full provision for depreciation.

**Shri M. R. Masani:** It is bad for them to know it because they will not invest their money.

**Shri Morarka:** I beg to differ from him when he says that shareholders would not invest money if depreciation is provided. I do not agree with him. The example that Shri Somani gave I can understand, namely that the company is entitled to certain special rebate, special type of depreciation, and if in one year this rebate and depreciation amount to 40 or 50 per cent., it will not be possible for the company to make provision to that extent. Even in this Clause 57 it is not required that you must make provision for depreciation to that extent, but only on the normal basis, basis acceptable to the income-tax people or basis which is reasonable in the opinion of the Central Government. The new sub-section reads:

"(2) "For the purpose of sub-section (1), depreciation shall be provided either—

\* \* \* \*

(c) on any other basis approved by the Central Government which has the effect of writing off by way of depreciation ninety-five per cent. of the original cost to the company of each such depreciable asset on the expiry of the specified period;"

All that it says is that the discretion is left to the Central Government to indicate any particular basis which would have the effect of writing off 95 per cent of the value of the asset over a specified number of years.

The real life of an asset is determined only in terms of years, and if the number of years has to be determined by the Government, whether a particular asset has a life of 10, 15 or 20 years, then surely the depreciation which has to be provided under this clause has to be in accordance with that life. That means it would be on a real basis, on a basis acceptable to the income-tax people or is permissible under various provisions. I think therefore that the fears expressed by Shri Masani and Shri Somani are not very well founded, because I feel it is a very salutary principle that before you give dividend, depreciation on the basis of the real life of the asset must be provided. Otherwise, you are paying dividend out of capital, and that is against the fundamentals of the corporate philosophy itself.

I therefore support this clause and I hope hon. Members will not press their amendments.

**बी रामसिंह भाई बर्मा (निमाड) :** श्रीमान्, जो एमेंडमेंट श्री मसानी जी और श्री सोमानी जी का है, उसका मैं विरोध करता हूँ। इसका मूल कारण यह है कि ऐसा करते समय उन्होंने इंडस्ट्री का ख्याल नहीं रखा है और न शेयर होल्डर्स का ही ख्याल रखा है। इंडस्ट्री की चिन्ता उन्होंने नहीं की है, केवल डिविडेंड की ही चिन्ता की है। मैं अपने अनुभव के आधार पर कहता हूँ कि इस प्रकार डिविडेंड देने का एक बुरा परिणाम आया है। मैंने उसे भोगा है और भोग रहा हूँ। पिछले जमाने में ऐसा होता आया है कि उद्योग और कारबाना लास करता रहा है और बिना इसको देखे हुए कि कारबाने की क्या हालत है क्या नहीं है, बिना डिप्रिशियेशन निकाले हुए, बिना प्राफिट को या जास को देखे हुए डिविडेंड बाट दिया जाता था और कहीं पर दो ढक सौ प्रतिशत तक बांटा गया है।

उधर जो बिल्डिंग्स हैं, जो मशीनरी है, जो ब्लाक है, उसकी कीमत कम होती गई और इसका परिणाम यह हुआ कि कारखाने बन्दी का सवाल आ गया। इस तरह से कितने ही कारखाने और मिलें बन्द हुई और इस कारण से बन्द हुईं कि उन्होंने डिप्रिशियेशन नहीं निकाला और अधिक से अधिक डिविडेंड बांट दिया। डिप्रिशियेशन तो मूल चीज़ है और उसको निकाला ही जाना चाहिए। अगर कोई ऐसा साल गुज़रा हो कि उस साल में डिप्रिशियेशन नहीं निकाला जा सका हो—त्योंकि ऐसा होता है कि कभी उतार या चढ़ाव आता है, कभी लास भी हो सकता है—तो पिछला डिप्रिशियेशन आगे के प्राफिट में से निकाल लिया जाना चाहिये। अगर बारह से पन्द्रह वर्ष तक बिल्डिंग और मशीनरी की उम्र आंकी गई हो, तो उस पीरियड के अन्दर या उसके बाद भी बिल्डिंग और मशीनरी नई की नई बनी रहेगी, अगर डिप्रिशियेशन निकाला गया हो। अगर वह नई की नई बनी रहेगी तो आगे चल कर आपको डिविडेंड मिल जायेगा। इस वास्ते डिप्रिशियेशन निकालना बहुत बड़ी चीज़ है और बिना कारखाने की स्थिति को देखे हुए, बिना डिप्रिशियेशन निकाले हुए, डिविडेंड बांट देना गलत उमूल है। और कारखाना कायम नहीं रहेगा।

सोमानी जी ने भ्रमी डिवलेपमेंट रिवेट की बात की। अगर डिप्रिशियेशन नहीं निकाला गया होता तो डिवलेपमेंट रिवेट का सवाल कहां से आएगा, और कैसे पैदा होगा जब पैसा नहीं है, जब आप लास करते जा रहे हैं और लास के बावजूद डिविडेंड बांटते जा रहे हैं।

मैं श्री मसानी और सोमानी जी से निवेदन करना चाहता हूं कि आप उद्योगपति हैं और आपको चाहिये कि आप पहले उद्योगों का खायल रखें। गाय दूध देती रही, इसका

खायल रखें और यह न सोचें कि जितना डिविडेंड दिया जा सकता है बिना दूसरी चीजों का लिहाज रखे, दिया जाना चाहिये। अगर आप ऐसा करते हैं तो मैं समझता हूं कि सोने का ग्रण्डा देने वाली मुर्गी जैसी हालत आप करने चले हैं। ऐसा नहीं होना चाहिये। इस वास्ते मैं उनसे फिर से निवेदन करता हूं कि वे अपनी एमेंडमेंट वापस ले लें। म मजदूर वर्ग से ताल्लुक रखता हूं फिर वे उद्योग के और उनके हित की बात कह रहा हूं। वे स्वयं अपने हित की बात को समझें यह केवल मेरे समझाने वाली ही बात नहीं है।

इन शब्दों के साथ जो ज्वाइन्ट कमेटी ने कम्पनी एक्ट में क्लाऊ रखी है उसका म समर्थन करता हूं और जो एमेंडमेंट पेश की गई है, उसका मैं विरोध करता हूं।

**Shri Kanungo:** I would draw your attention to the clause as it was introduced in Parliament and as it has emerged from the Joint Committee. It can be safely said that the rigidity of the original clause has been considerably lessened.

My hon. friends Shri Morarka and Shri Nathwani have explained very lucidly the provisions as they exist today, and I believe all genuine apprehensions can be taken care of. In fact, as Shri Somani says, the clause now stands irrespective of the fiscal and tax laws as they change from time to time. The discretion lies with the company. Any good company will adjust its affairs to the best advantage of its share-holders. Therefore, the company can frame out its own method of providing for depreciation, and they have only to get the approval of the Central Government. That provision has been kept there merely to see that the provision which the company itself makes for depreciation is not onerous to the share-holders; but the initiative itself lies with the company. Thus, the rigidity which existed in the original Act, and which was there in the original Bill has been considerably

[Shri Kanungo]

liberalised. Therefore, I do not see any reason why there should be any apprehension.

Even in extreme cases, where dividends may not be available, as in the case of a large project where a sum of Rs. 10 crores or Rs. 20 crores is invested, and the factory comes into operation after a long time, the provisions of section 208 have been specifically excluded from the operation of this clause. In other words, dividends could be paid out from the capital itself under certain circumstances.

**Shri Naushir Bharucha:** Interest.

**Shri Kanungo:** It depends upon the circumstances whether it is interest or dividend. After all, interest is accumulation of capital.

Therefore, I commend that the clauses as recommended by the Joint Committee may be passed.

**Shri Naushir Bharucha:** What about Government taking more powers under section 205(1)(c), as suggested in my amendment?

**Shri Kanungo:** We feel that the powers as they are are enough.

**Mr. Deputy-Speaker:** I shall now put the amendments to vote.

*The Amendments Nos. 93, 7 and 60 were put and negatived.*

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

"That clause 57 stand part of the Bill."

*The motion was adopted.*

*Clause 57 was added to the Bill.*

**Clause 59—(Amendment of section 209)**

**Shri Naushir Bharucha:** I beg to move:

No. 61, Page 29, after line 3, add:

"Provided further where books of account are temporarily shifted to a branch office in the ordinary course of business, or are shifted for the purpose of litigation in Court or for production before an authority requiring production of such books under any law for the time being in force, no such intimation may be given to the Registrar.". (61)

No. 62, Page 29, after line 19, add:

"Provided further that where on the date of commencement of the Companies (Amendment) Act, 1960, a company has not preserved books of account for the relevant period mentioned in sub-section (4A), the Government, on an application to be made by the company, within three months of the commencement of the Companies (Amendment) Act, 1960, may, on sufficient cause being shown, exempt the company from the requirements of sub-section (4A) for such period as it thinks fit.". (62)

**Mr. Deputy-Speaker:** These amendments are now before the House.

**Shri Naushir Bharucha:** Clause 59 amends section 209 which deals with the books of accounts to be kept by a company at its registered office. While we appreciate the fact that a clause of this type is necessary, I am of the opinion that so long as Government serve their purpose, it is desirable that the management of companies should not be put to any avoidable inconvenience.

The case that I have in mind is this. It is conceivable that the books of accounts of a company may have to be shifted from time to time from the head office to a branch office, or they may be required to be produced in a court of law for the purposes of evidence. If we are to maintain intact

the clause as it has emerged from the Joint Committee, it would mean that even where the books of accounts have been temporarily shifted, within seven days, the management has to inform the registrar of companies. I am of the opinion that where books have to be shifted in the ordinary course of business, this obligation on the management to inform the registrar within seven days should not be kept for two reasons; first, there will be numerous cases in which companies will be involved in litigation and there will be avoidable inconvenience caused to the management of the company to comply with the provisions of this clause; secondly, the work in the registrar's office will unnecessarily increase; especially, when books of accounts have to be temporarily shifted, the volume of correspondence that would get accumulated in the registrar's office would be huge enough.

I, therefore, appeal to the hon. Minister in charge of the Bill to consider the amendment which I have moved, namely:

"Provided further where books of account are temporarily shifted to a branch office in the ordinary course of business, or are shifted for the purpose of litigation in Court or for production before an authority requiring production of such books under any law for the time being in force, no such intimation may be given to the Registrar."

I suppose this is a common sense amendment, which ought to be accepted by Government. As I said, while we are in favour of making more stringent the provisions of the Companies Act, we are not in favour of unnecessarily putting in clauses which may cause avoidable inconvenience.

The second amendment to which I have to invite the attention of the House is this. Under the proposed new sub-section 4A, it has been provided that:

"The books of account of every company relating to a period of not

less than eight years immediately preceding the current year shall be preserved in good order."

There is an obligation on the company to preserve the books of accounts of the company for a period of eight years; and that is regarded as necessary for the purpose of income-tax or for the purpose of special audit or whatever it may be. I think that the clause on the whole is salutary, but then, failure to maintain intact books of accounts of the preceding eight years entails certain penal consequences. It is conceivable that on the day that this amending Act comes into force, a company may not have for one reason or the other, books of accounts for the preceding eight years. Therefore, immediately this amending Bill becomes law, the directors of the company incur a legal penalty. In other words, what we are doing is that we are creating a criminal offence with retrospective effect, which is against all accepted standards and canons of criminal jurisprudence. An Act which was innocent when it was done should not be converted into a criminal act with retrospective effect.

Therefore, I have suggested an amendment to the effect that:

"Provided further that where on the date of commencement of the Companies (Amendment) Act, 1960, a company has not preserved books of account for the relevant period mentioned in sub-section (4A), the Government, on an application to be made by the company, within three months of the commencement of the Companies (Amendment) Act, 1960, may, on sufficient cause being shown, exempt the company from the requirements of sub-section (4A) for such period as it thinks fit."

The idea is this that it is not also desirable, if they are going to give some latitude to companies who have not preserved books of accounts, that they should sit over that position, until they are actually caught for some reason or the other.

[Shri Naushir Bharucha]

Therefore, I suggest an alternative by which the innocent companies, bona fide innocent companies, will not be penalised, and it is this. Supposing a company has not preserved books of accounts for eight years, then, within three months, it has got to apply to Government and say that it has not preserved books of accounts, and the Government will naturally make enquiries, and if sufficient cause is shown, in that case, Government may say, all right, you will be exempted for a period of another two years or three years, as the case may be; that is, the books of accounts are preserved only for the four or five preceding years. Otherwise, the effect of it will be this; the moment this Bill becomes law, immediately, because of its retrospective effect, we are creating an innocent act into a criminal offence.

I would like Government to look into both these amendments.

**Shri Morarka:** I support the amendment of my hon. friend, Shri Naushir Bharucha, concerning this retrospective effect. It is not so much an amendment as a clarification which is necessary from the Government side, because sub-clause 4A reads like this:

"The books of account of every company relating to a period of not less than eight years immediately preceding the current year shall be preserved in good order."

"Provided that in the case of a company incorporated less than eight years before the current year, the books of account for the entire period preceding the current year shall be so preserved."

Now, the difficulty may be that some of the existing companies may not have their books of account well preserved for these 8 years, because there was no law requiring them to do so—at least they may not have the books of account which are enumerated in this particular provision. I do not think it is the intention of the Department or Government to give retros-

pective effect to this clause and to punish people if they had not preserved the books of account. I think a clarification is necessary to say that after the commencement of this Act all companies would be required to preserve their books for 8 years. Those companies which do not have them for 8 years should intimate to the Department as to for how many years they have got the books of account. From then onwards at least, they should keep them for 8 years. I think this is a necessary clarification and I am obliged to my hon. friend for raising this point.

There is another point which I want to raise here. In this clause, for the first time we are providing a penalty of imprisonment for not keeping the books enumerated therein or for not keeping them at the registered office of the company. The penalty provided in the 1956 Act was Rs. 1,000. Now, we are enhancing that penalty to 6 months' imprisonment or Rs. 1,000 or both. This was considered in the Joint Committee to be necessary. This was as a result of the cumulative wisdom of the Joint Committee. So, I do not oppose it. But there is one thing. Wherever we have provided the penalty of imprisonment, we have also provided that the offence committed must be wilful. That is the general phraseology of the entire Companies Act. This was accepted in 1956. By some omission on my part, I could not move an amendment to this effect. But I would request the hon. Minister to consider it. If it is too late to accept an amendment to this clause, at least he should issue a directive to the Department to see that if such cases come then so far as the penalty of imprisonment is concerned, they should not ask for it unless and until they are satisfied that the offence was deliberate and wilful. If the hon. Minister is prepared to hold over the clause because we are ahead of schedule, I would be grateful to him, but if he is not inclined that way, at least he should issue directives to the Depart-

ment as I have suggested, because this is in keeping with the general pattern.

Before I sit down, there is another point I want to mention. The penalty of imprisonment is provided in two sub-clauses. One is for the managing director, general manager, manager, etc. Similarly, a penalty is also provided for other persons to whom the work is entrusted of keeping the books of account, etc. So, I would humbly request the hon. Minister to consider this. At least so far as the managing directors are concerned, there is some safeguard for them; they will have reasonable grounds to plead that the other persons were in charge and so on. But so far as the other executives, the subordinate officers, accountants, etc. are concerned, they have no such defence. So I would earnestly appeal to the Minister either to hold over the clause or introduce the word 'wilful' or at least to issue a departmental directive, on this point.

**Shri Kanungo:** I fully realise the apprehensions which have been voiced on the floor of the House. In fact, these apprehensions were discussed in the Committee stage and otherwise. It is true that very severe punishment has been provided for. It is also true that this clause is, by implication, to take effect retrospectively. All I want to say is this. As far as the public is concerned, the Sastri Committee Report was before the public and the Bill was introduced quite a long time ago. I concede that it is not notice enough because until a provision is written into the statute, it need not mean anything to anybody. But I would say that this provision has been made and deterrent penalty provided because there have been flagrant cases of destruction of books. Also, we have taken into consideration the fact that normally companies maintain their books, mostly for tax purposes. I am not prepared to accept any modification in the clause, but I can assure the House that Government will not invoke the penalty provision in genuine cases. That is, where in the

course of routine without any *mala fides*, without any other intentions, the books are not available, we will not invoke it. In other words, we will enforce the law rigidly from the date it is enacted. As far as the past period is concerned, we will construe it liberally, and where the cases are genuine, we will not insist upon the heavy penalty or go in for prosecution.

As for what my hon. friend, Shri Morarka, mentioned, I would refer him to sub-clause (d) which says in item (iii):

"after the proviso, the following further proviso shall be inserted; namely:—

'Provided further that no person shall be sentenced to imprisonment for any such offence unless it was committed wilfully'".

So the word 'wilfully' is there.

**Shri Morarka:** That covers only the managing director. It does not cover the subordinate officers.

**Shri Kanungo:** It is true that it is primarily for the managers, managing directors and so on. Normally the primary responsibility is on the management, not upon the subordinates. It has been mentioned here, particularly to give a little modicum of safety; it cannot be stretched too far, because under the guise of what you call 'wilfulness' which in any case has got to be provided for in a criminal Act, the management should not escape punishment by making a scapegoat of the smaller fry.

**Shri Morarka:** I can understand the intention of the hon. Minister. But the present provision, as it stands, will exactly do the opposite. The minor fry would be sent to jail. For the bigger fry, you are providing the provision about 'wilfulness'. So why not the same be provided in the other case also?

**Shri Kanungo:** Wilfulness is a very difficult thing to prove in a criminal court or for the matter of that in any court. Therefore, I want to keep it as wide as possible.

**Mr. Deputy-Speaker:** Shall I put both the amendments together or separately?

**Shri Naushir Bharucha:** In any case, fate is the same.

**Mr. Deputy-Speaker:** I shall now put amendments Nos. 61 and 62 to the vote of the House.

*Amendments Nos. 61 and 62 were put and negatived.*

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

"That clause 59 stand part of the Bill".

*The motion was adopted.*

*Clause 59 was added to the Bill.*

**Clause 65—(Amendment of section 220).**

**Shri Jaganatha Rao:** I beg to move:

Page 33, line 3,—after "provided" insert "further". (112).

This is the same as amendment No. 82 tabled by Shri C. R. Pattabhi Ramam.

**Mr. Deputy-Speaker:** Is it acceptable to Government?

**Shri Kanungo:** Yes.

**Shri Jaganatha Rao:** It is a very small amendment which seeks to insert the word 'further' after the word 'Provided' in page 33, line 3. It is because there is already a first proviso, and this is the second proviso.

**Mr. Deputy-Speaker:** This amendment is now before the House.

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

Page 33, line 3—

after "Provided" insert "further". (112)

*The motion was adopted.*

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

"That clause 65, as amended, stand part of the Bill."

*The motion was adopted.*

*Clause 65, as amended, was added to the Bill.*

*Clause 66 was added to the Bill.*

**Clause 70.—(Insertion of new section 233A)**

**Shri M. R. Masani:** Sir, I move:

Page 36,—

after line 24, add—

"Provided that before directing a special audit of the company's accounts the Central Government shall serve a notice on the company indicating the reasons why it proposes to appoint a special auditor and shall give the company an opportunity to show cause why such special audit should not be directed.

(1A) Where the Central Government makes an order under sub-section (1) or refuses to rescind any such order under the proviso thereto the company or any person aggrieved thereby may apply to the Court and the Court may if it thinks fit by order vacate any such order of the Central Government provided that no order whether interim or final shall be made by the Court without giving the Central Government an opportunity to show cause against any such application." (8)

Page 37,—

*omit lines 1 to 7 (9).*

Page 37, line 9,—

after "Central Government" insert—"shall furnish a copy of the report to the company and". (10)

Page 37, lines 14 and 15,—  
omit "either a copy of, or relevant extract from, the report with". (11)

Page 37,—  
for lines 16 to 18, substitute

"thereon and require the company either to circulate a copy of the report or such extracts thereof as the Central Government shall indicate to the members or to have the report or such extracts read before the company at the next general meeting". (12)

#### 16.12 hrs.

[SHRI JAGANATHA RAO in the Chair]

This is an important clause. There was a certain amount of debate when the Bill came back from the Joint Committee. I shall try to explain the purport and purpose of these amendments of mine. Most important of these amendments is the one that seeks to suggest that certain rules of equity be given application to when the question of special audit is considered.

My amendment No. 8 reads:

"Provided that before directing a special audit of the company's accounts the Central Government shall serve a notice on the company indicating the reasons why it proposes to appoint a special auditor and shall give the company an opportunity to show cause why such special audit should not be directed and if the company shows such cause to the reasonable satisfaction of the Central Government the said special audit shall not be directed."

The second safeguard in the amendment is:

"Where the Central Government makes an order under sub-section (1) or refuses to rescind any such order under the proviso thereto the company or any person

aggrieved thereby may apply to the Court and the Court may if it thinks fit by order vacate any such order of the Central Government provided that no order whether interim or final shall be made by the Court without giving the Central Government an opportunity to show cause against any such application."

The next amendment is to omit lines 1 to 9 on page 37. That would take away the power of the special auditor with Government's authority to ask for information of any kind that he wants, to launch upon an inquisition. That would not normally happen in any democratic country without the warrant of a court of law.

The remaining amendments are of a slightly more detailed and minor nature.

The last amendment is No. 12. It requires that the Central Government should make the reports or extracts of the report available to the companies and that these may be placed before the next general meeting of the shareholders by the directors so that they also cannot suppress the facts from those who own the company.

In the course of the general debate, Government never answered the question that was put to them as to where was the necessity for the special audit. They have got so many powers of making special investigation under the other sections of the Act. That one would have thought that they would have utilised those powers that are already with them effectively before they went in for more powers. The desire of Government to arm themselves for all possible contingencies is becoming an obsession. We find that one power after another is being taken, whether it is effectively utilised or not.

The provisions of the clause, as they are at present, are of a very sweeping nature. As I pointed out earlier, when we talk of Government we talk of a

[Shri M. R. Masani]

small middle level official to whom, ultimately, the discretion of Government has to be delegated and who, in fact, must exercise that discretion.

I do not want to cover the ground that was covered in the general discussion of the Bill, but I cannot help recalling that Government were unable to give any lucid answer to the question as to how they proposed to exercise this discretion of deciding whether or not a particular business was run on prudent lines or on sound principles. These words, I pointed out then, were open to subjective interpretation and on which one good manager might be able to disagree with another good manager, on consultant or expert may disagree with another expert. In such a situation for a set of politicians or bureaucrats who know nothing about business to sit in judgment on those who, after all, invest their own money and take risks with their own property appears to be the height of unreason.

Then, as regards these safeguards, I remember that more than one member from the other side of the House and my hon. friend Shri Asoka Mehta with all his zeal for the State and State socialism, had to concede that though they were prepared to have a special audit, the safeguards I had suggested of giving the company a chance to explain and of knowing what the contents of the report were and of making the order subject to appeal in a Court of Law were necessary in free society. I am really sorry that this Government, in its usual unresponsive attitude, is not even prepared to meet the basic needs of the community when dealing with not criminals but with people who are doing their bit to expand the volume of goods and services required for society. Therefore, I feel that it would be a disgrace and a shame if these minimum safeguards were turned down in a cavalier way as they were rejected in the course of the general discussion.

Then, we come to the close of page 37, sub-clause (3A) which arms the special auditor with powers to ask for any information that he desires. Normally, there is a limit on the kind of information . . .

16.18 hrs.

#### BUSINESS OF THE HOUSE

**Shri Khadilkar** (Ahmednagar): On a question of privilege, Sir. I am sitting here and inside the Hall and we are experiencing the burning effect of tear gas here. I do not know whether it is a question of privilege or not. But it is a case of privilege in this sense. Something is going on outside the four corners of this House, it is true. Many shells are thrown and the gas has penetrated into this House. I feel that if something happens outside and it affects the house, if it affects the Members, it comes under privilege.

**Mr. Chairman:** I am afraid that this is not a matter of privilege. I do not think it relates to the privileges of the Members of this House.

**Shri Tangamani** (Madurai): Are we to be tear-gassed.

**Mr. Chairman:** It is something happening outside the precincts of the House.

**Shri Khadilkar:** Still it affects the members sitting in the House. (Interruptions).

**Mr. Chairman:** The hon. Member may write to the Speaker; but the proceedings of the House cannot be interrupted.

**Shri Tangamani:** But the tear-gas is meant only for outsiders.

**Shri M. R. Masani:** Sir, I am reminded of the story of a Speaker of the American House of Representatives who was told that there was a forecast that the world would come to an end in the course of the night. He said, 'If the lights go out, I shall ask

for candles to be brought so that the business of the House may continue undisturbed because if the world were to end there is nothing we can do about it, we should proceed with the legitimate business of the House.' (Interruptions). Sir, I appreciate your decision.

—  
16.20 hrs.

COMPANIES (AMENDMENT)  
BILL—contd.

**Shri M. R. Masani:** Sir, I was saying that the right to ask for any information was something that was extremely oppressive. If a crime is being committed then you can go to a magistrate or a Court of law and obtain a search warrant or a document which entitles you to burst into the safes and cupboards and almirahs of a particular party and take possession of those documents. But until somebody is in a position to go to a Magistrate and there is a *prima facie* case that a crime is being committed, these are not powers that we in free countries or democracies are accustomed to. This way and in many others, this Government is introducing totalitarian techniques into our economic and social life. I am not saying that the intention is to use them in the same brutal way as in Russia or in China but we should be very wary of how we allow the minions of the bureaucracy to be armed with powers against private citizens. This is an objectionable thing and even a chartered accountant should not be allowed to pry into matters which he would not be normally allowed to pry, unless a Magistrate had been satisfied that a crime had been committed.

These are some of the obnoxious features of this clause and, now that the principle of the clause seems to be acceptable to the majority of the House, some of us are trying to see that it becomes a little more reasonable and a little more civilised. I do wish that when the Government have this provision of special audit, they

would at least meet these objections that are raised from the point of view of the rule of law and equity and would not insist on pushing through a measure which will do no credit to this House if it is passed.

**Shri Naushir Bharucha:** Mr. Chairman, as I said before, I am really surprised why my hon. friend Shri Masani is afraid of special audit. He has been advancing three arguments. He desires that before any special audit could be ordered by the Government, the Government should give a hearing to the party; it should issue a sort of a show-cause notice as to why special audit should not be ordered. Secondly, when there is a report made by the auditor to the Government, that report should be handed over to the company. Thirdly, he wants that there should be provision for appeal in case Government, against the wishes of the company, orders an audit.

My submission is that this provision is very necessary as a preliminary study to investigation by the police or prosecution. If the Government has got *prima facie* reasons to believe that the affairs of the company are not being managed in a way which would serve the best interests of the investors or if there is reason to believe that there is misapplication of funds, then I do not understand in what other manner than by a special audit can the position be cleared up. Rather than the Government, on information from different parties, maybe, disgruntled shareholders, plunging into prosecution, it is much better that special audit is ordered so that the company would be in a position to explain the points against it. I do feel that in all cases it may not be possible for the Government to issue show cause notice because that would put the miscreants on guard and enable them to do away with the evidence against them. I also feel that wherever it is possible, Government should give an informal hearing and the Company Law Administration may be directed that such a procedure should be adopt-

[Shri Naushir Bharucha]

ed unless such a procedure tends to defeat its own end.

It is true that provision has been made in the clause, as it has emerged from the Joint Committee, that if the Central Government does not take action within four months, it shall send a copy of the auditor's report to the company—either the whole of it or extracts—and require the company to circulate those extracts. I submit that four months is too long a period and once the report is made, Government should be in a position to make up its mind quickly one way or the other. While these provisions may remain in tact, I do hope that the hon. Minister will issue administrative directives to the Company Law Administration that in all cases where no action has to be taken, the report should be sent to the company immediately and the period of four months must not be allowed to expire just because four months are provided for in this Bill.

Thirdly, with regard to the question of appeal to the court, I am of the opinion that if such a right is given then litigation can easily be protracted from anything between six months to two years and the purpose of this provision will be defeated. My hon. friend, Shri Masani, has taken objection to the auditor being given special powers calling for additional information. I do not understand how this particular sub-clause 5, which is a corollary to the main provision, could be eliminated altogether. What is the use of placing before a special auditor books and accounts, when he seeks explanation of a particular entry which may be equivocal and that explanation is not forthcoming? If such an explanation is not forthcoming, I submit that the special audit will have no meaning. I submit that sub-clause (5) is only a corollary to the main provision. But I do wish that the hon. Minister gives an assurance to this House that he will see to it that by way of administrative practice, all these difficulties will be eliminated,

namely, that the companies, wherever possible, will have a reasonable chance of saying why a special audit should not be there and they should have the auditor's report as quickly as possible where there is nothing to be done in the matter.

There is a further provision that relates to sub-clause 7 which says that expenses incidental to special audit shall be determined by the Central Government and paid by the company and in default shall be recoverable from the company as arrears of land revenue. I think that clause is a little bit hard on the companies in a manner. Suppose a special audit has been ordered as a result of information received on affidavit from, let us say, half a dozen shareholders and they say that such and such items are erroneous or there had been misapplication of funds and the Government orders a special audit and it ultimately transpires that the complaint was false or frivolous, even then the company must bear the expenses of special audit. Why? In such cases, the expenditure shall be borne either by the Government or by those who complained, if at the instance of some particular party a special audit has been ordered. I think it would be equitable because even if a company emerges from special audit unscathed, if it has to incur an expenditure of Rs. 10,000 or thereabouts every time, that hardly helps the company. It may simply encourage frivolous people coming forward and lodging complaints. I think this point requires careful consideration.

**Shri Morarka:** Sir, I support this clause 70 which makes provision for the special audit. As I said at the time of general discussion, I think it is a very desirable provision. Between the two extremes one not to have the powers with the Government at all and on the other extreme to give the powers of investigation to the Government the power of special audit was a very desirable *via media* and whenever the Government receives complaints which are serious enough

to be looked into but not so serious to be investigated, then special audit is the remedy which the Government can resort to.

The hon. Member, Shri Masani, in his Minute of Dissent has objected to this clause on certain grounds. First, he says that the powers given are very vague. Then he says that this is a greater inroad on the autonomy of the joint stock enterprise. He also says that these Joint Stock Companies are a plant of delicate growth and also that this power of special audit would be a slur on the company auditors and finally he feels that this power is completely unnecessary as the powers of investigation already exist.

So far as the vagueness of the power is concerned, this wide scope is deliberately given to the Government to ascertain out whether or not it is desirable to order a special audit. What are the conditions to be fulfilled before a special audit can be ordered by the Government? They are:

"(a) that the affairs of any company are not being managed in accordance with sound business principles or prudent commercial practices; or"

Now, it is difficult to enumerate what are sound commercial principles or prudent commercial practices. But, at the same time, when complaints are made to the Government and when the Government examines the case, surely the Government can judge whether a particular enterprise, whether a particular company is not conducted in accordance with those principles.

Then it is provided that the Government can order a special audit if the Government feels:

"(b) that any company is being managed in a manner likely to cause serious injury or damage to the interests of the trade, industry or business to which it pertains; or"

It is not said "serious injuries which are likely to be caused to any individual", but the wordings are: "to the trade, industry or business", to the entire field of that industry or business.

The third thing provided here is:

"(c) that the financial position of any company is such as to endanger its solvency."

At this stage, Sir, I wish to invite your attention to section 237 which deals with the powers of Government about investigation of a company's affairs in certain cases. Section 237 reads like this:

"Without prejudice to its powers under section 235, the Central Government—

(a) shall appoint one or more competent persons as inspectors to investigate the affairs of a company and to report thereon in such manner as the Central Government may direct, if—

(i) the company, by special resolution, or

(ii) the Court, by order declares that the affairs of the company ought to be investigated by an inspector appointed by the Central Government; and

(b) may do so if, in the opinion of the Central Government, there are circumstances suggesting—

(i) that the business of the company is being conducted with intent to defraud its creditors, members or any other persons, or otherwise for a fraudulent or unlawful purpose, or in a manner oppressive of any of its members, or that the company was formed for any fraudulent or unlawful purpose; or".

It is said: "in a manner oppressive of any of its members". How wide it is! If the Government has powers of

[Shri Morarka]

investigation in such cases where the affairs of a company are conducted in a manner which is oppressive to any of its members, surely, Sir, the powers that we are giving for special audit, the scope that we are providing here, are not wider than that.

Then it is said:

"(ii) that persons concerned in the formation of the company or the management of its affairs have in connection therewith been guilty of fraud, misfeasance or other misconduct towards the company or towards any of its members; or"

If any manager of a company, managing agent, partner, associate, secretary, treasurer or any one connected with the affairs of the company is guilty of a fraud towards any member of the company—there may be even 20,000 members—then the Government may order an investigation.

Then the third condition is:

"(iii) that the members of the company have not been given all the information with respect to its affairs which they might reasonably expect, including information relating to the calculation of the commission payable to a managing or other director, the managing agent, the secretaries and treasurers, or the manager, of the company".

Now, Sir, I have read this section at length only to point out to my hon. friend, Shri Masani, that the powers of investigation which the Government has under section 235 already are so wide and in a way vague that by providing these powers for special audit you are not giving any additional powers to the Government; on the other hand, you are providing weapon to the Government which is less dangerous than the weapon of investigation and the Government instead of resorting to that extreme weapon of investigation may have the matter looked into by a special auditor.

Then, it was said that it would be a slur on the existing auditors. To this there are two answers. Firstly, the Government has in this section taken power to appoint the company's own auditors as the Government special auditors. Secondly, the very existence of this provision would embolden many of the auditors and there would be no necessity for the Government in many cases to appoint any special auditor. In many cases the auditors feel helpless and are forced to favour the management because they have no excuse. But now the auditors would know that there would be other auditors who would sit in judgment over them—auditors of auditors. So they would be more watchful, more careful and, in any case, they are likely to be less negligent. Therefore, I feel that on reconsideration Shri Masani would feel that, after all, this clause, clause No. 70, is not so dangerous or so vague as he imagined it to be. After all, it is much less pernicious than the clause under which powers of investigation already exists. In the absence of this clause 70, the only remedy which the Government has is to order an investigation.

Then, the reputation of a company, which Shri Masani has called 'a plant of delicate growth', is likely to suffer more if you order an investigation than if you order a special audit. Shri Masani has no objection to the powers of investigation being left with the Government.

**Shri M. R. Masani:** When charges are made.

**Shri Morarka:** But he has objection to the power of special audit being given.

**Shri M. R. Masani:** Without charges.

**Shri Morarka:** I think, Sir, just as there is danger of a company's reputation suffering if a special audit is ordered by the Government, there are

equal chances of the company's prestige being enhanced if the company comes out with flying colours after the special audit. The company can say that the government auditors found nothing wrong, everything is clean and the company's reputation would go up. The company's reputation would suffer only if the government auditors find something which the company's auditors had hidden so far. If the company's auditors do not hide anything, the Government auditors are not likely to discover anything. If they do not discover anything they have to give a certificate in support of the management. Therefore, looking at it from whichever point of view you may like, I think there cannot be any objection to this particular clause.

Talking about the safeguards that he has suggested, well, I do not agree with two safeguards suggested by Shri Masani. I think there is some merit in one of his suggestions, that in certain cases an opportunity may be given to the company to show cause why special auditors should not be appointed in a particular case. It may not be possible in all cases because the circumstances of the case may be such that they may require immediate action, prompt action, action without any intimation or warning. But in most of the cases the special audit may not be of that extreme nature of investigation. In such cases I think you can with advantage give a warning to the company and ask the company to show cause why a special audit should not be ordered.

As I said in the Joint Committee, and I wish to repeat here, there is a distinction between investigation and special audit. You have to order an investigation in very serious cases. So far as special audit is concerned, if you feel there is a *prima facie* case, there are certain irregularities and the auditors are not discharging their duties properly, only then the Government can order a special audit. I was a little bit disappointed, Sir, at

the opening remarks of the hon. Minister, Shri Kanungo, when he said that the government auditors would function more like inspectors. That was not the impression given in the Joint Committee. These auditors, as the clause itself says, will have the same power as the company auditors. They will function in the same way as company auditors. But wherever the company auditors have failed in their duty these auditors will bring it to their notice and report to the Government.

Then, Sir, there is ample safeguard. It is provided that within four months a report or the relevant extract from the report has to be supplied to the company and then it may be circulated to the shareholders. If the Government has to take some action and the Government for reasons of expediency etc. cannot give the report immediately one can understand; because, after all, in certain cases, the Government may have to take action and in such action, it may not be desirable that a copy of the auditor's report should be given to them.

I wish to underline the point by reading sub-clause (3) which says:

"The special auditor shall have the same powers and duties in relation to the special audit as an auditor of a company has under section 227."

Therefore, it is co-extensive and almost parallel to the powers of the company auditor. So, I would request the hon. Minister also to clarify his statement when he said that they would function as inspectors. I think he did not mean investigations but only as auditors to find out things which, due to the inaction or negligence of the company auditors, were not found out.

**श्री हेम राज (कांगड़ा) :** सभापति महोदय, क्लाज ७० के जरिये कम्पनी एक्ट में जो सेक्शन २३३ ए शामिल किया जा रहा है, मैं उस को सर्पोंट करता हूँ।

## [श्री हेम राज]

दरप्रस्तु कम्पनियों का जो हाल है, जिस के छोटे छोटे शेप्ररहोल्डर्स हैं, जोकि बहुत दूर दूर से छोटे छोटे शेप्रर लेते हैं, उस में मैनेंजिंग डायरेक्टर या डायरेक्टर्स उस कम्पनी की असली असली हालत का पता, उन शेप्ररहोल्डर्स को नहीं लगते देते। जब कभी छोटे छोटे शेप्ररहोल्डर्स कोई शिकायत करते हैं तो गवर्नर्मेंट की ओर से जवाब दिया जाता है कि ३६७ और ३६८ की जो दफात हैं कम्पनी ला को वह कहती है कि अगर किसी को कोई शिकायत हो तो वह जा कर कोर्ट का दरवाजा खटखटाये। ऐसी सूरत में जो एक, दो, तीन या जार शेप्रर के मालिक हैं, उन के लिये अदालत में जाना और वहां पैसा खर्च करना, खास तौर से जब वे मुख्तियार जगहों पर दृष्टि देते हैं, उन को इकट्ठा कर के ऐसा करना, जरा मुश्किल सा काम हो जाता है। म समझता हूँ कि गवर्नर्मेंट ने जो यह स्पेशल आडिट का प्राविजन किया है उस से जिन लोगों को आम तौर पर शिकायत होती है उन को राहत मिल सकती है। इस के लिये दो ही सूरतें थीं या तो सेक्शन ३६७ और ३६८ या सेक्शन ४०८, जिस के मुताबिक गवर्नर्मेंट का अस्त्यार है कि वह शेप्ररहोल्डर्स में से दो आदिमियों को डायरेक्टर बना दे। लेकिन जैसा अभी माननीय सदस्य ने कहा कि सेक्शन २३७ में इन्स्पेक्शन को जो पावर दी गई है, उस में काफी ज्यादा देर लग जाती है और फिर सरकार कोई कार्रवाई नहीं कर सकती। इस लिये जरूरी चीज है कि जो छोटे छोटे शेप्ररहोल्डर्स हैं, जिन के पास इतना सरमाया नहीं है, इतना बक्त नहीं है, कि अदालतों का दरवाजा खटखटा सकें, अगर उन की शिकायत गवर्नर्मेंट के पास पहुँचती है तो वह स्पेशल आडिट मुकर्र कर दे। इस से लाजिमी तौर पर वह सारी इन्हाँमेंशन ला सकता है। इस सेक्शन के लिये जो प्रोवादजो रखता गया है उस में स्पेशल आडिटर को अस्त्यार होगा कि वह जो इन्हाँमेंशन चाहे ले सकता है। उस में

लिखा हुआ है :

"The Central Government may by order direct any person specified in the order furnish to the special auditor within such time as may be specified therein such information or additional information as may be required by the special auditor in connection with the special audit; and on failure to comply with such order such person shall be punishable with fine which may extend to five hundred rupees."

इस में बहुत ज्यादा अस्त्यार दिये गये हैं। अगर कोई चीज आडिटर नहीं करता है और गवर्नर्मेंट के पास उस की शिकायत पहुँचती है या कोई इन्हाँमेंशन पहुँचती है तो जो चीज कम्पनी स्टाक का आडिटर नहीं कर सकता, उसे स्पेशल आडिटर कर सकता है। वह सारी की सारी रिपोर्ट ज्यादा बजाहत के साथ गवर्नर्मेंट के पास भेज सकता है। ऐसी सूरत में गवर्नर्मेंट कोई न कोई सेक्शन कम्पनियों के खिलाफ ले सकती है, ताकि जो छोटे शेप्ररहोल्डर्स हैं उन का पैसा, उन की गाड़ी कमाई कहीं डायरेक्टर्स या मैनेंजिंग डायरेक्टर्स हजम न कर जायें।

एक सवाल अभी श्री मोरारका ने उठाया और कहा कि कम्पनी को नोटिस हो जाना चाहिए। अगर इस में हम पड़े तो लाजिमी तौर पर जो कम्पनियाँ हैं उन के पाले से पता लग जायेग, और कम्पनी ऐक्ट के इस सेक्शन की सरों की सारी मंशा फैल हो जायेगी। इस लिये मैं सन्तुष्ट हूँ कि यह जो सेक्शन २३३ए है वह नहायत जरूरी है और छोटे छोटे शेप्ररहोल्डर्स के हक को हिफाजत के लिये इस से बेहतर रास्ता नहीं हो सकता।

इन शब्दों के साथ मैं क्लाऊ ७० का अनुमोदन करता हूँ।

**Shri Nathwani:** The scope and the necessity of this clause have been explained very lucidly by my hon. friend Shri Morarka. I want to add only a few words. My hon. friend Shri Masani said that no reasons were given as to why this power was necessary. But he himself suggested the reasons when he referred, though briefly, to the existing provisions in the Act. His arguments seem to be this: that there are ample provisions in the Act under which Government can take action. But during one of his interruptions, if I may say so, he said that Government can investigate on the basis of some evidence. For instance, there are powers of investigation. There are sections 235, 237 and others as well under which power has been given to the minority shareholders to go to a court of law or even to move the Central Government for necessary relief. But the basis of all this kind of action is certain evidence and certain allegation to be made.

If we look to sections 235 and 236, it has been provided that the shareholders must substantiate their allegations by evidence. The difficulty is to have access to this kind of evidence. Unless, therefore, the accounts are properly audited and a dependable and authoritative report is available, it is not possible to substantiate charges though there are strong rumours to that effect. Though there might be a feeling existing among the public that something is wrong with the affairs of a certain company, it will be difficult to substantiate it unless we have got access to its books of account and unless you have seen how their accounts have been kept. Therefore, it becomes necessary to have a power like this.

Then, it has been said that there is one very abnoxious feature in this clause. My hon. friend Shri Masani proceeded to read sub-clause (5) under which the Central Government

may order any person to furnish to the special auditor such information or additional information as may be required by the special auditor. He tried to show that this gave unlimited power to the special auditor to ask for any kind of information. If he has cared to read further on, in sub-clause (5), he will find that the scope of information which may be required by the special auditor has been defined very clearly. It says:

“....such information or additional information as may be required by the special auditor in connection with the special audit.”

It must relate to his work as special auditor.

**Shri M. R. Masani:** Special audit itself is a roving enquiry, without any specific allegation being made. It is a probe, which is a roving enquiry.

**Shri Nathwani:** I disagree with what my friend suggests. He is emphatic, but emphasis does not change the fact. Whether it is ordinary audit or special audit, whatever information can be asked by an auditor, that much information could be called for by the special auditor; nothing more. A special auditor cannot pry into the personal affairs of any individual or anything which has nothing to do with the work with which he is entrusted. The work he is entrusted with is the work of an auditor; nothing more, noting less. So, let there be no misapprehension as regards the scope of the enquiry and calling for information required under this clause.

Then, it is said that this clause casts a slur on the profession of auditors. I do not agree with that view. On the contrary, according to us who have championed the provisions like this, that it would strengthen the independence of the auditors in this connection.

I may, with reluctance, refer to one of the proceedings during the last

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session. I speak subject to correction. An extract of a report made by a Government auditor in respect of two respectable insurance companies was laid on the Table of the House.

**Shri Braj Raj Singh** (Firozabad): On a point of order, Sir. In the circumstances which have been created near about the precincts of the House. The business of the House, cannot be carried on, because in the lobbies, our eyes are being injured due to the tear gas shells fired outside.

**Mr. Chairman:** I have ruled it out. Only 5 minutes are left. Let the hon. Member finish.

**Shri Braj Raj Singh:** My submission is, you are here to conduct the business of the House in a manner in which we can go on unhindered. As a matter of fact, we cannot study in the library. We cannot sit in the Central Hall which is part of the lobby.

**Shri Raghunath Singh** (Varanasi): We are sitting everywhere.

**Shri Braj Raj Singh:** Our eyes are being injured due to the tear gas.

**Mr. Chairman:** There is no point of order in this.

**Shri Nathwani:** That extract revealed a very sorry state of affairs. It created an impression that the auditor of those companies had not carried out his duties as he ought to have done. Therefore, a provision like this is likely to strengthen the position of the auditor.

It was stated that opportunity should be given to the company concerned. I am in favour of this proposal, but, of course, I do not accept the form in which the amendment is framed. But I do think that if there is a provision inserted in this clause to the effect that the Central Government, if after making such enquiry as it thinks fit, is of the opinion that

notice may be given to the other side, they may give notice. As pointed out by Shri Hem Raj, sending a notice like this might fore-warn them and they may hush up the irregularities, etc. That is one aspect. But, I find there may be valid reason. The information that may be at the disposal of the Government may not be correct, may not be full. So, if such power of giving notice or seeking an explanation from the company is provided for, it would be a wholesome thing. On the whole, I support the clause as it stands.

**श्री राज सिंह भाई वर्मा :** श्रीमान्, कलाज ७० में जो स्पेशल आइंडिटर का प्रवर्जिन रखा है मैं उस का समर्थन करता हूँ। मैं नहीं समझता कि मेरे साथी श्री मसानी जी इस कलाज के खिलाफ इतना आग्रह या दुराग्रह क्यों प्रकट कर रहे हैं। और क्यों इतने परेशान होते हैं। वह कलाज रखने से कोई बड़ी बात होने वाली नहीं है। इस का उन्हें बहुत ज्यादा अनुभव है। अभी मौजूदा कम्पनी ला के अन्दर भी गवर्नरमेंट को कुछ ऐसे अधिकार हैं, लेकिन गवर्नरमेंट ने उन को कभी परेशान नहीं किया, बल्कि कुछ हद तक उनकी मदद ही हुई है।

मैं ने जनरल डिस्केशन में एक दो नहीं मिसमेनेजरमेंट और गडबड़ियों के आवे दरजन उदाहरण दिए थे और कुछ कोटीं के उदाहरण भी मैं ने पेश किए थे। स्पेशल आइंडिटर मुकार्स करने से तो आपकी प्रेस्टिज बढ़ने वाली है, क्योंकि जिस कारखाने में या जिस कन्सर्न में गवर्नरमेंट स्पेशल आइंडिटर मुकार्स नहीं करेगी उसके लिये यह माना जाएगा कि उसमें कोई गडबड़ी नहीं है। तच बात तो यह है कि बेचारे छोटे छोटे शेयरहोल्डर्स के साथ आप लोगों ने क्या कोई इन्साफ किया है। आपने उनकी बात को कितनी प्रधानता दी है। उनकी बात कभी नहीं सुनी गयी। यह पहला मौका है कि गवर्नरमेंट ने उनको यह

संतोष दिलाया है कि अगर किसी कन्सन में कोई ऐसी बात होती है जिसके कारण उद्योग या व्यवसाय में जबरदस्त हानि होने की संभावना है उस हालत में स्पेशल आडिटर गवर्नरमेंट मुकर्रर कर सकती है। और मैं श्री मसानी जी से निवेदन कहूँ कि आप बहुत जानते हैं, और आप यह भी जानते हैं कि आप के कुछ साथी कैरे हैं और आज वहां काग चल रहा है। जहां कहीं भी गर्नरमेंट ने एन्क्रावारी कमेटी मुकर्रर की है वहां उन के सामने अनेक ऐसी चीजें आयी हैं जिनके कारण से उद्योग व्यवसाय को हानि पहुँचती है, और गवर्नरमेंट के पास ऐसा साधन नहीं था कि उसकी जांच की जा सके। तो इस प्रावीजन के लिनाफ आपको क्यों आबजेक्शन होना चाहिए। किसी किसी मैनेजमेंट में ऐसे लोग होते हैं जो जान बूझ कर गडबड़ियां करते हैं। अगर गवर्नरमेंट उसकी जांच करती है तो वह चीज आपके सामने भी आएगी। आपको तो यह सोचना चाहिए कि अगर उद्योग और व्यवसाय को ईमानदारी से एकीशेंटली चलाने के लिए गवर्नरमेंट हमको आडिटर देती है तो कोई हानि नहीं है, और आज नहीं तो कल वह चीज आने वाली है। अगर मौजूदा हालत बनी रही और मैनेजमेंट में इसी तरह गडबड़ी होती रही जिससे सारे देश की इकानामिक हालत पर बुरा असर पड़े, तो गवर्नरमेंट चुप रहने वाली नहीं है। और मैं तो मानता हूँ कि एक दिन जितने भी आडिटर होंगे

उनका राष्ट्रीयकरण होने वाला है। इसलिये मैं यह निवेदन करूँगा कि जो यह काम धीरे धीरे हो रहा है उसके प्रति आपको खुशी प्रकट करनी चाहिए। गवर्नरमेंट ऐसी नहीं है कि चाहे जिस के कहने पर स्पेशल आडिटर मुर्दं कर दे। हम तो गवर्नरमेंट की पार्टी के हैं। और दिन रात अपने को रगड़ते हैं और दिन रात चिल्लाते हैं और कहते हैं लेकिन हमारी कोई मुनवायी नहीं होती, आपकी मुनवायी तो फौरन हो जाती है। आपको विश्वास करना चाहिए कि इस से आप को कोई कष्ट होने वाला नहीं है। अगर आपके कन्सन में स्पेशल आडिटर मुकर्रर न किया गया तो आप की तो प्रेस्टेज बढ़ने वाली है।

इसलिए जो मूल बताज है उसका मैं समर्थन करता हूँ और जो मसानी जी ने अमेडमेंट रखा है उसकी मैं विरोध करता हूँ।

**Mr. Chairman:** Shri G. D. Somani.

**Shri G. D. Somani:** Are we going to continue after 5 O'Clock?

**Mr. Chairman:** No, we will adjourn now.

17 hrs.

*The Lok Sabha then adjourned till Eleven of the Clock on Friday, November 25, 1960/Agrahayana 4, 1882 (Saka).*

[Thursday, November, 24, 1960/Agrahayan 3, 1882 (Saka)]

COLUMNS		WRITTEN ANSWERS TO QUESTIONS—contd.	
S.Q.	Subject	No.	COLUMNS
ORAL ANSWERS TO QUESTIONS . . . . .		1973—2005	
405	Memorandum from Shri Grewal . . . . .	1973—78	433 Management councils in Ordnance factories . . . . .
407	Transport of Cambay oil . . . . .	1979—81	434 Central Government employees strike . . . . .
408	People's Car . . . . .	1981—84	435 Oil survey in U.P. . . . .
409	Elections in New districts in U.P. . . . .	1984—85	436 Russian Credit for Third Plan . . . . .
410	Appointment of Delimitation Commission . . . . .	1985—91	437 Barsua mines . . . . .
411	Small pig iron Plants . . . . .	1991—93	438 Oil Drilling at Jwalamukhi . . . . .
412	Reduction in Election Expenses . . . . .	1994—96	439 Muslim League . . . . .
413	Science books . . . . .	1997—2001	440 Census in Assam . . . . .
414	Sibpore Botanical gardens . . . . .	2002	441 Common Reserve Police Force . . . . .
416	Oil survey in Godavari basin . . . . .	2002—04	442 Loss of Research papers . . . . .
417	Unauthorised withdrawal of Hyderabad State Money in Pakistan . . . . .	2004—05	443 National Consciousness in Youth . . . . .
WRITTEN ANSWERS TO QUESTIONS . . . . .		2005—84	444 UNESCO Conference in Paris . . . . .
S.Q.	No.		445 Steel Plants . . . . .
406	Census Questionnaire . . . . .	2005	446 Linguistic minorities . . . . .
415	I.A.F. station, Poona . . . . .	2005—06	447 Education to children of Armed Forces personnel . . . . .
418	Export of mica . . . . .	2006	448 Petroleum institute . . . . .
419	Excise Duty on Assam tea . . . . .	2006—07	449 Production cost of iron ore . . . . .
420	Integration of Nagarjunasagar Project and Srisailam Project . . . . .	2007	450 Participation of students in political demonstrations . . . . .
421	Famine in Andhra . . . . .	2007—08	451 Polish Assistance for copper mining . . . . .
422	Central Government employees . . . . .	2008	452 Examination system in Higher Education . . . . .
423	Income-tax on road transport organisations . . . . .	2009	U.S.Q.
424	Tin plates . . . . .	2009—10	No.
425	Pay scales of officers . . . . .	2010	
426	Grants to Anglo-Indian Educational Institutions . . . . .	2010—11	674 Social Welfare Extension Projects in Kashmir . . . . .
427	Hard coke supply to Madras . . . . .	2011	675 Expenditure tax . . . . .
428	National Book Trust . . . . .	2011—12	676 Ordnance Factory, Bhandara . . . . .
429	Violation of foreign Exchange Regulations . . . . .	2012	677 Hobby Workshops in Universities . . . . .
430	Departmental Proceedings against government employees . . . . .	2013	678 Naga hostiles . . . . .
431	Red Fort wall collapse . . . . .	2013	679 Writ Petitions in Punjab High Court . . . . .
432	Oil operation . . . . .	2013—14	680 Copper ore in Bastar . . . . .
			681 Rock Phosphate . . . . .

2029—2001

WRITTEN ANSWERS TO  
QUESTIONS—contd.

U.S.Q. No.	Subject	COLUMNS
682	Tribal students of Tripura	2030-31
683	Tribal Welfare Fund in Tripura	2031
684	Grants to educational institutions in Maharashtra	2032
685	Bombay and Poona Universities	2032
686	Commerce education	2032-33
687	Income tax assessees in Gurdaspur	2033
688	Monuments in Gurdaspur District	2033-34
689	Untouchability (Offences) Act, 1955	2034
690	Propagation of Sanskrit in Delhi	2033-34
691	"Peking Review" and "China Reconstructs"	2035
692	Tube-wells in Tripura	2035
693	Indian team in Rome Olympics	2035-36
694	Goondas in Kingsway Camp, Delhi	2036
695	Aligarh Muslim University Enquiry Committee	2036-37
696	Devnagari script	2037-38
697	Vijnan Mandirs	2038-39
698	Chini-ka-Rouza	2039
699	Admission in State Technical Institutes	2040
700	Punjab National Bank	2040
701	Amendment of Banking Law	2040-41
702	National Theatre in Delhi	2041
703	Purchase of spare parts of transport vehicles from Canada	2041-42
704	Archaeological Survey in Orissa	2042
705	Revision of lists of Scheduled Castes and Scheduled Tribes in Orissa	2042-43
706	Educated unemployment in Orissa	2043
707	Hostels for Utkal University students	2043
708	Polytechnics in Punjab	2043-44
709	Backward classes	2044
710	Hindi translators	2044-45

WRITTEN ANSWERS TO  
QUESTIONS—contd.

U.S.Q. No.	Subject	COLUMNS
711	Detection of crimes	2045
712	Naval craft	2045-46
713	National Register of Sanskrit Pandits	2046
714	Physical cultural organisations in Kerala	2046-47
715	Aid for students' tours	2047-48
716	Oil survey in West Bengal	2048
717	Surplus vehicles	204
718	Trucks and Tractors	2048-50
719	Seizure of gold	2049
720	Pending income-tax appeals	2049-50
721	Demonstrators of Forward Block	2050
722	Theft of vehicle	2050-51
723	Wind Power in Ladakh area	2051
724	Indian National Army	2051-52
725	Council for income-Tax advice	2052
726	Ajanta and Ellora caves	2053
727	Tracking of artificial satellites	2053-54
728	Student-teacher ratio	2054-56
729	Withdrawal of coins	2055-56
730	Steel plants	2056-57
731	Commonwealth Education Conference	2057-59
732	Nepali people of Darjeeling	2059-60
733	Diplomas of rural institute	2060
734	Lubricating oil plant	2060
735	Border districts of West Bengal	2060-61
736	Ex-servicemen of Jammu and Kashmir	2061-62
737	Entries re. castes of Government servants	2062
738	Scheduled Castes and Scheduled Tribes	2062-63
739	L. I. C. business in U. K.	2063-64
740	Legislation re. hire purchase	2064-65
741	Reduction in litigation expenses by States	2065
742	Technical Personnel in Tripura	2065
743	Iron ore deposits in Andhra Pradesh	2066

WRITTEN ANSWERS TO  
QUESTIONS—contd.

U.S.Q.	Subject	COLUMNS
744	Commissioner for Scheduled Castes and Scheduled Tribes	2066-67
745	Loans and aid to States	2067
746	Suppression of immoral Traffic in Women and Girls Act	2067-68
747	Export of Indian opium	2068
748	List of Scheduled Castes and Scheduled Tribes	2068
749	Lignite deposits in Kutch	2068-69
750	Customs duties on presentation parcels	2069
751	Gale in Tripura	2069-70
752	Prize Bonds	2069-70
753	Purchase of timber from Jammu and Kashmir	2071
754	Indians in Congo	2071-72
755	Harijan Welfare	2073
756	Coaching classes for Scheduled Castes and Scheduled Tribes	2073
757	Withdrawal of coins	2073-74
758	Delhi schools in tents	2074
759	Rehabilitation of vagrant children	2074-75
760	Oil drilling at Jawalamukhi	2075
761	National Theatres	2075-76
762	Allotment of iron and steel to Small Scale Industries	2076-77
763	Teachers in Education Department in the Andamans	2077
764	Rocketry	2077-78
765	Jama Masjid, Delhi	2078
766	Lower Division Clerks	2078-79
767	Lower Division Clerks	2079-80
768	Lower Division Clerks	2080
769	Supreme Court Bench in Deccan	2081
770	Salarjung Museum, Hyderabad	2081
771	Manipur Journalists Association	2081-82
772	Relief work in Manipur	2082
773	Violation of Foreign Exchange Rules by Journalists	2082-83

WRITTEN ANSWERS TO  
QUESTIONS—contd.

U.S.Q.	Subject	COLUMNS
74	Coal supply to Steel plants	2083
775	Lands acquired in Nasik	2083
776	Cultural Delegations visiting India	2083-84
777	Cultural delegations sent abroad	2084
778	University Education by post	2084

## MOTIONS FOR ADJOURNMENT

The Speaker withheld his consent to the moving of the following adjournment motions given notice of by the members shown against them:—

(i) Assault by Congolese soldiers on certain Indian officers now serving with the United Nations in Leopoldville. Sarvashri Arjun Singh Bhaduria, Hem Barua, Shamrao Vis'nu Parulkar, Sunderlal Mahanty, Raja Mahendra Pratap, Sarvashri Braj Raj Singh, Naushir Bharucha, Uttamrao L. Patil, Premji, R. Assar, Shradhakar, Supakar and Major Raja Bahadur Birendra Bahadur Singh.

(ii) Reported setting up of rocket bases in Tibet and launching of rockets by the Chinese. Shri Uttamrao L. Patil.

## PAPERS LAID ON THE TABLE

2100-03

(1) A copy of each the following Notifications under sub-section (4) of Section 17 of the Coal Mines (Conservation and Safety) Act, 1952, making certain further amendments to the Coal Mines (Conservation and Safety) Rules, 1954:—

(i) G. S. R. 1275 dated the 29th October, 1960.  
(ii) G. S. R. 1330 dated the 12th November, 1960.

(2) A copy of each of the following Notifications issued under Section 3 of the Commissions of Inquiry Act, 1952:—

(i) G. S. R. 512 dated the 7th May, 1960.

PAPERS LAID ON THE TABLE—*contd.*

## COLUMNS

(ii) G. S. R. 1061 dated the 17th September, 1960.

(3) A copy of the Minerals Conservations and Development (Ahmendment) Rules, 1960 published in Notification No. G. S. R. 1329 dated the 12th November, 1960 under sub-section (1) of Section 28 of the Mines and Minerals (Regulation and Development) Act, 1957.

(4) A copy of the All India Services (Conditions of Service—Residuary Matters) Rules, 1960 published in Notification No. G. S. R. 925 dated the 13th August, 1960, under sub-section (2) of Section 3 of the All India Services Act, 1951.

(5) A copy of each of the following Notification making certain further amendments to the Customs, and Central Excise Duties Export Drawback (General) Rules, 1960, under sub-section (4) of Section 43B of the Sea Customs Act, 1878 and Section 38 of the Central Excises and Salt Act, 1944 :—

(i) G. S. R. 1234 dated the 22nd October, 1960.

(ii) G. S. R. 1258 dated the 29th October, 1960.

(iii) G. S. R. 1259 dated the 29th October, 1960.

(iv) G. S. R. 1260 dated the 29th October, 1960.

(v) G. S. R. 1261 dated the 29th October, 1960.

(vi) G. S. R. 1262 dated the 29th October, 1960.

(vii) G. S. R. 1289 dated the 5th November, 1960.

(viii) G. S. R. 1290 dated the 5th November, 1960.

(ix) G. S. R. 1332 dated the 12th November, 1960.

(x) G. S. R. 1323 dated the 12th November, 1960.

(6) A copy of each of the following Notifications under sub-section (4) of Section 43B of the Sea Customs, Act, 1878 :—

(i) G. S. R. 1263 dated the 29th October, 1960.

(ii) G. S. R. 1264 dated the 29th October, 1960.

PAPERS LAID ON THE TABLE—*contd.*

## COLUMNS

(iii) G. S. R. 1265 dated the 29th October, 1960.

(iv) G. S. R. 1266 dated the 29th October, 1960.

(v) G. S. R. 1325 dated the 12th November, 1960.

(7) A copy of Notification No. G. S. R. 1324 dated the 12th November, 1960, under sub-section (4) of Section 43B of the Sea Customs Act, 1878 and Section 38 of the Central Excises and Salt Act, 1944.

(8) A copy of Notification No. G. S. R. 1321 dated the 12th November, 1960 making certain further amendments to the Central Excise Rules, 1944, under section 38 of the Central Excises and Salt Act, 1944.

(9) A copy of Notification No. G. S. R. 1257 dated the 29th October, 1960 making certain further amendment to the Medicinal and Toilet Preparations (Excise Duties) Rules, 1956, under sub-section (4) of Section 19 of the Medicinal and Toilet Preparations (Excise Duties) Act, 1955.

STATEMENT BY MINISTER 2103—**05**

The Minister of Food and Agriculture Shri (S. K. Patil) made a statement regarding the export of wheat and rice from the Madhya Pradesh Food Zone.

## BILL UNDER CONSIDERATION 2106—2226

Clause-by-clause consideration of the Companies (Amendment) Bill, as reported by Joint Committee, commenced and continued. Clause-by clause consideration was not concluded.

## AGENDA FOR FRIDAY, NOVEMBER 25, 1960/AGRAHAYANA 4, 1882 (SAKA)—

Further clause by clause consideration of the Companies (Amendment) Bill, as reported by the Joint Committee and consideration of Private Members' Bills.