



Thursday,  
20th 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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THE PARLIAMENTARY DEBATES  
(Part I—Questions and Answers)  
OFFICIAL REPORT

589

HOUSE OF THE PEOPLE  
Thursday, 20th November, 1952

The House met at a Quarter to Eleven  
of the Clock  
[MR. SPEAKER in the Chair]

ORAL ANSWERS TO QUESTIONS

REGULAR RESERVE OF OFFICERS

\*500. Sardar Hukam Singh: Will the Minister of Defence be pleased to state:

(a) whether the Government of India decided to constitute a regular reserve of officers; and  
(b) if so, whether the detailed terms and conditions of service applicable to members of the reserve have been finalised?

The Deputy Minister of Defence (Sardar Majithia): (a) Yes.

(b) These are being formulated.

Sardar Hukam Singh: What is the specific purpose of this reserve?

Sardar Majithia: It is quite obvious, Sir.

Sardar Hukam Singh: It is not quite so obvious to me. That is why I wanted to know.

Mr. Speaker: He has paraphrased in this way the usual answer that he cannot disclose it in the public interest.

Sardar Hukam Singh: If he had said so, it would perhaps have satisfied me.

Now, may I know what would be the strength of this reserve?

Sardar Majithia: It is not in the public interest to disclose it.

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Sardar Hukam Singh: Would the case of officers demobilised as a result of the integration of the States be taken into consideration when this reserve is constituted?

Sardar Majithia: They will be considered, provided they are suitable

Shri B. S. Murthy: When do Government expect to finalise this matter?

Mr. Speaker: Order, order. Next question.

TINNED FOODSTUFFS FOR DEFENCE SERVICES

\*501. Sardar Hukam Singh: (a) Will the Minister of Defence be pleased to state whether any tinned foodstuffs for the requirements of the Defence Services had to be imported during the year 1951-52?

(b) If so, what were the items imported and the amount of foreign currency spent thereon?

The Deputy Minister of Defence (Sardar Majithia): (a) and (b). Yes, Sir. Milk-tinned, skimmed milk powder and hops, valued at £5,87,658, were imported during this year.

Sardar Hukam Singh: What was the total number of items imported during the year?

Sardar Majithia: I have already mentioned it and for the information of the hon. Member, I shall repeat it. The items are: milk-tinned, skimmed milk powder, and hops.

Sardar Hukam Singh: Were any items imported during 1950-51 and as far as 1951-52 is concerned is it a fact that there is no need to import these items?

Sardar Majithia: No, Sir. Only items necessary were imported.

Sardar Hukam Singh: Are Government making any attempts to see that all our requirements are met from indigenous sources?

**Sardar Majithia:** That is the policy of the Government.

**Sardar Hukam Singh:** May I know what are the attempts being made in this direction?

**Sardar Majithia:** In the first instance, we procure things which are available here, provided they come up to the standard.

**Shri Velayudhan:** May I know whether the quantity that is purchased is purchased directly by the Ministry concerned, or through some private agency?

**Sardar Majithia:** I require notice for that.

**Shri M. R. Krishna:** May I know whether Government have received any complaint from the Canteen Stores Department that Indian manufactured tinned-fruits and jams are inferior in quality to imported ones and that most of the stocks have been spoiled due to long storage?

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

#### EDUCATIONAL SCHEMES IN ANDAMAN AND NICOBAR ISLANDS

**\*502. Sardar Hukam Singh:** Will the Minister of Education be pleased to state:

(a) whether the examination of the report of the officer on special duty deputed to survey the existing educational facilities in the Islands of Andamans and Nicobar has been completed; and

(b) if so, whether, any definite schemes for educational development in these areas have been prepared?

**The Deputy Minister of Natural Resources and Scientific Research (Shri K. D. Malaviya):** (a) and (b). Yes. The details of the schemes are being worked out by the Chief Commissioner.

**Sardar Hukam Singh:** Who was the officer and what were his chief recommendations?

**Shri K. D. Malaviya:** In 1951 Mr. Bhagwad Prasad, Assistant Director of Education, Bihar State, was deputed by us to visit the Andamans and make recommendations. As a result, he has put forward certain recommendations, and a part of them has been accepted by the Chief Commissioner of the Andamans.

**Sardar Hukam Singh:** Is his report only planned to cover a year or two, or does it cover the period of the Five Year Plan?

**Shri K. D. Malaviya:** The recommendations as such do not have much bearing on the Five Year Plan, but they have been put forward for a period of four years.

**Sardar Hukam Singh:** What is the sum to be spent in 1952-53?

**Shri K. D. Malaviya:** Rs. 35,000 has been provided in the budget for the current financial year.

**Shri B. S. Murthy:** Does this plan include compulsory primary education?

**Shri K. D. Malaviya:** No. Sir.

**Shri Punnoose:** May I know the percentage of literacy in the Andaman and Nicobar Islands?

**Shri K. D. Malaviya:** I am not aware of it just now.

**Shri N. Sreekantan Nair:** May I know the ratio between the percentage of school-going children and children of school-going age?

**Mr. Speaker:** How can he say that, when he has said that he does not know the percentage of literacy there?

**Shri Sarangadhar Das:** May I know if the system of education that would be introduced there would be basic or ordinary primary type?

**Shri K. D. Malaviya:** Basic education.

**Mr. Speaker:** Next question.

#### SEIZURE OF GOLD

**\*503. Dr. Ram Subhag Singh:** Will the Minister of Finance be pleased to state the quantity of gold seized by the customs authorities in India during the first half of the financial year 1952-53?

**The Minister of Revenue and Expenditure (Shri Tyagi):** A quantity of 6,574 (Six thousand, five hundred and seventy four) tolas of gold was seized by the Customs authorities during the first half of the financial year 1952-53.

**Dr. Ram Subhag Singh:** Have any new measures been taken by the Government to prevent the smuggling of gold?

**Shri Tyagi:** The import or export of gold is an offence. The gold is being imported mostly from French and Portuguese possessions. Arrangements have been made for stopping the smuggling. Surveillance at the ports is avoided by the gold being

brought by country craft and landed at unguarded points on the coast, particularly from the Persian Gulf on the West Coast. The continuous traffic of vehicles, goods and persons between the French and Portuguese possessions and India makes prevention of smuggling from these territories difficult. In order to check smuggling, patrols have been organised at several vulnerable points both on the sea and on the land frontiers. Patrolling is done on land either by jeeps or otherwise, and on sea by various types of launches. I may also add that barbed wire fencing is shortly going to be erected along the vulnerable points of the Pondicherry and Karaikal frontiers.

**Dr. Ram Subhag Singh:** Have any smugglers been arrested by Government?

**Shri Tyagi:** Yes, Sir. I have not got the latest information, but the quantity of gold that I referred to in my reply was seized from these smugglers.

**Dr. Ram Subhag Singh:** Has any case of Government officials being involved in gold smuggling been brought to the notice of the hon. Minister?

**Shri Tyagi:** No, Sir. They are dealt with by the customs authorities according to law.

**Shri K. Subrahmanyam:** How do the seizures in the present year compare with the seizures during the previous year?

**Shri Tyagi:** I am very sorry to inform the House that this year the seizures have been less than last year.

**Shri Ramachandra Reddi:** Is there any vigilance exercised over the customs authorities themselves?

**Shri Tyagi:** I could not catch the question.

**Mr. Speaker:** The suggestion is that perhaps it is possible to smuggle gold with the assistance or connivance of the customs authorities.

**Shri Tyagi:** Then the checking authorities will again be checked.

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

#### TRAINING IN ADVANCED AIR TRAFFIC CONTROL

\*504. **Dr. Ram Subhag Singh:** Will the Minister of Defence be pleased to state:

(a) the number of I.A.F. Officers who have been sent to the U.K. for training in advanced air traffic control; and

(b) the number out of these who have returned from U.K. after getting such training?

**The Deputy Minister of Defence (Sardar Majithia):** (a) Two.

(b) One.

**Dr. Ram Subhag Singh:** How many Indian officers are proposed to be sent to the U.K. for training this year?

**Sardar Majithia:** Normally, only one vacancy is allotted to us and we have been sending only this number so far.

**Dr. Ram Subhag Singh:** Do Government intend to start any school for training the officers here?

**Sardar Majithia:** As yet the Government has not felt the need for incurring this extra expenditure.

**Sardar Hukam Singh:** Is it a fact that some Asian countries send their officers for training on our air-fields?

**Sardar Majithia:** Not in this line.

**Shri G. S. Singh:** May we know whether Government have any scheme whereby the knowledge derived by these officers would be imparted to civilian air traffic officers?

**Sardar Majithia:** I am afraid it does not arise out of this question.

**Mr. Speaker:** That is a question which should be addressed to the Minister for Communications.

#### REINSTATEMENT OF EX-TERRITORIAL ARMY MEN

\*505. **Pandit Munishwar Datt Upadhyay:** (a) Will the Minister of Defence be pleased to state what is the total number of cases in which the employers refused to reinstate the employees after their return from service in the Territorial Army?

(b) What is the total number of Territorial Army men who have been either Government or private employers' employees before coming to the Territorial Army?

(c) What steps have been taken in case of refusal by the employers to employ them and with what results?

**The Deputy Minister of Defence (Sardar Majithia):** (a) 26.

(b) It is not in the public interest to give these figures.

(c) After the T.A. units, which had been embodied, were disembodied, it came to the notice of the Government that some employers refused to reinstate their employees in their civil employments. Thereupon action was taken to amend the Territorial Army Act 1948, and the Territorial Army (Amendment) Act 1952 was enacted by Parliament. It provides for the re-instatement in civil employ of persons after their return from embodied service in the T.A. No occasion, however, has since arisen to gauge results, as the Territorial Army (Amendment) Act 1952 came into force after the disembodiment of the units.

#### BURMAH SHELL SCHOLARSHIPS

\*506. **Shri S. N. Das:** Will the Minister of Natural Resources and Scientific Research be pleased to refer to the reply to Starred Question No. 853 asked on the 18th June, 1952 and the supplementary question raised thereon and state:

(a) whether the candidates for Loughborough College Scholarships and Burmah Shell Technical Scholarships have since been selected;

(b) if so, whether all of them have joined their respective institutions;

(c) the total number of applications received in each case; and

(d) the names of the institutions which candidates for the second category of scholarships have joined and the countries where these are located?

**The Deputy Minister of Natural Resources and Scientific Research (Shri K. D. Malaviya):** (a) and (b). Yes, Sir.

(c) 268 applications were received for the Loughborough College Scholarships and 525 for the Burmah Shell Technical Scholarships.

(d) The candidates for the second category viz. the Burmah Shell Technical Scholarship have joined Shell Refineries in the U.K. and the Imperial College of Science and Technology, London.

**Shri S. N. Das:** May I know the names of candidates, and the institutions they come from and their academic qualifications?

**Shri K. D. Malaviya:** Fifty-five candidates were interviewed and three were selected out of these. Two of this number were selected under the Burmah Shell Technical Scholarships

and one was selected under the Assam Oil Company's Scholarship scheme.

**Shri S. N. Das:** May I know the names of the institutions from which these candidates have been taken and their educational qualifications?

**Shri K. D. Malaviya:** I will require notice of that question.

**Shri S. N. Das:** May I know the number of candidates who were called for interview?

**Shri K. D. Malaviya:** I said 55 candidates were in all interviewed.

**Shri A. K. Basu:** May we know whether the scholars have got any chance of being employed on their return?

**Shri K. D. Malaviya:** That is what we hope, Sir.

**Shri S. N. Das:** What are the approved countries to which these candidates are entitled to be sent?

**Shri K. D. Malaviya:** The Burmah Shell scholars are sent to the U.K. and the Assam Oil Company's scholar to Canada, if I remember right.

**Shri T. S. A. Chettiar:** May we know whether these scholars have been selected with a view to employing them on definite jobs that Government have in view?

**Shri K. D. Malaviya:** They have been sent with a definite view.

**Mr. Speaker:** Employed under whom—under the Company or under Government?

**Shri K. D. Malaviya:** The Burmah-Shell and the Assam Oil Company have definite aims. so far as these scholars are concerned, and they are sent for training in a particular line.

**Mr. Speaker:** The question is whether the employment will be under the Companies directly or under the Government of India?

**Shri K. D. Malaviya:** We have no definite schemes in that connection, but most probably they will be employed by the companies.

**Shri Sarangadhar Das:** Is any agreement entered into between the scholars and the Companies which send them that they will be employed for so many years after their return?

**Shri K. D. Malaviya:** These scholarships are administered by the Council of Scientific and Industrial Research. The idea is that when the

scholars return they will be employed by the respective Companies.

**IMPERIAL BANK OF INDIA**

\*597. **Shri A. M. Thomas:** (a) Will the Minister of Finance be pleased to state whether the Imperial Bank of India has decided to close or has closed its branches in Pakistan?

(b) If so, what are the reasons for the decision?

**The Deputy Minister of Finance (Shri M. C. Shah):** (a) Out of the 25 offices which continued to function in Pakistan after the partition, 16 have been closed between July and September, 1952.

(b) On the establishment of the State Bank of Pakistan as Pakistan's central banking authority, the Imperial Bank's branches in Pakistan conducted Government business as the sole agents of the State Bank. This, however, was a temporary arrangement pending the establishment of the National Bank of Pakistan and between April and September 1952 this Bank took over the Government business. Partly in consequence of the loss of Government business and partly because it became apparent that, at many of the centres involved, the other business would be insufficient to permit of both the National Bank of Pakistan and the Imperial Bank of India continuing to operate on an economic basis, the Imperial Bank of India had to close the 16 offices referred to above.

**Shri A. M. Thomas:** May I know, Sir, whether there is any proposal to abolish the remaining branches also?

**Shri M. C. Shah:** No, Sir.

**Shri A. M. Thomas:** May I know, Sir, what exactly has been the average early turn-over or the working capital of these branches taken together after partition?

**Shri M. C. Shah:** That information is not with us.

**Shri A. C. Gahal:** May I know whether the Imperial Bank possessed any property in these territories and, if so, what happened to those properties?

**Shri M. C. Shah:** In 1951 we had information that their assets were to the extent of Rs. 21 crores and 93 lakhs. There were liabilities accordingly—time liabilities, demand liabilities, investments, etc.

**Shri K. Subrahmanyam:** Is there any Pakistan Bank operating in India?

**Shri M. C. Shah:** The Habib Bank of Bombay.

**Mr. Speaker:** His point is whether any bank registered in Pakistan is at present operating in India?

**The Minister of Finance (Shri C. D. Deshmukh):** I think the Habib Bank was first registered in India. Later on they moved on to Pakistan but they continue to have branches in India.

**Shri B. S. Murthy:** What has happened to the properties of the Imperial Bank whose branches in Pakistan have been closed?

**Shri M. C. Shah:** There are still nine branches working there. There were certain time liabilities, demand liabilities, investments, etc. They have all been adjusted.

**SUPREME COURT AND HIGH COURTS**

\*598. **Shri S. N. Das:** Will the Minister of Home Affairs be pleased to state:

(a) the number of days the Supreme Court of India and the various High Courts worked during 1950 and 1951;

(b) whether all the High Courts and the Supreme Court of India enjoy similar long vacations; and

(c) if not, what is the period of long vacation prevalent in each of these Courts?

**The Deputy Minister of Home Affairs (Shri Datar):** (a) to (c). A statement is laid on the Table of the House. [See Appendix III, annexure No. 11].

**Shri S. N. Das:** May I know, Sir, whether the long vacations enjoyed by these courts are similar to those enjoyed by them before the 15th August 1947?

**Shri Datar:** They are the same.

**Shri S. N. Das:** May I know, Sir, what is the purpose behind these long vacations?

**Shri Datar:** To recuperate themselves.

**Shri S. N. Das:** May I know, Sir, whether in view of increased work and accumulated arrears, the question of reducing the long period of vacations has been considered by Government?

**Mr. Speaker:** Order, order. He is clearly making a suggestion for action.

**Shri A. K. Basu:** Is it a fact that during the long vacation, the Supreme Court does not sit at all in the city of Delhi?

**The Minister of Home Affairs and States (Dr. Katju):** You are referring to the Supreme Court alone?

I think there is one judge who is appointed to deal with urgent and important matters. Sometimes he sits here and sometimes he sits elsewhere. He has got jurisdiction over the whole of India.

**Shri V. P. Nayar:** May I know, Sir, whether there are arrears of work in the High Courts, in particular in the Travancore-Cochin High Court, and, if so, whether such arrears are due to the long vacations and the far too many holidays which the High Courts enjoy?

**Dr. Katju:** There are arrears in every Court. As to whether they are due to a large number of holidays and vacations is a matter of opinion.

**Shri V. P. Nayar:** May I know.....

**Mr. Speaker:** I do not think it will be proper to continue this line of attack through questions.

**Shri K. K. Basu:** It is very small....

**Mr. Speaker:** Hon. Members must have some experience of law and law courts before they ask such questions; and the work of the Judges in High Courts and the Supreme Court should not be looked upon so lightly as that.

**Shri Nambiar:** We do not.

**Mr. Speaker:** Order, order. I will go to the next question.

#### TIDE-PREDICTING MACHINE

\*509. **Shri S. C. Samanta:** (a) Will the Minister of Natural Resources and Scientific Research be pleased to state when and where the tide-predicting machine was first manufactured?

(b) Is it a fact that this machine can predict tides long in advance and if so, for how many years?

(c) How far can it help to gauge the stability of coastal lands?

**The Deputy Minister of Natural Resources and Scientific Research (Shri K. D. Malaviya):** (a) The first standard tide predicting machine was manufactured in England in 1879.

(b) This machine can predict tides any number of years in advance provided no substantial change in the regime of the port is introduced by natural or artificial causes such as dredging, bar formation, etc.

(c) It cannot help to gauge the stability of coastal lands.

**Shri S. C. Samanta:** May I know whether it is a fact that this oldest, complicated machine has twenty-four components in the form of discs and that some of the discs represent the sun and the moon?

**Mr. Speaker:** Order, order. Let us not go into it. It is too technical for this House.

**Shri S. C. Samanta:** May I know how many such machines there are in the world, and whether the Survey of India is importing a new sort of machine of modern type which will have forty-two discs?

مسنٹر آف نیچو کیہن ایلڈ نیچو جل

ڈسکر - ایلڈ سائلنٹیسٹیکٹ دیسٹریکٹ - میونسپل

آزاد : نئی مادار میشین پرانی مشین

کی جگہ لکا دی کئی ہے اور وہ سلے

1950 ع سے کام کر دی ہے

[The Minister of Education and Natural Resources and Scientific Research (Maulana Azad): A new modern machine has replaced the old one and it is working since 1951.]

**Shri S. C. Samanta:** Is it a fact that the Survey of India is making predictions for 1955, and, if so, may I know whether the results of these predictions will be published in the form of books and amongst whom these books will be distributed?

**Shri K. D. Malaviya:** These predictions have already been published. They are published year by year, and they are supplied to all those companies and other parties interested in them.

**Shri S. C. Samanta:** May I know when this first machine was brought to India, where it has been located, and what Department is using it?

مولانا آزاد : سال 1922 ع میں وہ

کچھ اور کھوار کی طرف لکائی گئی

- تھی

[Maulana Azad: It was installed in the year 1922 on behalf of Kutch and Kathiawar.]

**Shri S. C. Samanta:** Is it a fact that tidal records have been kept at Kidderpore since 1880 to investigate whether deltaic Bengal has been in a gradual state of subsidence? If so, what are the predictions thereof?

**Shri K. D. Malaviya:** Sir, I am not aware of it.

**INDIAN DEVELOPMENT PROGRAMME**

\*510. **Shri S. N. Das:** Will the Minister of Finance be pleased to state:

(a) whether the working of the Indian Development Programme under different Plans such as Colombo, Five Year, Indo-U.S. Technical Co-operation Agreement, Indo-U.N. Technical Co-operation etc. have been examined by the Planning Commission with a view to assess the results;

(b) if so, whether any report has been prepared and published; and

(c) whether, as a result of the examination so made, any changes have been suggested for their future working and if so, what are they?

**The Parliamentary Secretary to the Minister of Finance (Shri B. R. Bhagat):** (a) The Five Year Plan includes programmes which have been so far drawn up under the Indo-U.S. Technical Co-operation Agreement. Technical Assistance under the Colombo Plan and the U.N. scheme is related to projects included in the Five Year Plan. The Planning Commission is engaged in assessing the working of the Plan during the first year.

(b) No, Sir.

(c) Such changes and adjustments as are necessary are made from time to time in consultation with the Central Ministries and State Governments concerned.

**Shri S. N. Das:** May I know whether during the examination that is being carried on, the existing organisational set-up of the various departments concerned with development has been examined, and whether any suggestions have been made by the Planning Commission to reorganise those departments in order that the work of development may be carried on efficiently and with economy?

**Shri B. R. Bhagat:** The Planning Commission has just started the machinery for the critical evaluation of the programme. Some officers have been appointed and it will take some time for their reports to be submitted. Only then can the actual recommendations regarding the organisational set-up and efficiency be carried out.

**Shri S. N. Das:** In view of the fact that a large number of existing schemes have been incorporated in the Five Year Plan, may I know whether the working of those existing schemes has

been examined and it has been found that due to lack of adequate technical personnel the work has suffered to a great extent, and if so, what steps have been taken by the Government to secure sufficient technical personnel for that purpose?

**Mr. Speaker:** It is more properly a question for the Planning Commission.

**Shri B. R. Bhagat:** Although it refers to the Planning Commission, I may say that there is absolutely no truth in the allegation. The Central Government writes to all the State Governments and other organisations concerned for their requirements of technical personnel, and it makes every possible effort to make that personnel available to them. And at present there is absolutely no suffering anywhere due to the lack of technical personnel.

**Shri S. N. Das:** What is the extent of financial commitment so far made for the execution of these plans?

**Shri B. R. Bhagat:** I am afraid, Sir, this question also refers to the Planning Commission and it is for the Minister in charge to reply. But I may add that according to the programme of the first year of the Plan, the programme included an expenditure of Rs. 200 crores, but I think it is likely to go up to Rs. 300 crores.

**Mr. Speaker:** I think it is better left to the Planning Commission.

**Shri S. N. Das:** Arising out of the answer to part (b) of the question, may I know whether Government is prepared to prepare a report on the basis of the investigations carried on by the Planning Commission in this respect?

**Shri B. R. Bhagat:** The report is yet to come.

**Mr. Speaker:** All these questions are problematical at this stage. Let the report come.

**INDIAN BUREAU OF MINES**

\*511. **Pandit Munishwar Datt Upadhyay:** (a) Will the Minister of Natural Resources and Scientific Research be pleased to state what is the constitution, function and annual expenditure on the Indian Bureau of Mines established in 1948?

(b) Why was the necessity of such a separate organisation felt?

(c) What are the improvements made by the Bureau in respect of conservation of mineral resources, research and publication of literature on the subject?



**Shri K. K. Basu:** Is it not a fact that no improvement is made in this Island because it is leased to two persons for the development of forests?

**Shri Datar:** No.

**INTERNATIONAL DEVELOPMENT BOARD**

**\*514. Shri M. R. Krishna:** Will the Minister of Finance be pleased to state:

(a) whether it is a fact that the International Development Board is left with a very meagre amount for the Point Four Operations for the coming year; and

(b) to what extent the programmes undertaken in India would suffer if finances do not come from the Board in time?

**The Parliamentary Secretary to the Minister of Finance (Shri B. R. Bhagat):** (a) The International Development Board of the U.S.A. is an advisory board established in September 1950 to advise and consult on general and basic policy matters arising in connection with the Point Four Programme.

(b) Does not arise.

**Shri M. R. Krishna:** May I know, Sir, what percentage of the amount received under the Point Four Programme has been spent on American personnel who have been lent to India—in providing things like local personnel, translation services, office space, equipment and supplies, local transportation and other services?

**Shri B. R. Bhagat:** The salaries and other costs of the personnel are met by U.S.A. whereas the local costs, regarding transportation, etc., are met by the Government of India.

**Shri M. R. Krishna:** What is the total amount?

**Mr. Speaker:** Has the Deputy Minister got the break-up?

**Shri B. R. Bhagat:** Total amount spent?

**Mr. Speaker:** Spent on these personnel?

**Shri B. R. Bhagat:** The salaries and other things are met by the U.S.A. The total amount spent so far up to June 1950 is 50 million dollars.

**Shri K. K. Basu:** On the personnel?

**Mr. Speaker:** Obviously, he has not got that.

**ATOMIC ENERGY PROGRAMME**

**\*515. Shri M. R. Krishna:** Will the Minister of Natural Resources and Scientific Research be pleased to state:

(a) the number of personnel that have been sent from India to the United Kingdom to learn the technique of using the products of Britain's Atomic Energy Programme; and

(b) whether these trained men would establish Centres to train other personnel in the country?

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

(b) No, Sir.

**Shri Mehnad Saha:** Is the hon. Minister not aware of the fact that no foreigner is allowed to work at any Atomic Energy Establishment either in U.S.A. or in the U.K.?

**Shri K. D. Malaviya:** Three people have been accepted and they are receiving training.

**Shri Mehnad Saha:** Are they receiving training in the Universities or in the Atomic Energy establishments?

**Shri K. D. Malaviya:** Two of them, Mr. Vaze and Mr. Sitaran were deputed for training at the Instrument Section of the Atomic Energy Research Establishment at Melbourne. Mr. Shahar was deputed for study in U.K. with the group of scholars under Professor Blacket at the High Altitude Research Laboratory at Jungfranjoch in Switzerland.

**Shri Mehnad Saha:** These are not Atomic Energy Establishments. The British Atomic Energy Establishment is at Harwel and other places. These are University Institutes and in view of the fact that no foreign country is training our boys in atomic energy work, is it not very necessary that our country should encourage those Institutes which have already started giving training in Atomic Energy.

**Shri V. P. Nayar:** May I know whether scientists of foreign nationality are associated with research in atomic energy in India?

**Shri K. D. Malaviya:** No, Sir.

**Shri V. P. Nayar:** May I know whether it is a fact that a foreign scientist is working in the Tata Institute at Bombay?

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

**Shri V. P. Nayar:** Will Government be pleased to make an enquiry into his connection with research on the use of atomic energy?

**Shri K. D. Malaviya:** We shall make enquiries.

**Shri T. S. A. Chettiar:** May I know what the object of this is; whether atomic energy will be used for military purposes or for peaceful purposes?

**Shri K. D. Malaviya:** These students are sent there for fundamental training so far as atomic energy is concerned.

#### RURAL EDUCATION

\*516. **Shri C. R. Chowdary:** Will the Minister of Education be pleased to state:

(a) whether Dr. P. S. Deshmukh has submitted a scheme for rural education;

(b) whether the Ministry of Education were aware of the scheme or they approved of it;

(c) what are the chances of the implementation of the scheme; and

(d) what will be the Centre's share of the expenditure and what is expected to be the share of the States?

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

(b) The scheme has been forwarded to the Ministry of Education.

(c) and (d). The scheme is under examination.

**श्री जांगड़े :** क्या माननीय मंत्री महोदय बतलायेंगे कि किसी राज्य ने ग्राम विद्यालय स्थापित किया है, और उस विद्यालय की शिक्षा पद्धति और अन्य विद्यालयों की शिक्षा पद्धति में क्या अन्तर है?

**श्री कें. डॉ. मालवीय :** मुझे मालूम नहीं है।

**Shri B. S. Murthy:** What are the main features of this scheme?

**Shri K. D. Malaviya:** It is a long scheme.

**Shri Velayudhan:** May I know whether this particular scheme is now co-ordinated with the Planning Commission?

**Mr. Speaker:** Obviously it is under examination.

**Shri Velayudhan:** It is reported in the press that this scheme was approved of by the Planning Commission. I want to know whether it is a fact or not?

**Shri K. D. Malaviya:** The Government is not responsible for what has appeared in the press. I have already said that this scheme is being considered by the Education Ministry.

**Shri Veeraswamy:** May I know, Sir, whether the Government of India will urge upon the State Governments to introduce compulsory education?

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

**Shri Syamnandan Sahaya:** Is there any proposal to consult the Universities with regard to the schemes submitted by Shri Deshmukh and is the scheme on the lines of the Basic Education Scheme?

**Shri K. D. Malaviya:** The answer to the first part of the question is, No. The answer to the second part is that, as I have already stated, it is being considered by the Government.

**Shri G. P. Sinha:** May I know whether this scheme contemplates compulsory primary education?

**Shri K. D. Malaviya:** I do not know, Sir.

#### VISUAL EDUCATION

\*517. **Dr. Rama Rao:** Will the Minister of Education be pleased to state:

(a) whether the Government of India have invited any foreign film experts for imparting training in Visual Education;

(b) if so, when the team of experts is visiting India and what will be the nature of their work; and

(c) the estimated expenditure on the part of the Government of India in this connection?

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

(b) The team has already arrived in India. This team, with the co-operation of two more educational experts from India, will organize at Delhi and Mysore a training-cum-production course of audio-visual material and book illustration work for use in educational institutions and social education programmes in the country.

(c) About Rs. 1,2000/-

**Dr. Rama Rao:** Did the Government try to invite Indian experts in this matter before inviting others?

**Shri K. D. Malaviya:** We have given the fact that we have invited these two gentlemen from outside and they are associated with our people here.

**Shri T. S. A. Chettiar:** I heard that two training centres are being established at Delhi and Mysore. When do the Government expect them to start functioning?

**Shri K. D. Malaviya:** Very soon.

**Shri S. N. Das:** What is the strength of the team?

**Shri K. D. Malaviya:** I have already mentioned that two gentlemen have been invited.

**Shri Kelappan:** From which country are the Members of the team drawn?

**Shri K. D. Malaviya:** One is from Canada: Mr. Norman Mc Lawren. The other is from the United Kingdom.

**Sardar Hukam Singh:** What happened to our request to the UNESCO for the loaning of the services of Mr. Green for audio-visual research?

**Shri K. D. Malaviya:** He could not come.

**Shri Kelappan:** Will the Government consider the question of sending our experts to those countries instead of getting those experts from foreign countries over here?

**Shri K. D. Malaviya:** It is a short term training course. The UNESCO has sent them and they have come. In three months they will produce a good number of persons.

#### BIHAR CENSUS REPORT

**\*518. Shri A. C. Guha:** Will the Minister of Home Affairs be pleased to state:

(a) whether the attention of Government has been drawn to the report published in the *Amrita Bazar Patrika* (Calcutta-edition) dated 12th October, 1952, that Bihar Census Report is being held up due to the missing of a number of census slips of Manbhum district;

(b) whether there is any truth in the report; and

(c) if so, whether Government have made any enquiry into the matter?

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

(b) and (c). The report is an inaccurate version of a temporary confusion which arose in the sorting of census slips in the Census Tabulation Office at Hazaribagh. When this came to the notice of the Superintendent of Census Operations, Bihar, he made prompt and satisfactory arrangements for restoring proper working in that office. According to a report received from this officer, all slips of Manbhum district as of every district of Chota Nagpur Division were duly accounted for and used for the preparation of tables. The tables relating to the Manbhum district as well as of the State as a whole were subsequently completed and received in the office of the Registrar General. It is likely that the census tabulation work in this State was delayed by about two months as a result of this confusion.

**Shri A. C. Guha:** Is there any truth in this, that at least for some time these slips were not found in the office and were reported to be missing?

**Shri Datar:** The Tables were found. The confusion was that certain slips were being used for tabulating certain entries in respect of Ticket No. 2, Means of Livelihood. What was done was, after using the figures therein, they were not properly placed back in the bundle where they ought to have been placed. They were placed elsewhere. That is the reason why confusion arose.

**Shri A. C. Guha:** Is there any truth in this, that at first directions were issued that the language column in these slips might be left vacant, and then directions were issued that these should be filled up in pencil, and if so, whether Government have taken any action?

**Shri Datar:** I may inform the House that this confusion has nothing to do with the tabulation relating to languages. That is Ticket No. 9. No instructions to my knowledge have been issued. At that time this tabulation relating to languages was not under preparation at all.

**Mr. Speaker:** Next question.

**Shri Gidwani:** 519.

**Shri Velayudhan:** This is a question relating to a particular individual, a lady. Is it permissible?

**Mr. Speaker:** It has been admitted because the Speaker thought that it was permissible.

**Shri Velayudhan:** So many innocent questions have been rejected.

**Mr. Speaker:** Yes; Question No. 519.

## SHRIMATI JANKUMARI ASGHAR

**\*518. Shri Gidwani:** Will the Minister of Home Affairs be pleased to state:

(a) whether one Shrimati Jankumari Asghar was an employee in the Ministry of Education, Government of India, till recently;

(b) whether after the Partition of the country, Shrimati Jankumari Asghar joined the Ministry of Education, Government of India and her husband Mr. Asghar opted for Pakistan and entered the Military Department, Government of Pakistan;

(c) whether Mr. Asghar paid repeated visits to India and stayed with Shrimati Jankumari Asghar in Delhi;

(d) whether Mr. Asghar owned an urban property in Dehra Dun (Uttar Pradesh) which had been declared as evacuated property;

(e) whether Shrimati Jankumari Asghar represented to the Deputy Custodian of Evacuee Property, Dehra Dun to restore the property to her as it had been gifted to her by Mr. Asghar and that she was an Indian National;

(f) whether Shrimati Jankumari Asghar has left for Pakistan permanently now and has adopted Pakistan nationality; and

(g) whether there are any other employees of the Government of India whose husbands or wives, as the case may be, are still employed in the Government of Pakistan?

**The Deputy Minister of Home Affairs (Shri Datar):** On the assumption that the question relates to Shrimati Janak Kumari Asghar, the reply to parts (a) to (d) is in the affirmative.

(e) She did not ask for restoration of the property, but during the course of the proceedings she objected to the property being taken over as evacuated property on the ground that it belonged to her as it had been gifted to her by her husband.

(f) She resigned her appointment in the Education Ministry and is understood to have gone to Pakistan. Government are not aware whether she has "adopted" Pakistan nationality, but under the existing law, she is not an Indian national.

(g) The information is being collected and will be laid on the Table of the House in due course.

**Shri Gidwani:** Are Government aware that a number of officers who

finally opted for service in Pakistan have left for Pakistan, some of them taking away large sums of Government money?

**Shri Datar:** That does not arise, so far as this question is concerned.

**The Prime Minister (Shri Jawaharlal Nehru):** When?

**Mr. Speaker:** The point is, I think there was a question in this House about some person having taken away a lakh of rupees from Madhya Pradesh.

**Some Hon. Members:** Rajasthan.

**Mr. Speaker:** He may put down a question. If the hon. Minister, has not got the information, he may collect it.

**Shri Gidwani:** I would like this information to be collected from all the States as to how many officers have gone to Pakistan and how much Government money they have taken away there?

**Mr. Speaker:** Let him table a question on that. I think it is too wide to be admitted.

**Shri Jawaharlal Nehru:** I do not know what can be done on a vague question like this. If the hon. Member draws our attention to anything, we may enquire. I do not know how we can go enquiring about the whole of India?

**Mr. Speaker:** That is what I am telling him.

**Shri Gidwani:** From all the States; that is my enquiry.

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

**Shri Sarangadhar Das:** The hon. Minister said in reply to the latter part of the question that it is not known whether this lady has taken up Pakistan citizenship. I could understand that she was an Indian. But, inasmuch as she was married to a man who became a Pakistan citizen, did she remain an Indian and remain in the service?

**Mr. Speaker:** Order, order. The answers are very clear on that point. The hon. Member wants an opinion on the question of law about the domicile of the wife on the change of domicile of the husband. It is a matter of law and he cannot express an opinion.

**Shri Sarangadhar Das:** How was she in Indian service?

**Mr. Speaker:** It will be a question of argument.

**Shri V. P. Nayar:** Is it not a fact that this lady was allowed to live in the room, allotted to her in the Constitution House, when all the other non-M.P. residents of the Constitution House were forced to quit during the last session?

**Mr. Speaker:** How does it arise out of this, I do not know. She may have occupied during the off-session period.

**Shri V. P. Nayar:** During the session period, Sir, May I also know whether the Government issued any special instructions to allow her to continue in the room?

**Mr. Speaker:** I do not think it arises out of this question at all. We will go to the next question.

#### SECURITY SERVICES

**\*521. Shri K. C. Sodhia:** (a) Will the Minister of States be pleased to state whether the Government of India realize any charges from Parts 'B' and 'C' States for the security services rendered to them by the Central Reserve Police?

(b) If so, what was the amount charged to each such State during 1950-51 and 1951-52?

**The Minister of Home Affairs and States (Dr. Katju):** (a) The cost of the Central Reserve Police detachments employed in Part B States is recovered from the respective State Governments. No such recovery is being made at present from Part C States.

(b) **SAURASHTRA:** Rs. 1, 19, 755-3-0  
(Rupees One lakh Nineteen thousand Seven hundred and Fiftyfive, Anna Three only).

**RAJASTHAN:** Rs. 17,39,135-8-9

(Rupees Seventeen lakh Ninety nine thousand One hundred and Thirtyfive, Anna Eight, Pice Nine only).

**HYDERABAD:** Rs. 3,59,762-6-0

(Rupees Three lakhs Fifty nine thousand Nine hundred and Sixtytwo, Anna Six only).

**Shri K. C. Sodhia:** What is the total strength of the force?

**Dr. Katju:** 2000.

**Shri K. C. Sodhia:** Where has it been stationed?

**Dr. Katju:** The central station is Neemuch in Madhya Bharat. Whenever they are required, these detachments are sent as the case may be.

**Shri K. C. Sodhia:** Is it utilised in patrolling our western frontier?

**Dr. Katju:** They are used partly for this purpose and partly also for law and order purposes.

#### ANTI-SMUGGLING DEVICES

**\*522. Shri K. C. Sodhia:** (a) Will the Minister of Natural Resources and Scientific Research be pleased to refer to the reply to starred question No. 1458 for the 18th July, 1952 and state whether the anti-smuggling devices evolved by the National Physical Laboratory, Delhi, have since been tested by the Customs authorities, Calcutta and found efficient?

(b) If so, are they of such market value as may require their manufacture?

**The Deputy Minister of Natural Resources and Scientific Research (Shri K. D. Malaviya):** (a) Two models of the anti-smuggling devices are being tested by the Customs Authorities;

(i) A Table Model for baggage etc. and

(ii) A portable model for scanning of human bodies and small packages.

The portable model was found more useful by the Customs Authorities. Two such units operated from dry batteries were delivered to the Customs Authorities by the National Physical Laboratory for test at ports. These are being tried out.

(b) The devices will only be useful to Government Departments concerned with anti-smuggling work and it is not considered advisable at present to manufacture them for sale to the public.

**Shri K. C. Sodhia:** Do our customs authorities make constant use of this device?

**Shri K. D. Malaviya:** The portable model is being used, and we hope, Sir, that if this experiment succeeds, they will use it constantly. I don't see why they should not.

**Shri Sarangadhar Das:** Has this device been used by our customs service in detecting gold?

**Shri K. D. Malaviya:** The device is meant to detect all metals.

#### FOREIGN INVESTMENTS IN INDIA

**\*523. Shri Tushar Chatterjee:** Will the Minister of Finance be pleased to state:

(a) whether it is a fact that the Economic and Statistical Co-ordination

Section of the Cabinet Secretariat prepared a Note on Foreign Investments in India and submitted it to the Cabinet some time in November, 1950; and

(b) whether Government propose to lay this memorandum on the Table of the House?

**The Minister of Finance (Shri C. D. Deshmukh):** (a) Yes, Sir.

(b) No, Sir.

**INDIA'S FOREIGN ASSETS AND LIABILITIES**

\*524. **Shri Tushar Chatterjea:** Will the Minister of Finance be pleased to state:

(a) whether it is a fact the Reserve Bank of India submitted to Government in 1950 final results of its inquiry into the census of India's Foreign Assets and Liabilities;

(b) whether it is a fact that before releasing it to the public in November, 1950, certain portions of the Report were deemed to be treated as confidential and deleted from the publication as finally released; and

(c) would Government lay on the Table of the House a copy of the full report as submitted to Government by the Reserve Bank?

**The Minister of Finance (Shri C. D. Deshmukh):** (a) Yes, Sir.

(b) and (c). The only difference between the Confidential and the Published edition of the Report is that the Confidential edition contains more detailed statements and statistics in regard to the assets and liabilities. It is considered undesirable to give publicity to such information as the detailed particulars of foreign securities held by the Indian official agencies and of the holdings of Indian Government and semi-Government securities by non-residents. The assessment of the overall position of the foreign assets and liabilities as well as particulars given by Industries are substantially the same in the published and the confidential editions. Thus, details given in the published Report are regarded as adequate to give a correct picture of India's foreign assets and liabilities. Government regret that a copy of the Confidential edition cannot be placed on the Table of the House.

**DUTY ON TOBACCO**

\*526. **Shri K. R. Sharma:** Will the Minister of Finance be pleased to state:

(a) whether Government have considered the recent proposals of the Government of Uttar Pradesh for a

change in the method of assessment of the duty on tobacco; and

(b) what method has now been decided on by the Government for the assessment of that duty and when the new method is intended to be enforced.

**The Parliamentary Secretary to the Minister of Finance (Shri B. R. Bhagat):** (a) Yes. Government have discussed with the Government of Uttar Pradesh a new procedure for the verification of the yield from tobacco plots in the State by the Central Excise Department.

(b) The matter is still under correspondence with the Government of Uttar Pradesh, but it has been agreed with the Government, that the essential features of the new method of registration of tobacco growers and verification of their yield should be as follows—

(i) Cultivators of tobacco will have to register themselves with the Village Patwaris—stating *inter alia* the situation, area and estimated yield of their plots.

(ii) Crop-cutting experiments will be systematized.

(iii) Verification of the cultivator's declarations will be made by the Excise Inspector in the presence, as far as possible, of a Panch, Mukhia or other respectable resident of the village.

**Shri S. N. Das:** May I know whether this scheme is likely to be applied to other States also, especially Bihar?

**Shri B. R. Bhagat:** The Central Government is in correspondence with the States, and if the States agree, it is likely to be applied to them also.

**Mr. Speaker:** Next question, No. 528.

**Shri S. V. Ramaswamy:** No. 527, Sir.

**Mr. Speaker:** It has been transferred to another date.

**REGIONAL OFFICES**

\*528. **Shri Rishang Keishing:** Will the Minister of Home Affairs be pleased to state how many regional offices of the Commissioner for the Scheduled Tribes and Castes are there in India?

**The Deputy Minister of Home Affairs (Shri Datar):** One office covering Assam, West Bengal, Manipur and Tripura with headquarters at Shillong is already functioning. Arrangements are being made to set up shortly three

more Regional Offices for the following regions:-

- (i) Bihar and Orissa with headquarters at Ranchi;
- (ii) Madhya Pradesh, Madhya Bharat, Bhopal, Vindhya Pradesh with headquarters at Nagpur; and
- (iii) Ajmer, Bombay and Rajasthan with headquarters at Baroda.

The question of setting up a Regional Office in the South is also under consideration.

**Shri Rishang Keishing:** May I know, Sir, how the appointments of the officers in charge of the regional offices are made, and what qualifications are prescribed for them?

**Shri Datar:** The appointments are made in accordance with the recommendations of the Union Public Service Commission. They had issued a notification laying down certain qualifications. A number of applications were received, and one man was appointed out of them.

**Shri Rishang Keishing:** How many applications were received from the tribal people, and how many have been selected?

**Shri Datar:** A similar question was asked in the last session. If the hon. Member wants details, I should like to have notice.

**Shri K. K. Basu:** Does any of the officer belong to these tribal castes?

**Shri Datar:** I should like to have notice.

**Shri B. S. Murthy:** May I know when the Government propose to finalise the plan to have an officer in the south?

**Shri Datar:** That question is under consideration, and may take shape early.

**Shri Velayudhan:** How many regional offices are contemplated all over India?

**Shri Datar:** That is made clear here, but I may tell the hon. Member that it would be five.

**Shri G. P. Simha:** May I know whether the State Governments concerned are consulted for the appointments?

**Shri Datar:** I am afraid the question of consultation with them does not arise.

**सरदार ए. एस. सहस्रलः** क्या मंत्री दोदय यह बतौ जाने की कृपा करेगे कि जो

लोग कार्य कर रहे हैं, उन लोगों को भी यह जगह देने के लिये क्या उपाय किया जाता है?

**Shri Datar:** They can also apply to the Union Public Service Commission.

**Shri S. N. Das:** May I know whether the appointment that has been made recently is of some official belonging to some State, or is it a direct appointment from outside?

**Shri Datar:** It is a direct appointment.

#### PENSIONARY LIABILITY

\*529. **Shri Gidwani:** (a) Will the Minister of Home Affairs be pleased to refer to the reply given to a supplementary question raised on Starred Question No. 1072 by Shri R. K. Sidhu on the 17th September, 1951, and state whether Government issued final orders accepting the total pensionary liability on account of permanent displaced Government servants from Sind and N.W.F.P.?

(b) If not, when are such orders likely to be issued in pursuance of the previous assurance?

(c) Is it a fact that according to the displaced Sind Government Servants Association this liability would be in the neighbourhood of 14 lakhs per year?

(d) Has any attempt been made to arrive at a correct figure and if not, why not?

(e) Pending the finalisation of pension scheme, are the permanent displaced Government servants immune from retrenchment or discharge?

**The Deputy Minister of Home Affairs (Shri Datar):** (a) and (b). As stated in the reply given to Starred Question No. 1723 asked by Shri Hukam Singh on the 14th July 1952, pensionary liability in respect of service rendered before partition under the Governments of Sind and N.W.F.P. is that of the Government of Pakistan. The Government of India cannot accept that liability. In order, however, to avoid hardship to permanent displaced Government servants from Sind and N.W.F.P., who on attaining superannuation have either already retired or will be retiring from posts under the Central Government, it has been decided that an interim relief of 60 per cent of the pension admissible on the basis of total qualifying service under the Governments of Pakistan and

India may be granted to them on a provisional basis. The procedural details of the Scheme are at present being worked out and final orders will be issued shortly.

(c) Yes, the Association has so intimated.

(d) As stated in reply to Starred Question No. 1072 asked by Shri Sidhva on the 17th September 1951, it is not possible to work out the exact amount of liability in the absence of complete data.

(e) No; but all Ministries have been requested to see that (pending the finalisation of the Pension Scheme) permanent displaced Government servants who reach the age of superannuation are enabled to continue in service by a liberal exercise of the power to grant extensions of service.

**Shri Gidwani:** How long will Government wait for data to be received from Pakistan?

**Shri Datar:** We are not waiting at all. We are carrying on the work.

**Shri Gidwani:** What will be the total liability of the Indian States towards those Muslim employees who have opted for Pakistan?

**Shri Datar:** That itself is being estimated.

**Shri Gidwani:** If there is not much of a difference, will not the Government of India take the responsibility of paying to displaced Government servants from Sind and N.W.F.P. in full?

**Mr. Speaker:** He is making a suggestion now.

**Shri Meghnad Saha:** Is the hon. Minister aware that a great number of pensioners who are settled in West Bengal now and who have to draw their pension from Pakistan, experience great difficulty in going to Pakistan periodically to draw their pension? Have they not made any representation that there may be some method by which they can draw their pension in West Bengal?

**Shri Datar:** I think that question relates to all pensioners from Pakistan. Arrangements might be made as suggested by the hon. Member.

**Shri Gidwani:** So far as East Pakistan.....

**Mr. Speaker:** Question hour is over.

#### WRITTEN ANSWERS TO QUESTIONS

##### DETENTION UNDER THE PREVENTIVE DETENTION ACT

\*512. **Shri A. N. Vidyalankar:** Will the Minister of Home Affairs be pleased to state:

(a) the number of cases referred to the Advisory Board under the Preventive Detention Act (as amended in 1952 by the Parliament) and the number of detenus released thereafter;

(b) the total number of persons at present detained; and

(c) the number of those detained for

(i) violent political activities;

(ii) prejudicial communal activities; and

(iii) anti-social activities such as black-marketeering etc.?

**The Minister of Home Affairs and States (Dr. Kajju):** (a) The Preventive Detention (Second Amendment) Act, 1952, came into force on 30th September 1952 since when 37 cases were referred to the Advisory Boards up to the 31st October 1952, and as the result of such reference out of decided cases 1 person was released during that period.

(b) 497—on 31st October 1952.

(c) (i) 157

(ii) 8

(iii) 46 (blackmarketeers) 287 (others).

#### PAY AND D. A. OF VINDHYA PRADESH GOVERNMENT EMPLOYEES

\*520. **Shri M. L. Dwivedi:** Will the Minister of States be pleased to state:

(a) the scales of pay and dearness allowance of Government employees in Vindhya Pradesh of class three and four as compared to that of Delhi, Himachal Pradesh and Ajmer;

(b) whether the same category of employees in Vindhya Pradesh, but who are serving under the Comptroller and Auditor-General of India have been given better grades since long;

(c) if so, what is the reason that the rest of the employees have been deprived of their chances; and

(d) what has happened to Government's proposal for re-organisation and bringing them in line with other part 'C' States employees?

**The Minister of Home Affairs and States (Dr. Katju):** (a) A statement containing the required information is placed on the Table of the House. [See Appendix III, annexure No. 13]

(b) and (c). The Accounts Staff in Vindhya Pradesh have been granted the Central Government rates of pay with effect from the 1st December 1950, the date on which the office of the Comptroller, Vindhya Pradesh, was taken over by the Comptroller and Auditor General of India. Other staff employed on 'Union' subjects, such as Customs, Posts and Telegraphs, Income Tax, etc. are also governed by the Central scales of pay, which are higher than for those engaged on 'State' subjects. This difference is not peculiar to Vindhya Pradesh, but is common to all staff serving in Part A, B and C States.

(d) Proposals for the reorganisation and introduction of revised scales of pay in Vindhya Pradesh with retrospective effect from 1st April 1950 on the lines of those obtaining in Madhya Pradesh are under consideration of the Government and are expected to be finalised shortly.

#### THORIUM, ZINCONIUM AND BERYLLIUM

**\*525. Shri Buchhikotaiah:** Will the Minister of Natural Resources and Scientific Research be pleased to state:

(a) the total estimated deposits of thorium, zirconium and beryllium in India;

(b) the annual production of these since 1947;

(c) the quantity and value of annual exports of these materials since 1947;

(d) whether it is a fact that Government have entered into an agreement with the Government of U.S.A. for use of these Indian minerals for atomic research in India and if so, what are the terms of the agreement;

(e) if the answer to part (d) above be in the negative, are these negotiations afoot for any such arrangements and

(f) whether Government are aware of a Press Report to this effect of a speech made by the Secretary of the Ministry?

**The Minister of Education and Natural Resources and Scientific Research (Maulana Azad):** (a) No accurate and up-to-date estimates of total reserves of these minerals are available. The deposits however are ample. It would not be in the public interest to disclose actual figures of the extent of the deposits.

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(b) and (c). A ban has been put on the production and export of thorium and beryllium since 1947. Publication of statistics of present day production is prohibited.

Zircon has been produced in a small way for export. These are of very irregular and fitful description ranging from less than 100 tons to about 1000 tons.

(d) and (e). No, Sir.

(f) Yes Sir, but the fact is that the Press Report was incorrect and the paper concerned has subsequently published an amendment to this effect.

#### AGE OF RETIREMENT

**\*530. Shri Sinhasan Singh:** Will the Minister of Home Affairs be pleased to state the number and class of officials who have been given extension of service beyond the age of retirement since 1948?

**The Deputy Minister of Home Affairs (Shri Datar):** A statement is laid on the Table of the House in respect of the cases approved in consultation with the Ministry of Home Affairs.

#### STATEMENT

*The number of officers who have been granted extensions of service beyond the age of retirement since May 1948.*

	1948	1949	1950	1951	1952 up to (16-11-52)
Gazetted Officers	15	36	55	35	34
Non-Gazetted Officers	6	8	15	21	39
Class IV persons	...	2	2	5	15
<b>TOTAL</b>	<b>21</b>	<b>46</b>	<b>72</b>	<b>61</b>	<b>88</b>

#### ADVISORY COUNCILS

**179. Shri Soren:** Will the Minister of Home Affairs be pleased to state:

(a) whether or not a Tribal Advisory Council in each of the States of the Indian Union has been formed by now; and

(b) if so, whether Government propose to lay on the Table of the House a statement showing, State-wise the total number of Tribal members as well as other members in the Tribal Advisory Councils?

**The Minister of Home Affairs and States (Dr. Katju):** (a) Yes; in all

States having Scheduled Areas except Bombay where it is in the process of being formed, and Hyderabad where the question is under the active consideration of the State Government.

(b) A statement containing the information asked for is placed on the Table of the House. [See Appendix III, annexure No. 14]

#### GRANTS BY U. P. GOVERNMENT

180. **Shri Bhakta Darshan:** (a) Will the Minister of Defence be pleased to refer to part (b) of the reply given to unstarred question No. 671 dated the 31st of July, 1952, and state whether the required information about the districtwise grants made by the Government of Uttar Pradesh from the ex-Servicemen's Post-War Reconstruction Fund, has been received?

(b) If so, what are its details?

**The Deputy Minister of Defence (Sardar Majithia):** (a) and (b). The details of grants made to each District by the U.P. Government from the ex-Servicemen's Post War Reconstruction Fund are not available as their accounts are not maintained on a District basis. Most of the schemes have been so worked out that the ex-Servicemen of the State as a whole derive benefit from them.

The total expenditure on the various schemes up to the 31st May, 1952 amounted to Rs. 28,80,186 details whereof are shown in the Statement now laid on the Table of the House. [See Appendix III, annexure No. 15]

The unspent balance on that date under the Fund was Rs. 1,26,59,644.

#### TECHNICAL TRAINING

181. **Shri A. N. Vidyalankar:** Will the Minister of Education be pleased to state:

(a) the names of the countries with which India has entered into agreements with regard to the technical training to Indian students;

(b) the number of Indian students sent by the Government for technical training in foreign countries in the years 1948, 1949, 1950, 1951 and 1952, and the names of the countries to which these students were sent; and

(c) the expenditure incurred in each year by (i) the Indian Government and (ii) foreign Governments?

**The Minister of Education and Natural Resources and Scientific Research (Maulana Azad):** (a) (i). The United States of America, and

(ii) Norway.

(b) The agreement with the United States of America was entered into under the Point Four Programme on the 28th December, 1950. Under this agreement 40 Indian students were sent to that country in 1951 and 27 in 1952.

The agreement with Norway was made under the United Nations Programme on the 17th October, 1952. No students have so far been sent under this agreement.

(c) In the case of the students sent to the U.S.A., the expenditure incurred by the Government of India was negligible. The expenditure incurred by the Government of the U.S.A. on these students is not available.

#### INDIAN OLYMPIC ASSOCIATION

182. **Shri S. C. Samanta:** Will the Minister of Education be pleased to state:

(a) the amount of grant received each year from 1947-48 to 1952-53 from the Central Government by the I.O.A. (Indian Olympic Association);

(b) whether any additional or special grants have been made for the year 1952-53; and

(c) if so, the amount and the reasons for additional grants?

**The Minister of Education and Natural Resources and Scientific Research (Maulana Azad):** (a) A statement is placed on the Table of the House. [See Appendix III, annexure No. 16]

(b) and (c). A special grant of Rs. 1,25,000 has been paid to the Indian Olympic Association during 1952-53 for sending teams to Helsinki for participating in the XV Olympiad held there in August, 1952.

#### INVESTMENT IN FACTORIES

183. **Sardar Hukam Singh:** Will the Minister of Defence be pleased to state the amount of capital invested by Government (i) in several factories, or manufacturing concerns, under the Ministry of Defence as on the 31st of October, 1952 (ii) on building and structures needed for housing Defence personnel and offices, as well as for storing Military (Defence) stores of all kinds, but excluding the items, mentioned in part (i) above; as on the same date and (iii) on animals and

vehicles, including mechanised vehicles, needed for Defence purposes as on the same date?

**The Deputy Minister of Defence (Sardar Majithia):** (i) It will not be in the public interest to disclose this information.

(ii) the cost of buildings and structures needed for housing Defence personnel and Offices and for storing military stores of all kinds, which were constructed prior to the 1st April 1948, was all charged to Revenue, and not to Capital. It is, therefore, difficult to compute this figure at this stage. The cost of buildings and structures constructed from 1948-49 has been charged to Capital, and the total expenditure incurred on such buildings up to 31st March, 1952 is Rs. 14.66 crores.

(iii) The purchase of animals and vehicles is financed from Revenue budget and no Capital accounts are maintained.

#### ARMS AND AMMUNITION

**184. Shri K. C. Sodhia:** (a) Will the Minister of Home Affairs be pleased to state what were the total requirements of civil licencees with regard to Arms and Ammunition during 1950-51 and 1951-52?

(b) What was the total quantity of Arms and Ammunition imported during 1950-51 and 1951-52?

(c) What are the names of the countries from which these imports were made?

(d) What was the quantity of each distributed to different States?

(e) When do Government propose to start manufacture of these articles in Indian ordnance factories?

**The Minister of Home Affairs and States (Dr. Katju):** (a) The Government of India have no information.

(b) to (d). So far as import of arms is concerned attention is invited to the reply given on the 18th June, 1952 to unstarred question No. 212 by Shri Badshah Gupta. The required information relating to ammunition and distribution of both arms and ammunition to different States is being collected and will be laid on the Table of the House in due course.

(e) All possible steps are being taken to manufacture in Ordnance factories certain types of arms and ammunition required by Civil licencees.

A.C. No. 2507  
20.11.2

**THE  
PARLIAMENTARY DEBATES**  
**(Part II—Proceedings other than Questions and Answers)**  
**OFFICIAL REPORT**

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**HOUSE OF THE PEOPLE**

*Thursday, 20th 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.

**INDIAN MERCHANT SHIPPING  
(AMENDMENT) BILL**

**The Parliamentary Secretary to the Minister of Railways and Transport (Shri Shahnawaz Khan):** I beg to move for leave to introduce a Bill to enable effect to be given to an International Convention for the Safety of Life at Sea, signed in London on the tenth day of June, nineteen hundred and forty-eight, to amend the provisions of the Indian Merchant Shipping Act, 1923, relating to life-saving appliances, wireless and radio navigational aids and to other matters affected by the said Convention.

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

"That leave be granted to introduce a Bill to enable effect to be given to an International Convention for the Safety of Life at Sea, signed in London on the tenth day of June, nineteen hundred and forty-eight, to amend the provisions of the Indian Merchant Shipping Act, 1923, relating to life-saving appliances, wireless and radio navigational aids and to other matters affected by the said Convention."

The motion was adopted.

**Shri Shahnawaz Khan:** I introduce the Bill.

**SUGAR (TEMPORARY ADDITIONAL EXCISE DUTY) BILL**

**Shri Ramaseshiah (Parvathipuram):** The amendment which I moved yesterday reads thus:

In page, 1 line 25, omit "and six annas".

The present Bill has come into existence as a result of the reduction of the price of sugarcane from Rs. 1-12-0 to Rs. 1-5-0 per maund. I feel that this reduction is unjust. The price of sugarcane at the beginning of the year when the present standing crop was planted, was Rs. 1-12-0 per maund. The hon. Food Minister at that time gave indications that the Government were very eager to expand and encourage sugarcane production in the country. He promised several concessions and other facilities for the sugar manufacturers, with a view to encourage them to produce more sugar than they used to. The Government also fixed targets for each factory, and in the case of sugar manufacturers who exceeded the target, the extra sugar was declared to be free from controls of price as also movement. The present crop having been planted under such conditions, the sugarcane grower naturally expected that the price would remain the same for the present season also. But unfortunately the Government have reduced the price by As. seven per maund, just before the harvest. This amounts to Rs. 12 per ton, and for a grower who expects a yield of 20 tons per acre the fall in income would be Rs. 240. I beg to submit that for a poor grower this fall in income by Rs. 240 results in a real calamity. By no manipulation of agricultural economics can anybody say that Rs. 1-5-0 per maund would be a paying proposition for the grower. In South India the average yield of cane varies from 15 to 30 tons per acre. For a grower who gets 15 tons per acre, the gross income will be about Rs. 535 according to the present rate. As against this, he will have to spend

[Shri Ramaseshaiah]

Rs. 125 towards sugarcane seed, about Rs. 200 towards manure, Rs. 50 towards planting and weeding, and about Rs. 75 towards cutting and transporting to the factory. Besides all this, he has to meet the expenditure for preparing the land for wrapping and propping the cane, and for fencing and other incidental charges. In my opinion and according to my experience, this comes to nearly Rs. 600 per acre, while the money the grower gets from the mill-owner is only about Rs. 535. This expenditure of Rs. 600 works out to Rs. 1-8-0 per maund. According to my experience, this Rs. 1-8-0 per maund is the cost of cultivation per maund of sugarcane in South India. Even where the yield is 30 tons, the cost of cultivation will come to about Rs. 1000, because in South India unless large quantities of manure are applied, the sugarcane yield will not be quite satisfactory. When such is the cost of cultivation it is very unfortunate that the Government should now think of reducing the price of sugarcane from Rs. 1-12-0 to Rs. 1-5-0 per maund. Most of the growers in India have an average holding of about one acre. Naturally therefore there will be lakhs of families that grow this sugarcane as a money crop, and if they are to be deprived of Rs. 250 per acre, it will naturally mean a great blow to their family economy. According to the calculations I have made, the aggregate loss to the cane growers in the country will exceed Rs. 20 crores, and will affect about ten lakhs of families. On the other hand the advantage that goes to the consumer will be very insignificant when compared to the loss that the cultivator has to suffer. The advantage to the consumer will be at the rate of about As. eight per capita per year. For the sake of this little and meagre advantage to the consumer it is very unfortunate that the Government should choose to reduce the price of sugarcane to the detriment of a number of families.

In this connection, I may also point out that the small cultivator is not receiving proper attention at the hands of the Government. With regard to several crops and commodities, the Government have been fixing targets, and the cultivators have been responding very promptly. But when the question of finding a market for the produce comes, the Government is not coming to the rescue of the cultivator. I may give the instance of jute growers. Government have been making elaborate propaganda for the expansion of jute in the country, and have been fixing targets for production every year, and the cultivators also have been

responding to the call and reaching the targets very punctually.

[MR. DEPUTY-SPEAKER in the Chair]

But the result is that about several crores worth of jute remains with the cultivator in the country, and the Government are not able to find a market for it. In the district of Srikakulam from which I come, there is about Rs. two crores worth of jute lying with the cultivators and the Government is not able to find a market for it. It is perplexing to think what market the Government had in mind, when they encouraged these people to grow jute. On the wake of this jute slump, has come this reduction in the price of sugarcane. In the district of Srikakulam—in the taluks of Parvatipuram, Bobbili and Salur—they supply about 1½ lakh tons of cane to the sugar factories. According to the reduction of price, the loss to these growers will amount to about Rs. 18 lakhs. The cumulative effect of the losses which they have suffered on account of jute and the losses which they are now going to suffer on account of the reduction of cane price will irretrievably ruin several families in those areas. This may be the case in many other parts of India also.

I would, therefore, suggest that if the Government find it impossible to restore the old price of Rs. 1-12-0 they may kindly fix it at Rs. 1-8-0 per maund for sugarcane at least in South India; and to meet the difference in the prices of old and new sugar the carry-over sugar can be sold at Rs. three less instead of Rs. four less as proposed in the Bill. The Government may then fix instead of Rs. 1-6-0, Re. one per cwt. excise duty. This arrangement will easily cover the loss that may accrue to the producer over the carry-over sugar and in addition give relief to the cane growers in those areas.

**Shri Syamandala Sahaya (Muzaffarpur Central):** I had sent in an amendment to clause 3. I do not know whether it finds place on the list of amendments.

**Mr. Deputy-Speaker:** Let me place this amendment before the House and then I will come to the other amendments.

Amendment moved:

In page 1, line 25, omit "and six annas".

**Shri Gidwani (Thana):** Yesterday I heard the debate in the House and I

found that not only from the Opposition Benches but even from the Congress Benches every Member spoke against the proposed measure. I was glad that the Congress Members had the courage to speak against the measure, but when the time came for voting they all said 'Aye'. It is really surprising. If they really feel that this measure is against the interests of the consumers, they should not hesitate to vote against it. I may tell you, Sir, I am neither an industrialist, nor a trader, nor a merchant, nor a commission agent, nor even much of a consumer as I am all alone and have not to bother about it so much.

**Shri Gadgil** (Poona Central): Only an M.P.

**Shri Gidwani:** But I do look at it from the larger interests of the consumer. I am afraid more burden will be placed on the poor middle class people who are not able to make both ends meet.

**The Minister of Food and Agriculture (Shri Kidwal):** How?

**Shri Gidwani:** If the price of a cup of tea is going to be raised as the result of passing of this Bill and more burden is going to fall on the middle class I do wish to protest against it. Everyone in this House is opposed to this Bill. Some Members said that the Minister had not considered the Bill properly, some said Government had bungled and some others said Government had no sympathy for the grower or the consumer. If you take the speech of every Member of the Congress Party, they all oppose it. I have also received a telegram from a displaced merchant which I am reading for what it is worth. He predicts that if the excise duty is imposed, the crop turnover also will go down. As I said, I am not an expert in this matter, but I find that the whole House is against it. Therefore, if the Government have not decided to withdraw the Bill, I would urge upon them to at least accept the amendment of my friend which has been moved.

12 NOON.

**Shri Gadgil:** In the course of discussion yesterday many points were raised which were not very relevant to the points and principles embodied in this Bill. But since they have been raised—the inadequacy of the price paid or proposed to be paid to the cultivator, the huge profits made by the factory owners, and the high price that was charged and likely to be charged to the consumers—I think the time has now come for the Government to consider whether the Srivastava formula for fixation of price can be said to be valid today.

**Shri Syamnandan Sahaya:** It is not.

**Shri Gadgil:** It was fixed in 1937 on data collected for the year 1935-36. The schedule was prepared with reference to an average factory having a crushing capacity of 750 tons of cane per day on the basis of a sugar recovery of 9.5 to 10.5 per cent. from cane. I think the Government should seriously consider whether they should not now appoint an appropriate agency to consider the whole thing and see that fair prices are paid to the cane cultivators, a fair return is in a way assured to the factory owners and fair prices are charged to the consumers.

The second point that I want to urge is this. Government in bringing this Bill had the only objective of recovering Rs. 4.6 crores and avoiding the loss because Government has given a guarantee to the factory owners. It is somewhat difficult for one to say that the guarantee should be dishonoured, although it is possible in the changed circumstances to have negotiations with the factory owners. But apart from it, if the Government is determined to carry out their obligation and implement the guarantee given, I would most respectfully suggest to them that where the factory owners have not complied with orders and the agreement with the Government, appropriate and effective steps should be taken against them. If that is done, perhaps most of the people will agree to this Bill being enacted.

**Shri A. C. Guha** (Santipur): This Bill raises a number of points. It is designed to protect the interests of the millowners at the cost of the consumers. . .

**The Minister of Commerce and Industry (Shri T. T. Krishnamachari):** Protect only the Government!

**Shri K. K. Basu** (Diamond Harbour): That is the direct benefit.

**Shri A. C. Guha:** ... and of the cane growers. Then, the entire provision of this Bill has proceeded on certain assumptions—assumptions as regards the cost, as regards the stock and as regards everything connected with the sugar industry. From our experience of the past, it is very difficult to accept the statements given by the industrialists and the factory owners. I would like to refer to the enquiry conducted by Mr. Justice Ganganath in 1950. When that Inquiry Committee was set up, several factories and companies refused to supply the requisite information to them. Then the Government had to issue an Ordinance so that

[**Shri A. C. Guha]**

it would not only be a matter of courtesy and gentlemanly co-operation for the industrialists but also a matter of compulsion and legal obligation to send the requisite informations. Even then the Committee records:

"Out of them, 21 factories and 136 merchants whose names are given in appendices 13 and 14 did not send any reply. It is for the Government to consider whether any action should be taken against them or not".

I think the House is entitled to know what action the Government have taken against them and whether the Government can give us any guarantee that even now the facts and the statements on which they have proceeded are quite correct.

Then, in reply to certain questions of that Committee regarding the price charged by different factories, the factories gave one sort of reply, the companies who have been conducting these factories gave another reply and the merchants who were dealing with the sugar gave a third kind of reply. You will be surprised to know that the Sugar Syndicate gave the reply that only 13 factories charged an extra price over the fixed price. Then the companies mentioned 16 factories which had charged extra price over the fixed price and the merchants gave a list in which they stated that over 70 factories had charged extra prices over the price fixed by the Government. So, there was no fixity about the statements and the facts given by these factories and companies.

Last time also, when a surcharge of four annas was charged on the plea that that surcharge would be utilised for facilitating export of sugar to foreign countries, that was not done. The industrialists simply pocketed the extra income of several crores of rupees. Then, when the proposal came from the Government that a certain amount of sugar would be exported, the allegation came that the stock of sugar was removed surreptitiously. The Committee of 1950, which I referred to, enquired into it and came to the conclusion that a certain amount of sugar was removed without permission, and surreptitiously, from the godowns.

Then, certain Members here also referred to the activities of the Sugar Syndicate, which was practically the monopoly organisation conducting the sugar industry of India. I can understand the position of delegating their power to an industrialist organisation

when there was a foreign Government ruling in the country; but it was surprising that even this national Government continued that practice for some years, until there was a crisis and the Tariff Board and the Enquiry Committee recommended that the Sugar Syndicate should be dissolved. Only then did the Government take certain action. All along, this sugar industry has been proceeding on certain benefits given by the Government and even now it is doubtful whether Indian sugar can compete with foreign sugar as regards cost of production. So before this House can be persuaded to.....

**Shri Kidwai:** It has been persuaded.

**Mr. Deputy-Speaker:** The clause is under discussion.

**Shri A. C. Guha:** I think this House should be told what actually is the position in the sugar industry today, whether we can really export our sugar and whether Indian sugar can compete with foreign sugar in price and quality.

**Shri Kidwai:** Not yet.

**Shri A. C. Guha:** The Minister admits 'Not yet'. Then how long is this sugar industry going to be protected by taxing the consumers? So, I think the Government should take into consideration the report of 1950. I think the Government should make a clear statement as to whether they have taken any action against those factories and companies who did not supply the requisite information to the Committee and against those who gave incorrect replies as regards having charged extra price over the price fixed by the Government.

**Shri Kidwai:** I thought that what I had said yesterday would have made the object of this Bill clear to the hon. Members. Government holds a stock of five lakh tons. The factories are not concerned whether we sell it at a loss or whether we sell it at a profit. The new sugar that will be produced will cost between Rs. six and Rs. seven less per maund. Now, Government holds a special position. Government has decided not to release the new sugar for sale till this old stock has been sold out. Now, there are two ways of avoiding the loss. One way is to continue to charge the present prices from the consumer and then after three or four months when all this stock has been exhausted, to allow the new sugar to come into the market at lower prices. The other way was to lower the prices of the present stock, which Government holds and for

which Government is responsible, and then whatever loss the Government suffers, the Government bears and it goes either to all the tax-payers or it is recovered from the consumers. This was the simple proposition. It had nothing to do with the factories, the working of the factories, the factory owners' past sins or the factory owners' future conduct. It had also nothing to do with the fixation of cane price except that the cane prices have been reduced because Government found that the cane prices were disproportionately high and therefore the area under cereal crops was going over to sugarcane crops. Therefore, I would put it to the hon. Members, if they have any suggestion to make: what alternative action should Government take? Should Government continue to sell the sugar at the present prices and allow the new sugar to come into the market after three months, or should we give the benefit of the lower prices of new sugar immediately and whatever loss we suffer we pass it on to the consumer of the new sugar?

Now, I thought that the House would welcome it that from the first of December, we will be able to reduce the cost of sugar by about rupees four to the consumer and the consumer will like it. It is true that the cost of new sugar would be less by about rupees six or rupees seven per maund. Therefore, one rupee would be taken out of that decrease in the price of new sugar and the consumer's price will be reduced only by rupees four.

My friend, Mr. Gadgil has said something about the Srivastava formula. I have told the mill-owners whenever I had occasion to meet them that the cost of sugar manufacture is high according to the Srivastava formula and it needs revision. But, for the present, as I have said, there is going to be a change in the system. In the past years, Government was fixing the cane price and accordingly the Government was fixing the sugar price also—that is, the cane price plus the cost—according to the formula. Now, sugar will not be controlled. Government will not be responsible to take over all the production of sugar by the different factories. As there is more production of sugar than there is consumption, sugar would be sold at competitive prices and I am sure that in the course of actual working we would find that the factories are getting less for their production costs than according to the Srivastava formula. But if ever again the Government has to take up the control of sugar and fix a price, then

of course the Srivastava formula shall have to be revised.

Another point that my hon. friend Shri. Gadgil made out was about the past sins of the sugar factories. Some of the things complained of were committed years ago and Government had been dealing with them from time to time. I cannot reopen all the matters that have been closed, but I assure the House that if anything is brought to my notice—I mean, anything which has not been brought to the notice of the Government before and which has not been closed—I will scrutinise it and also see that the law is enforced.

**Shri Ramachandra Reddi (Nellore).** The alliance between the sugar producer and the Government seems to be so thick that neither of them is able to understand the viewpoint of the sugarcane producer or the consumer. Whatever policies the Government adopt, they seem to be designed with a view to helping the producer of sugar. Whenever the fixation of sugar price is thought of, it is done at a time when the production is commenced or before the production is commenced. But whenever the price fixation in respect of sugarcane is done, it is done after the plantation is over and before the cane is delivered for crushing. This policy obviously seeks to help the producer of sugar rather than the producer of sugarcane. The Dutt Committee of 1950 suggested a price of Rs. 1-7-0 per maund for sugarcane and the Tariff Board recommended that a gradual reduction should be effected in the sugarcane prices from Rs. 1-12-0 during a period of five years and the price should be brought down to Re. one per maund. But what we witness now is that there is a steep reduction from Rs. 1-12-0 to Rs. 1-5-0. Therefore, neither the advice of the Tariff Board nor of the Dutt Committee has been adopted in this particular instance. Before planting the sugarcane, every cultivator had been under the impression that the price would be kept up at Rs. 1-12-0 in 1952-53 and it is to his great disappointment that the price has been cut down just before the cane is going to be crushed. This steep reduction will certainly work very injuriously to the sugarcane producer at the present moment, but it will also ultimately affect the sugar producers. If this policy continues for another couple of years, then the conditions in the agricultural sector would be seriously affected and all the quantity of sugarcane that is required for running the mills that have been established in the country will not be available. Most of the mills would not find enough sugarcane to crush and

[**Shri Ramachandra Reddi**]

produce sugar. The result will be that we would be putting the sugar production economy and sugarcane cultivation back by ten years.

After 1950, that is, after the Dutt Committee had recommended certain things, so many things have happened. The price of fertilizers has gone up and the railway freights have also increased. There is a great disparity between the price of fertilisers—the supply price to the paddy growers and sugarcane producers. This and several other factors that go to contribute to the increased cultivation cost of sugarcane will have to be considered before any drastic policy of the type that is now adopted is continued.

There is one suggestion that instead of reducing the sugarcane price to Rs. 1-5-0, it may be as well kept up at Rs. 1-5-0. If you maintain it at Rs. 1-5-0, the price of sugar would be about Rs. 23. But if you keep it up at Rs. 1-8-0 then the sugar price would work out to Rs. 26 or 27. This latter price may be adopted as the price for the new sugar. At present, instead of making the consumer feel very happy that a reduction of Rs. four per maund has been made for old sugar and asking him to pay the increased price for the new sugar, it is much better that he is made to expect only a reduction of Re. one now. By that adjustment, the sugarcane grower may be given an increase of three annas per maund. The new sugar may be sold at Rs. 27 per maund and the old sugar price also may be adjusted to sell at the same price. These are things which may be considered by a closer examination of the situation than by rushing the Bill through at this stage. Anyhow, we on the Opposition Benches have not got the strength and power to give a direction to the Government saying that such and such ought to be the policy. They have a strong majority and they will certainly carry the day and our arguments will be of very little avail.

**Mr. Deputy-Speaker:** If the hon. Member wants to carry the day, he should sit on this side of the House.

**Shri Ramachandra Reddi:** There is another difficulty which I have to point out in regard to the sugarcane grower. Sugarcane producers are not able to get payment immediately after they deliver their cane to the mills. They are asked to wait for some time. This sort of deferred payment to the sugarcane growers is affecting their economy to a great extent. So, from all points of view, it must be urged that the policy of Government needs reconsideration, and instead of this steep

reduction from Rs. 1-12-0 to Rs. 1-5-0, a *via media* may be thought of. It would be then possible to make all the adjustments necessary by reducing the duty from Rs. 1-6-0 to rupee one as has been suggested by the amendment of Mr. Ramaseshaiah.

**The Minister of Parliamentary Affairs (Shri Satya Narayan Sinha):** Sir, the question be now put.

**Mr. Deputy-Speaker:** I need not put it. I think there has been enough discussion. The hon. Minister.

**The Minister of Revenue and Expenditure (Shri Tyagi):** Many points have been made. It is not possible for me to reply to all of them, because if I do so I would be accused of irrelevancy. The fixation of the cane price is certainly irrelevant to the amendment now under the consideration of the House. The minimum price for sugarcane cannot be related to the present amendment. Therefore, I would leave this point alone. A suggestion was made by my hon. friend Mr. Gadgil that we should apply the Srivastava formula.

**Shri Syamnandan Sahaya:** He said that it should not be applied.

**Shri Gadgil:** The time has come when this formula, which was based on data collected in 1935-36, should be reviewed, because it is no longer valid.

**Shri Tyagi:** That formula is not applied. In fact that formula has been given up. I may in this connection say that in matters of fixation of prices, which are to be adjusted with the trends of the market of other commodities, the policy of Government cannot be dogmatic and they cannot be guided by one set formula which was propounded years ago. That formula was being applied only for some years. Afterwards it was found that the application of that formula was adversely affecting the interest of the cultivators. I might inform my hon. friend that the Ministry of Food and Agriculture have already appointed an expert committee to revise this formula. They have done a lot of work and have proceeded far enough in that direction. I should, however, observe that application of the formula is not the real remedy of difficult situations. Problems vary in their character and every problem requires an independent key for its solution. There can be no master solution of all problems that arise from time to time.

My hon. friend Mr. Gadgil also said that the mills have not fulfilled their part of the obligations with regard to

payment of cane prices to cultivators. I myself am a cultivator, though I have only about two and a half acres of land under sugarcane. My cane price has not yet been paid to me in my own place. The man who manages my little fields asked me whether he should approach the authorities. I asked him not to, because I know that immediately the mills would send an application for some arrangements to be made for their ways and means facilities or to lift the sugar. The real difficulty has been that the sugar with the mills has not been lifted and it is on that account that the mills are not in a position to make full payment to the cultivators from whom they have taken the sugarcane.

In Uttar Pradesh there is a general complaint that huge balance of payments is outstanding with the mills. They have not paid because their ways and means position is unsatisfactory and every time they are insisting on the Government...

**Shri Gadgil:** It is a two-fold problem. In some cases they paid less price and in other cases they have not paid as yet anything.

**Shri Tyagi:** The problem which is widespread is that the payment has been deferred. Whenever that question arises the mills immediately ask that their sugar should be lifted. We have not been in a position to lift that sugar. It is to ease that position that we have come forward with this Bill.

Another complaint which I have heard from various sources—though I never had any occasion to verify it—is that when there was a panic among the sugarcane growers they brought their cane to the factories and the factories were reluctant to crush it. The result was the cane-growers had to accept whatever price was offered to them by the millowners. It has been said that in such cases some of the millowners took the sugarcane at much lower than the fixed prices. I have not gone into these complaints because they are matters within the purview of the State Governments and it is not my business to look into and enquire into individual cases or local problems. But even if the cane-growers had offered their stock at low prices, the mills should not have accepted them. If any hon. Member has knowledge of any specific cases of such nature to show that the mills have not fulfilled their obligation, I shall invite the attention of the State Governments to them and I have no doubt that the State Governments will enquire into them with a view to seeing that the obligations of the mills are fulfilled.

**The Parliamentary Secretary to the Minister of Railways and Transport (Shri Shah Nawaz Khan):** I think my hon. friend the Finance Minister is aware of the fact that the State Governments did allow the mill-owners to purchase sugarcane at prices in accordance with the rate of recovery of sugar\* at that particular time of the year. For instance, in March the rate of recovery of sugar from sugar-cane was much higher than it was in May.

**Shri Tyagi:** My friend could speak to me in private.

**Mr. Deputy-Speaker:** I believe the Parliamentary Secretary is only taking a leaf out of the book of the Minister!

**Shri Tyagi:** I have learnt to be wiser now!

**Mr. Deputy-Speaker:** Members of Government should talk to one another instead of on the floor of the House.

The question is:

In page 1, line 25, omit "and six annas".

The motion was negatived.

**Mr. Deputy-Speaker:** There is another amendment tabled by Shri Syamnandan Sahaya. As the time was short yesterday, I did not allow it. He may now move his amendment.

**Shri Tyagi:** No notice of it has been given.

**Mr. Deputy-Speaker:** Yesterday Mr. Sahaya tabled the amendment and sent note of it to me. Clause 3 was then under discussion and I thought that that clause would be completed yesterday. Therefore, I did not allow notice to be waived. Today office must have circulated it.

**Shri Syamnandan Sahaya:** I beg to move:

In page 1, line 21, after "manufactured" insert "in 1952-53".

The idea is that this taxation is for a particular purpose and the hon. Minister has emphasised throughout his speech that the whole object is to meet the losses which may be occasioned by the sale of sugar contracted for and the responsibility of the sale whereof lies on the Government. Now, if that is so, I think the House will agree with me that it would not be desirable to give in this Bill a general power of taxation which really clause 3 amounts to. I am fully aware and conscious of the fact that the hon. Minister yesterday when replying to

**[Shri Syamnandan Sahaya]**

the debate said that he had no intention of making this a permanent measure. But I hope Mr. Tyagi has not forgotten the days when he was occupying one of the seats on this side of the House and I ask whether he would then have agreed as a Member of this House to give any Government a general power of taxation on the assurance that it would not be a permanent measure. It is to a salutary principle that I draw your attention and the attention of this House particularly: whether in matters of taxation which in my opinion is the most important function of this House, it would not be desirable to restrict the power of taxation for the purpose for which it is meant. If it had been a general tax this question would not have arisen. But from the Statement of Objects and Reasons and from the speech delivered by the hon. Minister it is quite clear that this is a very temporary measure and as such it would not be desirable in my opinion to give in this clause a general power of taxation which is what it really amounts to.

While the hon. Mr. Tyagi knows very well that an assurance given by the Government has great weight in this House, I am sure he knows also that an assurance given by a Minister has no legal significance, and that a Minister might give an assurance to-day and another Minister in his place tomorrow might not accept it. Therefore, while passing a legislation it should not be a question of mere assurances from Government, it should be a question of what the law really lays down. I would therefore submit that this House should consider this matter carefully.

I would also request the hon. Minister to consider this matter carefully whether in a measure of this nature it would not be more desirable to limit the power of taxation to what is exactly required for the time being. This Bill quite clearly, in its Statement of Objects and Reasons, says that this taxation is only intended to get over the difficulties created by the high priced sugar produced in 1951-52 and the low priced sugar which is likely to come to the market in the year 1952-53, and therefore a levy of a certain amount will be fixed on the new production so as to equalise the cost of the old and new sugar.

In the circumstances I do feel that the Government should be able to accept this small amendment, that is to limit the power of this taxation to the sugar produced in 1952-53. If, however, as the hon. Minister said yester-

day, it becomes necessary, for the purpose of export or for other things, to have this taxation for one year more, that is for 1953-54, nothing would stand in the way of the hon. Minister coming up to the House and seeking fresh sanction. But, surely, he himself should not be a party to passing a legislation which places no limit whatsoever on this new levy which is going to be imposed.

I hope the House, you, Sir, and the hon. Minister will consider this matter carefully and that the attitude will not be taken that just because a Bill has been introduced, do not accept any amendment. That, I hope, will not be the attitude of the hon. Mr. Tyagi.

**Shri T. T. Krishnamachari:** The point raised by my hon. friend by means of this amendment is very naive. Logically it falls in tune with the declarations of Government in this matter. After all, the intention of Government is merely to reduce the price immediately and cover that loss by means of putting an additional excise duty on the sugar manufactured up to the new crop which will cost about Rs. six or Rs. seven less a maund than the previous one. What my friend likes to do is to put us in a little quandary by asking us to identify a particular sugar as 1952-53 stock or 1951-52 stock. And therefore there is bound to be a chance of some sugar mill-owner going to the High Court and saying: this is 1951-52 stock, on this you cannot levy the cess, therefore the levy is ultra vires of the Act.

**Mr. Deputy-Speaker:** I think the hon. Member is willing, according to his amendment, to have the levy on the stocks of 1951-52 as also on the stocks of 1952-53. He seems to be only anxious to avoid this on the later year's production...

**Shri Syamnandan Sahaya:** That is of 1953-54.

**Shri T. T. Krishnamachari:** The question of identification of the sugar is there. We are all laymen. We do not know anything about sugar factories or sugar manufacture—the hon. Member perhaps knows more about them. But if he can identify sugar as being made in a particular year for the purpose of taxation, I think if he could also devise some formula by which it could be administered, my colleague may find it possible to accept his amendment. But as the amendment makes the position of Government difficult I think it will not accept it.

**Mr. Deputy-Speaker:** So far as the difficulty is concerned it is better that the House clearly knows what the difficulty is. So far as the stocks of 1951-52 as also the quantity that is going to be manufactured in 1952-53 are concerned, they may be mixed together. There is no difficulty or confusion about that. All that is said by the amendment is that in 1953-54 no levy shall be made unless Parliament once again sanctions it. Before the levy is made the stock may not be released to the public. Then the difficulty would not arise. There does not appear to be any difficulty about that. Of course, there may be other difficulties.

**Shri T. T. Krishnamachari:** The assurance has been given that it is a very temporary measure and it is for a year. If it goes beyond that the question might always be raised—before my hon. colleague or anybody else—that the Government has contravened the assurance; the Government is always open to be accused. And I hope the hon. Member will be there even though we might go away.

**Shri Syamnandan Sahaya:** I am at present one of the "we"; that is my trouble.

**Shri T. T. Krishnamachari:** But at the present moment we seem to be anticipating that this measure will be applied to the 1953-54 crop also, which is not at all the intention.

**Shri Raghabachari (Penukonda):** Clause 4 provides for all such contingencies—that the Government might at any moment stop the levy.

**Mr. Deputy-Speaker:** In this matter the table seems to be a little turned! The hon. Member belonging to the party is wanting a little more assurance while the Member of the Opposition is satisfied with the clause as it stands.

Well, I shall place the amendment formally before the House.

**Shri Syamnandan Sahaya:** If the hon. Minister does not agree to accept this amendment it is not my desire to press it. I wanted to bring this to his notice and I had hoped that he would see the usefulness of the suggestion. But if he does not want to accept it I will not press it.

**Mr. Deputy-Speaker:** Then there is nothing more. Enough assurance has been given on behalf of Government that except under very great necessity they will not continue the cess. And the matter could always be raised before the House.

I will now put clause 3 to the vote of the House.

**Shri Tulsidas (Mehsana West):** Sir, though my amendment has been disallowed I would like to oppose this clause. May I be permitted to say a few words on clause 3?

**Mr. Deputy-Speaker:** Very well. But I would request the hon. Member not to repeat what has already been stated.

**Shri Tulsidas:** I am not going to say what has been said before. It seems from the speech of the hon. the Food Minister that he feels that the levy of one rupee is a simple measure for covering the loss that the Government will suffer on the four lakh tons. As I pointed out yesterday, Government has realised extra revenue by the increased production. Therefore, if they desire to sell the present stock at a lower price, they can easily do it without burdening further the next year's production by a levy of one rupee. That is the point I made yesterday and I am afraid that no reply has been given to it. I only wanted that the next year's stock should not have a further burden and the consumers should not be burdened with a further excise duty. They could easily sell this without loss as they have realised increased production and there will be such huge excise duty. As such I feel that Government can easily see to it that the burden is not put on the consumer.

**Shri Tyagi:** I have nothing more to add, Sir.

**Mr. Deputy-Speaker:** Though I did not want to disallow any further speeches on this matter than what has been said during the consideration motion, as a matter of fact, this is the main clause of the Bill; the others are all auxiliary clauses. Therefore, when the consideration stage was passed, it was understood that the principle of the Bill has been accepted.

The question is:

"That clause 3 stand part of the Bill."

The motion was adopted.

Clause 3 was added to the Bill.

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 Tyagi:** I beg to move:

"That the Bill be passed."

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

"That the Bill be passed."

The motion was adopted.

## FORWARD CONTRACTS (REGULATION) BILL

The Minister of Commerce and Industry (Shri T. T. Krishnamachari): I beg to move:

"That the Bill to provide for the regulation of certain matters relating to forward contracts, the prohibition of options in goods and for matters connected therewith, as reported by the Select Committee, be taken into consideration".

Hon. Members, I have no doubt, have read the Report of the Select Committee and also the minutes of dissent appended to it by other hon. Members who are Members of the Select Committee. I have no intention of taking the House through the Report in detail. The amendments made by the Select Committee excepting in regard to one particular clause—clause 18—have been more or less of a non-controversial nature to a very large extent.

In clause 4, sub-clause (e), we felt that the Commission should be enabled to undertake inspection on its own volition without having to wait for the direction from the Central Government. That makes the work of the Commission in regard to inspection more or less a routine measure. It need not necessarily get a complaint and the Central Government need not ask the Commission to go into the accounts of any particular association. They can do it as a matter of routine. In one sense it helps. At times when an inspecting body goes and inspects the accounts of transactions of an association, a scare is raised that something is wrong with it and as these associations which deal with forward contracts have got to tread on delicate grounds, such a scare might hamper its normal work. So if inspection is more or less made a routine affair, very possibly the scare, or the gravity of the scare might be minimised.

Then clause 8 is more or less a consequential amendment to clause 4, but so far as the scope of clause 8 is concerned, it now makes it obligatory for all persons having any business with the association also being liable to produce their books because clause 8 (3) says: Where an enquiry in relation to the affairs of a recognised association or the affairs of any of its members has been undertaken under subsection (2) all persons mentioned in sub-clauses (a), (b) and (c) are asked to furnish information, and every other person or body of persons who has had dealings in the course of business with any of the persons mentioned in clauses (a), (b) and (c). This is very necessary because in a matter

like the work of an association which controls forward contracts, a large number of other people come in and the Commission must have powers to look into their books and ask them to produce records. Clause 10 is more or less of a formal nature. What has been done by the Select Committee is to put in a proviso in regard to suspension. It says:

"Provided that where the period of suspension is likely to exceed one month, no notification extending the suspension beyond such period shall be issued, unless the governing body of the recognised association has been given an opportunity of being heard in the matter".

It may lay the obligation on the forward market and also on the Government to get the governing body to offer an explanation within a limited period of time.

Then I come to clause 18. I shall deal with this a little later because that is the main clause. I will take up the minutes of dissent which have been appended by hon. Members. Mr. C. C. Shah—whose advice to the Committee, I think the Committee has got to be grateful for—being a person who knows about the working of these forward markets and also a person who is disinterested, to the extent that he is only Legal Adviser to many such Associations—and he is not himself a person interested in trade—I think his guidance should be appreciated by the House and by the Committee. We felt that the Bill did not go far enough and he wanted an amendment or an addition of a clause after clause 14 on the following lines:

"No person shall organise or assist in organising any association for the regulation and control of Forward Contracts except for the purpose of obtaining recognition under Section 5".

That is only under preliminaries he can do that. After that he must obtain recognition. The provision really resolves into this. If these provisions are accepted, no forward trading could be conducted except by permission given by Government and the association should not provide any kind of facilities for speculation. These suggestions were really considered by the Expert Committee and paragraph 11 of its Report indicates that these suggestions were considered, but the Committee felt that where a blanket prohibition of this kind would be administratively difficult, Government could not possibly undertake to take up this task.

With regard to the second suggestion, we have, in clause 18, sub-clause (1), given effect to it in another form. Very possibly the hon. Member did not make any reference to it because he felt that the argument will lose its strength if what has been done is recognised and eliminated from his original suggestion. I need not go into it very deeply because I may explain the various difficulties. But, I think the House will recognise that so far as the Central Government is concerned, this is the first measure of its kind and we have, more or less, to find our way. I think this observation of mine would, perhaps, help hon. Members to realise that the Government is not willing to go as far as they would like it to go. Bombay has undoubtedly some experience of this particular type of contracts, because there is a **Bombay Act**. I have no doubt that the hon. Member who has appended a minute of dissent, when he gets up and rises to speak, will be able to tell us a lot more than I, assisted by my expert advisers can say in this matter. Frankly I do not mind admitting that I am completely a layman. Having a person of that nature at the head of this Ministry, Government feel that they should not undertake commitments which they cannot administratively fulfil. Our object now is very limited. We propose to choose the places where we want to make the Act applicable. We also propose to delineate very clearly the types of contracts which we propose to control. We do not want unnecessarily to prohibit what is perhaps normal course of business, namely, non-transferable specific delivery contracts as between two parties unless these contracts are misused in places where the associations are recognised and operate. I did mention to the Select Committee at that time my difficulties. Neither have I the organisation, nor have I the competence to cover the entire country which it will mean if I had accepted the suggestion of the hon. Member, Mr. C. C. Shah. I also told him at that time that I am prepared to give an assurance, subject to the worth that these assurances have in the minds of hon. Members opposite, that as time goes on and as we get more and more competent to handle this rather difficult set of businessmen, who come within the mischief of this particular enactment when it is enacted, we are certainly prepared to extend the area of our operation. Very possibly, two or three years hence, Government may be able to accept perhaps in some modified form a liability such as the one that has been envisaged by the hon. Member, Mr. C. C. Shah. For the time being, I feel the Government has to go very slow in the

matter, and only deal with areas where there is a possibility of organised associations operating within a particular set of rules applying the enactment as far as one would expect them to do in the circumstances, and Government would not be inclined to extend the area of its operation.

There is another fact also. The Bill indicates to the House that there is a certain amount of financial commitment. We do not propose to levy a cess on the transactions. Nor do we propose to levy a subscription from these associations so that our administrative cost will be met. Until we know exactly what our commitments are from the experience that we would gain in course of time with this limited measure, I am afraid it would not be fair to this House and to the tax-payer that the Government should enlarge its activities and then ultimately find, having put in a particular provision in the statute book, that that provision is a dead letter, because the Government cannot enforce it. That much for Mr. C. C. Shah's minute of dissent.

1 P.M.

The next one is a powerful one. It is one of those big long range pieces of artillery and I propose to deal with it at the end. There is another minute of dissent given by Mr. Mukund Lal Agarwal. May I take it up after Lunch, Sir?

**Mr. Deputy-Speaker:** Has the hon. Minister got much to say.

**Shri T. T. Krishnamachari:** May be another 15 or 20 minutes.

*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. DEPUTY-SPEAKER** in the Chair]

**Shri T. T. Krishnamachari:** When the House adjourned for Lunch, I was dealing with the minute of dissent appended to the report by Mr. Tulsidas Kilachand, with which Mr. G. D. Somani had associated himself.

The gravamen of the charge against the Select Committee in this minute of dissent is that it has gone back on a decision which was made by the previous Select Committee in altering the scope of clause 18. Hon. Members who have read the minute of Dissent of Mr. Tulsidas Kilachand will realise that paras 1, 2, 3, 4, 5, 6, 7, 8 and all that follows is merely a padding to their objection to the Select Committee's alteration of the terms of clause

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18. I have no doubt that when my hon. friend is on his legs, he will reinforce the arguments which he has brought forward in his minute of dissent. I have equally no doubt that when my hon. friend gets up, he will tell the House that this Minister, in moving for committing the Bill to the Select Committee, had supported the provisions of clause 18 as it stood when the Bill was committed to the Select Committee. When hon. Members take advantage of truth and interpret it to be on their side, one cannot take exception to it. It is undoubtedly a fact that in making the original motion, I did refer to the provisions of clause 18. I also mentioned the bare facts in justification of the provisions as they were. In this I am not a free agent. I think my hon. friend who has added this minute of dissent would concede that I was myself probably slightly taken aback at the quantum of opposition to this particular provision of clause 18. I might at once concede that at the time I introduced this Bill and scrutinised the provisions with the limited amount of knowledge and experience that was at my disposal, I was not very happy about the wording of sub-clause (1) of clause 18 for the reason that it imposed an obligation on Government to find out the places where non-transferable specific delivery contracts could be excluded from the mischief of that particular clause. The inclusion of non-transferable specific delivery contracts within the scope of clause 15 was complete, but it gave to Government the power—not merely gave power, the words used are "Government shall"—and at least it would be necessary for the Government to tell this House that they had gone round and found places A, B, C, D and X where associations were functioning, were recognised, and that they have excluded non-transferable specific delivery contracts from the scope of the working of the association. It is a queer wording in one sense, and when it first suggested itself to me that the wording could have been altered before the Bill was presented to the House, it was pointed out to me that that particular clause was the subject of a considerable amount of discussion in the previous Select Committee, that a responsible Select Committee had chosen the wording and I should be taking upon myself a serious task for which I was incompetent if I chose to alter the terms of clause 18.

That being the background, notwithstanding the fact that I had sought to explain the provisions of clause 18 at the time I introduced the Bill in the House, I had to give serious consideration to the objections raised to the

provisions by the Members of the Select Committee. And I was assisted in that task by my colleague the hon. Finance Minister and my colleague the Minister of Commerce. So, even in accepting the position—you might as well say: "You had no alternative except to accept it when the majority of the Select Committee felt differently"—even so, while accepting it and trying to put in a different form those provisions in sub-clause (3) of clause 18, I did so with the knowledge of all the consequences that will flow from it.

To go back to the objections of the hon. Member who has appended a minute of dissent, I will very briefly summarise his objections. He said in his minute of dissent that in normal times there could only be two methods of transacting business—or rather such business—one is by ready delivery contracts, secondly by forward contracts. And the next point was that the Bombay Forward Contracts Control Act of 1947 had recognised only these two categories, and the Act has worked satisfactorily; that evidence was furnished to the Select Committee in 1951 as regards the manner in which non-transferable delivery contracts were abused, and that in the last Select Committee no fresh evidence is brought forward to rebut the facts that were proved by the witnesses in the previous Select Committee.

**Mr. Deputy-Speaker:** Is the previous evidence before the House?

**Shri T. T. Krishnamachari:** Sir, it is available. I can bring it forward. As a matter of fact, it is in the Library.

The other contention was that the existing provision empowering Government to bring such contracts under control, in the event of their abuse, is not adequate, and that as the clause stood originally as amended by the Select Committee of 1951, the control of recognised associations over non-transferable delivery contracts was to be limited to the particular area, no hardship would be caused to bona fide traders wishing to enter into such contracts outside the area. I am very grateful that the hon. Member had conceded there is a possibility of some class of people conducting their trade and making bona fide non-transferable specific delivery contracts.

So far as the Bombay Act is concerned, my hon. friend is on firm ground. The Bombay Act does really divide contracts into two categories. But at the same time it is my recollection that certain powers are still

there for the Bombay Government to go further into the definition.

Then I would refer to the question of the Expert Committee's Report. We always choose the wording in a particular report, if it suits us. It may be that the hon. Member might say the same thing in regard to the Government, because the Government have not accepted all the recommendations of the Expert Committee. It is true that the Expert Committee in paragraph 5 of their Report have distinguished between three types of contracts—future hedge contracts, transferable specific delivery contracts, and non-transferable specific delivery contracts. Even so, a certain minute of dissent has been appended to that Report in respect of transactions as regards jute by certain members who came from Calcutta and had a knowledge of the jute market. The stand taken by those who appended that minute of dissent was based on the fact that this nomenclature 'non-transferable specific delivery contract' was a creation of the Defence of India Rules in a situation which was necessitated by the exigencies of war and the conditions that obtained at that time, and that in normal times these things were not necessary. But it does seem that some of those provisions of the Defence of India Rules have been incorporated in the Essential Supplies (Temporary Powers) Act, and a certain amount of forward trading is being done under the provisions of this Act. The bye-laws of the East India Cotton Association contain different bye-laws framed for dealing with hedge contracts, delivery contracts, and the forms of contracts for these two types of transactions are also different. A similar distinction between hedge contracts and delivery contracts has also been made in the bye-laws of other associations. In the United States, where regulation of commodities exchanges has been enforced for several years, forward contracts which are entered into, not for purposes of speculation, but only for deferred delivery of specific commodities in specified amounts and on specified dates are exempted from the Commodity Exchange Act. The wording of section 2 (a) of that Act specifically provides that "the term future delivery" as used herein shall not include any sale of any cash commodity for deferred shipments or delivery. In a well-known book on *Commodity Exchanges and Future Trading* by Messrs Baer and Saxon, the scope of the Commodity Exchanges Act has been explained as not including "the sale of commodities on the physical markets for deferred shipments or forward delivery". The point really is—as I did labour to point

out at some length at the earlier stage of the Bill—that there is a distinction sought to be made in regard to certain types of contracts, where a physical delivery is contemplated as against a type of hedge contract where a physical delivery may or may not come into being, and oftentimes it does not. Therefore, the distinction made between the different types of forward contracts does not involve a violation of established practices or usages of trade, according to the information that I have in my hands.

**Mr. Deputy-Speaker:** That is called ready delivery contracts.

**Shri T. T. Krishnamachari:** A ready delivery contract does not necessarily mean that; a ready delivery contract and a contract where the physical delivery is stipulated on a deferred date are slightly different.

**Mr. Deputy-Speaker:** The time that is taken is only for the purpose of transporting the commodity from one place to the other.

**Shri T. T. Krishnamachari:** It is not always so. In fact in normal business where there is no association regulating it, there are non-transferable specific delivery contracts possible, and such transactions do obtain in the case of certain types of business, where the speculative element is not brought in, the purpose merely being to ensure a steady supply of goods at certain specific prices.

**Dr. Lanka Sundaram** (Visakhapatnam): May I interrupt the hon. Minister? The Bombay Act is very clear on this point, and reads like this. ....

**Shri T. T. Krishnamachari:** I have conceded that the Bombay Act is different. I accept whatever the hon. Member has got to say in advance.

**Dr. Lanka Sundaram:** But where does the difference lie?

**Shri T. T. Krishnamachari:** The provisions of the Bombay Act are unfortunately intended to deal with a particular area only; so far as bullion and cotton are concerned, they apply to the city of Bombay, and so far as oilseeds are concerned, it has been extended to Greater Bombay. The practice there is that these two definitions enable them to carry on their business—I am told that the practice works hardships on people. The overlapping is not there, but still they are able to carry on their business. Anyhow, I shall come to Dr. Lanka Sundaram's point ultimately.

I quite agree that the different categories of forward contracts have not

[Shri T. T. Krishnamachari]

been specifically mentioned, and the hon. Member might refer to the definition of the term 'contract' in section 2 of the Bombay Forward Contracts Control Act which reads:

"provided that the Provincial Government may by notification in the Official Gazette direct any contract or class of contracts to be excluded from the provisions of this Act....."

The word 'shall' is not used. The terms of the sub-clause (1) of clause 18 of the present Bill have not been imported there. Then the provision reads:

"...subject to such conditions as the Provincial Government may deem fit to impose."

That allows it a certain flexibility. My hon. friend here might say that that flexibility is not imported into actual practice. But Government is authorised to import that flexibility, should it be necessary. All this shows that the Government seem to have been aware at the time the Act was passed that it might be necessary to distinguish between different types of contracts. The position is that even if it is conceded that the power to make a distinction that is vested in the Bombay Government by the definition under section 2 of that Act has not been exercised, it does not necessarily mean that what happens to Bombay within that very limited area of the Bombay City and Greater Bombay should apply all over India. I quite concede that with the experience that the hon. Members here might possess of the Bombay market, they are in a position to supply that authority. I was not a Member of the last Select Committee of 1951, and very possibly the witnesses all came from Bombay, and perhaps the Chair might know about it better. What I am really concerned with here is to point out that the present Bill is to apply to the whole of the country in many parts of which trading conditions are materially different from those prevailing in Bombay. Hence it would not be correct in principle to apply the Bombay precedent to the rest of the country without an examination. Even in Bombay in 1949-50 the Bombay Government appointed a Committee to consider and recommend whether the application of that Act should be extended to the mofussil areas of the State and, if so, under what conditions. In the case of cotton—whether the Act will apply to the whole of Bombay—the Committee in paragraph 10 of its report has made specific mention of a

complaint made by the Karnataka representatives of the cotton trade that their cotton did not receive a fair value in the Bombay market. I do not want it to be said that I accept these objections and therefore, on the future working of this measure—if it should be enacted by this House and the other House—these objections could be brought up and have to be accepted by me. I am quoting this with that reservation. I am quoting these views merely because they indicate that the Bombay Act was not satisfactory from the point of view of the people resident in Bombay State but who are not doing business in Bombay City. Probably Bombay City people might also have a different tale to tell if they were here represented adequately with the amount of strength that some of those protagonists of clause 18 as it originally stood possess.

So a complaint was made by the Karnataka representatives of the cotton trade that their cotton did not receive a fair value in the Bombay market. The Committee therefore recommended the establishment of an association for transferable contracts in cotton at Ahmedabad and associations for non-transferable contracts at places like Hubli and Jalgaon. As regards oilseeds, the Committee similarly recommended that an association should be recognised for transferable contracts in Ahmedabad and for non-transferable contracts at places like Jalgaon, Sangli and Hubli. It is therefore clear that although the Bombay Forward Contracts Control Act did by itself make a distinction between different types of forward contracts, the need for making a distinction between hedge contracts, transferable contracts and non-transferable contracts, if and when that Act was to apply to places outside the City of Bombay, was clearly recognised by the Bombay Mofussil Forward Markets Enquiry Committee. That, I hope, would at any rate be an answer to the objections raised by the hon. Member in his minute of dissent, that the Committee has decided without any knowledge of conditions obtaining there.

Now I come to the provisions as they stand today. As I said, the original provision in clause 18(1) while making chapters III and IV applicable to all non-transferable specific delivery contracts more or less laid an obligation on Government: "shall by notification define the area in which a recognised association may regulate and control non-transferable specific delivery contracts in respect of such goods or class of goods...and the provisions of this

Chapter and of Chapter III shall apply to non-transferable specific delivery contracts only in such area and only in respect of such goods or class of goods". It does not mean that as the Select Committee altered this particular clause, they have completely denied the validity of the argument put forward by my hon. friend in his minute of dissent. We have recognised it. The recognition has been given in a different way. The recognition comes in sub-clause (3) which says:

"Notwithstanding anything contained in sub-section (1), if the Central Government is of opinion that in the interest of the trade or in the public interest it is expedient to regulate and control non-transferable specific delivery contracts in any area, it may, by notification in the Official Gazette, declare that all or any of the provisions of Chapters III and IV shall apply to such class or classes of non-transferable specific delivery contracts in such area and in respect of such goods or class of goods as may be specified in the notification, and may also specify the manner in which and the extent to which all or any of the said provisions shall so apply".

This, I respectfully maintain, concedes the point at issue. If it happens that in Bombay this type of contract in respect of oilseeds trade must be brought within the purview and control of the associations recognised, well here is the power by which the Government may act in the manner in which it will be desired. I do not mind admitting that the Bombay Government were very much interested in this particular provision, naturally, because they felt the existing practice was somewhat different. They did write and ask me about it. I can state here.—subject to the validity of assurances given in this House, the degree of which may be realised by some hon. Members in one way and by some in another way—that this provision, sub-clause (3) of clause 18 is there to be used—not to be ignored—and if a responsible Government of a State after adequate enquiry, after listening to all sides of the case—interests that want non-transferable specific delivery contracts to be included, interests that want them to be excluded, interests which feel that that will harass bona fide businessmen, interests which also could prove that that would be abused, to the satisfaction of the Bombay Government—asks me, I shall, without any hesitation whatever, without any delay invoke the provisions of sub-clause (3) of clause 18. And my hon. friend and others who

think in the same way would, at any rate, concede that when I plead that the provisions of 18(1) as they originally stood imposed an obligation on me which I did not find competent to discharge, that I cannot go about the place and say: 'Here, there and somewhere else the non-transferable specific delivery contracts shall be excluded from the purview of associations which have been recognised'. But in cases where there is a positive demand for such inclusion, I shall invoke this provision in this sub-clause. I hope hon. Members will be charitable enough to concede that there is at any rate in this particular instance, some intention, some good faith, so far as Government is concerned, and business interests would not be unduly affected by the recalcitrance of Government which normally they believe to be the case.

**Shri Nambiar (Mayuram):** Good faith of the Government in introducing this Bill?

**The Minister of Commerce (Shri Karmarkar):** That is admitted.

**Shri T. T. Krishnamachari:** The trouble about it is that 'faith' is an extremely elusive commodity. An elusive person can never catch hold of an elusive commodity. Two elusive objects generally do not go together. I might in this connection...

**Mr. Deputy-Speaker:** They may meet occasionally, accidentally.

**Shri T. T. Krishnamachari:** Yes. Heavenly bodies also come together sometimes.

I might in this connection refer to the amendment tabled by two hon. Members on that side in regard to sub-clause (2) of clause 18. I am afraid sometimes we see ghosts where they do not exist. It might even be a matter of faith; oftentimes it is a matter of superstition. Here, sub-clause (2) of clause 18 has been specifically put in, as hon. Members would recognise, in order to cover a position that obtains in Calcutta. The position in Calcutta is that the jute trade is carried on certain accepted lines and we might perhaps interfere with the entire contour of that trade if we do not put in that sub-clause. It is intended, as things are today within the knowledge of Government, only to refer to the jute trade. And, therefore, it is a very necessary thing. Otherwise, hon. Members reading the dissenting minutes in the Expert Committee's Report will find that a class of cases has to be excluded. There are undoubtedly speculative transactions in jute and that will go on in spite of all the enactments that we

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make in this House. What you call 'kerb trading' is a thing which you cannot prevent. 'Kerb trading' often-times leads to inability to enforce contracts. The legislative authority that we propose to grant with regard to contracts which are entered into within the umbra of an association does not obtain in "kerb trading". So, speculative transactions where both parties take risks of non-fulfilment, we cannot deal with. My hon. friends have tabled amendments; if they want to move them they can. But I am anticipating the argument by saying that it is a very necessary provision. Otherwise, the whole of Calcutta will object to the entire Bill.

3 P.M.

I do not want to keep the House any longer on this question, because there are one or two other minutes of dissent. Mr. Mukund Lal Agarwal has some objections to the company being punished. It is an accepted principle in law that when a company offends, we catch hold of the person and we also punish the company. Only, the person may be punished with imprisonment and the company will be fined.

A dissenting note as regards language is made by Mr. A. K. Dutt. I would assure him that the words "due performance" are adequate for the purpose. After all, if any association is wound up, there are outstanding contracts. You have to make provision with regard to the 'due performance' of those contracts. The manner and the mode does not really come in; once the question of due performance is conceded, other matters follow as a matter of course.

My hon. friend Mr. Trivedi objects to the provisions being made cognisable. The Select Committee did not accept his contention because they felt, particularly in a legislation of this sort, where evasion is more the rule than the exception, that for evasion of law the penalties and the manner in which those penalties have got to be enforced have had to be fairly drastic. This matter was raised by him in the Select Committee and the Select Committee would not accept his contention that legal conscience of lawyer Members of this House should be given due weight to even in matters where evasion is more the rule than the exception. That deals more or less with the minutes of dissent.

There are a number of amendments. It would be wrong and unparliamentary for me to say what the House should do in regard to these amendments. But I will express the difficulty that I have in this matter. The amendments tabled are of various categories.

While the bulk of them refer to clause 18, the others contemplate a certain change in the structure of the measure.

[MR. SPEAKER in the Chair]

Mr. Chacko and Mr. Heda have given certain amendments which are good in themselves. There is absolutely no denying that. They change the structure. The central clause in this Bill is clause 15. Mr. Chacko would change that. He might be quite right but, on this side, I find it a little difficult for me to go into the structure of the measure and accept amendments of this nature because the Select Committee have gone into it at length and have agreed to the present structure. And it is also a fact that in a measure like this, as I said in my speech when the Bill was referred to the Select Committee, the Government have merely put in a measure which has introduced a certain amount of control, and we have still to find our feet. We have followed, in some measure, the advice of the Expert Committee and also of the experts who have gone into the various aspects of this particular measure. We are fairly convinced in our minds that as the Bill stands now, as it has emerged from the Select Committee, it might be workable. If I am asked to change my conception and accept certain changes in the essential clauses of the Bill, then I do not know where it will end ultimately. I find myself completely incompetent to envisage conditions that will follow if any changes are undertaken in the main clauses of the Bill. So, I have merely indicated at the present moment that I have that difficulty, in accepting amendments which seek, more or less radical changes, in my view, of the measure. It is largely due to my own inexperience, lack of knowledge of the working of forward markets and also my incapacity to envisage all conditions that will occur when this Act is being enforced. I can assure my hon. friends that in this matter the Government will keep an open mind. It is no question for the Government saying, "Well, we have introduced this measure; therefore we will not accept any amendment". It is not at all my intention to say that to the House. We have brought forward this measure, we have subjected it to scrutiny by a very competent Select Committee, which practically went into every detail. It has recommended certain changes which we have accepted and I will ask the House to give it a trial. If in actual working, there are certain strains and stresses revealed, certain blatant transgressions and evasions, I can assure the House that I shall not hesitate to bring in an amending measure remedying those defects. No sense of

prestige will stand in the way of Government telling that they are not able to envisage what things will ensue and therefore an amending Bill is necessary. I do hope that the House will accept the motion.

**Mr. Speaker:** Motion moved:

"That the Bill to provide for the regulation of certain matters relating to forward contracts, the prohibition of options in goods and for matters connected therewith, as reported by the Select Committee, be taken into consideration."

**Pandit Munishwar Datt Upadhyay** (Pratapgarh Distt.—East): Just now the hon. Minister was trying to persuade the hon. Members who have appended dissenting minutes to this report of the Select Committee to accept that these non-transferable specified delivery contracts should be allowed to remain outside the scope of this Bill. I do not think that this fact requires any sort of persuasion on the part of the Minister because the demand of the Members is unreasonable. The hon. Member proposes that even those contracts in which the parties are fixed, the delivery is fixed, the price is fixed, the place is fixed and everything is fixed should be treated as normal transactions and included within the scope of this Bill. The concession that the hon. Minister said was made in sub-clause (3) of clause 18, was too much because that provision keeps a sword hanging over the head of this sort of transactions. At least there is a chance of an enquiry being held. Those people are always in fear that there might be somebody against them who might bring in some sort of complaint and enquiries might be held. That sort of sword is always hanging over the heads of those persons who are entering into such contracts. So, even that provision is too much and now to say that there is a chance or possibility of including such transactions also within the scope of this Bill, I think, would be highly unjustifiable.

Altogether the structure of this Bill is objectionable, because a sort of monopoly is being created in favour of associations. Only one association is to be formed in respect of each commodity, and nobody is to be allowed to have any sort of contract which will come under the scope of this Bill except the persons who are either members of the association or are persons operating through those members. The position of the associations is still further made secure because a good deal of power is given to them. It is they who will frame the rules for the constitution of such associations. It is they who will frame rules with

regard to the admission of members to the associations. It is they who will frame rules regarding the governing bodies of the associations. It is they who will frame rules regarding the registration of partnerships which can be included in the associations. Therefore, already a big power is being given to these associations. They are becoming powerful monopolists in the particular commodities concerned. If you now put even these ordinary transactions under these associations, then it would be perfectly unjustifiable.

As a matter of fact, although forward trading has been going on in every part of the country in respect of many commodities, we have been indifferent to it. We almost ignore it. We think that it is a sort of gambling. It is a sort of *satta* and good and decent people do not look at it. But they forget that it is a part of the economic life of the country. Sufficient importance is not attached to it. That is why the hon. Minister also is not very much acquainted with the working of the markets and the working of this sort of association and at times he has to admit that the opinion of this hon. Member or that hon. Member, or this association or that association may be correct. That position has arisen simply because we think that it is a sort of gamble and we do not like to probe the subject a little further. I might submit that in fact this forward trading is the creation of the working of the law of supply and demand. I do not want to go into its history, but from the earliest days this sort of trading has been prevalent in some form or other. Although forward trading did not exist, the growers of cotton depended in the old days upon the mercy of the merchants—sometimes Japanese merchants—who as soon as the Harvest was reaped knew that the cultivator could not keep the produce with him and he had to sell it. Therefore, they could offer him some price and get the cotton. Now, on account of the introduction of forward trading, we find that there are a number of competitors with small capital investments coming forward to purchase this cotton from the growers and they also can demand a price, and at times when the clever growers are there, they can very well see the trend of the price and grow the cotton according to the price trend in the market. So, this forward trading plays a very important part in the economic life of the country, and yet we have been ignoring it. The result is that when certain suggestions are made, we have to submit to them. My point is that the suggestion which has been made in the minute of dissent is highly unjustifiable and should not be accepted in any case.

[Shri Munishwar Datt Upadhyay]

As regards the exclusion of the small investors, I want to point out that they play a very important part in forward trading. It is not merely these big capitalists who check the fluctuation of prices, but the small investors who come forward with their small investments and take heavy risks also play their part in checking the fluctuation of prices. To oust these people would be highly unjustifiable. The formation of these associations on the proposed lines would exclude these small people almost wholesale, and a number of big commercial magnates will control the associations. They will frame their own bye-laws and rules, and they will only admit those whom they like and exclude those whom they do not like. This is nothing but the creation of a monopoly. I do suggest that attempts should be made to break this monopoly and the scope of the Bill should be extended so that the smaller investors may also have an opportunity of becoming members of these associations. If possible, a number of associations may be created, so that there may be a chance of competition between these associations, and this might prevent the exclusion of the small investors.

And then I find that the option in goods has been excluded or prohibited. This prohibition really excludes a number of small investors. It is said that these people are speculators. It is said that they come forward with small investments and take heavy risks. Sometimes, it is ruinous to them and it creates a very unhealthy market. Granted all these things, I want to ask you: are we not going to create an efficient machinery to control and regulate this whole matter? We are going to spend a lot of money over it. We are going to have a good, major Department to regulate and control forward trading. When that is so, I see no reason why we should prohibit this option in goods. I submit that these small investors should also have a chance. They also play their part in checking the fluctuation in prices, and this is the very object of this Bill. Exclusion of these small investors would not be justifiable or helpful. If they are excluded, you will find later on that the big capitalists create a situation in which the growers of the commodities and even the consumers would have to suffer. They would derive no benefit at all. In between, the traders will make a lot of money. Therefore, my submission is that they should not be excluded.

The other point that I wanted to submit was that another advisory committee is being created under this Bill.

That advisory body has all the functions of the Commission. My submission first of all is that this advisory body is really unnecessary, but then if this advisory body is being retained, then there should be on it representatives of the producers and consumers. There should be representatives of all classes of traders. Otherwise, this body will also be a body like the Commission. The Commission is to have three members at the most. Of these three one has to be a representative of this business, because only a person who has been working in these markets can have knowledge of it. On that ground some of these persons will get into the Commission. Then again, the Chairman has also to be a person who knows intimately about the working of this business. Naturally he shall also be a man of that kind. There was an official suggested for the personnel of the Commission. That seat will now be occupied by a man of that kind. The result will be that it will be a monopoly of the men interested in this business. The whole thing would be to the disadvantage of the traders in general and it is bound to be disadvantageous to the consumer and to the producer. So my submission is that the advisory body—I see the Select Committee has not excluded it—should contain a number of representatives of the producers and the consumers, so that their interests may not go unrepresented.

As regards the rules and bye-laws, I have already pointed out that they should not be left to be framed by the associations themselves. There should be model rules and bye-laws for these associations and they should, with minor changes according to the needs of the commodities with which they deal and according to local needs, should be adopted by them. The model rules and bye-laws should be framed and supplied to them, and the associations, with minor adaptations, should adopt them.

**Shri Karmarkar:** Provision to that effect is already there.

**Pandit Munishwar Datt Upadhyay:** These rules are, in the first instance, to be framed by the associations, and Government, if they want, can modify them later on. But do you not see that once the rules are framed, it is difficult to change them later? Complaints are seldom made and the rules framed remain as they are, invariably. My submission, therefore, is that the initial power of making rules should not be left to the associations. The rules and bye-laws should be model ones for all the associations and the

associations should adopt them with minor modifications here and there according to the needs of the commodities or the localities.

Lastly, I would like to deal with the penalty clause. I find provision has been made for imprisonment and also for fine. But the amount of fine has not been mentioned. (*An Hon. Member:* It may be unlimited.) But I think that some amount should be mentioned. Otherwise, the courts might think that no amount is mentioned and only a paltry amount may be imposed. Therefore, if the amount is mentioned it would be better. The persons who are likely to be hauled up are persons who earn a lot of money; so the amount of the fine should be stipulated. As regards imprisonment, I am not very particular. The period mentioned is enough. The hon. Minister mentioned something about the cognizability of these offences. I would submit that although they may look minor offences according to the scope of the business, they are major offences and they should be made cognizable. I find some of the offences are made cognizable; but all of them should be made cognizable.

As I submitted earlier the structure of this Bill itself creates a sort of monopoly in favour of associations. This is not unnatural. It is natural because it is based on the report of an Expert Committee. The hon. Minister himself admitted that such an Expert Committee cannot be expected to give a reasonable report from the point of view of the interests of the producer, the consumer and the small trader. To base the entire Bill on their report is not proper. Before the Bill was sent to the Select Committee the hon. Minister himself said that he had an open mind on the subject and that he was prepared to make changes, if found necessary. I can certainly appreciate his difficulty. Being advised or confronted with persons who are intimately connected with the working of those markets, he feels that their knowledge might be superior to his in that respect. I would submit that there are certain things which we can very well understand and I would like to suggest that the monopoly of these associations which is being created should be modified in this respect that the rule-making power should not be in their hands. Even if they frame rules they should not be allowed to have anybody on the association whom they like and exclude anybody whom they do not like. Unless that is done these associations cannot work in the interest of the small traders; nor can it be to the interest of the grower or consumer,

This is a very important Bill. The regulation of the markets is very necessary to the best advantage of all the parties concerned. But unless the changes that I have suggested in the structure of the Bill are made, I think the object which we have in view would not be fulfilled.

**Shri V. B. Gandhi** (Bombay City—North): I shall first begin by making an admission that until very recently I did not know much about forward trading. Not that I know much now. It was only when this Bill was moved before this House towards the end of August that I really got busy and thought that I ought to try and learn something about this business of forward trading and speculation.

Now it may surprise those who know that I come from the City of Bombay to be told that I do not know much about speculation or that I am not a speculator. Well, just as everyone who comes out of Chicago is not a gangster, so everyone coming out of Bombay is not necessarily a speculator.

There is a superficial appearance created in regard to this Bill in the form in which it has appeared or emerged from the Select Committee that there is a great difference of opinion on some of the fundamentals underlying this Bill. Now this appearance—I call it superficial—of difference of opinion is created by one particular note of dissent. This particular note of dissent is appended to this Bill by my hon. friends Mr. Tulsidas Kilachand and Mr. G. D. Somani. I should, therefore, like this House first to appreciate that there is really no very great or fundamental difference of opinion. There is quite a lot of common ground, ground of common agreement between the two views. In the first place, we all agree that there is need for regulating forward trading in this country. There is need for providing for sufficient checks on forward trading degenerating into speculation. That far we are agreed. We must also remember that what we are seeking to do in this Bill is just to check speculation and not to abolish speculation. For, after all, we do recognize that speculation of certain kinds has an economic purpose, has a useful purpose to serve in the kind of economy that we are having in this country. While we are dealing with speculation and speculators, this House must not also lose sight of the fact that there is another class concerned in this whole business; and that class is the class of producers and the class of consumers, those who produce the supply and those who consume the supply. We shall have to see that their

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interests also are safeguarded, although not in this Bill; but the least we can do is to see that their interests are not sacrificed through this Bill. But I shall come to that presently.

Is there really a need for having any kind of speculative dealings and then trying to control them through a Bill like the one we are discussing? Well, yes, Sir. When we are dealing with staple commodities, particularly agricultural commodities, there are special features connected with these commodities which make the existence of some kind of a forward market necessary. Let us take the instance of cotton. And what is true of cotton is true of oilseeds and many other staple commodities. The special features are that there are a large number of growers spread all over the country, and the buyers are few. If we remember that our cotton crop, at the maximum, sometimes can reach a total of four million bales, and if we just figure it out the total value of this crop of four million bales of cotton—the annual crop in the country—we shall realise what a gigantic proposition it is. At about Rs. 400 a bale the total value of the entire crop will figure at about Rs. 160 crores. Now, this gigantic crop is produced in small quantities by individual growers all over the country—what is going to happen to this crop? Its ultimate destination is the mills who are the biggest consumers of cotton and, if any portion of it is left over, then perhaps the exporter. Now, how many mills are there? Just a little over 400 mills. So, imagine: a gigantic crop of the value of about Rs. 160 crores, produced by a large number of growers individually all over the entire country, has got to be sold, and so directed and channelled that it ultimately is to be consumed by only 400 consumers. And then consider the time involved. The consumption is a continuous process. The mills are using cotton continuously throughout the year, but the supply comes only once or twice a year.

What is true of cotton, as I said, is also true, in many respects, of other staple commodities like oilseeds and others. Now, it is because of these special features connected with these staple commodities that there is necessity for some kind of a machinery, some kind of a process through which these supplies—small individual supplies—can be channelled and carried on to the ultimate consumer, the mills or the exporters, without any undue hardship to the trade or sharp rise or fall in price—without any frequent

and great fluctuations in price. This is the kind of purpose that speculation serves, and it is for this reason that there is no question of anybody wanting to abolish speculation. But the purpose of the present Bill is to regulate speculation.

It is very clear from the note of dissent that the chief difference of opinion is about clause 18 of the Bill. Clause 18 of the Bill as it has been recommended by the Select Committee excludes non-transferable specific delivery contracts from the purview of Chapters III and IV. Those who dissent from this recommendation of the Select Committee would like to bring these non-transferable specific delivery contracts within the purview of these two Chapters, that is Chapters III and IV, just in the same way as the other futures contracts, the ordinary forward contracts, are brought within the purview of these two Chapters. In order to support their case for bringing these non-transferable specific delivery contracts within the purview of Chapters III and IV in the same way as the ordinary forward contracts, or the futures contracts or the hedge contracts as they are called, are brought within the purview of these two Chapters, they have to prove, if they can, that these non-transferable specific delivery contracts are very much like the other futures contracts or forward delivery contracts. If they cannot prove it, then they have to give it as their opinion that there is a lot of similarity between the two. Obviously the Select Committee did not think that way. The Select Committee was of the opinion that these two things are not similar. They are as different as sheep from goat. I shall have to deal with this a little later. I shall only say at this stage, however, that we should remember that clause 18, as it has come through the Select Committee this time, is not the same clause 18 which was there in the Bill of 1950. There is a great difference, a fundamental difference, made to this clause 18 of the present Bill by the provision or by the inclusion of a proviso to sub-clause (1) of clause 18. I have got the impression that the importance of this proviso to sub-clause (1) of clause 18 has yet to be fully realised. With this proviso included in clause 18, this clause is entirely different from the clause in the original Bill of 1950. We shall consider that now.

A reference in the note of dissent has been made to the speech of the hon. Minister, Mr. T. T. Krishnamachari which he made in August last.

**An Hon. Member:** He was a bitter critic of the Bill.

**Shri V. B. Gandhi:** Probably this has proved to be a temptation to the authors of this note of dissent and I also find a reference to it in the leading article of the *Times of India* this morning. Now what exactly did the hon. Minister, Mr. T. T. Krishnamachari say? I am quoting from the minute of dissent. He said:

"If the non-transferable specific delivery contracts were not brought within the purview of Chapters III and IV, then there would be speculation outside the recognised association under the guise of non-transferable specific delivery contracts."

Yes, he was quite right and I think we all agree that if these non-transferable specific delivery contracts were to be left in a condition where they could be used for speculative purposes, then surely we would want to lose no time in bringing them under the purview of Chapters III and IV, but in clause 18, as it has been recommended by the Select Committee with the proviso to sub-clause (1), sufficient care has been taken to see that there shall be no possibility of any speculation in these non-transferable specific delivery contracts. At this point of time the House should know what exactly this proviso is. I shall read it. Clause 18 begins:

"Nothing contained in Chapter III or Chapter IV shall apply to non-transferable specific delivery contracts for the sale or purchase of any goods".

Now, if this clause had been left just here, I am quite sure that we were probably taking chances on keeping these non-transferable specific delivery contracts outside in a condition where they could be abused but we do not stop there. The Select Committee has added a proviso and that proviso says:

"Provided that no person shall organise or assist in organising or be a member of any association in India (other than a recognised association) which provides facilities for the performance of any non-transferable specific delivery contract by any party thereto without having to make or to receive actual delivery to or from the other party to the contract or to or from any other party named in the contract."

Now this proviso just meets the contingency. After all there cannot be much risk of a transaction being

turned into speculation so long as that transaction is carried on strictly between the producer and the consumer, between the merchant who wants to buy and the merchant who wants to sell. It happens only when there is an association, an association with rules which brings together collectively buyers on the one side and sellers on the other side. These associations which have rules, which, in cases of emergency, can suspend business, can authorise squaring up business; it is under these conditions that speculation is made possible. This proviso is an effective provision against any such contingency and therefore the Minister, when he says that.....

**An Hon. Member:** Will you refer to sub-clause (3)?

**Shri V. B. Gandhi:** What exactly do you wish me to say? I will come to that. Let me go on in my own way, if you do not mind.

**Mr. Speaker:** Let him address the Chair.

**Shri V. B. Gandhi:** I am sorry, Sir.

**Mr. Speaker:** Addressing the Chair means looking at the Chair, not at the Members.

**Shri V. B. Gandhi:** I am sorry, Sir. So there is really not much of a modification or revision of the view then expressed by the hon. Minister, Mr. T. T. Krishnamachari. After all, if a matter is reconsidered, and by the logic of the consideration, we are driven to a modified view, I think it is just the sensible thing to do. Obstinate cannot be a synonym for wisdom.

Then, there is another sort of a grievance made in the minute of dissent that when this Select Committee made this important change in clause 18, it had not any fresh evidence brought before it. I am not a lawyer. But, I suppose that evidence once laid before a court is used by the appellate court or by another court, and that other court is quite free, if it so thinks, to come to a different judgment. That is exactly what has happened in this case.

[MR. DEPUTY-SPEAKER in the Chair]

It is interesting to see the reaction of the Press to this Bill. The *Hindu stan Times* had almost half a column in its Financial Notes last week and has given a very valuable support to this Bill. It says:

"Experience shows that these"— it means by 'these' the non-transferable specific delivery con-

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tracts—"could be successfully worked without any danger of their being manipulated by unscrupulous enemies."

Then, the *Times of India* also, I think, the next day, came out with a short note. The *Times of India*, of course, expresses the fear that unrecognised associations, under the guise of their contracts, may abuse these non-transferable contracts. But, even the *Times of India* does not oppose this provision. This morning, the *Times of India* has devoted its leading article to this question and I am sure some of the suggestions that are made in this article of the *Times of India* are of value and should be duly considered by the House.

However, there is one point to which an answer is due. The *Times of India* begins by raising a doubt about the qualifications of the Members of the Select Committee. I grant that it is quite legitimate for one to have doubts about the qualifications of the Members of any Committee. It remains for this House only to say that, after all, this Committee has had the benefit of the advice of a number of people whose authority on this subject will be widely conceded as soon as their names are mentioned. For instance, we had on this Committee Mr. C. C. Shah, a former Solicitor General to the Government of Bombay. Mr. Shah had much to do with the drafting of the Bombay Act on which we have drawn so heavily. Mr. Shah was a member of the Experts Committee which considered the first Bill of 1950. Again, a very great qualification, mention of which has been made by the hon. Minister Mr. T. T. Krishnamachari, was that Mr. Shah, possessing all this knowledge of the subject, was still a man who was not interested in forward trading. Then, of course, we had the assistance of great value of men like Mr. Tulsidas Kilachand, Mr. G. D. Somani and Mr. Bhavanji A. Krimji. We had Mr. Ahmad Mohiuddin of Hyderabad. Then, of course, we had the two Ministers who have been struggling with this problem for the last so many years.

**Dr. Lanka Sundaram:** Why are you so modest about yourself?

**Shri V. B. Gandhi:** As I have admitted, to begin with, I have no pretensions to any knowledge on the subject.

We had also had the benefit of the presence of Mr. Adarkar who has been so long connected with the consideration of this problem since the days of the Experts Committee.

Now, we shall come to the basis of this claim that these non-transferable specific delivery contracts, if they are not brought within the purview of Chapters III and IV, will be used for speculative purposes, on the ground that they are of the same kind as other futures contracts. From what little information I have been able to get on this subject, I would like this House to understand that these two things are very different from each other, as I said, sheep from the goat. Here are some of the salient features. In the first place, in the non-transferable specific delivery contracts, the transactions are usually not very big. By the nature of things, they cannot be big. Because, here A who has goods to sell, since actual delivery is involved, cannot offer to sell more than what he has. And, when B offers to purchase, he cannot agree to purchase more than he needs, because, after all, he has to take delivery.

**Mr. Deputy-Speaker:** Some other hon. Members have also sent their names.

**Shri V. B. Gandhi:** I shall finish in five minutes, Sir.

**Mr. Deputy-Speaker:** There are others who have stood, but who have not sent in their names. I do not want to hustle any hon. Member because this is a Bill. Hon. Members may have their say; but this leisurely fashion may be avoided.

**Shri V. B. Gandhi:** I will close in a few minutes.

Then, there is the question of quality. In a futures contract there is a standard quality. Here, in these non-transferable specific delivery contracts, there is a specific quality and this question about quality is so important that in some cases, actually, the district from which the produce comes is mentioned. The Railway Station at which these goods will be loaded is also mentioned. Then, of course, there is no question of clearing and settlements.

4 P.M.

I shall only give a very simple illustration which will explain the difference between a genuine transaction of the specific delivery type and the futures contract. Supposing A sells 100 bags to B at Rs. 20 a bag, and delivery is to be, say, a month hence. Now, if at the time of delivery A fails to make delivery, and if in the meantime, the price has gone down from Rs. 20 to Rs. 15, then what happens? In the specific delivery contract, the buyer simply buys in the market at Rs. 15 and forgets about it since A

has not made the delivery. He is benefited as the price has gone down. So, he buys at Rs. 15 and forgets all about it, but in a futures contract, although the price has gone down to Rs. 15, B cannot get that benefit. He has to pay Rs. five per bag each to A, delivery or no delivery. A benefits. Anyway, that is just one illustration.

As I said, the size of the transactions is of some importance, because in the futures market....

**Mr. Deputy-Speaker:** Why should the buyer pay even when the goods are delivered by the seller? Should he pay Rs. five in addition, assuming that delivery is made to him on the date specified?

**Shri V. B. Gandhi:** No. Then there is no question of payment.

Just let us take one illustration. In castor seeds in which dealings are at present permitted in the Bombay Oilseeds Exchange, what happens? The entire annual crop of the country in castor seeds is about three lakh candies. And sometimes on a single day in the Bombay Oilseeds Exchange, twenty-five to fifty thousand candies are bought and sold. At this rate, it will be seen that the entire annual crop of the country can be turned over almost within a week. And then, Bombay is not the only place that has an Oilseeds Exchange. There is Hyderabad; there is Madras. Therefore, since there are these fundamental differences between the two, it is wrong to say that the two are of the same type and should be lumped together and thus be made capable of being subjected to the provisions of Chapters II and III.

I therefore feel that this House should accept the Bill as it has come from the Select Committee.

**Shri Tulsidas (Mehsana West):** As the hon. Minister has said—and rightly so—this Bill is of a very technical nature, and therefore, it is but natural that unless a person has a certain amount of knowledge or experience, it is difficult for him to understand the technicalities of this piece of legislation. As everybody knows, speculation is and has been very badly criticised. Still, the forward market is a necessity in a country where large quantities of different commodities are grown.

Let me say at the outset that I agree with the objects and reasons mentioned in this Bill. Therefore, I am not going to make any observations on any of the clauses. It is only on clause 18 that I have a different point

of view, and I want to bring to the notice of this House that if non-transferable specific delivery contracts are excluded, there is a considerable loophole in this piece of legislation. I believe that we are all agreed that there is a loophole. But, then, the Minister has pointed out that this is a legislation in which Government would have to have a certain amount of experience. He said that they have not got the machinery to find out the different places where these contracts are taking place, and that it would be better to allow a certain amount of freedom with regard to these contracts so that, after having experience, if he finds that it is necessary to amend this legislation, he will come forward with his proposals. So much has been said and so much material has been gone through by the Government, and when this Bill was brought forward, the Commerce and Industry Minister himself had said—I will quote his own words—I know he did mention that I am bound to quote him, but I would like the House to understand how the Government's mind was running when this Bill was brought forward.

**Shri T. T. Krishnamachari:** You are beating a dead horse.

**Shri Tulsidas:** Let me make my point. He said:

"The provision of which mention has been made here is that non-transferable specific delivery contracts as defined in section 2 of the Bill are to be exempted from the provisions of this Bill except in areas where a recognised association is functioning for the commodities concerned. This is intended merely because, in spite of the fact that we rigidly define what are called non-transferable specific delivery contracts, a certain amount of overlapping was inevitable, because the non-transferable delivery contracts are contracts which provide for future delivery, but are not transferably used—to paraphrase the language—from one party to another. They are not normally settled by being offset against one another. Hence this type of contract is not generally used for speculative purposes. Such contracts, as I said, will be exempted from the provisions of this Act except in a few areas; an exception has to be made in areas where a large number of associations which have been traditionally engaged in speculative business had to be excluded from such a business as a result of the creation of a recognised association. There

[**Shri Tulsidas**]

is consequently the real danger that the associations of persons affected may continue to indulge in speculation outside the recognised association under the guise of non-transferable specific delivery contracts. Clause 18 of the Bill therefore provides that in any area in which an association has been recognised for regulating forward contracts in any commodity, the same association will regulate all types of forward contract, non-transferable as well as transferable."

Then he goes on and says:

"The provisions of this Bill are however sufficiently less inflexible to deal with the varying requirements of its trade. In particular, under clause 27 Government have power to grant exemptions for relaxation in special cases, after examining the merits of each case."

When this Bill was drafted, I am sure the hon. Minister had all the data with him, and had put the facts exactly as they were, along with the recommendations of the previous Select Committee of which you were the Chairman, so that the present legislation was originally brought in on the recommendations of that Select Committee. Though the hon. Minister tells us that they have no machinery, still according to the amended clause 18, the machinery will anyhow be required, because you will have to find out at least where such abuses are carried on.

**Shri T. T. Krishnamachari:** I depend upon you.

**Shri Tulsidas:** It depends on the machinery of the Government.

**Shri T. T. Krishnamachari:** On you.

**Shri Tulsidas:** No Sir.

**Shri Gadgil (Poona Central):** He says that he depends on the people who are actually in the trade, and follows their advice.

**Shri Tulsidas:** When he tells me that he depends on me, I might at once give him the advice: "Do not have this loophole".

**Shri T. T. Krishnamachari:** The advice is a little too previous.

**Shri V. P. Nayar (Chirayinkil):** The hon. Members are carrying on conversation across the Table.

**Mr. Deputy-Speaker:** Occasionally it helps the debate, and gives a sense of relief.

**Shri Tulsidas:** My submission is that even according to the amended clause, the Government should have the machinery, and I believe that in administering the Act, the Government will naturally take the assistance of the different States, because without their help I do not think it is possible for them to take any action. This suggestion for a machinery has been made not only by me, but it has also been in the report of the previous Select Committee, in which my hon. friend the Commerce and Industry Minister said that perhaps the evidence was from the representatives of the Bombay associations. I know that when that Committee was functioning they had informed practically all the associations and those others who desired to give evidence to come and give evidence before them. It may be that the associations of Bombay came and gave evidence. But there was also the evidence of the Federation of Indian Chambers of Commerce, of which I happened to be the President at that time. The surmise that I would get from the hon. Minister's remark is that in his opinion it was only the Bombay interests that represented their point of view and so the Select Committee was, to a certain extent prejudiced in favour of the Bombay point of view....

**Mr. Deputy-Speaker:** Was any evidence taken this time?

**Shri Tulsidas:** No, Sir. There has been no evidence taken this time.

I do not wish to go into the working of the Select Committee this time, except to say that we had two meetings, when we went into the different clauses. As regards clause 18 so far as I am concerned, I was told that as I am going to give a minute of dissent, there was nothing much to be said about it. This is what I was told, and so there was not much of discussion on clause 18 excepting perhaps.....

**Shri T. T. Krishnamachari:** No, no. I am afraid factually I must protest and say that for a whole morning and a whole afternoon the Committee discussed nothing but clause 18.

**Shri Karmarkar:** The hon. Member himself was present there.

**Shri Tulsidas:** My approach was direct and positive, while that of the majority in the Select Committee was negative. And that is the difference.

Everybody agreed that this non-transferable specific delivery contract is liable to be abused and may create conditions where Government may have to step in, and they have accordingly made a provision to this effect. As I said earlier, this was a negative approach. My point was that on the basis of the approach made by the majority of the Members of the Select Committee, the Government would step in only after the damage is done...

**Mr. Deputy-Speaker:** Would it not be useful to the House if I could make a suggestion on this point? In the first instance, the hon. Member wants that the non-transferable specific delivery contracts ought also to be regulated as transferable specific delivery contracts, and that exceptions ought to be made wherever it stands in the way of even *bona fide* transactions. On the other hand, the Select Committee has said that non-transferable specific delivery contract is an ordinary mode of business and so if that is also brought under the regulation, the ordinary course of business would be interfered with. So in the first instance, they have suggested that Government should exempt it, and then take power to extend it or bring it within the regulation in case of abuse. This is the simple point involved. What the House naturally will expect from hon. Members is this. Hon. Members who want to say that in the first instance non-transferable specific delivery contracts ought also to be regulated, must place before the House concrete instances where an abuse has already appeared, and when the Bombay Government has already taken that view, these instances will certainly be helpful.

On the other side, if hon. Members want to say that the ordinary course of trade will be interfered with if these are brought in in the first instance, then they must place instances to prove that. It is a question of facts on either side. Some hon. Members might feel, "What does it matter, if you regulate it first, and then exempt it?", while some others might feel, "Exempt first and then regulate".

This is a matter in which both sides can argue. It is finally a question of balance or convenience. Therefore, hon. Members who speak on this point will give instances so that the House may be able to judge the relative conveniences of the one view or the other.

**Pandit Thakur Das Bhargava (Gur-  
gaon):** In 1951 there was some

evidence taken, but now there is no evidence.

**Mr. Deputy-Speaker:** Hon. Members may read that evidence.

**Shri Karmarkar:** It is not a crime, of which evidence must be necessary.

**Mr. Deputy-Speaker:** Any hon. Member can read the evidence and come to some conclusions. If notwithstanding the evidence there are other viewpoints, they may also be placed before the House. Hon. Members who have been in the Select Committee can give instances showing why they thought of changing it, notwithstanding the fact that the Bill as introduced originally retained the original clause. Otherwise, the House will be absolutely in the dark, one person pressing for one view and another for another view, and it will be difficult for the House to judge.

**Shri Tulsidas:** You are quite right, Sir. I am glad you pointed it out. If certain instances were given, naturally the House would be in a better position to understand it. Well, if I remember aright, there was a debate in 1950 in this House when certain instances took place in Hyderabad where a very large number of non-transferable specific delivery contracts was traded in as ordinary contracts and a large amount of commodities was cornered. There was a very serious debate on that point here. Sir, I am sure you must be remembering the debate that took place then. A large quantity of groundnuts was cornered by a firm in Hyderabad and the contract was a non-transferable specific delivery contract. There are a number of instances in Bombay too, Sir.

**Shri Bansal (Jhajjar-Rewari):** What was the mechanism of that? How were they concluded?

**Shri Tulsidas:** There was an association.

**Shri V. P. Nayar:** Give one instance of cornering coconut oil.

**Shri Tulsidas:** Mr. Bansal knows very well what is the mechanism. I need not tell him.

**Shri Bansal:** I do not.

**Shri Tulsidas:** Then, when the Bombay Government decided to have this sort of legislation they appointed a Committee of which the hon. Mr. Morarji Desai was the Chairman. Evidence was taken from different associations and chambers and they all said that this sort of contract must not be allowed to be excluded.

An Hon. Member: Why?

Shri Tulsidas: They said that it was bound to be abused and side by side if any forward contract was traded in under a recognised association, then even outside of this association this sort of contract will also function. There have been instances even in Bombay where even for delivery within a week non-transferable specific delivery contracts were traded in and differences were paid and settlements arrived at. I will be naturally told that for that a safeguard has already been made in the proviso. But as I mentioned, the proviso means that damage has already been done and that the Government step in after the damage has been done, whereas here in the clause which was accepted by the Government before they brought this Bill anyone who wants to get himself exempted should satisfy the Government and then get the exemption. Naturally when the Government exempt a sort of trading, they will go into the thing and satisfy themselves properly about it and when they will be convinced that this particular type of trading will be done on a normal bona fide basis and such may therefore be exempted.

Shri T. T. Krishnamachari: No, Sir. It is not correct. The hon. Member will kindly read clause 18, sub-clause (1):

"Where a notification under section 15 has been issued in respect of any goods or class of goods, the Central Government shall, by a like notification, define the area in which a recognised association may regulate and control non-transferable specific contracts....." and so on.

The onus is primarily on the Central Government and only later on some other things come.

Shri Tulsidas: That is what I am saying. You are making all the contracts....

Shri T. T. Krishnamachari: No, that is not what you say.

Shri Tulsidas: You bring all the contracts under the purview of this Act. Anybody who wants to get himself exempted must satisfy you. Here you are automatically treating all contracts to be forward contracts and, therefore, anyone who wants to trade in this sort of contract must satisfy you and prove his bona fide and then the Government will give exemption.

Shri T. T. Krishnamachari: Why not the converse?

Shri Tulsidas: That is what I said. I have stated my point of view—why it should not be. Anyway, that is the point that I would like to make.

I was just referring to the Committee appointed by the Bombay Government. Bombay is the only State in the whole of India which has got this sort of legislation, and in their experience with this sort of legislation they have been able to satisfy practically all the business interests—whether in Bombay or whether outside Bombay or whether in the small places just now mentioned by the hon. Minister—Hubli, Ahmedabad etc. They had to see that a certain number of associations were recognised for all contracts and even for this contract they had recognised associations within a particular small area.

Shri Radhelal Vyas (Ujjain): There was a similar legislation in Gwalior State also.

Shri Tulsidas: Did they exempt this?

Shri Radhelal Vyas: Yes, they permitted hedge contracts. There was only one association.

Shri Tulsidas: Was there any sort of legislation like this?

Shri Radhelal Vyas: Yes.

Shri Tulsidas: Well, I do not know.

Then, I would refer to the minute of dissent of one hon. Member in the Select Committee, Mr. C. C. Shah, who has no interest as regards forward trading or any speculative trading. He was, so to say, a Legal Adviser to different associations. I would like to refer to the minute of dissent which he has appended. He goes much further than myself. He supports me fully. He says definitely: "...wartime legislation has shown that specific delivery contracts can be and are abused for heavy speculation unless controlled and hence they have also to be brought under this Bill".

Shri T. T. Krishnamachari: The hon. Member is looking at a mirror.

An Hon. Member: Why do you say so?

Shri T. T. Krishnamachari: He sees his own reflection everywhere.

Shri Tulsidas: I am referring to the....

Dr. Lanka Sundaram: Why do you not show him the moon in the mirror?

**Shri Tulsidas:** Again he says:

"It should not be difficult to do so, particularly when non-transferable specific delivery contracts are taken out of the operation of this Act. 95 per cent, if not more, of forward contracts are of non-transferable nature, made between party and party which are and can be performed by the parties themselves. When non-transferable contracts are found to have been abused for speculation, it is only because of the existence of an association which provides facilities to do so."

He goes further and says that there should be no association allowed to function. He goes further than myself. Now the point of view which I have put forward is that.....

**Mr. Deputy-Speaker:** Is it not the same thing in the proviso—proviso to sub-clause (1)?

**Shri Tulsidas:** He says no association should be allowed to have any sort of trading. So much business, which is not controlled business, can be traded in and, therefore, no association should be allowed to function. That is how he goes further.

**Mr. Deputy-Speaker:** Has there been any representation by any group of people who trade in non-transferable specific delivery contracts to the Bombay Government for exemption?

**Shri Tulsidas:** In Bombay these contracts have been functioning for the last four years and there has been no kind of complaint from any side. Bombay has experience that this sort of legislation works in a much better way.

As I said, I do not wish to go into it in a dogmatic way and I am glad to see that the hon. Commerce Minister has given an assurance that he is going to apply this as soon as he finds that abuses are being made. He has gone further and said that as soon as the Bombay State approaches him—which I understand from him has approached—he is going to apply.....

**Shri T. T. Krishnamachari:** No, no. They have not yet approached; they cannot do that until the Bill is enacted.

**Shri Tulsidas:** You gave the assurance.

**Shri T. T. Krishnamachari:** Undoubtedly.

**Shri Tulsidas:** He himself says he gave the assurance whatever it is worth, however it is valid.

**Mr. Deputy-Speaker:** In the Bhagwad Gita it is said, *Sansayathma Vinas-yati*. Nothing should be approached in a spirit of doubt and suspicion. Whatever the Government or the spokesman of the Government says will be carried out except under exceptional circumstances.

**Shri Tulsidas:** The fact that he has given the assurance, that alone, proves that he feels that the difficulty is there. He himself feels that he has no machinery. He does not want to go the whole hog. He wants to go slowly. That is the point he has made out.

**Shri T. T. Krishnamachari:** Only, I refuse to be yoked to the hon. Member. That is all.

**Shri Tulsidas:** There is not much of a difference. He wants to give an assurance. I say, "Why give an assurance, why not put it in the Bill". There is no difference in his approach and in my approach. However, I leave it to him. I would like to tell the House that as this is a very intricate legislation, it requires a technical person who knows something about it and who knows fully about it. He has told me that I know something about it. Therefore, I am simply giving this warning that this sort of loophole is not going to help. On the contrary, it is going to create confusion in the country. I feel the hon. Commerce Minister will go further than his assurance and accept what I have said. I have not tabled any amendment. I have said what I feel personally about it. I am giving you a warning and you may do whatever you like.

**Mr. Deputy-Speaker:** The hon. Member feels quite safe in the hands of the hon. Minister.

**Shri Tulsidas:** I was looking into the debates which this House had when his predecessor presented this Bill and I was looking into certain remarks the hon. Commerce Minister then made.

**The Minister of Revenue and Expenditure (Shri Tyagi):** That is past history, when T. T. Krishnamachari was not the Commerce Minister but was a Member.

**Shri T. T. Krishnamachari:** May I mention that I am not on the carpet. It is the Select Committee that is on the carpet.

**Shri Tyagi:** On a point of order, Sir. I want a clarification as to whether the speeches of hon. Members on these Benches may be quoted when they become Ministers.

**Mr. Deputy-Speaker:** It is not the business of the Chair to anticipate difficulties hereafter relating to any other Minister.

**Shri Gadgil:** I think politicians are entitled to change their opinions as often as they can.

**Shri Tyagi:** If seats are changed.

**Mr. Deputy-Speaker:** The hon. Members feel, Minister or no Minister the hon. Member's statement is very valuable.

**Shri Tulsidas:** Even in his speech he had supported my point of view. He very strongly supported me when he was a Member and not the Commerce Minister.

**Shri Gadgil:** Much water has flown below Jumna since then.

**Shri Tulsidas:** Personally, I am at a loss to understand why these changes. When the Ministry has gone into it, the Select Committee has recommended it, when the Bill was brought, everything must have been gone into and I really cannot understand this sudden change. Whatever I feel, I have said. I have given a warning. I have been told that consistency is the virtue of an ass. But I do not want to say that inconsistency is also the virtue of anything.

**Shri T. T. Krishnamachari:** It is the hobgoblin of small minds.

**Shri Tulsidas:** I hope he will take into consideration whatever I have said.

**Mr. Deputy-Speaker:** Mr. Trivedi, I am calling some hon. Members who have written to me that they may not be here tomorrow. Therefore, they would like to say something.

**Shri V. P. Nayar:** I would like to submit, Sir, that those hon. Members who have been on the Select Committee and those Members who have had an opportunity to speak when the Bill was referred to Select Committee are being given chances now. You may be pleased to extend the debate so that all of us may get a chance.

**Mr. Deputy-Speaker:** I am anxious that the House should hear the views of those hon. Members who were not on the Select Committee. Of course, I called the hon. Minister and one other person on the Select Committee who had written a note of dissent so as to explain the position to the Members. Hereafter, I shall take care to see that as far as possible, sufficient opportunity is given to those other hon. Members

who have not had occasion to express their views so far.

**Dr. Lank Sundaram:** I hope that there would be no undue haste by moving closure.

**Shri T. T. Krishnamachari:** I can assure the House that we are not in a hurry and we shall certainly abide by the decision of the Chair in a matter like this.

**Mr. Deputy-Speaker:** The hon. Member will see that a number of other Hon. Members are anxious to speak on this matter and therefore he may be short.

**Shri U. M. Trivedi (Chittor):** I will be short and straight. I only got up to say something in connection with the note of dissent that I have written. I will not travel beyond it.

I think that I may appeal to the House with regard to this question of treating the various offences under sub-clause (1) of clause 20 and clause 21 as cognisable offences. If you study the provisions, you will find that an offence which we have described to be punishable with only one year's imprisonment is also made cognisable. Under the ordinary law, a number of offences involving moral turpitude for which punishments are provided in the Indian Penal Code, are not made cognisable if sentences of three years or more are not provided for. And especially where we find commercial offences are dealt with, in such cases the Penal Code has been even more liberal. For an offence under section 477, where a question of forgery is before the court, even though the offence is punishable with seven years' rigorous imprisonment, yet it is not made a cognisable offence. It is only on that account that I appeal to the House through you, Sir, that we must give due consideration to this aspect, that these offences, if they are of a trivial character and are punishable only with one year's imprisonment, then why should they be made cognisable opening a vista for dishonest police officers to make money. We have our experience of the Defence of India Rules.

**Shri V. P. Nayar:** Why not have three years and make it cognisable?

**Shri U. M. Trivedi:** Make it seven years even. I do not care, and make it cognisable. I can appreciate that. But I am not going to appreciate this position that you do not want to inflict a punishment of more than a year and yet you want to make it cognisable. I know of instances in which two merchants were accused and in those

cases the offences could not be proved in courts of law. Even charges could not be framed against them. But the police pounced upon the individuals because they were, in the police language, "big fish". In such cases, because the offence is cognisable, the police go with handcuffs and arrest the man, and then extort money from him to save him from the ignominy of being taken through the streets of the area in which he is regarded as respectable to the police station. Sometimes, even Rs. 10,000 have been extorted from the public. I know of one respectable member of the Congress Party. He was a rich man. He did not vote for a particular man—another person belonging to the Congress—for being selected for the Provincial Congress Committee. The poor fellow (Interruption).

**Shri V. P. Nayar:** Why a "poor fellow? You said just now that he was a rich man.

**Shri U. M. Trivedi:** I will call anybody who is taken by the police as a poor fellow. You are also poor. You said that you also suffered at the hands of the police. I pity all those who suffer at the hands of the police.

Now, this poor fellow because he did not vote for another Congressman and because that other man secured the seat in the Provincial Congress Committee and had influence with the police—he was marched down the streets by the police. The difficulty was that there was some allegation that he had done a particular thing which amounted to blackmarketing and the police jumped upon him and one Congressman working against another Congressman forced the police to catch hold of him and, whatever happened, to drag him in the streets. Because the offence was cognisable, the police could do it. In view of this, I submit to you, Sir, that this provision is not introduced with any good motives. It is kept with an ulterior motive.

**Mr. Deputy-Speaker:** What happened to the case ultimately?

**Shri U. M. Trivedi:** There was absolutely nothing against him and no case could be made out. I can give you four such cases where the persons were discharged. It was not mere acquittal. There was absolutely no case even to go to the court. When the lower court rejected the case, the police filed a revision application in the High Court and the High Court agreed with the magistrate that there was absolutely no case. Therefore: I suggest that this offence is made cognisable only for political motives or for enabling the police to extort

money from those who are considered as big fish. I wish that that is not the motive, but if that is the motive, then God help us. Otherwise, if we are straightforward and honest, then we should look at the question in entirely legal terms and we should not be moved by any other considerations. This aspect, I suggest, should be given due and proper consideration when we deal with entirely commercial people. In some cases, these people would be entirely ignorant of the law of forward contracts. I am referring to people living in the mofussil. They would not have heard of the existence of these associations. They will be caught and the police will pounce upon them and unnecessarily extort money from them without coming to a finding whatsoever.

I do submit therefore that a reconsideration of this matter is necessary. Clause 23 as it stands may be dropped, and we may stick to the provision as is laid down in the Criminal Procedure Code, viz., where the offences are not classified in any manner and if there is any offence for which an imprisonment of more than three years can be inflicted, then it may be treated as a cognisable offence. I would have no objection to that.

With these words, I suggest a reconsideration of this matter.

**Shri V. P. Nayar:** Sir, I must thank you at the outset for giving me this opportunity to participate in this debate.

**Mr. Deputy-Speaker:** Every hon. Member is entitled to speak. There is no grace on my part.

**Shri V. P. Nayar:** I have been singularly fortunate in this instance, because I have never had an opportunity to speak so early on any Bill, except of course when there were no other hon. Members to speak on Bills.

The mover of the Bill was kind enough, when he moved the Bill, to explain the nature and scope of this Bill. He said—as he put it, "for the benefit of new Members"—that he would like to explain the need for a Bill of this nature. His words were:

"Trading in futures is a practice which may be considered to be a rational development of what is called a market economy. In the highly developed countries of the world where market economy is still the rule, a good deal of importance is attached to this type of trading and the effects that flow therefrom for the purpose of smoothening and minimising fluctuation in prices."

[**Shri V. P. Nayar**]

This is what he said. He was positive that this sort of market economy was a rational development. I grant for argument's sake, that in a capitalistic society it is so, but as he was arguing his case today in a manner different from what he did when he made his great speech in April 1951, it looked as though he said to the new Members, "Well, here is an argument which I have found for you, but I am not obliged to find you an understanding of the position". That is what I felt, because after having heard him today and after having gone through his previous speech, I found I was nowhere.

**Shri T. T. Krishnamachari:** I am glad that the hon. Member is in *terra firma* anyway.

**Mr. Deputy-Speaker:** A later speech always supersedes the earlier one.

**An Hon. Member:** The dawn of wisdom, Sir?

**Shri V. P. Nayar:** We lawyers often say that when a witness gives two palpably erroneous versions in two courts of law then he has proved himself demonstrably to be a liar.

**Shri P. T. Chacko (Meenachil):** what about two decisions?

**Mr. Deputy-Speaker:** The latter one supersedes the earlier one.

**Shri V. P. Nayar:** I respectfully submit that it is for me to say; it is not for the hon. Member Mr. Chacko. When he is on his legs he can have his say. I do not like to be disturbed by him. I am not much experienced in being interrupted, nor do I indulge in disturbing others.

One would have thought that when the hon. Minister made his speech this time, he was giving us a bait and probably he wanted us to swallow the whole bait—hook, rod and sinker. It is such a complex subject and I am glad that there is at least one hon. Member in this House who is capable of giving an expert opinion based on personal experience—I mean Mr. Tulsi-das Kilachand.

This Bill, if I may be permitted to borrow a word from the hon. Mr. Chintaman Deshmukh, has had a "chequered" history. When it was introduced last, Mr. T. T. Krishnamachari, the Member represented—was it Madras?

**Shri T. T. Krishnamachari:** Never mind. It is a matter of no consequence.

**Shri V. P. Nayar:** Fortunately for this country, when he made that great speech, he was not on the Treasury

Benches. I will have occasion to quote from that speech to convince this House that what he then said was the real position and what he says now is not the real position. I may, therefore, be permitted to quote certain passages from his speech.

**Shri Radhakal Vyas:** That was already quoted.

**Shri V. P. Nayar:** Please leave me to myself; you will get your chance. Nobody can exhaust quotations.

**Mr. Krishnamachari:** the Member—I underline the word Member, it is not the hon. Minister whom I am referring to. He said this on the 23rd of April. There are some very interesting passages which I am bound to read, to give the House a clear idea of what he said then. This is what he said:

"This Bill has been the result of an Expert Committee."

**Mr. Deputy-Speaker:** If Mr. Krishnamachari's view prevails—whether the earlier one, or the later one—in either case he succeeds.

**Shri V. P. Nayar:** Precisely not so, Sir, I was all the time wondering at the ease with which Mr. Krishnamachari was wriggling out of critical situations. This is what he said, in referring to the Expert Committee on whose report this Bill is based. This was his opinion about the Expert Committee a year and a half back. I am quoting this because the hon. Minister just now said so much about the Expert Committees. This is his opinion:

"If somebody who had gone to the Himalayas in 1944 to 1945 were to come back today and see the composition of the expert committees which the Government of India appoint, that person might well think that Lord Linlithgow is still administering this country."

An Expert Committee, from the point of view of my hon. friend now on the Treasury Benches is a committee "composed of vested interests, because only the vested interests are experts and everyone else happens to be a layman".

So, it is on that Expert Committee about which a year and a half back Mr. Krishnamachari, who unfortunately for the country did not sit on that side, but sat on this side, held this opinion, that he is now placing his reliance upon. If we understand the argument of Mr. Krishnamachari, if one were to hear him today, it looks

not as though Lord Linlithgow is administering the country, but as though Warren Hastings is ruling here!

**Shri T. T. Krishnamachari:** It is not Aurangzeb anyhow!

**Shri V. P. Nayar:** There is another significant sentence in his latest speech:

"The Bill thereafter was revised in the light of comments and recommendations of the Expert Committee."

An Expert Committee which he condemned in April 1951, is the one in the light of whose comments and recommendations the Bill was revised by him!

I would venture, with your permission, Sir, to quote one or two sentences from his speech.

**Shri Bansal:** Are we considering the report of the Select Committee or of the Expert Committee?

**Mr. Deputy-Speaker:** Everything. I am not able to understand the hon. Member's objection. All relevant matters are being considered, including the hon. Member's speech.

**Shri V. P. Nayar:** While I always resume my seat, Sir, when you rise, I hope I will not be allowed to be disturbed by other hon. Members. I thought that Mr. Gamandi Lal Bansal knows that I do not generally yield.

**Mr. Deputy-Speaker:** The poignancy and importance of the hon. Member's speech will be heightened by such interruptions.

**Shri V. P. Nayar:** Mr. Krishnamachari, the Member, said that when he made that great speech, I call it great because it was really great—was it not? He also said that he had no omniscience, that he did not have a ready solution for every problem in his pocket. But somehow he now seems to have taken out some solutions from his pocket, for a variety of problems!

You will find that over a simple word 'reasonable' which occurs in clause 7 he wove a cobweb of arguments. In fact, as I saw the present clause as it emerged from the Select Committee, I could not believe my own eyes, because there it was, in the same place, in the same way. Then I found that it was not the word "reasonable" which had changed, but the change had been to Mr. Krishnamachari himself, who, in the meanwhile was elevated to the Treasury Benches.

**Dr. Lanka Sundaram:** Was it a reasonable change?

**Mr. Deputy-Speaker:** I am afraid hon. Members have not understood the hon. Minister correctly. All that he said was that he would have no objection to continue his old opinion, but he was over-ruled, practically in the Select Committee. That is how I understood it.

**Dr. Lanka Sundaram:** The Expert Committee which he condemned last year?

**An Hon. Member:** By the Select Committee.

**Shri V. P. Nayar:** This speech of the hon. Mr. Krishnamachari, the Member, is a document which is worth very close scrutiny by this House. That is why I have occasion to refer to it again and again.

At the pitch of his eloquence this is what he said:

"If you enact a Bill in which only the rich people can do what they like and the poor cannot function, it is a thing which will go against the grain of democracy. The regulation of a market economy undoubtedly means the creation of a monopoly."

In such unmistakable terms Mr. Krishnamachari, the Member, has expressed his view on the creation of a market economy. And later on he has very categorically stated:

"This is not a Bill dealing with respectable persons."

I perfectly agree with him. Not only is it a Bill not dealing with respectable persons, but it is a Bill which deals with the cut-throat speculators. I cannot find a better expression for these financial sharks—these predatory sharks who feed on the life-blood of this country. It is against them that you have to apply this Bill. I am very glad that at least in 1951 Mr. Krishnamachari had to admit this.

He then said:

"This is not a Bill dealing with respectable persons. It has to deal with people who can be as fierce and selfish as tigers where their interests are concerned."

I wonder how in such a short time Mr. Krishnamachari, the Member, has become a circus master who has tamed the tigers into lambs. I do not know how he has achieved that. So there is enough and more in Mr. Krishnamachari, the hon. Member to contradict Mr. Krishnamachari, the present hon. Minister. I do not want to.....

**Shri T. T. Krishnamachari:** Waste the time of the House any more?

**Shri V. P. Nayar:** The only difference is that last time when he spoke on this Bill his speech was richly spiced with caustic sarcasm and vituperative invectives. We do not see them now. Now he is tame, as gentle as a lamb!

**Mr. Deputy-Speaker:** Therefore, the lesson to be learnt is that every hon. Member will speak with caution and moderation lest one day he should find himself in the same difficulty when he becomes a Minister.

**Shri V. P. Nayar:** It is a strange irony of fate and his fall has been very great indeed!

This Bill comes at a time when the agriculturists of the country and the small traders are hit by a slump. The hon. Minister must remember that. While the agriculturist gets lesser and lesser for his agricultural produce, he

has to pay the same, or even more inflated prices, for manufactured articles. Take the case of manure, for instance. Has there been any reduction in the price of manufactured manure? Has there been any reduction in the price of agricultural implements? No. At the same time he gets lesser and lesser money for his produce. Therefore, this Bill is bound to hit the poor agriculturists.

5 P.M.

**Mr. Deputy-Speaker:** The hon. Member, I believe, has much more to say.

**Shri V. P. Nayar:** Yes, Sir.

**Mr. Deputy-Speaker:** Then he may continue tomorrow.

*The House then adjourned till a Quarter to Eleven of the Clock on Friday, the 21st November 1952.*