

Par. 8211.52  
830

Tuesday,  
25th November, 1952



# PARLIAMENTARY DEBATES

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HOUSE OF THE PEOPLE

OFFICIAL REPORT

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PARLIAMENT SECRETARIAT  
NEW DELHI

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 (Part I—Questions and Answers)  
 OFFICIAL REPORT

741

HOUSE OF THE PEOPLE

Tuesday, 25th November, 1952.

The House met at a Quarter to Eleven  
of the Clock.

[MR. SPEAKER in the Chair]

ORAL ANSWERS TO QUESTIONS

LIBRARY AT BELEVEDERE

\*624. **Sardar Hukam Singh:** Will the Minister of Education be pleased to state:

(a) whether the programme of additions and alterations to the Belevedere has been completed by now; and

(b) whether the library with its complete set up has formally been opened to the public?

**The Deputy Minister of Natural Resources and Scientific Research (Shri K. D. Malaviya):** (a) Yes, Sir, except for a few minor ones.

(b) No, Sir, but the public are practically getting full advantage of the Library.

**Sardar Hukam Singh:** What special features over and above those found in ordinary libraries have been introduced in this library which justifies the claim that it would be a truly National Library?

**Shri K. D. Malaviya:** The collections offered by various personalities in the country have been collected here...

منسٹر آف ایجوکیشن اینڈ نیچرل

ریسرچ اینڈ سائنٹیفک

(مولانا آزاد): وسیع پیمانے پر ایک کتب

خانہ ہے جہاں برسوں سے کتابیں جمع

ہوتی آئی ہیں۔ اس میں ہر سال

۲۵-۲۰ ہزار روپیہ کی کتابیں ہوتی

جاتی ہیں۔ اور کوئی خاص خصوصیت

بتلانا مشکل ہے۔

284 P.S.D.

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[The Minister of Education and Natural Resources and Scientific Research (Maulana Azad): In this huge Library, books have been collected for years. Every year books worth 20 to 25 thousand rupees are added to it. But it is difficult to say whether it has got any other special features.]

**Sardar Hukam Singh:** Would it include collections in all Indian languages or would it be confined to certain languages of India?

مولانا آزاد - جہاں تک مجھے  
معلوم ہے زیادہ تر اس میں انگریزی  
کی کتابیں ہیں۔

**Maulana Azad:** So far as I know the majority of books in this Library are in English.

प्रधानमंत्री (श्री जवाहर लाल नेहरू):

एक बात में आप से अर्ज करूँ कि शायद पार्लियामेंट के सामने यह बात पेश होने वाली है कि हर ज़बान में जिन भी किताबों हिन्दुस्तान में छपें, वह वहाँ भेजी जायें, यानी पब्लिशर्स एक आघ कासी वहाँ भी भेजें, जैसा कि और मुल्कों का दस्तर है। उर्दू, हिन्दी के तीन चार बड़े कुतबखाने हिन्दुस्तान में हों जहाँ कि हर किस की किताब जो छपती है वह जैसा विलया और दूसरे मुल्कों में भी दस्तर है अपने पब्लिकेशन्स की एक कापा वहाँ भेजें, ताकि हमारे यहाँ भी चन्द बहुत बड़ी लाइब्रेरियाँ बन सकें।

**Sardar Hukam Singh:** There was a school maintained in that institution for teaching librarians. Is that maintained or has it been discontinued?

**Shri K. D. Malaviya:** I require notice.

**Shri Damodara Memon:** Is it the intention of Government to keep old manuscripts also there?



**Shri K. D. Malaviya:** That is not exactly the specific intention, Sir.

#### NICKEL

**\*625. Dr. Ram Subhag Singh:** Will the Minister of Finance be pleased to state:

(a) whether India is self-sufficient in respect of nickel for coinage purposes; and

(b) if not, wherefrom she gets her nickel supply?

**The Deputy Minister of Finance (Shri M. C. Shah):** (a) No, Sir. India does not produce any nickel.

(b) Nickel is imported from abroad; particularly from the United Kingdom and Canada.

**Dr. Ram Subhag Singh:** May I know the value of the nickel imported last year?

**Shri M. C. Shah:** Last year, that is for 1951, we were allotted 245 tons by the International Materials Conference which was established in February 1951.

**Dr. Ram Subhag Singh:** Has India requested the International Materials Conference to allocate her a larger share of nickel for this year?

**Shri M. C. Shah:** Yes, we have requested, but they have allotted only 95 tons for the first quarter of 1952, 96 tons for the second quarter of 1952 and 96.8 tons for the third quarter of 1952. No allotment for coinage has been made by the Conference.

**Dr. Ram Subhag Singh:** Is it expected that this request would be granted by that Conference?

**Shri M. C. Shah:** I cannot say it for certain. We have pressed for it. But we have got sufficient stock of nickel for our coinage purposes.

**Shri Meghnad Saha:** Have any steps been taken by Government to develop the nickel and cobalt available in Nepal?

**Shri M. C. Shah:** I have no information at present, but I will find that out.

**Shri Kelappan:** May I know the value of these imports?

**Shri M. C. Shah:** I have not got the information; I will supply it later.

**The Deputy Minister of Home Affairs (Shri Datar):** May I suggest, Sir, that questions 626 and 632 may be taken up together?

**Mr. Speaker:** No. 632 is in the name of Mr. Patnaik. Is he here? (After

calling his name) He is not here. So the hon. Minister may reply only to question 626

#### TATA INSTITUTE OF SOCIAL SCIENCE

**\*626. Shri S. N. Das:** Will the Minister of Home Affairs be pleased to state:

(a) whether the training course for jail officials organised at the Tata Institute of Social Sciences, Bombay, under the charge of an American expert criminologist, is still continuing;

(b) the number of senior jail officers of various State Governments who have so far attended this course;

(c) whether the expert has submitted any report to the Government of India after completing his visits to the jails of the various States; and

(d) if so, what are the important points suggested by him?

**The Deputy Minister of Home Affairs (Shri Datar):** (a) No; the course was conducted from January to the end of June, 1952.

(b) 4.

(c) Not yet. He is expected to submit his report to Government through the United Nations Organization.

(d) A copy of the Report will be placed on the Table of the House in due course.

**Shri S. N. Das:** May I know whether a U.N. expert in criminology has also been invited and, if so, what is he doing at present?

**Shri Datar:** Dr. Reckless was invited first. He is the gentleman to whom a reference was made the other day. His work has been followed up and therefore Dr. Galway is moving in India and carrying on the same work till the end of this year.

**Shri S. N. Das:** May I know whether it is a fact that steps are being taken by the Central Government or by some State Governments to hold a conference of such officers as are concerned with the problem of jail reforms?

**Shri Datar:** A conference of jail officials of some States was held in Bombay. There is no further proposal to hold a conference of jail officials.

**Shri S. N. Das:** As a result of the suggestions so far made or on the initiative of the Government itself may I know whether there is going to be any committee to coordinate the work or just advise the various Governments

which are engaged at present in jail reforms?

**Shri Datar:** That proposal will be considered after the report of Dr. Reckless is received.

**Shri V. P. Nayar:** May I know whether Government are aware that the incidence of gangsterism and grave crimes is the highest in America even according to the reports of the Federal Bureau of Investigation, and whether the effects of work of American criminologists in America have been assessed before American experts were got down here?

**Shri Datar:** I have no information.

**Shri P. T. Chacko:** May I know whether at present jail officers are appointed from the Police Department and, if so, whether there is a possibility of their exercising undue influence since they have taken part in the investigation of crimes?

**Shri Datar:** I would answer the earlier part. Some jail officers are appointed from the Police Department. So far as the other part is concerned, I have no information.

**Shri Achuthan:** May I know whether any changes were effected in the States after these officers had completed their training?

**Shri Datar:** No changes have been effected, Sir.

**Shri B. S. Murthy:** May I know what subjects are taught in the school and whether the State representatives, after they received training, will also hold classes to other officers in the State?

**Shri Datar:** There is no school maintained by the Government of India. We have a school, the Tata Institute of Social Sciences where lectures were given on criminology and correctional administration.

#### FINANCE COMMISSION

\*627. **Pandit Munishwar Datt Upadhyay:** (a) Will the Minister of Finance be pleased to refer to the reply to starred question No. 84, given on the 21st May, 1952 and state whether the Finance Commission have now completed its tour of States for fixing up a basis for the distribution of the income-tax pool among the States as also the share which the Centre should retain?

(b) If so, what are the main lines of suggestions received from the States?

**The Minister of Revenue and Expenditure (Shri Tyagi):** (a) Yes, Sir.

(b) Government have no information.

**Pandit Munishwar Datt Upadhyay:** May I know when the term of the Commission is expiring and whether any extension has been given to it?

**Shri Tyagi:** The Commission is to end with the end of November and is to extend to the extent of December 1952.

**Pandit Munishwar Datt Upadhyay:** Is there any idea of extending it further?

**Shri Tyagi:** No, Sir. I believe the Commission is going to report by the end of December.

**Pandit Munishwar Datt Upadhyay:** Has the Central Government made any representation to the Commission?

**Shri Tyagi:** I must thank the hon. Member that he has reminded me of it. I am afraid I have no information as to whether my Ministry has made any representations on behalf of the Central Government. I am afraid I might lose my case by default! I will see to it.

**Shri A. C. Guha:** May I know if the Government have allotted any other duty to this Commission besides the allocation of revenues between the States and the Centre?

**Shri Tyagi:** No, Sir. What other duty? The duty of the Commission has been laid down by the Constitution. It is in accordance with the provisions in the Constitution that the Commission has been constituted.

**Shri A. C. Guha:** I think some other functions might have been given, and I want to know whether Government have asked them to enquire into any other matter and report.

**Shri Tyagi:** I have no information about it.

**Shri B. Das:** May I just remind the hon. Minister that the terms of reference only include sub-clauses (a), (b) and (c) of clause 3 of article 280 and that sub-clause (d) which requires the President to refer any other matter to the Finance Commission has not been attended to by the Finance Ministry?

**Shri Tyagi:** No reference of a major kind has been made to my knowledge. And if any minor thing has been referred, I have not got the information just now with me.

tother

# USE OF NYLON AND RAYON YARNS IN FISHING NETS

\*628. **Shri V. P. Nayar:** (a) Will the Minister of Natural Resources and Scientific Research be pleased to state whether any research has been done at the instance of Government about the possibility of substituting nylon and rayon yarns for cotton yarns in fishing nets used in freshwater fisheries?

(b) If the answer to part (a) above be in the affirmative, what are the results of such a research?

**The Deputy Minister of Natural Resources and Scientific Research (Shri K. D. Malaviya):** (a) No, Sir.

(b) Does not arise.

**Shri V. P. Nayar:** May I know, Sir, what is the yearly consumption of cotton yarn for purposes of inland fisheries?

**Shri K. D. Malaviya:** I am not aware.

**Shri V. P. Nayar:** May I know, whether the Government of India are aware that some research in the use of nylon and rayon yarns has been conducted in Madras and may I also know whether the Government of India are in contact with other research units in India?

**Shri K. D. Malaviya:** I am not aware of the research in Madras but our Fisheries Research Stations, I think, are not competent to undertake these investigations.

## FOREIGN LOANS

\*629. **Shri S. N. Das:** (a) Will the Minister of Finance be pleased to state the total amount of foreign loans that India has been able to secure so far for her development projects giving the source from where they have been received?

(b) How much of this amount has been received on Government account and how much for private concerns?

(c) What is the amount of loan for which requests are still pending?

**The Parliamentary Secretary to the Minister of Finance (Shri B. R. Bhagat):** (a) and (b). I would invite the attention of the House to the statement laid down on the Table of the House in reply to Question No. 254 on the 25th June 1952.

(c) As the matter is under negotiation, it would not be in the public interest to disclose this.

**Shri S. N. Das:** May I know, Sir, the amounts so far received, how they have been utilised and for what purpose by the Central Government?

**Shri B. R. Bhagat:** The loan received was for a specific purpose. One was from the International Bank. The amount was 58.8 million and it was spent in the Bokharo Thermal Plant, in some railway projects manufacturing rolling stocks and others. The other was from the United States of America, Import and Export Bank. It was that wheat loan.

**Shri S. N. Das:** May I know whether Government had fixed any limit beyond which Government will not borrow from foreign countries?

**Shri B. R. Bhagat:** This is not a question of the limit or requirement. It is a question of availability.

**Shri Pateria:** May I know whether these loans carry some political bindings?

**Shri B. R. Bhagat:** No.

## I. A. S. EXAMINATIONS

\*630. **Shri A. N. Vidyalankar:** Will the Minister of Home Affairs be pleased to state how many women appeared in the I.A.S. examinations held since 15th August 1947, how many of them passed, and how many out of the successful women have since been appointed?

**The Deputy Minister of Home Affairs (Shri Datar):** A statement is laid on the Table of the House. [See Appendix IV, annexure No. 1].

**Shri A. N. Vidyalankar:** According to the statement supplied, in 1948 10 women appeared for this examination. In 1949 19, in 1950 28 and in 1951 27. Out of them only two qualified in 1948, none in 1949, two in 1950 and two in 1951. I want to know whether Government had investigated why so few women appeared and why so few succeeded.

**Shri Datar:** These are new examinations and new for ladies also. Therefore they take time to compete in these examinations.

**Shri A. N. Vidyalankar:** Why so few succeed?

**Shri Dabhi:** May I know what becomes of those who have passed the examinations but who have not been appointed?

**Shri Datar:** Those who have succeeded in the examinations are all appointed. They are either appointed

to the IAS or the IPS or they are taken up in the Central Services.

**Sardar Hukam Singh:** After taking up the examination and passing it is there any period fixed for absorbing them and have they to take up the test again?

**Shri Datar:** Those who are successful are absorbed as early as possible. No period has been fixed.

#### DEPENDANTS OF DEFENCE SERVICES PERSONNEL (CONCESSIONS)

\*631. **Shri S. C. Samanta:** (a) Will the Minister of Defence be pleased to state what educational concessions are enjoyed at present by the children and dependants of Defence Services personnel?

(b) What is the definition of 'dependants' in this respect?

(c) What was the amount spent per year by Government for this purpose before and after World War II?

**The Deputy Minister of Defence (Sardar Majithia):** (a) The following concessions are granted to serving and ex-Service Junior Commissioned officers and Other Ranks in the Army and corresponding personnel in the Navy and Air Force in military schools, viz., the King George's Schools at Nowgong, Ajmer, Belgaum and Bangalore:

- (i) 150 seats (out of a total of 300) at each school are reserved for their children.
- (ii) The fees for civilians is Rs. 125 p.m. in addition to the cost of clothing which is Rs. 400. The service personnel of the above category pay only 10 per cent. of their pay (or the pay last drawn in case of released personnel). JCOs and equivalent ranks in the other two Services pay Rs. 81/8/- for clothing and the Other Ranks of the three Services pay only Rs. 11/11/- for clothing.

The grant of educational concessions in civil public schools, with the exception of the Lawrence Schools at Sanawar and Lovedale, is entirely the concern of the State Governments regarding which no details are available. Information in regard to the Lawrence Schools at Sanawar and Lovedale is being collected and will be placed on the table of the House.

(b) The term 'dependant' in so far as the King George's Schools are concerned means legitimate children only.

(c) Information is not readily available.

**Shri S. C. Samanta:** May I know, Sir, whether dependants of old parents who hold service in the Military Department are also taken into consideration?

**Sardar Majithia:** I have already replied to that part, Sir. For the information of the hon. Member I might say that the term "dependants", in so far as King George's Schools are concerned, means legitimate children only.

**Shri S. C. Samanta:** My question was whether there is any person excepting children included in the term 'dependants'?

**Sardar Majithia:** For the other schools?

**Mr. Speaker:** In any school.

**Sardar Majithia:** No, Sir.

**Shri S. C. Samanta:** May I know, Sir, whether permits of trades are granted to the dependants of ex-service men as well as those persons who are in service. Permits of trades on uncontrolled articles.

**Sardar Majithia:** That does not arise.

**Shri S. C. Samanta:** I want to know whether the Indian Red Cross Society Fund has allotted anything for the dependants of these ex-service men as well as service men?

**Sardar Majithia:** That too does not arise, I am afraid.

Several Hon. Members rose—

**Mr. Speaker:** I shall curtail the question. Unless a member who is being called upon to put questions.....

**Shri Sarangadhar Das:** Are children, other than one's own children, that is to say, of distant relations who are dependent on the man,—are they included among dependants?

**Sardar Majithia:** If the hon. Member understands what is meant by legitimate children, they are included. It is a different matter, Sir.

**Shri Nambiar:** May I know, Sir, why the concession is not extended to other ranks but it is only extended to NCOs and others?

**Sardar Majithia:** I shall look into that question.

**Sardar Hukam Singh:** May I know, Sir, whether the phrase legitimate children excludes only the illegitimate children?

**Mr. Speaker:** Order, order. It is only a question of interpretation.

**Shri S. C. Samanta:** May I know whether these dependants have been helped by any other sources, for example the Indian Red Cross Society Medical Aftercare Fund, etc.

**Sardar Majithia:** I have already said that so far as part (c) is concerned, the information is not readily available because the time and effort required to collect these figures, before World War II and after World War II, is so great that it is not commensurate with the results.

#### PREVENTIVE DETENTION ACT

\*634. **Shri Velayudhan:** Will the Minister of Home Affairs be pleased to state:

(a) the number of detenus released in the various States after the passing of the Preventive Detention Act recently by the Parliament; and

(b) the number detained after passing the Legislation?

**The Deputy Minister of Home Affairs (Shri Datar):**

- (a) 137 } during the period 30-9-52, the date of coming into force of the Preventive Detention (Second Amendment) Act, 1952, to 31-10-52.
- (b) 41 }

**Shri K. K. Basu:** May we know how many of the detenus are there who were detained under the previous Act?

**Shri Datar:** I cannot give the figures off-hand here.

**Shri N. Sreekantan Nair:** May I know whether the Government are aware that in the various States various conditions prevail in regard to the detenus and whether the Government contemplate the standardising of these conditions?

**Mr. Speaker:** Order, order.

**Shri Madhao Reddi:** May I know in how many cases after the expiry of the original detention order fresh orders have been served after the coming into force of the Act?

**Shri Datar:** The figures are given. They are all fresh cases after the Act came into force.

**Shri Nambiar:** In view of the fact that the hon. Minister for Home Affairs promised that the detenus will be given good living conditions, food and proper facilities in the jails, may I know whether these facilities are extended to the detenus in the Hyderabad jail, who are still in detention?

**An Hon. Member:** In Bombay also?

**Shri Datar:** After the Act was passed, a circular has been issued to the various States requesting them to implement the various promises or assurances made on the floor of the House by the hon. Minister when the Amendment Bill was under consideration.

**Sardar Hukam Singh:** May I know whether the Government have noted the decision of the Division Bench of the Supreme Court announced yesterday that the terms of detention of the Hyderabad detenus were extended even before the recent Act came into force, whether they have been released now and whether there are any other detenus in any other States whose term of detention was extended like that, and whether the Government propose to review that?

**Shri Datar:** We shall look into the matter.

#### SMUGGLING OF GOLD

\*635. **Shri A. N. Vidyalkar:** Will the Minister of Finance be pleased to state:

(a) the number of Indian Nationals convicted for smuggling gold into India during the years 1950, 1951 and 1952 up to date respectively;

(b) the number of foreigners so convicted; and

(c) the names of principal countries from where gold was being smuggled into India?

**The Minister of Revenue and Expenditure (Shri Tyagi):** (a) and (b). The number of Indians and foreign nationals convicted for smuggling gold into India during the years 1950, 1951 and 1952 (upto October 1952) is given below:—

	Indians	Foreigners
1950	...	7 52
1951	...	57 81
1952 (upto Oct. 1952).	13	15

(c) Gold was being smuggled into India during this period principally from the Persian Gulf area, the French and Portuguese possessions in India, the Far East, East Africa and from certain Mediterranean countries.

**Shri K. K. Basu:** May we know.....

**Mr. Speaker:** This is an oft repeated question in this House; this gold business. Next question.

#### UNSERVICEABLE STORES

**\*636. Shri A. N. Vidyalkar:** Will the Minister of Defence be pleased to state:

(a) whether it is a fact that valuable ordnance stores, containing high-class Steel and other metal, are dumped into the sea, every year by declaring the same as unserviceable; and

(b) the quantity and value of such stores so dumped and destroyed, during the years of 1949, 1950, 1951 and 1952 up-to-date?

**The Deputy Minister of Defence (Sardar Majithia):** (a) No, Sir;

Only condemned ammunition, which is too dangerous for retention and recovery of the metal parts and is condemned as such by competent authorities, is destroyed by dumping into the sea when this method of disposal is the most economical.

(b) Does not arise.

**Shri A. N. Vidyalkar:** May I know why that material is dumped into the sea and why it is not auctioned?

**Sardar Majithia:** I have already replied that it is only dumped into the sea when that method is considered to be the most economical, and also that to retain it would be dangerous to the public.

#### EXCHANGE CONTROL REGULATIONS

**\*637. Sardar Hukam Singh:** (a) Will the Minister of Finance be pleased to state in what respects have the Exchange Control Regulations of the Government of India been relaxed or modified, in regard to any country or countries, because of the special conditions of Trade with the country or countries concerned?

(b) How far do these Exchange Control Regulations apply to travellers from India to foreign countries?

(c) How long are these Regulations intended to be continued?

**The Minister of Revenue and Expenditure (Shri Tyagi):** (a) There has been no relaxation or modification in the Exchange Control Regulations in regard to any particular country because of special conditions of trade with that country.

(b) A statement showing the Exchange Control Regulations applicable

to travellers from India to foreign countries is laid on the Table of the House. [See Appendix IV, annexure No. 2]

(c) These Regulations will continue as long as the foreign exchange position of the country requires continuance of the exchange restrictions. The Foreign Exchange Regulations Act continues in force till 31st December 1957.

**Sardar Hukam Singh:** Was it the intention merely to regulate the balance of trade with these countries, or was it introduced with any other intention?

**Shri Tyagi:** This is primarily for the purpose of regulating our foreign exchange.

**Sardar Hukam Singh:** Has it in any way affected the free flow of foreign capital into our country?

**Shri Tyagi:** No, Sir. These regulations are not aimed at bringing foreign capital. They are aimed at not frittering away the foreign exchange.

**Sardar Hukam Singh:** My question was whether they have affected the free flow of foreign capital into India?

**Shri Tyagi:** If at all they have affected, it should have been along with so many other measures. All cumulatively must have affected: not this alone.

**Shri K. K. Basu:** May we know whether foreign exchange facilities were not extended to the Soviet Exhibition when they wanted to sell some goods in India?

**Shri Tyagi:** I would like my hon. friend to table a question so that I may know. In fact, what is all Russian is not my look-out. I do not look into those matters.

#### TECHNICAL ASSISTANCE IN SOUTH AND SOUTH EAST ASIA

**\*638. Shri Nanadas:** (a) Will the Minister of Finance be pleased to state how many requests have been made by the Government of India to the Colombo Plan's Bureau for Technical Assistance in South and South East Asia?

(b) Of these, how many have been met and on what terms?

(c) How many requests have been made by the Bureau to the Government of India for various facilities and how many of them have been met and on what terms?

**The Parliamentary Secretary to the Minister of Finance (Shri B. R. Bhagat):** (a) to (c). A statement giving the required information is laid down on the Table of the House. [See Appendix IV, annexure No. 3]

**Shri Nanadas:** According to the statement, we requested for 75 experts. Negotiations have been completed in respect of 20 cases and negotiations are pending in respect of 55 cases. Out of this number, 20 experts have been received. From which countries do they come and where are they working now?

**Shri B. R. Bhagat:** I am afraid I cannot give that information; I have not got that information.

**Shri Nanadas:** We requested for training facilities for 455 and received only for 270. Out of these 270, how many have completed their training, and where are they working now?

**Shri B. R. Bhagat:** I am sorry, I have not got that information also.

**Shri Nanadas:** According to the statement of Mr. Wilson, Director of the Bureau, the bureau is in a position to meet all the demands for training facilities. Have the Government of India taken this opportunity to press for our demand for training facilities.

**Shri B. R. Bhagat:** All the negotiations for training and experts are done on a bilateral basis and I think the Government of India have safeguarded their interests and have got a proper response.

#### STRIKE OF CIVILIAN EMPLOYEES OF DEFENCE SERVICES

**\*639. Shri Raghavaiah:** (a) Will the Minister of Defence be pleased to state whether it is a fact that representations have been made to the Government of India that the Defence Services should be declared as Public Utility Services?

(b) Have the officials of the Ministry of Labour been making all efforts to settle this dispute with the Ministry of Defence, and if so, what has been done?

**The Deputy Minister of Defence (Sardar Majithia):** (a) No, Sir.

(b) It is not known what the hon. Member means by "this dispute". If he means disputes in general, these are settled directly by the Defence Ministry with the representatives of labour.

**Shri Raghavaiah:** A question has been deleted by the officer in charge of printing.

**Mr. Speaker:** I might mention there is no printing mistake. Whatever does

not appear here is disallowed by the Chair.

**Shri Raghavaiah:** In that case, I may inform the hon. Minister for Defence that this dispute refers to the Poona Civil employees of Defence Services.

**Mr. Speaker:** Civil employees of Poona Ordnance Depot? In respect of that, he has answered some questions. He may refer to the records.

**Sardar Majithia:** Question No. 231 was answered on the floor of the House.

#### FOREIGN EDUCATIONAL EXPERTS

**\*640. Shri K. S. Rao:** Will the Minister of Education be pleased to lay on the Table of the House a statement showing the number of foreign educational experts who have visited India in the last one year, giving their nationality, their qualifications, the purpose of their visit to India, the agency through which they came, the expenditure incurred by the Government of India on their behalf and a report of their work in India?

**The Deputy Minister of Natural Resources and Scientific Research (Shri K. D. Malaviya):** A statement giving the required information is laid on the Table of the House. [See Appendix IV, annexure No. 4.]

**Shri K. S. Rao:** May I know how many foreign countries invited Indian educational experts, and if so, how many have gone?

**Shri K. D. Malaviya:** Most of these scholarships are arranged on a mutual basis.

**Shri K. K. Basu:** May we know whether Government of India have any say in the selection of these personnel?

**Shri K. D. Malaviya:** Yes, Sir.

**Sardar Hukam Singh:** Have the Government considered the advisability of inviting a team of experts to present a report as to the utility of so many experts already working?

**Mr. Speaker:** We will go to the next question.

#### FOREIGN STUDENTS STUDYING IN INDIA

**\*641. Shri K. S. Rao:** Will the Minister of Education be pleased to lay on the Table of the House a statement of the number of foreign students who are at present studying in India, their nationalities, the centres where they are studying now and the subjects of their specialisation, the agency through which they came to India, and any



financial commitment the Government of India have with regard to them?

**The Deputy Minister of Natural Resources and Scientific Research (Shri K. D. Malaviya):** A statement is laid on the Table of the House. [Placed in Library. See No. P-83/52]

**Shri K. S. Rao:** May I know whether there are any negroes among the students?

**Shri K. D. Malaviya:** I am not aware.

**Shri K. K. Basu:** May we know whether the students are selected by the countries from where they come, or has our Government anything to do with it?

**Shri K. D. Malaviya:** The students are selected by the countries from which they come. They have the say.

**Shri B. S. Murthy:** May we know, sir, what exactly is the charge incurred by the Government of India in giving the facilities for these foreign students?

ملسٹر آف ایجوکیشن اینڈ نیچرل  
ریسورسز اینڈ سائنٹیفک ریسرچ  
(مولانا آزاد): اس اسٹیٹمنٹ میں یہ  
تمام قیامیل موجود ہیں۔ اگر کوئی  
دیکھ تو معلوم ہو جائے گا۔

[The Minister of Education and Natural Resources and Scientific Research (Maulana Azad): All these details are shown in this statement.]

**Shri K. K. Basu:** May we know whether Government have any information as to the result of this study tour in our country?

**Shri K. D. Malaviya:** Yes, we keep ourselves posted with all those things.

**Shri Raghavaiah:** May I know whether there are any students from China?

**Shri K. D. Malaviya:** I do not think so.

**Shri Raghavaiah rose—**

**Mr. Speaker:** Let him not make a suggestion now. He has got the information that there are none.

**WATER PROBLEM IN KHARGPUR AND  
KALAI KUNDA**

\*642. **Shri S. C. Samanta:** (a) Will the Minister of Natural Resources and Scientific Research be pleased to state how many times and when the water

problems in Khargpur and Kalai Kunda in the district of Midnapur (West Bengal) have been studied by the Eastern Circle of the Geological Survey of India?

(b) What are the findings of the studies?

(c) What steps have Government taken or do propose to take in the matter?

**The Deputy Minister of Natural Resources and Scientific Research (Shri K. D. Malaviya):** (a) to (c): A statement giving the information required is laid on the Table of the House. [See Appendix IV, annexure No. 5]

**Shri S. C. Samanta:** May I know whether these studies were undertaken on the initiative of the Survey Department or on the request of the West Bengal Government?

**Shri K. D. Malaviya:** I am not aware how these surveys were originated, but the Engineering and Geological Departments of the Geological Survey of India undertook them.

**Shri S. C. Samanta:** May I know whether Government intend to undertake any other studies in any other part of Midnapore District at present or in the future?

**Shri K. D. Malaviya:** There is no immediate programme as suggested by the hon. Member.

**DELHI GRAIN SYNDICATE**

\*643. **Shri Tushar Chatterjea:** Will the Minister of Home Affairs be pleased to make a statement regarding the investigations now proceeding into the affairs of the Delhi Grain Syndicate?

**The Deputy Minister of Home Affairs (Shri Datar):** A statement is laid on the Table of the House. [See Appendix IV, annexure No. 6].

**Shri Tushar Chatterjea:** The statement says that as a result of a special enquiry, the management of the affairs of the Syndicate were taken over by Government. May I know whether the report can be published for the benefit of the Members of the House?

**Shri Datar:** It will be considered.

**Shri Tushar Chatterjea:** May I know whether Government is aware that the Syndicate is in default of payment of Rs. 8 lakhs to the Income-tax Department, and if so, what action has been taken in the matter?

**Shri Datar:** Some of the officials of the Office of the Director of Civil Supplies have been suspended, and then a



report was called for regarding the working of this Delhi Syndicate, and the matter has been referred to the Police to find out whether any offences have been committed under the penal law.

**Shri Tushar Chatterjea:** In connection with the Police investigation, may I know whether it is a fact that the Chairman of the Syndicate moved for bail in anticipation of arrest, and that he was granted such bail by the District Magistrate?

**Mr. Speaker:** Order, order. It was a matter of judicial proceedings.

**Shrimati Sucheta Kripalani:** Did the Government advance any money to the grain syndicate? If so, what was the amount?

**Shri Datar:** I am not aware, but all the monies that were taken in excess have been refunded.

**Shri B. S. Marthy:** Have the Government given any undertaking to pay the debt incurred by the syndicate?

**Shri Datar:** No such undertaking has been given.

#### AGE OF RETIREMENT

\*644. **Kumari Annie Mascarene:** (a) Will the Minister of States be pleased to state the age of retirement for Central Officers in Part B States and in Part A States?

(b) What is the reason for the difference?

**The Minister of Home Affairs and States (Dr. Katju):** (a) The age of compulsory retirement for Central Government Officers whether serving in Part A States or in Part B States is governed by the provisions of Fundamental Rule 56, except that the protection granted under Fundamental Rule 56 (b) (i) to ministerial servants who were in permanent Government Service on 31st March 1938 is not applicable to employees taken over from Part B States; such employees have however been allowed an option to continue on their pre-absorption terms and conditions of service.

(b) The protection given in Fundamental Rule 56 (b) (i) is intended to apply only to a limited class of employees who were previously governed by the more liberal provision in force before the 1st April 1938.

**Kumari Annie Mascarene:** May I know, Sir, whether Government have received any petition asking permission from the Government to sue the Government in a Court of Law for remedy?

**Mr. Speaker:** Order, order. It will not be permissible. The judicial courts are open there.

**Shri Nambiar:** The question is, Sir, whether permission was requested.

**Mr. Speaker:** It is an attempt to bring pressure on Government to grant permission. That is what it amounts to. And to my mind, it is not proper to interfere in administration, unless there is something very extraordinary.

**Shri Nambiar:** Permission is not granted. They cannot sue.

**Mr. Speaker:** Never mind. They will take the consequences. We should compel the Government to grant permission for legal proceedings by a question in Parliament if they do not think it fit to do so. That is not asking for information. That is indirectly exercising pressure for getting something done.

**Kumari Annie Mascarene:** May I know, Sir, whether Government have received any petition asking for remedies from Government?

**Mr. Speaker:** Order, order.

**Kumari Annie Mascarene:** May I know, Sir, whether Government has any intention of changing this step-motherly policy towards Part "B" States?

**Mr. Speaker:** Order, order.

**Shri M. L. Dwivedi:** May I know if there are any States where the rules regarding the age of retirement have been revised, and if so, what will happen to the employees who were appointed before the revised rules came into existence?

**Dr. Katju:** I do not know of any revision. This is the first time I am hearing it.

**Shri V. P. Nayar:** May I know the number of cases in which exception has been made from the fundamental rule 56, and in which the services of the Central Government officers have been extended after the year of compulsory retirement?

**Dr. Katju:** I have not got the figures at my disposal here.

#### KABOW VALLEY

\*645. **Shri L. J. Singh:** Will the Minister of States be pleased to state:

(a) what steps the Government of India have taken for the reversion to India of the Kabow valley;

(b) whether it is a fact that with the cessation of the payment of the compensation money by the Burma Government Kabow valley would revert to Manipur; and

(c) whether the Government of Burma is still paying the compensatory grant to the Government of Manipur?

**The Minister of Home Affairs and States (Dr. Katju):** (a) to (c). In 1834 the British Government decided to restore the Kabow valley to the King of Burma. In compensation for the loss of territory the British Government undertook to pay to the Ruler of Manipur a sum of Rs. 500 Sicca per month which worked out to Rs. 6270/- per annum. When Burma was separated, this compensation became the liability of the Government of Burma. After the transfer of power the Government of Burma continued to pay the amount to the Government of India who in their turn passed on the amount to the Manipur Darbar. On the merger of the Manipur State with the Indian Union the assets of the Manipur Darbar became the assets of the Government of India. The amount which the Government of Burma are continuing to pay is therefore credited annually to the Central revenues. The Kabow Valley is now an integral part of Burma and the question of asking the Burma Government to transfer the territory to India does not arise.

**Shri L. J. Singh:** May I know whether the Maharaja of Manipur requested the Government of India for reversion of the Kabow valley to Manipur, after the Indian Independence Act, 1947 was passed, and if so what action the Government of India had taken on his request?

**Dr. Katju:** He did make some representations, but the Government of India then thought that his case was very weak.

**Shri A. C. Guha:** May I know whether there were any terms and conditions when this territory was ceded to Burma?

**Dr. Katju:** In reply to the main question I said that this was in 1834, that is about 118 years ago. The condition was payment of 500 Sicca per month, which now amounts to more than Rs. 6000, and the Government of Burma is paying it.

#### NATIONAL FLAG ON BRITISH-OWNED JUTE MILL

\*646. **Shri H. N. Mukerjee:** Will the Minister of Home Affairs be pleased to state:

(a) whether the attention of Government has been drawn to a press report that the manager of a British-owned jute mill at Jagatdal (West Bengal) ordered the hauling down of the National Flag hoisted by the workers on 15th August, 1952; and

(b) whether any steps have been taken in regard to the allegation that a foreign-trained Indian overseer who refused to execute the order had his agreement of service terminated?

**The Deputy Minister of Home Affairs (Shri Datar):** Yes. The incident occurred not on the last Independence Day but one day earlier.

The facts are that in the afternoon of 14th August, 1952, a National Flag was put up on a spinning frame inside the Spinning Department of the Anglo-India Middle Mill, Jagatdal, 24 Parganas. On seeing the Flag the Assistant Manager of the Mill was reported to have said that it was unusual to hoist the Flag inside the Department and that also one day earlier than the scheduled date. An altercation thereafter ensued and in the confusion that followed the Flag was found missing. It could not be ascertained who actually removed it. Some persons alleged that the Assistant Manager has pulled down the Flag. The latter vehemently denied the allegation. In order that there might not be any misunderstanding regarding this affair the Assistant Manager tendered apologies for the incident. The matter was thus closed. The 'National Flag' hoisting ceremony of the Mill was properly held at the football grounds on the 15th of August 1952.

(b) The services of the employee in question were terminated by the Company on grounds of inefficiency after giving him due notice by a letter dated the 8th August, 1952 in accordance with the terms of his appointment. This had therefore no connection with the Flag episode which took place on the 14th August.

**Shri H. N. Mukerjee:** Does the hon. Minister deny that there was considerable tension among the employees of the mill concerned over the incident, because it was interpreted by them very definitely as an affront to our National Flag?

**Shri Datar:** There was considerable tension on the 14th, but not on the 15th.

**Shri Nambiar:** May I know whether the service of the Indian overseer.....

**Mr. Speaker:** Order, order. What is the use of pursuing the matter, when it has been stated that the Assistant Manager has tendered apologies for the incident, and the matter has been thus closed?

**Shri Nambiar:** The services of the overseer were terminated on grounds of inefficiency, when the flag question was there right through. Therefore that question has to be pursued.....

**Mr. Speaker:** The hon. member may put an independent question for that. Let us not mix up the issues.

**Shri H. N. Mukerjee:** According to the reply to part (b) of my question, the answer is that the Government's information is that the employee concerned was dismissed for other reasons, but actually from what has been stated by the hon. Minister.....

**Mr. Speaker:** Order, order. That is a matter for argument and inference. He may put a separate question on that point.

**Shri G. P. Sinha:** May I know whether the same number of employees....

**Mr. Speaker:** Order, order. Let us go to the next question.

It is no use taking up the time of the House putting further supplementaries to this question.

**Shri Meghnad Saha:** It is a very serious question, Sir.

**Mr. Speaker:** I am going to the next question. Let us have some more information on other questions.

#### FINANCIAL AND TECHNICAL ASSISTANCE TO PART 'B' STATES

\*648. **Shri M. L. Dwivedi:** Will the Minister of States be pleased to state the steps taken or that are being taken by the Government of India in respect of the undertaking given to Part B States and other unions within the Republic in various agreements entered into with them in connection with the federal financial integration with the Centre?

**The Minister of Home Affairs and States (Dr. Katju):** There is a provision in the Agreements with Saurashtra, Madhya Bharat, Rajasthan and Patiala and East Punjab States Union for the grant of special financial assistance to these States to overcome their backwardness. Pending the institution of a formal enquiry for this purpose the

Government have been giving *ad hoc* grants-in-aid to these States against a total allocation of Rs. 3 crores.

**Shri M. L. Dwivedi:** May I know whether the financial integration of all these States that integrated with the Republic of India, has been completed?

**Dr. Katju:** So far as these four States are concerned.

**Shri M. L. Dwivedi:** May I know whether there has been any financial integration, so far as Hyderabad is concerned?

**Dr. Katju:** May I respectfully suggest that my hon. friend asked about some States to which an undertaking had been given? No such undertaking has been given to Hyderabad, so far as I recollect.

सेठ जचल सिंह : क्या मंत्री

महोदय यह बतलाने की कृपा करेंगे कि यह स्टेट कोई सालाना रिपोर्ट सेन्ट्रल गवर्नमेंट को भेजती है ?

**Dr. Katju :** The aid is given as against approved schemes, and of course the matter comes up before the Central Government.

**Shri M. S. Gurupadaswamy:** May I know whether the financial agreement entered into between the Centre and some Part B States will be revised? Specially I want to know whether the financial agreement entered into between the Centre and Mysore State will be revised in view of the fact that the agreement.....

**Mr. Speaker:** Order, order. I think this question is beyond the scope of the main question.

**Shri M. S. Gurupadaswamy:** I want to know whether the agreement.....

**Mr. Speaker:** I know what the hon. member wants. But the main question relates to only those States to whom some advance was being given in pursuance of an undertaking.

**Shri G. D. Somani:** The hon. Minister stated that pending an inquiry certain allocation of aid is being made. May I enquire why this inquiry has not been held so far, and when the Government of India propose to hold that inquiry?

**Dr. Katju:** We are awaiting the report of the Finance Commission. As soon as that report is received, the matter will receive very urgent and very due consideration.

**Shri H. G. Vaishnav:** May I know whether Hyderabad has requested for further grants in this respect?

**Dr. Katju:** I do not know.

#### FOREIGN NATIONALS IN INDIA

\*649. **Shri Achuthan:** Will the Minister of Home Affairs be pleased to state the total number of foreign nationals in India (excluding embassy people, foreign officers and experts in Government services) and the strength of each nationality?

**The Deputy Minister of Home Affairs (Shri Datar):** A statement showing the number of registered foreigners as on 31st December 1951 is placed on the Table of the House. [See Appendix IV, annexure No. 7]

**Shri Achuthan:** May I know to which main occupations these people belong, in India?

**Shri Datar:** I have no information.

**Shri Achuthan:** May I know, Sir, whether there are any restrictions on these foreign nationals and if so, how do they compare with restrictions in USA?

**Mr. Speaker:** Order, order. How can this arise when he does not know the occupations?

**Shri Achuthan:** May I know, Sir, whether there is any maximum prescribed by the Government of India?

**Shri P. T. Chacko:** Are any of them engaged in social service, and if so how many?

**Shri Datar:** A number of them, in fact, are engaged in social service, but I have not got the actual figures here.

**Shri Achuthan:** May I know, Sir, whether any of them have applied for changing their nationality and becoming Indian nationals?

**Shri Datar:** I am not aware, Sir.

**Shri H. N. Mukerjee:** Could we have an idea of the number of foreign experts in Government service or otherwise?

**Shri Datar:** It is not possible to give it off-hand.

**Shri K. K. Basu:** Are the Government aware that foreign business houses have increased the import of these foreign nationals much too disproportionately?

**Shri Datar:** We are not aware.

#### PRIMARY SCHOOLS OF TRIPURA

\*650. **Shri Dasaratha Deb:** (a) Will the Minister of Education be pleased

to state how many primary schools of Tripura have applied this year for Government aid?

(b) How much money was budgeted on Education last year and how much of it was surrendered if it was not spent?

(c) Is it a fact that the primary teachers have to come to divisional towns for receiving their monthly payments and they have to buy payment forms at Re. 1 each month?

**The Deputy Minister of Natural Resources and Scientific Research (Shri K. D. Malaviya):** (a) Thirty-six.

(b) An amount of Rs. 12,15,920 was budgeted on Education during 1951-52. An amount of Rs. 61,240/- was surrendered out of it.

(c) One teacher from each Primary School duly authorized has to come to the Treasury/Sub-treasury for receiving payments for the staff of the School. They are not required to buy payment forms which are obtainable free from Divisional and Sub-divisional offices concerned.

**Shri Dasaratha Deb:** May I know how many primary schools have received governmental grant this year, and what is the nature of the grant?

**Shri K. D. Malaviya:** Out of 36 applicant schools, 21 schools were found eligible to receive grant-in-aid. The remaining 15 cases are under examination. I will not be able to give you just now the nature of the grant.

**The Minister of Education and Natural Resources and Scientific Research (Maulana Azad):** It is a long list.

**Shri Dasaratha Deb:** Do the Government intend to increase the budget allotment for education?

**Mr. Speaker:** He wants to know whether the Government intends to give any additional grants.

**Shri K. D. Malaviya:** The Government will consider it.

**Shri Dasaratha Deb:** Do the Government intend to facilitate teachers of primary schools in rural areas receiving their salaries from the local post offices?

**Shri K. D. Malaviya:** The distances between the primary schools and post offices are so great that it will be very inconvenient for them to despatch salaries through post offices.

## AREA OF TRIPURA

\*651. **Shri Dasaratha Deb:** Will the Minister of States be pleased to state:

(a) how much of the area of Tripura is Government reserve and how much of it is owned by Tea Garden owners;

(b) whether any Government reserve land or the land of Tea Garden owners has been released for the rehabilitation of displaced persons and if so, what is its total acreage; and

(c) whether it is a fact that the Rehabilitation Department has asked for the release of certain reserve lands and Government refused to do so?

**The Minister of Home Affairs and States (Dr. Katju):** (a) Area of Government Forest Reserve in Tripura 1,020 square miles, Area owned by Tea Gardens 85 square miles.

(b) Government reserved lands released for rehabilitation of displaced persons 9,316 acres, Tea Garden area released for rehabilitation Nil.

(c) The request of the Rehabilitation Department of the State for the release of further lands from Tulsakona Fuel Reserve was not agreed to as such release would seriously affect the fuel supply to Agartala, this reserve being the only source of fuel supply to the town.

**Shri Dasaratha Deb:** May I know whether the amount of reserve land was determined by the cadastral survey or otherwise?

**Dr. Katju:** I could not tell you.

**Shri Meghnad Saha:** Does the hon. Minister think that the amount of land allotted to displaced persons is quite sufficient for the purpose, because the number of displaced persons is 2-1/2 lakhs?

**Dr. Katju:** I have placed before the House the information that is available. I propose to go to Tripura in another week and shall look into this matter on the spot.

**Shri Dasaratha Deb:** Do the Government intend to allot cultivable lands to the tea garden labourers out of land requisitioned from the tea garden owners?

**Dr. Katju:** You have asked a question about displaced persons. Now you come to tea garden labourers. I

am afraid I cannot give you a reply offhand.

**Mr. Speaker:** The hon. Minister may address the Chair.

## MILITARY ENGINEERING SERVICE EMPLOYEES

\*652. **Shri Tushar Chatterjea:** (a) Will the Minister of Defence be pleased to state what are the unions representing the Military Engineering Service Employees, which have been accorded recognition?

(b) Are there any unions of MES employees whose applications for recognition have not been granted and if so, what is their number?

(c) Have the Government of India received representations from the MES employees and their unions enumerating their complaints regarding the accumulation of arrears of payments, victimisation of Trade Union functionaries, violation of weekly off-day rules, half day on Saturdays etc., and if so, what action have Government taken in the matter?

**The Deputy Minister of Defence (Sardar Majithia):** (a) (i) The Madras Area MES Civilian Employees Union, Madras; (ii) MES Employees Union Deccan Area; Secunderabad; (iii) Engineering Stores Depot Employees Union, Bombay; (iv) MES Employees Union Poona Area Poona; (v) MES Workers Union, Bareilly Division, Bareilly.

(b) Applications for grant of recognition to the undermentioned two unions are under consideration of the Government:—

(i) MES Workers Union (Area Committee), Ambala.

(ii) MES Rashtriya Mazdoor Sangh, Poona.

(c) Yes. Suitable action has been taken as necessary and the complaints redressed, where necessary.

**Shri Tushar Chatterjea:** May I know Sir, whether it is a fact that the application for recognition of a Union named the MES Workers' Union, Agra, has been pending final decision, and if so, why is the delay?

**Sardar Majithia:** No, Sir, there are only two Unions, consideration of whose recognition is pending—the MES Workers' Union, Ambala, and MES Rashtriya Mazdoor Sangh, Poona.

**Shri Nambiar:** May I know, Sir, whether the All India MES Workers' Union which applied for recognition ever since 1948 is not yet recognised and if so, why?

**Sardar Majithia:** Not to my knowledge.

**Shri Nambiar:** May I know, Sir, whether the grievances of the MES Workers are not redressed because the Kalyanwala Committee's Report is not accepted by the Government?

**Sardar Majithia:** As I said, Sir, the grievances are redressed wherever necessary.

**Shri Nambiar:** May I know, Sir, whether the Government are going to act on the recommendations of the Kalyanwala Committee because it is said the grievances are.....

**Mr. Speaker:** That may be a very good reason, but I am afraid the Hon. Minister is not in a position to answer that. It is remotely related to the question.

**Shri H. N. Mukerjee:** What is meant by 'necessary'? He says the grievances are removed where necessary. I should think they should be removed when they are justified.

**Shri Tushar Chatterjee:** May I know, Sir, to what extent the Government have recognised the *bona-fides* of the Union that is duly registered but has not yet got formal recognition?

**Sardar Majithia:** About *bona fides*, Sir, every case is considered on its merits and necessary action taken.

#### EXCISE OFFICES IN WEAVING MILLS

\*653. **Shri S. V. Ramaswamy:** (a) Will the Minister of Finance be pleased to state how many weaving mills are there in Madras State?

(b) Is an Excise Office located in each mill?

(c) What is the cost of such establishment?

(d) Should each mill provide for quarters as well for the excise staff?

(e) What proportion does the cost of such establishment bear to the excise revenue from each mill?

(f) Have the State Governments any establishment in each mill to collect their Sales Tax?

**The Minister of Revenue and Expenditure (Shri Tyagi):** (a) There are 21 weaving mills in the Madras State.

(b) An Excise Inspector assisted by a small staff has been posted to each mill.

(c) The cost of an average excise establishment at each mill is Rs. 7,500 approximately per year.

(d) The Central Excise Rules, 1944, require a manufacturer of excisable goods to provide suitable residential accommodation for the excise officer in attendance at the factory at a rent not exceeding ten per cent. of the pay of the officer.

(e) The proportion of the cost of excise establishment varies from mill to mill, and depends on the quality and quantity of the cloth sold by the mill.

(f) The Government of India have no information on the subject.

**Shri S. V. Ramaswamy:** Can this not be based upon the sum realised as sales tax from each mill?

**Shri Tyagi:** Does my hon. friend mean to suggest that the strength of the staff should be based on the sales tax collected? The staff does not collect the sales tax; it is the Central Excise staff.

**Mr. Speaker:** The Question Hour is over.

#### WRITTEN ANSWERS TO QUESTIONS

##### PRISON REFORMS

\*632. **Shri U. C. Patnaik:** Will the Minister of Home Affairs be pleased to state:

(a) whether the Union Government have requisitioned the services of Dr. Walter C. Reckless to advise the State Governments on the subject of prison reforms;

(b) if so, whether Dr. Reckless has submitted any report on the subject; and

(c) if so, whether Government propose to place a copy of the same on the Table of the House?

**The Deputy Minister of Home Affairs (Shri Datar):** (a) to (c). I would invite the attention of the hon. Member to my reply to question No. 626 of to-day.

##### CIVIL DEFENCE ORGANIZATION

\*633. **Shri U. C. Patnaik:** (a) Will the Minister of Home Affairs be pleased to state whether it is a fact that

there was a regular Civil Defence Organization throughout the country during the last war?

(b) When was the organisation abolished?

(c) Has the question of the revival of the organisation been considered?

(d) If so, when is the new organization likely to come into force?

**The Deputy Minister of Home Affairs (Shri Datar):** (a) Yes.

(b) In the year 1945.

(c) and (d). Government do not consider that such an organization is necessary at present.

#### CLASS I AND CLASS II POSTS

**\*647. Shri K. C. Sodhia:** (a) Will the Minister of Home Affairs be pleased to state the total number of class I and class II posts sanctioned and actually held in the Government of India Secretariat during 1949-50, 1950-51 and 1951-52?

(b) How many of each are temporary, quasi-permanent and permanent?

(c) What new departments were opened or closed during the years referred to above?

**The Deputy Minister of Home Affairs (Shri Datar):** (a) and (b). A statement giving the information required is placed on the Table of the House. [See Appendix IV, annexure No. 8]

(c) In the year 1949-50, the Department of Parliamentary Affairs was created. No Department was closed during the year.

During the year 1950-51, the Ministries of (i) Commerce & Industry, (ii) Works, Production and Supply and (iii) Natural Resources & Scientific Research were constituted in the place of the Ministries of (i) Industry & Supply, (ii) Commerce (iii) Works, Mines & Power and (iv) the Department of Scientific Research. During the same year the Ministries of Food and Agriculture were combined in one Ministry of Food & Agriculture.

During the year 1951-52, no Ministry or Department was opened or closed.

#### PETROLEUM IN IMPHAL

**\*654. Shri L. J. Singh:** Will the Minister of Natural Resources and Scientific Research be pleased to state:

(a) whether it is a fact that petroleum has been found underground

while digging a tube-well somewhere in the Imphal town, in the month of October 1952;

(b) if so, what kind of petroleum it is and what the potentialities of the find are; and

(c) whether the Government have done anything to survey the area and locate the oil field?

**The Deputy Minister of Natural Resources and Scientific Research (Shri K. D. Malaviya):** (a) No information regarding the occurrence of oil in Imphal town is available either with the Geological Survey of India or with the Government of Manipur.

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

#### FLOODS IN MANIPUR

**\*655. Shri Rishang Keishing:** (a) Will the Minister of States be pleased to state whether the Government of India have made any attempts to find out real causes of floods in Manipur?

(b) What are the measures taken so far and which will be taken up in the near future to prevent recurrences of floods in Manipur?

(c) Will there be any remission of revenue and taxes for the flood affected people during the current year?

**The Minister of Home Affairs and States (Dr. Katju):** (a) Yes. An officer of the Central Waterways, Irrigation and Navigation Commission (now Central Water and Power Commission) was deputed by the Government of India in 1947 to explore the possibility of flood protection, reclamation, power generation and irrigation in Manipur. The State was also recently visited by another officer of the Commission.

(b) A sum of Rs. 30,000/- was sanctioned last year for repairing embankments along the three important rivers in the Manipur valley, viz., Imphal, Iril and Nambal. A sum of Rs. 40,000/- will be incurred in the current year on these repairs.

(c) Yes. Remission of land revenue is given in respect of fields, the crops of which are destroyed by flood.

#### HILL PEOPLES REGULATION OF 1947

**\*656. Shri Rishang Keishing:** (a) Will the Minister of States be pleased to state whether Government have received any representation duly signed by the leading tribal organisations of Manipur for effecting immediate repeal of the Hill Peoples Regulation of 1947?

(b) If so, have Government taken any action to repeal it?

**The Minister of Home Affairs and States (Dr. Katju):** (a) A representation was received from some Tribal organisations in Manipur which contained *inter alia* a suggestion for an amendment, not repeal, of the Manipur Hill Peoples Regulation 1947.

(b) The matter is under consideration of Government.

#### TOWN FUND COMMITTEE (IMPHAL)

**\*657. Shri Rishang Keishing:** (a) Will the Minister of States be pleased to state whether it is a fact that the Town Fund Committee of Imphal is composed of only a few nominated persons of the Government of Manipur?

(b) How many hill members are there in the Committee?

(c) Is there any likelihood of extending the Town Fund area in the immediate future?

(d) Is there any proposal to demarcate the Town Fund Committee of Imphal and if so, when will it be done?

**The Minister of Home Affairs and States (Dr. Katju):** (a) The Town Fund Committee of Imphal is composed of three officials; and four non officials *viz.* one representative each of the State Congress Party, the Praja Santi Party and the Manipur National Chamber of Commerce and one representative of the non-Manipuri Traders.

(b) None.

(c) The question is under consideration but there is some local opposition to this as this would mean extension of taxation to the new area.

(d) The Assam Municipal Act, 1923, has been extended to Manipur. Rules framed under the Act for the conduct of elections and the preparation of electoral rolls are under publication. The preparation of the electoral rolls and the conduct of elections will be taken up in due course after these preliminaries are over.

#### GRANT TO ALL INDIA HARIJAN SEVAK SANGH

**\*658. Shri Kakkan:** (a) Will the Minister of Home Affairs be pleased to state whether the Government of India have sanctioned a lump sum grant to the All India Harijan Sevak Sangh for the Harijan welfare work?

(b) If so, what is the amount?

**The Deputy Minister of Home Affairs (Shri Datar):** (a) No.

(b) Does not arise.

#### SUBSTITUTE FOR WHEAT

**\*659. Shri B. N. Roy:** Will the Minister of Natural Resources and Scientific Research be pleased to state:

(a) whether any research has been made for finding out any substitute for wheat; and

(b) if so, its result?

**The Deputy Minister of Natural Resources and Scientific Research (Shri K. D. Malaviya):** (a) No, Sir.

(b) Does not arise.

#### आदिवासियों की उन्नति

**\*६६०. श्री डार :** क्या गृह-कार्य मंत्री यह बतलाने की कृपा करेंगे :

(क) क्या मध्य भारत सरकार ने मध्य भारत के आदिवासियों की उन्नति के लिये संघ सरकार से कोई वित्तीय सहायता मांगी है;

(ख) यदि हां, तो कितनी ; तथा

(ग) वह कितने किन कार्यों पर व्यय की जायेगी ?

**The Deputy Minister of Home Affairs (Shri Datar):** (a) and (b). The Government of Madhya Bharat asked for a grant of Rs. 8.46 lakhs during the current financial year for various schemes for amelioration of the conditions of Scheduled Tribes and development of Scheduled Areas under Article 275 of the Constitution. A sum of Rs. 4.36 lakhs has been sanctioned. The State Government have submitted further Schemes costing Rs. 6.88 lakhs which are under consideration.

During 1951-52, a sum of Rs. 4 lakhs was given to the State Government.

(c) A statement showing the various schemes and the amount of grant sanctioned for each item is laid on the Table of the House. [See Appendix IV, annexure No. 9] The amount fixed is, however, not rigid and can be varied, if necessary.

#### INTEGRATION OF SERAIKHAL AND KHARSAWAN WITH ORISSA

**\*661. Shri Saiganna:** Will the Minister of Home Affairs be pleased to state:



(a) whether the Utkal Provincial Congress Committee sent a copy of their resolution in the month of October, 1952, to the Government of India for the integration of Seraikhal and Kharsawan with Orissa State; and

(b) if the answer to part (a) above be in the affirmative, what action Government propose to take in the matter?

**The Deputy Minister of Home Affairs (Shri Datar):** (a) No.

(b) Does not arise.

#### AUDITING GOVERNMENT-SPONSORED FACTORIES

**\*662. Shri Natesan:** Will the Minister of Finance be pleased to state how auditing is being done in the case of Government-sponsored factories?

**The Minister of Revenue and Expenditure (Shri Tyagi):** The information is being collected and will be laid on the table of the House in due course.

#### ELECTION PETITIONS

**\*663. Shri B. S. Murthy:** Will the Minister of Law be pleased to state:

(a) the total number of election petitions filed by candidates from Madras State under the Representation of the People Act; and

(b) how many of them have been disposed of so far?

**The Minister of Law and Minority Affairs (Shri Biswas):** (a) and (b). Up to the 21st November, 1952, 32 election petitions have been filed in Madras State, and 3 of them have been disposed of so far.

#### SCHOLARSHIPS FOR SCHEDULED TRIBES

**\*664. Shri B. S. Murthy:** Will the Minister of Education be pleased to state:

(a) the amount distributed as scholarships in the current year for Scheduled Tribes;

(b) the studies for which preference is given in sanctioning scholarships; and

(c) the number of such applications received and the number sanctioned?

**The Minister of Education and Natural Resources and Scientific Research (Maulana Azad):** (a) to (c). The hon.

Member's attention is drawn to the statement laid on the Table of the House. [See Appendix IV, annexure No. 10]

#### NAGPUR CONVENTION OF HARIJAN MEMBERS OF PARLIAMENT

**\*665. Shri B. S. Murthy:** Will the Minister of Home Affairs be pleased to state:

(a) whether Government have received copies of the resolutions passed at the recent Nagpur Convention of Harijan Members of Parliament and State Legislature; and

(b) if so, what action Government propose to take on the resolutions?

**The Deputy Minister of Home Affairs (Shri Datar):** (a) No.

(b) Does not arise.

#### FINANCIAL ASSISTANCE TO HYDERABAD

**\*666. Shri H. G. Vaishnav:** Will the Minister of States be pleased to state:

(a) the total loss of revenue incurred by Hyderabad State as a result of financial re-arrangements;

(b) the total amount of annual subsidy given by the Centre to that State; and

(c) whether the Centre propose to increase the amount of subsidy as requested by the Hyderabad Government and if so, to what extent?

**The Minister of Home Affairs and States (Dr. Katju):** (a) I presume that the reference is to the financial integration of State with the Central Government; the net immediate loss of revenue to the State after taking into account the expenditure saved as a result of financial integration was computed at Rs. 135 lakhs (O.S.);

(b) Rs. 135 lakhs (O.S.);

(c) The grant-in-aid was fixed at Rs. 135 lakhs (O.S.) as a final settlement with the concurrence of the Hyderabad Government and it is not proposed to re-open the matter.

#### DISTRICT COUNCILS (ASSAM)

**\*668. Shrimati Khongmen:** Will the Minister of Finance be pleased to state:

(a) whether it is a fact that the Assam Government made a request

for grants for the purpose of building headquarters of District Councils of the autonomous districts of Assam; and

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

**The Minister of Revenue and Expenditure (Shri Tyagi):** (a) Government of India have not received any such request.

(b) The question does not arise.

#### DEVELOPMENT OF BACKWARD CLASSES

**228. Shri Balwant Sinha Mehta:** Will the Minister of Home Affairs be pleased to state:

(a) on what basis the annual grants are given to different States for development of Backward Classes; and

(b) what percentage of these grants is exclusively meant for the Scheduled Tribes in Scheduled Area, what for other Tribes living in the same State and what for other backward classes respectively?

**...The Minister of Home Affairs and States (Dr. Katju):** (a) No grants are given to States for the development of "Backward Classes" as such. Annual grants-in-aid are, however, given under Article 275 of the Constitution for promoting the welfare of Scheduled Tribes and for raising the level of administration of Scheduled Areas in a State. These grants are made on the basis of factors such as the size of the tribal population, the degree of backwardness of the Scheduled Tribes and the financial resources of the State.

(b) The grants are exclusively meant for Scheduled Tribes whether living in Scheduled Areas or any other part of the State.

#### COMMITTEE TO EXAMINE STANDARDS OF DEGREES

**230. Shri S. N. Das:** Will the Minister of Education be pleased to state:

(a) whether the report of the Committee to examine the standards of the degrees and diplomas awarded by private educational institutions for purposes of Government employment, has been received and considered;

(b) if so, with what result; and

(c) the number of institutions whose degrees and diplomas were considered and the number of such of

them as were recommended to be accepted by Government?

**The Minister of Education and Natural Resources and Scientific Research (Maulana Azad):** (a) Yes.

(b) All the recommendations of the Committee have been accepted by Government of India.

(c) The degrees and diplomas awarded by 25 private educational institutions were considered by the Committee, and those awarded by 6 of them were recommended to be accepted by Government of India

#### THEFTS ETC. IN DELHI

**231. Pandit Munishwar Datt Upadhyay:** Will the Minister of Home Affairs be pleased to state what are the total number of thefts, burglaries, dacoities and murder cases in the new colonies of Delhi in the years 1951 and 1952?

**The Minister of Home Affairs and States (Dr. Katju):**

Years	Thefts	Burglaries	Dacoities	Murder
1951	159	68	..	5
1952	127	79	..	1
up to 1.10.52				

#### REVENUE FROM IMPORT DUTIES

**232. Sardar Hukam Singh:** Will the Minister of Finance be pleased to state:

(a) what was the revenue derived by the Union Government from the Import Duties, and other taxes (if any) on mineral oil imports (including petroleum and petroleum products) and the sale of such oil and aviation fuel in India, in each of the last five years, ending 31st March, 1952;

(b) whether any complaint has been made to the Government of India of any State tax operating in effect as a Transit Duty, and, if so, what action the Government of India have taken in the matter; and

(c) whether any proposals have been submitted to Government for unifying the rates and procedure for levying such taxes?

**The Minister of Revenue and Expenditure (Shri Tyagi):** (a) A Statement giving the necessary information is placed on the Table of the House. [See Appendix IV, annexure No. 11]

(b) Presumably the Hon'ble Member is referring to Sales Tax. If so, the answer is in the negative.

(c) Yes. The proposals are embodied in the Report of the Motor Vehicle Enquiry Committee, which is available in the Library of the House. They are still under consideration by the Central and State Governments.

#### GEOLOGICAL SURVEY OF INDIA

**233. Shri Telkikar:** Will the Minister of Natural Resources and Scientific Research be pleased to state:

(a) in which of the six circles Hyderabad State is included for the purpose of Geological survey of India;

(b) whether the circle officers have conducted any survey there; and

(c) if so, whether the report of the survey is available?

**The Deputy Minister of Natural Resources and Scientific Research (Shri K. D. Malaviya):** (a) to (c). A statement giving the information required is laid on the Table of the House. [See Appendix IV, annexure No. 12]

#### ADVISERS TO MINISTRIES

**234. Dr. N. B. Khare:** Will the Minister of Finance be pleased to state how many American or other foreign experts are attached to each Ministry as its Advisers?

**The Minister of Revenue and Expenditure (Shri Tyagi):** A statement is laid down on the Table of the House. [See Appendix IV, annexure No. 13]

#### LAWRENCE SCHOOLS AT LOVEDALE AND SANOWAR

**235. Shri N. B. Chowdhury:** Will the Minister of Education be pleased to state the amount of expenditure incurred for the Lawrence Schools at Lovedale and Sanowar for the year 1951-52?

**The Minister of Education and National Resources and Scientific Research (Maulana Azad):** A statement is laid on the Table of the House. [See Appendix IV, annexure No. 14]

**THE**  
**PARLIAMENTARY DEBATES**

Ass. No. 25

Date.....20.11.

(Part II—Proceedings other than Questions and Answers)

**OFFICIAL REPORT**

4135

1136

**HOUSE OF THE PEOPLE**

*Tuesday, 25th November, 1952.*

*The House met at a Quarter to Eleven of the Clock.*

[**MR. SPEAKER in the Chair**]

**QUESTIONS AND ANSWERS**

(See Part I)

11-45 A.M.

**PAPERS LAID ON THE TABLE**

**CENTRAL EXCISE NOTIFICATIONS**

**The Minister of Revenue and Expenditure (Shri Tyagi):** I beg to lay on the Table a copy of each of the following notifications in accordance with Section 38 of the Central Excises and Salt Act, 1944:

- (1) Central Excise Notification No. 12, dated the 19th July, 1952.
- (2) Central Excise Notification No. 13, dated the 2nd August, 1952.
- (3) Central Excise Notification No. 14, dated the 2nd August, 1952.
- (4) Central Excise Notification No. 15, dated the 9th August, 1952.
- (5) Central Excise Notification No. 16, dated the 9th August, 1952.
- (6) Central Excise Notification No. 17, dated the 9th August, 1952.
- (7) Central Excise Notification No. 18, dated the 9th August, 1952.
- (8) Central Excise Notification No. 19, dated the 16th August, 1952.

- (9) Central Excise Notification No. 21, dated the 27th September, 1952.

- (10) Central Excise Notification No. 22, dated the 4th October, 1952.

- (11) Central Excise Notification No. 23, dated the 6th October, 1952.

- (12) Central Excise Notification No. 24, dated the 18th October, 1952.

[Placed in Library. See No. P-79/52.]

**INDIAN POWER ALCOHOL  
(AMENDMENT) BILL—concl'd.**

**Mr. Speaker:** The House will now proceed with the further consideration of the following motion moved yesterday by Shri T. T. Krishnamachari:

“That the Bill to amend the Indian Power Alcohol Act, 1948, be taken into consideration.”

The hon. Minister was speaking when the House adjourned. He may continue his speech.

**The Minister of Commerce and Industry (Shri T. T. Krishnamachari):** Yes, Sir. The point that was raised by my hon. friend Shri Chatterjee was that clause 4 of this particular measure offends article 20 of the Constitution in that a person who might be convicted under the enactment... (Interruption.)

**Shri S. S. More (Sholapur):** I want to make a suggestion. The hon. Minister is replying to the point of order or the constitutional point raised by my hon. friend Shri Chatterjee...

**Dr. S. P. Mookerjee (Calcutta South-East):** There was no point of order.

**Shri S. S. More:** I mean the legality or validity of certain proceedings. I believe that some of the other Members may be able to emphasise that

[Shri S. S. More]

point by adducing some additional grounds. Therefore, will it not be more convenient to the hon. Minister to reply to all the points *in toto* after hearing the other hon. Members on this subject?

**Mr. Speaker:** The point is that the hon. Minister was on his legs when the House adjourned yesterday. As regards the other suggestion. I think it will be better if, at the initial stage, I give my own reactions, so that it would clarify the position and we shall be saved a lot of time which may otherwise be taken in advancing arguments.

I have gone through the proceedings and the grounds urged by Shri Chatterjee, very carefully. Of Course, in all such matters, there is scope for difference of opinion and nobody can claim that he is alone right. But somebody's decision has to be accepted as final. Even after carefully reading and re-reading the proceedings, I have not been able to appreciate the point raised by Shri Chatterjee.

**Shri T. T. Krishnamachari:** May I make a submission, Sir? If the Chair will permit me to say so, I have consulted the Attorney-General and I may mention the point before the Chair gives its ruling, again of course if the Chair permits.

**Mr. Speaker:** I am at first giving my reactions, and unless somebody has to say something which must be said, those reactions will be taken as my ruling, but at present I am not closing the door but am keeping it a little open.

When we look at the nature of the provision of clause 4, we can see that, though it speaks of validation of certain acts, it is, really speaking, an indemnity clause and as stated in the statement of objects and reasons there may be a possibility—it is a doubtful point—of it being held that, there being no declaration by law by Parliament but the declaration being provided for in the 1948 Act itself, it is just possible to argue—not necessarily that any court will hold like that—but it is possible to argue that the particular provisions of the 1948 Act, until the Industries (Development and Regulation) Act, 1951, came into force were not according to law, because the Constitution provides that the declaration should be by the Union in pursuance of a law enacted by Parliament. Of course, this is word-spinning of a very high order, but the

possibility is there. It is likely, therefore, that some acts may have been committed by the authorities in the course of administration and the authorities may be exposed to claims for damages in respect of things that they may have done in the *bona fide* belief that they were acting under a proper power vested in them by law. The objective of clause 4 is not that of reviving all things done and in cases where a doubt prevails, holding them to be perfectly legal or valid. The object is to protect the officers from legal proceedings. A man might have been sentenced. He might as well sue the magistrate sentencing him for the wrongful finding or proceed against the public prosecutor or the other officers of the Government who were concerned. It is not the case that something is to be done now. Hon. Members will be pleased to see that, over a year has passed now from the date of the other Act and as between the commencement of the Constitution and the Industries (Development and Regulation) Act, 1951, also there was an intervening period. During that period, under the belief that the provisions of the 1948 Act were valid—even though the power was not vested by a law of the Parliament—many things have been done and it is only to give protection from prosecution or from civil suits or suits for damages against those concerned with the administration that, it appears to me that clause 4 is now being brought forward. In reading that clause, hon. Members will see that it does not stand by itself and say that all these acts are valid. It says—

“...shall be as valid and operative as if they had been done, taken or passed in accordance with law.....”

It does not say “they are validated immediately”, but it says—

“shall be as valid and operative as if they had been done, taken or passed in accordance with law.....”

and the further provision is connected by the word “and” and reads—

“and no suit or other legal proceeding shall be maintained or continued against any authority whatsoever on the ground that any such acts, proceedings or sentences were not done, taken or passed in accordance with law.”

So, looking to the grammatical construction of the sentence, the emphasis of the provision, its objective and language are clear, namely, to indemnify the officers who acted under a *bona fide* assumption that all the things that they were doing were valid under the law as it existed. The objective is not to make the acts valid in themselves, but to protect the officers, as if they were acting under powers legally vested in them by law. Therefore, it is a clear matter and I do not see really how this point of order can be urged. In many legislations we have been seeking to give indemnity to officers who are acting in similar conditions, whenever it is known that there is a possibility of a doubt as regards the validity of a particular action. So, it is not really a validating legislation but an indemnifying one.

I think that some confusion has arisen because of the way in which the statement of objects and reasons has been given. Para 2 of that statement lays a wrong emphasis, to my mind—I am open to correction by the hon. Minister—when it begins by saying “to validate all action taken etc. etc.” To my mind, this is not a very correct statement, because the attempt here is to indemnify the officers. That seems to be the objective to my mind, and if the hon. Minister had begun the sentence in that other fashion, perhaps his point of order would not have arisen.

Now, if any hon. Member wants to say anything, I have no objection but I am clear in my mind that it cannot be that kind of validating measure. It is an indemnifying one.

**Shri N. C. Chatterjee (Hooghly)** This point was never made yesterday. The clause as drafted aims at two things. Please look at the heading: it is “validation of certain acts and indemnity in respect thereof.”

**Mr. Speaker:** I have no objection to the hon. Member arguing, but any time taken in that is not legitimately applied. That is my reaction to it. We are not arguing, as if in a court of law. We are discussing a thing as in a House.

**Shri N. C. Chatterjee:** What I want to point out is this. The interpretation that you are putting on this clause would whittle down the clause as it stands and it would require re-drafting. The clause as drafted is a composite clause aiming at two things, one, validation of certain acts of the

executive authority—validation of proceedings and sentences, which might have been passed during this period, that is after the 26th January, 1950 and the commencement of the Act of 1951. That is the first part. There, Sir, the language is (just omitting the redundant expressions): “All proceedings and sentences which have been taken or passed during this period from the 26th January, 1950 and the commencement of the Industries (Development and Regulation) Act of 1951 shall be valid and operative as if they had been done, taken or passed in accordance with law”. This is clearly giving retrospective effect and validating retroactively all proceedings and sentences taken or passed during this period.

I would have no objection, Sir, if the hon. Minister makes it clear that it is only an indemnifying clause. In that case I would not have raised the point. But as it stands only the last part, “no suit or other legal proceeding shall be maintained or continued against any authority whatsoever on the ground that any such acts, proceedings or sentences were not done, taken or passed in accordance with law” is the indemnity clause.

**Mr. Speaker:** I may again invite his attention to what I said. The wording is, “shall be as valid and operative as if they had been done, taken or passed in accordance with law”. Where is the occasion for doubt? I do not think it requires any further argument.

Moreover, this is practically a matter to be decided by the Supreme Court and not by this House here.

**Shri S. S. More:** The categorical way in which you have expressed your opinion, raises a sense of hesitation in my mind. With all respect for your opinion, I may state that instances may occur where during that particular period a person might have been convicted and sentenced. Possibly he may have undergone the sentence. Now an attempt is being made to validate the sentence under an enactment which was not in existence at that particular time. I can certainly understand our giving indemnity to a particular officer. But validating the sentence which is a sort of a blot on the person concerned, is something which Parliament should not indulge in.

I can very well understand that all our enactments are subject to scrutiny by the Supreme Court. But that is the

[Shri S. S. More]

last remedy. If we could see the defect or the lacuna on the floor of the House are we not to correct it ourselves? Should we allow ourselves to be corrected by the Supreme Court?

I can assure my hon. friend that as far as granting indemnity to the executive officers for acts done bona fide we have no quarrel whatever. But legalising a sentence which is void is something going against the Fundamental Right as guaranteed in article 20 of the Constitution is not correct. I believe, with due deference, that a constitutional—fundamental—guarantee can be amended only by a certain procedure which has been laid down in the Constitution itself—I refer to article 368. This is not a fair attempt I may say.

Mr. Speaker: I do not attribute any unfairness to that.

Shri S. S. More: This is another way of amending the Fundamental Right which has been guaranteed. Let the Minister come forward with a measure for amending the Constitution. But in a measure like the Power Alcohol Amendment Bill, amending the Constitution in an indirect manner and taking away the Fundamental Right...  
12 NOON.

Mr. Speaker: All that argument follows if one accepts the interpretation which the hon. Member is trying to put on it. There is no such attempt as he supposes. It is a simple piece of legislation, to my mind; and as I have stated, simply because a doubt is expressed, I am not going to kill a Bill by taking on me the responsibility of deciding that the provisions of the Bill are not valid.

Shri S. S. More: Can't the hon. Minister at least not defer it and apply his mind?

Mr. Speaker: He may, if he likes. I have no objection. He may even withdraw the Bill, if he likes. But so far as the Chair is concerned, it has to proceed with the Bill. If any amendment is considered necessary, I shall certainly allow it, even without notice, provided it is an agreed amendment. That can be done. I will not allow any new amendment. But I am absolutely clear in my mind—though I admit that I may be wrong—no human being can claim that he is always right. But I do not go to the length of interpreting this to the extent or in the manner in which it has been done by some hon. Members of this House.

I think that disposes of the point of order.

Shri T. T. Krishnamachari: Sir, I wish to express my gratitude to the Chair for explaining in very clear language—which I should have done—the object of the Bill. I would also like to add, Sir, that I think the Ministry ought to plead guilty for not having clarified the position in the Statement of Objects and Reasons. The emphasis on the word "validating" led to our losing sight of the indemnity aspect of it and you, Sir, put it very clearly that it is essentially an indemnifying measure.

There is yet another point which I should make clear. All that we have in our mind is only a remote doubt whether the declaration that was contained in the Act of 1948 would or would not be valid and it is that remote doubt that we want to clear by this provision. Factually the position is that this Act was brought into operation on the 1st of March, 1952 in 17 tehsils in Punjab and later on in a few tehsils in Vindhya Pradesh. The operation of the Power Alcohol administration in other States has been done by the Acts which have been enacted by the States. It was only on the 1st of October that we promulgated a notification by which the United Provinces Act was superseded. As you have very rightly remarked on the 8th of May the notification promulgating the Industries (Regulation and Development) Act took away all vestige of doubt in regard to this declaration. The period really is from the 1st of March to the 8th of May. It is a very short period in which we have promulgated this Act in nineteen tehsils in Punjab and a few in Vindhya Pradesh. I am assured, Sir, that no prosecution has been launched. But even so, my legal advisers felt that the language which has been used in clause 4 is the normal language which they use and as you rightly put it, the emphasis is not so much on validating actions in of executive officers, as on indemnifying those persons in authority who have initiated proceedings and who have been the cause of sentences if any have been imposed.

My feeling was that this does not attract the provisions of article 20 of the Constitution. Article 245 amply covers an action on these lines which you have held as legitimate. I did ask the Attorney-General if he could possibly come and help the House in this matter, so that he could explain the legal position. But, unfortunately he is on his feet in the Supreme



Court and he could not come and he has given Government the benefit of his advice.

I understand that there has been no sentences passed under this measure. So, the provisions of article 20 cannot be invoked, even granting it could be invoked in the Supreme Court, because no sentences have been passed. But that is neither here nor there. It is only a question of indemnifying some of the acts that have been taken under this Act between the 1st of March and the 8th of May. I do not think ordinarily any criminal intent or action was involved because this Act merely empowers us to compel oil companies to fix a certain proportion of power alcohol. That is the operative portion of this Act. But as the House knows very well we cannot limit indemnity to any important activities within our knowledge. It may be there are many other things not within the knowledge of Government.

It is a fairly all-embracing provision. Nevertheless, I am assured both by the Attorney-General and General and my legal advisers that the position envisaged by the hon. Member, Mr. Chatterjee, is not there and we have done nothing very seriously wrong, nor do we attract the provisions of articles 20 of the Constitution.

**Shri C. D. Pande** (Naini Tal Distt. cum Almora Distt.—South West cum Bareilly Distt.—North): Sir, I rise to extend my whole-hearted support to this Bill. This measure is of particular importance to the States of Uttar Pradesh, Bihar and indeed to all places where there is sugar industry. The House is aware that this country is gravely in shortage of petrol. Happily in power alcohol we have a material available in this country which is a substitute for petrol. There have been schemes and proposals to make synthetic petrol, and the schemes have been shelved only because they involve large amounts and will take long periods of time.

[MR. DEPUTY-SPEAKER in the Chair] In view of these difficulties, is it absolutely necessary—that we should give more attention to this industry which is ready to offer you a substitute for petrol—and that at comparatively cheaper rates.

At present we have an installed capacity of ten million gallons of power alcohol. But unfortunately, owing to the lack of market, we produce only five million gallons of power alcohol. That means that though the installed capacity is there, the factory is idle

for fifteen days in the month. Not only that. We have an installed capacity of ten million gallons, but we can increase it almost to 30 million gallons a year. That means to the extent of 30 million gallons of power alcohol we are free from the obligations of foreign exchange. I would like to tell the hon. Finance Minister that he will not only save a large amount of foreign exchange but will also get a large amount of excise revenue.

The House must be knowing that power alcohol is a by-product of the sugar industry. It is manufactured out of molasses. The molasses at present are going abegging. There is no market for them. Molasses are being sold at eight annas a maund. The House will be interested to know that one maund of molasses can produce almost two gallons of power alcohol. It is a pity that we are wasting such a valuable commodity, and the factories find it difficult to dispose of their raw material out of which power alcohol is manufactured. With this end in view the Bill comes forward with a measure which will extend its operation to the whole of India and create a market for power alcohol.

In passing I would like to say that I was a little surprised that within this Bill there has been a clause "except the State of Jammu and Kashmir". I do not know why the necessity of this exclusion arose. Now it has become almost a fashion to exclude Jammu and Kashmir from the purview of our legislation. This creates a painful impression that the constitutional position of Kashmir is hardening into a separate entity. However, that is just a passing remark.

As far as this power alcohol is concerned, it is mixed in petrol in the proportion of 4 to 1. That is to say, four gallons of petrol added to one gallon of power alcohol is as effective as petrol itself. That means we can increase the output of petrol, without importing petrol, by 20 million gallons a year if we care to install a few more factories. Ten million gallons is the installed capacity today and it can easily be doubled.

With this end in view I extend my whole-hearted support to this measure. We are short of petrol and petrol is a commodity of national importance and power alcohol as a substitute is a commodity of national importance and therefore Sir, this Bill should receive whole-hearted support of this House.



Shri Baasal (Jhajjar-Rewari): Sir, this is a very innocuous and small measure and I therefore have no intention of wasting the time of the House or of making a long speech. But I do consider it as a very important measure, inasmuch as only very recently there was a Power Alcohol Seminar under the auspices of the E. C. A. F. E. held at Lucknow. At that Seminar all the economic and technological aspects of the power alcohol industry were gone into in great detail. The principal Act, in section 4, says that "no person shall manufacture power alcohol from any substance other than molasses or such other substance as may be specified by the Government of India". To my knowledge no other substance has been specified so far. But the Seminar, while discussing the possibilities of the alternative sources from power alcohol could be manufactured, recommended that in India there are a number of other articles from which power alcohol could be extracted, and one of them was bagasse and the other was tapioca. I wonder if the Commerce and Industry Ministry is looking into this recommendation and thinking of issuing a notification under section 4 of the principal Act. Because, as my hon. friend Mr. Pande has said, power alcohol is a very important industry in our country, particularly because we have no natural deposits of petrol and therefore to a very large extent we have to depend on this commodity.

We are producing at present in our country six to seven million gallons of power alcohol. I understand the installed capacity is about 18 million gallons—and not ten million gallons as Mr. Pande said. I want to enquire of the hon. Minister as to why it is that we are able to utilise only one-third of our capacity. Have the excise duties or the vexatious prohibition laws in some of our States anything to do with it? I was told that in Bombay the distilleries have to undergo a lot of difficulties in manufacturing and marketing power alcohol. After this industry's coming under the purview of the Central Government, I would enquire of the Commerce and Industry Minister as to what would be the respective jurisdictions of the State Governments and the Central Government particularly in the application of the prohibition laws.

Then, Sir, another point that has been raised in the press is that the excise duty in our country acts to the

disadvantage of the power alcohol industry, because this excise duty is being charged almost at the same rate on power alcohol as on petrol. Again, power alcohol is manufactured in the interior while petrol is imported at the port towns. It therefore happens that the excise duty on power alcohol and heavy transport charges come to stand in the way of the proper marketing of this commodity in port towns.

Another point to which I would like to invite the attention of the Commerce Minister is this. I was told some time back—I cannot vouchsafe for its accuracy—that some of the foreign combines which are having the sole monopoly of petroleum in our country are not acting with that speed which is necessary in the matter of admixture of power alcohol with petroleum products. After all, it is they through whom this commodity can be marketed, and if they are not able to provide the mixing facilities or the storage facilities for this article, this industry will remain under a perpetual handicap of these big combines. I would therefore request the hon. Commerce Minister very earnestly to look into this and, now that the whole industry has come within his purview, to devise ways and means of expediting the mixture and sale of this commodity.

In passing I would refer to another industry which has been under the consideration of the various panels and also of the various Ministries for a long time. I refer to the manufacture of petroleum products from coal industry. I think, Sir, the time has come when, despite the heavy financial outlay that we will have to incur on that industry, some serious steps should be taken and we should make some headway in that direction also. With these few remarks I welcome this Bill and I would appeal to the hon. Commerce and Industry Minister to look into the problems of this industry with sympathy and also with expeditiousness that characterises all his actions.

Shri R. N. S. Deo (Kalahandi-Bolangir): I am sorry to say that there has been some confusion about the point which my hon. friend Mr. Chatterjee raised yesterday. There was no question of order that he had raised. His remarks were made in the course of the general debate on the measure and he had pointed out the difficulty, rather the constitutional difficulty, for the consideration of the hon. Minister

and also for the consideration of this House. There was no question of any ruling from the Chair involved in this matter but Sir, the hon. Speaker made it clear that he had given his reactions on the subject which were to be treated as his remarks, preliminary remarks, and his intention was not to close the door on the discussion if anyone had anything to say on the subject. Now, Sir, this Bill, as pointed out by the hon. Minister yesterday, consists of two parts, the first part seeks to extend the Indian Power Alcohol Act of 1948 to all States, that is including Part B States and the other is a minor amendment to bring the language of section 2 in line with the provision in entry 52 of the Constitution, in Schedule 7 of List I of the Constitution. The second part consists of clause 4 which seeks to validate and indemnify certain acts performed under the old Act of 1948. Now, Sir, the point that was raised by my hon. friend Shri Chatterjee was that this is irregular as it goes against the Constitution, particularly article 20 (1) of the Constitution and in the course of the reply to that point, the hon. Minister suggested that this is not the proper forum to raise that point and he also referred to the usages of this House as laid down by the hon. Speaker. Obviously the hon. Minister was referring to the rulings of the hon. Speaker on points of order questioning the validity of any Act or the regularity of any Act but Sir, if I remember right, the rulings of the Speaker do not debar Parliament from considering the constitutionality of any measure. The point involved here is whether it is within the powers of the Parliament to enact this measure, and whether it would be proper for it to do so.

**Shri T. T. Krishnamachari:** On a point of order, Sir, it looks as though the hon. Member is reopening the whole question which has been settled by the Speaker. I am perfectly willing, Sir, to discuss this matter, if necessary. I think the hon. Speaker's decision was that there need be no further discussion on the subject.

**Shri R. N. S. Deo:** My point is that the hon. Speaker gave his ruling as a provisional one. Has it to be taken rather as an *obiter dictum* and not as a final ruling? He made it clear that it was not closed.

**Shri T. T. Krishnamachari:** Is that position correct? Sir, may I ask if the hon. Speaker's ruling on this particular matter is only an *obiter dictum* and not a ruling? I would like to be enlightened.

**Shri S. S. More:** Nobody sought a ruling. Even Mr. Chatterjee did not raise a point of ruling?

**Mr. Deputy-Speaker:** I was not present here. I will look into the proceedings. Whenever an objection is taken to the jurisdiction of the Parliament either because a particular item is not an entry relating to the Union List or is otherwise, it has always been held that it is not for the Chair to give a ruling but that may be taken into consideration by the House for the purpose of throwing it away, and therefore it is not as if the Chair is competent. On a prior occasion, i.e. when the Deshmukh Act came up, it was ruled that the Chair would not take the responsibility of ruling it out, that it might be taken into consideration by the Parliament to throw it out. Therefore it is open to the Parliament to consider. It is equally open to any hon. Member to place the views for and against before the Parliament. Parliament is supreme. The Chair will not take the responsibility.

**Shri T. T. Krishnamachari:** I am very sorry, Sir, but I thought my limited understanding of language, may probably be the way of my interpreting what the hon. Speaker said in the morning but I thought that he definitely said that discussion on this matter need not be allowed. I thought more or less it was fairly a definite answer.

**Mr. Deputy-Speaker:** When an hon. Member was referring to it.....

**Shri T. T. Krishnamachari:** The position was, I was on my feet trying to explain a matter that was raised by the hon. Member, Mr. Chatterjee and then the hon. Speaker intervened. He said the interpretation of a particular provision at any rate did not permit any argument raised. He said it was always an understanding here that the appropriate forum for this matter is somewhere else and the point need not be stressed. That is my understanding. The hon. Member has come well prepared and he says we must have the benefit of his views. I have absolutely no objection. The only thing is that I have again to reply to that point. I shall be more or less impinging on what I think a constitutional propriety namely that after the hon. Speaker has more or less defined the limit of a discussion, I should be going beyond it. That is my difficulty. I am perfectly willing to listen to anything that has been said.

**Mr. Deputy-Speaker:** I understand the hon. Speaker did not give it as a ruling treating it as a point of order. As a matter of fact, from the precedents, I can say that the Speaker never takes the responsibility of deciding that matter. I understand, however, that the Speaker said that the point seems to be so clear so far as we are concerned, and we need not spend much time over this matter. That is his opinion.

**Shri S. S. More:** Are we to take it as his advice or.....

**Mr. Deputy-Speaker:** Why is the hon. Member so impatient? He may wait and hear what I say.

**Shri S. S. More:** I am sorry, Sir.

**Mr. Deputy-Speaker:** He, no doubt, said that the ultimate authority in these matters is the Supreme Court. I am not in favour of not allowing discussion of this matter. If the hon. Minister feels that he has already answered this point, he need not unnecessarily take the time of the House. The House will remember what the hon. Minister has said. If he perchance thinks that he has to place these arguments again, certainly, I am prepared to allow him to do so. The hon. Member may continue. Having regard to the manner in which the point has been raised and the arguments already advanced, if the hon. Member still feels that he is going to convert the House, certainly, let him do so. I do not want to stand in his way.

**Kumari Annie Mascarene (Trivandrum):** On a point of order, Sir, can democracy allow any Bill to be ruled to shape by a ruling from the Chair?

**Mr. Deputy-Speaker:** It is hypothetical. I have already said that the Chair does not take the responsibility of doing that.

**Pandit Thakur Das Bhargava (Gurgaon):** The Chair can certainly decide the point of order.

**Mr. Deputy-Speaker:** The Chair is bound to decide certain matters so as to allow proceedings to go on. But, in certain matters, it does not take the responsibility. It allows the House to decide one way or the other. That is always the case.

**Shri T. T. Krishnamachari:** If the hon. Member has prepared his speech and insists on speaking...

**Shri R. N. S. Deo:** I want to assure the hon. Minister..

**Mr. Deputy-Speaker:** If there are any new points which were not placed by the hon. Mr. Chatterjee, a retired Judge and an eminent advocate of the Supreme Court, if the Maharaja thinks that he can add to his arguments, he can certainly do so and the House will hear him.

**Shri R. N. S. Deo:** I wish to assure the hon. Minister and also the House that I am not in love with my voice that I should simply want to speak for speaking's sake. Nor have I got up to oppose this Bill for opposition's sake. I am going to point out certain constitutional difficulties because I consider that it involves a matter of principle.

**Mr. Deputy-Speaker:** True, true. The hon. Member will also bear in mind that no hon. Member should either repeat what he has said, nor repeat what others have said except for the purpose of emphasis, as occasionally it happens, that one other hon. Member also makes that statement. If once again all those arguments are placed before the House, it will be repetition.

**Shri R. N. S. Deo:** The point involved here was whether it is proper to pass a retroactive law

**Mr. Deputy-Speaker:** Any fresh arguments on this point, the House will hear.

**Shri R. N. S. Deo:** A question has been raised about the proper time for raising this point. The hon. Minister said that after this Bill becomes law, that would be the proper time and another forum would be the proper forum for raising this question. I wish to submit to this House that according to the.....

**Mr. Deputy-Speaker:** Why labour this point? I am going to allow discussion.

**Shri R. N. S. Deo:** Article 12 of the Constitution defines State as including the Government and Parliament of India and the Government and the Legislature of each of the States and all local or other authorities. Under article 13 (2), it is laid down that—

“The State shall not make any law which takes away or abridges the rights conferred by this part and.....”

This point has already been briefly mentioned by my hon. friend Mr. Chatterjee. But, from the reply of the hon.

Minister it appears that he relied only on the last part of this clause (2) of article 13 which says:

".....any law made in contravention of this clause shall, to the extent of the contravention, be void."

His suggestion is, let us pass this Bill, and if it contravenes the provisions of the Constitution, it will be declared void by the Supreme Court. But, he has forgotten to consider the first part of clause (2) which lays down...

**Mr. Deputy-Speaker:** Is it necessary to labour the point? If there are any fresh arguments to show that the House is going to pass legislation on the face of it void.....

**Shri R. N. S. Deo:** That is exactly my point. That is what I am coming to.

**Mr. Deputy-Speaker:** If the hon. Member is coming to it he must have come to it already. Every minute of the time of the House is so valuable. What is the meaning of saying what the hon. Minister has said. If there are any fresh arguments to show that we are palpably undertaking certain legislation which is on the face of it void, let the hon. Member adduce them.

**Shri R. N. S. Deo:** I am drawing the attention of the House to the first part of clause (2) of article 13 which lays down:

"The State shall not make any law which takes away or abridges the rights conferred by this Part....."

That is Part III of the Constitution laying down Fundamental Rights. Article 20 is a part of the Fundamental Rights. My point is that if inadvertently this House passes a law which is a contravention of the provisions of the Constitution, then, of course, the Supreme Court will be the proper forum for declaring it as void. But, why should this House pass a measure knowing that it is wrong? That is my submission. That is why I suggest that this House is the proper forum for deciding this question, before enacting this law.

As regards the interpretation of clause 4 of this Bill, the hon. Speaker has suggested that it is only an indemnifying clause and not a validating clause. He pointed out that the emphasis of that clause is on indemnity and he drew the attention of the House to the words:

".....shall be as valid and operative as if they had been done, taken or passed in accordance with law...".

Now, this wording had to be put in this phraseology because there was no possibility of our declaring that it is valid according to law. Since a doubt has arisen and the hon. Minister also admits that it is somewhat doubtful whether a declaration under section 2 of the Act of 1948 was in force or not, we could not simply declare that it is valid according to law. Therefore, it has to be necessarily put in this language, 'as if they had been done..... in accordance with law'. This is legal fiction and this phraseology does not really make it clear that the intention is only to indemnify. As a matter of fact, as Mr. Chatterjee has pointed out, it is also validating all the acts taken under the old Act. The hon. Minister has pointed out that really the question is limited to the period between 1st March, 1952 and 8th May, 1952, the date on which the Industries (Development and Regulation) Act came into force. The period is very small and the hon. Minister has also pointed out that so far as his information goes, there have been no sentences or conviction within that period.

But we would like to be further assured that there are no pending cases, nor is there any likelihood of proceedings being started for action done within that period in contravention of the old Act. Therefore, if the hon. Minister agrees with the view that the intention is only to indemnify and not to validate those acts, then there should be no difficulty on his part to accept the amendment to clarify this position—of course, we have already submitted amendments and we will take them up at the next stage—but if, as the hon. Minister says, it is simply because it is the usual form that he wants this House to pass this Bill—rather this clause—then, I submit that since a question of principle is involved, passing this Bill, or rather this clause, in the form in which it has been moved would amount to validating acts which were not actually offences on the date when they were committed, and that would be violating article 20 of our Constitution. I submit that the House should not pass this knowingly. If it was a question of our having passed it inadvertently, then it would have been different. I admit that the Inflammable Substances Act of 1952 to which the hon. Minister has made reference, does contain



[Shri R. N. S. Deo]

such a clause. Section 6 of that Act is exactly similar to clause 4 of this Bill, but I submit that on that occasion, this point was not raised in the House, and therefore, the House passed it without knowing its implications. Now that the specific question has been raised and the matter has been brought to the notice of the House, I most humbly submit that the House should not knowingly pass this clause as it is, as it would amount to our knowingly enacting something which is against the Constitution.

Shri U. M. Trivedi (Chittor): Sir, on the discussion of the point of order, certain words which come out from the mouth of our hon. Speaker have given an impression to the House that the interpretation that is being sought to be put by some of us on this provision of clause 4 is not possible, and because of this the House is likely to be misled. With the greatest respect in which we can hold our Speaker and in which we do hold him, it will be my very humble submission to the House to look into this proposition that the old days before 26th January, 1950 are gone.

*Ex post facto* law was never liked by the various Constitutions of the world. It was not liked by the fundamental principles of international law, yet we used to make *ex post facto* law, and we could make it in such a manner as to specifically and clearly lay down that an offence which was not an offence on a particular date of its commission may still be made an offence by virtue of a legislation which we may enact hereafter, but it is not so under our present Constitution. Our present Constitution has given us a very valuable right by providing in article 20(1) that:

"No person shall be convicted of any offence except for violation of a law in force at the time of the commission of the act charged as an offence, nor be subjected to a penalty greater than that which might have been inflicted under the law in force at the time of the commission of the offence."

It is very well for the hon. Minister to say that there is no chance of such cases pending. It may be true. It may not be true. But the position still remains that we are deliberately trying to break a provision of the Constitution. Knowing fully well what rights have been ex-

tended to us by this Constitution, we cannot undertake this responsibility of just brushing aside a very valuable provision of fundamental rights granted to us. The fundamental right says that no *ex post facto* law can be made, and here we are coming out with a legislation which deliberately states that we make *ex post facto* law. Can we make it? That is the proposition before us. Article 13(1) may be kept aside for the moment, but we have to see that we do not over-ride the far-reaching provisions of article 20(1).

The hon. Minister has been kind enough to suggest to us that he had consulted the Attorney-General, and that he had asked the Attorney-General to address the House on this point. It would have been much better if the learned Attorney-General had come down here and placed before us his arguments as to how he can put an interpretation on the provision of clause 4 when the clause reads like this:

".....by the Government or by any officer of the Government or by any other authority in the belief or purported belief that the acts, proceedings or sentences were being done, taken or passed under the Indian Power Alcohol Act, 1948, shall be as valid and operative as if they had been done, taken or passed in accordance with law and no suit or other legal proceeding shall be maintained or continued against any authority whatsoever on the ground that any such acts, proceedings or sentences were not done, taken or passed in accordance with law."

We are not concerned with the other conjunctive provision. We are concerned with the first provision which is like this:

"All acts of executive authority, proceedings and sentences which have been done, taken or passed under the Indian Power Alcohol Act, 1948, shall be as valid and operative as if they had been done, taken or passed in accordance with law."

That is to say, the law which is now being made which will provide for the provisions of clause 4 under the Indian Power Alcohol (Amendment) Bill, 1952, provides that all past sentences or proceedings would be simply treated as if they are valid. In other words, under the law that is now

being made, a particular Act which was not an offence under the old law, will be treated as an offence. In other words, the retroactive provisions of clause 4 are brought in before us. Are we going to agree to this? Supposing a man's case is pending before a Court, and the Court is going to decide that the provision that was there was *ultra vires* and invalid, are we going to make it valid by this? I know fully well that the Courts will not agree to it. Courts will certainly come to their own conclusion, but apart from that when we have got a provision of law that Parliament shall not make a law which is going to do something which offends against the very fundamental rights which have been granted to us, are we, sitting here with our eyes open going to pass an Act whereby we take them away simply because the hon. Minister refuses to proceed without it. Are we going to agree to a proposal to set aside the fundamental rights which have been granted to us?

It is in these words I appeal to this House and to the hon. Minister to look at it and come to the conclusion whether it is for us to proceed with this retroactive provision knowing what the consequences will be. I am not against the measure. I support it, but I say it is certainly our duty to protect the fundamental rights that have been granted to us by our Constitution, and we must keep that in mind before we proceed with this measure.

**Shri T. T. Krishnamachari:** It is rather very painful to start all over again. The big gun has ceased and the sniping has commenced, and I am afraid there is not much use in my traversing the ground over again to reply to this sniping. My hon. friend who just sat down—a very eminent lawyer he is, and I have no doubt about it—spoke to us about retroactive laws. I suppose hon. Members of this House carry with them a book by a gentleman called Mr. Basu who has written a commentary on the Constitution of India. I would like to say that I do not attach very great importance to this book generally.....

**Dr. S. P. Mookerjee:** Why? He is not a big gun?

**Shri T. T. Krishnamachari:** I do not see why anybody should get excited about it. I would like to refer the hon. Member who just sat down to page 527 of this book in relation to article 245 of the Constitution, and

since I have been challenged, I would ask him to read that page?

**Mr. Deputy-Speaker:** What does he say there?

**Shri T. T. Krishnamachari:** It says that article 245 does permit retroactive laws, excepting as they offend article 20 of the Constitution. So this general question of a general tirade against retroactive laws is not correct. Very possibly the hon. Member intended that all this should apply in regard to particular provisions in a Bill which are retroactive in nature. Anyway, retroactive laws are permitted, and that is why we have put in this provision.

When the hon. Speaker raised this question, I have said that the position really is that it is an indemnifying measure. And the hon. Speaker very rightly pointed out the misconception *bona fide*...

**Shri U. M. Trivedi:** On a point of order. Does the hon. Minister state that article 245 of the Constitution permits retroactive laws?

**Shri T. T. Krishnamachari:** I suggested to the hon. Member to read what is said on page 527 of that book, in respect of article 245.

**Mr. Deputy-Speaker:** What is stated there is that retrospective legislation can be passed under certain circumstances which do not conflict with the fundamental rights.

**Shri T. T. Krishnamachari:** I have consulted the Attorney-General, and apparently some hon. Members would like to know his views, and I shall read them. Unfortunately I could not get a copy of the book to which he has referred, and I understand that all the books are with the Judges of the Supreme Court, and it is impossible for us to get in touch with the Supreme Court.

The note by the Attorney-General reads thus:

"1. The provision in clause 4 of the Bill that 'all...sentences which have been...passed...during the period...shall be as valid and operative as if they had been...passed in accordance with law' does not appear to me to contravene article 20(1) of the Constitution.

2. The Constitution prohibits a conviction by the Court in respect of any act which was not an offence under a law in force at the time of the commission of the act charged as an offence. The clause

[Shri T. T. Krishnamachari]

does not enact a prohibition against the legislature from enacting what may be called an *ex post facto* law. In this respect a deliberate departure seems to have been made from the American and other Constitutions which prevent the Legislature from passing *ex post facto* laws.

3. The provision in clause 4 under consideration is really not in the nature of an *ex post facto* law. See WILLIS'S Constitutional Law, page 516, under the heading 'When Penal Law *ex post facto*'. What the provision does is to validate a law which did lay down that an act constitutes an offence. In other words, here the law was in existence at the date of the act, but its validity is a matter of doubt.

4. The effect of the provision is rather to validate sentences already passed in proceedings which have been closed on a conviction taking place."

As I said earlier, I could not give the House the benefit of the quotation from Willis's 'Constitutional Law', page 516, because I could not get a copy of the book.

I said that factually nothing exists, to the knowledge of the Government. If something does exist outside the knowledge of the Government then all the acts done by executive officers or their participation in the proceedings or sentences passed by the judiciary, acting under the *bona fide* presumption of the 1948 Act as operative, are sought to be indemnified. The hon. Member is perfectly at liberty to go to the proper forum and say that a convict is undergoing a sentence under an Act, the legality of which is doubtful, and therefore that man must be released. That is a point which poses merely a legal conundrum, because as I said actually in point of fact, within the range of our knowledge, not even such conundrum can be raised before the proper forum. I do not want to tire the House in regard to a matter where I think, having expressed the views of the Attorney-General, I have nothing further to say.

One or two other points were raised by hon. Members on this measure. I quite agree that it is of an important nature, and I think the very realisation of its importance was made by my hon. friend Dr. Syama Prasad Mookerjee to pass this legislation

when he was in office. It is true that we have not gone as far I think as he intended at that time. As I told the House earlier, the application of this measure to States which had already a measure of this nature on their Statute Books, has just now been begun; for instance, we have applied this Act to the Uttar Pradesh only on the 1st of October this year.

In regard to the capacity that is available in this country, it is possible to take different views. One hon. Member said nine million gallons. Another hon. Member felt that it would be about 20 million gallons. It all depends on how you look at it. But I think there is what is called an ultimate physical capacity, and I understand from the expert that 25 million gallons of power alcohol can be produced, on the basis of a production of 400,000 tons of molasses per annum. We have therefore a long way to go, because we are well nearabout only one-fourth of what we can produce.

Some doubt was raised by my hon. friend Mr. Bansal about prohibition. I think actually prohibition and power alcohol are very good friends. If people would not consume alcohol then it is available for industrial purposes. So, anybody who is interested in the development of the power alcohol industry must also be an ardent supporter of prohibition. But we have not yet tapped the resources that have been left untapped, because of prohibition laws in Bombay and Madras. A reference was made to the possibilities of this industry being developed in Bombay, and the Government of Bombay have a distillery at Nasik, and it is their intention to use this distillery to produce power alcohol. But unfortunately the question of costing enters the field, and they find that on the basis of the cost of molasses and the cost of their transport to Nasik, and their being made into power alcohol, they are well above the economic cost which will permit of an oil company to purchase this alcohol. But we are trying to find ways and means of overcoming this difficulty. I also understand that in Madras, Parry & Co., who are very big distillers, are intending to utilise their distillery for the production of power alcohol, and I think the Government of India having taken this under their wing, probably some progress might be made.

Some doubts were also raised as to the fields in which the Government of India and the State Governments could operate. I think there is hardly any trouble about this, because the Government of India lays down the policy, and probably does exercise some kind of control, and the State Governments have uniformly been co-operating in administering these controls; so, I do not think any conflict is likely to arise.

Another point that was raised by the hon. Member from Uttar Pradesh who made a complaint of it was that we are excluding Jammu and Kashmir from the purview of this legislation. I would invite his attention to article 370(1)(b), as against which we have no other course but to exclude Jammu and Kashmir from the purview of such legislation.

Sir, I think I have answered all the points outside the constitutional point that has been raised to the satisfaction of Members. So far as the constitutional point is concerned, if hon. Members still persist in having doubts, well in some cases we are not able to remove doubts and I must allow those doubts to remain.

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

"That the Bill to amend the Indian Power Alcohol Act, 1948, be taken into consideration."

The motion was adopted.

**Mr. Deputy-Speaker:** We have fully discussed the measure. I will put clauses 2 and 3 together.

The question is:

"That clauses 2 and 3 stand part of the Bill."

The motion was adopted

Clauses 2 and 3 were added to the Bill.

**Clause 4.—(Validation of certain acts and indemnity in respect thereof.)**

**Mr. Deputy-Speaker:** Regarding clause 4, I am not going to allow arguments to be repeated. The amendment of Shri R. N. S. Deo is out of order.

**Shri R. N. S. Deo:** I want to move the alternative amendment, Sir.

I beg to move:

In page 1,—

(i) Line 14, for 'All' substitute:

"No suit or other legal proceeding shall be maintained or continued against any authority, for any"; and

(ii) lines 22 to 25, omit:

"shall be as valid and operative as if they had been done, taken or passed in accordance with law, and no suit or other legal proceeding shall be maintained or continued against any authority whatsoever".

Sir, I do not want to take up the time of the House in repeating the arguments. The hon. Minister has already made clear that the intention is only to indemnify, not to validate, acts. If that is correct, he should have no hesitation in accepting this amendment, because the amended clause would indemnify all actions taken by any authority and there is no necessity, in my opinion, for validating those acts. All that is intended is to indemnify the officers who might have acted in good faith. If that is the intention, this amended section would serve the purpose.

**Shri P. T. Chacko (Meenachil):** What about amendment No. 1, Sir?

**Mr. Deputy-Speaker:** To clause 4? It will come in the end.

**Shri T. T. Krishnamachari:** Sir, I am advised by my legal adviser that I cannot accept this amendment and the clause had better remain as it is. I am, therefore unable to accept it.

**Mr. Deputy-Speaker:** I will put it to the vote of the House. The question is:

In page 1,—

(i) line 14, for "All" substitute:

"No suit or other legal proceeding shall be maintained or continued against any authority, for any"; and

(ii) lines 22 to 25, omit:

"shall be as valid and operative as if they had been done, taken or passed in accordance with law, and no suit or other legal proceeding shall be maintained or continued against any authority whatsoever".

The motion was negatived.



1 P.M.

**Shri S. S. More:** It is time, Sir.

**Shri P. T. Chacko:** I beg to move:

In page 1,—

- (i) line 22, for "as" substitute "deemed to be".
- (ii) line 23, for "and no" substitute "for the purpose of any".
- (iii) line 24, omit "shall be maintained or continued".

When these alterations are made, the clause will read like this:

"All acts of executive authority, proceedings and sentences which have been done, taken or passed with respect to, or on account of power alcohol during the period commencing on the 26th day of January, 1950, and ending with the commencement of the Industries (Development and Regulation) Act, 1951 (LXV of 1951), by the Government or by an officer of the Government or by any other authority in the belief or purported belief that the acts, proceedings or sentences were being done, taken or passed under the Indian Power Alcohol Act, 1948, shall be deemed to be valid and operative as if they had been done, taken or passed in accordance with law for the purpose of any suit or other legal proceeding against any authority whatsoever on the ground that any such acts, proceedings or sentences were not done, taken or passed in accordance with laws."

I only wish to point out one matter. This clause has been already debated upon and in the debate it has been made clear, Sir, that the intention of the Government is to indemnify the officers and not to validate any conviction or sentence which might have taken place under a mistaken notion of law. As the clause reads now, there is no doubt that it gives an interpretation by which convictions and sentences which have already taken place might also be validated by this section. My purpose in moving this amendment is to remove that state of suspense, I may say, and clarify the position. If the Government wants only to indemnify the officers, I think it is sufficient to say that all acts, sentences and proceedings may be deemed to be valid and operative for the purpose of a legal proceeding or suit against any officer or authority concerned. If the clause is amended in that way, the

purpose of indemnifying any officer is secured and at the same time any sentence or conviction which might have taken place under a mistaken notion will not be validated by this section.

Sir, I do not want to take any more time of the House. This is the purpose of my amendment. I request the hon. Minister to consider this amendment, especially in view of his statement that his only intention is to indemnify the officers. If this amendment will serve that purpose, as I think it would, I request him to accept my amendment and clarify the position.

**Pandit Thakur Das Bhargava:** Sir, on this amendment I hope you will also allow other Members to speak.

**An Hon. Member:** We would like to support the amendment.

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

In page 1,—

- (i) line 22, for "as" substitute "deemed to be"
- (ii) line 23, for "and no" substitute "for the purpose of any"
- (iii) line 24, omit "shall be maintained or continued".

**Pandit Thakur Das Bhargava:** It is a very good amendment. It seeks to obviate the difficulty sought to be created by the constitutional objection.

**Mr. Deputy-Speaker:** What is the attitude of the hon. Minister?

**Shri T. T. Krishnamachari:** Sir, the position is this. So far as the first amendment is concerned, it is a matter of language. I do not think there is anything more than that. So far as the second is concerned, I do not know if it ties up with the third. So far as the third amendment is concerned, the words which are sought to be removed 'shall be maintained or continued' are not merely against criminal proceedings but also against other legal proceedings. Supposing there has been a civil suit, surely the provisions of article 20 are not going to be attracted by that. We have to pass retroactive legislation. The powers are not taken away. The powers are there and if I take away those words, even though it might appeal to the Members because it might preclude the possibility of any

criminal action being ratified by this particular measure, it will also at the same time nullify the civil suit because that suit cannot be maintained or continued.

**Pandit Thakur Das Bhargava:** They ought to be nullified.

**Shri T. T. Krishnamachari:** Why should they? We do not agree. The point really is this. If hon. Members are really concentrating their attention in regard to article 20 where criminal proceedings are concerned, I agree. But the point is, if there is a civil suit—actually, as I said, I understand that nothing exists—but there might be a civil suit. (*Interruption*).

**Shri P. T. Chacko:** We are validating for that purpose.

**Shri T. T. Krishnamachari:** Validation is possible. *Ex post facto* legislation is possible and permitted by the Constitution and it can be promulgated for all the purposes of validating a civil suit. I do not want civil suits to be excluded from the purview of this particular clause. Therefore, Sir, I am unable to accept the amendment.

**Mr. Deputy-Speaker:** May I make a suggestion. The hon. Minister wants to include civil suits. The only point that has been raised is one that refers to sentences. They come under the fundamental rights under article 20. Regarding the others, article 20 does not apply. For a breach of law some one wants to escape on account of a technical objection, which is still doubtful. Why should a civil legal proceeding be avoided? The hon. Minister is not satisfied that if this amendment is accepted, it would not do away with civil suits even. If as the hon. Minister says it is not his intention to bring forward anything which is in conflict with the fundamental rights under Article 20, he may bring a draft and I would also ask Mr. Chacko to consider whether his suggestion can be modified so as to make it retrospective so far as legal proceedings other than sentences or criminal proceedings are concerned.

We shall take up the matter again when we meet after lunch.

*The House then adjourned for Lunch till Half Past Two of the Clock.*

*The House re-assembled after Lunch at Half Past Two of the Clock.*

[**MR. SPEAKER in the Chair**]

**Mr. Speaker:** We will now proceed with clause 4 of the Indian Power Alcohol (Amendment) Bill, which was under discussion.

**Pandit Thakur Das Bhargava:** In regard to this clause the amendment moved by Mr. Chacko was under discussion. There are three parts to this amendment. The first part seeks to substitute the words "deemed to be" for the word "as" occurring in line 22; the second part seeks to substitute the words "for the purpose of any" for the words "and no" in line 23; and the third part suggests the omission of the words "shall be maintained or continued" occurring in line 24.

Now in regard to this amendment and the other amendments which were moved, the main argument was that article 20 of the Constitution would be violated if this clause was allowed to stand as it is. I may submit, Sir, that I was not impressed by the arguments and I do not think that any provision of article 20 would be contravened by this clause.

Since the argument has not been given up by my hon. friends and they persist in repeating it, I would like to clarify the position. In so far as clause 4 is concerned, there is nothing in it to indicate that a new offence is being created. If under the old law there was no offence, and a new offence is brought in by the new measure, then it would be a violation of article 20 if any person is made answerable or caveated for the old act under this new provision.

Again we were told by the hon. Minister that to his knowledge, there have been no sentences under the old law or the new law. So, to harp on this point repeatedly, is absolutely meaningless. It may perhaps be said that sentences may be confirmed. But when there are no sentences, what is there to be confirmed? So, there is no force or meaning in the contention that article 20 is contravened by this clause.

All the same, I know of one principle which is not a legal principle, but a principle based on practice. Whenever an offence is committed by a large number of persons and the law is changed, then it is quite true that the previous convictions do not lapse by themselves. Section 6 of the General Clauses Act and the general law of the land lay down that those sentences do not lapse by themselves

[Pandit Thakur Das Bhargava]

even if the law is changed. At the same time we know that the Government can remit all those sentences when the law is changed. It can be said that such convictions should not be allowed to stand when the law is changed. But there are no convictions to our knowledge. As a moral principle when the law is changed convictions under the old law ought not to be allowed to be continued.

Now, coming to Mr. Chacko's amendment, he suggests that for the word "as" the words "deemed to be" should be substituted. I submit that this is quite legal and quite right. After all the acts were not valid according to the present law; they are only to be deemed to be valid and nothing is lost by accepting this part of the amendment.

As regards the second part of his amendment, we have heard from the hon. Minister that his object is only to indemnify those officers of Government or any local authority, or such persons as may have done certain acts. If the words are "for the purpose of any suit or legal proceeding" etc., that purpose would be fully served. Now supposing a suit is brought.....

**Mr. Speaker:** I am afraid the same point is being discussed again. I am not blaming the hon. Member who is on his legs, but the same point comes up before the House again and again in a different form. That point is disposed of, really speaking. He may speak on the amendment as he is going on.

**Pandit Thakur Das Bhargava:** The question is "for the purpose of any" should be accepted for the words "and no". My submission is that supposing a suit is brought in limine the court will say it cannot be brought. But if the words suggested are substituted, it will place the officers in a less advantageous position.

So, I suggest that if the hon. Minister agrees he may accept the first part of the amendment. In so far as the second part is concerned, it will place the officer against whom legal proceeding may be taken in a less advantageous position.

**Shri Venkataraman (Tanjore):** Sir, I oppose the amendment moved by my hon. friend Mr. Chacko. The language of the clause as it stands wants to create two distinct kinds of ideas clear to the authority which is called upon to decide the case. The first is

that certain acts which have been done shall be deemed to be valid. The second is that no suit or other proceeding shall be either maintained or continued against any authority on the ground that it was not done in accordance with the law. If that is so, the language of the clause as it stands seems to be more appropriate than the language suggested by my friend Mr. Chacko.

If you substitute the words suggested by Mr. Chacko it will lead to clumsy reading. The words are "shall be as valid and operative as if they had been done, etc." If you substitute the words suggested by Mr. Chacko it will read: "shall be deemed to be valid and operative as if they had been done, etc....."

**Shri P. T. Chacko:** There is no "as if" then.

**Mr. Speaker:** In the amendment as it is tabled the words "as if" will continue.

**Shri Venkataraman:** I am grateful to you, Sir, for pointing this out. The second point is that the intention of this piece of legislation is to see that no suit is maintained or continued. And unless we specifically state "no suit or other legal proceeding shall be maintained or continued" the court will continue to hear them and only apply the exemption under the previous clause. On the other hand the object is that there should be no vexatious proceedings at all. For that purpose the better language, as you know, Sir, is to say that "no suit or other legal proceeding shall be maintained or continued" rather than saying that "for the purpose of any suit or other legal proceeding it shall be deemed to be valid etc." I have nothing more to say. I think the language, as it is, is more appropriate to carry out the intentions of this piece of legislation.

**Shri T. T. Krishnamachari:** Sir, I do not think I have anything to add to what my hon. friend Mr. Venkataraman has said. Because, I did honestly try to meet the wishes of the hon. Mover of the amendment. But try as hard as I would, I could not find either any sense in the amendment if the amendment is accepted in the particular clause, because, as the previous speaker has mentioned the difference between "as" and "deemed to be" is merely a matter of relative elegance so far as it sounds to the ear; and once you put in the words "as if" it does not sound properly. So far as the substitution

of the words "for the purpose of any" for the words "and no" is concerned, what my hon. friend wants to do is to couple the whole thing in one sentence without its being split by this conjunction. The purpose of the conjunction is quite clear. There are two purposes. The question of any suits being continued and maintained will not be affected because of the previous provision. As my hon. friend who preceded me mentioned, the suits will continue and then we will have to say: here is the indemnity Act which has been passed. But by reason of that provision the court must allow the suit against the defendant who might be an official in this particular case.

It may be my hon. friend has something else in his mind. But I am afraid he has not given us the proper wording, and I find neither myself nor my legal advisers are in a position to comprehend what he has in mind and frame a suitable wording for that purpose.

I might also mention in this connection that the predecessor of this House passed the Inflammable Substances Act, and section 6 of that Act, word for word, is the same as this. I therefore feel I would be embarking upon unknown seas if I accept the hon. Member's amendment and therefore I have to oppose it.

**Mr. Speaker:** Then I shall put the amendment as a whole—not in parts.

The question is:

In page 1,—

(i) line 22, for "as" substitute "deemed to be"

(ii) line 23, for "and no" substitute "for the purpose of any"

(iii) line 24, omit "shall be maintained or continued".

The motion was negatived.

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

"That clause 4 stand part of the Bill."

The motion was adopted.

Clause 4 was added to the Bill.

Clause 1 was added to the Bill.

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

**Shri T. T. Krishnamachari:** I beg to move:

"That the Bill be passed."

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

"That the Bill be passed".

The motion was adopted.

330 P.S.D.

## INDUSTRIAL FINANCE CORPORATION (AMENDMENT) BILL

**The Deputy Minister of Finance (Shri M. C. Shah):** I beg to move:

"That the Bill further to amend the Industrial Finance Corporation Act, 1948, be taken into consideration."

The Industrial Finance Corporation was set up on the 1st July, 1948 and has during the course of four years of its existence proved very useful in supplementing the capital requirements of industrial concerns which could not be satisfied by recourse to the capital market. This period coincided with a time when industrial enterprise found that while on the one hand the capital required for their schemes proved insufficient on account of the rising costs, on the other it had become more difficult to raise fresh liquid capital from the market. Thus the establishment of the Industrial Finance Corporation was most opportune and it has been able to make a material contribution to the promotion and development of industry. It has so far sanctioned loans to 103 concerns of varying sizes all over the country engaged in all types of industries, and the amount sanctioned up to the end of October, 1952 is of the order of Rs. 15,22,70,000. The House will agree that this is an impressive record, particularly if it is remembered that the field of industrial finance was relatively new when the Industrial Finance Corporation was started and it was necessary that it should feel its way cautiously. With the experience it has now acquired it is possible for it to extend its activities. In the interest of the industrial development of the country also it is necessary that this Corporation should be placed in a position to render greater service to industrial enterprises. It is with this object that the present Bill is framed. This purpose is sought to be achieved by widening the scope of activities of the Corporation and enabling it to supplement its resources from loans from the International Bank for Reconstruction and Development. At the same time it is proposed to strengthen its financial position and to incorporate into that Act certain further provisions to make it possible for the Corporation to exercise effectively the power it has already given.

Taking first the question of extension of its activities, the two specific proposals in the Bill are, firstly the inclusion of shipping companies in the definition of 'industrial concerns' which

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could be financed by the Corporation, and, secondly, increase of the limit on individual advances. In view of the importance to this country of the development of Indian shipping, it is only proper that we should make shipping companies eligible for financial assistance from the Corporation.

As regards the proposal to raise the maximum limit of loans which the Corporation may grant to any single industrial concern, the Corporation has for some time found that in view of the increasing prices all round, and more particularly of capital goods, the present limit of Rs. 50 lakhs is inadequate in certain cases. As the bulk of the advance made by the Corporation is against capital goods, it is considered necessary that the maximum limit should be increased to one crore of rupees. It is proposed to allow this limit to be exceeded where the loan is guaranteed by Government.

Another direction in which the Corporation's functions are being extended is empowering it to act as agent of the Government and the International Bank for Reconstruction and Development for the supervision of loans granted by them direct to the industries.

The justification for these proposals will be more clear when I have explained the provision proposed to be made in regard to the loans from the International Bank for Reconstruction and Development.

**Dr. N. B. Khare** (Gwalior): On a point of order, this can be taken as read.

**Mr. Speaker:** The hon. Member would not then have the chance of reading it before the debate starts. That is the difficulty.

**Shri M. C. Shah:** As the House is aware, the International Bank for Reconstruction and Development has sanctioned loans for certain Government and semi-Government projects in India. In view of the place which the Industrial Finance Corporation occupies in the field of provision of finance to industrial undertakings, it would be appropriate to use it as a channel for getting for the private sector of industry the advantage of the financial accommodation given by the International Bank. This possibility was envisaged even when the original Act was passed and section 27 provides for borrowings by the Corporation. When this section was framed, however, the exact mechanism and pro-

cedure which would be involved in such borrowings were not clear. During the negotiations we have had with the World Bank for further loans, it became clear that they would be glad to assist the private industry through the Industrial Finance Corporation with whose working they were satisfied. It is therefore now proposed to amend section 27 in such a way as would enable the World Bank to grant loans to the Industrial Finance Corporation. The two main features of this amendment are (1) provision for a guarantee by Government and (2) provision to meet losses on exchange transactions. It is customary for all loans granted by the World Bank to third parties to be guaranteed by the Government of the country to which the loanee belongs. It is therefore necessary that such a guarantee should be provided for in respect of the loans by the Industrial Finance Corporation from the World Bank. As the House is aware, the Act already provides that the bonds and debentures raised by the Corporation in India shall be guaranteed by the Central Government and the guarantee now proposed to be given in respect of the following borrowings will be in keeping with the scheme of the Act.

As regards any loss or profit in exchange which might arise as a result of transactions in connection with the foreign currency borrowings, it seems appropriate that the Government should undertake both the risk of loss as well as the advantage of any profit that may accrue. It would be difficult for the Corporation to borrow from the International Bank for Reconstruction and Development on any large scale if it has also to undertake the risk of exchange loss. It must also be remembered that all the profits of the Corporation in excess of five per cent. accrue to Government. In order that India should get full advantage of any loan agreement between the Industrial Finance Corporation and the International Bank for Reconstruction and Development, it is desirable that the Industrial Finance Corporation should be in a position to grant loans in particular cases for even larger amounts than the maximum of one crore of rupees. Ordinarily, in the case of very large industrial enterprises, it should be possible to negotiate for a direct loan from the International Bank for Reconstruction and Development. Such cases need not, therefore, be included in the arrangement between the Industrial Finance Corporation and the International Bank for Reconstruction and Development. There may,



however, be intermediate cases where such separate negotiations would be unnecessary and could be avoided if the loan is initially given by the Industrial Finance Corporation so that it could fall within the scope of its loan arrangements with the International Bank for Re-construction and Development. It is for this reason, Sir, that the further provision has been made for a loan exceeding one crore of rupees to be given by the Corporation if it is guaranteed by Government. In order to ensure that the guarantee is not given by Government before the Corporation itself is satisfied that it is a good business proposition and it is in favour of such a loan being sanctioned, it has further been provided that the loan should be sanctioned only by guarantees given on the recommendation of the Corporation. The Corporation has already got supervisory staff for the purpose of inspection of concerns to which it advances loans. In order to cope with its increasing activities, it proposes to strengthen the staff, particularly of technical experts. Thus, the Corporation will be increasingly in a better position to scrutinise the industrial schemes for which loans are required and to supervise the functioning of industrial concerns. It will therefore be in the fitness of things if the agency of the Corporation is available to both the Central Government and the I.B.R.D. Either of them will give direct loans to the industry. The provision made in this regard in the Bill is discretionary and its utilisation will depend on the ability of the Corporation at any particular time to deal adequately with the work which would be involved in the discharge of this function.

The strengthening of the financial structure of the Corporation is sought to be achieved by the following measures. In the first place, it is proposed to make provisions which would ensure that the Corporation does not suffer any unnecessary losses of interest or by way of capital depreciation on its investments. The present position is that the Corporation raises funds by issue of bonds in the market. The money so raised cannot, however, be utilised in advancing of loans to industrial concerns for a considerable time because disbursement in respect of loans sanctioned is made only after scrutiny of title deeds and compliance with various other essential formalities and also because the money is paid in instalments as and when required by the borrowers. At the same time the Corporation has to cover itself in respect of loans sanctioned by making provision for the whole amount through

the issue of bonds but the amounts raised by bonds have therefore to be invested in the intervening period with the Reserve Bank or its agent under section 19 or in Government securities under section 20. The interest which the Corporation earns both in deposits and Government securities is much less than what it has to pay on the bonds and moreover, the realisation of Government securities when loans have to be advanced, sometimes involves the Corporation into loss. In order to get over these difficulties, it is proposed to allow the Corporation to keep its funds in deposit with a Scheduled Bank or a State Co-operative Bank in consultation with the Reserve Bank. It is also proposed to permit the Corporation to borrow from the Reserve Bank on short-term basis against Government securities so that it may not be forced to sell them at a time when such sale may not be desirable. It is further proposed to authorise the Corporation to borrow from the Reserve Bank up to three crores of rupees for a period not exceeding eighteen months so that the actual issue of bonds in the market need not be made by the Corporation long in advance. This will save any loss of interest. At the same time, the limitation of the period will ensure that the Corporation does not carry on its business on the basis of such temporary borrowings from the Reserve Bank, but issues its own bonds on the market.

3 P.M.

Another way in which the financial position of the Corporation is sought to be strengthened is by the provision of a special reserve fund to which the dividends earned by the Government and the Reserve Bank are proposed to be credited until the total reserve reaches Rs. 50 lakhs. It has not been possible for the Corporation to build up its reserve fund quickly on account of a provision in the Act which requires it to pay the guaranteed minimum dividend out of the profits from the very inception. This has further resulted in the Corporation having had to borrow during the first three years from the Central Government to meet this liability. It will, therefore, take a long time before the Corporation is able to have out of its own profits a reserve fund which would be adequate for its size and operation. The foregoing of their dividends by the Government and the Reserve Bank for a few years would seem, therefore, to be the best method of building up an adequate reserve fund in the shortest possible time. It will be remembered, Sir, that when the Reserve Bank was established, the Government made a special contribution of five crores to

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the reserve fund of the Bank and the present proposal is a more equitable deviation of the same idea. The position of the Central Government and the Reserve Bank vis à vis the other shareholders in respect of the special reserve fund is safeguarded by prescribing that no other shareholder will have any claim whatsoever to the balance at the credit of that special reserve fund.

I shall now take up the amendments which relate to the provisions required for enabling the Corporation to exercise these powers. Though the Act provides that in the event of certain contingencies, the Corporation shall have the right to take over management of the industrial concerns which have borrowed from the Corporation, there is no detailed provision indicating how the Corporation will exercise this power. It is accordingly proposed to insert five new clauses, clauses 30A to 30E in partial supersession of the provisions of the Indian Companies Act and the memorandum and articles of association of the industrial concern. These clauses authorise the Corporation to appoint directors of an industrial concern the management of which has been taken over. The powers and duties of such directors have been elaborated. On the appointment of such directors, all existing directors will be deemed to have vacated their offices. Similarly any existing managing agency agreement will be deemed to have terminated without any claim for losses or damages. The right of shareholders to nominate any director will be abrogated and no resolution passed by the shareholders will be given effect to unless approved by the Corporation. No winding up proceedings of the industrial concern will lie except with the sanction of the Corporation. Power is also being taken for the Corporation on the analogy of section 153C (5) (d) and (e) of the Indian Companies Act to move a court for the termination of any unconscionable contract subsisting between the industrial concern and any other party. If the object of empowering the Corporation to take over management of any debtor concern which is mismanaged and is unable to repay its loan is to be fulfilled, these provisions are absolutely necessary. The power of taking over is hardly likely to be exercised except in exceptional cases. But, when such a contingency does arise, it is necessary that the Corporation should be able to run the concern without interference. The rest of the provisions of the Bill, Sir, are based

on the experience gained in the actual working of the Corporation during the last four and a half years. I shall briefly indicate here the nature of these amendments.

In the first place, Sir, the number of directors to be nominated by the Government is being increased from three to four. It is not intended to use this power for nominating more Government officials on the Board, but to enable the Government to have proper representation to all interests. In view of the responsibility undertaken by the Government on account of the guarantee of the principal and dividends of the debentures it cannot be said that the Government would be getting a disproportionately large representation. Secondly, section 10 is being amended to include a Deputy Managing Director of the Corporation in the directorate of the Corporation without voting rights. Thirdly, provision is being made for the removal of the Managing Director if such removal becomes necessary. Such a provision exists in the Reserve Bank of India Act in regard to the Governor of the Bank and it is clearly necessary that there should be some power for the termination of the Managing Director's services during the period of his appointment. In order, however, to ensure that this power is exercised only when absolutely necessary, it is laid down that the Managing Director should be removed only if the Board recommends such a course by a two-thirds majority and after he has been given a reasonable opportunity to show cause against such action. Fourthly, Sir, section 34 of the Act is proposed to be amended to bring it in line with section 37 of the State Financial Corporation Act, 1951, with a view to associating the Comptroller and Auditor General of India more closely with the audit of the affairs of the Corporation. This will be in accordance with the wishes expressed by the Public Accounts Committee in respect of the audit of statutory corporations.

Lastly, various minor amendments are being made to bring the Act in line with the State Financial Corporation Act, 1951. The Select Committee which considered that legislation, which itself was based on the Industrial Finance Corporation Act, made certain improvements in the Bill. We are taking the opportunity to embody those improvements in the Industrial Finance Corporation Act. As I have already explained, Sir, I expect that the working of the Corporation will be considerably improved and its usefulness in



the sphere of industrial development in the country will be enhanced by the provisions which are proposed to be made in this Bill.

Sir, I commend the Bill for the acceptance of this House.

**Dr. N. B. Khare:** Faultless delivery.

**An Hon. Member:** Perhaps he has not been able to follow.

**Mr. Speaker:** Order, order.

Motion moved:

"That the Bill further to amend the Industrial Finance Corporation Act, 1948, be taken into consideration."

**श्री क० सी० सोबिया (सागर):** मान्यवर अध्यक्ष महोदय, अभी हाल में इंडस्ट्रियल कॉर्पोरेशन ऐक्ट (Industrial Corporation Act) को संशोधन करने के लिये जो बिल पेश किया गया है उस के सम्बन्ध में आप का ध्यान थोड़ा सा उस कॉर्पोरेशन की कार्यवाहियों की ओर आकर्षित करना चाहता हूँ।

मान्यवर, जब यह ऐक्ट पास हुआ था उस वक्त देश के लोगों को इस से बड़ी बड़ी आशायें थीं कि इस से आगे चल कर हमारे देश में नये नये कारखानों के लिये पूंजी प्राप्त होगी। मेरे सामने इस कॉर्पोरेशन की चौथी सालाना रिपोर्ट है। इस रिपोर्ट में यह बात बतलाई गई है कि भिन्न भिन्न कारखानेदारों को किन किन प्रकार के कामों के लिये कितना कितना पैसा इस कॉर्पोरेशन ने इस काठ में दिया है। लेकिन अगर आप देखेंगे तो उस से आप को यह साफ नहीं मालूम हो सकता कि किन किन नये कारखानों को इस में से पूंजी दी गई है। इस में यह नहीं मालूम होता कि इस में सिर्फ पुराने कारखानेदारों ने ही जो कि देश को कपड़ा आदि बना कर देते हैं, पैसा प्राप्त किया है या नये कारखानेदारों ने भी कुछ पैसा दिया गया है।

दूसरे आप देखिये कि सरकार इस कॉर्पोरेशन से सवा दो रुपया सैकड़ा सालाना का ब्याज लेती है। लेकिन पिछले साल में इस कॉर्पोरेशन ने एक पैसा भी ब्याज के रूप में नहीं दिया है और २४ लाख रुपया जो कि ब्याज का होता है वह अपनी तरफ नाम में लिख दिया है।

तीसरी बात यह है कि इस ऐक्ट के सेक्शन २२ के मुताबिक इस कॉर्पोरेशन पर यह फर्ज आया होता है कि इस को पबलिक से डिपॉजिट (Deposit) प्राप्त करने चाहिये। पबलिक से किसी कम्पनी या कॉर्पोरेशन को डिपॉजिट सिर्फ इसीलिये नहीं मिल जाय करता कि सरकार ने उस की गारंटी दी हुई है, लेकिन उस की कारगुजारी से, इस बात से कि उस ने पूंजी पर इतना ब्याज पैदा किया है, उस को डिपॉजिट मिलता है। पिछले चार सालों में चूंकि इस कॉर्पोरेशन ने एक भी पैसा पैदा नहीं किया है इसलिये यह सही बात है कि पबलिक इस को एक भी पैसा डिपॉजिट में नहीं दे सकती। इसीलिये पिछले साल में, हालांकि सेक्शन २२ में यह साफ लिखा हुआ है कि कॉर्पोरेशन का कर्तव्य है कि लोगों से डिपॉजिट प्राप्त करे, इस कॉर्पोरेशन ने डिपॉजिट के नाम पर एक पैसा भी पैदा नहीं किया है, और अब इस की पूंजी सिर्फ वह डिबेंचर (debentures) हैं जो कि सरकार ने अथवा रिजर्व बैंक ने या और बैंकों ने लिये हैं। इस के अलावा और कोई जरिया इस के पास पैसा पैदा करने का नहीं है। अब आप देखिये कि १५ करोड़ रुपये का ऋण दे दिये जाने पर भी और जब कि यह कॉर्पोरेशन अपने कर्जदारों से साढ़े पांच रुपया सैकड़ा सालाना का सूद लेता है, यह सरकार को एक पैसा भी ब्याज का नहीं दे सका है जब कि सरकार की ब्याज की दर केवल सवा दो रुपया सैकड़ा सालाना

[श्री के०सी० सोबिया]

हैं। अब तक इस ने सिर्फ इनकम टैक्स (Income-Tax) का पैसा दिया है और वह भी एक हाथ से दे कर दूसरे हाथ से ले लिया है। इस ने तीन साल में २४ लाख रुपया इनकम टैक्स का दिया है और २४ लाख ही अपने नाम में लिख लिया है। इस से क्या फायदा हुआ अर्थात् जिस तरह से कि इस कॉर्पोरेशन का काम चलना चाहिये उस तरह से नहीं चल रहा है।

मैं आप के सामने एक और बात पेश करूँ कि पिछले साल में इस कॉर्पोरेशन ने चार करोड़ रुपये का कर्ज दिया, लेकिन इस चार करोड़ का कर्जा देने पर अगर आप इस का कुल खर्चा देखें तो आप को मालूम होगा कि वह ३० लाख रुपया सालाना खर्चा हुआ है। अब आप सोचिये कि बैंकिंग के सिद्धान्तों के ऊपर काम करने वाला कोई कॉर्पोरेशन चार करोड़ रुपये का ऋण देने में अगर तीस लाख साल का खर्चा कर दे तो उस कॉर्पोरेशन के दिवालिया होने के सिवा और कोई रास्ता नहीं रहता। इसलिये मैं आप से अर्ज करना चाहता हूँ कि इस कॉर्पोरेशन के काम को सरकार चाहे किसी दृष्टि से देखे लेकिन हम लोग इस पर लानत भेजने के सिवा और कोई काम नहीं कर सकते। इस देश के करोड़ों छोटे छोटे आदमियों का जमा किया हुआ पैसा जो सरकार के पास आता है उस पैसे को इस तरह से बरबाद होता देखना यह वाजिब बात नहीं है।

अब दूसरी बात आप देखें कि इस कॉर्पोरेशन के पास ऐसे ऐसे कर्जदार आते हैं जो महीनों और वर्षों इस के साथ सर झपाते हैं और उन के ऊपर यह सैंकड़ों और हजारों रुपया खर्च करने के बाद उन की कर्ज मंजूर कर देता है। लेकिन वह हज़रत ऐसे

हैं कि महीनों और वर्षों कर्ज की रकम नहीं उठाते हैं और इस तरह से कॉर्पोरेशन को ब्याज का नुकसान हुआ करता है। आप ही बताइये कि ऐसा कौन सा साहूकार हो सकता है जिस के पास ऐसे ऐसे कर्जदार आवें और अपने कर्ज की रकम को मंजूर भी करा लें और फिर घर जा कर सो जायें और वर्षों तक कर्ज की रकम को उठाने के लिए न आवें। इसलिये अगर सरकार चाहती है कि इस का काम वाजिब तरीके से चले और इस को और नई नई पूंजी दी जाये तो मेरी सरकार से दरखास्त है कि वह इस बात को देखने की कोशिश करे कि कॉर्पोरेशन वाजिब खर्च में अपना काम करे।

आप देखिये कि देश भर के कारखानेदारों के वास्ते पूंजी लगाने के लिये यह कॉर्पोरेशन है। काश्मीर से ले कर कन्या कुमारी तक और आसाम से ले कर गुजरात तक इस देश में सैंकड़ों कारखानेदार काम करते हैं। और यह कॉर्पोरेशन उन को कर्जा देता है। लेकिन क्या इस के पास कोई ऐसी मशीनरी है कि यह देख सके कि जिन कारखानेदारों को इस ने पैसा कर्ज दिया है उन्होंने उस को वाजिब तौर पर लगाया है या नहीं और वह आगे चल कर उस का कर्जा चुका सकेंगे या नहीं। इस काम के लिए इस कॉर्पोरेशन के पास कौन सी मशीनरी है यह मैं जानना चाहता हूँ।

मान्यवर सभापति महोदय, मुझे यह आशा है कि इस कॉर्पोरेशन को और ज्यादा फंड देने से पेश्तर और इस के अधिकारों को बढ़ाने से पेश्तर इस बात की जांच कर ली जायेगी कि इस कॉर्पोरेशन के काम में जिस तरह कि वह आज चल रहा है कहां

कहाँ संशोधन करने की गुंजायश है। सरकार अगर इतना कर ले तो मुझे खुशी होगी कि वह फिर इस कॉर्पोरेशन को जितना चाहे उतना अधिकार दे दे।

**Shri S. C. Samanta (Tamluk):** On a point of information, Sir, I find in the lists of amendments, there are three motions for reference to the Select Committee. May I know whether those motions will be taken first or not?

**Mr. Speaker:** If the hon. Members are eager to move them, I should put them along with this so that there may not be a double debate. They will get a chance to speak when they move their amendments.

**Shri M. S. Gurupadaswamy (Mysore):** I beg to move:

"That the Bill be referred to a Select Committee consisting of Dr. Syama Prasad Mookerjee, Shri Umashanker Muljibhai Trivedi, Kumari Annie Mascarene, Shri S. V. Ramaswamy, Shri C. R. Basappa, Pandit Thakur Das Bhargava, Shri Arun Chandra Guha, Shri A. V. Thomas, Shrimati Renu Chakravarty, Dr. Lanka Sundaram, Shri Sarangadhar Das, Shri Radhelal Vyas, Shri Daulat Mal Bhandari, Shri M. Ananthasayanam Ayyangar, Shri Hari Vinayak Pataskar, Shri T. R. Neswi, Shri K. M. Vallatharas, Shri Jaipal Singh, Shri Hirendra Nath Mukerjee, Shri N. C. Chatterjee, Shri M. C. Shah, Shri P. N. Rajabhoj, Shri Sivamurthi Swami and the Mover, with instructions to report by the 30th January, 1953."

**Mr. Speaker:** Amendment moved:

"That the Bill be referred to a Select Committee consisting of Dr. Syama Prasad Mookerjee, Shri Umashanker Muljibhai Trivedi, Kumari Annie Mascarene, Shri S. V. Ramaswamy, Shri C. R. Basappa, Pandit Thakur Das Bhargava, Shri Arun Chandra Guha, Shri A. V. Thomas, Shrimati Renu Chakravarty, Dr. Lanka Sundaram, Shri Sarangadhar Das, Shri Radhelal Vyas, Shri Daulat Mal Bhandari, Shri M. Ananthasayanam Ayyangar, Shri Hari Vinayak Pataskar, Shri T. R. Neswi, Shri K. M. Vallatharas, Shri Jaipal Singh, Shri Hirendra Nath Mukerjee, Shri N. C. Chatterjee, Shri M. C. Shah, Shri P. N. Rajabhoj, Shri Sivamurthi Swami and the Mover, with instructions to report by the 30th January, 1953."

**Dr. S. P. Mookerjee (Calcutta-South-East):** May I ask for one clarification from the hon. Mover of the Bill? The hon. Minister stated that the amount sanctioned by the Corporation during the last four or five years is Rs. 15 crores upto October, 1952, but so far as we have been able to find out, they have actually paid only about Rs. five crores. Will he give us the complete figures, as to how much has been paid by the Corporation?

**Shri M. C. Shah:** The amount sanctioned up to the end of October was Rs. 15,22,70,000/-. Of this Rs. 145 lakhs were however not given; the applications were either withdrawn or the amounts were reduced. So, out of Rs. 15,22,70,000/-. Rs. 1,45,00,000/- are to be deducted, and it will come to Rs. 13,78,00,000/- or so, out of which money paid upto now is Rs. 7,96,00,000/-.

**Shri T. K. Chaudhuri (Berhampore):** Sir, I must at the outset thank the Government for having provided this House an opportunity to review the entire position with regard to the provision of industrial finance in this country and also the role which the Industrial Finance Corporation has been playing since its inception about four years ago. The principal aims which the present Bill seeks to achieve are three-fold. Firstly to authorise the Central Government to guarantee loans arranged in foreign currency, particularly in view of the fact that negotiations have been just concluded with the World Bank or the International Bank for Reconstruction and Development, because a loan by the World Bank can only be granted subject to a guarantee being given by the Government to which the loan is made; secondly, to authorise certain changes to strengthen the financial position of the Corporation; and thirdly to carry out certain other technical amendments, so as to improve the operation of the Act.

These, it seems from the Statement of Objects and Reasons to be the purpose of the Bill and it is necessary that this House considers all these three aspects in all detail very carefully.

Now, I want to know from the hon. Minister the exact terms of the negotiations that have been just concluded with the World Bank. Apparently it may seem that the World Bank is a very innocent type of international organisation, but I think on the economic plane it stands on the same par as does the United Nations Organisation on the political plane. So,

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before we accept loans from that Bank, it is very necessary to examine the exact terms on which those loans are being granted. Our Government are going in headlong for getting such loans and welcoming them with open arms. But it is necessary to be more cautious in this respect because of what might be called the Bank's politics. It is not in its real nature just an innocent international organisation or a philanthropic organisation which goes out to help undeveloped or underdeveloped countries of the world out of purely altruistic motives. Already negotiations are under way for certain loans being granted by the Bank for the biggest of our steel corporations.

[PANDIT THAKUR DAS BHARGAVA in the Chair]

There were certain press statements to the effect that the hon. Minister of Commerce and Industry, when he was asked to give an indication about the terms of those loans, somehow or other evaded the question. I understand that the negotiations for these loans have not yet concluded. But it seems the negotiations for the loans that will be advanced to the Industrial Finance Corporation have already been concluded, and I would like the hon. Minister to take the House into confidence in this matter, because impartial observers—even American observers, I do not mean propagandists belonging to the Sino-Soviet bloc or the so-called Communist blocs—have commented on this. I would refer the hon. Minister to a book written by an American Professor Mr. Larry Leonard, Assistant Professor of Political Science in the Pennsylvania State College, on 'International Organisations', published by the McGraw Hill Company, which is a very respectable capitalist publishing firm, and the hon. Minister need not be under any apprehension that I am quoting from Communist or subversive literature. In one section of the book dealing with the Bank's politics, this American gentleman says openly and very frankly:

'In fact, the Bank reflected the political tension between the East and the West...'

You know Sir, what the terms 'East and West' means these days. He goes on to say:

"The United States, as the principal stockholder would probably not have looked favourably at granting a loan to Communist countries of East Europe or to China; and together with several

countries which controlled a large block of votes prevented them from being granted."

If you look at the thing from the other angle, while it was to the interests of the United States which is the principal stockholder of that Bank to prevent loans from being granted to certain countries, it is equally to the interests of the very same United States to encourage the advancing of loans by the Bank to certain other countries.

The Minister of Revenue and Expenditure (Shri Tyagi): Perhaps, the credit of the loanee has something to do with it.

Shri N. Sreekantan Nair (Quilon cum Mavelikkara): And his subservience too!

Shri T. K. Chaudhuri: Yes, it must have some such confidence in the loanee, because it has got its own axe to grind. The United States is the principal stockholder of that Bank, and as a matter of fact, the present Governor of the Bank is also a citizen of the United States. And we all know what sort of views he has been expressing and what sort of objectives he has in view when he goes about and negotiate these loans, or when his officers on the Mission do it. And the closest examination of the terms and conditions of any loan from the World Bank becomes all the more necessary, particularly in view of the fact that Mr. Chester Bowles the U.S. Ambassador in India in an article in the well-known American journal 'Foreign Affairs'—not in 'Blitz', and so it is not a forged one—clearly states what the objectives of United States economic activities or financial operations in India should be. He goes on to say in 'Foreign Affairs' of October, 1952:

"The success or failure of their effort being made in India and other countries to create an alternative to Communism in Asia, may mark one of those historic turning points which determine the flow of events for many centuries."

Then he proceeds to give his views as to how he would like democracy to work in this country and, how he would like the Indian leaders to work the economic system in this country, etc. He has given the plainest indication of American aims in India in this article. At one place he says:

"In theory at least, most Indian leaders would prefer an economic system based on democratic socialism."

But here comes the confidence in the credit of the loanee and he goes on to say:

"Fortunately, more and more Indian leaders are beginning to recognise that our American system of private enterprise is far more efficient than socialism. American businessmen who have visited India in the last two months have seen tangible evidence of this new understanding. The three oil companies which are now building refineries in India, for instance, were given 25 years guarantee against nationalisation and offered other inducements which scarcely would have been considered a year or two ago. Many observers believe that India Government could afford to go further in offering practical inducements to new investors, domestic and foreign alike, for example, a tax moratorium on new investments, or loans given by the Government of Puerto Rico."

He also suggests that there should be a close integration between the Japanese and Indian economies. Presumably he has in mind the fact that the Japanese economy is now under the heels of his own country and the Government he represents.

Now, in view of this clear enunciation of American objectives in India, I have the greatest apprehension—and the hon. Members of this House and the public at large outside the House equally share in that apprehension—about the terms of the loans that are being negotiated. These apprehensions become all the greater in view of the fact that in some cases it has been the practice of the World Bank to require that the borrowing country undertake economic and fiscal reforms before the loans can be granted. Already, Mr. Bowles looks with approving eyes to the type of guarantees against nationalisation which is being offered here, and before we give our seal of approval to the Corporation's accepting these loans we should like to know what are the exact terms or the type of economic or fiscal reforms we have been required to undertake because of these loans which are being proposed to be granted to us. It is clear, Sir, that loans from the World Bank, controlled as it is by one country which is looming very large today in the world imperialist horizon, cannot be of an innocent nature.

Then, Sir, the type of Industrial Finance Corporation we have here; its set-up; its control, ownership and organisation—these also make us

greatly apprehensive. Leaving aside all other aspects, the fact remains that this Corporation is a semi-private one in which the Government has only a share in the ownership and control of its management and nothing more. The majority of the shares are held by private corporations, joint stock banks, investment trusts and insurance companies. In this connection, I may quote what a Member of the Constituent Assembly (Legislative) had said when the original Bill which we are amending today was being discussed four years ago. I am reading from the speech of Shri Khurshed Lal, who is no longer alive:

"I am afraid that the bringing in of these scheduled banks, investment companies and insurance Companies which are more or less managed and operated by half a dozen groups and syndicates would be bringing in the influence of people who would be mostly interested in getting money from this Corporation."

This was the apprehension expressed at that time and to a very great extent that apprehension has been justified. It is absolutely true that the entire joint stock banking system together with investment trusts and other financial organisations which have grown up during and after the second World War are as Mr. Khurshed Lal had said "controlled by half a dozen groups". These groups control not only the economic destinies of the country but having secured a controlling voice in this Corporation they are likely to use the influence of this Corporation to bring the industrial economy of the country entirely under their thumbs. When we bear in mind at the same time that one of the main objectives the present amending Bill is to enable the Corporation to secure foreign loans from the World Bank and think of the likely consequences of this tie-up between American capital and Indian capital, we have to shudder at the future of India and her economy. I suggest therefore, Sir, that this whole Bill should be examined primarily from this point of view.

This Corporation is in the eyes of the law an autonomous body and therefore, it would not behave us to go into the details of its administration, but I would be failing in my duty if I do not refer to the widespread complaints that have come up against its administration. The complaints in brief are that the resources of the Corporation have been managed and disbursed in such a way that gives rise to the



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suspicion that the prestige of Government association with the Corporation and Government guarantee have been utilised by one particular group of capitalists under the leadership of one who is very high in the administration of this Corporation. It would not be proper for me to mention the name, but the expectations that were initially raised in our minds that the long-felt need for providing industrial finance to our big and medium industries all over the country would be met by this Corporation have been completely belied.

Then take the classification of the loans and advances that have been sanctioned. One of the clauses of the present Act requires that the annual reports of the Corporation together with a classification of the loans should be laid on the Table of the House. This has been done, but after going through the four reports that are available to us I wonder whether any hon. Members can find out what concrete development has taken place as a result of the working of this Corporation. In the first report we find that certain criteria were laid down for the sanction of loans, and the Board of Directors expressed their regret that they could not exactly lay down a scheme of priorities. But if we look at the industries to which loans have been granted from year to year and the quantum of these loans, any attempt for deriving the basis on which the loans have been granted baffles all sort of logical argumentation. All kinds of industries have been mentioned. In 1951 and 1952, we find the cotton textile industry has been sanctioned loans worth Rs. two crores. I do not know whether the full amount of these loans were utilised by the concerns to whom they were granted. Further more, we have to bear in mind that cotton textiles are one of the old established industries in India, having evolved their own arrangements for finance. Why should they be given such a big loan? Why should not other new industries which have opened up new fields, which have come forward to take bigger risks, be given proportionately greater amounts of loans? Moreover, there is open talk in this country of the rivalry between 'big' textiles and 'little' textiles and I wonder whether the resources of the Corporation have not been utilised for the benefit of the 'little' textile group which is headed by one who is very high in the administration of this Corporation and to whom I have already referred more than once. This figure of Rs. two crores given to cotton textile mills naturally arouse some

such suspicion in our mind. Sir, the predecessor of this House and the whole country, many hon. Members, several old and experienced Members of this House and I think several prominent Members in the Congress Party as well, wanted that this Corporation should be a State corporation. Disappointment was expressed by no less a person than our present Deputy-Speaker, the hon. Mr. Ananthasayanam Ayyangar, that the Industrial Finance Corporation that we got at last was not a State corporation, or a nationalised corporation. But even then, it was expected that this corporation would take a broad view of the industrial development of the country and its needs, particularly in this difficult period of post-war phase of our industrialisation. But unfortunately this Corporation has been transformed practically into a private capitalist organisation. We have been surprised to find that whatever voice or influence which the Central Government has over this Corporation have worked to the benefit of one particular set of capitalists and Government nominees on the Board of Directors have rather represented this particular capitalist group to which I refer than towards the furthering of broad national interests as it should have done.

A view was expressed when the original Bill was under discussion that Government nomination should ensure two things; first, that persons from under-developed areas should be nominated on the Board of Directors, so that they might take care of the special needs of their regions or localities; secondly, that the different class or sectional interests should be represented. After all industrial development of the country is just not the monopoly of any one particular capitalist group. It is a national concern and all classes and communities in the country have a claim on it. So, Government nomination should have ensured that all different interests who have their special stake in the industrial development of the country, not merely stakes of ownership and proprietorship.....

**The Minister of Commerce and Industry (Shri T. T. Krishnamachari):** Does the hon. Member refer to Government nominees on the Board of Directors?

**Shri T. K. Chaudhuri:** Yes.

**Shri T. T. Krishnamachari:** There are only three nominees. They do not represent any interest except Government interest.



**Shri T. K. Chaudhuri:** If the hon. Minister refers to notes on clauses he will find that notes under clause 3 read as follows:

"In view of Government's responsibility on account of the guarantees given by the Government in terms of the Act and also to enable proper representation being given to all interests..."

**Shri M. C. Shah:** That is the reason why we want to raise the number on the Board of Directors. Today there are three Government nominees. As we are going to give further guarantee for these loans, we want to add one more. At the same time it has been made clear that we do not want to have Government officials only. We want to give representation to interests.

**Shri T. K. Chaudhuri:** That exactly was the intention in the original Act that all interests should be represented through Government nominees.

**Shri M. C. Shah:** That is followed. All the three are not Government officials.

**Shri T. K. Chaudhuri:** I know that. Our point is that why the directors nominated by the Government or even one should represent a particular group, or particular section of Capitalists?

**Shri Tyagi:** One of them represents labour.

**Shri T. K. Chaudhuri:** Yes, labour from the I.N.T.U.C.—I know that.

Sir, now I come to the clauses of the Bill designed to improve its operation. On the face of it these clauses appear to be innocent technical clauses, but if you read between the lines they are not really so. As a matter of fact, the most important thing about this Bill is that the resources of the Corporation are going to be immensely augmented. Apart from its own stock and capital resources, it could borrow in the market up to a limit of Rs. 100 crores.

**Shri M. C. Shah:** I shall explain the matter, if the hon. Member will allow me. The paid up capital of the Corporation is Rs. five crores. They can issue bonds and debentures up to five times the paid-up capital, that is Rs. 25 crores. They can take deposits for a period of more than seven years for Rs. ten crores.

**Shri T. K. Chaudhuri:** They have reserve funds also. They can borrow on the basis of reserve funds as well.

Anyway it has been deduced by competent economists—it is simple arithmetic—that ultimately the resources, both loans and stocks, together may go up to a hundred crores and if you take into account the expensive capacity of the loans that could be granted by this Corporation in its turn and secondly the augmentation of its resources that are going to be effected by loans from the World Bank, if all these factors are taken into consideration, this Corporation is certainly going to play a very vital part in our economy. There is no doubt about that fact.

4 P.M.

And eventually the time will come when the entire industrial future of the country will come to depend on this Corporation. Government have left the development of the industrial sector of our economy—the Draft Five Year Plan also leaves it—to be taken care of by private enterprise. Here it is that the role of the Industrial Finance Corporation becomes very vital indeed. As a matter of fact, the Draft Five Year Plan makes a reference to the resources that would be made available to the private sector by this Corporation. When we consider the fact that the resources at the disposal of this Corporation are now being augmented by the Anglo-U.S. dominated World Bank and from other sources internally, we have to make sure that we do not mortgage the industrial future of our country to the Anglo-U.S. imperialists who dominate the World Bank or the International Bank for Reconstruction and Development. I may mention here, though I need not elaborate it, that not only America but the United Kingdom of Great Britain, the Sterling Area countries as well as the Atlantic Pact countries also hold a considerable share in the World Bank. Ultimately it comes to this that United States imperialism which is leading the capitalist and imperialist world today, secondly the British imperialism, and thirdly the Atlantic Pact powers—it is these that control the Bank. As Mr. Leonard has made it clear, the Bank is not innocent of politics. As a matter of fact, the Bank is nothing other than an instrument of power politics in the present day world. And we must make sure, in view of the fact that Mr. Chester Bowles and his Government have certain specific objectives in view, that the loans advanced by this Bank to the Industrial Finance Corporation or to our Steel Corporations or may be to other Corporations which are standing in the queue for doles of loans, do not mortgage our country's industrial and

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economic future and that our country is not reduced to the position of a colonial slave country. That is first thing about which we must make sure.

The second point is that we must not likewise mortgage the industrial future and the economic future of our country to one group, to one particular section, of our national monopoly capitalists. Mr. Khurshed Lal predicted four years ago that the way the Corporation was organised, with the type of organisation which was set up and the type of administration which was set up, would surely hand over the control of the Corporation to half a dozen financial capitalist groups. We would have objected to that, but we would have had some solace even then that after all half a dozen capitalist groups would be controlling the Corporation and certain amount of checks and balances would have operated in the process of their mutual competition. But the fact remains that the Corporation has developed in such a way that it has come under the thumb of one single monopoly capitalist group led by one who has been placed very high on the administration of the Corporation by the Government itself—the Government which is claiming to be national, the Government which professes to give equal representation to all sections and all classes of interests in the community, the Government which is professing in theory the ideal of a classless society and *Ram Rajya*.

**Mr Chairman:** I do not want to interrupt the hon. Member, but he has already taken forty-five minutes and how he is repeating his arguments.

**Shri T. K. Chaudhuri:** I am concluding, Sir. These are some of the apprehensions that are in my mind and I may tell you that these apprehensions are shared by a large section of our countrymen. I hope that the Government would at least take into account these apprehensions in the minds of the people and try to allay them as best as they can.

**Shri A. C. Guha (Santipur):** Sir, on several occasions I have brought before this House some of the objectionable features of the working of the Industrial Finance Corporation, and so it is very difficult for me to accept all that the hon. Minister has been pleased to say about the soundness of the proposals contained in this amending Bill. I have mentioned several times that this Corporation is worked in a way which does not benefit the comparatively poorer section of our industrialists and business-

men. I mentioned several times and I made definite allegations that unless an industry can get some of the influential directors of the Corporation to be interested in their particular concern, that concern can hardly expect to get any loan from the Corporation. At least that has been our experience in Bengal. On a previous occasion I mentioned this thing in this House and the hon. Finance Minister in reply to my allegations said:

"I think he is entirely under a wrong impression when he says that a loan was given merely because a Director of the Industrial Finance Corporation was associated with it. It may be that people who are Directors of the Industrial Finance Corporation, are people with a good deal of reputation for good management so that when they are associated with a particular enterprise, obviously that enterprise gets more credit-worthy than if they are not so associated."

It is in a way an admission of the existence of the practice which I alleged to have been predominant in the working of this Industrial Corporation. The Finance Minister then gave me some assurance that he would look into all those things but I am afraid nothing has been done. My definite allegation is that when a comparatively poorer man starts a business, because of his engineering or scientific ingenuity, he can develop only to a certain extent; but when the question of big finances comes, he cannot develop it and the business goes out of his control and then these big people take possession of the business. That has been the experience of many industries started by middle class Bengalis in Bengal. I mentioned the case of the electric fan industry. It was started by a Bengali. It was first manufactured in India by a Bengali scientist but he could not proceed with it. He had to give it up.

Now about this Industrial Finance Corporation—I do not know what is its purpose,—if it is only to help the big industrialists, the big capitalists, then I think it is working all right but if it really wants to help the comparatively poorer section, to help the undeveloped regions of the country or to have somewhat like an equal economic development of India, then I am sorry that this Corporation has not been working all right. During the last debates, several Members

on the Congress side, including the Deputy-Speaker, who was then in the Chair, supported my contention and I moved an amendment to the State Financial Corporation Bill to add a clause that the Director of that Corporation might not in any way be benefited out of the loan given by the Corporation. Several Members on this side of the House supported me but I am sorry I could not persuade the hon. Finance Minister to accept my point of view. I was then challenged and I can say I was almost provoked to mention names but I did not. It would not be quite proper and quite decent to mention names here but I say with all the sense of responsibility that that has been going on.

Sir, you will find in the list that the accommodation given to ceramic and glass industry is Rs. 1,19,00,000 and to the rayon industry Rs. 50 lakhs. I would ask the hon. Deputy Minister—as the Finance Minister is absent—to enquire who are the parties benefited in this one crore and nineteen lakhs in ceramic and glass industry.

I would also like to make certain other points as regards textiles. Sometimes those big bosses of this Industrial Finance Corporation may not themselves be in the Board of Directors but they put their sons, sons-in-law, nephews and some other relatives to be in the Board of the industry concerned which has to get benefit; and in most cases it is not only putting a Member on the Board of Directors but practically the entire business or a considerable portion of it is transferred to the nominees of the big bosses of the Industrial Corporation.

Then, this Bill is going to give more power to the Board so that they may still more utilise the funds available with them for their own personal and family benefits. Sir, in clause 20 of this Bill, the amendment sought there is to put a new section in the principal Act—30A and it says:

“That the Corporation may appoint as many persons as it thinks fit to be the directors of that industrial concern”.

And then the explanation goes:

“The power to appoint directors under this section includes the power to appoint any individual, firm or company to be the managing agents of the industrial concern”.

I think the hon. Minister is not unaware of the fact. ....

**Shri M. C. Shah:** May I intervene? It is in regard to that undertaking that industrial concern has been taken over.

**Shri A. C. Guha:** I know that. At any time they can take over an industry.

**Shri M. C. Shah:** Under the said clauses?

**Shri A. C. Guha:** The clause is quite wide enough. That has given them wide power to take over any business. I know of a definite case in South India where pressure is being put upon that company so that that concern may be handed over to another interest.

**An Hon. Member:** Son-in-law possibly.

**Shri A. C. Guha:** Not son-in-law but some other interest. Sir, I think the hon. Minister is not unaware of the Company Laws Enquiry Committee's recommendations and I think his Department must have been preparing also a Bill to be placed before this House. All that has been said in that Report about the system of managing agency is not quite palatable and yet why should there be a managing agency to be imposed by the Corporation on that industrial concern which the Corporation might be pleased to take over?

**Shri B. Das (Jajpur-Keonjhar):** This is a good point.

**Shri A. C. Guha:** It may be embarrassing for them to nominate their own nephews and sons in the Board of Directors but it will not be so embarrassing for them to nominate some firm—the name of that firm may not expose the character or composition of the firm—as managing agent of that industrial concern. I hope this House will take serious notice of this provision which is sought to be imposed by clause 20 which is going to put a new section 30A.

In the original Act section 25 gives authority to impose certain conditions for accommodation. May I enquire on how many of these industrial firms the Board has thought it fit to impose those conditions and nominate some of their nominees on the Board of Directors? I think in almost all the concerns which have been started by some poorer people or middle class people, the Board has suggested some of their nominees to be put on the

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Board of Directors or to have some business interest arranged between their nominees and the old management of the industrial concern. I should like again to refer to some cases in Bengal. I know of only one really Bengali firm that has had some accommodation from this Corporation. And that firm has a man who is so big that even the big bosses of this Corporation cannot simply afford to displease him. Therefore, simply out of fear for that man, they must have given that firm some accommodation. But, in all other cases, all applications have been turned down unless some nominees of theirs have been taken in the Board of Directors and in most cases, practically, the business of these concerns have been transferred to the management of some of the big men of this Industrial Finance Corporation.

It is surprising, Sir, that repeatedly this allegation is made in the House and Government are not taking any serious notice of this allegation and have not been making any enquiry into this allegation. I belong to the Party which is running, the Government.

**Babu Ramnarayan Singh:** (Hazari-bagh West): That is most unfortunate.

**Shri A. C. Guha:** When I make this allegation, I know my responsibility and I expect that my Government will take this allegation seriously and make serious enquiries into this allegation.

**Babu Ramnarayan Singh:** No, no.

**Shri A. C. Guha:** Surely they will have to. He may ask Shri Tyagi about this.

Then, it has been sought by this Amending Bill to raise the amount of a loan from 50 lakhs to one crore. The original provision was, in any case, not more than ten per cent. of the paid up capital of that concern could be given as a loan.

**Shri M. C. Shah:** The hon. Member is mistaken. It is ten per cent. of the paid up capital of the Corporation and not of the concern.

**Shri A. C. Guha:** Even that is not here now.

**Dr. M. M. Das** (Burdwan—Reserved—Sch. Castes): Any amount can be given.

**Shri M. C. Shah:** The hon. Member said, ten per cent. of the concern. I wanted to correct it.

**Shri A. C. Guha:** All right; I stand corrected. I am sorry I was wrong. In any case, now there are also some limitations. The paid up capital of the Corporation is only five crores and ten per cent. of that would not have been more than 50 lakhs. Now, they are making it one crore perhaps to help big capitalists. There is no condition attached.

This amending Bill seeks to provide for a Deputy Managing Director to be nominated by the Government. This functionary has been given a big name. He is called the Deputy Managing Director. But, it seems he is not even a Director according to the provision here. He has no power to vote except when the Managing Director is absent. In the subsequent clauses also, he has been treated only as an official and not as a Director. If he is treated only as an official, he should be plainly be given a common name and not such an imposing name as Deputy Managing Director. If he is really to be a Deputy Managing Director, he should be given all the authority that this name signifies and should be allowed to function, when the Managing Director is absent, with all the authority of the Managing Director.

**Shri M. C. Shah:** He is allowed that under this Act.

**Shri A. C. Guha:** No.

**Shri M. C. Shah:** The section is there.

**Shri A. C. Guha:** No; he is simply an official. Only in certain meetings he has the right to vote. Even when there is a casual vacancy in the office of Managing Director, this Deputy Managing Director is not to function in his place. The Government will nominate another man to function as the Managing Director.

Then there is a provision to remove the Managing Director. That is, I think, a very good provision here. But, it has been hedged in with certain conditions which have practically made this provision nugatory. If the Government really intend to take this power of removing the Managing Director, then, it is better that there are no conditions imposed. I think the Government will agree that hardly will there be any case where there will be a two-thirds majority against the Managing Director, even if the Government want to remove him. Apart from that practical point of view, if the Government think that a certain Managing Director has not been work-



ing properly and discharging his functions properly, it should not be left to the discretion of the Board to ratify the Central Government's directive that the Managing Director should be removed or not. Either it should be put that Government may simply propose to the Board of Directors and the Board of Directors will decide whether that Managing Director should be removed or not, or the Government should take the power forthwith to remove the Managing Director if and when he is found to have been behaving not properly. Of course, he should be allowed the chance to explain his conduct: that I do not object to. But, I think that the condition that there should be a two-thirds majority practically makes the power nugatory. It will hardly be available to the Government. Moreover it is an insult for Government to ratify or confirm its decision.

There is also a provision about a special reserve fund. Here also, I think the Government should take the more straightforward course of giving a subsidy rather than a special reserve fund. During the last three years, Government have already given about 24 lakhs....

**Dr. Lanka Sundaram** (Visakhapatnam): Twenty-six lakhs.

**Shri A. C. Guha:** No; 23,89,000 and odd. They are proposing in this Bill that any dividend accruing to the Government and to the Reserve Bank should not be paid to the Government and the Reserve Bank, but should be credited to a special reserve fund, which practically means that the Government are making a fresh donation to this Corporation to build up a reserve fund. That should have been plainly stated instead of saying that the special reserve fund should be built up only from the dividends. I do not know what the purpose of this special reserve fund is. If the Corporation cannot build its own reserve fund, how long are the Government going to spoon-feed this Corporation. The hon. Minister stated that it is only for a few years. There is nothing in the clause that it is only for a few years. The clause says:

"All dividends accruing on the shares of the Corporation held by the Central Government and the Reserve Bank shall, instead of being paid to them, be credited to a special reserve fund until the aggregate of the sums standing in the reserve fund established under sub-section (1) of section 32 and

the special reserve fund exceeds fifty lakhs of rupees."

**Shri Tyagi:** If it is done in one year, it is over.

**Shri A. C. Guha:** It will not be one year. In three years, I think, you have been able to earn only three lakhs or four lakhs, a year, by way of dividend.

**Shri Tyagi:** The limitation is not by years, but by the sum.

**Shri A. C. Guha:** Yes: the sum accruing as dividends and it would take some years. In fact, it is giving another 50 lakhs to the Corporation, to be made into a special reserve fund.

There is a provision for arrangement with the International Bank for Reconstruction and Development. I think the Government should have placed at least a gist of the terms that have been settled, what would be the amount given and what would be the rate to be charged. I think on several occasions...

**Shri B. Das:** They have never given loans at less than four and a half per cent.

**Shri A. C. Guha:** On several occasions in this House the question was raised about the rates charged by the International Bank on loans given for the Damodar Valley Corporation and for Railway reconstruction, and the House has not been quite happy about the rate charged. Anyhow, the terms and conditions and the amount should have been placed before us along with this Bill.

**Shri B. Das:** They can give us a memorandum.

**Shri A. C. Guha:** We are proceeding on the lines of a planned economy, and the Planning Commission has also given a sort of priority as regards the industries to be developed. I do not know whether this Industrial Finance Corporation has been following any scheme of priority, or whether they have been going according to their convenience and interest. From the list of industries that has been given, it does not appear that this Corporation has given any consideration to priority of industries. I think Government should make this Corporation conscious of this point, and see, whenever any loan is given to an industry, whether that industry deserves to be given a prior consideration over other industries from the point of view of national interest.

There is another Bill pending before the House which seeks to amend the

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Reserve Bank of India Act. The Bill under consideration and the Reserve Bank (Amendment) Bill have some inherent connection. The latter seeks to give greater credit facilities for agricultural operations. This Industrial Finance Corporation, I know, cannot give any help to agricultural operations, but I think it should take some cognizance of the state of affairs and of the demand that is growing in the country as regards the improvement of agriculture. It has been stated in the amending Bill that the funds of this Corporation may also be deposited with any Scheduled Bank or with any State Co-operative Bank, but I think it should also be provided here that this Corporation may also deposit its funds with any land mortgage bank. I should also like to remind the House that about three years ago the Rural Credit Enquiry Committee laid great stress upon the importance of land mortgage banks as a machinery for extending credit facilities to rural areas and to agriculture. So, this Corporation also should take some notice of this development, and there should be a provision that its funds may also be deposited with land mortgage banks.

I should like to mention here one thing about the tea industry. During the last session in reply to a question of mine, the hon. Minister for Revenue and Expenditure stated something to the effect that credit facilities were available from the Reserve Bank and also from this Corporation to these tea gardens, but that they were not taking advantage of these facilities. I think, since then, he must have received some communications from the tea garden owners and tea companies as the present position in the tea industry in Bengal and Assam—I think I can say in the whole of India—is very precarious. It was expected that this Corporation would render some help to the tea industry. I am told a conference was convened on 1st November at Calcutta in which the representatives of the Reserve Bank and this Corporation along with representatives of some Scheduled Banks and of some tea interests were to participate. That conference was convened by the Secretary of the Central Tea Board which is almost a Government organisation. But the representatives of the Reserve Bank and this Corporation did not appear for the conference. So, it practically came to nothing. Nothing could be discussed and nothing could be achieved. I think Government ought to take some steps as regards the feasibility of this Corporation extending its credit facilities to

the tea industry. According to the definition given in the original Act, an "industrial concern" means a public limited company or a co-operative society. I welcome this definition and I really want that industries owned by private persons should be treated with discrimination as against public-owned industries. When the hon. Minister stated in the last session in reply to my question that there were certain facilities available to the tea industry from this Corporation or from the Reserve Bank, he perhaps meant really the theoretical position. But, most of these tea gardens are not public limited companies, and so whatever facilities may be available to them theoretically are not practically and really available. Only British-owned tea gardens and companies are public limited companies. Most of the Indian companies are either private limited companies or private concerns which are mostly small. So, whatever facilities the hon. Minister might have in his mind are not really available to these small Indian-owned tea gardens. I hope, the hon. Minister would take into consideration this aspect also.

As regards the two other amendments to extend the scope of this Corporation by putting shipping industries within the purview of this Act and introducing the Comptroller and Auditor-General's authority in respect of audit, I welcome them.

My predecessor has said much about the International Bank and any help taken from it. I do not share his misgivings about the International Bank. I do not share also any misgiving about taking any foreign help. I think we are living in a world now in which it is not possible to live an exclusive life without international economic co-operation and collaboration. No country in the world can do that. The question may be from whom we shall take economic aid. He may not like the source from which the India Government is now taking help, and he may like India to take help from other sources. There may be difference of opinion on that, but I cannot think that any country in the world can do without international co-operation and collaboration in economic and industrial spheres. I do not think there is anything wrong in having any arrangement with the International Bank, and in taking some help from them, but I think that the terms and conditions should have been placed before the Members when this Bill came up for discussion.



**Shri S. V. Ramaswamy (Salem):** We have once again been treated to the familiar theme of Anglo-American imperialism. It is nothing new, coming as it does from the Opposition benches, because I have been sitting fairly quietly here during the session listening to speeches, and oftentimes this same remark is being repeated.

**Kumari Annie Mascarene (Tiruvandrum):** Naturally.

**Shri S. V. Ramaswamy:** I see nothing natural about it.

The point that my hon. friend Mr. T. K. Chaudhuri was driving at was that he smells a rat in everything American or Anglo-American. (An hon. Member: A dead rat?) That seems to be not a fair attitude to take. We have got to judge things, each on its own merits. Talking of the International Bank, they see something very dangerous about it. I do not know whether there is anything dangerous in the International Bank giving us aid by means of sending us capital goods and so on to improve our country. This is nothing new. If you read the economic history of other countries, you will see that for the development of backward countries, other countries which are well-placed have come forward, and those backward countries have availed themselves of that aid, and thus they have also come forward. That is the general proposition. So there is no reason why we should not accept this help from the International Bank or from England or America, as the case may be. The questions that would be relevant would be whether the terms under which we take those loans are favourable to us, whether there are any political strings attached to them, whether we will be placed in a position in which our sovereignty will be jeopardized, whether our independence will be affected. These are the considerations which are really relevant, and not the abstract question that merely because the loan comes from America or England, or the International Bank, it is dangerous etc. Such an attitude is an irrational one to take, and to say the least, it is not helpful to us. With these few preliminary remarks, I would also join my hon. friend Mr. A. C. Guha in saying that the rate of interest that the International Bank charges seems to be somewhat high—I speak subject to correction. I understand that it is about four per cent., which is a very high percentage for an International Bank to charge while advancing a heavy and large sum of money. In that regard, I believe we might negotiate for a lesser interest.

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The second point that I wish to urge is that this Corporation, instead of being made a private one, may well be made a State Corporation. My hon. friend Mr. T. K. Chaudhuri spoke about that, but I believe there is full support for the argument in the fourth report of the Industrial Finance Corporation itself. I invite your attention to page 1 of that report where it is stated:

"The Central Government, in pursuance of Section 5 of the above Act, have guaranteed a dividend of 2½ per cent. per annum on the Share Capital. It is proposed to utilise the above amount of Rs. 8,25,290/9/- towards the payment of the dividend and to call upon Government for the balance of Rs. 2,99,709/7/- to make up the guaranteed dividend. The total amount already drawn from Government by way of subvention to meet the guaranteed dividend declared for the first three years amounts to Rs. 23,89,416/13/6."

So, money is drawn from the taxpayers to pay the dividend guaranteed to the shareholders. If the Corporation were a State Corporation, my humble submission is, that we would not have to pay dividends into the hands of private individuals, as it is taking place today. Moreover, if it were made a State Corporation I am sure the dividend will go to the State and in turn reach the people of this country and in turn benefit them.

The other point that I wish to urge is this. I have tabled an amendment to clause 13 which reads thus:

"In pages 3 and 4, omit clause 13."

I was hoping to get some light from the speech of the hon. Deputy Minister, on that point. Clause 13 reads:

"In Section 24 of the principal Act, for the words 'for an amount equivalent in the aggregate to more than ten per cent. of the paid up share Capital of the Corporation, but in no case exceeding fifty lakhs of rupees', the following shall be substituted, namely:

"for an amount exceeding one crore of rupees in the aggregate:..."

I was looking for some reasons as to why this amount should be raised from Rs. 50 lakhs to rupees one crore. I find from the fourth annual report that the Capital and Liabilities, and the Property and Assets of this Corporation are about Rs. 11:38 lakhs. I find from

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Section 4 of the Industrial Finance Corporation Act, that the authorised capital is Rs. ten crores, but the issued and paid-up capital is only about Rs. five crores. Section 22 of the Act says that the deposits shall not exceed Rs. five crores, and in any case, the loan raised shall not exceed five times the paid-up capital. As a matter of fact, the capital and liabilities are only Rs. eleven crores and odd. If on each loan an amount of Rs. one crore is to be granted, this will work out to an average of not more than eleven applications which can be entertained, if this point is actually put into practice. But what I find from the report is as follows:

No. of Applications		Amount	
			Rs.
(i) Loans not exceeding Rs. 10 lakhs	53		2,99,45,000/-
(ii) Loans exceeding Rs. 10 lakhs but not exceeding Rs. 20 lakhs	21		3,21,00,000/-
(iii) Loans exceeding Rs. 20 lakhs but not exceeding Rs. 30 lakhs	Seven		1,95,00,000/-
(iv) Loans exceeding Rs. 30 lakhs but not exceeding Rs. 40 lakhs	Five		1,95,00,000/-
(v) Loans exceeding Rs. 40 lakhs but not exceeding Rs. 50 lakhs	Eight		3,93,00,000/-

Again, on page 3 of that report we find that the number of applications received is 54 for an amount Rs. 7,30,25,000, which comes to about Rs. 15 lakhs on an average. The number of applications sanctioned was 33, for a total amount of Rs. 4,45,25,000, which also comes to about Rs. 15 lakhs roughly per application.

When that is the position, I do not see why it should be necessary to raise the maximum amount of loan from Rs. 50 lakhs to Rs. one crore. It has not been made clear by the hon. Deputy Minister. I shall bring out another figure also which does not seem to justify this increase. I hope, in the course of the reply the hon. Deputy Minister will clear the point, and

satisfy the House as to why he wants to raise the maximum.

The other criticism that I would like to submit is this: seeing the way in which the amounts of loans have been disbursed, it seems to me that the small industries have been neglected completely. On page 4 of that report is given the list of industries which have received grants from out of the funds of this Industrial Finance Corporation. It is all big industries; there is no mention of small industries at all. And looking at other figures also, certain provinces alone have benefited. I see from Appendix A that there have been eight applications upto June, 1952 from Bombay and the sanctioned amount is 83 lakhs. The total upto-date number of applications from Bombay is 29 and the total sanctioned for Bombay alone is four crores and 15 lakhs. This, Sir, is out of 14 crores. The other provinces have not received any considerable amount. I could see that Madras has received 35 lakhs on only one application in 1952 and the total upto now is only one crore and 21 lakhs. My humble submission is that in the actual working, it seems the provinces which do not seem to have a pull—I use that term in the best sense—have nothing sinister about it.

**Shri K. K. Basu (Diamond Harbour):** Why be nervous about it?

**Shri S. V. Ramaswamy:** I do not seem to get the benefit out of this Industrial Finance Corporation; nor do those backward industries which are in urgent and pressing need of financial help receive any such help at all. It is the big business, big industrialists, who seem to be deriving the benefit out of this Industrial Finance Corporation. I wish the role of this Corporation in reconstructing the economy of India will be different hereafter at least so that there may be a fair distribution of the funds of this Corporation over the several States and also that funds may be made available for the development of small-scale industries.

**Shri M. S. Gurupadaswamy:** Sir, when this Act was under consideration by the Constituent Assembly (Legislative) in 1948, many Members criticised it on the ground that it might be misused; and by the experience gained during these four years of the working of this Corporation that apprehension expressed by several Members in 1948 was more than confirmed. The Corporation that has been envisaged by this Act is based on an assumption that there is going to be a private sector in industry and that sector needs

fostering and nursing and for that purpose, there should be a Central Fund to help that private sector. The implication is that by helping this private sector, it should be allowed to subsist and continue to exist as an integral part of the industrial economy of the country. So, the Act as it stands today, is a sort of endorsement of private capitalism in the country. Some of the Members in 1948, particularly Shri K. T. Shah, made out a very cogent case in favour of nationalising this Corporation. According to the provisions of the Act, the State guarantees the capital of the Corporation. That is the shares which are subscribed to the Corporation are guaranteed by the Government. But the State has not full say in the management and control of this Corporation. That is the analysis of the position of the Finance Corporation. When the State guarantees fully and completely the capital of the Corporation, it is but logical to expect that it should have complete sway in the matter of ownership and management of this institution.

**Shri Velayudhan** (Quilon cum Mavelikkara—Reserved—Sch. Castes): It is only guarantee.

**Shri M. S. Gurupadaswamy**: Sir, You are aware that this Government are tinkering with planning. They have almost finalised a Five Year Plan. It may be coming before this House within a few days. If you accept planning as the basis of your economy, then why should you support a policy which means that this Corporation which is to help the industries of the country should be partly privately-owned? Sir, the development of the entire country is the responsibility of the State and State alone and in all matters of development of the country, the State should have full say. But here is a case where the State guarantees the entire capital of the Corporation which is mostly controlled by private capitalists. If the Corporation runs into loss, then the State will come and straightway meet the loss of the Corporation. Why should there be such a thing at all? If the intention of the Government, or the sole purpose of the Government is to promote economic development uniformly in every corner

of the country, then it is necessary that the Corporation should be owned, managed and controlled by the State alone.

Sir, my hon. friend, Mr. Guha, was referring to certain cases of favouritism in the operation of the Corporation. He said that certain concerns were inviting the relatives of the Directors to become the Directors of those concerns with an ulterior motive—with a motive to get financial help from the Corporation. I have seen many instances, and many people, who are trying to get the relatives of those Directors somehow or other to their concerns in some capacity so that they may get the financial help easily. This should not happen.

Sir, nationalisation policy should be made the corner-stone of our economy.

**Mr. Chairman**: I take it the hon. Member will continue for sometime, more.

Secretary will now read a message from the Council of States.

#### MESSAGE FROM THE COUNCIL OF STATES

**Secretary**: Sir, I have to report the following message received from the Secretary of the Council of States:

"In accordance with the provisions of sub-rule (6) of rule 162 of the Rules of Procedure and Conduct of Business in the Council of States, I am directed to return herewith the Bill further to amend the Indian Tariff Act, 1934, which was passed by the House of the People at its sitting held on the 14th November, 1952, and transmitted to the Council of States for its recommendations and to state that the Council has no recommendations to make to the House of the People in regard to the said Bill."

**Mr. Chairman**: The House will now stand adjourned till 10-45 A.M. tomorrow.

The House then adjourned till a Quarter to Eleven of the Clock on Wednesday, the 26th November, 1952.